[411000-AR] Datos generales - Reporte Anual

Annual report:	Anexo N
Type of instrument:	Acciones
Foreing issuer:	No
Mentioning whether or not have collateral:	This element does not apply to **WALMEX**.
Detail the partial or total dependence:	No

WAL-MART DE MÉXICO, S.A.B. DE C.V.

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Serie [Eje]	Acciones
Specification of the characteristics of outstanding securities [Abstract]	
Clase	Common
Serie	From the same series
Tipo	No-par value
Número de acciones	17,461,402,631
Bolsas donde están registrados	Bolsa Mexicana de Valores, OTCQX Market Tier
Clave de pizarra de mercado origen	WALMEX
Tipo de operación	
Observaciones	

Ticker:

WALMEX

The mention that the values of the issuer are registered:

Los títulos se encuentran inscritos en el Registro Nacional de Valores

Article 86 legend of the LMV:

La inscripción en el Registro Nacional de Valores no implica certificación sobre la bondad de los valores, solvencia de la emisora o sobre la exactitud o veracidad de la información contenida en este Reporte anual, ni convalida los actos que, en su caso, hubieren sido realizados en contravención de las leyes.

Annual report CUE legend:

Reporte anual que se presenta de acuerdo con las disposiciones de carácter general aplicables a las emisoras de valores y a otros participantes del mercado

Period representing:

2022-01-01 to 2022-12-31

Índice

[413000-N] Información general

Glossary of terms and definitions:

ADR	American Depositary Receipt
ANTAD	Mexican Retail Association
APAC	Association in Favor of People with Cerebral Palsy
BAE	Bodega Aurrera Express
Bodegas and discount stores	Austere self-service stores offering basic merchandise, food and household items at the best price
BPAyD	Storage and distribution best practices
CAM	Central America
CDP	Carbon Disclosure Project
Cetes	Mexican Federal Treasury Certificates
CG-MR	Multiline and Specialty Retailers Distributors
CO2eq	Carbon dioxide equivalent
COFEPRIS	Federal Commission for the Protection Against Health Risks
COVID-19	Severe respiratory syndrome caused by a coronavirus
Crowdsourcing	External collaboration for picking and delivery services
Despensa a tu casa	Bodega website for home delivery services
Distribution Center/ DC	Location for the receipt of goods from supplies and store distribution
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
ESG	Environmental, Social and Corporate Governance
Every Day Low Prices/Every Day Low Costs	Permanent philosophy of Walmart de México y Centroamérica, in order to contribute towards improving the quality of life for the region
FB-FR	Food Retailers and Distributors
Flex POS	Our system to manage the Point of Sale
Fulfillment Center	Smaller logistics facility where customer orders through digital platforms are prepared and shipped
GAP	Good Aquaculture Practices
GDP	Gross Domestic Product
GFSI	Global Food Safety Initiative
GHG	Greenhouse Gases
GJ	Gigajoule
GMV	Gross Merchandise Value

GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
ISR	Income Tax
LED	Light Emitting Diode
LGBT+	Lesbian, Gay, Bisexual, and Transgender, the "+" sign is inclusive of other groups
Machine learning	Artificial Intelligence discipline that, through algorithms, gives computers the ability to identify patterns in massive data to make predictions
MSE	Mexican Stock Exchange
Net sales	Income from merchandise sales in our units
NGO	Non-governmental Organization
NOM	Mexican Official Standards
NPS	Net Promoter Score, indicator to measure customers' loyalty
PAI	Walmart Comprehensive Assistance Program
Pandemic	An epidemic disease that spreads to many countries or that affects almost all individuals in a region.
Picker	Associate responsible to collect products requested by the customers
PM Particles	Particles with aerodynamic diameter less than 10 microns
POP	Persistent Organic Pollutant
Powered by Walmart	Powered or Influenced by Walmart
Price Clubs	Membership warehouse clubs focused on businesses and consumers who seeks the best possible prices
Private Brands	Private label products of Walmart de México y Centroamérica
PRODI	Acronym to describe the five promises that make up and represent all the benefits of working at Walmart. Meaning Porpose, Challenge (Reto), Opportunity, Enjoyment (Disfrute) and Inclusion
Profeco	Consumer Protection Agency
Risk groups	A group or population at risk is made up of those people who, due to certain biological, physical or social characteristics, are more likely to contract certain diseases
Royalties	Revenue share or fixed amount of money paid to a copyright owner for approval to use it
Sale floor	Surface area set aside for merchandise retail
SASB	Sustainability Accounting Standards Board
SDGs	Sustainable Development Goals
Sellers	External sellers within the marketplace
Shared Value	For Walmart de México y Centroamérica, Shared Value implies the creation of economic, environmental and social value for all our stakeholders
SINGREM	National System for the Management of Packaging and Medicine Waste
SKU	Stock Keeping Unit, is the unique reference number of a product
SME	Small and medium-sized enterprises
Sox	Sulphur Oxides

SSA	Secretary of Health
Supermarkets	Self-service stores located in residential areas
TCFD	Task Force on Climate-related Financial Disclosures
TECHO	Organization seeking to build a fair, integrated and poverty-free society
The Alliance	Workers Safety Alliance in Bangladesh
Total revenues	Net sales plus other income
UNGC	United Nations Global Compact
VOC	Volatile Organic Compounds
Walmart	Self-service stores providing the widest assortment of goods from groceries and perishables to apparel and general merchandise
Walmex	Ticker symbol for Wal-Mart de México S.A.B. de C.V.

Executive Summary:

Walmart de México y Centroamérica is one of the most important retail chains in the region. As of December 31, 2022, it operates 3,745 units with operations in six countries (Costa Rica, El Salvador, Guatemala, Honduras, Mexico and Nicaragua), through self-service stores, warehouse membership clubs and omnichannel sales.

During 2022, Walmart de México y Centroamérica achieved the following results.

Financial Data

	Million pesos		Growth
	2022	2021	(%)
RESULTS			
Net sales	Ps. 813,060	Ps. 730,352	11.3
Other income	6,109	5,692	7.3
Total income	819,169	736,044	11.3
Gross profit	191,398	171,840	11.4
General expenses	124,694	110,181	13.2
Operating income	68,011	62,908	8.1
EBITDA*	87,370	81,214	7.6
Income before income tax	63,366	57,296	10.6
Income tax	14,392	13,158	9.4
Consolidated net income attributable to the parent	**Ps. 48,974**	**Ps. 44,138**	**11.0**
FINANCIAL POSITION			
Cash and cash equivalents	$47,427	Ps. 42,817	10.8

Inventories, net		89,462		80,317	11.4
Other assets, net		37,671		35,269	6.8
Fixed assets, net		208,634		200,219	4.2
Goodwill		35,614		35,767	-0.4
Total assets	**Ps.**	**418,808**	**Ps.**	**394,389**	**6.2**
Suppliers		$98,956		$96,638	2.4
Other liabilities		117,384		111,869	4.9
Equity		202,468		185,882	8.9
Total liabilities, equity and non-controlling interest	**Ps.**	**418,808**	**Ps.**	**394,389**	**9.0**

*Walmart de México y Centroamérica considers this indicator in order to measure the operating performance of the business.

Our Strategy

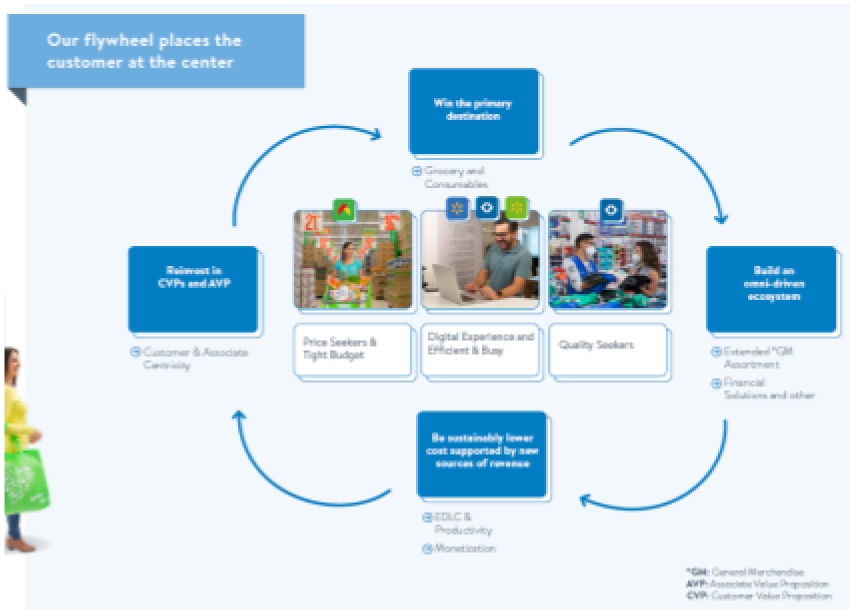
At Walmart de México y Centroamérica, we continue designing and offering solutions that increase customer loyalty. We serve them how they wish to be served, and they have a better shopping experience. Furthermore, we provide them with access to the lowest prices and the benefits of the digital economy.

Thanks to our enablers, progress has been made with this strategy, and our results have been solid in each priority and enabler of the strategy, proof that our customers appreciate what we are doing for them.

Flywheel

Our core business, the stores, is strong and is fueling the ecosystem, while the new businesses we create drive customer loyalty and reinforce the core business so that it grows, strengthens and remains resilient.

Our strategy is summarized by this flywheel of capabilities and assets that mutually reinforce each other



Win in discount

We are the low-price leaders: We contribute to the well-being of our customers and members by offering the best prices on high quality products.

This year, our customers needed our help to cope with increasing prices, so we focused on several initiatives to help them save money and afford a full basket.

By enhancing our Customer Value Proposition, we helped our customers to save money and live better

- Low Prices
- Private Brands
- Efficient Assortment

1. LOW PRICES

At Walmart de México y Centroamérica, we provide access to different products and services that improve the lives of Mexican families, at prices our customers can afford. We help them buy more for less money, so they can make the most of their budget.

We have a unique positioning thanks to our self-service stores, especially our discount formats such as Bodega and Palí

Every day low prices

Given the high inflation rates affecting our customers' economies, at Bodega we worked non-stop to fulfill our promise of Every Day Low Prices. We reached an all-time high price gap and maintained the quality of our products, seeking to provide our customers with the best shopping experience.

At Bodega, with our "***Morralla***" campaign, we offered +2,800 items in a range of five to 35 pesos, which allowed our customers to purchase full baskets. In addition, we helped our customers save money by locking in prices for up to 90 days, ensuring that the basic food basket remains accessible to everyone.

At Walmart Supercenter, we created "***Los Básicos de tu Canasta***" (The Basics of Your Basket) program focused on fighting inflation and taking care of our customers' economy with low prices on more than 100 products. Thanks to these efforts, NPS rates improved compared to the previous year, and the price differential improved, keeping us in line with the goal set at the beginning of the year.

In Central America, we have important commercial campaigns such as "***Precios Roj***os", ***"Quetzales Campeones***" and "***Súper Bombazos***", focused on setting prices for basic items in our Bodega and Descuento formats. We have also improved our communication through campaigns such as "***Súper Ahorros***" and "***Llena tu Carrito a Precio Palí***". All of these strategies have allowed us to better position our company, gain market share, and offer basic consumer products at the most accessible prices in the region.

Package Against Inflation and Scarcity (*Paquete Contra la Inflación y la Carestía* - PACIC)
During 2022, we joined the Federal Government's efforts in the fight against inflation within the Package Against Inflation and Scarcity (PACIC, in Spanish), implementing it in all of our self-service stores during its first phase in May. In this way, we reaffirm our commitment to work hand in hand with our suppliers in order to bring our customers the lowest prices every day for the benefit of their economy.

In 2022, we invested aggressively in prices and expanded our price gap by 100 bps vs. 2021.

2. PRIVATE BRANDS

In this challenging year, **Private Brands were a great ally for customers in acquiring their basic** pantry items, consistently offering them the best value for their money through pricing, assortment, and quality.

We reinforced our private brand offering, **launching new items with great quality** so customers had options at a price they can afford to bring a full basket to their homes.

Thanks to those efforts, Private Brands' sales penetration increased 80 bps in Mexico and 200 bps in Central America

Walmart Supercenter, was strengthened by the Private Brands offering with high- quality products without our customers having to spend more money. Our products **were assigned with more shelf space** and we launched a greater variety of products, such as electrolytes, yogurt, and olive oil, among others. This allowed penetration of our Private Brands to increase considerably, demonstrating that our customers appreciated our efforts.

This year, we want to highlight **Sam's Club, where Private Brand penetration grew 260 bps**. Members' Mark is key to drive value to our Sam's members, they can find exclusive items at great prices and that is one of the reasons Sam's performance was very appreciated by our customers.

In Central America, we are reinforcing our leadership in prices and benefits. **Our Private Brands penetration grew 200 bps.** We work to improve our value proposition to customers through **programs such as "Tierra Fértil", and support to suppliers**. A successful example was swapping hands of bananas for loose banana fingers that we buy directly from the producer, allowing us to sell them for 10 cents on the dollar and thus giving our customers the opportunity to fulfill their food needs for less money.

3. EFFICIENT ASSORTMENT

One of the ways to Win at a Discount this year was by **extending our assortment and its availability**.

In 2022, we implemented an efficient assortment initiative, supported by an omnichannel category strategy.

We gathered a wide assortment of products with spaces in stores and online, focused on the characteristics, preferences and concerns of our customers. In addition, we revisited and updated our processes to infuse them with cusstomer centricity and to foster a commercial offer aligned to their needs.

In Walmart Supercenter, we moved some items from the store to 1P or marketplace, and by the time we had more demand for a certain item in the Extended Assortment, we brought that item to the store. **This allowed us to have a more efficient sales floor** without eliminating items from our catalog.

Another example in Walmart Supercenter, was that based on a demand analysis we reduced the number of SKUs at stores for juices by 40% moving them to online, with this change we increase both brick and online sales by ~30%; in the same way we did it with TV screens, reducing the number of items available at the store by 10%, adding more SKUs in Extended Assortment resulting in an 18% sales increase at stores and 45% increase in online sales.

Thanks to our customer- centric assortment and service proposition, we have turned challenges into opportunities to continue meeting our customers' needs

LOW COST OPERATION

To deliver on our promise to help customers make the most of their budget, we have simplified the operation of the store's sales floor, supply chain and home delivery.

We have focused **on increasing productivity and ensuring product availability** by optimizing inbound to the Distribution Center and outbound to the store. This alignment translates into the use of technologies such as Modular-Ready Pallets, which help us reduce the labor required to process merchandise in Distribution Centers, in- store reception, and modular display.

We continued with the rollout of self-checkouts, now more than 280 stores are enabled with this technology, including six BAEs.

- We have more than **1,450** self-checkout stations
- Currently, 40% of transactions go through the self-checkout stations

Thanks to our supply chain efficiency, we have been able to reduce 190 thousand man-hours in the last year, while increasing our production capacity. In this way, **we made our associates' work easier and reduced operating costs**, which in turn translates into benefits not only for our customers but also for our suppliers and the planet, since being more efficient allows us to reduce our carbon footprint.

- **190 thousand** man-hours reduction

Reduced energy and water consumption in our stores is another factor contributing to decreasing operating costs.

We will continue to focus on initiatives that help us become more productive throughout the value chain to better serve our customers.

Lead in omnichannel

We are the ideal choice for our customers, who are looking for a wide variety of products and services as they want them, where they want them and when they want them, in an easy and simple way at the best price, in a seamless shopping experience. This year we focused on two initiatives to achieve this: continuing to expand our On Demand operation to drive purchase frequency and accelerating the growth of our Extended Assortment to complement our in-store and online product offerings.

We want to bring this experience to all families in Mexico and Central America, so we have invested to improve our customers' shopping experience while strengthening the value proposition in each format

The proximity of our stores allows us to offer several payment options, return and pickup options to our customers, since **our stores are located within 10 minutes of 88% of the population in the country's main cities.**

This year, **we opened 126 stores**, bringing our value proposition to **17 cities where we did not have presence before.**

ECOMMERCE AND INNOVATIONS

This year we invested in three catalysts to continue strengthening our eCommerce growth: technology, supply chain and talent.

We have focused on building a sustainable business, achieving a **67% two-year stacked growth and 340% in a three-year stacked basis.** Our eCommerce sales **grew 17%, with GMV increasing 19%.**

Our customers are appreciating what we do, and their satisfaction was reflected in a **470 bps increase in the NPS (Net Promoter Score).**

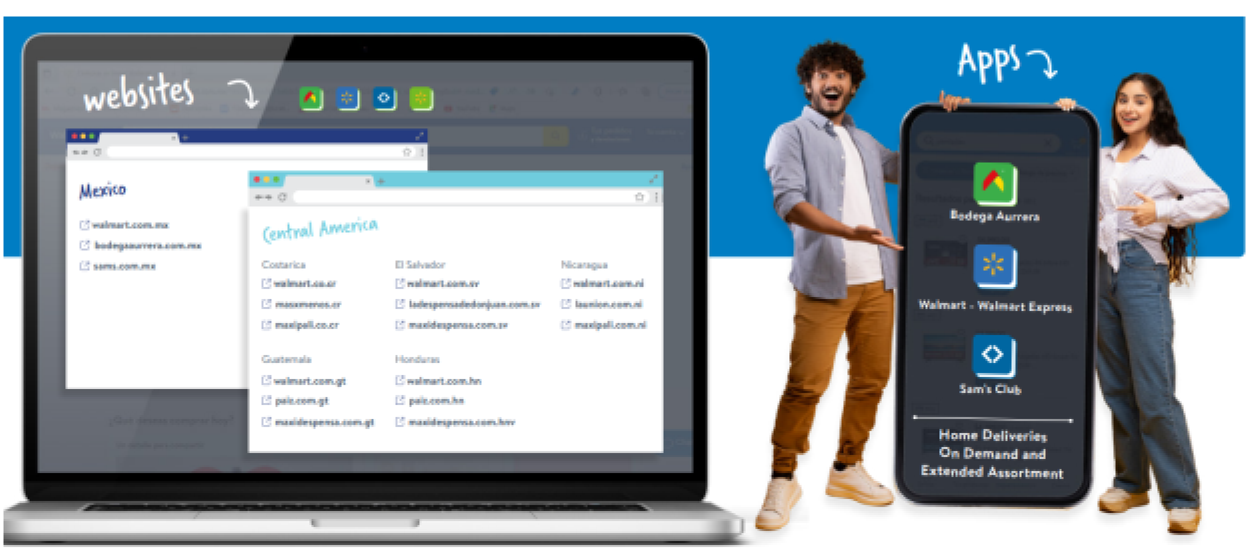
- **470 bps** increase in the NPS (Net Promoter Score)
- We increased **eCommerce penetration in total sales to 5.1%**
- **eCommerce contributed 0.8%** to total sales growth

We are proud of how our company continued to implement the strategy as our customers adapted to new post-pandemic consumption habits.

We created more than 300 positions for omnichannel that did not exist, through the revaluation, attraction of talent and profile renewal. Likewise, we are further simplifying the shopping experience with omnichannel infrastructure, so that our customers can save time and streamline their journey.

In Central America, we were able to implement our omnichannel project and develop our eCommerce through the experience and knowledge we have in Mexico, "Powered by Walmart".

WEBSITES AND APPS



We continue to improve the customer experience on our applications and websites.

We enabled a new feature called "*¿Olvidaste algo*?" (Did you forget something?), which reminds customers of items they may have forgotten. This new feature is helping us to increase the average ticket and, consequently, sales.

Sam's continues to be at the forefront of technology. Currently, at Sam's Club we offer three types of memberships for our members in Mexico:

Clásica **membership, Benefits membership and Plus membership**, which among other benefits, offers a 2% payback and unlimited free shipping on purchases above 999 pesos, when shopping in the online catalog or directly in the app, benefits that have been widely valued by our customers.

This year we launched a new membership auto-renewal feature for website and Android users. This feature allows our members to renew their membership without having to call or go to one of our clubs, contributing to a seamless shopping experience.

At Walmart Supercenter we started with the "Mercader Omnicanal" program, which aims to help our customers complement their shopping experience using the Walmart app. **This program has had excellent results, since we have added new customers to the app, which come from "Mercader Omnicanal".**

WE EXPANDED ON DEMAND

We improved our customers' shopping experience, with faster and more efficient deliveries, while generating fewer emissions into the atmosphere; all thanks to the scale of our omnichannel infrastructure and investments that allow us to keep moving in the right direction.

With On Demand, we offer our customers fast and affordable home deliveries

Our advantage is having more than 2,800 stores, of which ~1,000 are capable of providing this service in more than 200 cities.

In 2022, On Demand NPS increased by 560 bps compared to last year, driven by record levels in On Time, In Full and Perfect Order indicators. Among the actions that allowed us to achieve these results were customer journey analysis, working on our capabilities to improve planning, workforce scheduling and new productivity initiatives for our pickers.

80% of Walmart Supercenter and Walmart Express stores are enabled with our fast, 60 minutes delivery option, powered by the crowdsourcing model

- In 2022, On Demand NPS increased by **560 bps** compared to last year

We want to reach more customers and we want to give them access to the best prices. 80% of Walmart Supercenter and Walmart Express stores are enabled with our fast, 60 minutes delivery option, powered by the crowdsourcing model. Our customers highly value this service, especially those located in large cities. We will continue to strengthen it with the best technology and evolve our last-mile models.

Bodega has been a key player in On Demand´s Growth in Mexico

Infrastructure is key to reaching customers faster, so this year we strengthened our fleet capacity

- We added 600 vehicles, which led to a 40% reduction in delivery times
- We added 20 electric vehicles to our fleet, reaching a total of 94

We want to continue to increase this type of technology to achieve our goal of a zero-emission last-mile fleet.

Walmart Pass
Walmart Pass is our membership model in which customers can obtain unlimited same-day home deliveries on orders over 299 pesos, in order to help them save time and money.

Walmart Pass unlimited deliveries apply to all online store departments, from grocery, dairy, produce, bakery and tortilla, frozen foods, to household items, apparel and footwear, and pharmacy.

This year, **more than 30% of On Demand sales were from Walmart Pass users**. This has had a positive impact on the increase in the average ticket and on the purchase frequency, which by 2022 was 3.3 times, compared to the 2.0 for non-users.

WE ACCELERATED THE GROWTH OF OUR EXTENDED ASSORTMENT

We want our customers to enjoy a wider variety of products; that is why our extended assortment gives them the opportunity to access more products and decide more easily which one suits their needs.

- The NPS for our operation increased by **510 bps** during the year

This year we completed our assortment analysis and reengineering, and adjusted our offer so that customers can find the products they are looking for at the best prices. The main categories included in the **reingeneering increased sales at a faster pace than before this process.**

Similarly, we applied a machine learning algorithm to improve the results of our customers' product searches, as they are now shown products in line with their preferences or market trends, thus improving their experience from search to purchase.

Through our data management, we have made better decisions to deliver higher-volume products in a shorter time

Thanks to the improvements we have made in planning, the performance of our supply chain has improved significantly. In 2022, **24% of Extended Assortment orders were delivered within the same day or the next day,** and also 66% of 1P orders within the 16 main cities in Mexico were delivered in the same period.

Meanwhile, the NPS for our operation increased by 510 bps during the year. With the intention of reaching more customers, we will continue to add more items and new categories to our offer.

In our showrooms we introduce new brands to our customers through a direct product experience. This practice was implemented in key Walmart Supercenter stores with excellent results and is planned to be replicated in more Mexican states.

We continue to increase our technological capacity and improve our supply chain plans to be even faster and more efficient

Walmart Fulfillment Services (WFS) is progressing according to our plans and continues to evolve, becoming a **key model for providing the level of service our customers expect**.

30% of marketplace order volume is delivered through this model, and **orders handled by WFS take half the time to reach customers' homes** compared to orders delivered by other carriers.

Another significant milestone this year was the launch of the extended assortment operation at Sam's and the opening of the Fulfillment Center, which allowed us to offer a much wider variety of items to our members and provide a better service by reducing delivery times. The new extended assortment Fulfillment Center began operations in April, serving all 32 states in Mexico, covering more than 32,000 zip codes, with a focus on the central and metro regions.

It was also the first year Sam's had an extended assortment offer during *El Fin Irresistible* and the results were favorable. Sales grew and we reduced delivery times by 40%, improving our members' shopping experience.

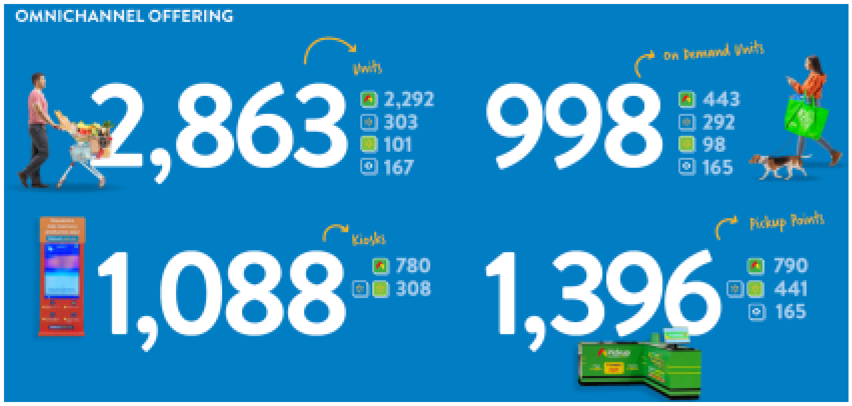
Marketplace

Marketplace continues to be one of the major drivers of growth. **During the year, we doubled the number of sellers** compared to 2021. Furthermore, we added new virtual stores such as Samsung, Baby Creysi, Black & Decker and Super Gamer.

- We increased the number of SKUs (Stock Keeping Unit) by 72%

Technology is a key enabler for our operations. During the year, we automated and standardized the marketplace payment process, thus allowing us to be more assertive and efficient. In addition, we launched a new classification model to simplify product search and improve the customer experience.

Omnichannel Offer



Ecosystem of choice

WE EVOLVED INTO AN ECOSYSTEM OF LASTING RELATIONSHIPS

We are an evolving ecosystem, offering solutions to our customers' pain points. We believe that the basis for building an ecosystem lies on supporting our customers to live better through meaningful connections between people, brands, products and services.

We are connecting millions of customers to the digital economy and making it easier for them to access its benefits with simplified solutions through our verticals

We build lasting relationships with our customers, leveraging our reach, our scale and the trust they put on us. This year we have grown by strengthening the relationship between our verticals, customers and members, delivering value at the best price.

BAIT CONNECTIVITY

Two years ago, we launched **Bait** as a solution to connect millions of Mexican families with their loved ones through an affordable connectivity service with internet at home and prepaid mobile telephony that grants them benefits when they shop at our stores.

Our value proposition remains based on tree pillars:

1. **Low prices:** we keep the lowest rates for internet, data, voice and text message **services with national and international coverage**
2. **Maximum speed coverage**: we power the maximum speed experience with **4.5G LTE network.**
3. **Connecting through your purchases:** we continue grant free megabytes to our customers when they shop at our stores, helping them save money while increasing their loyalty.

- **5.6 million** active **Bait** users

This year, we expanded the possibilities of **Bait**. With our acceleration strategy, **we closed 2022 with 5.6 million active users and 7.8 million total users**. In addition, we have more than 450 thousand top-up points and several online top-up points; now, our customers have more options to stay connected. We also launched our MiFi Portable Wireless Router, so our customers stay online everywhere.

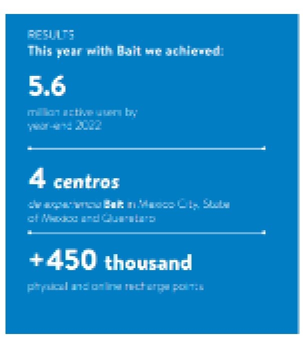
We are the main Mobile Virtual Network Operator (MVNO) in Mexico by number of users

Having the best coverage in the market with affordable prices for voice and messaging has allowed us to sell more than eight thousand lines of a new connectivity solution that we launched for business partners and to continue with our commitment to increase inclusive opportunities for our associates.

We are the fourth largest player in the telecommunications sector by number of users

We leverage data to better understand our them, as well as develop new monetization customers and generate more value for opportunities for our verticals and formats.

We strengthened the relationship with **Walmart Connect** by linking our advertisers to **Bait's** advertising solutions. Now, our advertisers can reach **Bait's** more than seven million total users through text messages and push notifications. Also, when purchasing a Bait line, our customers received a 50 pesos bonus on **Cashi,** which increased the app's downloads as well as purchases made through the wallet.



FINANCIAL SOLUTIONS

In Mexico, only 54M adults have access to financial products and only half of adults with financial products have a formal access to credit

For this reason, and as part of our commitment to making services that improve our customers' lives, we have strengthened our offering of low-cost financial solutions with greater flexibility.

Our financial services strategy is based on three pillars:

1. **Cashi, our digital wallet**
2. **Credit**
3. **Remittances**

Cashi, our digital wallet
the service for commission-free digital payments through cash top-ups from an app.

Five years ago, we launched **Cashi** as a digital financial solution for Mexican families, and this year we focused on enhancing the product value proposition.

In 2022, we reached 5.4 million users, by strengthening our application with:

- **New features such as:** utility payment reminders to help our customers better organize their finances.
- **Enabling Cashi as an online payment method on our websites**, so that our customers can buy online, boosting omnichannel sales.
- **Credit** via the app.

Cashi continues to move forward as a connection point between all our verticals and our customers, to offer joint solutions. Since 2022, customers can top-up their **Bait** line through
Cashi.

The number of users grew by 202% compared to 2021

Credit
Our service to buy now and pay later, online and in stores.

The five different types of credit:

1. **Omni Marketplace Credit**
2. **Buy Now Pay Later at kiosks**
3. **Cell phone credit**
4. **CrediBodega** Credit Card for unbanked customers
5. **Credit Card** in alliance with financial institutions pay for the products they need.

We know that our customers have difficulty accessing affordable financial solutions. So we developed credit solutions that meet their needs, so they can pay for the products they need.

Evaluated and approved credits are granted within five minutes, and in less than 15 minutes the funds are made available through **Cashi** so that our customers can purchase the products they need in store or online.

This year, we built a stronger online credit offering, so we enabled new lenders in the Digital Credit **Marketplace** in more than 100 stores, leveraging eCommerce kiosks in Walmart and Bodega. Within this offering is the "Buy Now Pay Later" credit, in which through registering in the app and selecting the most convenient credit offer, computer products, electronics, toys and more items can be purchased on credit with fixed payments, with no down payment, no annual fees and not requiring the use of a debit or credit card.

We have several credit options for the different profiles and needs of our customers. For example, **CrediBodega** is aimed at our Bodega customers, within whom financial inclusion is lower and prefer small payments.

- **Almost 500 thousand credits** were granted through our partners, which is twice the number of loans compared to 2021

- **In 2022, we succeeded in offering CrediBodega in 300 stores and started a pilot to originate it digitally**

Remittances
Our service to collect money sent from the United States to Mexico.

60% of women in Mexico, our formats' main customers, receive money through remittances

And they are constantly looking for the **best cost options** to make the most of their money.

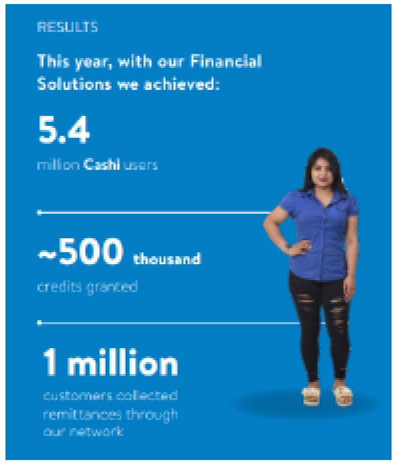
That's why **we offer our remittance solution at the most competitive rate in our more than 2,800 stores,** seven days a week, making their money go even further, helping them add more products to their shopping basket thanks to the savings obtained through our rates.

In addition, this year we re-launched the **Walmart to Walmart** (W2W) remittance service, through which our customers are able to send remittances from our stores in the United States directly to over 50% below the market average. any Walmart store in Mexico, at a rateover 50% below the market average.

We are connecting the verticals with the core business so that they reinforce each other to better serve our customers.

In 2022, we processed **two billion dollars of transactions** in our stores, allowing that **more than 1 million customers collect remittances** through our network.

We are the second chain with the highest number of colletion points for remittances



WALMART CONNECT

With **Walmart Connect,** we improve our advertisers' sales through an enhanced shopping experience for our customers. We leverage data and technology to help connect our advertisers and customers in meaningful ways.

With our first party data, we accompany and help customers in making better purchasing decisions through offers from the brands they are looking for, displaying advertising at the right time. Thanks to the five million customers who shop daily in our stores and our positioning as the leading omnichannel retailer in Mexico, our advertisers significantly increase the conversion of their campaigns.

The good results that our advertisers are getting by running campaigns with us, are increasing their confidence in our service and are reflected in higher investments. During the year, we doubled the brands we work with.

In 2022, about 400 companies trusted us and run more than 4500 omnichannel campaigns.

We are the largest omnichannel platform in Mexico

Walmart Connect is connecting all of our verticals with advertisers. This year, together with **Bait** and Nestlé, we launched our first Mobile Advertising campaign and reached nearly half a million customers with geo-segmentation.

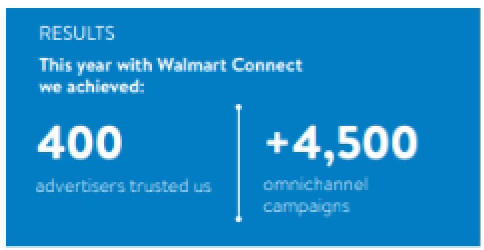
During the Hot Sale, we provided customers with unique entertainment options, such as the Margarita la *Diosa de la Cumbia* concert for Bodega customers, reaching more than 80 thousand people. We teamed up with **Cashi** to give our customers a unique value promotion that boosted sales through the app during the event, while **Bait** offered even lower prices and gave **Cashi** users an additional bonus.

In addition, during "*El Fin Irresistible*", which was also the biggest sales event of the year for **Walmart Connect**, we continued to offer entertaining moments, hosting two virtual concerts for our Walmart and Bodega customers. The *Los Angeles Azules* concert for Bodega customers had a reach of 4.6 million views. We are excited to continue connecting with our customers digitally.

This year, we developed innovative, technology- based products and services. We launched our Retail Media Platform to give our advertisers the opportunity to self-manage their sponsored product campaigns, starting a pilot test with Unilever, P&G and Nestlé.

In addition, we enabled an option for our advertisers to highlight their products and maximize their sales by automating sponsored product search services. This is how we launched our first campaign, helping small and medium-sized advertisers to increase the positioning of their products.

We have an advertising business of more than 2.1 billion pesos



HEALTH

Today, the majority of population cannot afford private health services in Mexico, so a large sector is looking for agile and low-cost solutions

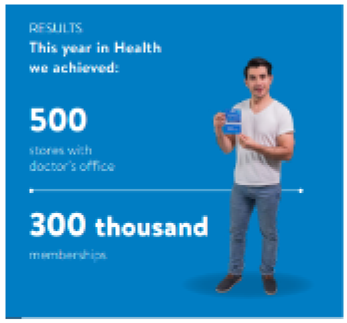
As part of our commitment to helping people save money and live better, we looked to reinforce our health solution by providing our customers with a health membership that ties all health benefits together with our 1,500 pharmacies and 500 doctor's offices.

This year, we launched our health membership on a pilot test, through which our customers can access the following benefits through one of our four types of memberships (*Individual básica, Familiar básica, Individual plus* and *Familiar plus*):

- Remote medical, nutritional and psychological counseling and assistance via video or telephone call
- Consultations with specialists at preferential prices
- Ambulance services in case of emergency
- Home doctor with preferential cost
- Discounts in laboratories
- 5% discount at Walmart pharmacies

- Cinema 2x1
- And, depending on the type of membership, free medical and dental consultations at walmart stores.

In 2022, we delivered access to health solutions to more than one million patients. We also promote our memberships through Bait's points of sale.



Our Walmart Ecosystem

The connections of our verticals allow us to build relationships with our customers and offer them a simplified solution package

Customers like Andrea now have a seamless experience in accessing the digital economy:

Enablers

CUSTOMER-CENTRICITY

Our customers and members are of the utmost importance to us. In order to provide them with the best service, we are constantly transforming ourselves and implementing actions to improve their shopping experience through continuous and empathetic listening.

Customer centricity is the incorporation of our customers' data and behaviors into our commercial and operational processes to accurately segment our stores and products in a timely manner. This enabler allows us to better understand the needs and habits of our customers and members, identify pain points in their shopping experience, provide them with comprehensive solutions and offer them a seamless experience that matches their preferences.

Placing our customers at the center of all our decisions translates into an increasingly closer and more personal shopping experience. Their loyalty and preference contribute to making us a more efficient, profitable and sustainable business.

In order to permeate this culture in our operations, it is necessary to consider our customers' feedback and provide solutions promptly and efficiently, based on empathy at all times. Therefore, our solutions are carefully aligned with this feedback, helping us enhance and strengthen our business strategy.

Earning our customers' loyalty by offering an omnichannel experience generates efficient, profitable and sustainable growth

Customer Office

Walmart de México y Centroamérica operations and is an area in which we are constantly innovating based on global best practices. **In line with the transformation strategy and with the objective of providing a better experience to our customers and members, the Customer Office was created in 2022.**

This new tribe aims to generate comprehensive solutions to serve our customers and members, as well as to join all efforts to achieve customer centricity within the company and follow up on its implementation. In doing so, we can take an omnichannel approach to understanding our customers' and members' key needs, leveraging this information to make decisions and provide a seamless shopping experience.

We are confident that through this effort to drive member and customer-centric culture using data and technology-based solutions, we Will continue our purpose of helping people save time, money and live better.

By identifying our customers' pain points in their shopping experience, we provide comprehensive solutions that generate well-being for families in Mexico and Central America

Customer Office Structure

We focus our efforts in four areas that allow us to efficiently execute initiatives aligned to improve our customers' experience:

Customer Knowledge & Experience

It integrates all sources of customer information within the company: indicators, quantitative and qualitative studies. Based on this, we identify the customer's main concerns and define the best approach to generate solutions.

Omnichannel Customer Care

It is the first point of contact for our customers when they have a problem or require assistance. We also seek to be omnichannel in our communication with them, to provide them with a better service and solve all the issues that arise from a single approach.

Data Analytics & Product

This area develops solutions and defines the way in which the company's technological processes are leveraged to provide a better customer experience. It also works by connecting ecosystem data through different analytical models to provide such solutions.

Marketing

Its task is to understand who our customers are, develop strategies and value propositions, define commitments as a brand, manage them and establish what we want to communicate.

2022 was a year of evolution for the customer-centric culture within Walmart de México y Centroamérica

We are in a process of transforming, perfecting and creating initiatives to **improve our customers' and members' shopping experience**, and even creating and designing some new ones.

We are moving forward on this path by working on **updating our customer and member profiles to improve our satisfaction measurement methodologies**, such as the NPS (Net Promoter Score), which allows us to identify indicators to determine customer loyalty.

We also launched the first pilot of the Customer Advocacy Program (CAP), through which we ensure to work on the root causes of the pain points in our customers' shopping experience in order to prevent their recurrence.

This year, we defined our Customer Data Strategy proposal, an initiative that seeks to propose a methodology to leverage and harness our customers' data and apply this information to several lines of action.

We also developed a **Price Perception Model**. This allowed us to understand which variables have the greatest impact on the perception of our most price-sensitive customers and to define, together with other areas, a plan to counteract these variables and implement changes in our communication according to the findings.

We measure customer satisfaction

We implement innovative digital tools that allow us to measure our customers' level of satisfaction and analyze this information to improve their experience:

- Customer Experience Index

- Member Experience Index

- **24,578,999** surveys applied to customers and members in the region

These monitoring tools are found in 100% of our stores in the region. They are also available via email and social media.

RESULTS
Mexico

- **Omnichannel**
  7% increase in overall recommendation rate of our customer
- **Self-Service**
  Bodega Aurrera increased its NPS in 11% vs 2021
  Mi Bodega increased its NPS in 6% vs 2021
  Walmart increased 5% its NPS vs 2021
  Walmart Express increased in 1.4% its NPS vs 2021
  Mi Bodega was highest rated format in general satisfaction in self service
- **Sam´s Club**
  Increased our members recommendation rate
  4.8% increase in membership renewal intention in members that buy at Clubs

Central America

- **Hypermarkets Walmart was the best evaluated format in general satisfaction**
- **eCommerce**
  3.8% increase in client recommendation rate
  Increased 11.9% the NPS of online purchases vs 2021

Communication channels
We provide our customers and members with different means of communication through our Corporate Contact Center:

- Social media
- Telephone number
- Email
- Whatsapp
- Corporate site chat

SUPPLY CHAIN

One of our greatest strengths is the supply chain capacity we have developed, an enabler that supports and streamlines our operations

We transformed the way we operate to connect with our formats' value propositions, achieving very good results in terms of merchandise flow, coverage and omnichannel.

Our supply chain network is one of the most extensive in the country, covering nearly one million square meters, moving more than 1.4 million boxes annually and operating with more than 18,000 associates. We are developing our operating models and investing in state-of-the-art technology to increase our efficiency and productivity.

The expansion and modernization of our supply chain strengthens us to better serve our customers and accelerate the company's growth

- Our supply chain network has **1 million** m^2
- Moving more than **1.4 million** boxes annually
- Operating with more than **18,000** associates

Integrated omnichannel network

We actively work to turn our infrastructure into a world-class omnichannel operation network that is able to adapt to our business needs, shaping an integrated supply chain of distribution centers, stores and facilities that allows us to improve productivity and offer our customers a seamless shopping experience, so they find what they want, when they need it and how they need it.

Leveraging our distribution network allows us to reach our customers faster, drive efficiencies and thus expand our price gap, creating a virtuous circle. We have a transportation network that supplies more than 2,800 of our stores and clubs from our distribution centers every week.

- We visit **+2,800** of our stores every week

This year, we have enabled 9 omnichannel routes that handle approximately 30% of Extended Assortment 1P's orders, reducing delivery times and shipping costs

- **This year, our distribution network was awarded the National Logistics Award "Galardón Tameme"**
- **We increased the Supply Chain's NPS by 700 bps, reaching an all-time high**

Growth

We invest heavily in initiatives to expand and strengthen our infrastructure.

This year we were able to expand our omnichannel network, reaching 21 Distribution Centers in Mexico and 11 in Central America. In doing so, we reinforce our commitment to help our customers and members save money and live better

In June 2022, we inaugurated the Villahermosa Perishables Distribution Center in the state of Tabasco, Mexico, with a total **investment of two billion pesos**. Its supply reach includes stores and clubs located in Campeche, Chiapas, Oaxaca, Quintana Roo, Tabasco, Veracruz and Yucatán, and the capacity to move more than one million boxes per month. This DC handles more than 10% of the perishable goods volume and generates around **1,200 direct and indirect jobs**. Furthermore, thanks to technological innovation in its refrigeration systems, no greenhouse gases are emitted from its operations, contributing to our goal of becoming a regenerative company by 2040.

We are also excited to share that we continue to make progress in the construction of our Tlaxcala and Bajío Distribution Centers. The Bajío DC will have a world-class automation level, making it one of the most modern in Latin America.

Last mile model

We continue to invest and make progress in implementing new delivery models and leveraging our transportation to reach our customers and members at an ever faster pace

This year we were able to expand our capacity to deliver Extended Assortment merchandise on the same day in **the top 16 cities in Mexico**, where we can deliver items within 24 to 48 hours.

We extended our On Demand service, reaching almost **1,000 stores currently offering this type of service.**

- **At present, 80% of our Walmart Supercenter and Walmart Express stores are enabled with the 60-minute express delivery model**

To date, we have **26 Delivery Stations** and **eight Exchange Points** as part of an Extended Assortment model that allows us to deliver merchandise to our customers' homes in less time.

Walmart Fulfillment Services

Walmart Fulfillment Services (WFS) is the service through which sellers within our Marketplace can deliver their orders quickly and efficiently by leveraging our supply chain, resulting in greater customer satisfaction.

About 30% of Marketplace orders are fulfilled through Walmart Fulfillment Services

We continue to innovate and work on automating this service to further increase its reach and scale it. The new Extended Assortment Fulfillment Center for Sam's Club began operations in April 2022, **serving 32 states in Mexico and over 32,000 zip codes.**

This initiative **allowed us to grow together with our sellers** and help them generate more profitable sales on a larger scale.

We are focusing on simplifying our business and boosting productivity, and this continues to pay off

Our supply chain is moving into the omnichannel space, and that is a huge competitive advantage. Its evolution continues endorsing the good results.

TECHNOLOGY AND DATA

Through the use of technology and data we support our strategy, accelerate its growth and facilitate business decisions that contribute to the optimization of our operations.

To meet the technological requirements of the company, throughout this year we foster the modernization of the infrastructure and constantly invested in the development of new capabilities.

We evolved our technology to make our operations more efficient and position the company for the long-term

Data-Driven Decisions

By using data, we are able to drive innovation in our operations, which has become a key enabler for business growth

Our tools allow us to better understand our customers by generating relevant information from the data collected, resulting in better decision making for strategic projects, and allowing us to streamline our operations.

We also use predictive models, from authorized customers' data, that allow us to know their consumption preferences and habits, and analyze the impact of macroeconomic trends and variables on them. Based on this, we generate information to evaluate our strategies and make better decisions that benefit not only our company, but each of our customers.

We continue to drive initiatives that increasingly simplify our operation

We made progress in our Smart Spending program, which leverages our data analysis capabilities to optimize administrative and operating costs through a zero-based budget that allows us to generate savings. Through this initiative, **we were able to generate more than 1.5 billion pesos in savings that we invested in our strategic enablers such as Talent, Technology and Supply Chain.**

We use technology to help our associates do their jobs more easily

Operation Optimization

This year, the company's operational activity increased substantially, therefore, the technology requirements increased in the same way.

We were able to meet these needs by delivering 146 initiatives for all business areas, providing more robust, secure and reliable services, maintaining technological support and making it much more efficient

We developed the Price Gap and Compass Evolution tools, which contribute to our Win in Discount strategic initiative. We delivered initiatives such as new remote payment methods enabled through POS (Point of Sale) terminals, to improve the shopping experience of our home delivery customers by facilitating the collection process, thus contributing to our priority of Leading in Omnichannel.

At the same time, we teamed up with a new commercial partner to handle remittances and implemented controls to prevent money laundering, resulting in increased security and a higher number of remittances collected. This type of efforts allows us to be the Ecosystem of Choice for our customers.

In addition, we were able to create an initiative to digitize the monitoring of our perishable goods within our distribution centers (DCs), along with a second initiative to promote our supply chain automation strategy. By modernizing our app integration through APIs and microservices, we were able to reduce maintenance and data processing costs by eight million dollars. We enabled SAP CAR (Customer Activity Repository) technology in nearly 140 stores. This data repository system helps streamlining the closing process, making it easier for our associates.

Technology and Systems

2022 required us to redefine our connectivity, prompting the need to rethink our technology to make it more flexible, secure and efficient

We designed initiatives that gave greater stability to our digital ecosystem, facilitating our evolution, strongly accelerating our technological transformation and providing support to our company's operations.

We successfully implemented our **SDWAN** (Software Defined Wide Area Network) project, through which we delivered eight times more bandwidth to **1,471 stores without increasing costs.** This allowed a greater number of people to connect at the same time, enjoying greater speed to perform all the operations that are carried out online.

This initiative allowed us to redefine the company's connectivity, in addition to developing new capabilities for strategy execution and incorporating more secure and resilient technologies.
We also made progress in **modernizing our application ecosystem**, migrating its infrastructure to the cloud, which allowed us to reduce costs and increase data security and control. The evolution of the business and the need for support translates into the modernization of connectivity in stores and DCs.

We are using innovative technologies and migrating to more efficient, lower cost and better supported cloud schemes

Through our Operational Excellence Program, we contribute to the improvement of customer satisfaction indicators. **Improving communication channels, response times and incident response.**

We achieved a **"first call resolution" for 51% of incidents**, leading to significant improvements in customer satisfaction. We also continued to work on reinforcing cybersecurity schemes, improving defenses and capabilities to protect our information and that of our customers, **reducing vulnerability remediation time by 47%.** For the second consecutive year, we obtained the PCI certification with no observations.

Through our **Powered by Walmart** strength, we are able to learn from industry best practices in other markets and countries where we operate and apply them in the context of Mexico and Central America. This allows us to keep up to date with the latest methodologies and innovations in order to continue modernizing our technological and digital infrastructure.

Our modernization projects have been recognized by Hewlett Packard, Google, Nutanix and Avaya as the most relevant in the industry

2022 was a year of much development that has facilitated our evolution as a business. We continue to invest in our technological capacity and strengthen our operation through the use of data that will allow us to be increasingly assertive in our decision making.

BEST TALENT

We recognize our associates' value for our company's success; therefore, we focus on them, by leveraging their own talent as a key enabler for our strategy.

Provide the best opportunities for our associates and suppliers, in a diverse and inclusive environment

Regenerative company

Regenerating means restoring, renewing and replenishing in addition to conserving. It means decarbonizing operations and eliminating waste along the product chain. It means adopting regenerative practices in agriculture, forest management and fisheries while advancing prosperity and equity for customers, associates and people who participate in our product supply chains. And, working with our suppliers, customers, NGOs and others, we hope to play a part in transforming the world's supply chains to be regenerative.

Regenerative Company Pillars

We are aware of our commitment to society and the planet

Becoming a Regenerative Company is the most solid path to take actions to **maintain, restore, conserve and regenerate** the well-being of nature and humanity. Therefore, during 2022 we continued with our ambition to become a Regenerative Company by 2040, placing nature and humanity at the center of our decisions through our four pillars: **opportunity, sustainability, community, and ethics and integrity.**

OPPORTUNITY
We develop opportunities for our associates and suppliers, in order to contribute to improve their quality of life.

ETHICS AND INTEGRITY
Our operating model is based on transparency and integrity in everything we do to maintain stakeholder trust.

SUSTAINABILITY
We work on three environmental priorities: Climate Change, Circular Economy and Natural Capital to design strategies that translate into concrete actions to conserve and recover our ecosystems and natural resources.

COMMUNITY
We create value in the communities where we operate through programs that help them thrive, providing access to products and services at the lowest, safest, and highest quality prices.

WE CREATE VALUE FOR OUR STAKEHOLDERS

- **Customers**
  Convenient access to affordable, quality products and services
- **Associates**
  Purpose-driven work; opportunity for good jobs and upward mobility
- **Shareholders**
  Strong long-term returns through financial, environmental, social and governance (ESG) leadership
- **Communities**
  Resources for building stronger and more inclusive communities
- **Planet**
  Leadership in zero emissions, zero waste and our regenerative approach to nature
- **Business partners**
  Access and understanding of engaged customers for our sellers, advertisers and ecosystem members
- **Suppliers**
  Access to customers and support for supplier development and growth

In order to further advance in our ambition, in 2022 we implemented several initiatives that bring us closer to become a Regenerative Company.

REGENERATIVE STORE

A milestone this year was the inauguration of the first six regenerative stores, which consolidate more than 30 environmental and social initiatives, such as: rainwater collection and reuse systems, efficient energy consumption systems, recycling centers and infrastructure for people with disabilities, as well as different elements of the facility made from recycled plastic.

Initiatives of our regenerative stores:

1. **Change of refrigerant**
   Change of refrigerant from R-404 to R-448
2. **Changeover to LED lighting**

LED lighting provides lower energy consumption and has a long life cycle

3. **Temporary hazardous waste warehouse**
   Sorting and management of hazardous waste for later disposal at a specific point in the store where it will not present any danger
4. **Control and automation**
   Allows equipment to run in automatic mode and to control it if necessary
5. **Capacitor bank**
   This equipment is set up in electrical installations and is used to correct the power factor
6. **Capacitor motors**
   They work to achieve energy efficiency of some electrical equipment
7. **Airtight box on sales floor**
   Sales floor insulation to completely enclose the box and prevents air leakage or entry
8. **Water saving metering valves**
   Valves that regulate the amount of air flowing through the pipes for real control of water consumption
9. **Dimming**
   Energy-saving brightness control of lighting
10. **Recycled plastic furniture**
    Bollards, bicycle racks, covers for sewer, pluvial and electrical manholes, parking stops, guards for racks and protection angles in cold storage chambers in the back room, packing benches
11. **Sales floor accessibility**
    Accessibility in the corridors and inclusive cashier's desk for people in wheelchairs. Podotactile floor and Braille reading system in restrooms
12. **Thermal panels for cooling**
    We install thermal panels on cooling systems to achieve energy efficiency
13. **Utilities Submetering (water, energy and waste or by-products)**
    Measurement of water and electricity consumption as well as the amount of waste generated by the unit in order to keep control
14. **WWTP Rehabilitation**
    Wastewater treatment plants have specially designed systems to remove pollutants that are discharged into the water, either for subsequent incorporation into a natural body of water (sea, rivers or lakes) or for reuse in other activities, except for human consumption
15. **Waste room**
    Sorting and management of waste generated by the operation
16. **Plastic recycling for store furniture**
    Through the Circular Economy, we separate plastics from store waste and reclaim them for store furnishings
17. **Endemic plants**
    We plant native plants in our planters to preserve the biodiversity of the local area
18. **Recycling Center**
    Developing the country's recycling infrastructure with Recycling Centers, as well as making recycling an agile and simple experience
19. **Refill Stations**

We focus on developing different initiatives to reduce the consumption of single-use containers through refill or bulk sales, as well as on different programs to promote a culture of recycling

20. Labor Inclusion

Hiring talent with disabilities to promote inclusion within our operations

21. Donation and support for our associates

Donate fruit and bread to our in-store associates

22. Food bank donation program

The purpose of donating food is to combat malnutrition in those who cannot access food of a certain quality

23. Volunteering campaigns

Program that offers associates the opportunity to participate in community and environmental improvement projects, promoting commitment with the community and others

24. Reduction of packaging

Internal campaign to reduce packaging

25. Initiative "*Líder* RAE"

Leader who promotes sustainable practices, operation review checklist

26. Volume Producing Item

Associates adopt a product that promotes sustainability, supports communities, diversity and inclusion, etc. and promote it

Regenerative Stores

- **Walmart Supercenter**, Petempich, Quintana Roo
- **Bodega Aurrera**, Temixco, Morelos
- **Sam's Club**, Camino Huinalá, Nuevo León
- **Walmart Express**, Zibatá, Querétaro
- **Bodega Aurrera Express**, Las Trojes, Puebla
- **Mi Bodega**, Nativitas Centro, Tlaxcala

Regenerative DC in Central America

The Coris Fruit and Vegetable DC, located in Cartago, Costa Rica, is the first of its kind in Walmart's Central American operation and is considered ***the first regenerative DC in the region***.

It is ISO 50,001 certified, which guarantees that its Integrated and Efficient Energy Management System complies with international standards.

This DC has the second largest 100% renewable solar energy generation system in the entire Central American operation. With an installed capacity of **990 kWp,** generates more than 1MWh annually, which is enough energy to supply the annual needs of 325 Central American homes.

In addition, it uses an evaporative cooling system to air-condition the spaces where vegetables and fruits are processed, **achieving temperatures of up to 8°C and an 85% humidity**.

It is also a pioneer in rainwater harvesting and water reuse. Its facilities are equipped with a water treatment and filtering plant for its cleaning processes, which allows it to reuse 1,800 m^3 of water per month.

Regenerative Company Summits 2022

For the first time and with the purpose of communicating to our stakeholders about the actions that are leading us to become a Regenerative Company, during 2022, Walmart de México y Centroamérica held the first editions of the Sustainability Summit and the Summit Towards a Regenerative Company.

Sustainability Summit

At the Sustainability Summit, we informed about the pillars of our ambition to become a Regenerative Company, with special emphasis on the sustainability pillar. **Likewise, we held an open dialogue with the leaders of allied companies such as CHEP, Grupo Bimbo, L'Oréal, Nestlé and PepsiCo**, to explore together the initiatives that go beyond sustainability for the regeneration of the planet, as well as to promote solutions in favor of the circular economy, the use of waste and the conservation of ecosystems through sustainable sourcing.

Summit Towards a Regenerative Company

At the Summit Towards a Regenerative Company, **we communicated the actions of our Opportunity and Community pillars, always focused on going beyond compliance and duty**. As a company that places nature and humanity at the center of our business practices, we work to restore, maintain, regenerate and preserve the health and well-being of our associates, suppliers and communities.

Both events were broadcast live and led by our President and Chief Executive Officer for Walmart de México y Centroamérica, Guilherme Loureiro.

All our associates, customers, members and of course our suppliers, strive and are committed to working to restore the well-being of people and the planet.

It is us, individuals, who have the power to change the world, for ourselves, for all people, and for the environment that sustains us all

Tools for integrating the Regenerative Company culture

Regenerative Company Webinars

In order to provide spaces on how to learn to take care of our environment, continue transforming our planet and communities, during 2022 we conducted webinars for all our associates and their families. We are sure that through these initiatives we are generating greater awareness of the fact that it is possible to carry out our daily activities while regenerating the planet.

Walmart Summer Camp

The objective of these webinars was to provide access and entertainment for the children, nieces and nephews of our staff and operations associates to dynamic talks and workshops on the planet, recycling, healthy eating, pet care, and recognizing and managing emotions.

A Christmas for All
The objective of this webinar was to share with staff and operations associates fun and simple tips to generate new traditions that lead us to enjoy the different stages of the Christmas holidays (before, during and after) with a lower environmental impact and a great positive impact on society.

Regenerative Company training

During 2022, the multi-year Regenerative Company course was created. The purpose is that our associates learn to identify the 4 pillars of the strategy and their importance, so that they can collaborate in each one of the pillars through environmental, social and governance education and practices.

This year, we launched the first two modules of the course, aimed at operations managers and staff managers, assistant managers, directors and vice presidents. **The first module explained, in general terms, the four pillars** that make up our ambition: Opportunity, Sustainability, Community and Ethics and Integrity. **The second module explained about the main priority of the Sustainability pillar, Climate Change**. Throughout 2023, we will continue with the training of the remaining pillars.

Communication with our stakeholders

For Walmart de México y Centroamérica, maintaining a close and open dialogue with its stakeholders is crucial for the business operation and to fulfill its purpose of helping people save money and live better. In order to achieve this, our Corporate Communications team operates different initiatives to inform about the opportunities it generates in the market, its public value offering, as well as to listen and anticipate the needs of its customers and associates.

Corporate social media

The Walmart de México y Centroamérica corporate brand maintains a permanent dialogue with its stakeholders through its official profiles on Instagram, Facebook, LinkedIn, Twitter and YouTube. In Mexico, the **more than 700 posts** generated by the company on social media reached **more than 300 million people**.

Link with mass media

During 2022, **more than 190 media contents were broadcasted**, and **more than 140 press interviews and activations** were coordinated with the media, inviting them to learn about the company's strategies.

Corporate events

Each year, Walmart de México y Centroamérica holds corporate events that are a point of connection with all associates to achieve business objectives. In 2022, more than 29,500 associates participated in these events.

ESG MANAGEMENT

Our management of environmental, social and governance (ESG) topics is increasingly strategic and integrated, with an execution based on efficiency, results and accountability.

Regenerative Committee

The Regenerative Committee is in charge of defining the company's long-term ESG priorities, adjusting operational processes and making decisions, as well as developing action plans for each essential matter. It is headed by our CEO and integrated by top executives from each area of the company.

Our Contribution to the SDGs 2020-2022

In 2020, we integrate an annual historic measurement of indicators for each of the 17 SDGs that allow us to identify our progress in achieving them.

United Nations Global Compact

We have been a United Nations Global Compact signatory since 2019.

Materiality Analysis

In the last materiality analysis, made in 2021, it reflects those issues that have acquired greater relevance for our stakeholders and for our company. We will conduct a new materiality analysis in 2023.

Opportunity

DEVELOPMENT FOR SUPPLIERS AND LOCAL ECONOMIES

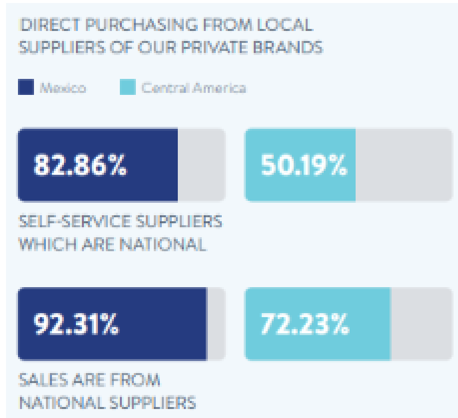
The scale of our company allows us to provide access to our suppliers to more than 6 million customers and members who visit our stores or eCommerce sites on a daily basis. Therefore, our size and scope are tools to promote and develop our suppliers, as well as to provide support to small farmers who are in vulnerable conditions.

INCLUSIVE SUPPLY CHAIN

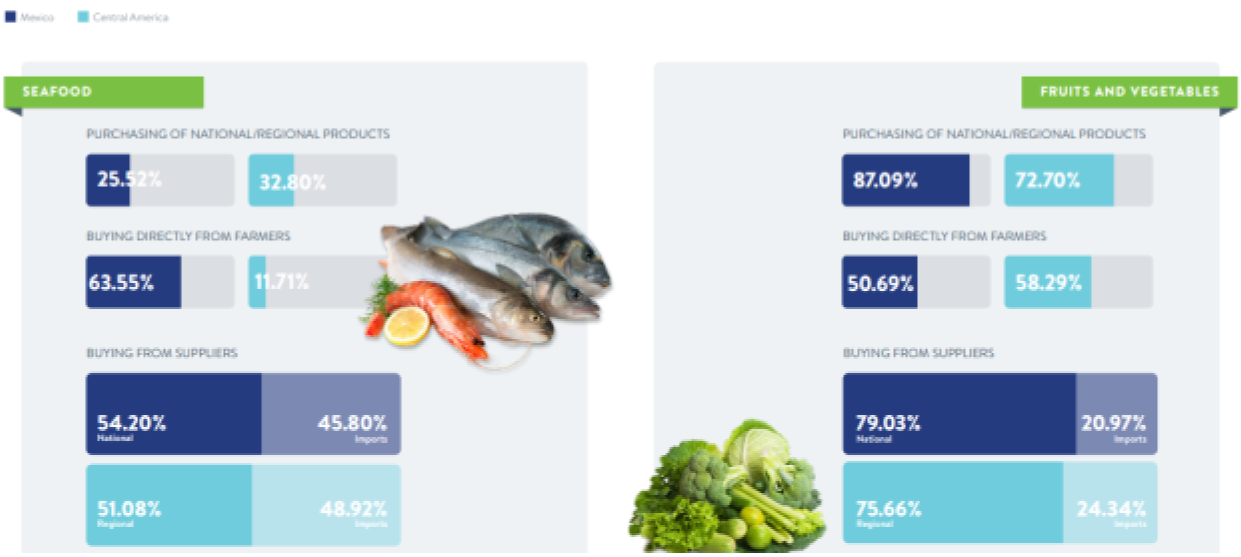
Our suppliers help us meet the needs of millions of customers every day with products and services that are responsibly produced and distributed. That is why we are committed to creating economic and development opportunities for all the people who work along our supply chain: suppliers, the people they employ and their communities.

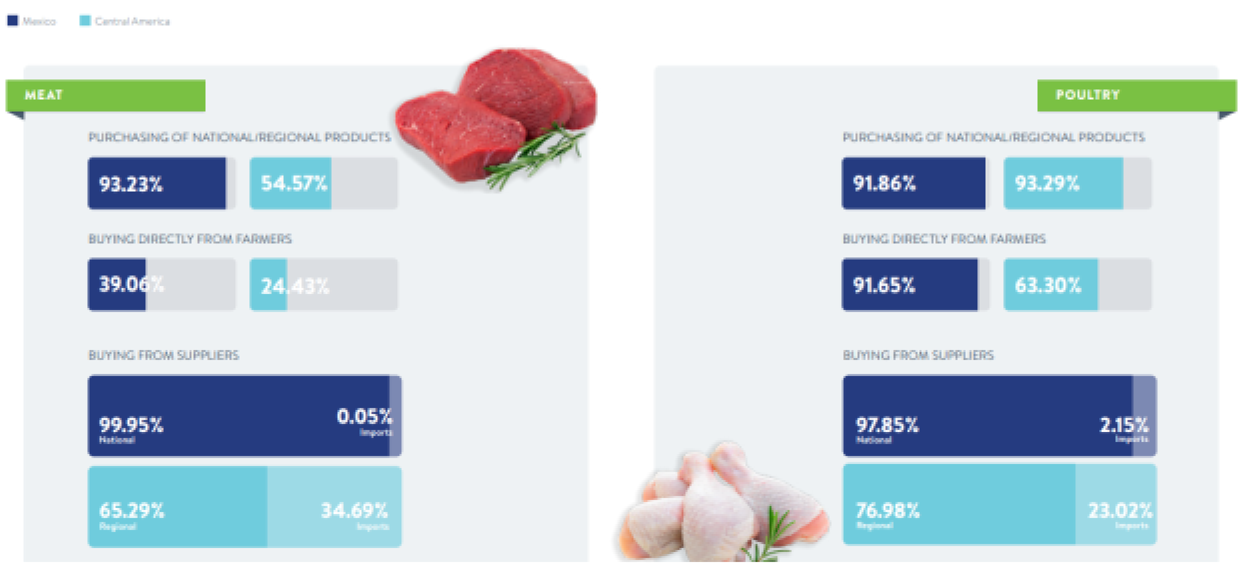
Direct purchasing from local suppliers

In order to promote the development of local economies, we promote direct purchasing from local suppliers



Direct purchase from local suppliers of perishables





Development platforms

Adopt an SME

Adopt an SME is a business acceleration program for small and medium-sized companies in Mexico, aimed at contributing to their operational, financial and logistical development in order to increase their sales, as well as to promote a broader and more strategic vision of the business.

Over the course of 18 months, suppliers receive training in commercial, logistical and strategic aspects, with the support of expert Walmart associates. In addition, the Category Manager offers them personalized advice to build a sales growth plan.

In addition, suppliers participating in this program are exempt from the *Promotoría Eficiente* (Efficient Promotion - a service that includes receipt, filling and shelving of merchandise) charge at Bodega Aurrera Express, Mi Bodega, and Walmart Express stores nationwide. Our small and medium-sized suppliers are encouraged to invest resources in their strategies and operations, once they have learned how to leverage them.

From 2014 to date, we have supported more than 350 suppliers, who have had a 33% cumulative increase in sales

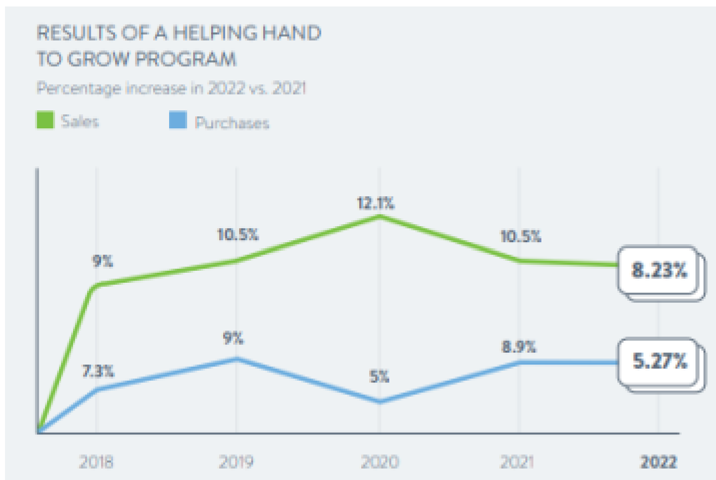
In 2022, we celebrated the eighth generation of the program, bringing together 25 SMEs, who additionally benefited from the support of **Walmart Connect**, our omnichannel platform, to gain access to massive advertising opportunities.

With the Adopt an SME program, Walmart de México y Centroamérica reinforces the importance of our supply chain as a core piece of our business, contributing to the strengthening of our suppliers and the development of our country and families throughout Mexico.

A Helping Hand to Grow

Our **A Helping Hand to Grow** program promotes the growth and development of manufacturing SMEs in Central America and ensures product quality for our customers. It is worth mentioning that many of the suppliers participating in this program are women, as we have a special interest in the economic empowerment of women in the region.

Upon becoming a regular supplier, for the following three years, SMEs receive preferential treatment in promotional activities, centralization services, free training, business performance monitoring and, in some cases, technical assistance.



Fertile Soil

Fertile Soil is our support program for small and medium-sized farmers in Central America. Through this program, we seek to promote sustainable agricultural practices, long-term business relationships, growth in innovation, sales and markets for our suppliers, as well as to ensure a secure market, direct purchases, technical advice and specific investments including the purchase of equipment and supplies.

The program consists of three main aspects:

1. **Direct purchase from farmers**

It allows access to competitive pricing by avoiding intermediaries and ensuring timely payment.

2. **Ensuring access to technology and know-how**

Donations of goods made directly or through projects that facilitate access to tools, equipment, agricultural technologies and direct investment resources. In addition, advice is provided on:

- Clean farming and low levels of agrochemicals
- Disease and pest control
- Plant nutrition and care
- Soil management

- Rational use of resources

3. Training and technical assistance We provide advice on topics such as:

- Seed quality
- Crop rotation
- Post-harvest handling
- Responsible use of agrochemicals
- Responsible use of water
- Good Agricultural Practices (GAP)
- Good Manufacturing Practices (GMP)
- Basic administration and finance

Fertile Soil Festivals

During 2022, six festivals were held in 136 stores, with the objective of providing our farmers with different commercial concepts, such as: planting plan and post-harvest handling, among others.

OUR GOAL

By 2025, we have set ourselves the goal of **increasing sustainable market access** and improving the livelihoods of our small farmers.

New Fertile Soil App

In order to reduce the digital gap for farmers, in 2022 we launched a new application that provides information to 246 participants of the program to improve the yield and productivity of their crops. Likewise, the app **allows them to know the benefits they can obtain by being part of a digital world**, since through any mobile device they have access to training calendars, weather information, news from their country and technical requirements of the crops.

- **Currently 90%** of Walmart Costa Rica's farmers use this app

During 2022, we achieved 62% of sustainable market access and improved livelihoods for our small farmers. By 2025, we have set the goal to increase by 90%

691 people trained, of whom 75 are women	**684** farmers supported, of which 73 are women	**11,555** families benefited
1,984.92 million pesos purchased from farmers	**102** technical training	**10,844** current direct jobs

Opportunities for SMEs in Central America

Management development for SMEs
In order to improve the competitiveness of SMEs, during 2022 we implemented the *ACTÍVATE* project together with FUNDES Costa Rica, where **more than 40 suppliers were trained in market analysis matters**. This resulted in a 9.7% increase in sales compared to 2021.

Generating business opportunities
Through the *El Mercadito PyMes de Walmart* (Walmart's SME Marketplace) initiative, **the sale of products from 70 SMEs was promoted simultaneously in five stores in the region during two weekends** in September and December, in order to strengthen their ties with the community.

Small Farmers
In order to help Mexican producers increase their productivity, improve their income, create more jobs and promote the inclusion of young people and women, in 2011 the Walmart de México Foundation created the **Small Farmers** program, which offers training on agricultural production processes, related to logistics and business issues. In this way, we promote the local and sustainable economy.

In 2022, our goal was to continue increasing the impact of the program

Continue providing the members of **Small Farmers** with the necessary training, guidance and support to facilitate their integration from cultivation, harvest and post-harvest.

In addition to the logistical and administrative processes they need to manage as farmers and agribusinesses.

Frutos de la Llanura Costera

Amir Tapia Sánchez
Legal representative Frutos de la Llanura Costera SPR de RL
"For me, it has been a great experience and a lot of learning, since, in order to sell the product directly to commercial lines, we have learned that quality responsibility is greater, as well as responsibility in delivery and the documentation that this entails. In order to become part of this level of commercialization, a comprehensive logistics system is needed, covering production, harvesting, processing, shipping and sales".

Community

We seek to be a valued neighbor in the communities where we operate, through programs that help them prosper and by providing safer, healthier, high-quality products and services.

GIVE ACCESS TO OUR CUSTOMERS

At Walmart de México y Centroamérica we promote initiatives that allow our customers to have access to financial, connectivity and health services, with the aim of providing them with quality solutions at the best price

Quality products and services at the best price

In 2022, the inflationary environment was challenging due to shocks in the global supply of products and raw materials. We understand our customers' sensitivity to these price increases, particularly in the basic food basket products, which is why we are committed to help them make the most of their money by partnering with the government through the PACIC program and offering them products and services at the lowest prices.

Digital economy

During the pandemic, we realized how valuable it is for our customers to order products and pantry items without leaving their homes, so we decided to bet on the digitization of these processes. We offer our customers the option to shop online, with a same-day or up to 48-hour home delivery commitment, and multiple payment options: credit cards, debit cards, cash and food coupons.

Reliable and affordable mobile telephony and internet access

Connectivity is one of the most valued services by our customers; however, a large portion of families in Mexico do not have access to this service. With Bait, mobile and internet connectivity service, we aim to provide thousands of people with the possibility of being connected at the best possible price. To date, we have provided telephone and internet service to 5.6 million active users, helping them stay connected to what matters most to them.

Low-cost financial solutions

Some of our customers rely on credits to purchase general merchandise items. Unfortunately, credit offers available in the market have very high rates, which causes many families to end up paying double for a product. In light of this situation, we aim to provide digital financial solutions through products that facilitate the financial inclusion of our customers.

Health services
The majority of the Mexican population does not have access to low-cost private health care services. Our commitment is to provide them with accessible and reliable health services.

SERVE COMMUNITIES

The last few years have been a process of resilience for thousands of families in Mexico and Central America. For this reason, we work hand in hand with the communities where we operate to create together the tools and platforms that allow them to improve their quality of life.

Our proximity to the more than 6 million customers and members who visit our stores every day allows us to play a crucial role in understanding their needs and those of their families.

Pink Code Program
In 2022, we launched the Pink Code program in Mexico, which consists of assisting any woman in 100% of our units when she finds herself in a risky situation and requests the support of public security or a close family member. In this way, our stores are not only a point of sale, but also a place where our customers feel safe.

Panic Buttons
In order to make our stores a safe place for our customers, we have installed 526 panic buttons in our Mexico City and Jalisco units, which are connected to the government's C5 system (Centro de Comando, Control, Cómputo, Comunicaciones y Contacto Ciudadano) and coordinated to alert the local authorities of any risk situation that may affect our customers or associates.

OFFER SAFE AND HEALTHY PRODUCTS AND SERVICES

Providing safe, healthy and affordable food and products is fundamental to our purpose of helping people save money and live better

Our efforts include policies, standards and practices that ensure the safety and quality of our assortment, while working together with our customers and industry partners to raise consumer awareness about health through good nutrition.

Healthy Products

We offer Private Brands products with high added value that meet the needs of our customers. These products are in line with our global initiatives on regeneration, sustainability and food safety, among others.

Product categories focused on offering items tailored to meet the specific needs of our customers in terms of overweight, diabetes, celiac disease or general care, are carefully evaluated to ensure compliance with claims that adequately communicate their characteristics. These include low-fat, sugar-free, gluten-free and organic products.

Baby food products have no added sugar, starches or artificial ingredients. In this way, we offer early nourishment products that are 100% natural, sometimes supplemented or fortified, according to the infant's development stage.

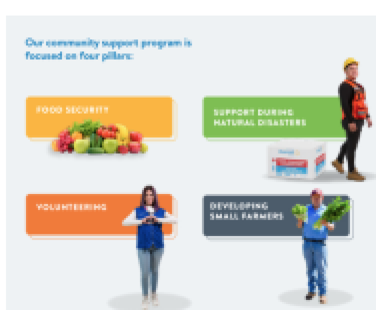
Our variety of healthy and nutritious products continues to grow:

SUPPORT LOCAL COMMUNITIES

We are convinced that together we are stronger. Therefore, we partner with non-governmental organizations and other stakeholders to jointly create projects that generate economic opportunities of greater impact for individuals and their families.

Thanks to these alliances, our vision of contributing to improve the quality of life of families in the region becomes even more relevant.

- **1,956,925** beneficiaries impacted
- **2,491** million pesos channeled through social impact programs, **+24.8% vs. 2021**
- **149** organizations in alliance with the company to maximize the impact and reach of our social programs



FOOD SECURITY

The region produces enough food to meet the needs of the entire population; however, a large percentage of the food produced ends up in the garbage or is wasted along the value chain.

To counteract this problem and ensure food security for all, we are committed to improve the food security of millions of people and to be one of the Food Bank Network's main partners for in-kind donations.

Food Banks in Mexico
In 2022, we invested in strengthening our food bank infrastructure to ensure proper food collection in our stores, clubs and distribution centers, thus reaching more hard-to-reach communities.

Food Banks in Central America
We continue to be the main donor to the food banks located in the region, contributing with monetary donations for the development and improvement of each of the programs in Central America. With these contributions, food banks can start operations, build warehouses, buy trucks, purchase computer equipment, among other activities.

In 2022, we intensified our efforts to salvage the highest percentage of products suitable for consumption. As a result of these efforts, **7,081.63 tons of food were donated this year. Increasing food donations by almost 20% compared to 2021**.

The donation was delivered to food banks located in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica, as well as to Asociación Club de Leones de San Sebastián, benefiting **357,067 people** who are currently in a situation of social and food vulnerability. **Compared to the previous year, there was an increase of 5.9% of beneficiaries in Central America.**

Collective Food Impact Central America
In 2020, **we launched the campaign Collective Food Impact**, inviting business partners to join efforts by making in-kind donations to food banks in Central America. This year we held its third edition. The campaign brought together **97** suppliers, **38** of them from the Agroindustrial Division, who participated for the first time

by delivering perishables such as fruits and vegetables. The donation of **more than 136 thousand kilos** surpassed what was achieved in 2021, benefiting 165,716 people. With these programas, we managed to further strengthen the relationship between Walmart and its supplieres on social matters.

	2020	2021	2022	vs 2021
Commercial partners	36	55	**97**	76%
Kilos	66,941	121,866	**136,413**	12%
Equivalent in MXN pesos	3,462,425	4,410,500	**5,937,416**	36%

Make Magic 2022 Mexico

Indigenous communities are highly vulnerable groups that experience complex situations, mainly in terms of food security. This year, in alliance with the organization *Pro Mexico Indígena*, we made a donation of 2.7 million pesos, which, added to the donations made by customers and members in our brick-and-mortar and digital stores, helped to feed thousands of families in Mexico's indigenous communities.

In Central America, through this initiative, we joined efforts to support people in vulnerable situations, mainly children, delivering gifts and developing activities focused on Christmas celebrations, **benefiting 8,358 children**.

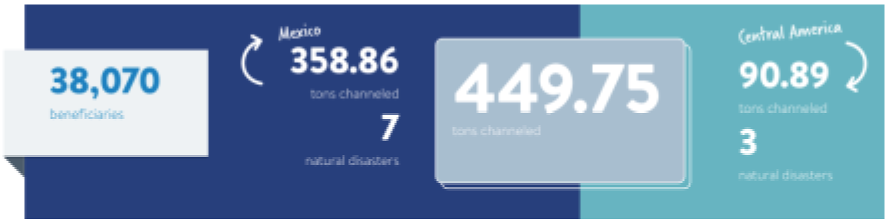
SUPPORT DURING NATURAL DISASTERS

At Walmart de México y Centroamérica we employ a series of internal resources that allow us to quickly identify, evaluate, classify and respond to natural disasters and emergencies that affect our operations, associates and/or the communities in the region.

Our Center for Operation Continuity (COC) works 24 hours a day, seven days a week. This allows us to identify emerging risks, prepare our facilities and train our associates to properly respond to emergencies such as natural disasters.

Thanks to our infrastructure, the capacity of the Mexican Red Cross and our revolving fund for humanitarian aid, we are able to provide support to communities during the first 24 hours after a natural disaster has occurred.

In Mexico, we made available our company's logistics and supply capacities, as well as donations, to support the following disasters:



In 2022, Central America was affected by the impact of tropical storm Julia, which mainly affected El Salvador, Guatemala and Nicaragua. The total number of victims was over 35,000 people. In Tegucigalpa, Honduras, 1,400 people were evacuated from their homes due to high-risk geological faults. In Costa Rica, heavy rains in October caused flooding in the communities of Desamparados and Aserrí, impacting more than 450 families.

In all cases, we made in-kind donations of food, hygiene and personal care packages, drinking water and other basic necessities, **benefiting 39,070 people**.

All donations were channeled in alliance and coordination with relief corps, various organizations and competent government entities, in order to promptly and timely benefit the greatest number of victims.

VOLUNTEERING

The volunteering pillar allows our associates to participate in community and environmental improvement projects by volunteering their time and talent and promoting citizenship and community engagement. We know that together we can go further and our impact is amplified.

During 2022, we resumed our volunteer activities in Mexico and Central America, which were interrupted due to the pandemic lockdown. Thanks to the will of our associates and allies, we exceeded expectations and objectives by 3% over the original goal and engaging 21% of the total workforce across Mexico.

Focused on our strategy of becoming a Regenerative Company and in benefit of the communities where we operate, we carry out volunteer work, reforestation, improvement of public spaces, maintenance of schools and visits to food banks.

Financial value

2022 was a dynamic year in which we managed once again to overcome the challenges presented to us and the inflationary environment in which we were immersed, demonstrating our resilience and ability to innovate.

Our financial strength allows us to continue to move steadily forward on the path of implementing our longterm strategy and we are very proud of our results

They reflect the work of our associates, and we want to thank them for making a difference.

We turned challenges into opportunities to be even closer to our customers, to help them save money and live better

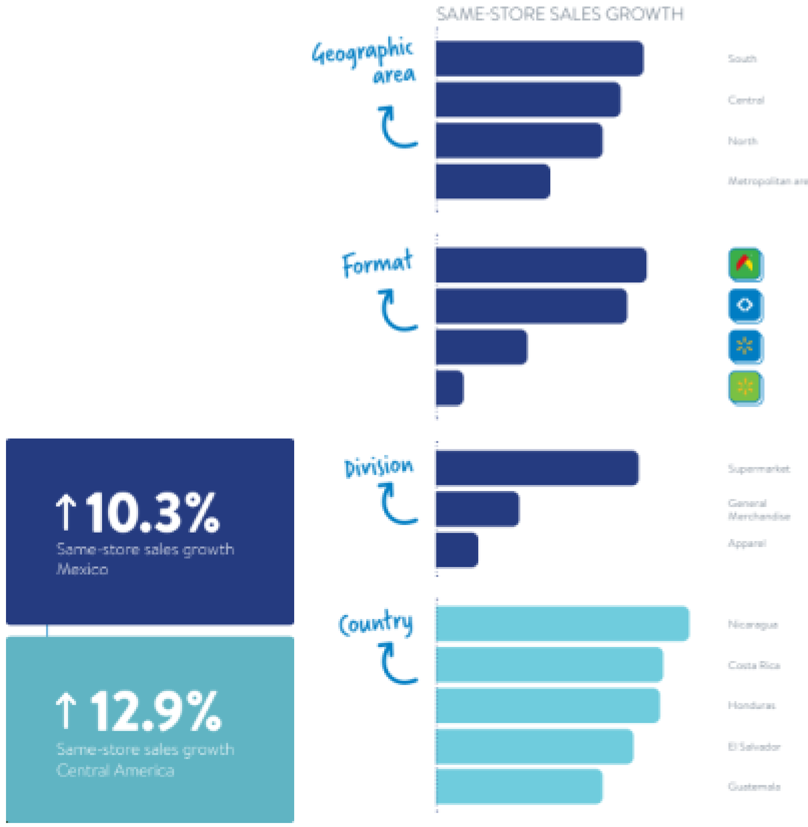
PERFORMANCE

In 2022, we achieved sustainable and comprehensive above-market growth, keeping our low-prices and offering the best quality products and services to our customers, despite the volatile and high-inflation environment we faced.

We are proud of the results achieved this year and the way we aligned finances with the company's strategy, optimizing resources to generate financial value for our stakeholders and provide better service to our customers and members. We were able to overcome the challenges we faced while strengthening our company and building capabilities for the long term.

Our financial discipline drives growth at Walmart de México y Centroamérica

RESULTS BY COUNTRY, GEOGRAPHIC AREA, FORMAT AND DIVISION



Mexico

We continued to deliver solid growth in Mexico. This year, same-store sales grew 10.3% and we achieved a 10 bps growth gap compared to the self-service and clubs market, as measured by the Mexican retail association, Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD). With this result, we have been growing for 9 consecutive years above the formal market as measured by ANTAD.

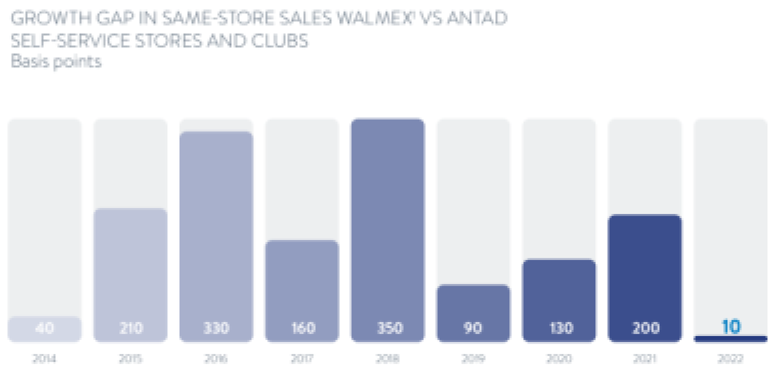
The regions that led growth this year were the South and Central regions, followed by the North and Metro Area. On the other hand, the formats that grew the fastest were Bodega and Sam's, and all merchandise divisions showed a positive performance, primarily Food and Consumables.

Innovation in our operations drives customer preference, which is reflected in our results

In 2022, we generated a total of 679.4 billion pesos in total revenues, increasing 11.5% over last year, proving our financial strength. In addition, we continued to innovate in order to be ever closer to our customers and members, obtaining very good results and consistent growth.
eCommerce net sales grew by 16.6% and GMV (Gross Merchandise Value) by 19%, resulting in a three-year stacked growth of more than 340%. Our eCommerce represented 5.1% of sales in Mexico and contributed 0.8% to total sales growth for the year.

On the other hand, gross margin increased by 10 bps, driven by other revenue sources despite aggressive investments in prices, representing 23.3% of total revenues. SG&A increased by 14.8%, due to the investments in our strategic plans. Operating income increased 6.7% reaching 8.7% of total revenues. Finally, EBITDA grew 7.1%, 11.0% of revenues.

- **679.4 billion** pesos in total revenues
  +11.5% growth
- **11.0% EBITDA margin** in Mexico



Central America

The region continues to deliver solid results. Same-store sales grew consistently in all countries. Nicaragua and Costa Rica led growth, followed by Honduras, El Salvador and Guatemala. We reached 139.8 billion pesos in total revenues, a 10.2% increase over the previous year. Thanks to operational efficiencies and focus on simplifying the business, we were able to leverage SG&A by 60 bps compared to 2021.

Gross margin decreased 20 bps due to price investments in our Discount and Bodega formats, representing 23.9% of revenues. Operating income reached 6.3% of total revenues, an increase of 18.9% compared to the previous year.

EBITDA grew by 13.9%, representing 9.1% of total revenues. Our operational efficiency allowed us to obtain excellent results and overcome the challenges we face, considering the region's macroeconomic environment.

EBITDA grew by 13.9%, representing 9.1% of total revenues

- **139.8 billion** pesos in total revenues

Note: growth sales percentages in Central America are on a constant currency basis.

Consolidated

This year, same-store sales posted doubledigit growth across the board in Mexico and Central America.

We generated a total of 819.2 billion pesos in consolidated revenues, a growth of 11.3% and 11.9% at constant exchange rates with respect to 2021.

Gross margin grew 10 bps compared to the previous year. SG&A increased 13.2% and operating income represented 8.3% of total revenues, an increase of 8.1% compared to the previous year.

We have invested in strategic projects, delivering world-class returns. For this year, the Return on Invested Capital (ROIC) was 20.2%

- **819.2 billion** pesos in total revenues
  +11.3% growth
- **EBITDA reached 10.7% of total revenues, with a total of 87.4 billion pesos and a growth of 7.6% compared to last year**

SALES SHARE BY FORMAT

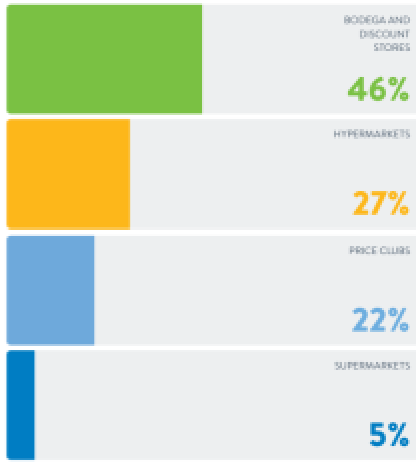
Bodega and Discount stores
Stores focused on customers looking for the best prices for their purchases. Through our Every Day Low Price value proposition, we offer perishables, groceries, consumables, general merchandise and household items at the best prices in the market. We have a wide assortment of merchandise on website and On Demand with same day delivery.

Hypermarkets
Stores focused on offering a broad assortment of perishables, groceries, consumables, general merchandise and apparel through our Every Day Low Price value proposition. We offer an extended assortment from our website, where we also have a marketplace so our customers can find everything they are looking for in one place. We have enabled stores with omnichannel capabilities to offer On Demand with delivery within hours of purchase.

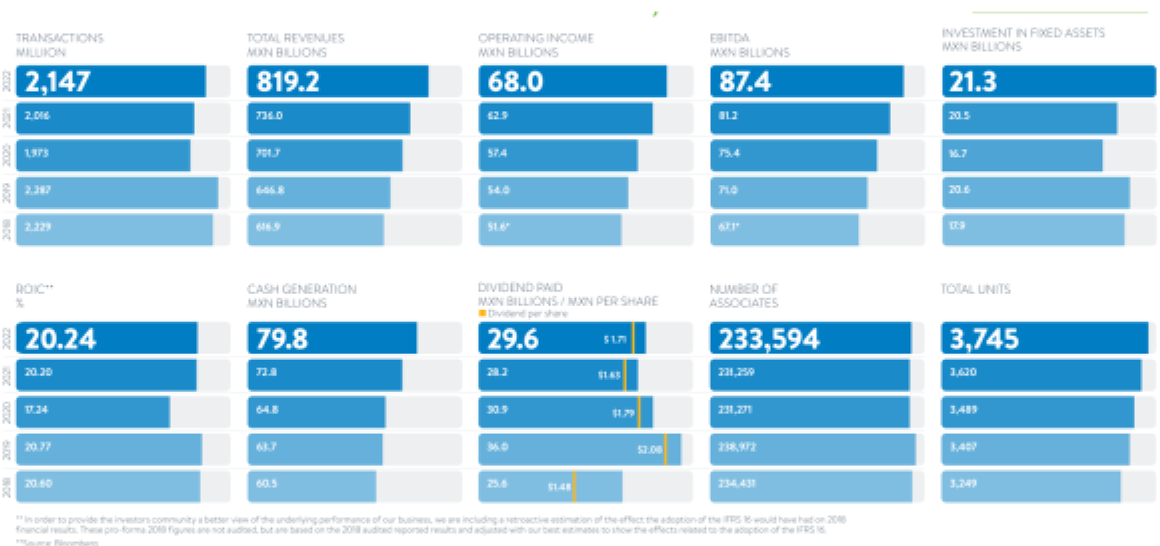
Price Clubs
Our Membership Price Clubs offer the best products in volume at irresistible prices. At Sam's Club we cater to business and individual members looking for the best shopping experience, whether in-store or online, and we offer On Demand from all our clubs with home delivery or pickup service.

Supermarkets
We offer value in a wide range of very good quality products in departments such as perishables, groceries, consumables and selected general merchandise products, as well as services and solutions focused on making life easier for our customers through everyday low and competitive prices, both instore and online, in an easy, one-stop shopping experience.

We have the ability to serve different types of customers and shopping occasions thanks to our multi-format omnichannel strategy



KEY FIGURES



CREATING VALUE

The consistency of our financial results, our supply chain capacity and the talent of our associates allow us to generate value as a company.

For the seventh consecutive year, we reached a new all-time high in our stock price, standing at 81.92 pesos

We continue to evolve to meet our customers' needs and continue to generate solid revenues and returns. As a reward for our shareholders' trust, this year we paid 29.6 billion pesos in dividends. This amount includes the payment decreed in 2022 of 1.71 pesos per share, comprised of an ordinary dividend of 1.00 pesos per share and an extraordinary dividend of 0.71 pesos per share.

The ordinary dividend was paid in two installments of 0.50 pesos per share, the first on November 24 and the second on December 27, 2022. The extraordinary dividend was also paid in two installments, the first of 0.35 pesos per share on November 24 and the second of 0.36 pesos per share on December 27, 2022.

Record high price per share march 31st 2022

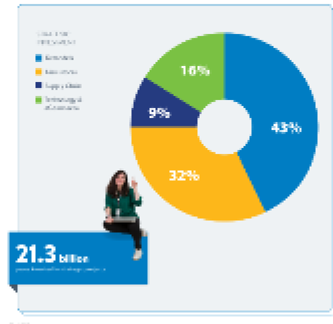
INVESTMENTS

We continued to invest strategically and to strengthen our capabilities to position our company for continued growth

In 2022, we invested a total of 21.3 billion pesos in strategic projects to strengthen our business, representing 2.6% of total revenues.

We are in the process of enabling our stores with omnichannel capabilities and keeping them in good condition to improve the shopping experience and ensure the safety of our associates and customers, so remodeling accounted for 43% of the investment this year. We continued to expand and opened 126 new stores, accounting for 32% of the total investment. We closed the year with 3,745 stores, with a total sales floor area of more than 7.5 million square meters.

We have a solid supply chain and we continue to strengthen it. In June of this year, we inaugurated the Villahermosa Distribution Center, which handles more than 10% of our perishable goods volume. Logistics investments accounted for 9% of this year's investment.
We upgraded our application technology to offer a faster and more user-friendly shopping experience to our customers, and we digitized processes to make the work of our associates in stores and clubs easier and more efficient. Investments in Technology and eCommerce represented 16% of total investments for the year.

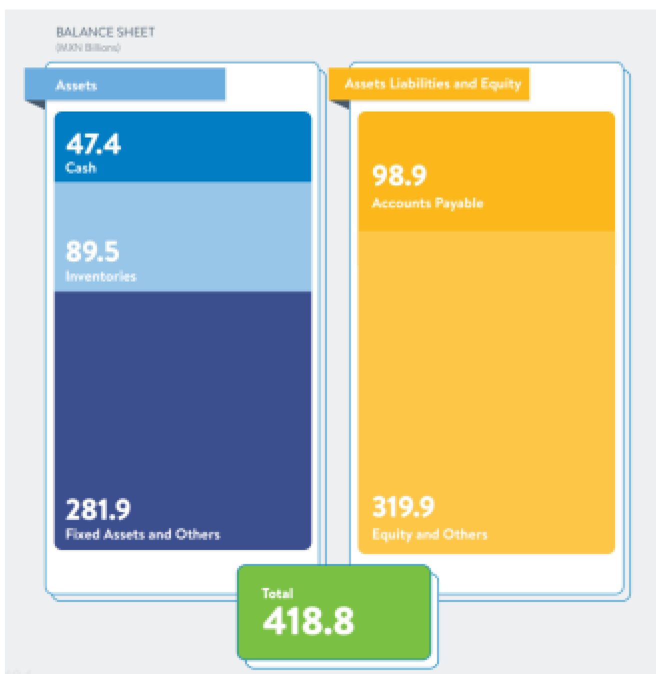


INCOME STATEMENT AND BALANCE SHEET

At December 31, 2022

CONSOLIDATED RESULTS WALMEX
(MXN Billions)

	2022		2021		Var.
	$	%	$	%	%
Total revenues	819.2	100	736.0	100	11.3
Gross profit	191.4	23.4	171.8	23.3	11.4
SG&A	124.7	15.2	110.2	15.0	13.2
Other income, net	1.3	0.2	1.2	0.2	4.6
Operating income	68.0	8.3	62.9	8.5	8.1
EBITDA	87.4	10.7	81.2	11.0	7.6
Net income	49.0	6.0	44.1	6.0	11.0



Risk factor's:

The risks described herein could have a material and adverse effect on our business, our business results, our financial standing and liquidity. They are not the only risks we face. Our business operations could also be affected by additional factors that apply to all the companies operating in Mexico and around the world, in addition to risks yet unknown that may arise and affect our operations.

Both domestic and international macroeconomic factors that could adversely affect our financial performance.

The overall economic conditions, both global and in one or more countries where we operate, could have an adverse effect on our financial performance. In Mexico and Central America the list includes stock market fluctuations, volatility in the price of our shares, increases in interest rates, in the costs for fuel and other energy sources, the plummeting of the real estate market, inflation/deflation, rising costs for basic services, higher unemployment rates, reduced income for consumers, consumer credit restrictions, greater consumer indebtedness, exchange rate fluctuations, higher tax rates, new taxes, changes to tax legislation, other regulatory changes, economic slowdowns, and other economic factors could adversely affect consumer demand for the products and services offered in all our formats and markets where we operate, with the possibility of over demand or excess supply. The aforementioned conditions could have an adverse effect on our gross margins, sales costs, inventory sell-thru, and markdown policies.

The factors that could affect our operations could also have repercussions on the operations and economic performance of our suppliers, both in Mexico as well as Central America. Said factors could possibly lead to cost increases for the products we sell our customers or, even worse, could cause problems for certain suppliers, making them unable to provide us with the volumes needed in our units.

Our current commercial strategy may not identify and respond effectively to consumer trends in a timely manner, whether involving physical retail, eCommerce retail or a combination of retail offerings, which could negatively affect our relationship with our customer, the demand for our products and services, and our market share.

It is difficult to predict consistently and successfully the products and services our customer will demand. The success of our business depends in part on how accurately we predict consumer demand, availability of merchandise, the related impact on the demand for existing products and the competitive environment, whether for customers purchasing products at our stores and clubs, through our eCommerce businesses or through the combination of both retail offerings. A critical piece of identifying consumer preferences involves price transparency, assortment of products, customer experience and convenience. These factors are of primary importance to customers and they continue to increase in importance, particularly as a result of digital tools and social media available to consumers and the choices available to consumers for purchasing products online, at physical locations or through a combination of both retail offerings.

Failure to timely identify or effectively respond to changing consumer tastes, preferences (including key factors described above) and spending patterns, whether for our physical retail offerings, eCommerce offerings or through a combination of these retail offerings.

Failure to successfully execute our omni-channel strategy and the cost of our eCommerce investments may affect our market position and financial performance.

The retail business is rapidly evolving and consumers are increasingly embracing shopping digitally. As a result, the portion of total consumer expenditures with retailers and wholesale clubs occurring through digital platforms is increasing and the pace of this increase could accelerate.

Our strategy, which includes investments in eCommerce, technology, store openings, remodels and other customer initiatives may not adequately or effectively allow us to grow our eCommerce business, increase comparable store sales, maintain or grow our overall market position or otherwise offset the impact on the growth of our business of a moderated pace of new store and club openings. The success of this strategy will depend in large measure on our ability to build and deliver a seamless omni-channel shopping experience and is further subject to the risks we face. As a result, our market position, net sales and financial performance could be adversely affected, which could also result in impairment charges to intangible assets or other long-lived assets.

Furthermore, the cost of certain eCommerce and technology investments, including any operating losses incurred could adversely impact our financial performance in the short-term and may adversely impact our financial performance over the longer term.

If we are not sufficiently able to properly manage our trademarks, it could affect our image, operations and financial performance.

All commercial names for our different business formats -both in Mexico and in Central America- and all the commercial notices used in the advertising of our different private labels found on labels and products are duly registered by Wal-Mart de México, S.A.B. de C.V., and other companies of the group, rights that are used directly by the holders of the same and by the companies operating the different business formats under indefinite licensing and/or sublicensing agreements. Registered trademarks belonging to third parties are also used in Mexico, for which there are licensing agreements executed so as to guarantee the legal use of the same and to comply with applicable legislation regarding the subject of brands. Said property rights are protected and in use, pursuant to applicable legislation on brands and copyrights. The legal and proper use of the aforementioned copyrights is of crucial importance to the company, any violation of the same could generate harmful effects to our prestige, corporate wealth, and financial performance.

Delays and/or expansion obstacles for our operations could affect our financial performance.

In both Mexico and the Central American nations where we operate, our capacity to open new units, perform remodels, and relocate existing units depend largely on our ability to identify, hire and retain qualified personnel and on our capacity to locate, lease and/or acquire sites with acceptable terms. Compliance with municipal, state and federal legislation can affect and/or delay commercial expansion processes. Adherence to zoning and construction regulations, in addition to local opposition to the building of certain units at specific sites can affect our ability of opening new units, converting existing units to new formats, and/or relocating and expanding units in certain cities and states. Our growth opportunities could be limited by increases in real estate prices and construction/development costs. If we are kept from opening new units in our different formats, our financial performance, growth in net sales, and our operating income could be adversely affected.

Moreover, if consumers in the markets where we expand our business are not receptive to our value proposition and to our self-service, club and apparel store concepts, or do not want us in their communities, then our financial performance could suffer.

Access to certain types of product and service suppliers could limit our ability to increase the number of units or to expand our selection of products in existing units in certain regions, particularly markets with consumers wanting to buy locally-produced goods. In addition, cultural differences in certain regions where we operate, or where we expand our self-service units and clubs could impact those consumers unable to respond as positively to our commercial proposition as we would have expected, thus potentially affecting our financial performance.

We may be unable to continue to identify suitable acquisition candidates at acceptable prices and may not be successful in completing the acquisition of any such candidate identified. Although we ultimately believe we will be able to successfully integrate any newly acquired operations into our existing operations, no certainty exists that future acquisitions o alliances will be successfully integrated into our operations or can be successfully integrated in a reasonable time. Our failure to identify appropriate candidates for acquisition or alliances or to integrate effectively future acquisitions and alliances into our existing operations could adversely affect our growth and our future financial performance.

The inability to attract and retain qualified associated, changed to laws and labor matters could have an adverse effect on our financial performance.

The capacity to continue expanding our operations hinges on our ability to attract and retain a growing number of qualified associates.

The capacity to cover our needs for labor, including our ability to find talent to cover vacant positions in our existing stores, clubs and distribution centers while maintaining the nominal structure and other controlled labor-related costs are generally contingent on numerous external factors, including the availability of a sufficient number of qualified people within the set of the economically active population in the markets where we operate –labor force-, unemployment levels, salary levels in effect, changes in the demography, health and other related insurance costs, the implementation of new and/or amended labor laws, and applicable regulations. If we are incapable of identifying, attracting and retaining talent, if labor and related costs increase significantly or if new and/or amended labor and labor safety laws and regulations are adopted or enforced, our labor performance could be adversely affected.

We face fierce competition from existing and/or new market players (whether through physical retail, eCommerce retail or through a combination of both offers), which could have an adverse effect on our financial performance.

The retail and club sectors are highly competitive. Each one of our business segments competes for customers, employees, store sites, products, services and in other important aspects of its business with many other local, regional and international market players, which could increase in the future. Our competitors consist of companies from the retail, price club and apparel store sectors. They operate discount, department, pharmacy, single-price, convenience, specialty, supermarket, hypermart, price club, eCommerce and catalog segments. These operators compete in a variety of ways including merchandise assortment and availability, by offering added-value services, location site, operating hours and price. Our ability to respond effectively to these competitive pressures, the arrival of new market players, and changes in the retail and club sectors could affect our financial performance.

Risks associated with suppliers providing products and the safety of said products could adversely affect our financial performance.

The products we sell are sourced from a variety of national and international suppliers. The supply of products we sell is an important factor for our financial performance.

All our suppliers must comply with applicable legislation, including labor, safety and environmental laws; they must also be certified regarding compliance with our quality and performance standards. Our ability to find qualified suppliers who meet our standards and who can access products efficiently and in time constitutes a significant challenge, especially in the case of suppliers and products sourced outside of Mexico and Central America. Political and economic instability in countries where our suppliers are located, financial instability, the inability to meet our quality and performance standards, access and availability of raw materials, merchandise quality issues, exchange rates, transportation availability, costs, and safety, inflation rates, and other factors related to suppliers and the countries where they are located are factors outside of our control.

In addition, regulations governing foreign trade, tariffs and other taxes on imported goods, commercial sanctions applied in certain countries, limitations regarding the importing of certain types of goods, or goods containing specific materials from certain counties, and other factors related to foreign trade are all beyond our control. These and other factors affecting our suppliers and the access we may have to products could adversely affect our financial performance.

Our customers trust that we will offer safe products. Therefore, matters concerning food safety and safe non-food products that we later sell could lead customer refusal to purchase certain products in our units, or that they seek out other alternatives to meet their food and non-food needs, especially if the entire matter is out of our control. Any loss of customer confidence could prove difficult and costly to regain. Therefore, any matter pertaining to the safety of food and non-food products sold by us –regardless of the cause- could have a negative impact on our financial performance.

Changes in government regulations.

The Company is exposed to the changes in different laws and regulations in Mexico, 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.

Our operations outside Mexico make us susceptible to legislative, judicial, accounting, regulatory, political, economic and environmental risks and conditions specific to the countries in which we operate, which could adversely affect our financial performance.

As a result of our expansion in Central America, our operating results could become affected by a variety of factors, many of which are out of our control. These include political conditions and/or instability, economic conditions, legal and regulatory limitations, money laundering prohibitory laws and regulations, commerce policies, exchange rate regulations, or any other similar matter in any of the countries where we currently operate and/or those situations or events which could affect us on an international level. Our future operating results in the countries where we operate could be negatively affected by a variety of factors, most of which are beyond our control. Exchange rate fluctuations can impact costs and future cash flows for our operations in Central America, which could then adversely affect our financial performance.

On the other hand, the economies for certain countries where we operate in Central America have, in the past, undergone high inflation rates and the devaluation of their currency, which if it happens again, could have a negative effect on our financial development. Other factors that could impact our operations in Central America include foreign trade, monetary and tax policies in Mexico and in other countries; laws, regulations and other foreign government activities; agencies and similar organizations and risks associated with having diverse installations located in countries which historically have been less stable than Mexico. Additional risks inherent to our operation generally include such things as the costs and difficulties of managing international operations, the consequences for adverse taxes and greater difficulty for having complied with intellectual property rights in countries other than Mexico. The range of risks inherent to doing business in Mexico generally exist when running commercial operations outside the country, and these may increase due to the difficulties of doing business in different venues due to cultural, legal and regulatory differences.

Both in Mexico and in the Central American nations where we operate there is the risk that our associates, contractors or agents, in violation of our policies, could conduct practices forbidden by Mexican and Central American laws and regulations. We maintain policies that prohibit such business practices and we have implemented anticorruption regulatory compliance programs designed to ensure full adherence to these laws and regulations.

Nevertheless, we are subject to the risk that one or more associates, contractors or agents could perform business transaction that are forbidden under our policies, violating our regulatory compliance programs and therefore, violating said laws and regulations. Any infringement, even of our internal policies, could adversely affect our financial performance.

Natural disasters, climate changes and geopolitical events could adversely affect our financial performance.

One or more natural, environmental and/or accidental disasters such as hurricanes, cyclones, typhoons, tropical storms, flooding, earthquakes, and droughts, or things such as geopolitical events like civil uprisings or terrorist attacks in any of the countries where we operate or in any country where our suppliers are located could have a negative impact on our operations and financial performance.

Said events could cause physical damages and/or partial or total losses to one or more of our properties; the closing of one or more of our units of any type due to the lack of an adequate labor force in any given market; to the incapacity of our customers and associates of using means of transportation to the units directly affected by any such event; to the evacuation of the population located where our operating units are situated; to the change in consumer habits and in available income for shopping for the duration of the any of the aforementioned events, and/or definitive out-of-stock for products provided by suppliers both national and international; to the impact on the transportation of the imported goods; to lack of supplies or delays in product deliveries to our distribution centers, units or facilities; to the loss of communication with our stores. These events and the ensuing impact could alter and affect our operations in the areas where said events may have taken place and could adversely affect our financial performance.

If the technology-based systems that provide the capacity to our customers of making online purchases of merchandise do not work efficiently, our operating results as well as our capacity to grow within the eCommerce segment could be adversely affected.

A certain portion of our customers shop via our eCommerce sites, which in turn are part of an omnichannel sales strategy. Increasingly more customers are using computers, tablets, smart phones and other devices to shop from us and our competitors online, and to compare offerings. Therefore, any failure by us in providing the necessary technological interfaces in our eCommerce programs, including user-friendly software for smart phones, tablets and other devices could place us in a disadvantageous position vis-à-vis our competitors, with the resulting loss in online sales, damage to our reputation with our customers, negative impacts on our eCommerce business, and also negatively affecting the results of our operations.

Any incident related to the security of the information we have on our customers, associates and suppliers, stemming from the activity of hackers, could damage our reputation and lead to very high additional costs, make us susceptible to lawsuits, and possibly affect our operations.

Much like the majority of commercial sector companies, we obtain information on our customers, associates, and suppliers. In addition, our online commercial operations via our websites depend on the safe conveyance of confidential information through public networks, including information on electronic payments. Each year, hackers make countless attempts at accessing data stored in our information systems.

We have considerable security measures to protect against and prevent unauthorized access to said data. Nevertheless, it is possible that some form of hacking –new methods are rapidly evolving and becoming increasingly sophisticated- may exceed our security measures in the future and manage to obtain personal data that we have on our customers, associates and suppliers. An infiltration of this type could adversely affect our reputation with our customers, associates, and suppliers and also affect our operations, our financial standing and liquidity, leading to possible litigation against us or the imposing of sanctions.

What is more, a security violation could require the further investment of a considerable amount of resources to improve security measures employed in safeguarding such sensitive information against hackers and any other attempt at accessing the same, thus interrupting our operations, especially our online sales.

As a retailer who accepts debit and credit cards for payment, we are subject to compliance with guidelines and standards with regard to security surrounding the physical and electronic storage, processing and transmission of individual cardholder data.

Despite our compliance with these standards and other information security measures, we cannot be certain that all of our information technology systems are able to prevent, contain or detect any cyberattacks, cyber terrorism, or security breaches from known malware or malware that may be developed in the future. To the extent that any disruption results in the loss, damage or misappropriation of information, we may be materially adversely affected by claims from customers, financial institutions, regulatory authorities, payment card associations and others. In addition, the cost of complying with stricter privacy and information security laws and standards could be significant to us.

We are highly dependent on computer systems to process transactions, consolidate results and manage our business. Any interruptions to our primary and backup systems could damage our capacity to manage the business.

Despite having primary and backup computer systems that are independent, sufficient and physically separate, given the number of individual transactions we have each year it is critical to maintain the seamless operation of our computer systems. Said systems, including backups, are subject to damage or interruption due to cuts in the power supply, computer and telecommunication failures, viruses, security violations –from hackers and sophisticated organizations- catastrophic events such as fires, tornados, earthquakes, hurricanes, and incorrect use by our associates. If our computer and backup systems are damaged, violated or no longer work properly, we will be forced to invest heavily in the necessary repairs or replacements, leading to temporary interruptions in our operations. Any interruption in either the computer or backup systems could have considerable negative effects on our business and our operating results. The risk of interruption increases when significant changes to the systems are conducted; however, we feel our processes and management changes would mitigate this risk. If we fail in the integration of our systems and computer processes, we could fail to achieve the savings that are expected to stem from said initiatives.

Recent events.

The COVID-19 pandemic has resulted in widespread and ongoing impacts on the local and international economy, on our associates, suppliers, customers, and other individuals and entities with whom we do business. Although it seems that the most severe effects of the pandemic are over and the vaccination campaigns have significantly reduced the risk of having to implement measures that affect economic activity again, the secondary effects will continue in many areas and will continue to be a risk. In addition, the increase in violence has caused temporary closures of Company stores, clubs and distribution centers and, in some cases, our facilities have been looted. In all these cases, the Company's policy is always to safeguard the integrity of people -associates, customers, partners or suppliers- and seek to reopen its units as soon as possible to help build confidence in the corresponding location. However, these acts of violence have caused temporary closures and loss of sales, which have not been substantial but could be if they become widespread or of longer duration.

In addition to the above, international events involving Ukraine, together with the effects of the pandemic, have caused disruptions in the markets, prices of many products and in the international supply logistics chain. These risks and their impacts are difficult to predict and could adversely affect our operations and our financial performance.

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

Other values:

Walmart de México y Centroamérica with its sponsored level 1 ADR program that has Bank of New York as depositary bank is one of the three first international issuers to trade in "International OTCQX Market Tier" (www.otcqx.com).

The "International OTCQX Market Tier" recognizes the companies that have ADRs trading in the Over the Counter market in the U.S., who distinguished themselves by providing credible information to investors, and meet the financial qualifications of the NYSE listing standards. Among the main benefits is the electronic quotation and trading system, and an online financial information system.

Walmart de México y Centroamérica has complied, in the last three fiscal periods, in form and time with the requirements of Mexican and foreign legislations regarding relevant matters and periodical information such as quarterly and yearly reports on results.

Significant changes to the rights of securities registered:

This element does not apply to Walmex.

Use of proceeds, if any.:

This element does not apply to Walmex.

Public documents:

Copies from this report as well as from the following documents are available to the investor public at large, through the MSE website, www.bmv.com.mx, and Walmart de México y Centroamérica's website, www.walmartmexico.com and Investor Relations website www.walmex.mx:

- Annual report – MSE format
- Notification of relevant events
- Monthly sales report
- Quarterly report on results: Consolidated Financial Statements (Financial Statements compared against the same quarter of the previous year)
- Annual Report, including the Consolidated and Audited Financial Statements for the latest fiscal periods, as well as a comparison of the previous period
- Annual Report is based on the methodology used in Global Reporting Initiative (GRI)
- Code of Corporate Best Practices
- Corporate bylaws

Moreover, copies of this report can be provided via:

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History and development of the issuer:

1958 The first Aurrera store was opened to the public in Mexico City.

1960 Superama begins operations.

1964 Vips begins operations.

1965 On October 25, the company is formed in Mexico City under the name Compañía Mexicana de Desarrollo Internacional, S.A., with a duration of 50 years.

1968 The company changes its name to Midco, S.A.

1970 Suburbia and Bodega Aurrera initiate operations.

1973 The company changes its name to Aurrerá, S.A.

1977 Company shares were first traded in the Mexican Stock Exchange. Its stock symbol was AURRERÁ.

1982 Corporate conversion to Aurrerá, S.A. de C.V.

1986 The company changes its name to Cifra, S.A. de C.V. (Cifra).

1991 A joint venture agreement is signed with Wal-Mart Stores, Inc. (50%-50%) to open Sam's Club in Mexico. The first club opened its doors in December of the same year.

1992 Joining the agreement are the new Aurrera, Bodega Aurrera and Superama units, in addition to the Walmart Supercenters. With this purpose in mind, two companies are created: Cifra-Mart and WMHCM, of which Cifra owns 50% and Wal-Mart Stores, Inc., the other 50%. Cifra keeps 100% of its units opened prior to May 1992.

1993 The duration of the company is extended 99 years, starting March 8, 1993.

1993 Walmart Supercenter initiates operations.

1994 The new Suburbia and Vips units are incorporated into the agreement.

1997 The joint venture companies merge into Cifra. Wal-Mart Stores Inc. makes a public tender offer in the Mexican Stock Exchange acquiring control of the Company. Cifra remains a public company that operates all the businesses in Mexico (Bodega Aurrera, Walmart Supercenter, Aurrera, Sam's Club, Superama, Suburbia and Vips).

2000 The General Shareholders' Assembly approves the change in name from Cifra, S.A. de C.V., to Wal-Mart de México, S.A. de C.V. Its stock symbol is **WALMEX**.

2001 All Aurrera stores are converted to either Walmart Supercenter or Bodega Aurrera.

2004 Our Shareholders' Assembly granted voting rights to holders of Series "C" shares, and converted them to Series "V". The conversion was par value, that is, a Series "V" share for each share of Series "C". All capital stock for Walmart de México is represented by a single series, thus giving all shareholders equal voting rights.

2006 The General Shareholders' Assembly approved the official name change from Wal-Mart de México, S.A. de C.V. to Wal-Mart de México, S.A.B. de C.V., its current official name.

The Ministry of Finance and Public Credit grants the Company the authorization for the incorporation of Banco Wal-Mart de México Adelante, S.A.

2007 Walmart Bank begins operations.
2009 Approval of the acquisition of 100% of Walmart Centroamérica's operation, the leading retailer in the region in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.
2010 On February 15, the acquisition of Walmart Centroamérica was completed, changing the commercial brand name to Walmart de México y Centroamérica.
2011 First Walmart Supercenter in Central America (Honduras).
2013 Walmart.com.mx launches.
2014 Sale of the restaurant division (Vips).
2015 Sale of Banco Wal-Mart de México Adelante, S.A.
2018 Cashi Más que Efectivo launches.
2017 Sale of apparel stores (Suburbia).
2019 "Agile Transformation" implementation.
2020 Walmart Express begins operations.
BAIT (Bodega Aurrera Internet y Telefonía) launches.
2021 Walmart Pass launches.
Relaunch of Walmart Connect. Formerly Walmart Media Group.
2022 Health membership pilot launches.
Inauguration of the first six regenerative stores.

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Phone number: +52 55 5283 0100
walmartmexico.com
walmex.mx

Total Investment in Fixed assets	2022	2021	2020
Investment (billion pesos)	Ps. 21.3	Ps. 20.5	Ps. 16.7
Openings (number of units)	126	131	82

Business Overview:

Walmart de México y Centroamérica is a leading retail sector companies in the region.

As of December 31, 2022, it operated 3,745 units, throughout six 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.

Sales growth will come from:

- Same-store sales
- Sales from new stores
- Omnichannel and ecosystem

Main activity:

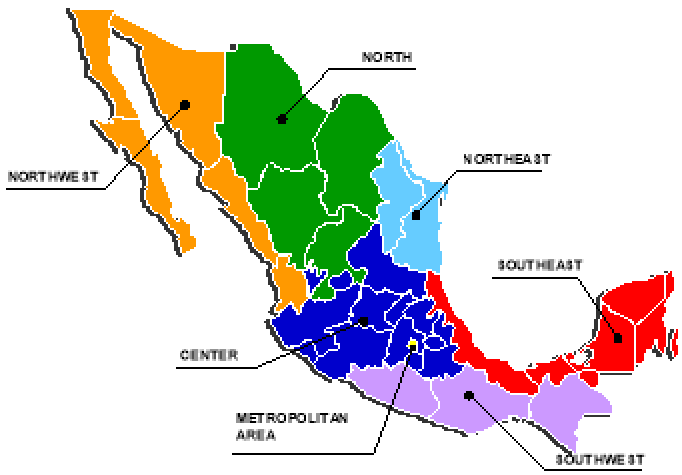
As of December 31, 2022, Walmart de México y Centroamérica operates 3,745 units, including self-service stores and warehouse membership clubs located in 713 cities in the six countries where we have presence.

Format	Value Proposition	Income Levels	Units
Bodegas & discount stores	Price	C, D, E	3,040
Hypermarkets	Assortment & price	B, C, D	339
Supermarkets	Quality, convenience & service	A, B, C	199
Clubs	Price leader, volume, new & unique merchandise	A, B, C, Business	167

In Mexico is present in 558 cities throughout the country.

Presence by geographical region (Units)								
	Total	Metropolitan	Center	Northeast	Southeast	Northwest	North	Southwest
Bodega Aurrera	**2,292**	475	867	361	193	140	131	125
Walmart	**303**	69	96	29	31	38	28	12
Sam's Club	**167**	35	49	14	21	19	16	13
Walmart	**101**	58	32	2	8	0	0	1

Express								
TOTAL	**2,863**	**637**	**1,044**	**406**	**253**	**197**	**175**	**151**



In Central America is present in 155 cities throughout the country.

Presence in Central America by country (Units)

	Total	Costa Rica	Guatemala	El Salvador	Nicaragua	Honduras
Bodegas and Discount Stores	**748**	253	226	79	91	99
Supermarkets	**98**	37	27	17	9	8
Walmart	**36**	14	10	6	2	4
TOTAL	**882**	**304**	**263**	**102**	**102**	**111**

Cyclical Performance

The demand for goods and services increases significantly during the last few months of each year as result of the holiday season. In 2022, the fourth quarter represented 29.09% of the year's total revenues.

Revenues by Quarter

	2022 Total revenues (million pesos)	**Contribution (%)**
1st Quarter	Ps. 187,844	22.9
2nd Quarter	195,619	23.9
3rd Quarter	197,885	24.2
4th Quarter	237,821	29.0
TOTAL	**Ps. 819,169**	**100.0**

Vacations and national holidays also have a significant impact on sales performance.

Distribution channels:

21 distribution centers in Mexico

City	**Name**	**Servicio**
Mexico City	Cuautitlán	Dry goods / Meat plant
	San Martín Obispo (2)	Dry goods / Perishables
	Santa Bárbara	Dry goods
	Chalco (2)	Dry goods / Perishables
	Fulfillment Center	*eCommerce*
Monterrey	Dry	Dry goods
	Perishables	Perishables / Meat Plant
	Fulfillment Center	*eCommerce*
Guadalajara	Dry	Dry goods
	Perishables	Perishables
	Fulfillment Center	*eCommerce*
Villahermosa	Dry	Dry goods
	Perishables	Perishables
	Fresh	Fresh
Culiacán	Dry	Dry goods
	Perishables	Perishables

Mérida	Mérida	Omnichannel
Chihuahua	Chihuahua	Omnichannel
Mexicali	Santo Niño	Omnichannel

11 distribution centers in Central America

Country	Name	Service
Guatemala	Amatitlán Bárcenas (2)	Dry goods Dry goods / Perishables
El Salvador	Apopa San Juan Opico	Dry goods Dry goods
Honduras	San Pedro Sula (2) Tegucigalpa	Dry goods Dry goods / Perishables
Nicaragua	Mateare	Dry goods / Perishables
Costa Rica	Coyol Coris	Dry goods / Perishables Dry goods

Patents, licenses, trademarks and other contracts:

As of this date, the commercial brands for the different business formats in Mexico such as Bodega Aurrerá, Mi Bodega Aurrerá, Bodega Aurrerá Express, Prichos, CASHI, SUMA BENEFICIOS and BAIT, are owned by Wal-Mart de México, S.A.B. de C.V. as well as the trademarks Aurrera, Medimart, Atvio, etc. Additionally, trademarks for the business formats Walmart, Walmart Express, Walmart Pass, Walmart Connect and Sam's Club and other private trademarks such as Great Value, Equate, Mainstays, Members Mark and Carrito Wal-Mart, etc., are trademarks property of WALMART APOLLO, LLC. Said trademarks are used by the operating companies under license agreements and/or sub-license agreements for an indefinite term. The Company also uses registered trademarks owned by third parties through license agreements to guarantee the correct use and compliance with the applicable and in force legislation.

All the banners for the different retail formats in Central America such as Despensa Familiar, Palí, la Despensa de Don Juan, La Unión, Paiz, Más x Menos, Maxi Bodega and MaxiPalí, as well as the different private labels such as SABEMAS, SuperMax and Suli, are registered of different subsidiaries in Central America. The private labels Walmart, Great Value, Equate, SAM's Choice, George & Design are traded under license by WALMART APOLLO, LLC.

Included among the distinct banners of the Group are the various brands owned by the subsidiaries of the Agroindustrial Division, an operation that was created with the purpose of supporting the Walmart

Centroamérica retail operations, through the supply, distribution and sale of fresh products and, separately, the development of private label grocery and consumer products.

The legal use and preservation of the rights of our various private brands is of utmost importance for the issuer, as they are part of its net worth, beyond the fact that the consumer population identifies the quality of the items merchandized under those brands together with the services granted by the operating formats. All this involves the issuer prestige, as a result of which, we have an area specialized in industrial and intellectual property rights, which is responsible for guaranteeing the use and defense of such rights.

Wal-Mart de México has politics and procedures for the development of their products bearing our Trademarks that establishes the guidelines for the creation, management and marketing of said trademarks; as well as the steps and the specific scope of each of those involved in product development. Strategic brand direction is responsible for verifying that the products marketed by the area of strategic brands are used with trademark registrations owned by Walmart de Mexico and Centroamérica and registrations by WALMART APOLLO, LLC., in those cases where Walmart México y Centroamérica is authorized to sell by.

There are about 4 policies that govern (and have governed for at least the last three years), plans for research, development and use of trademarks of our products and within which the importance of products marketed under strategic brands stands meet at least the following requirements of the company:

- Being utility generators, i.e., have better margin than the competitor product and / or category where they participate according to the strategy of each brand.
- Signifying a proposed customer value. Have a lower price than the leader product, aligned with the strategy of each brand.
- Having strict adherence to company programs such as EDLC and EDLP to grow the competitiveness of the company.
- Comply with regulations and current regulations applicable to each product in each country (labeling, formulation, health requirements, etc.).
- Being products developed and managed in your business process by the area of Strategic Brands. Products that are made in store and / or which are only placed a label will not be considered or counted.

Regarding investment amounts, it is impossible to determine, since each product for each format carries different processes of evaluation and assessment but always attached to the policies and guidelines outlined above.

Main customers:

Our main customer is the public in general. Throughout 2022, we had generated more than 2.1 billion transactions in Mexico and Central America.

Applicable law and tax situation:

Wal-Mart de México, S.A.B de C.V., is a corporation established under Mexican law that complies with all the legal provisions for the construction and operation of its units, with special emphasis on: environmental, urban development, operation, hygiene, civil defense, animal and pest control, and advertisements, pursuant to all applicable federal, state and municipal regulations.

Furthermore, Walmart de México y Centroamérica complies with the commercial basic principles ruling the relation between suppliers and consumers established by the Federal Consumer Protection Law.

Regarding tax situation in Mexico, the issuer is registered as a taxpayer with the Tax Administration Service of the Ministry of Finance and Public Credit and, since 2019 to date, the company is taxed within the general regime of law, complying with all provisions that regulate the tax aspects related to the development of issuer's business.

The primary laws that regulate WALMEX in Mexico are: the Securities Market Law, General Corporation and Partnership Law, Income Tax Law, Value-Added Tax Law, Tax on Cash Deposit Law, Luxury Tax Law, Federal Intellectual Property Law, Federal Copyright Law, Federal Consumer Protection Law, Federal Anti-Trust Law, Foreign Investment Law, Banking Law, Federal Labor Law, Protection of Personal Data Federal Law, Federal Telecommunications and Radio Broadcasting Law, Law for the Transparency, Prevention and Combat of Improper Practices in the matter of Advertising Hiring, General Health Law, Health Supplies Regulations, Regulation of the General Law of Health in Terms of Advertising and Federation Fiscal Code.

The operation known as Walmart Central America was consolidated under TFB Corporation, N.V. a company established in Curaçao (at the moment CAMT-FB Holding Corporation S de R.L. of C.V. by virtue of the change of address made to Mexico on March 24, 2022), a subsidiary of WMCA Central American Holding, S. de R.L. de C.V., that in turn is a direct subsidiary of Wal-Mart de México, S.A.B. de C.V., with the latter being an indirect subsidiary of Walmart Inc.

CAMT-FB Holding Corporation S de R.L. of C.V., was established with the sole purpose of serving as the holding company for a number of indirect subsidiaries, who in turn are holdings of other subsidiaries that operate stores, distribution centers and agro-industrial businesses, established in Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica.

Likewise, there is full compliance with the basic principles of commercial relations between suppliers and established consumers in each of the countries served.

Regarding the tax position in Central America, CAMT-FB Holding Corporation S de R.L. of C.V. subsidiaries are subject to each country Fiscal Bylaws and are registered in their Tax ID and in compliance with any and all tax requirements related to the development of their respective businesses operation.

Human Resources:

Opportunity – Our talent

As a leading omnichannel company, we have a tremendous opportunity to make a difference in the lives of people, communities and the planet.

Through our operations, we provide better opportunities for our associates to build a better life for themselves and their families.

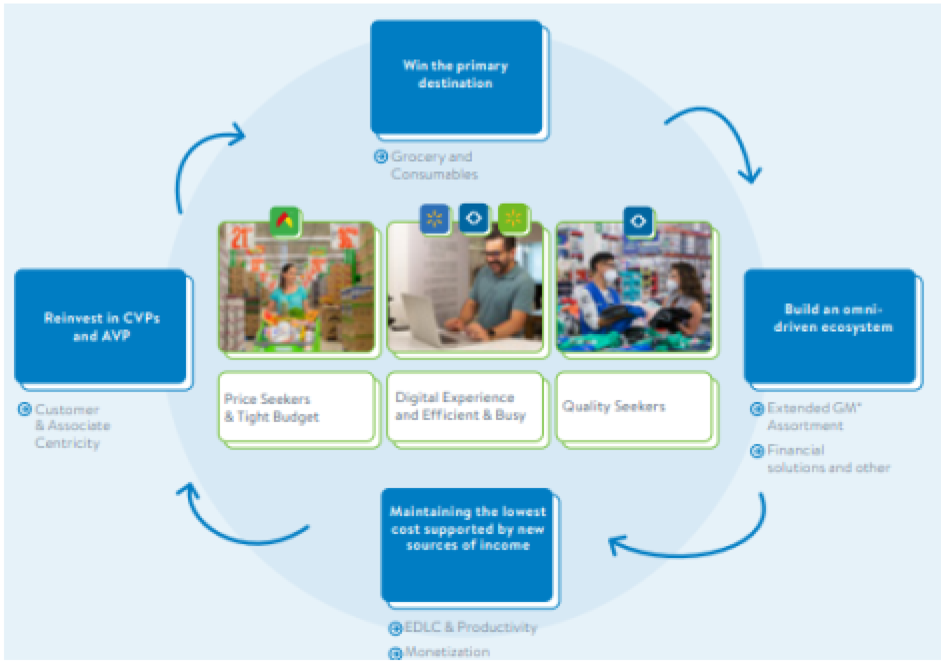
CAREER OPPORTUNITY FOR OUR ASSOCIATES

We recognize our associates' value for our company's success; therefore, we focus on them, by leveraging their own talent as a key enabler for our strategy.

Associate Flywheel

2022 continued to be a year of transformation; therefore, the People flywheel was created as a fundamental support to our business flywheel, creating a virtuous circle that connects our value proposition for our customers with the value proposition for our associates.

Our Flywheel puts the customer at the center



*__GM__: General Merchandise
AVP: Associate Value Proposition
CVP: Customer Value Proposition

Through our associate flywheel, and in order to support our commercial strategy, we have focused on the development of four main priorities:

Enterprise Agility
To have an organization focused on the four pillars of transformation, promoting new ways of working and simplifying processes to improve productivity and reinvest in the business.

World-class talent
Develop a talent management and evaluation model that allows us to identify gaps in order to execute initiatives for the development, retention and differentiation of our talent.

High-performance organization
Foster innovation and focus on results while offering a consistent, flexible and appropriate value proposition for our associates.

Evolving our culture and well-being
Develop an impact monitoring model as employer of choice.

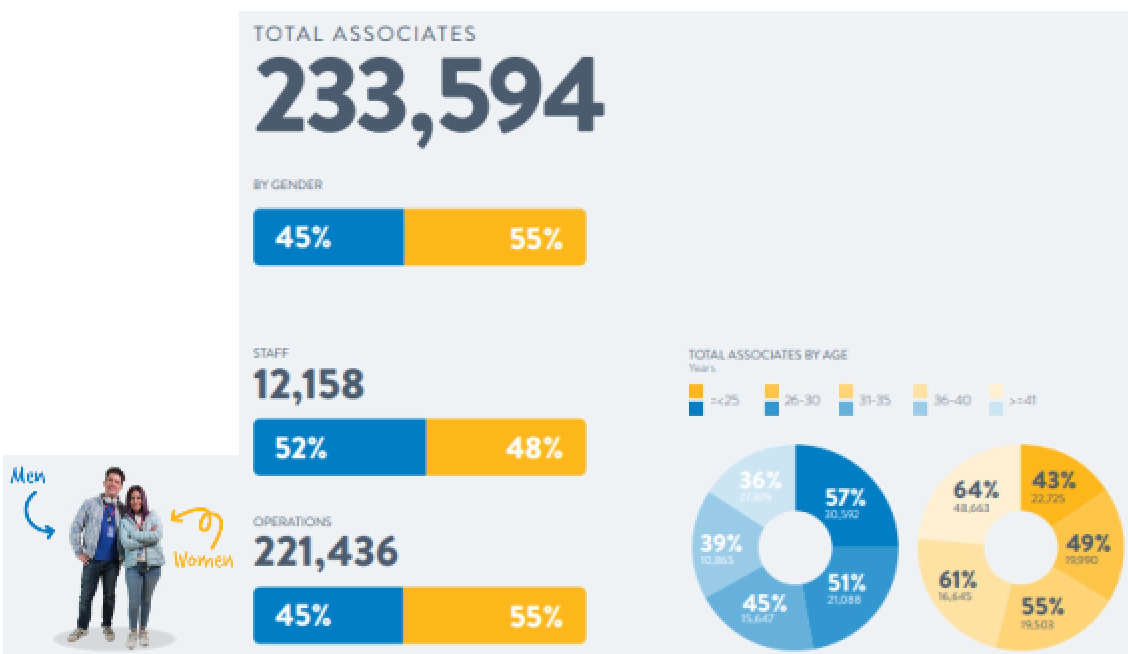
In this way, we have been able to maximize our **Associate Value Proposition**, better known as **PRODI** (for its acronym in Spanish): **Purpose, Challenge, Opportunity, Enjoyment and Inclusion**, and offer them the best experience.

#Purpose
Continue to support our communities and engage our associates with the Walmart Foundation.
#Reto (Challenge)
Drive change and business transformation.
#Opportunity
Involve and engage our associates through a strong culture, enhancing our rewards and talent strategy as we grow and attract talent for the future.
#Disfrute (Enjoyment)
Agile, digital and inclusive culture, incorporating core values throughout the associate experience.
#Inclusion
Diverse and highly capable associates who can serve, lead and grow the business.

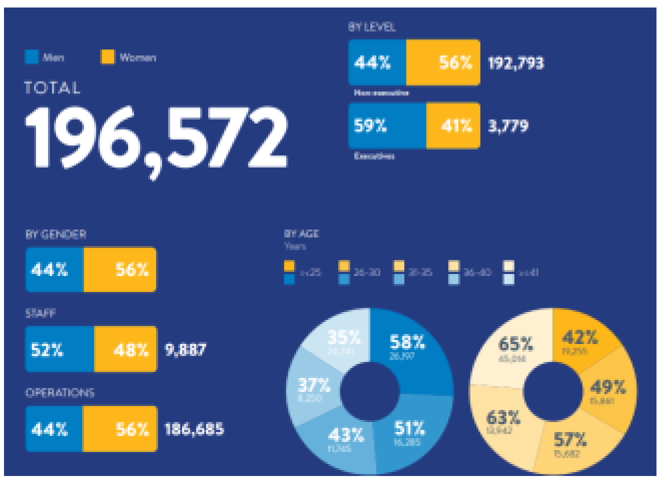
Our Talent

We are not a traditional retailer, but a solutions platform for our customers and our associates; that is why we are committed to attracting, retaining and including the best talent

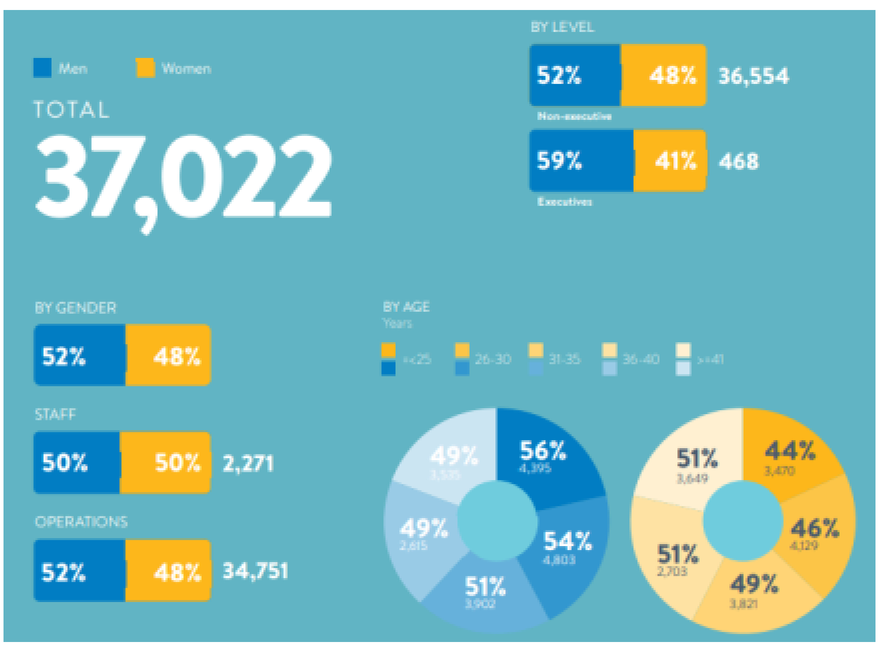
- 6,313 jobs generated



Associates Mexico



Associates Central America



BY TYPE OF CONTRACT

	Permanent			Temporary		
	Women	Men	Total	Women	Men	Total
Part time	68%	32%	4,100	78%	22%	41
Full time	45%	55%	32,344	56%	44%	537

	Permanent	Temporary
TOTAL	36,444	578
Women	52%	43%
Men	48%	57%

NEW AND TERMINATIONS

	New			Terminations		
	Women	Men	Total	Women	Men	Total
=<25	46%	54%	6,203	39%	61%	4,185
26-30	50%	50%	3,435	42%	58%	4,017
31-35	54%	46%	2,172	43%	57%	2,829
36-40	56%	44%	1,222	45%	55%	1,691
>=41	56%	44%	1,102	50%	50%	1,699

	New	Terminations
TOTAL	14,134	14,421
Women	50%	57%
Men	50%	43%

Developing our Talent

We maximize our associates' potential by offering them constant training to develop their skills.

We invested more than 5.1 millions hours of training to create growth opportunities.

We integrate learning programs that generate spaces for individual and group development.

Associates training

315,376 trained associates*

27,773 promotions

42.79 million pesos invested in training in Mexico and Central America

16.18 average training hours per associate*

135.68 pesos of average investment per associate*

25.97% positions covered by internal candidates

TRAINING HOURS BY LEVEL*

	Mexico		Central America	
	Man Hours	Hours per associate	Man Hours	Hours per associate
Vice presidents (Tribe leads)	291.03	7.46	9.30	9.30
Directors (Tribe leads)	1,756.22	11.71	301.85	10.06
Asst. Directors (Squad leads)	5,832.99	11.60	496.04	7.29
Managers (Squad members)	69,777.92	20.41	2,538.96	5.82
Asst. Managers (Squad members)	431,850.13	35.36	4,519.51	6.57
Dept. Managers (Squad members)	383,233.86	16.58	8,441.99	3.42
Hourlies (Squad members)	4,100,132.09	17.39	92,105.55	2.53

*Considers active and non-active associates

Development Programs Mexico

- Quality Tools and Continuous Improvement
- CER On Demand
- My Walmart Experience
- Consultant Mindset
- Forklifts
- Data Literacy
- Talent with Disabilities
- Regenerative Company
- CER Cashiers Derks (Consistency, Excellence and Results)
- Evolve 2.0
- Trainee Category Program
- Fraud Prevention
- Leading High Performance Teams
- SAP- Beta Test Talent
- SIMA Indicator
- Self-service Management Certification
- Centricity Program
- Onboarding for Telephone Advisor
- DAR Maintenance
- Ecosystems
- Up to Date with Membershops
- CER Perishables
- Onboarding for Executives
- DAR Operations (Discover and Learn Retail)
- Operations Trainee

Development Programs Central America

- Prometeo
- Analytical HR
- Customer Experience CX (Superformats)
- eCommerce (Superformarts)
- Data Literacy

- LESCO
- Openings
- DAR Perishables
- Logistics World

Digital platforms for training in Mexico and Central America

ULEARN
In 2022, we continued to offer training through this platform that allows our associates to have access to more than 1,000 courses.

LINKEDIN LEARNING
This year we continued to use LinkedIn Learning, reaching a total of 8,694 associates trained through this tool.

Development tools

70:20:10 Model
In 2022, we overcame significant challenges by promoting a purpose-driven culture to develop talent across all tribes of the company. Therefore, we implemented our **70:20:10 Model** for managing our associates' development.

The objective of this program is that our staff and operations associates can build a holistic development plan, based 70% in different projects or assignments that give them greater reach to their goals, 20% in social learning, connection with other people and mentoring, and 10% in formal learning, such as courses and certifications.
This model proposes:

- Learning by doing: participating in or leading a transversal project, facing real business challenges through lateral moves and being an active member of a committee.
- Learning from others: participating in mentoring circles or individual mentoring, conducting 1:1 meetings with key leaders, networking internally and externally, and finally, giving and receiving feedback.
- Formal learning: through the use of books, podcasts, movies, series or documentaries, and by participating in courses, workshops and certifications.

Individual Development Plan (IDP): this is a tool for our associates to identify the aspects that need to be improved and how to do it. By building it, our associates can track their progress and thus identify the skills they are interested in, at the same time that an ally accompanies them throughout their career in the company. In this way, they turn their talents into strengths and work on their areas of opportunity.

Mentoring: this is a learning program in which two people (individual mentoring) or more (mentoring circles) can share experiences and learnings in order to create actionable tools to improve an area of opportunity or to empower a talent.

This year, we celebrated in Mexico and Central America the Decide Week, in which some associates reflected on their career plans and the importance of having an Individual Development Plan (IDP)

Associate evaluation

One of our enablers is to have the best talent within our company. In order to continue evolving, it is important to evaluate our associates' performance in Mexico and Central America.

Our performance evaluation process consists of three key points:

1. **Evaluation simplification**

We conduct a performance evaluation of our associates, where we focus on both the achievement of objectives and the development of competencies, through a scale of three classifications: exemplary/successful/with opportunities.

2. **Powerful conversations**

We continue to implement powerful conversations at different times of the year, with the objective of giving and receiving feedback between leaders and associates, in a close and trusting environment.

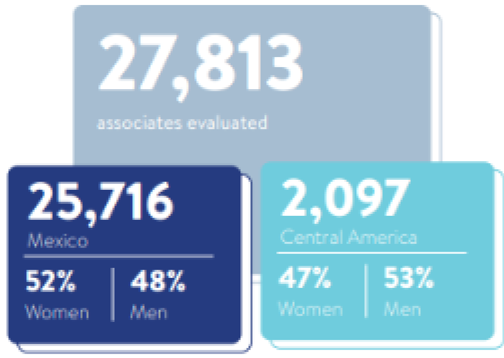
3. **Evolution of our behaviors**

We maintained the global model of four behaviors that allow us to measure how we live and apply our way of working:

- Living by our values
- Meeting our customers' needs
- Adopting change
- Focusing on Associates

It should be noted that the results and competencies have the same weight and change according to each associate's level.

On the other hand, in addition to performance evaluations, we have a calibration process that helps our associates to know how their behavior is perceived within the company. This implies betting on outstanding performance to have the talent required to fill positions where tasks are more challenging and complex.



Walmart DNA

As a complement to our associate evaluation program, and aware of the importance of fostering leadership behaviors among our team, in February 2022 we launched the Walmart DNA, leadership behaviors program in Mexico and Central America. This program consisted of more than 2,270 participants. Some of our actions were:

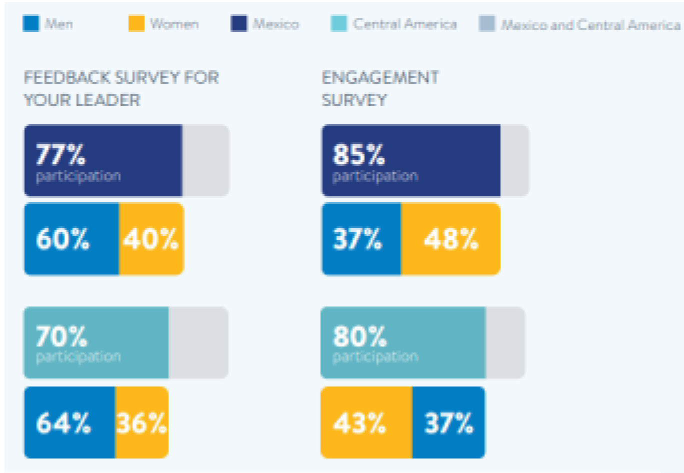
- Launch of the *Reconocer* program
- Launch of behavioral courses on ULearn and LinkedIn Learning
- Nine episodes of the Walmart DNA Podcast, where we had 18 leaders from Mexico and Central America as speakers and reached more than 15,000 reproductions

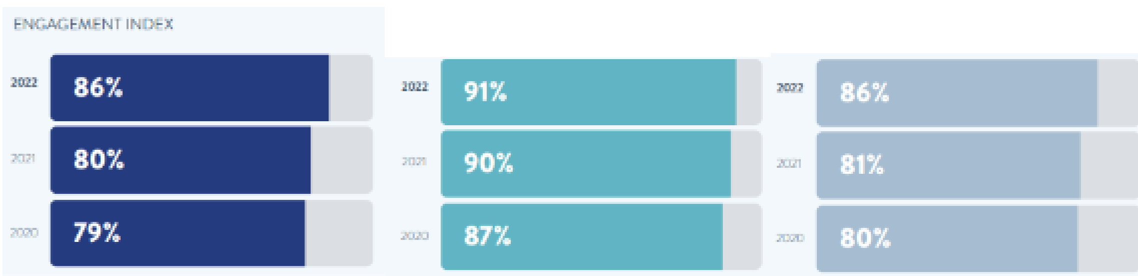
Dialogue with associates

At Walmart, we understand the importance of listening to our associates and addressing their needs. For this reason, every year we implement two tools that allow us to know the opinion of our workforce. This process of active listening to our more than 233 thousand associates in Mexico and Central America allows us to design actions to improve their experience within the company.

In this way, we conducted the Feedback Month, composed of different activities among which we invited 100% of our associates to answer the Engagement Survey and the Feedback Survey for Your Leader. It should be noted that both surveys are confidential and administered by a third party.

- The consolidated Engagement Index increased to **86%** vs. 81% in 2021





Freedom of association

We permanently guarantee the labor rights of our associates so that they can freely choose the union organization to which they wish to belong.

Under our collective bargaining regime in Mexico, 61.6% of our associates are represented by a union or covered by collective bargaining agreements, that is, 100% of the associates eligible under the law.

Working hours

We establish work schedules that contribute to the quality of life within the company, as well as a positive work environment.

Work-Life balance

Our associates are at the center of our company and their well-being is important for the optimal functioning of each of the areas that conform Walmart. For this reason, we are convinced that by providing competitive wages, benefits, and adequate quality of life conditions, we contribute to generating a positive environment for our associates.

With the objective of improving the quality of life of our associates in Mexico and Central America, we have implemented actions focused on providing support for their physical, emotional and financial well-being

PHYSICAL

- Insurance coverage for COVID-19

- PCR and antigen testing application
- Continuous medical check-up
- Remote work for staff associates
- Free medical assistance for associates and family members

EMOTIONAL

- Integral Assistance Program (PAI) which covers psychological, nutritional, legal and financial matters
- Campaigns and webinars on emotional and psychological topics

FINANCIAL

- A permanent 10% discount in our stores for all associates
- Finance Webinars
- Cash advance from savings bank
- Weekly payroll for operations associates

Benefits for our associates

Agreements and benefits platform

We make available to all our associates in Mexico a platform of agreements and benefits that offers from 10% to 70% discount on automotive, beauty, food and beverage, technology and home products and services, among others. In Central America, specifically in Costa Rica, a new platform of agreements was implemented and will be replicated in the rest of the countries in the region in 2023.

- Up to **70%** discount for our associates in the agreements and benefits platform

Towards the new normal

This year, one of the most important challenges we faced was the adjustment of our hybrid way of working model to adapt to the new normal. In this context, we began the gradual return to the offices starting in March and today, we are proud to say that our associates are enjoying being back.

Satisfaction index with the hybrid back-to-office experience was 84% in Mexico and 91% in Central America.

The hybrid-flexible work model has brought benefits for our staff associates, such as strengthening a culture of trust and commitment, balancing work and family life and streamlining communication between work teams, among others.

We have relied on technology as an enabler to make our associates' lives easier

Integral Assistance Program (PAI)

For Walmart de México y Centroamérica, the well-being of all associates is our priority. Therefore, in 2022, our Integral Assistance Program (PAI for its acronym in Spanish) was renewed in services and contact numbers exclusive to Walmart. In addition to supporting our associates with tools or recommendations on emotional assistance, legal advice and family economics, new services were added, also available to their immediate family members:

- Medical assistance
- Veterinary assistance
- Nutritional assistance

The program has experts who can provide free and confidential guidance via toll-free telephone numbers. Assistance is available Monday through Saturday from 9:00 AM to 9:00 PM, with the exception of the medical and emotional specialties, which provide care 24 hours a day, 365 days a year.

- **In Mexico, through the PAI we achieved: 1,491** Appointments scheduled with on-site psychologists (offices and DCs)

In Central America, the telemedicine service was implemented for the first time in the five countries through the PAI at no additional cost, covering 100% of our associates (permanent and temporary) and their immediate family members: partners, parents, children and siblings.

Webinars
As part of this program, in Mexico and Central America, we provided 174 webinars about integral wellness topics, including the Emotional Health Week and the Financial Health Week. We had the participation of 40,000 staff and operations associates and their families.

- **86** PAI webinars

Work flexibility

We offer different initiatives to our associates in Mexico and Central America

MATERNITY AND PATERNITY LEAVE

- In Mexico, we have five months' maternity leave and two weeks' paternity leave
- In Central America, maternity leave is granted based on each country's social security system. We grant 12 working days for paternity leave

POSTNATAL LEAVE

- 20 weeks of additional leave in addition to Social Security maternity leave
- Paternity: flexible schedule with 6-hour workdays for one month after the 14 days of paternity leave
- In Central America, they can opt for 4 months of reduced hours or between 28 and 33 working days of leave depending on their work schedule

MATERNITY EMERGENCIES

- In case of emergencies, such as the death of the mother in childbirth or hospitalization of the baby, fathers may take maternity leave in lieu of paternity leave in Mexico and Central America

ADOPTION

- In Mexico and Central America, when an adoption or surrogacy is performed, our associates have the opportunity to take a oneweek break prior to the baby's arrival

FOR OUR OPERATIONS ASSOCIATES

- We have a fixed shift during breastfeeding periods, student schedules, quality of life transfers, fixed shifts for single mothers or fathers, as well as a monthly weekend off for managers and assistant managers of the units in Mexico and Central America

PRETERM BIRTH

- The baby's date of birth is taken as a reference to guarantee the 14 weeks of leave contemplated by the law in Mexico

FLEXIBLE WEEK FOR STAFF ASSOCIATES

- In Mexico and Central America, our associates can arrange their working hours from Monday to Thursday, so they can have short Fridays

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Environmental performance:

Sustainability

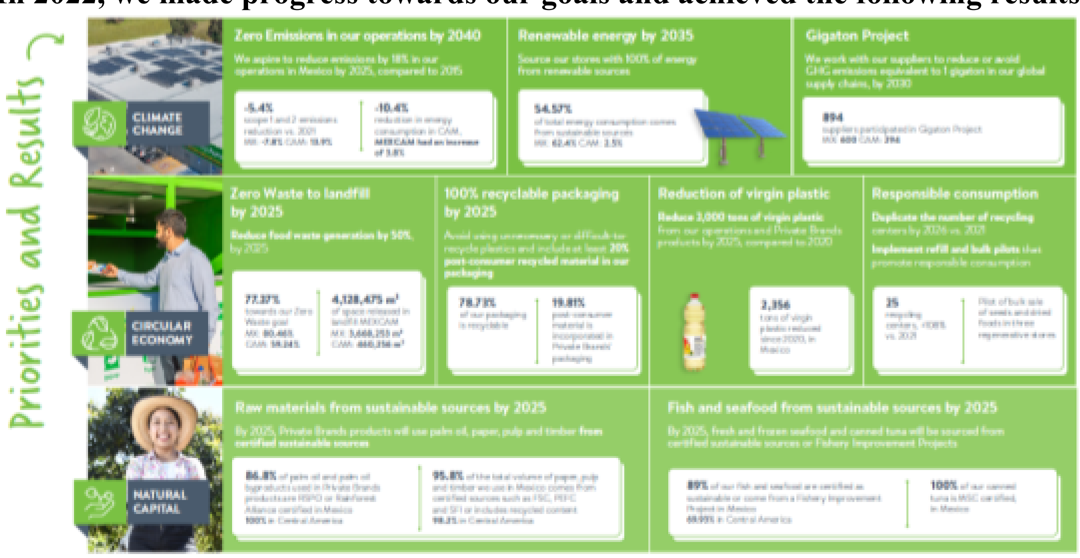
Our ambition to become a Regenerative Company places humanity and nature at the center of our business decisions

We seek to understand and improve our impact in order to contribute to ecosystem stability, biodiversity continuity and collective well-being.

We continue to work on our three priorities:

- **CLIMATE CHANGE:** By reducing emissions in our operation and in our supply chain.
- **CIRCULAR ECONOMY:** Reducing the use of natural resources and waste generation, avoiding sending waste to landfills and reintegrating materials into new value cycles.
- **NATURAL CAPITAL:** Through sustainable sourcing and natural resource protection.

In 2022, we made progress towards our goals and achieved the following results:



CLIMATE CHANGE

In 2020, we committed to becoming a Zero Emissions company by 2040

To achieve this, our goals are:

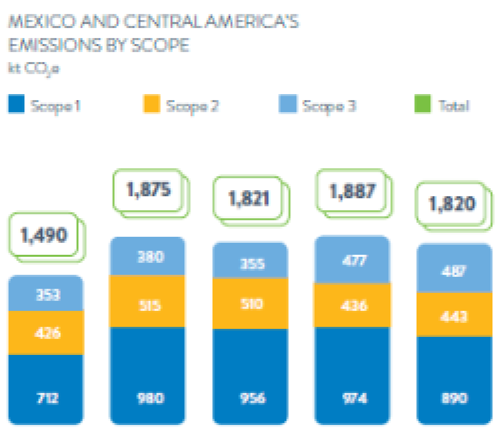
- Source **100% of our energy from renewable sources by 2035**
- **Electrify our fleet,** including long-haul trucks, **by 2040**
- **Transition to low environmental impact refrigerants** in cooling and heating equipment in our stores, clubs, distribution centers and data centers, **by 2040**

In 2023, our commitment is to set intermediate reduction goals for emissions for 2030 and 2035, to achieve Zero Emissions by 2040.

Emission sources

We measure the amount of GHG emissions associated with our operations and our value chain through scope 1, 2 and 3 carbon footprint analysis. Our main emission sources for **scope 1** are those associated with refrigerants and fuels from stationary sources used in our units and DCs, as well as utility vehicles, with 890,397.62 ton CO_2e. For **scope 2,** those associated with the percentage of electricity that does not come from renewable sources, accounting for 443,436.41 ton CO_2e. For **scope 3,** those associated with the fleet we use to transport our products, business travel and travel for associates in company-owned cars, which corresponds to 486,600.92 ton CO_2e.

We reduced by 3.5% out total emissions in 2022 vs. 2021

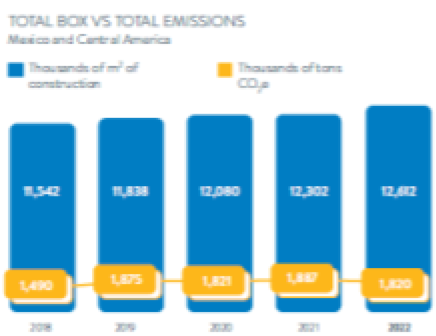


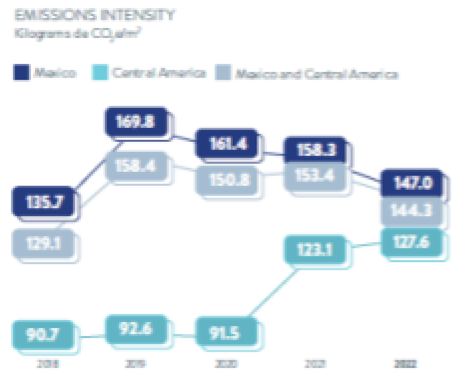
Emissions intensity

In 2022, we managed to maintain the trend of reducing the intensity of GHG emissions in Mexico and Central America. Together, we have achieved such a reduction since 2019, thanks to energy efficiency, refrigerant change over and renewable energy initiatives.

We reduced by **7.7%** the emissions intensity of scope 1 and 2 in 2022, compared to 2021.
We reduced by **5.9%** the intensity of total emissions in 2022, compared to 2021

Our business growth continues to be independent from our emissions intensity





Scope 1 emissions

OUR GOALS
Zero Emissions in our operations by 2040

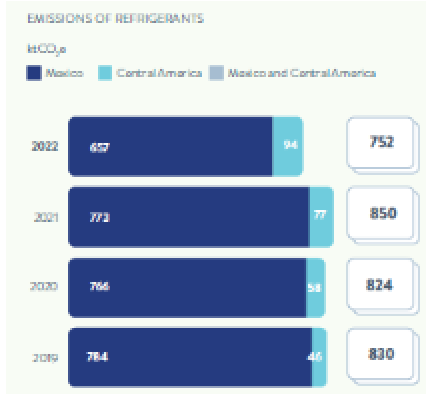
We aspire to reduce emissions by 18% in our operations in Mexico by 2025, compared to 2015.

Move to low environmental impact refrigerants in cooling and heating equipment in our stores, clubs, distribution centers and data centers by 2040.

What did we do?
The pilot test we conducted in Tamaulipas, in 2021, to switch to refrigerants with lower global warming potential achieved successful results. That is why, in 2022, in Mexico and Central America we conducted renovations incorporating systems that use R-448A refrigerant gas, which **reduces emissions by 60%,** compared to traditional systems. In addition, we added control and automation initiatives to make efficient use of refrigeration and climate equipment.

What did we accomplish?
In Mexico, we replaced the refrigerant gas in 17 stores and changed the refrigeration systems in another 6 stores. In Central America, we opened and remodeled 41 stores with
new systems, achieving by the end of 2022 a total of 84 stores with R-448 gas. With these actions and initiatives, we reduced our scope 1 emissions by 8.6%, equivalent to 84 CO_2e ktons.

What is next?
Starting in 2023, in Mexico and Central America, all new and remodeled stores will feature these new refrigerants.



Scope 2 emissions

OUR GOAL
Source **100% of our energy from renewable** sources by 2035.

What did we do?
In 2022, we continued to use energy from renewable sources from six wind farms and two hydroelectric plants in Mexico. In addition, we made progress in reducing our electricity consumption thanks to energy efficiency initiatives and we continued to increase our on-site solar energy generation capacity.

What did we accomplish?
We consumed 9.5 million GJ of electricity, of which 54.6% comes from renewable sources.

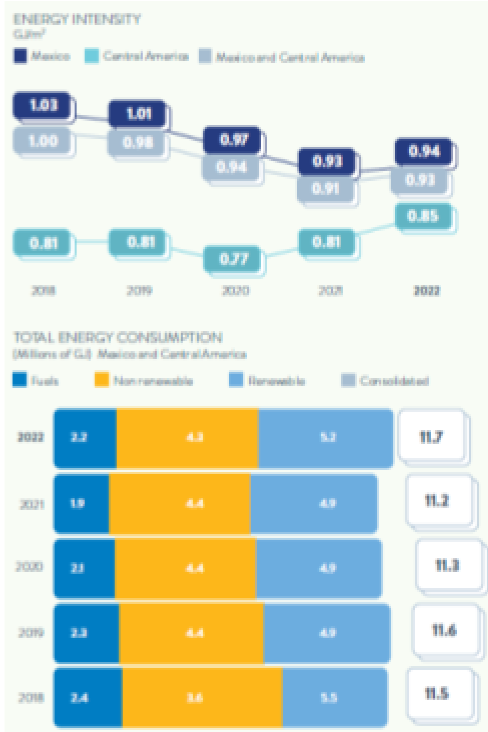
We increased the number of solar panels installed, achieving a total of 95 units in Mexico and 46 units in Central America.

In Central America we were able to double our energy capacity from renewable sources, where we also installed anti-fogging stickers in the display cabinets of 359 stores, which allowed to save 3,004 MWh of electricity, equivalent to 45.7 tons of CO_2e.

In Central America, we acquired 22 new electric utility vehicles, so that at the end of the year we had 55 electric vehicles that traveled 1,298 km, avoiding 235 tons of CO_2e.

With these actions, we increased our percentage of renewable energy consumption by 2.1 percentage points.

What is next?
Starting in 2023, all new stores of any format that we open will be powered by solar cells to supply energy for their operation.



Scope 3 emissions

OUR GOALS

Work with our suppliers to reduce or avoid GHG emissions equivalent to 1 gigaton in our global supply chains, by 2030. Electrify our fleet, including long-haul trucks, by 2040.

What did we do?

We know that in order to reach our goals and reduce our impact on the atmosphere, we need to join efforts.

Therefore, in 2022 we continued to collaborate with our value chain through 1) Our Backhaul strategies to reduce empty trips in our fleet and that of our suppliers (Truckload Optimization or TLO), 2) Reverse Logistics, to facilitate the collection, sorting and recycling of by-products, and 3) our Gigaton Project, where we encourage our suppliers to report their progress in reducing emissions annually and disclose their commitments, so that together we can reach our goal of avoiding the generation of one billion tons of CO_2e in our value chains by 2030. In addition, we continued our initiatives to reduce fuel use in stores and to electrify and improve the efficiency of our operational and last-mile fleet.

What did we accomplish?

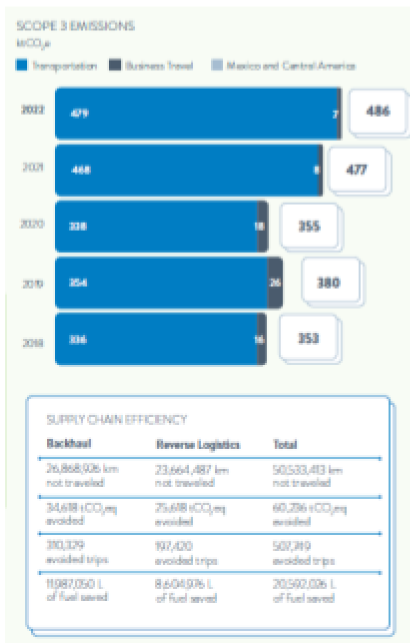
We achieved 894 active suppliers (15.2% vs. 2021), 629 Gigagurus, and 137 Sparking Change in Project Gigaton.

We avoided 507,749 trips, thanks to our Backhaul and Reverse Logistics strategies, equivalent to 60,236.67 tons of CO_2e in Mexico.

In 2022, we closed the year with 94 electric vehicles that provided Last Mile delivery service to our Bodega Aurrera, Sam's Club, Walmart Express and Walmart Supercenter formats, traveling more than 1.1 million km, avoiding 118 tons of CO_2e to the atmosphere.

In addition, we installed 40 electric vehicle charging stations in Costa Rica, which are available to associates and customers free of charge when shopping at our stores.

What is next?
Increase electric vehicles of Last Mile's fleet and maintain partnerships with suppliers to develop Backhaul strategies.



CLIMATE RISKS AND OPPORTUNITIES

200 suppliers completed the climate change questionnaire. 69% conducted a risk analysis and 74% an opportunity analysis related to climate change.

65% of our suppliers launched emission reduction initiatives.

B rating in CDP

79% of suppliers have processes in place to identify climate risks and opportunities.

63% of suppliers have an absolute emission reduction target, intensity target or both.

CIRCULAR ECONOMY

Current linear consumption models have put enormous pressure on the regenerative capacity of our ecosystems. To face this challenge, we contribute to the creation of a circular economy through the following goals:

Zero Waste

Transform our operations to Zero Waste by 2025, aligned with the Zero Waste International Alliance definition, which implies the deviation from landfields of more than 90% of the waste generated.

Food Waste

Reduce food waste by 50% by 2025, compared to 2015.

Refill and Bulk
Implement refill and bulk sales pilots that promote responsible consumption.

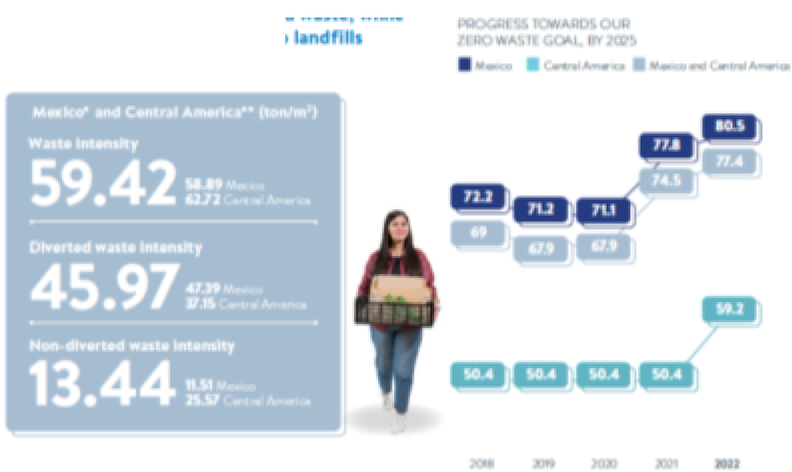
Use of Virgin Plastic
Reduce the consumption of +3,000 tons of virgin plastic from our stores and DCs operations and from Private Brands' products, by 2025.

Post-consumer Programs
Expand our recycling programs with our strategic allies.

Private Brands' Product Packaging
Ensure that 100% of Private Brands' product packaging is recyclable, reusable or compostable, and avoid unnecessary or difficult-to- recycle plastic. In addition to using at least 20% post-consumer recycled material in the total amount of packaging by 2025.

Zero Waste

To achieve our Zero Waste goal, we incorporate processes in our operations that improve efficiency in the use of our products, reducing shrinkage and waste, while reducing the amount destined to landfills



* As of 2022 we consider the restoration and recycling of pallets within Mexico's waste measurement.
**As of 2022 we consider the processing of waste from our fresh products processing plants for meat, poultry, fruit and vegetables, and DCs in the measurement of waste in Central America.

Zero Waste Strategy

PREVENT

More than six million bakery, fruit and vegetable products were saved from waste through the CVP program, which reduces the cost of products that are close to expiration.

RECYCLE

We enhance our recycling capacity with authorized suppliers to meet our goals. This year in Monterrey, we were able to transform 100 tons of fruits and vegetables into 100 liters of fertilizer that were used to conserve 200 m2 of green areas at our Monterrey DC.

DONATE

Products that are not suitable for sale, but are suitable for consumption, are donated to associates through donation programs or directly to institutions for their use.

- **25,398** tons of food donated to partner institutions
- **4,569** tons donated through our donation programs for associates

DISPOSE

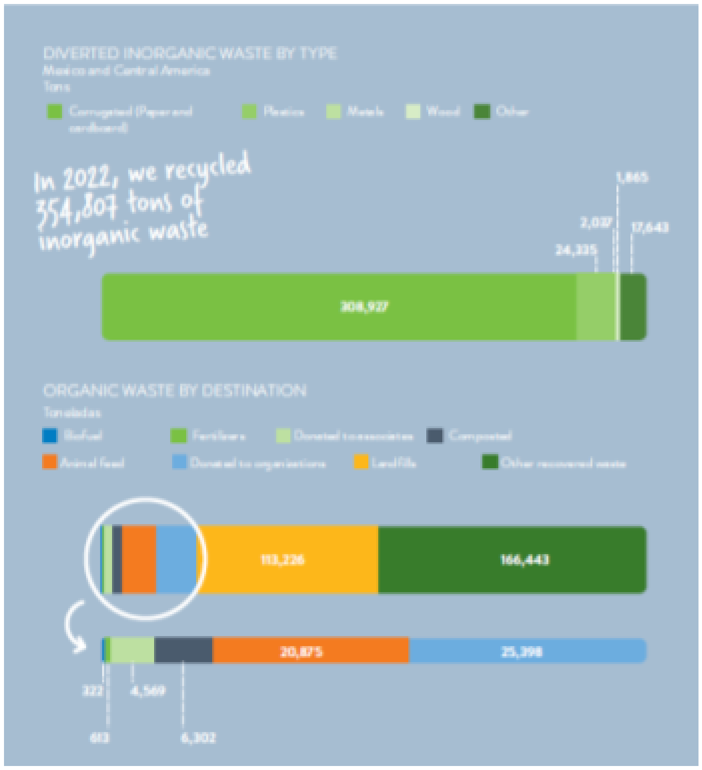
Exceptionally, we send to landfill waste that cannot be reincorporated into a value chain. These are channeled to suppliers that comply with applicable environmental regulations for proper disposal.

REUSE

We carry out various actions to extend the useful life of our assets. In 2022, we restored wooden pallets in poor conditions in our DCs.

120,217 tons of restored wooden pallets

In 2022, we recycled 354,807 tons of inorganic waste



Food Waste

One-third of food destined for human consumption is wasted, and with it, all the resources that were necessary for its production. Therefore, although our store sales are growing year after year, we have managed to keep shrinkage from increasing, thanks to supply chain efficiency strategies, price reductions on some products with expiration dates close to their sell-by dates, and revaluation actions.

Furthermore, in order to meet our goal of reducing food waste by 50% by 2025, we have different initiatives focused on organic recycling and donations through different programs and institutions

In 2022, we launched the Imperfect but Good pilot program. Its objective is to revalue and avoid wasting fruits and vegetables that, for climatic or farming reasons, have external aesthetic defects that in no way compromise their nutritional value, by offering them at a preferential price. This program already operates in 11 stores in the State of Mexico, Mexico City and Morelos, and our goal for 2023 is to expand this initiative to 100 of our stores.

- **105,080 kg** sold through Imperfect but Good

Private Brands' product packaging

OUR GOALS

By 2025, all of our Private Brands' product packaging:

- Will be 100% recyclable, reusable or compostable
- Will avoid unnecessary or difficult to recycle plastic
- Will include at least 20% post-consumer recycled material

We focus on mitigating the environmental impact of our Private Brands' packaging by prioritizing the reduction of material consumption, using recyclable, reusable and compostable materials and, if possible, including post-consumer recycled material.

This year, in Mexico and Central America, our achievements of Private Brands primary packaging products were:

78.7% recyclable packaging
0.3% compostable packaging
19.8% post-consumer recycled material in packaging

Plastic Footprint

To mitigate our environmental impact and plastic footprint, we seek to reduce the consumption of virgin plastic in our operations

We reduced 475 tons of virgin plastic compared to 2021, thanks to three main measures:

- Elimination of certain products that use virgin plastic from the sales floor.
- Substitution of virgin plastic with other materials, such as recycled plastic, cardboard or biobased materials.
- Changes in Private Brands' product specifications in order to use less amount of material.

78.5% progress towards our goal of reducing 3,000 tons of virgin plastic, by 2025

Success stories:

- **We continued to incorporate recycled material into our reusable bags** this year
- In Mexico, **we stopped using 18 different virgin plastic** containers for the packaging of perishable products, equivalent to **123.9 tons of plastic that were no longer used**
- **We eliminated 34 products made of virgin plastic from the sales floor,** equivalent to 95 tons of plastic use in Mexico.
- Through our ***Without Bag Please*** campaign, **we have avoided the use of approximately 80 million plastic bags** in Nicaragua

Post-consumer programs

Together we advance further. For this reason, in collaboration with strategic allies, we have promoted programs that encourage environmental education in the communities where we have presence and generate spaces for the recovery of materials for future use.

341,153 kg of waste recovered through our post-consumer programs with customers in Mexico and Central America

In alliance with our suppliers, we have permanent programsfor the recovery of materials. This year, the results were:

Together for a Better Tomorrow
This campaign, in collaboration with Nestlé and Procter & Gamble, seeks to promote recycling in the communities we serve.

- **2** new recycling centers

Alen Machines
In collaboration with Alen, we have HDPE collection programs in nine units in the state of Nuevo León. The amount collected is managed by Alen, to be reincorporated into new value cycles.

- **82,757** kg of waste recovered
- **9** machines in stores in Nuevo León

Sabritas Replay
We incorporated BOPP material recovered at our recycling centers into a community soccer field in Iztapalapa, Mexico City.

Partners for the Planet
This initiative, in alliance with Nestlé, Sigma Alimentos and Procter & Gamble, is aimed at raising awareness about environmental care through recycling.

- **2** new recycling centers

Expired medicines
Collection of expired medicines in alliance with the National System of Waste Management of Medicines Packaging A.C., (SINGREM, by its acronym in Spanish) to ensure proper final disposal.

- **17,694** kg collection of expired medicines in 209 units

Coffee capsules
We installed containers for the recovery and recycling of Nescafé Dolce Gusto capsules.
The organic waste is transformed into compost and inorganic waste into plastic wood, that is used in the development of new products in collaboration with Nestlé.

- **106** containers in stores

- **16,041** kg of waste recovered, 47% more vs. 2021

Temporary campaigns

Let's Nourish a Better Future

In collaboration with Herdez, we promote the recycling of tin cans and carry out environmental education activities through educational experiences in our stores.

- 4 activations with **527 direct impacts and 28,660 indirect**

Tree by Tree, your City Greens Up

We recover Christmas trees in partnership with the Mexico City and Colima Goverment, to transform them into compost for parks and gardens.

- **4,849** recovered trees
- **27** collection centers

Recycling Machines

In partnership with Nestlé, we established a recycling machine pilot, whereby customers could recycle PET and aluminum and earn rewards for recycling.

- **196** kg of waste recovered, 33 kg of aluminum

Paper Recycling with Tito Papelito

In collaboration with Smurfit Kappa, we launched a paper and archive recycling awareness campaign.

- **In August, we doubled the amount of paper collected** during the campaign vs. the previous month.

Reciclaleón

In partnership with the municipality of León, Guanajuato, we established a collection point in the state to receive electronic items from our customers. The waste received was recycled through an authorized supplier.

- **4,800** kg of waste recovered

Reciclamanía Evoluciona

In order to strengthen the recycling infrastructure in Mexico and provide our customers with a fast and easy recycling experience, we joined forces with different industries to operate permanent recycling centers for customers, located in participating Walmart, Walmart Express, Bodega Aurrera and Sam's Club stores in Mexico City, State of Mexico,
Michoacán, Morelos, Oaxaca, Puebla, Querétaro, Quintana Roo and Yucatán.

- 22 recycling centers for customers in 2022 located in nine states of the Mexican Republic, where **157,242 kg of waste were recovered**
- 3 recycling centers for associates in Distribution Centers

Recycle today and save tomorrow

In Central America, in collaboration with Nestlé and Biorem, we installed the first Green Spot Recycling Station. It is located in Walmart Roosevelt, Guatemala, and gives customers the opportunity to deposit and separate waste correctly. This helps to revalue waste and prevent it from polluting applying the principles of Circular Economy.

- The slogan **Recycle today and save tomorrow** seeks to promote a culture of waste separation and classification among the population for a subsequent recycling process, contributing to the reduction of the environmental footprint.

Refill and Bulk

We launched our first bulk sales pilot with products from Private Brands in three units, seeking to reduce the use of single-use packaging. In this way, customers can buy their favorite products according to the quantity and variety of their needs at the best price.

Our bulk dispensers are located at Walmart Express Zibatá in Queretaro, Walmart Petempich in Quintana Roo and Bodega Aurrera, in Temixco, Morelos. In this stores we offer products such as rice, beans, broad beans, other seeds and dry foods.

Participating stores:

- **Walmart Express,** Zibatá, Querétaro
- **Walmart Supercenter,** Petempich, Quintana Roo
- **Bodega Aurrera**, Temixco, Morelos

- **685** kilograms of bulk products sold

NATURAL CAPITAL

The natural capital of the planet comprises the inventory of natural goods and services. It is an essential part of the wealth of nations and provides ecosystem services such as drinking water, plant pollination, clean air and regional temperature regulations that benefit humanity. However, this has decreased due to the intensity and different forms of resource extraction.

To fulfill this commitment, we focus on the most significant phases of our products' life cycles and on the main commodities with an environmental risk where we can influence to improve their sustainability.

Every day, more and more customers are looking for sustainable products and, more frequently, they rely on certifications to make purchasing decisions, so it is key that we make sure we have an offer that addresses this need, both individually and collectively.

To mitigate the adverse effects of such activities, we commit to conserving these natural assets through sustainable sourcing and set the goal of managing, conserving and restoring 20 million hectares of land and 2.5 million square kilometers of ocean, globally, by 2040

Raw materials

Palm Oil

It is the main commodity that, given its high demand, may be associated with intensive extractive practices with the risk of damaging soils and biodiversity. For this reason, we have committed that by 2025, 100% of Private Brands' products will use palm oil that comes from sustainable sources and that guarantees its traceability through certifications such as those of the Roundtable on Sustainable Palm Oil (RSPO) or Rainforest Alliance.

- **86.8%** of palm oil is certified from sustainable sources in Mexico, from **58%** of suppliers that reported using this raw material
- **100%** of palm oil is certified from sustainable sources in Central America

Paper, pulp and timber

Cellulose fibers are the second commodity to be considered for the traceability of certified deforestation-free sources. We have committed that, by 2025, we will use 100% pulp, paper or timber from sustainable sources or with recycled content in Private Brands' products; therefore, our suppliers must have FSC (Forest Stewardship Council), PEFC (Programme
for the Endorsement of Forest Certification) or SFI (Sustainable Forestry Initiative) certifications.

- **2,857** tons of greenhouse gas saved by sustainable sourcing of pulp, paper and timber
- **95.8%** of paper, pulp and timber with recycled content or certified sustainable in Mexico, from **39%** of our suppliers that use this raw material
- **98.2%** of paper, pulp and timber with recycled content or certified sustainable in Central America, from **30.23%** of our suppliers that use this raw material

Sustainable fishing

The fishing activity is at risk of incurring losses due to climate change. Therefore, our goal for 2025 is that 100% of our fish products, fresh, frozen and canned tuna, come from sustainable sources, in accordance with the standards of Best Aquaculture Practices (BAP), Marine Stewardship Council (MSC) or equivalent, or that they have a Fishery Improvement Project (FIP). In 2022 our fishery products:

Sustainable sourcing

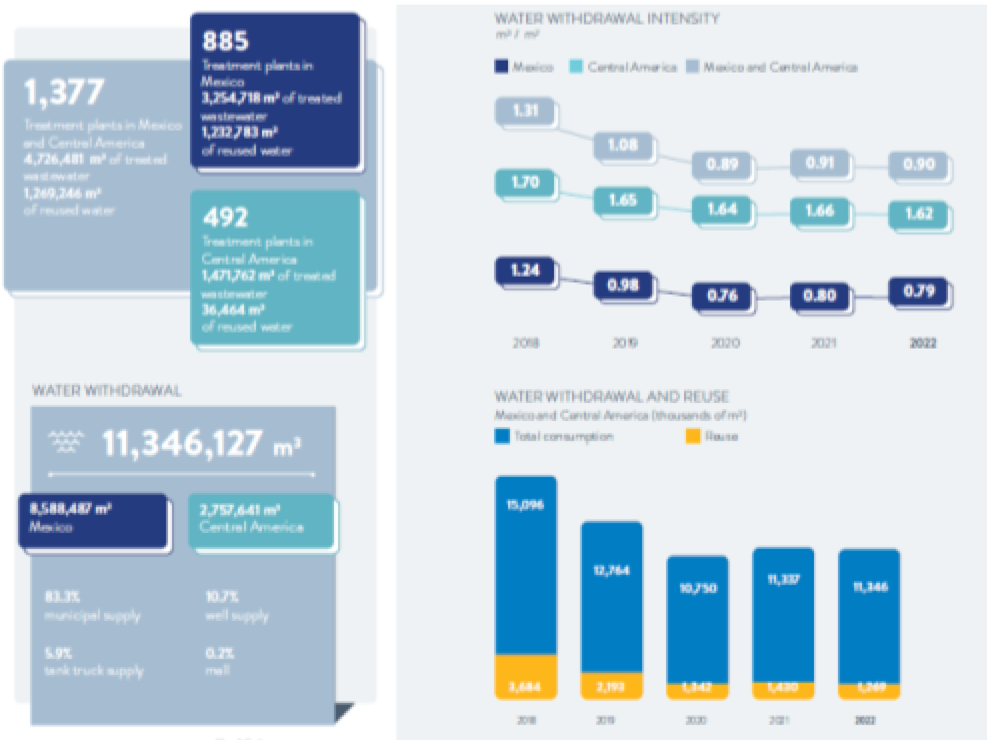
Mexico
- **89%** fish and seafood products
- **100%** canned tuna

CAM
- **69.9%** fish and seafood products

Water

We recognize that water is an essential resource for our operations and for the lives of millions of families in Mexico and Central America. For this reason, we have a water management strategy focus on:

- **Reduce the intensity of water consumption** per square meter of construction.
- **Collect and recycle water through our treatment plants,** especially in areas of high water stress



Water-Related Risks and Opportunities

This year we have taken a step forward to consolidate our commitment to our water footprint by creating a multidisciplinary team to review water issues within our Enterprise Risk Management system. This working group seeks to create action plans to address the problems of water shortages generated mainly by droughts. During the sessions, action plans will be created to reduce water consumption, ensuring that it does not affect our operations, increasing wastewater treatment in the units equipped with Treatment Plants and maximizing its reuse.

161 of our suppliers participated and responded the CDP Supply Chain survey

- **67.7%** conducted a risk analysis
- **63%** identified water-related opportunities that are already being implemented.

Products with lower environmental impact in Mexico

We offer items with lower environmental impact such as organic products, products from responsi4bly managed animals, such as the free-range variety, and those sourced from supplier farms that embrace the five freedoms of animal welfare.

In April we held an event in Mexico focused on organic products

Customers could find more than 100 products in categories such as fruits, vegetables, groceries and consumables. As a result of the event, sales of organic products increased in double digits during the event.

2,902 products with lower environmental impact

PRODUCTS WITH LOW ENVIRONMENTAL IMPACT CHARACTERISTICS

- **1,039** Organic and Hydroponic
- **528** Biodegradable
- **79** Sustainable certified and cage-free
- **348** Water and energy efficient
- **294** With packages with recycled content
- **614** Sustainable textiles

Sustainable textiles

The last year, for the first time in Mexico, we incorporated low-impact materials into our textile line. One of the main characteristics of sustainable fashion is the use of textiles that come from responsible production processes such as: organic cotton, the reuse of recyclable materials such as PET for the manufacture of polyester fibers, or the redesign of processes to eliminate water pollution generated from dyeing.

We have a permanent assortment in stores with garments with the Cotton LEADS Seal. This program ensures and provides traceability to sustainable cotton production and sourcing.

In 2022, we had 614 garment models on the sales floor with the Cotton LEADS Seal, Better Cotton Initiative, Certified Recycled Polyester and Global Recycled Standard

Market Information:

Walmart de México y Centroamérica is a publicly-held retail company that operates self-service stores, membership wholesale clubs and eCommerce platforms.

In Mexico competition consists of:

- Hypermarkets with an average sales area of 5 thousand m^2 as well as supermarkets with an average sales area of 2 thousand m^2, both with scanning technology and three or more exit lanes, such as: Soriana, La Comer, Fresko, City Market, Chedraui, Casa Ley, Futurama, San Francisco de Asís, HEB, Almacenes Zaragoza, Casa Chapa, Calimax, Sumesa, Alsuper, S-Mart and Waldo's, among others.
- Convenience stores with an average sales area 100 m^2, such as: Oxxo, 7 Eleven, Extra, Six, Super City, Super Rapiditos Bip-Bip, Superette, Super K, Super Deli, Super Tiendas del Hogar, Círculo K, Comextra, JV, On the Run and Modelorama.
- Discount stores such as Tiendas Neto, Ley Express, Mi tienda del ahorro, Super Che and Tiendas BBB, among others.
- Apparel and specialized stores, such as: Coppel, El Palacio de Hierro, El Puerto de Liverpool, Sears, Sanborns Hermanos, Famsa, Elektra, Home Depot, Office Max, Office Depot, Zara, Radio Shack, La Marina, Martí, Innovasport, Farmacias Guadalajara, Farmacias Benavides, Farmacias San Pablo and Autozone.
- Membership warehouse clubs, such as: Costco and City Club.
- Cash & Carry stores such as Sahuayo, Zorro, Merza, Dunososa, DICONSA, Grupo Sanchez, Casa Vargas, Grupo Merza, Puma, Garis, Scorpion, Consumo Z, among others.
- Establishments operated by public agencies, such as: ISSSTE, UNAM, etc.
- Pure eCommerce players, such as Amazon, Mercado Libre, Rappi and Cornershop.

In Central America, the formal market where it competes is composed as follows:

- Supermarkets with a sales area of ??over 400 m^2, which have three or more outgoing boxes and advanced scanning and weighing technology. Among them are commercial chain establishments such as La Torre (Guatemala), Súper Selectos (El Salvador), La Colonia (Honduras), La Antorcha

(Honduras), Gessa (Perimercados, Super Compro and Saretto), Auto Mercado, Megasuper (Costa Rica) and Price Smart (Membership Clubs in the region).

- Mini-supermarkets that are independent self-services with one or two lines and a maximum of 370 m^2 of sales area. Among them, commercial chain establishments such as Vindi, AMPM, Fresh Market (Costa Rica), Super24 (Guatemala), Pronto (El Salvador), Super del Barrio (Guatemala), as well as independent ones stand out.
- Departmental and specialized stores where Carrión, Siman, Cemaco, EPA, ACE, Grupo M, Elektra, Grupo Monge, La Curacao and Pequeno Mundo stand out.

The formal market of the five countries where the Company operates (Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica) is estimated to include more than 1,477 supermarkets (large and small), 8,145 convenience stores and convenience stores, 16,803 pharmacies and 285,701 traditional stores and tobacconists (small shops).

The region has a strong informal market. This market includes traditional establishments such as municipal markets, small businesses, butchers and fishmongers, in addition to a large number of street vendors. Both sectors have considerable market share as they are able to supply communities that, due to mere size, restrict the entry of other establishments.

The investment made by Walmart de México y Centroamérica in growth, systems, logistics and distribution are meant to increase and modernize both installed capacity and distribution, thus resulting in a more efficient operation, reduced costs and ever improving service for its customers. All this gives it competitive advantages to maintain its position in the industry.

Corporate structure:

Wal-Mart de México, S.A.B. de C.V., is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose tax address is located at Nextengo #78, Santa Cruz Acayucan, 02770, in Mexico City. The principal shareholder of **WALMEX** is Walmart, Inc., a U.S. corporation, through Intersalt, S. de R.L. de C.V., a Mexican company that holds equity interest of 70.51% in the Company.

Wal-Mart de México, S.A.B., has subsidiaries in Mexico and Central America, holding 100% of the shares, whose groups are mentioned below:

Group	Line of business
Nueva Walmart	Operation in 2022 of 2,292 Bodega Aurrera discount stores, 303 Walmart hypermarkets, 101 Walmart Express

	supermarkets, 167 Sam's Club membership self-service wholesale stores and eCommerce websites. In addition of providing advertising services with Walmart Connect and a health membership on a pilot test, among others.
Walmart Innovación	Connectivity services with internet at home and prepaid mobile telephony.
Comercio Digital	Financial services that include the digital wallet Cashi, credit and remittances collection.
Importing Companies	Import of goods for sale.
Real estate	Property developments and management of real estate companies.
Services companies	Rendering of professional not-for-profit services to the community at large and shareholding.
Walmart Central America	Operation of 583 Despensa Familiar and Palí discount stores, 98 Paiz, La Despensa de Don Juan, La Unión and Más x Menos supermarkets, 165 Bodegas, Maxi Bodega and Maxi Palí, and 36 Walmart hypermarkets in 2022. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

Walmart Inc.

Walmart Inc., American Society, through Intersalt, S. de R.L. de C.V., Mexican Society, one of its subsidiaries, is the majority shareholder for Wal-Mart de México, S.A.B. de C.V.

At the end of its fiscal year, dated January 31, 2023, Walmart Inc. reported the operation of more than 10,500 commercial units throughout 20 countries, which are located in the United States, Mexico, Costa Rica, Guatemala, El Salvador, Nicaragua, Honduras, Africa, Argentina, Canada, Chile, China and India, and on eCommerce websites. Sales for Walmart Inc. during the last fiscal year amounted to 611.3 billion dollars, an increase of 6.7% over the similar prior year period.

Walmart Inc. common stock is listed on the New York Stock Exchange under the ticker symbol WMT.

Description of key assets:

As of December 31, 2022, the assets of the company are mainly comprised of its cash and cash equivalents (47.4 billion pesos), inventories (89.5 billion pesos) and fixed assets such as real estate, stores, distribution centers, right-of-use asset and equipment (208.6 billion pesos). We must point out that cash represents 11.3% of our assets.

Some of the units are owned and others are leased.

Fixed assets are formed by business units, as described:

Description by business format

Format	Description	Units	Sales area (square feet)
Mexico			
Bodega Aurrera	Discount stores	2,292	32,852,926
Walmart	Hypermarkets	303	24,148,781
Sam's Club	Membership warehouse clubs	167	12,896,973
Walmart Express	Supermarkets	101	1,739,668

Central America

Despensa Familiar, Palí	Discount stores	583	2,649,986
Paiz, La Despensa de Don Juan, La Unión, MásxMenos	Supermarkets	98	1,451,539
Walmart	Hypermarkets	36	1,991,634
MaxiDespensa, MaxiPalí	Warehouses stores	165	2,683,814

Judicial, administrative or arbitration proceedings:

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 $1,924,061* as of December 31, 2022, ($2,241,507* in 2021) 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.
**Thousand pesos MXN.*

Capital shares:

As of December 31, 2022, 2021 and 2020, nominal capital stock was as follows:

Common Stock

	Thousand pesos		
	2022	**2021**	**2020**
Fixed	Ps. 5,591,362	Ps. 5,591,362	Ps. 5,591,362
Variable	36,935,265	36,935,265	36,935,265
Subtotal	42,526,627	42,526,627	42,526,627
Inflation effects	2,941,801	2,941,801	2,941,801
Total	**Ps. 45,468,428**	**Ps. 45,468,428**	**Ps. 45,468,428**

Common stock is represented by one series of nominative, common or ordinary registered shares with no par value that can be freely subscribed:

Stock Structure

	Number of shares		
Series	**2022**	**2021**	**2020**
Single series Free subscription, common shares	**17,461,402,631**	**17,461,402,631**	**17,461,402,631**

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.

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.

At December 31, 2022, 2021 and 2020, the Company has Fx-forward contracts with a term of no more than four months recorded in other accounts payable, which are shown below:

	2022	**2021**	**2020**

Current contracts	271 US	284 US	281 US
Notional amount (USD million)	$177	$192.31	$163.83
Fair value (MXN million)	($29.74)	($106.25)	($82.19)

Dividends:

During recent years the Company has decreed dividend payments in cash.

Dividend paid per share (pesos)	
2019	2.08
2020	1.79
2021	1.63
2022	1.71

As a result of 2022's dividend payment, 29.6 billion pesos were paid in cash. The Company intends to continue paying yearly dividends, the amount of which will depend upon growth opportunities, the economic situation, and the competitive environment, among other factors.

[424000-N] Información financiera

Concept	Previous period MXN 2022-01-01 - 2022-12-31	Previous Annual Period MXN 2021-01-01 - 2021-12-31	Annual Previous Previous Period MXN 2020-01-01 - 2020-12-31
Revenue	819,169,435.0	736,044,023.0	701,734,164.0
Income (loss) Gross	191,398,334.0	171,839,723.0	162,039,915.0
Profit (loss) from operating activities	68,011,617.0	62,907,658.0	57,447,281.0
Profit (loss)	48,974,184.0	44,138,072.0	33,434,861.0
Profit (loss) per share	2.8	2.53	1.92
Acquisition of property and equipment	21,303,739.0	20,466,364.0	16,728,102.0
Depreciation and operating amortization	19,359,205.0	18,305,881.0	17,939,624.0
Total assets	418,808,371.0	394,389,471.0	361,883,101.0
Total non-current liabilities	78,654,234.0	75,799,001.0	69,694,491.0
Accounts receivable turnover	49.0	43.7	41.3
Accounts payable turnover	6.3	5.8	5.8
Inventory turnover	7.0	7.0	7.9
Total equity	202,468,383.0	185,882,003.0	169,118,693.0
Cash dividends declared per share	1.71	1.63	1.79

Selected financial information disclosure:

Financial Summary (Million pesos)	2022	2021	2020	2019	2018 [(1)]	2018
Mexico GDP (Growth,%)	3.1	5.0	(8.5)	(0.1)	2.0	2.0
Mexico Annual Inflation (%)	7.8	7.4	3.2	2.8	4.8	4.8
Peso Depreciation	(5.6)	2.9	5.6	(4.0)	(0.4)	(0.4)
Average Exchange Rate	20.1	20.3	21.5	19.3	19.3	19.3
Year-end Exchange Rate	19.5	20.5	19.9	18.9	19.7	19.7
Mexico Average Interest Rate (28 Day Cetes,%)	7.7	4.4	5.3	7.8	7.6	7.6
RESULTS						
NET SALES	813,060	730,352	696,711	641,825	612,186	612,186
% of growth total units	11.3	4.8	8.6	4.8	7.6	7.6
%of growth comp units	10.1	3.6	7.0	3.3	5.7	5.7
OTHER INCOME	6,109	5,692	5,023	5,021	4,724	4,724
% of growth	7.3	13.3	0.0	6.3	8.4	8.4
TOTAL REVENUES	819,169	736,044	701,734	646,846	616,910	616,910
% of growth	11.3	4.9	8.5	4.9	7.6	7.6
GROSS PROFIT	191,398	171,840	162,040	148,051	141,647	141,586
% of profit margin	23.4	23.3	23.1	22.9	23.0	23.0
GENERAL EXPENSES	124,694	110,181	105,042	94,427	90,276	92,597
% of total revenues	15.2	15.0	15.0	14.6	14.6	15.0
OPERATING INCOME	68,011	62,908	57,447	54,003	51,572	49,190
% of total revenues	8.3	8.5	8.2	8.3	8.4	8.0
% of growth	8.1	9.5	6.4	9.8	NA	12
EBITDA	87,370	81,214	75,387	71,005	67,148	61,747
% of total revenues	10.7	11.0	10.7	11.0	10.9	10.0
FINANCIAL INCOME (EXPENSES), NET	4,645	5,612	7,983	(4,801)	(4,242)	(330)
INCOME BEFORE INCOME TAX	63,366	57,296	49,464	49,202	47,330	48,860
INCOME TAX	14,392	13,158	16,029	11,304	11,724	12,107
DISCONTINUED OPERATIONS	-	-	-	-	-	-
CONSOLIDATED NET INCOME ATTRIBUTABLE TO THE PARENT	48,974	44,138	33,435	37,898	35,606	36,753
of growth	11.0	32.0	(11.8)	3.1	NA	(7.8)
FINANCIAL POSITION						
CASH	47,427	42,817	35,670	30,857	38,830	38,830
INVENTORIES	89,462	80,317	68,360	67,553	63,344	63,344
OTHER ASSETS	37,671	35,269	31,401	27,179	25,891	25,144
FIXED ASSETS	208,634	200,219	191,455	188,439	177,891	144,222
GOODWILL	35,614	35,767	34,997	35,145	34,989	34,989
TOTAL ASSETS	418,808	394,389	361,883	349,173	340,945	306,529
SUPPLIERS	98,956	96,638	92,356	87,116	85,327	85,327
OTHER LIABILITIES	117,384	111,869	100,408	93,912	91,038	56,288
EQUITY	202,468	185,882	169,119	168,145	164,580	164,914
NON-CONTROLLING INTEREST	-	-	-	-	-	-
TOTAL LIABILITIES, EQUITY AND NON-CONTROLLING INTEREST	418,808	394,389	361,883	349,173	340,945	306,529

NUMBER OF UNITS MEXICO						
Bodega Aurrera	**2,292**	2,198	2,088	2,035	1,910	1,910
Walmart Supercenter	**303**	294	287	280	274	274
Sam's Club	**167**	165	164	163	163	163
Superama	**0**	14	89	93	91	91
Walmart Express	**101**	85	6	-	-	-
Suburbia	-	-	-	-	-	-
Medimart Pharmacies	-	-	-	-	-	-
Vips Restaurants	-	-	-	-	-	-
TOTAL	**2,863**	2,756	2,634	2,571	2,438	2,438
NUMBER OF UNITS CENTRAL AMERICA						
Discount Stores	**583**	572	563	549	540	540
Supermarkets	**98**	98	100	99	97	97
Bodegas	**165**	158	157	155	143	143
Walmarts	**36**	36	35	33	31	31
Clubs	-	-	-	-	-	-
TOTAL	882	864	855	836	811	811
Banco Walmart						
Bank branches						
OTHER INFORMATION AT THE END OF THE YEAR						
Number of Associates	**233,594**	231,259	231,271	238,972	234,431	234,431
Share Price (2) (pesos)	**68.59**	76.09	55.98	54.15	49.97	49.97
Number of Outstanding Shares (2) (millions)	**17,461**	17,461	17,461	17,461	17,461	17,461
Market Value	**1,197,650**	1,328,607	977,467	945,513	872,526	872,526
Earnings per Share (2) (pesos)	**2.805**	2.528	1.915	2.170	2.105	2.105
Payment of Dividends	**29,558**	28,189	30,934	35,957	25,582	25,582
Number of Shares Repurchased (2) (millions)	-	-	-	-	-	-
Investment in Shares Repurchased	-	-	-	-	-	-

1 Vips is presented under Discontinued Operations.
2 Adjusted according to split conducted in April 2010
3 Vips' associates not included
4 Banco Walmart's & Vips' results are presented under Discontinued Operations.
5 Banco Walmart's associates not included.
6 Results from Banco Walmart and its sale presented under Discontinued Operations.
7 Suburbia's and Banco Walmart' sales and results are presented under Discontinued Operations.
8 Suburbia's results are presented under Discontinued Operations. Financial position displays reclassifications in presentation, in order to be comparable to 2017 only.
9 Suburbia's associates not included.
10 Information with adjustments, derived from the Income Standard that applies as of 2018.
11 Information with adjustments, derived from the Leases that applies as of 2019.
* IFRS = Financial information under International Financial Reporting Standards.
** MFRS = Financial information under Mexican Financial Reporting Standards.
NA = Non Applicable

ACQUISITIONS OF PROPERTY AND EQUIPMENT	**21,304**	20,466	16,728	20,575	17,933	17,933

Selected quarterly financial information:

This element does not apply to **WALMEX**, as the Company considers that all relevant information related to 4Q22 has already been released to the market.

Information in case of issues guaranteed by subsidiaries of the issuer:

This element does not apply to **WALMEX**

Financial information by business line:

As of December 31, 2022, Mexico had 2,863 operating units, representing 71,638,348 square feet of sales floor. Central America had 882 operating units, representing 8,776,973 square feet of sales floor.

Shares in net sales by business format in Mexico

	2022	2021	2020	2019
Bodega Aurrera	41%	40%	40%	41%
Walmart	26%	27%	28%	29%
Sam's Club	24%	25%	24%	25%
Walmart Express	3%	3%	4%	4%
eCommerce	6%	5%	4%	1%
Net sales (million pesos)	**Ps. 673,658**	**Ps. 603,835**	**Ps. 570,191**	**Ps. 527,523**

Shares in sales by business in Central America

	2022	2021	2020	2019
Costa Rica	39%	39%	42%	40%
Guatemala	25%	26%	26%	26%
El Salvador	13%	13%	13%	12%
Honduras	12%	12%	9%	12%
Nicaragua	11%	10%	10%	10%
Net sales (million pesos)	**Ps. 139,402**	**Ps. 126,517**	**Ps. 126,520**	**Ps. 114,302**

The geographical breakdown of the business units for Mexico and Central America is as follows:

Breakdown of units by geographical region in Mexico

	2022	2021	2020
Metropolitan Area	22.2%	22.8%	23.4%
Center	36.5%	36.0%	35.3%

Northeast	14.2%	13.9%	13.6%
Southeast	8.8%	8.7%	8.8%
Northwest	6.9%	7.1%	7.2%
North	6.1%	6.1%	6.1%
Southwest	5.3%	5.4%	5.6%
Total Units	**2,863**	**2,756**	**2,634**

Breakdown of units by geographical region in Central America

	2022	2021	2020
Guatemala	29.8%	30.4%	30.8%
Costa Rica	34.4%	33.1%	32.5%
El Salvador	11.6%	11.8%	11.9%
Nicaragua	11.6%	11.8%	11.9%
Honduras	12.6%	12.9%	12.9%
Total Units	**882**	**864**	**855**

As of December 31, 2022, the installed capacity for the company by geographical region is as follow:

Breakdown of units by geographical region in Mexico

	Units	Self-service + Clubs
Metropolitan Area	637	22.3%
Center	1,044	33.7%
Northeast	406	9.0%
Southeast	253	10.5%
Northwest	197	10.4%
North	175	8.1%
Southwest	151	6.0%
Total	**2,863**	**71,638,358** *square feet*

Breakdown of units by geographical region in Central America

	Units	Self-service
Guatemala	263	29.7%
Costa Rica	304	36.5%
El Salvador	102	13.1%
Nicaragua	102	8.5%
Honduras	111	12.2%

Total	**882**	**8,776,973** *square feet*

Relevant credit report:

The Company does not have credits with financial institutions.

Comments and management analysis on operating results and issuer financial statement:

We rounded up another year demonstrating our resilience and ability to innovate. Short term challenges, such as the high and persistent inflation, required a lot of focus, but that didn't distract us from implementing our long-term strategy.

We turned challenges into opportunities to be even closer to our customers and to help them navigate through this atypical environment by being true to our purpose of saving people money and help them live better. Let me share some highlights of the year:

- Same-store sales grew double digit in Mexico and in Central America.
- We helped our customer afford a full basket by accelerating our Private Brands growth. We launched more than 400 new products and Private Brands sales penetration grew 80 bps reaching a 15.1% penetration in Self-Service. We saw Private Brands sales in departments such as Home, growing 4.5x faster than the branded products of their departments.
- Bodega reached a historical price gap and its strong performance led us to grow ahead of the market on every month.
- We progressed on our goal to lead in omnichannel by delivering double-digit GMV growth, despite the deceleration that the market experienced as customers adapted their shopping habits post-pandemic.
- We accelerated the construction of our ecosystem reaching 13 million total users with Bait and Cashi combined.

Our team overcame a number of challenges to deliver these results, and I want to thank them for their hard work. Our associates really made the difference.

In October, we celebrated the second Regenerative Summit, with focus on the Opportunity and Community pillars. More than ~3,100 participants joined the event virtually, and over 200 in-person.

For the 4th consecutive year, we received the Distintivo Éntrale as a recognition to our efforts to grant job opportunities for people with disabilities. We also received the HRC Equidad MX certificate for the 6th occasion, which certifies us as an inclusive company for the LGBT+ community.

We ranked 2nd place in the Top Companies ranking in Central America, moving up two places from our position in 2021.

For the third consecutive year, we were included in the Dow Jones Sustainability MILA Pacific Alliance Index.

130 stores were certified in Costa Rica with ISO 50001 -Energy Management Systems. In the certified stores we are implementing certain initiatives to be more efficient and reduce energy consumption, such as solar panels and efficient refrigerating systems. This certification allows us to benefit from a special electric tariff in certified stores.

Disclosure of nature of business

Walmart de México y Centroamérica is a leading retail sector companies in the region.

As of December 31, 2022, it operated 3,745 units, throughout six 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.

Operation results:

2022 results

Note: Please consider that Central America is referring to figures on a constant currency basis.

For the full year 2022, consolidated revenue grew 11.3%: 11.5% in Mexico and 13.6% in Central America.

Mexico

We kept our winning streak in Mexico by growing same-store sales 10 bps ahead of the market measured by ANTAD. Marking 9 consecutive years surpassing the formal market's growth measured by ANTAD.

Performance by format

Bodega's omni evolution is resonating with customers. Despensa a tu Casa reached 443 stores, where we are offering more than 64,000 items for same-day delivery in half of the Bodega households that we serve, solving a relevant pain-point for our Bodega customers, which is transportation.

A strong Customer Value Proposition is propelling sustainable membership and sales growth at Sam's Club. We hosted another edition of the Plus Fest, where we offered unique items and great value for our Plus members. Plus memberships reached a record penetration of 60%, which is great for our business as these members buy 40% more frequently than a benefits member.

We continued to reinforce our Member's Mark offering to increase member's loyalty and to help them save even more. We also launched Member's Mark Food Trucks in 18 clubs to generate a differentiated experience for our members and to promote our brand.

We concluded the conversions from Superama to Walmart Express. Now we have 101 stores operating under the new brand. We will continue fine-tunning our value proposition to offer our customers a seamless shopping experience and to accelerate growth going forward.

Omnichannel

Throughout 2022, we saw customers adapting to new shopping habits again and I am proud about how the team responded to this challenge. We delivered more than 13 million orders during 2022 and NPS increased 470 bps.

Online sales grew 16.6% during the year and GMV grew 19.0%, which translates into a 67% growth on a two-year stacked basis and a 340% growth on a three-year stacked basis.

The evolution of our supply chain is backing up these results, our omnichannel distribution efforts were awarded with the Premio Nacional de Logística Galardon Tameme.

Our goal is to deliver what customers want, how and when they need it, in a seamless experience, and our omnichannel proposition and investments are helping us to move fast in this direction.

Ecosystem

We know financial inclusion is low among our customers, especially among the most price-sensitive ones, and we are crafting credit solutions that meet their need so they can afford the merchandise they need.

We enabled a new lender on the digital credit marketplace in Cashi for 100 Bodega stores, and we started an MVP to originate credit digitally through CrediBodega.

Cashi was a very important sales driver through the seasonal period. By year end, we reached 5.4 million users, growing 218% vs. last year.

With BAIT, by the end of 2022 we had 7.8 million total users, of which 5.6 million are active. With this figure, we surpassed the users' goal we set for 2022.

Performance vs. The market

When we started to see inflation go up at the beginning of 2022, we decided our priority should be to protect our customers from inflation, by investing aggressively in prices and adapting our commercial offering, among other actions.

We were able to expand our self- service price gap 100 bps for the full year.

Our strategy was well received by customers, and they rewarded us with their loyalty.

With the 10.3% same-store sales we achieved in 2022, we've been able to grow ahead of the formal market measured by ANTAD for 9 years in a row, demonstrating the consistency and discipline of our execution.

By listening to our customers and working with an end-to-end vision, we were able to deliver for our customers through a challenging and atypical period.

Central America

We continued with the implementation of our strategy: to win in Bodega and Discount and to simplify our business.

We progressed with the roll out of an enhanced CVP in the Bodega and Discount formats, reaching 309 stores and covering the main competitive traits in Costa Rica and Guatemala.

New Stores

We opened our first regenerative Bodega store, in Temixco, State of Mexico, the first regenerative Sam's Club in Huinalá, Nuevo León and the first regenerative Walmart Express in Querétaro, Querétaro. These stores are equipped with energy efficiency initiatives and access features for people with disability and materialize our goal to become a 100% regenerative company by 2040.

During the full year 2022, we opened 126 new stores, bringing our low-price value proposition and granting access to low-cost solutions to new customers in 17 cities.

New stores contribution to consolidated sales growth was 1.2% for the year, in line with the guidance we shared with you at the beginning of 2022.

2021 results

Mexico

Total revenue in 2021 grew by 6.0% compared to 2020, accumulating an amount of 609.2 billion pesos.

We continue to invest to position our company for the future and build new revenue streams. Gross margin expanded 40 basis points to 23.2% of revenue. SG&A increased 6.8% compared to previous year, as a result of investments in remodels, new stores, talent, eCommerce and technology.

Operating income increased 10.9%, a 9.1% of revenue. EBITDA grew 9.6%, resulting in a margin of 11.4%.

Performance by region

We saw broad-base growth across all regions and merchandise divisions.

The Northern and Southern regions continue to lead in same-store sales growth, followed by the Central and Metro regions.

Performance by format

Sam's Club delivered the highest same-store sales growth, on the back of positive new member sign-ups and renewals trends. The team is focusing on offering great products and on working in a more digital way, to further improve members' experience.

Our strategy to Win in Discount is being well appreciated by customers. The combination of the lowest prices and efficient assortment, together with a low-cost operation, is translating into strong growth and market share gains. In 2021, we expanded Bodega's price gap by 80 basis points, marking a record high. We are very proud of the team for this achievement; they are really making a difference for our most price sensitive customers.

During the year, we converted 75 Superama stores into Walmart Express, and opened four new stores under this format. The transition period was challenging, shopping experience is not ideal when remodel works are undergoing, and this translated into softer sales. It is good to see that customers are appreciating the changes we made in pricing and shopping experience. We lowered prices on basic items and enabled features that allow customers to have a fast, convenient shopping trip, such as self-scanning stations and digital tools.

We see that stores that were converted into Walmart Express during the first half of last year are showing a positive trend, and even surpassing the level of sales they had before the conversion, which is encouraging. We are monitoring very closely customer feedback to the new format and adapting as needed.

Performance by division

Among merchandise divisions, the three divisions grew. Apparel delivered the highest growth, followed by General Merchandise, and Food and Consumables.

We continue to make significant progress on driving price gap leadership, and we are helping customer afford basic basket items by offering the lowest prices. During 2021, we widened our price gap by 50 basis points, despite the high level of inflation we are experiencing.

Our Private Brands sales grew 13.5% and their sales penetration increased 90 basis points.

Omnichannel

2021 was tough to predict in every aspect, even more on the eCommerce front, as we did not know how customers would behave after the strong growth we saw in 2020. The team did a great job of implementing our long-term strategy while executing amid a changing environment.

During the year, eCommerce sales grew 36% and GMV 40%, which results in a +200% two-year stacked growth.
eCommerce now represents almost 5% of Mexico sales, which compares to 1.5% in 2019.

We are tailoring the omnichannel experience to the different customers we serve. According to Euromonitor 2021 data, we were able to win 190 basis points of market share on the eCommerce space. This result indicates our customers are appreciating what we are doing.

It was a year of expansion for On Demand. We are now offering the service in about 120 cities through more than 760 stores, covering almost 70% of our big- box formats.

We extended our crowdsourcing model to +170 stores, and it is now available in all our formats, including Sam's where we are running a pilot test in 12 clubs.

Walmart Pass is progressing, daily subscriptions doubled quarter on quarter, and we continue to see an uplift in frequency and ticket in users when compared to non-users.

Our focus remains on accelerating extended assortment. We more than doubled the number of sellers and tripled the number of SKUs vs. last year. We enabled almost 90 virtual stores with exclusive brands and items, and we moved forward with the cross- border trade operation, adding almost 1 million SKUs.

Performance vs. The market

We are proud of the years' results. For the eighth consecutive year, we were able to surpass ANTAD's (Asociación Nacional de Tiendas de Autoservicio y Departamentales) self-service and clubs' segment same-store sales growth.

Our gap vs. the market's growth was 200 basis points. If we see performance on a two-year stack basis, our gap was 360 basis points.

Central America

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

Total revenue reached 126.8 billion pesos, a growth of 8.1% compared to the previous year.

All countries delivered same-store sales growth. Honduras was the country with the highest growth and El Salvador the lowest, yet still strong growth.

The biformato (Bodega and Discount) strategy is delivering good results. The changes we have made to the commercial offering in terms of catalogue, opening price points and price gap, are being well received by customers and we are seeing a positive trend in market share gains. Private Brands are a very important element of our strategy: we were able to increase sales penetration by 200 basis points this year.

Gross margin decreased 10 basis points, representing 24.1% of revenue, in line with execution of the Biformato strategy in the region.

This year we managed to leverage 20 basis points in SG&A compared to 2020, thanks to the business simplification approach, which has generated savings and operational efficiencies for us. Operating income remained at 5.8% of revenue, a 7.5% growth vs. the previous year.

EBITDA represented 9.1% of revenue, a 5.4% growth compared to 2020.

Ecosystem

Our ambition is to earn customer loyalty by offering the leading omni-driven ecosystem that creates sustainable profitable growth. Last year we made great progress on three of the verticals: Cashi, Bait and Walmart Connect.

We are building products and services with the customer at the center that connect to our core business in a mutually reinforcing way.

In December, we launched a pilot together with a third-party, to disburse credit via Cashi in almost 30 Walmart and Bodega stores. We are granting up to 6,000 pesos credits so customers can shop for their favorite items and pay for them later.

We are just getting started and results are encouraging. We will continue to test and learn from customers' response to fine tune the product.

Through Bait, we are providing low-cost connectivity services, including prepaid mobile and home internet, to unlock access to the digital economy.

In 2021, we reached 2.3 million users. We launched an out-of-store distribution channel to expand our reach and we will continue to focus on user acquisition going forward.

Walmart Connect grew the number of advertisers by about 50% and the number of campaigns by almost 80% during the year.

Enablers

We are strengthening our logistics capabilities to reach customers faster and to increase productivity and efficiency.

In 2021, we opened the Santo Niño distribution center in Mexicali, which will reinforce our supply chain operations in the Northern region. The new DC has capacity to process over 5 million boxes per month and will supply 50 Walmart and Bodega Stores. With this new DC, we expanded our capacity to serve customers in an omnichannel way by 17%.

We also started the construction of a new omnichannel distribution center in Tlaxcala, which is expected to start operations in 2024. We are making a 3 billion pesos investment on the DC, of which ~20% will be allocated to technology and innovation. The new DC will create more than 1,200 direct jobs and 700 indirect jobs.

New stores and projects

Despite the challenges to perform construction works during the pandemic, last year we increased our sales area by 140 thousand square meters. This is the largest expansion since 2014, which represents a +20% increase vs. the last 6 years average.

In Mexico, we opened 122 stores on the full year, almost twice the number of stores we opened in 2020. Contribution from new stores to consolidated sales growth was 1.3% for the year, in-line with the guidance we provided.

New stores are performing better than expected and we have maintained a high sales to square meter ratio compared to the industry.

It is worth mentioning that all our new protos consider innovations on energy consumption and a specific design for associates and customers with disabilities, and for our omnichannel strategy.

We are innovating to provide new solutions for customers.

2020 results

Mexico

During the year, total revenues increased 8.0%.

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 basis points and to expand gross profit by 20 basis points for the full year.

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.

Underlying 2020 results were positive. Operating income grew 9.5%, 150 basis points ahead of total revenues growth and we were able to maintain our double-digit EBITDA margin of 11.4%.

During the year, same-store sales increased 6.7%, which led to an 11.1% two-year stack.

Performance by region

During the year, all the regions in Mexico grew in same-store sales. The North and Metro regions had the highest performance, followed by the South and Center regions.

Performance by format

Sam’s Club continued to post the highest same-store sales growth, followed by Walmart, Superama and Bodega.

Performance by division

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

Omnichannel Mexico

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

During the year, contribution increased 5 times compared to 2019, reaching 260 basis points. eCommerce sales growth was 171% for the full year.

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

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 compared to ANTAD, reaching a 130 basis points 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: Sales growth percentages 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 did a great job, in the commercial proposal adjustment to increase essential items supply, and reinforcing our pricing positioning to drive sales. Despite 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 basis points 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 basis points 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, El Salvador and Guatemala managed to grow same-store sales, while in Costa Rica and Honduras sales were softer, given the macro environment and the restrictions in place to contain COVID-19 pandemic.

Omnichannel Central America

We would like to highlight the omnichannel progress in Central America, which allowed us to serve our customers amid these unprecedented times. It is amazing how the team stepped-up to the challenge and provided an essential service to our customers.

We turned the challenge into an opportunity and enabled On Demand and pickup to continue providing an essential service, now online.

Our omnichannel proposal has been well received. In order to give an idea of the potential, eCommerce sales already represent 1% of total sales, and in some stores, the penetration has reached 20% of their total sales.

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.

New stores

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 resumed new store growth at a faster pace. Following authorities' guidelines for construction and making sure conditions were safe, during the year, we opened 82 new stores: 63 in Mexico and 19 in Central America. This included two new Walmart Express stores, which had amazing results in their opening month. We are very excited about the potential of this format.

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

Financial position, liquidity and capital resources:

2022 Balance

Capital Expenditure for the full year 2022 stood at $21.3 billion pesos, representing 2.6% of total revenue.

Actual CapEx was 23% below the guidance we provided for the year. The main reason behind this variation was the global supply chain disruption that we experienced at the beginning of 2022, which caused delays in technology supplies, store equipment and construction materials. This required us to defer the implementation program we've planned for some projects.

Another one of the reasons behind actual CapEx execution, was the strategic decision to increase the automation's scope of the Tlaxcala and Bajio distribution centers. The increase of fixed costs in Mexico is one of the main drivers behind this decision, making it more feasible for us to accelerate the automation strategy by implementing technologies already proven in other markets.

Besides increasing productivity, this investment will allow us to offer our associates a safer and healthier environment and to continue to reduce the risk of accidents, to ease process for our stores with simpler pallets, and to improve availability for our customers.

We recognize CapEx execution was significantly below our guidance. We plan to catch up with some of these projects in 2023, but you can expect us to continue to invest in a very disciplined way.

During 2022, cash generation grew 9.6% and reached $79.8 billion pesos. Inventories grew in line with revenues and working capital required $6.7 billion pesos.}

We returned $29.6 billion pesos in dividends after investing $21.3 billion pesos in projects aligned to our long-term strategy.

Our strategy translates into value creation for shareholders.

2021 Balance

2021 was a challenging year for investment given the uncertainty and changing conditions the pandemic brought, yet we remained committed to investing in the region in order to accelerate growth and to create shared value for all our stakeholders.

Throughout the year, we invested 20.5 billion pesos in high return projects to strengthen our business, this represented a 22% increase vs. 2020.

Remodels represented 44%: we are enabling our stores with omnichannel capabilities and keeping them in good shape to improve shopping experience and to ensure the safety of our associates and customers.

New stores represented 23%; as you already heard, we opened 131 new stores during the year.

Investments in technology and eCommerce represented 16% of total, as we decided to accelerate strategic projects such as the rollout of antennas to improve the wireless network, the replacement of equipment and components to support new functionalities, back-office transformation and a new data platform.

Nevertheless, overall CapEx exercise was 8% below the guidance, because we decided to move the implementation of some logistics projects to 2022.

Inventories increased 17.5% to 80.3 billion pesos, as we lapped lower inventories and traffic in 2020 due to COVID-related effects and to the opening of 55 new stores during the 2021 fourth quarter.

Additionally, we are still experiencing supply chain disruptions, given the world-wide limitation of containers, so we decided to increase the stock in key categories, such as grocery, consumables and health and beauty, to ensure capacity.

During 2021, we were able to generate 72.8 billion pesos in cash and our working capital required 3.1 billion pesos due to the increase in inventories.

We paid 14.0 billion pesos in taxes and ended the year with a cash position of 42.8 billion pesos, which represents a 20.0% increase vs. 2020.

2020 Balance

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.

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.

We decided to shift our investment focus to omnichannel, automation, and technology projects to accelerate the implementation of our strategy.

Internal control:

Having the highest regulation compliance standards and an appropriate control system is fundamental to achieving the objectives established by Walmart de México y Centroamérica.

The company's internal control assures:

- Assets safety.
- Compliance with the law and established policies.
- Proper operations registry.
- Reliable and timely information.
- Prevention, identification and detection of frauds.

The control of our operation is supported in several administrative systems in order to comply with fiscal regulatory requirements and obtain detailed information.

Our control processes are dynamic, continuously adapting to the changes in our environment:

1. Policies and Procedures.
   -Restrictive regulatory environment.

2. Accounting Control.
   -Account catalog.
   -Accounting guidelines and allocation of Balance accounts.
   -Monthly conciliations and exception reports.

3. Segregation of Duties.

As a public corporation, Walmart de México y Centroamérica operates with the Corporate Best Practices:

- Ethics Code.
- Board of Directors integrated in terms for Securities Market Law.
- Audit and Corporate Practices Committee.
- Financial transparency and communication of relevant information.
- Open-door policy; any associate can inform irregularities to higher hierarchy levels.
- Internal Control reviews of the main accounts of P&L and Balance Sheet under US GAAP, in accordance with the Sarbanes-Oxley Law.
- Internal reviews to the Financial Controls of P&L and Balance Sheet accounts that are relevant to the provisions of the FCPA (Foreign Corrupt Practices Act) provisions of the United States of America.

Estimates, critical accounting provisions or reserves:

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 accounts receivable, 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; determination of the recoverable value involving significant judgments such as future cash flows, the discount rate and the interest rate; 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 fair value of derivative financial instruments and investment properties.

[427000-N] Administración

External auditors of the administration:

The Consolidated Financial Statements for the company and its subsidiaries as of December 31 of each year have been audited by Mancera, S.C., a member of Ernst & Young Global since 1998, and there were no adverse comments for any of the periods audited. Approval of the Independent Auditor is the sole domain of the Board of Directors for **WALMEX**, after receiving the opinion of the Audit Committee. The fees paid in 2022 to the Independent Auditor amounted to 32.9 million pesos for auditing and other services rendered.

Transactions with related parties:

There are operations conducted with Walmart Inc., and other related parties. These consist of the purchasing of merchandise and the payment of services and royalties, which are performed under market conditions.

Related party balances

At December 31, 2022, 2021 and 2020, the consolidated statement of financial position includes the following balances with related parties:

		December 31, 2022		December 31, 2021		December 31, 2020
Accounts receivable:						
Walmart Inc.	Ps.	-	Ps.	-	Ps.	33,543
Accounts payable:						
C.M.A. – U.S.A., L.L.C.	Ps.	612,659	Ps.	691,981	Ps.	795,111
Swiss Asia Minor GmbH		-		-		152,934
WMGS Commercial Services Limited		-		223,700		-
	Ps.	612,659	Ps.	915,681	Ps.	948,045
Other short-term accounts payable:						
Walmart Inc.	Ps.	1,302,994	Ps.	1,160,011	Ps.	1,088,239
WMGS Commercial Services Limited	Ps.	134,956		-		-
Newgrange Platinum Services LTD	Ps.	21,417	Ps.	59,949	Ps.	228,591

	Ps. 1,459,367	Ps. 1,219,960	Ps. 1,316,830
Other long-term accounts payable:			
Walmart Inc.	Ps. 163,409	Ps. 85,964	Ps. -

Additionally, as of December 31, 2021 and 2020, the company has other accounts payable with others related parties of $405 y $26,672, 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, 2022, 2021 and 2020, there were no uncollectible related party balances.

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 (until June 30, 2021), and WMGS Commercial Services Limited (as from July 1st, 2021) 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, 2022, 2021 and 2020:

	December 31, 2022	December 31, 2021	December 31, 2020
Purchases and commissions related to the import of goods for sale:			
C.M.A. – U.S.A., L.L.C.	Ps. 4,822,933	Ps. 4,369,447	Ps. 4,361,302
Swiss Asia Minor GmbH	-	72,085	278,351
WMGS Commercial Services Limited	887,463	222,341	-
	Ps. 5,710,396	Ps. 4,663,873	Ps. 4,639,653
Costs and expenses related to technical assistance, services and royalties:			
Walmart Inc.	Ps. 8,574,148	Ps. 7,295,135	Ps. 6,438,839

Newgrange Platinum Service, LTD	508,630	537,761	417,956
	Ps. 9,082,778	Ps. 7,832,896	Ps. 6,856,795

For the years ended December 31, 2021 and 2020, the Company made transactions with other related parties of $26,268 y $178,727, respectively.

Remuneration of principal officers

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2022, 2021 and 2020 is as follows:

	December 31, 2022	December 31, 2021	December 31, 2020
Short-term benefits	Ps. 1,806,127	Ps. 1,687,623	Ps. 1,352,873
Termination benefits	104,512	74,885	41,588
Share-based payments	68,353	119,166	149,400
	Ps. 1,978,992	Ps. 1,881,674	Ps. 1,543,861

Administrators and shareholders:

Our company is built on the foundations of integrity and the highest standards of ethics, thus always guaranteeing strict adherence to the legislation in force in all the countries where we operate.

Board of Directors

Members at December 31, 2022

	Member since
Chairman of the Board	
Judith McKenna	2022
Directors	
María Teresa Arnal*	2022
Adolfo Cerezo*	2012
Ernesto Cervera*	2014

Kirsten S. Evans	2018	
Leigh Hopkins		2022
Eric Pérez Grovas*	2018	
Elizabeth Kwo*	2022	
Guilherme Loureiro	2016	
Karthik Raghupathy	2022	
Tom Ward	2021	

**Independent Directors*

Makeup and Frequency:

- It is comprised solely by statutory members.
- Members are appointed each year by the Ordinary Shareholders' Assembly.
- Independent Directors must constitute a minimum of 25% of total members. As of December 31, 2022, 45% of all directors are independent.
- The officers of the Company and its subsidiaries are limited to executive presidency and general direction positions only.
- The Board of Directors meets a minimum of four times a year. During 2022, they held 4 meetings. The average meeting attendance was of 84%
- The average tenure of the members of the Board is 3 years.
- Minority shareholders, whose shares represent a minimum of 10% of owners' equity, have the right to appoint and remove a member of the Board of Directors. Their appointment may only be removed when the other members of the Board of Directors are revoked. At the close of 2022, 29.49% of the company shares are traded among the investor public.
- 4 of the members are women, i.e. 36%
- 5 of the members are independent, i.e 45%

Other practices:

- Independent Directors are experienced in the core business and strategic areas of the company
- The Board has access to independent consultants
- The Chairman of the Board acts as secretary and does not preside over any Board Committees

Primary responsibilities

- Appoint the President and CEO of the company.
- Act as adviser/ consultant for company top management.
- Work with Top Management to develop overall strategies for the company and its subsidiaries
- Oversee management and operation of the company and its subsidiaries.
- Approve information and communication policies regarding shareholders and the market.
- Ensure that overall strategy is in line with the company principles on ESG

The Board of Directors receives the support of two committees for its duties; said committees are charged with in-depth analysis of matters related to its field of expertise and offer recommendations to the Board so it may study the information and make the best decision, creating value for our shareholders and stakeholders.

Note: At the Wal-Mart de México, S.A.B. de C.V. Ordinary Shareholders' Assembly on March 30, 2023, approved that the Board of Directors will be made up of the following directors, and in the Board of Directors meeting on the same date, it ratified Judith McKenna as president of said board:

Judith McKenna
Leigh Hopkins
Karthik Raghupathy
Tom Ward
Guilherme Loureiro
Kirsten Evans
*Adolfo Cerezo **
*Eric Pérez Grovas**
*Ernesto Cervera**
*María Teresa Arnal**
*Elizabeth Kwo**

**Independent Directors*

Audit and Corporate Practices Committees

As of December 31, 2022, these Committees had five statutory Directors, all of them independent.

Members at December 31, 2022

Chairman
Adolfo Cerezo

Members
Ernesto Cervera
Eric Pérez-Grovas
Elizabeth Kwo
María Teresa Arnal

Primary responsibilities

- Voicing opinions on the hiring of the Independent Auditor for the Company and establishing fees.

- Ensuring the existence of a proper internal control scheme for the Company that meets any and all applicable accounting and legal provisions, and reviewing Company transactions with related parties.
- Reviewing the financial statements and ensuring they are a true and accurate reflection of the financial situation for the Company. They also have a set procedure for receiving, retaining, and responding to claims concerning accounting practices and controls, and any audit issues. Moreover, said committees have the necessary resources for, and are authorized to retain the services of counsel and/or any other outside adviser needed to perform their duties.
- Reducing the risk of conducting operations such that could affect Company worth or could result in the granting of favored conditions to any one group of shareholders.
- Approving policies for the use of properties pertaining to the net worth of the Company.
- Authorizing transactions with related parties, remuneration for the Chief Executive Officer, and remuneration policies regarding relevant company officers.
- Serving as support for the Board of Directors in producing reports on accounting practices.
- Holding private meetings and receiving periodic reports from Internal Audit, Legal, Compliance, and Ethics.
- Calling Shareholders to meetings and ensuring that the order of business includes all points deemed necessary.

<u>Principal requisites and practices:</u>

- All members are independent directors, experts in finance, auditing, systems, economics and private equity.
- Ensure independent auditors do not provide consultancy services for the Company.
- Ensure that the partner from the independent auditing firm that renders the opinion on the financial statements is periodically rotated.

Note: At the Wal-Mart de México, S.A.B. de C.V. Ordinary Shareholders' Assembly on March 30, 2023, Director Adolfo Cerezo was ratified as Chairman of the Audit and Corporate Practices Committees and in the Board of Directors meeting on that same date it was agreed that these committees be made up of three Independent Directors, namely, Adolfo Cerezo, Elizabeth Kwo, and Eric Pérez-Grovas.

Walmart de México Foundation Board of Trustees

<u>Trustees at December 31, 2022</u>

1. Cristian Barrientos
2. Eduardo de la Garza
3. Roberto Delgado Gallart*
4. Jorge Familiar Haro*
5. Guilherme Loureiro
6. Kathleen McLaughlin
7. Alberto Sepúlveda
8. Marinela Servitje*

9. José Luis Torres*
10. Javier Treviño
11. Adriana Velázquez
12. Julie Gehrki**
13. Mariano Fiscella**

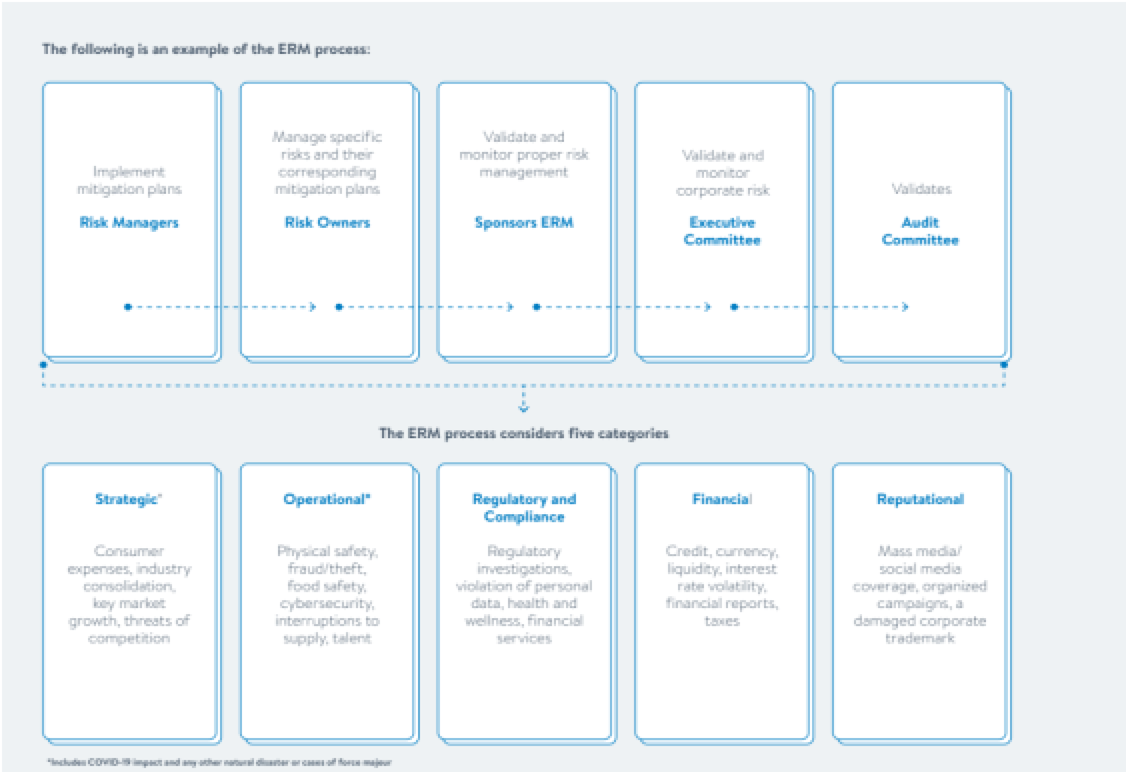
*Independent trustees
** Consejeros suplentes

RISK ASSESSMENT

Each year, Global Audit Services conducts a Risk Assessment following the methodology established by Walmart Inc. and adapting it to the reality of Mexico and Central America

Enterprise Risk Management (ERM)
With every step we take, we strengthen our culture of risk identification and management. At Walmart de México y Centroamérica, through the ERM (Enterprise Risk Management) process, we play a fundamental role in guaranteeing the right balance between risk management and risk mitigation. In this way, we achieve the safe implementation of our strategies, in order to reach our goals despite operating in a highly changing environment.
With our ERM, we work cross-functionally and collaboratively with our teams in Mexico and Central America, facilitating holistic risk management and the exchange of best practices.

Each quarter, we identify and evaluate the inclusion of new risks, updating them according to key and critical aspects. Therefore, rigorous assessment of the inherent and residual probability and impact level that a risk may cause is fundamental. Finally, we invest significantly in mitigation plans to be taken into account on a day-to-day basis.



The risk assessment process consists of three major steps and is conducted every quarter:

1. **Evaluation**
   Risk managers and the central teams are called together to reassess risk previously identified and any new ones; impact and probability are then scored.
2. **Report**
   Risks are recorded under an impact/ probability matrix; then risked are classified by priority, providing this "Risk Register" to Risk Owners so they in turn may review the status.
3. **Management**
   The mitigation needed is determined, action plans designed with and assigned head, and Risk Champions, jointly with the Executive Committee, oversee the execution.

RESULTS

During 2022 we achieved:

- To simplify risk registration to ensure an efficient focus on the most critical risks for our company.
- To strengthen the collaboration process among our markets, to exchange best practices and maintain local risk management.
- To review and strengthen mitigation plans to improve their design, adequacy, clarity of controls, roles and responsibilities

This assessment led to the identification of priority risks in the short, medium, and long terms, for example, the risk of an increase in the cost of doing business and interruptions in the supply chain

Senior Officers as of April 28, 2023

GUILHERME LOUREIRO ***President and Chief Executive Officer (CEO)*** *10 years of experience in the Company*	
JUAN CARLOS AJA ***Vice President,*** *Llena tu refri* *27 years of experience in the Company*	***JUAN CARLOS ALARCÓN*** ***Vice President,*** *Human Resources, Central America* *10 years of experience in the Company*
EDMUNDO DELGADO ***Vice President,*** *Merchandising, Sam's Club* *24 years of experience in the Company*	***MARIA DOLORES FERNANDEZ LOBBE*** ***Senior Vice President,*** *Chief Merchandising Officer Mexico* *2 year of experience in the Company*
CUITLAHUAC ARROYO ***Vice President,*** *Operations, eCommerce Mexico* *10 years of experience in the Company*	***OSCAR BADILLO*** ***Vice President,*** *Controllership* *6 years of experience in the Company*
FRANCIA PRISCILA DEL CARMEN ALARCON ***Vice President*** *Taxes* *4 years of experience in the Company*	***MILTON BRANDT*** ***Vice President*** *Finance CAM* *5 years of experience in the Company*
IGNACIO CARIDE ***Senior Vice President,*** *Chief Omnichannel Operations Officer* *5 years of experience in the Company*	***RICHARD KYLE KINNARD*** ***Vice President,*** *Sam's Club Mexico* *1 year of experience in the Company*
FLAVIO COTINI ***Chief Executive Officer,*** *Central America* *9 years of experience in the Company*	***JEROME PIERRE DEL PORTO*** ***Senior Vice President,*** *Strategic Mexico and Central America* *1 year of experience in the Company*
EDUARDO DE LA GARZA ***Senior Vice President,*** *People Mexico and Central America* *5 years of experience in the Company*	***JAVIER ANDRADE*** ***Vice President,*** *Merchandising, Basic & Processed Food* *23 years of experience in the Company*
MARIANO FISCELLA ***Vice President,*** *Walmart & Walmart Express Mexico* *8 years of experience in the Company*	***PAULO JORGE DA ENCARNACAO GARCIA*** ***Senior Vice President,*** *Chief Financial Officer Mexico and Central America* *2 year of experience in the Company*
SOOK YEE MUK ***Vice President,*** *Commercial Finance Mexico* *2 year of experience in the Company*	***ALVARO DANIEL PARODI*** ***Vice President,*** *Perishables Mexico* *2 year of experience in the Company*
ALONSO SERGIO SOTOMAYOR ***Vice President,*** *Walmart Express Mexico* *1 year of experience in the Company*	***ALONSO YAÑEZ*** ***Vice President,*** *Chief Information Officer Mexico* *5 years of experience in the Company*
CARLA MARINA ACEVEY ***Vice President,*** *Extended Assortment*	***TOMAS ANDRES DURANDEAU LABARCA*** ***Vice President,*** *Customer Office*

2 year of experience in the Company	*1 year of experience in the Company*
ROBERTO OMAR GALICIA ***Vice President,*** *Merchandising Entertainment And Seasons Mexico* *4 years of experience in the Company*	***IVONNE MONTIEL*** ***Vice President,*** *Sam's Club Operations* *14 years of experience in the Company*
JAVIER TREVIÑO CANTU ***Senior Vice President,*** *Coporate Affairs Mex CAM* *1 year of experience in the Company*	***BEATRIZ NÚÑEZ*** ***Vice President,*** *Chief Growth Officer* *5 years of experience in the Company*
MARCELINO HERRERA VEGAS ***Senior Vice President,*** *Financial Services* *1 year of experience in the Company*	***YVONNE ALEJANDRA PACZKA*** ***Vice President,*** *Hr Transformation & People Business Partner Staff & Office Experience Mexico* *5 years of experience in the Company*
RAÚL QUINTANA ***Vice President,*** *Bodega Aurrera Operations Mexico* *24 years of experience in the Company*	***CRISTINA RONSKI*** ***Vice President,*** *Leader of the Health and Wellness* *4 years of experience in the Company*
ALBERTO SEPÚLVEDA ***Executive Vice President,*** *Legal & Institutional Relations Mexico and Central America* *10 years of experience in the Company*	***ERIKA ABIGAIL FALFAN*** ***Vice President,*** *Support Ops Mexico* *8 years of experience in the Company*
ROQUE VELASCO ***Vice President,*** *Internal Audit Mexico and Central America* *17 years of experience in the Company*	***ADRIANA VELÁZQUEZ*** ***Vice President,*** *Compliance Mexico* *11 years of experience in the Company*
GASTÓN WAINSTEIN ***Senior Vice President,*** *Supply Chain and Real Estate Development* *22 years of experience in the Company*	***JUAN MANUEL EUGENI*** ***Vice President,*** *Operations Bodega Aurrera Mexico* *15 years of experience in the Company*

No Board members or Executives (Secretary and Prosecretary) are related to each other. No Director or Executive has significant holdings in the Company, either as individuals or as a group, above 1%.

The total payment made from the Company to its Directors and main Executives during the year ended December 31, 2022 amounted to $1,979 million pesos. The payment made by the Company to the totality of its personnel, including its main Executives but excluding its Directors, consists of a fixed part and a variable component, represented by a bonus for results, whose amount depends on accomplishing the goals stated in the Business Plan for the year in question.

As of December 31, 2022, 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 employee stock option plan fund consists of 175,184,709 **WALMEX** shares, which have been placed in a trust created for the plan. As of December 31, 2022, the granted and exercisable shares under the stock option plan fund are 166,662,636 and 62,971,554 respectively.

During the period from January 1 to December 31, 2022, a total of 40,943,537 shares were assigned, and 25,227,765 shares were exercised. The Company purchased the stock necessary for this plan through the Mexican Stock Exchange. The stock holdings in the Personnel Stock Option Plan Fund represent only 1.0% of outstanding shares as of December 31, 2022.

Intersalt, S. de R.L. de C.V. is the majority shareholder of Wal-Mart de México, S.A.B. de C.V., and beneficiary of more than 10% of the Company's capital stock; its equity interests as of December 31, 2022 amount to 70.51% of the representative shares of the capital stock, making it a shareholder which executes control and significant influence in the Company. The remaining shares trade freely in the Mexican Stock Exchange.

Stock situation as of December 31, 2022

	Million shares	%
Intersalt, S. de R.L. de C.V.	12,312	70.5
Personnel stock option plan fund	175	1.0
Subtotal	12,487	71.5
Market	4,974	28.5
Total	**17,461**	**100**

In turn, a subsidiary of Walmart Inc. is the majority partner of Intersalt, S. de R.L. de C.V. Walmart Inc. is a U.S. Corporation listed in the New York Stock Exchange; its ticker symbol is WMT.

It is important to indicate there are neither Board Members nor Senior Officers of the Company in possession of individual shareholdings over 1% and under 10%.

Company Counselors[Abstract]

Related [Member]

<table>
<tr><td colspan="3">McKenna Judith</td></tr>
<tr><td colspan="2">Gender</td><td>Directorship Type</td></tr>
<tr><td colspan="2">Mujer</td><td>Propietario</td></tr>
<tr><td colspan="3">Participate in committees</td></tr>
<tr><td>Audit</td><td>Corporate Practices</td><td>Evaluation and Compensation</td></tr>
<tr><td>NO</td><td>NO</td><td>SI</td></tr>
<tr><td colspan="3">Others</td></tr>
<tr><td colspan="3">NO</td></tr>
<tr><td colspan="3">Designation</td></tr>
<tr><td colspan="3">Designation date</td></tr>
<tr><td colspan="3">2022-07-04</td></tr>
</table>

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Presidente	No aplica	No aplica
Additional Information (Administrator)			
She was appointed as Chairman of the Committee on Compensations and Succession Planning by the Board of Directors of the Company, in session dated March 30, 2023, after the Ordinary Shareholders’ Assembly of that same date.			

De Souza Macedo Loureiro Guilherme			
Gender		Directorship Type	
Hombre		Propietario	
Participate in committees			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
NO			
Designation			
Designation date			
2016-03-31			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica
Additional Information (Administrator)			

Evans Kirsten			
Gender		Directorship Type	
Mujer		Propietario	
Participate in committees			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
NO			
Designation			
Designation date			
2018-03-22			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica
Additional Information (Administrator)			

Raghupathy Karthik			
Gender		Directorship Type	
Hombre		Propietario	
Participate in committees			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
NO			
Designation			
Designation date			
2022-07-04			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica
Additional Information (Administrator)			

Ward Tom			
Gender		Directorship Type	
Hombre		Propietario	
Participate in committees			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
NO			
Designation			

Designation date			
2021-03-23			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica
Additional Information (Administrator)			

Hopkins Leigh		
Gender	Directorship Type	
Hombre	Propietario	
Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
NO	NO	NO
Others		
NO		
Designation		
Designation date		
2022-07-04		

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica
Additional Information (Administrator)			

Independent [Member]

Pérez Grovas Aréchiga Eric		
Gender	Directorship Type	
Hombre	Propietario	
Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
SI	SI	NO
Others		
NO		
Designation		
Designation date		
2018-03-22		

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica
Additional Information (Administrator)			

Kwo Elizabeth		
Gender	Directorship Type	
Mujer	Propietario	
Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
SI	SI	NO
Others		
NO		
Designation		
Designation date		
2022-10-20		

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Trimestral	Consejero	No aplica	No aplica
Additional Information (Administrator)			
She was appointed as provisional by the board, but ratified as permanent by the Ordinary Shareholders' Assembly, held on March 30, 2023.			

Cerezo Pérez José Adolfo	
Gender	Directorship Type
Hombre	Propietario

Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
SI	SI	NO
Others		
NO		
Designation		
Designation date		
2012-03-27		

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica

Additional Information (Administrator)

Chairman of the Audit and Corporate Practices Committees, ratified by the Ordinary Shareholders' Assembly on March 30, 2023.

Cervera Gómez Ernesto	
Gender	Directorship Type
Hombre	Propietario

Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
NO	NO	SI
Others		
NO		
Designation		
Designation date		
2014-03-20		

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Anual	Consejero	No aplica	No aplica

Additional Information (Administrator)

He was appointed as member of the Committee on Compensations and Succession Planning by the Board of Directors of the Company, in session dated March 30, 2023, after the Ordinary Shareholders' Assembly of that same date.

Arnal Machado María Teresa Altagracia	
Gender	Directorship Type
Mujer	Propietario

Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
NO	NO	SI
Others		
NO		
Designation		
Designation date		
2022-10-20		

Period for which they were elected	Position	Time worked in the Issuer	Shareholding
Trimestral	Consejero	No aplica	No aplica

Additional Information (Administrator)

She was appointed as member of the Committee on Compensations and Succession Planning by the Board of Directors of the Company, in session dated March 30, 2023, after the Ordinary Shareholders' Assembly of that same date.

Relevant directors [Member]

De Souza Macedo Loureiro Guilherme	
Gender	Directorship Type
Hombre	Propietario

Participate in committees		
Audit	Corporate Practices	Evaluation and Compensation
NO	NO	NO
Others		
NO		
Designation		
Designation date	Assembly Type	

2012-05-11			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
N/A	President and Chief Executive Officer	10	N/A
Additional Information (Administrator)			

Sepúlveda González Cosío Alberto Manuel			
Gender		Directorship Type	
Hombre		Propietario	
Participate in committees			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
NO			
Designation			
Designation date	Assembly Type		
2013-08-04			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
N/A	Executive Vice President and General Counsel for Legal and Corporate Affairs	10	N/A
Additional Information (Administrator)			

Da Encarnacao Garcia Paulo Jorge			
Gender		Directorship Type	
Hombre		Propietario	
Participate in committees			
Audit	Corporate Practices	Evaluation and Compensation	
NO	NO	NO	
Others			
NO			
Designation			
Designation date	Assembly Type		
2021-02-08			
Period for which they were elected	Position	Time worked in the Issuer	Shareholding
N/A	Senior Vice President and Chief Financial Officer	2	N/A
Additional Information (Administrator)			

Total percentage of men as relevant directors: 100

Total percentage of women as relevant directors: 0

Total percentage of men as counselors: 60

Total percentage of women as counselors: 40

Has a policy or program of labor inclusion: Yes

Description of the policy or program of labor inclusion

PROMOTE DIVERSITY, EQUALITY AND INCLUSION

We work to consolidate our diversity, equality and inclusion strategy in all the countries where we operate, promoting inclusive actions for our associates, customers, suppliers and the communities where we operate.

Diversity, equality and inclusion strategy

Our commitment is to create a workplace where everyone feels included and with opportunities to be themselves, grow and belong.

Diversity, Equality and Inclusion Advisory Council

The Diversity, Equality and Inclusion Advisory Council is comprised of business and operations leaders from Mexico and Central America, with the purpose of consolidating inclusive initiatives as part of our strategy.

In 2022, the sensitization efforts focused on principles of corporate inclusion, sexual and gender diversity and inclusive language.

Policies and codes that support our culture of diversity, equality and inclusion

To support our commitment to diversity, equality and inclusion, we have developed policies that strengthen our strategy and prohibit discrimination of any kind.

- Code of Conduct
- Remuneration Equality Policy
- Global Harassment and Discrimination Prevention Policy

Likewise, we consider training relavant, which is why we integrated three modules to the diversity, equality and inclusion training program:

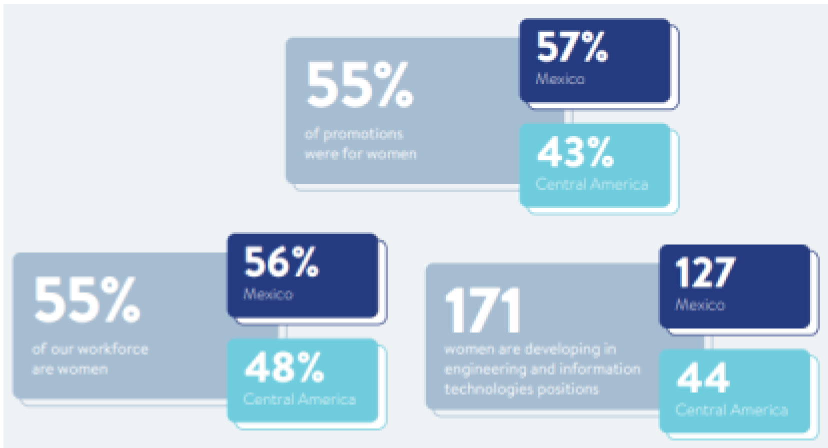
- Gender Equality
- LGBTQ+ community
- Talent with Disabilities

In 2022, more than 7,000 leaders in Mexico and Central America were certified in seven diversity, equality and inclusion modules:

1. Basics in diversity, equality and inclusion
2. Management of talent with disabilities
3. Reasonable accommodation for talent with disabilities
4. Sexual and gender diversity
5. Inclusive language

6. Inclusive recruitment
7. Subconscious biases

1. Gender Equality



In 2022, 41% of executive positions were held by women.

OUR GOAL
To reach 42% of women in executive positions by 2023.

Remuneration Equality Policy

At Walmart de México y Centroamérica we are committed to equality among all our associates, with no distinction or preference of any nature, except based on achievements and performance.

As part of the commitments we have established are:

- Guaranteeing no wage differences due to gender, age, religion, sexual preference, or political ideology
- Ensuring that any differences that exist in wages are due to individual performance and the achievements of each associate, which are evaluated annually based on their seniority in the company, and adherence to success factors that are expressed under corresponding company policies
- Supervising that there are efficient internal policies and procedures on remuneration equality
- Complying with and exceeding the minimum wage set forth by the authorities
- Permanently promoting remuneration equality between men and women
- Promoting strategies, programs and initiatives that help to identify, develop, and retain diverse talent, serving as an incentive for active participation at all levels in the company
- Reinforcing transparency and communication when establishing and reviewing remuneration
- Ensuring our associates have access to social security

We also offer programs to promote the professional development of our female associates in Mexico and Central America, such as:

Women in Retail

A program designed for our female associates that aims to develop and retain the best talent. It is based on four axes of development: experience, exposure, education and mentoring.

Executive women and circles of confidence
A program focused on developing topics such as personal leadership and self-management, talent management, strategic thinking, leading transformation, change management, persuasion, power and influence, among others.

Unstoppable Women
A program aimed at women with high potential at management level, with the objective of strengthening skills and competencies that allow them to develop in an accelerated pace within the company.

Women's Month
In commemoration of this month, we carried out education and communication actions focused on equality.

Bloomberg
As a result of our work to create a diverse and inclusive workplace, **for the sixth consecutive year, Walmart de México y Centroamérica was included in Bloomberg's Gender Equality Index** (GEI), which analyzes the performance of companies globally on gender equality progress.

In 2022, we **ranked 4th in Empresas para Trabajar para Mujeres (Companies to Work for Women) from Expansión and Top Companies in Mexico**, advancing six positions vs. 2021.

Orange Award
For the second consecutive year, the Secretary of Women of the State of Mexico **awarded us the Orange Award for Equality in Companies**, for the actions we have carried out with the objective of generating spaces for labor equality between women and men.

2. Sexual and Gender Diversity

At Walmart de México y Centroamérica we promote respect for differences and value diversity; therefore, we work every day to create a safe environment where you can truly be yourself.

This year, we carried out actions in Mexico and Central America to celebrate LGBT+ Pride Month during of June:

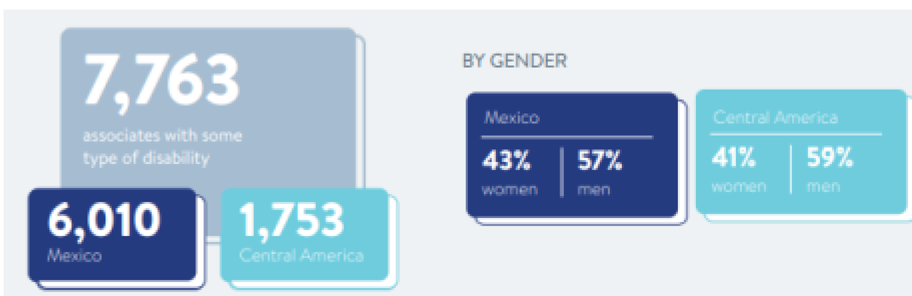
LGBTQ+ Best Places to Work Award

In 2022 in Mexico, we received for the sixth consecutive year the Best Places to Work LGBTQ+ certification from the Human Rights Campaign Foundation, for our actions to generate safe and discrimination-free workplaces.

3. Talent With Disabilities

We increased 14% our talent with disabilities vs. 2021

In 2022 in Mexico we reached 3.1% of associates with disabilities and 4.7% in Central America



OUR GOAL
By 2023, our goal is to increase our talent with disabilities by 20% vs. 2022 in Mexico.

Throughout 2022, we implemented initiatives focused on the inclusion of people with any type of disability to our workforce. In this way, we offer opportunities to join the company and develop professionally.

- **+300** associates were trained and **graduated in Costa Rican Sign Language and Mexican Sign Language**
- We transferred the practice of **Vests for Talent with Hearing Disabilities** to Walmart Canada
- We launched the **service guide for customers with disabilities**
- We created **programs for the development of talent with disabilities**
- **+184** courses **with accessibility for talent with hearing, visual and intellectual disabilities**
- Implementation of **permanent transportation** to DCs and modernization of store infrastructure **for associates with disabilities**

Accessibility and inclusion

Our stores, offices and DCs, have the necessary infrastructure so that our associates with disabilities can carry out their daily activities smoothly and safely. Among the elements we have are:

- **Assistance button**
  Wireless button with connection to associates' portable radios. It emits a preloaded sound on the associate's radio: "Assistance requested at ________ for person with disability."
- **Haptic maps**
  General map of the unit's sales floor and/or restroom configuration, with embossed graphic representations and text in Braille alphabet.
- **Adapted furniture**
  Checkout with accessible section for people with disabilities.
- **Podotactile floor**
  Podotactile guide indicating path, alert and/or change of direction for people with visual disabilities.

- **Signage in Braille system**
  Signage for identification of areas, with embossed text and Braille system. “Women’s Toilet” and “Men’s Toilet”.
- **Electronic eCommerce/ eCommerce Kiosk**
  All units with electronic eCommerce have furniture with a section accessible for people with disabilities.

This year we were recognized with the Distintivo Éntrale awarded by the Alianza Éntrale and the Mexican Business Council, which certifies the best practices for the inclusion of people with disabilities in the workplace.

4. Non-discrimination

Diversity, equity and inclusion are a fundamental part of our culture; therefore, we work every day to create safe and discrimination-free spaces. For this reason, we have taken important actions to further strengthen our commitment:

- **+42,000** participations in diversity, equality and inclusion webinars in Mexico and Central America

Non-discrimination initiatives and campaigns

As of 2019, we continue to conduct sexual harassment prevention ethics training for leaders globally

With more than 250 participants in Mexico and Central America, we launched ARGs (Associates Resources Groups), a group of allies that promote inclusive actions.

In addition, we gave continuity to the internal **campaign on Non-Discrimination within our workspaces** that was launched in 2021.

We also implemented inclusive marketing campaigns in Mexico and Central America and were recognized by the Propaganda Control Office of the Ministry of the Interior of Costa Rica with the *Reconocimiento a las buenas prácticas de la publicidad – Edición 2022* (Advertising Best Practices Award - 2022 Edition) for our campaign ***La Verdadera Belleza Centroamericana*** (True Central American Beauty).

In 2022, we became certified under the Mexican Standard on Labor Equality and Non-Discrimination.

Company shareholders [Abstract]

Beneficial shareholders of more than 10% [Member]

N/A N/A Intersalt, S. de R.L. de C.V.	
Shareholding	70.51
Additional Information (Shareholders)	

Shareholders with influence [Member]

N/A N/A Intersalt, S. de R.L. de C.V.	
Shareholding	70.51
Additional Information (Shareholders)	

Shareholders exercising control [Member]

N/A N/A Intersalt, S. de R.L. de C.V.	
Shareholding	70.51
Additional Information (Shareholders)	

Association and other agreements:

WAL-MART DE MÉXICO, S.A.B. DE C.V.
BYLAWS

CHAPTER ONE
NAME, ADDRESS, PURPOSE, AND TERM

ONE. The name of the corporation is WAL-MART DE MÉXICO. This name shall always be followed by the words SOCIEDAD ANÓNIMA BURSÁTIL DE CAPITAL VARIABLE, or its abbreviation S.A.B. DE C.V. The corporation may use the word "Wal-Mart" as part of its name pursuant to a license agreement with Wal-Mart Stores, Inc. (the "Permanent Shareholder") or a corporation related to it. If the Permanent Shareholder ceases to be, directly or indirectly, the majority shareholder of the corporation, it shall immediately call for a general extraordinary shareholders' meeting to change its name, within sixty (60) calendar days, to any other not including the word "Wal-Mart" or any confusingly similar words.
TWO. The legal domicile for the corporation shall be in Mexico City, but representations or branch offices may be established or conventional domiciles may be stipulated in anywhere within the United Mexican States or abroad.
THREE. The purpose of the corporation is:
Notwithstanding, the general capacity of the Company referred to in this article and article 4 (fourth) of the General Corporations Law, as well as the authority of the general meeting of shareholders or the Board of Directors to recognize and ratify any acts carried out by the Company other than those listed below, the purpose of the Company is:

1. To promote, incorporate, organize, exploit and take interest in the capital and equity, directly or indirectly by any legal means, shares, participations, certificates of participation or representative interests of the capital or assets of all kinds of commercial, civil companies, associations, trusts, industrial, commercial, service companies or of any other nature, or entities of any kind, both national and foreign, from their incorporation or at a later time, as well as sell, assign, transfer, negotiate, encumber or otherwise dispose of or pledge said shares, participations, participation certificates or interests.
2. To acquire, issue and offer securities to the public, in accordance with the applicable provisions, and to repurchase shares in accordance with the terms of the Securities Market Law and those provisions derived therefrom.
3. Carry out operations and negotiate with all types of securities, as well as forwards.
4. To obtain, purchase, register, have in possession, use, prove use, license, sublicense and dispose of any time of franchises, patents, trademarks, trade names, copyright, as well as any type of intellectual or industrial property.

Activities in pursuit of its Purpose:

Likewise, and no withstanding the generality of the provisions of the second paragraph of article 4th of the current General Corporations Law, which is hereby reproduced as if it were inserted, and as a consequence of what is there established, the company may carry out all those businesses, acts, contracts, agreements, agreements, declarations, procedures, records, lists, processes and/or procedures, in the broadest sense of said terms, both public and private, that are necessary and/or convenient for the achievement of its corporate purpose, as it was delimited in this Third Clause, whether they are of a commercial, civil, administrative, criminal, labor, fiscal or any other nature, regardless of their form, provided that they are not prohibited or restricted by law, and in those cases in which prior government authorization is required, provided that the same has been obtained, including without limitation:

I. Obtain and grant financing, by any means; issue bonds, debentures, stock certificates and/or any other type of debt and/or credit titles and/or securities, with or without guarantee.

II. To assume any obligations on its own behalf or on behalf of third parties, no limited to mortgages, pledges, trusts or by any other figure; as well as becoming a joint and several obligor, guarantor and/or guarantor of third parties, whether they are related or not;

III. Underwrite, accept, endorse, guarantee and/or in any way negotiate any credit instruments and/or securities.

IV. To acquire and purchase (even by donation) any movable property and real estate; lease, sublease, and obtain or grant its possession, use and enjoyment by any form, including grant rights for the use and disposal of, and in general, the exploitation of, any movable property or real estate, including loan agreements.

V. Obtain, acquire, possess, use and dispose of all kinds of records, listings, concessions, permits, licenses and authorizations, as well as modify, update, take notes and/or cancel any of said records and/or listings regarding any securities issued by the Company in one or more stock exchanges institutions, either in Mexico or abroad, and if applicable, deposit them in any institutions for the deposit of securities in Mexico or abroad;

VI. Participate directly or indirectly, individually or as part of a consortium, in all kinds of contests and/or public or private biddings, whether national or international, as well as in bidding by restricted invitation or direct award and/ or contracts called by entities of the federal or local public administration, whether centralized or parastatal, decentralized organizations, powers of the union, federal, local or municipal authorities, companies with a majority state participation, productive state companies, organizations constitutionally autonomous and, in general, any government bodies, national or foreign, regardless of the

form and/or proportion of said participation, including without limitation acting directly or indirectly as the bidder or successful bidder, even in the form of the consortium or through its participation in any pre-existing vehicle or created expressly for said purpose, subcontractor, integrator, common representative;
VII. To maintain insurance policies with domestic or foreign insurance companies;
VIII. Hire any third parties, either individuals or companies, national or foreign, as necessary and/or convenient for the development and/or achievement of the purpose of the company.
FOUR. The term of the corporation shall be ninety-nine years beginning on the eighth day of March, in the year nineteen hundred and ninety-three.

CHAPTER TWO
CAPITAL STOCK AND SHARES

FIVE. (a) The capital of the corporation is variable.
(b) The minimum fixed capital amounts to $5’591,362,245.00 (five billion, five hundred and ninety-one million, three hundred and sixty two thousand, two hundred and forty-five Mexican pesos).
(c) The authorized maximum variable capital amounts to $100,000,000,000.00 (One hundred billion pesos, lawful currency of the United Mexican States).
(d) The capital, minimum, or fixed or variable, shall be represented by shares of the same series, registered, common or ordinary, without par value, of free subscription, representing one hundred percent (100%) of the voting shares, which may be subscribed or acquired by individuals or entities, domestic or foreign.
(e) The capital stock shall be represented by a minimum of 3,000,000,000 (three billion) and a maximum of 100,000,000,000 (one hundred billion). The Board of Directors may increase or decrease the number of shares outstanding, provided that it is within the minimum and maximum amounts provided for in this paragraph.
(f) Given that the corporation is a publicly-traded corporation (sociedad anónima bursátil) governed by the Securities Market Law, and that the right of withdrawal in accordance with the last paragraph of Article fifty (50) of the Securities Market Law is not applicable to said corporations, it is agreed that there shall be no distinction between the shares representing the fixed capital and those representing the variable capital; therefore, shareholders shall have a proportional interest in the shares of the fixed and variable capital. The corporation shall indicate in the stock certificate or provisional stock certificates the amount of its minimum fixed.
(g) The capital may be increased by further contributions of the shareholders or by the admission of new shareholders and in the events referred to in Article one hundred sixteen (116) of the General Corporations Law, and decreases of the capital by reimbursement to shareholders, to absorb losses and the repurchase of shares.
(h) Increases and, if applicable, decreases of the capital stock shall be approved by the general ordinary or extraordinary shareholders’ meeting, as applicable, in any case, with the notarization of the relevant minutes, except when said increases or decreases result from the repurchase of the shares of the corporation.
(i) Any increase and decrease of capital resulting from one or more of the following events, except when modifying the minimum fixed capital or the maximum authorized variable capital, shall not require the approval of the meeting and may be declared by the Board of Directors: (i) capitalization of stockholders’ equity items; (ii) a decrease in the capital stock to absorb losses; or (iii) increases or reductions resulting from the repurchase of shares. In the event of (i) and (ii) above, the number of shares outstanding shall not vary, given that shares have no par value.

(j) On an annual basis, at the general annual ordinary meeting, the Board of Directors shall inform the meeting: (i) the number of shares repurchased by the corporation and whether said shares have been made outstanding or their cancellation is applicable; (ii) the amount of the capital, within the minimum and maximum authorized; (iii) the number of shares outstanding at the close of the previous year; and (iv) the use given to the powers granted by this Article. This obligation is separate from the reporting obligations of the corporation.
(k) The corporation may repurchase shares in accordance with the terms of the Securities Market Law and the provisions derived therefrom, out of the capital stock and, if applicable, a fund created with net profits, called fund for the repurchase of shares.
(l) Corporations in which Wal-Mart de México, S.A.B. de C.V., is the majority shareholder shall not invest, directly or indirectly, in shares of the same, [nor of any other corporation that is a majority shareholder of Wal-Mart de México, S.A.B. de C.V.], except in the event where the shares are purchased to comply with stock options granted or that may be granted to the employees of said corporations, provided that the shares owned by them do not exceed twenty-five percent of the total shares of the corporation.
(m) The corporation may issue shares to be subscribed by the investing public, provided that it complies with the following: (i) the general extraordinary shareholders' meeting approves the maximum amount of the capital increase and the terms under which the relevant shares shall be issued; (ii) the subscription of shares is made in a public offering, after registration with the National Registry of Securities, in compliance with the provisions of the Securities Market Law and the general provisions derived therefrom; (iii) the amount of capital being subscribed and paid is disclosed by the corporation when it discloses the authorized capital stock represented by the issued and unsubscribed shares; and (iv) the preferential subscription right referred to in Article one hundred thirty two (132) of the General Corporations Law shall not be applicable with respect to capital increases made by public offering.
SIX.
1. All the shares into which the capital stock is divided are registered, indivisible, and with no par value. Shares confer rights on the holders and make them liable to those obligations corresponding to common stock. The corporation, directly and/or through an institution for the deposit of securities or a credit institution acting as registration agents in the name and on behalf of the corporation, shall keep a shareholders' registry in accordance with Article one hundred twenty-eight (128) of the General Corporations Law, in which the subscriptions, acquisitions or transfers of shares representing the capital stock shall be recorded, stating the name of the subscriber and the acquirer. Any person acquiring one or more shares shall assume the sellers' rights and obligations with respect to the corporation. Ownership of one or more shares means the acceptance by a holder of the provisions of the bylaws of the corporation, the amendments or modifications hereto and the resolutions adopted by the general shareholders' meetings and the Board of Directors, regardless of the rights provided for herein.
The corporation shall only acknowledge as shareholder the persons registered as such in the shareholders' registry book maintained by the corporation directly and/or through an institution for the deposit of securities or a credit institution acting as registration agents in the name and on behalf of the corporation. However, with respect to shares intended to be outstanding among the investing public, the indication of this circumstance and of the institution for the deposit of securities in which the stock certificate or certificates representing said shares shall suffice for registration, and, in such case, the corporation shall also acknowledge as shareholders the persons that evidence such capacity with the certificates issued by the relevant institute for the deposit of

securities, together with the list of holders of the relevant shares, prepared by whom appears as depositor of said certificates.

2. Shares shall be represented by printed certificates. Provisional stock certificates may be issued until final stock certificates are printed.

3. The provisional and final stock certificates representing the capital stock shall be consecutively numbered and shall represent one or more shares. Stock certificates shall contain the items listed in Article one hundred and twenty-five (125) of the General Corporations Law. Articles five (5), six (6) and twenty-five (25) herein shall be transcribed verbatim thereon. Stock certificates shall have two written or facsimile signatures of either the Chairman or the Chief Executive Officer, if a board member, or the secretary or alternate secretary of the Board of Directors, or the signatures of two members of the Board as appointed by the Board for said purpose. Stock certificates may have coupons attached and be duly numbered. Stock certificates or provisional stock certificates may be exchanged for others of different denominations, provided that new or provisional stock certificates represent the same number of shares as those given in exchange. Should the certificates or provisional certificates be lost, stolen or destroyed, they may be replaced pursuant to the provisions of Title One, Chapter One, Section Two of the General Law of Negotiable Instruments and Credit Transactions, with expenses for said replacement to be covered by the owner of the relevant certificates.

CHAPTER THREE
GENERAL SHAREHOLDERS' MEETING

SEVEN.

1. The supreme authority of the corporation is the General Shareholder' Meeting, which shall hold either ordinary or extraordinary meetings.

2. The ordinary shareholders' meeting shall meet:

I. To deal with the report referred to in Article one hundred seventy two (172) of the General Corporations Law with respect to the immediately preceding fiscal year of the corporation and the companies controlled by the corporation, as well as the other reports that, pursuant to Article twenty-eight (28), section IV of the Securities Market Law, must be submitted by the Board of Directors of the corporation. Said report shall state the main positions held by each director, indicating which director are independent and which are not.

II. If required, to designate the amount of capital stock that may be used to the repurchase of shares as well as the stockholders' equity maximum amount, with the only limitation being that the sum of the funds that may be allocated for said purpose shall under no circumstances exceed the aggregate balance for net income for the corporation.

III. To appoint and remove the Chairman of the Audit Committee as well as the Chairman of the Corporate Practices Committee.

IV. The general ordinary shareholders' meeting, in addition to the provisions of the General Corporations Law, shall meet to discuss and, if applicable, approve the transactions intended to be executed by the corporation or the entities controlled by it, during one fiscal year, when the transaction represents twenty percent (20%) or more of the consolidated assets of the corporation based on the figures corresponding to the close of the immediately preceding quarter, regardless of the manner in which such transactions are executed, either simultaneously or successively, but that due to their characteristics may be deemed a single transaction. The shareholders of voting shares, including limited or restrictive voting shares in accordance with Article forty-seven (47) of the Securities Market Law, may vote at such meetings.

V. Any other matter not expressly reserved by law or these bylaws to the General Extraordinary Shareholders' Meeting.
3. General ordinary meetings may be held at any time but must meet at least once each year within four months after the close of the fiscal year.
4. General Ordinary Meetings shall be deemed legally convened upon first call if at least half of the shares in the capital stock are represented thereat and resolutions shall be valid when taken by a majority of votes of those present at said meetings. If the meeting cannot be held on the date designated thereto, a second call shall be stating said circumstance. Meetings held upon second call shall be deemed legally convened with any number of shares represented thereat and its resolutions shall be valid if taken by a majority vote of those present thereat.
5. General Extraordinary Meetings shall be called to deal with the matters listed in Article one hundred and eighty-two (182) of the General Corporations Law:
I. Extension of the term of the corporation;
II. Advanced dissolution of the corporation;
III. Increase or reduction of the Capital Stock;
IV. Changes to the corporation's purpose;
V. Change of the corporation's nationality;
VI. Transformation of the corporation;
VII. Merger and spin-off of the corporation;
VIII. Issuance of preferred stock;
IX. Amortization by the corporation of its own shares, issuance of preferred stock (acciones de goce);
X. Issuance of bonds; and
XI. Any other change to the bylaws.
General Extraordinary Shareholder's Meetings shall be deemed legally convened, upon first call, if at least seventy-five percent (75%) of shares are represented thereat and their resolutions shall be valid if approved by the shareholders representing at least half of said shares. Upon second or subsequent call, the General Extraordinary Shareholder's Meetings shall be deemed legally convened when at least fifty percent (50%) of shares are present. Resolutions shall only be valid if approved by the shareholders representing at least fifty percent of the capital stock.
EIGHT. General Shareholders' Meetings shall be held pursuant to the following rules:
1. Meetings shall be held at the corporate domicile, except in the event of force majeure, and shall be called by the Board of Directors through the Electronic System for Publications of Corporations. Calls shall be published at least fifteen calendar days prior to the meeting, except in the event provided for in Article Seven, section two, subsection II hereof, which term shall be of at least five calendar days prior to the meeting. Call shall include the date, time and place for the meeting, the Agenda, and shall be signed by whom makes said call. During said term, the books and documents related to the items on the Agenda of the Meeting shall be made available at corporate offices to the shareholders for consultation and, if applicable, shall include the financial statements with exhibits.
2. No call shall be necessary if attendees to the meeting represent all issued shares and if a meeting is adjourned for any reason and is to continue on a different date and time. In both cases, this circumstance shall be noted in the relevant minutes.
3. Shareholders may be represented at the meetings by the person or persons appointed through proxy letters granted in accordance with the terms of the applicable law in the forms made available by the corporation in

accordance with section III of Article forty-nine (49) of the Securities Market Law. The corporation shall make available to the intermediaries of the securities market that evidence having the representation of the shareholders of the corporation, for the term referred to in Article one hundred seventy-three (173) of the General Corporations Law, forms of proxy letters prepared by the corporation, in order for said intermediaries to provide the forms in a timely manner to those represented by them. Proxy letters shall clearly indicate the name of the corporation and the respective agenda and shall provide space for the instructions of the grantor for the exercise of the proxy. The secretary of the Board of Directors of the corporation shall be required to make sure the provisions of this Article have been complied with and inform so to the shareholders' meeting, which shall be stated in the respective minutes. Members of the Board of Directors shall not represent the shareholders at any meeting.

4. To attend the meetings, the shareholders shall be registered in the shareholders' registry maintained by the corporation (directly or through an institution for the deposit of securities and the lists of depositors evidencing participation of said shareholder) or by a credit institution acting as registration agent in the name and on behalf of the corporation, obtaining, within the period of time indicated in the respective call, from the secretary of the Board of Directors the admission ticket to attend the meeting, which shall be requested to the secretary of the Board of Directors no later than two (2) days prior to the date set for the meeting.

5. Before calling the meeting to order, the officer presiding over shall appoint one or more recount clerks, who shall verify the number of shares represented and shall make a list of the attendees, stating the number of shares each represents.

6. After quorum is established, the Chairman shall declare the meeting convened and shall proceed to go over the items on the Agenda, presiding over any agreements and debates.

7. The meeting shall be presided over the Chairman of the Board of Directors and should he be absent, the person elected by the meeting. The secretary of the Board of Directors shall act as secretary of the meeting. If absent, the person elected by the meeting shall act as secretary.

8. The Secretary shall draft the minutes of each meeting and shall create a file therefor. The file shall contain the following:

a) A copy of the call that was published, should it be the case.

b) The attendance list of the owners of stock.

c) Proxy letters or the extract of the document used to evidence capacity certified by the secretary or recount clerk.

d) A copy of the meeting's minutes.

e) All reports, opinions and other documents submitted during the meeting.

f) Certification by the secretary that provisions in paragraph III of Article forty-nine (49) of the Securities Market Law have been complied with.

9. If for any reason a legally called meeting is not convened, a document stating said circumstance and the reasons thereof shall be drafted and a file shall be created in connection with paragraph eight above.

10. Resolutions taken by the general meetings are legally binding for all shareholders, including dissident and absent shareholders, shall be final and without further recourse. The Board of Directors is thereby authorized to adopt resolutions, issue orders and take actions or enter into agreement necessary for the execution of any approved resolutions.

11. Shareholders holding twenty percent (20%) or more of the capital stock may judicially oppose to the decisions adopted by the meeting.

12. Shareholders holding ten percent (10%) or more of the corporation's capital stock shall be entitled to request the adjournment, for one time only, for three calendar days and without any further call, the voting of any matter with respect to which they are not sufficiently informed.
13. If there is no quorum at a general ordinary or extraordinary shareholders' meeting, duly called, the call shall be republished with the same requirements and the same time periods as set forth in paragraph one of this Article. The meeting upon second or subsequent call shall be held provided that the number of shares set forth in Article Seven hereof for these types of meetings is always represented.
14. Without being gathered at a meeting, shareholders may adopt resolutions with the unanimous vote of the shareholders representing all the voting shares in the applicable matters, as the case may be, which resolutions shall be as valid as if adopted by the general shareholders' meeting, respectively, provided that such resolutions are confirmed in writing and entered into the applicable minutes book with the signature of the secretary of the Board of Directors.

CHAPTER FOUR
MANAGEMENT OF THE CORPORATION

NINE. Management of the corporation shall be entrusted to a Board of Directors and a Chief Executive Officer. The Board shall consist of the number of directors determined by the general ordinary shareholders' meeting, and they shall be no more than twenty-one, at least twenty-five percent of which shall be independent directors. Also, for each director, an alternate may be appointed. The alternate of an independent director shall also be independent. Unless otherwise agreed by the general ordinary shareholders' meeting, the majority of the directors and alternates shall be citizens and residents of any jurisdiction that does not cause the corporation or the securities issued by it, be object of a registry, authorization, registration or any other similar act in a jurisdiction different from the United Mexican States only by virtue of the citizenship or residency of its directors.
Independent directors shall mean the persons that, in the judgment of the general ordinary shareholders' meeting, have the necessary experience, ability and reputation, and considering that they will be able to perform their duties free of any possible conflicts of interests or influenced by personal, economic or other interests. The general shareholders' meeting appointing or ratifying the members of the Board of Directors or, if applicable, the meeting at which said appointments or ratifications are informed, shall determine the independent capacity of the directors. Notwithstanding the foregoing, in no event the persons referred to in sections I through V of Article twenty-six (26) of the Securities Market Law may be appointed or act as independent shareholders. Independent directors that during office cease to be deemed independent shall inform so to the Board of Directors no later than the following meeting of the said body.
TEN. The Board of Directors shall be in charge of Corporate affairs and shall execute the transactions, acts and agreements related to the corporate purpose, with the exception of those expressly reserved by law of these bylaws to the general ordinary or extraordinary shareholders' meetings. Said Board shall represent the corporation before any administrative and judicial authorities, with general powers for acts of ownership and administration and for lawsuits and collections, without limitation, in accordance with Article two thousand five hundred and fifty-four (2554) of the Civil Code for the Federal District. It shall also be authorized to exercise the powers that according to law require special clause, including, but not limited to, the following:
a) To take the actions strictly pertaining to ownership matters such as, to sell, mortgage or otherwise dispose of or encumber, as well as to lease or pledge, the corporation's assets and property.

b) To borrow money, issue bonds, purchase in installments and execute credit transactions without any limitation whatsoever, including the execution and acceptance of any type of negotiable instruments and become joint obligor on behalf of the corporation.
c) In general, to direct, manage and control the corporate affairs and the administration of all its properties, overseeing compliance of any type of agreements and contracts in order to comply with the corporate purposes.
d) To prepare, approve and submit to the shareholders the annual financial statements as required by law, and recommend and propose to the shareholders the resolutions deemed appropriate in connection with the income, profits and losses.
e) To suggest plans and standards to be followed by the corporation, specifically with regards to the purchase, sale, lease, lien, mortgage and transfer of any type of movable properties or real estate, rights and concessions, franchises, incurrence of loans, and any other material management acts and concerns.
f) To appoint and remove, freely, proxies and other corporation's officials and employees, to grant them powers and modify their authority, but always setting the limits set forth in Article Seventeen, set their compensation and determine the personal guaranty to be provided to secure the faithful performance of their duties and approve the external auditor of the corporation, with the prior recommendation from the Audit Committee.
g) To establish and close branches and agency offices of the corporation.
h) With limitations set forth in Article Seventeen, to delegate, in whole or in part, powers to any person or individual, or group of persons, managers or other official or proxy, as well as to grant general or special powers, legal mandates or administrative authorities for any period of time, and to delegate to any person, whether member or not of the Board of Directors, the power to grant or revoke general and special powers, and to take any other action required to be completed.
i) To issue and exchange shares when it does not involve changes to the capital stock in accordance with the provisions of Article Five.
j) The non-delegable power to resolve the purchasing of shares representing the capital stock of the corporation, through the stock exchange, at the current market price, chargeable to stockholders' equity and, the capital stock, if applicable; and its later offering among the investing public.
k) The non-delegable power of the Board to approve transactions outside the ordinary course of business and intended to be executed by the corporation and its shareholders with persons who are members of the corporation's management, or with whom said persons have equity ties, or if applicable, blood ties or ties to the second degree, the spouse or common law spouse, and those transactions representing more than one percent of corporate assets; the purchase or sale of five percent or more of assets and the granting of guarantees in amounts exceeding five percent of assets.
l) After having first received an opinion from the Audit and Corporate Practices Committees, to decide on and approve those transactions that the corporation or its subsidiaries wish to execute with related parties or that compromise the corporation's estate.
m) To appoint among its members or alternates the members for the Audit and Corporate Practices Committees, provided that said Committees may act as one if they comply with the provisions of Articles forty-one (41), forty-two (42) and forty-three (43) of the Securities Market Law.
n) All others conferred by the Mexican laws and these bylaws that are not expressly reserved to the shareholders.

o) Create other Committees, internal or external, that are required for the effective performance of its obligations, and determine its integration and operation.

ELEVEN.

1. The members of the Board of Directors shall be appointed as set forth in Article Nine and shall hold office for the time period determined by the meeting, until such time as replacements have been elected and take office. Notwithstanding, a duly called shareholders' meeting may revoke the appointment of one or more Directors.

The Board of Directors may appoint provisional directors pursuant to and for the purposes set forth in Article twenty-four (24) of the Securities Market Law.

2. Unless otherwise required by the general ordinary shareholders' meeting, members of the Board of Directors are not required to guarantee any liability that could be incurred in the performance of their duties.

3. Directors shall be appointed with the majority vote of the shares entitled to vote at the general ordinary shareholders' meeting.

4. The minority shareholders representing at least ten percent (10%) of the capital stock, represented by shares subscribed by the corporation, shall be entitled to:

a) Appoint and remove a member of the Board of Directors. Such appointment may only be revoked when the other members of the Board of Directors are also removed, in which case, removed members shall not be appointed as such for a period of 12 months immediately following the date of removal.

b) Request the Chairman of the Board of Directors or the Chairman of the Audit and Corporate Practices Committees, at any time, to call for a general shareholders' meeting.

5. If upon holding elections of Directors as set forth in paragraph three of this Article, a minority shareholder or group of minority shareholders exercise the right granted by paragraph four above to appoint a director and its alternate for a fiscal year or a portion thereof, at any shareholders' meeting, said minority shareholder or group of minority shareholders may not vote during the appointment of the remaining directors for the same fiscal year or portion thereof.

TWELVE.

1. Meetings of the Board of Director shall be held at the corporate domicile, in the branch offices or agencies that have been established anywhere within the United Mexican States or abroad as determined by the Board. Meetings may also be held in person or with access through electronic or telecommunications means.

Resolutions taken in lieu of a board meeting, unanimously, shall be as valid as if taken by a meeting of the Board. In this case, resolutions may be taken regardless of the location of each Board member, or the means used for communication. Said resolutions shall be confirmed in writing, entered in the Board meeting's minutes' book and duly signed by the chairman and secretary or alternate secretary.

2. Meetings of the Board of Directors may be held at any time whenever called by the chairman, the secretary, the alternate secretary, the Audit and Corporate Practices Committees or twenty-five percent (25%) of the directors, in writing or otherwise, at least three (3) calendar days prior to the meeting, specifying the time, date, place and Agenda.

The Board of Directors shall meet at least four times each year.

3. Board members may waive in writing the need for a call to a meeting. If a director is present, it shall be deemed it has waived the call. No prior call is required for meetings included in the schedule approved by the Board. For other cases, any call made three (3) calendar days prior to the meeting shall suffice.

4. Except for cases outlined below in this same paragraph regarding the existence of quorum for any Board of Directors' meeting, attendance of at least half plus one directors or alternates is required. Resolutions on all

matters reserved for the Board and listed on the Agenda shall be approved with the affirmative vote of at least half plus one of directors or alternates. To deal with and validly adopt resolutions on any of the matters listed below, the attendance of the chairman of the Board of Directors and at least half of the directors or alternate directors is required. Resolutions shall be adopted with the affirmative vote of the chairman of the Board of Directors and at least half of the directors or alternate directors. These matters are:

a) Any purchase or acquisition, through any means, sale or disposal of any title to property of the fixed assets of corporation or any permanent investment exceeding twenty-five percent of stockholders' equity pursuant to the most recent financial statements approved by the shareholders.

b) Incur debts maturing beyond twelve months and in an amount exceeding twenty-five percent of the stockholders' equity pursuant to the most recent document of financial information approved by the shareholders.

c) Grant bonds, pledges, mortgages and other guaranties of any kind in excess of twenty-five percent (25%) of the stockholders' equity pursuant to the most recent financial statements approved by the shareholders.

d) The appointment or removal of the Chairman of the Board of Directors and the Chief Executive Officer of the corporation, as well as the granting or revoking of their respective powers, in which case, neither the attendance nor the vote of the active chairman shall be required.

5. Minutes shall be drafted of any meetings of the Board of Directors. Said minutes shall be recorded in the Minutes book and signed by the Chairman and Secretary or Alternate Secretary of the Board.

6. For the provision of their services, directors shall receive the compensation set by the general shareholders' meeting, in addition to any travel expenses incurred in conducting the operations of the corporation, as well as those incurred for traveling to and from the place where the meeting is held.

The persons that have an employee relation with the Permanent Shareholder and its subsidiaries, including this corporation, that occupy a position of director, alternate director, secretary or alternate secretary, shall have no right to receive emoluments for its services, but only to the reimbursement of their traveling expenses.

7. Board members are in responsible for the resolutions adopted with respect to the matters referred to in section k) of Article Ten above, with the exception of the provisions of Article one hundred and fifty-nine (159) of the General Corporations Law and the events listed in Articles forty (40) of the Securities Market Law.

8. Members of the Board of Directors and the Chief Executive Officer shall meet the duties of care and loyalty as set forth in Articles thirty (30), thirty-one (31), thirty-two (32), thirty-four (34), and thirty-five (35) of the Securities Market Law, and shall refrain from engaging in conducts that may be deemed illicit deeds or actions pursuant to Article thirty-six (36) of the Securities Market Law.

9. The corporation shall indemnify and hold harmless the members of the Board of Directors with respect to any liability incurred to third parties in the performance of their duties and it shall pay the amount of said indemnification for any damages caused to third parties, the corporation or the entities it controls or in which it has significant influence, except with respect to acts that are intentionally malicious, in bad faith or illegal. In addition, the corporation may take out in favor of the members of the Board of Directors insurance, bonds or guaranties covering the amount of the indemnification for any damages caused in the performance of their duties to the corporation or the entities it controls or in which it has significant influence, except with respect to acts that are intentionally malicious, in bad faith or illegal.

CHAPTER FIVE
OFFICIALS AND PERMANENT SHAREHOLDER

THIRTEEN. Once the Board of Directors is duly formed, in its first meeting, it shall appoint among its members a Chairman. Also, a secretary and an alternate secretary may be appointed, none of which are required to be a Board member.

FOURTEEN.- The duties and obligations for the Chairman of the Board are:

I. Preside over general shareholders' meetings and comply with its resolutions when no special executor is appointed.

II. Call for Board of Director meetings, preside over meetings and comply with its resolutions when no special executor is appointed.

III. Sign the minutes of shareholders' and Board meetings presided over by him, as well as the copies of said documents when issued upon request of the interested parties.

IV. Supervise the strict compliance with these bylaws, the interior regulations of the corporation and any agreements approved by the Board and the Committees.

V. Submit to the Shareholders on an annual basis a detailed report on the state of affairs of the corporation.

VI. Any others granted or imposed by the Board of Directors.

FIFTEEN. The corporation is a subsidiary of, and is controlled by, the Permanent Shareholder, who has expressed to the corporation its intention to become the owner of at least the majority of the voting shares and the capital stock of the corporation. The Audit and Corporate Practices Committee, solely comprised of independent directors, has determined that it is in the best interests of the corporation and its shareholders, without any distinction, to become a member of the business group lead by the Permanent Shareholder. Therefore, the corporation, after obtaining the favorable opinion of its Audit and Corporate Practices Committee and that of its Board of Directors, in both cases solely through the directors that are independent, may adopt policies and procedures with respect to the consistency, reporting, information, compliance, regulation, organization and other that are consistent with those adopted by the Permanent Shareholder, provided that said policies and procedures are consistent with and do not contravene Mexican law.

SIXTEEN.- The powers and duties of the secretary and alternate secretary of the Board of Directors are:

1. To act as such at the Shareholders' and Board meetings, and to draft any minutes thereof and sign them together with the Chairman of the Board.
2. To keep the Shareholders' and Board meetings' minutes books, as well as the Shareholders' and Capital Variations Registry Books.
3. To issue, upon request, copies of the minutes recorded in said books, and documentation relating to the corporation, as well as to sign certificates and communications in compliance with the law applicable to publicly-traded corporations (sociedades anónimas bursátiles).
4. Formalize any resolutions adopted by the Board of Directors and Shareholders' meetings, and those resolutions that under the applicable law are required to be formalized.

SEVENTEEN. The Board of Directors may freely appoint and remove the Chief Executive Officer and other senior executive officers, who may or may not be shareholders, and who shall have the obligations, powers and compensation allocated by the Board of Directors and those stated by Law; and shall secure the performance of their duties in the same manner as the directors. The powers granted to said Chief Executive Officer as well as to any other official employed by the corporation or its subsidiaries shall always require the prior approval by the Board with respect to the matters listed in Article Twelve, paragraph four hereof. The positions of directors and Chief Executive Officer shall be compatible and may be held by the same person, in which case the aforementioned guarantee shall only be provided once.

The Chief Executive Officer shall perform the duties of management, administrative and execution of the business of the corporation and the legal entities controlled by the corporation, as well as those activities described in Articles forty-four (44), forty-five (45), forty-six (46) and those applicable under the Securities Market Law.

EIGHTEEN. The Chief Executive Officer, or in his absence, the Board, may freely appoint and remove one or more managers, assistant managers and agents of the corporation, and who may or may not be shareholders, and may designate their powers, duties and compensation, with clear indication given of the scope of their rights and duties to be exercised and performed in the businesses and locations determined by the Board.

CHAPTER SIX
SURVEILLANCE OF THE CORPORATION

NINETEEN. Surveillance of the corporation shall be the responsibility of the Board of Directors, through the Audit and Corporate Practices Committees, which shall consist of at least three independent directors. The person conducting the external audit of the corporation shall also perform the surveillance activities. The members of the Audit and Corporate Practices Committees shall be annually appointed by the Board of Directors and shall perform the duties set forth in Articles forty-two (42) and forty-three (43) of the Securities Market Law and shall hold their positions for one year or until replacements have been appointed and take office.

CHAPTER SEVEN
PROFITS AND RESERVE FUND

TWENTY. At the close of each fiscal year, the financial statements of the corporation and its subsidiaries shall be prepared, on a consolidated basis, based on the principles set forth in the Securities Market Law and the general provisions derived therefrom, pursuant to the accounting principles issued or acknowledged by the National Banking and Securities Commission and pursuant to the provisions of Article one hundred four (104) of the Securities Market Law. Said financial statements shall be completed within three months following the close of the fiscal year and shall be submitted to the general shareholders' meeting for approval. The following distribution shall be made of the net profits resulting from the financial statements approved by the shareholders' meeting:

a) At least five percent is to be set aside to establish the reserve fund in accordance with the provisions of Article twenty (20) of the General Corporations Law, until said fund amounts to twenty percent (20%) of the historic capital stock. Said amounts are also to be used to create any other funds approved by the general meeting, including, without limitation, a fund for the repurchase of shares.

b) The remaining profits shall be used as agreed by the general ordinary shareholders' meeting. As instructed by the shareholders' meeting, the Board of Directors may pay at any time dividends on profits earned pursuant to financial statements approved by the shareholders. Any dividends declared and not collected by the shareholders within a period of five (5) years shall be deemed waived in favor of the corporation.

c) When so agreed by the general extraordinary shareholders' meeting, the corporation may proceed to redeem shares with distributable income pursuant to the rules set forth in the General Corporations Law.

CHAPTER EIGHT

DISSOLUTION AND LIQUIDATION

TWENTY-ONE. The corporation shall be dissolved upon expiration of the term referred to in Article Four, unless said term is extended prior to its expiration by agreement of the general extraordinary shareholders' meeting or prior to said expiration for any of the reasons outlined in Article two hundred and twenty-nine (229) of the General Corporations Law.

TWENTY-TWO. Upon completion of the dissolution process of the corporation by the shareholders' meeting, one or two liquidators shall be appointed, who shall proceed to liquidate the corporation and distribute any proceeds among the shareholders in the direct proportion to the number of shares held by each shareholder. Said liquidators shall be granted full powers to liquidate the corporation and may, therefore, collect any amounts due to the corporation and pay any amounts owed by it. Also, liquidators shall initiate any suits and proceedings and pursue them to completion with full powers pursuant to Articles two thousand five hundred and fifty-four (2554) and two thousand five hundred and eighty-seven (2587) of the Civil Code for the Federal District. Liquidators are also authorized to cancel mortgages and other liens; settle disputes and sell properties or securities of any nature. With regards to any powers and obligations not specifically set forth in these bylaws, liquidators shall have those conferred by Articles two hundred and forty-two (242) and others in accordance with the General Corporations Law.

TWENTY-THREE. Shareholders shall be responsible for the corporation losses only to the extent of the value of their respective subscribed and unpaid shares.

TWENTY-FOUR. Founding partners as such do not reserve any special interest in the profits.

CHAPTER NINE
GENERAL PROVISIONS

TWENTY-FIVE. Any foreigner who upon the incorporation or at a later time acquires any interests or shares in the corporation shall, therefor, be deemed a Mexican national with respect to said interests or shares and it shall be understood that said foreigner agrees not to claim the protection of his government, under penalty, in case of failure to comply with this agreement, of forfeiting such interests or shares to the Mexican nation.

TWENTY-SIX. Fiscal years for the corporation shall run from January first through December thirty-first of each year.

TWENTY-SEVEN. For the purpose of canceling registration of the shares with the Registry, pursuant to the terms of Article one hundred eight (108), section II of the Securities Market Law, the corporation shall be exempted from making the public offering provided for in said legal provision; provided that the corporation proves to the National Banking and Securities Commission that the shareholders, representing at least ninety-five percent (95%) of the capital stock of the corporation, have given their consent by agreement of the meeting that the amount for the shares to be offered to the investing public is less than three hundred thousand (300,000) investment units and creates a the trust referred to in the last paragraph of section II of said Article one hundred eight (108) and notifies the cancellation and creation of the trust through the means provided in the Securities Markey Law.

TWENTY-EIGHT. The provisions of the Securities Market Law and the General Corporations Law shall apply to any matters not expressly provided for in these bylaws.

TWENTY-NINE. Any interpretation of any of the provisions of these bylaws shall be made pursuant to the laws applicable in the United Mexican States, including the provisions of the Securities Market Law, the general provisions issued by the National Banking and Securities Commission, the General Corporations Law and the other sources referred to in Article five (5) of the Securities Market Law. In case of interpretation or any dispute thereof, the federal courts sitting in the corporate domicile of the corporation shall be competent.

Additional information Administrators and shareholders

This element does not apply to **WALMEX**.

[429000-N] Mercado de capitales

Shareholding structure:

Walmart de México y Centroamérica stock trades in the Mexican Stock Exchange under the **WALMEX** ticker symbol.

Stock structure
As of December 31, 2022
Millions of Shares

Series		Number of Shares	%
Single	Free subscription, with voting rights	17,461	100

The company has a sponsored ADR program on its single series shares. The depositary bank is The Bank of New York.

Behavior of the share:

Relevant Stock Indicators

	2018	2019	2020	2021	2022
Maximum Price	57.86	59.04	60.10	78.78	81.92
Minimum Price	44.00	47.76	50.32	57.22	65.84
Closing Price	49.97	54.18	55.98	76.09	68.59
Volume (millions)	3,866.60	3,642.20	4,349.80	3,615.70	3,612.90

Relevant Stock Indicators 2022

	QUARTER			
	1ST	2ND	3RD	4TH
Maximum Price	81.92	80.82	76.18	78.89
Minimum Price	69.40	66.13	65.84	68.59

Closing Price	81.92	69.33	70.83	68.59
Volume (millions)	976.0	976.8	803.0	857.1

Relevant Stock Indicators 2021

	QUARTER			
	1ST	2ND	3RD	4TH
Maximum Price	69.95	66.86	73.30	78.78
Minimum Price	57.22	61.75	62.91	67.38
Closing Price	64.47	65.07	70.13	76.09
Volume (millions)	1,061.3	817.1	831.3	906.0

Relevant stock indicators (october 2022 - march 2023)

	OCT	NOV	DIC	ENE	FEB	MAR
Maximum Price	76.97	78.89	74.94	75.96	74.95	74.34
Minimum Price	70.93	71.32	68.59	69.19	70.23	71.08
Closing Price	76.53	76.72	68.59	73.76	72.01	72.03
Volume (millions)	298.82	308.23	251.89	230.54	227.52	294.38

Name of each market maker

This element does not apply to **WALMEX**.

Identification of the values

This element does not apply to **WALMEX**.

Effective beginning, extension or renewal

This element does not apply to **WALMEX**.

Description of the services provided

This element does not apply to **WALMEX**.

Overview of the impact of the performance

This element does not apply to **WALMEX**.

Walmart
México y Centroamérica

PEOPLE IN CHARGE

"The undersigned hereby solemnly swear that, in the performance of our respective duties, we prepared the information relative to the issuer contained in the annual report herein and to the best of our knowledge said information reasonably reflects the situation of the aforementioned issuer. In addition, we hereby swear that we have no knowledge of the omission or falsification of material information contained in said annual report or that it contains any information that could mislead the investors and cause them to make erroneous judgments."

(Signed)

Guilherme Loureiro
President and Chief Executive Officer

(Signed)

Paulo Garcia
Senior Vice President and Chief Financial Officer

(Signed)

Alberto Sepúlveda
Vice President Legal and Corporate Affairs

Mexico City, April 28, 2023

Mexico City, April 28, 2023

Statement by the external Auditor

Exclusively for the purposes of the information related to the financial statements audited in accordance with number 3 of subsection a) of section I of article 33 of the General Provisions applicable to securities issuers and other participants in the stock market, as well like any other financial information included in the annual report of Wal-Mart de México, S.A.B. de C.V., whose source comes from the audited consolidated financial statements:

The undersigned states, under protest of truth, that the consolidated financial statements contained in this annual report of Wal-Mart de México, S.A.B. de C.V. for the year ended December 31, 2022, were issued on February 15, 2023, in accordance with the International Auditing Standards.

Likewise, it states that it has read this annual report and based on its reading and within the scope of the audit work carried out, it is not aware of relevant errors or inconsistencies in the information included and whose source comes from the stated audited consolidated financial statements in the preceding paragraph, nor of information that has been omitted or falsified in this annual report or that it contains information that could mislead investors.

However, the undersigned was not hired, and did not carry out additional procedures in order to express his opinion with respect to the other information contained in the annual report that does not come from the consolidated financial statements ruled by him.

Attentively,
Mancera, S.C.
A member of Ernst & Young Global Limited

(Signed)

C.P.C. José Refugio Vázquez González

Mexico City, April 28, 2023

Statement by the external Auditor

Exclusively for the purposes of the information related to the financial statements audited in accordance with number 3 of subsection a) of section I of article 33 of the General Provisions applicable to securities issuers and other participants in the stock market, as well like any other financial information included in the annual report of Wal-Mart de México, S.A.B. de C.V., whose source comes from the audited consolidated financial statements:

The undersigned states, under protest of truth, that the consolidated financial statements contained in this annual report of Wal-Mart de México, S.A.B. de C.V. for the years ended December 31, 2021 and 2020, they were issued on February 16, 2022 and February 17, 2021, in accordance with the International Auditing Standards.

Likewise, it states that it has read this annual report and based on its reading and within the scope of the audit work carried out, it is not aware of relevant errors or inconsistencies in the information included and whose source comes from the stated audited consolidated financial statements in the preceding paragraph, nor of information that has been omitted or falsified in this annual report or that it contains information that could mislead investors.

However, the undersigned was not hired, and did not carry out additional procedures in order to express his opinion with respect to the other information contained in the annual report that does not come from the consolidated financial statements ruled by him.

Attentively,
Mancera, S.C.
A member of Ernst & Young Global Limited

(Signed)

C.P.C. Carlos Carrillo Contreras

[432000-N] Anexos

Financial Statements (Audited):

Nombre y cargo de personas responsables (PDF)

PEOPLE IN CHARGE

"The undersigned hereby solemnly swear that, in the performance of our respective duties, we prepared the information relative to the issuer contained in the annual report herein and to the best of our knowledge said information reasonably reflects the situation of the aforementioned issuer. In addition, we hereby swear that we have no knowledge of the omission or falsification of material information contained in said annual report or that it contains any information that could mislead the investors and cause them to make erroneous judgments."

(Signed)

Guilherme Loureiro
President and Chief Executive Officer

(Signed)

Paulo Garcia
Senior Vice President and Chief Financial Officer

(Signed)

Alberto Sepúlveda
Vice President Legal and Corporate Affairs

Mexico City, April 28, 2023

Mexico City, April 28, 2023

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Attentively,
Mancera, S.C.
A member of Ernst & Young Global Limited

(Signed)

C.P.C. José Refugio Vázquez González

Mexico City, April 28, 2023

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Likewise, it states that it has read this annual report and based on its reading and within the scope of the audit work carried out, it is not aware of relevant errors or inconsistencies in the information included and whose source comes from the stated audited consolidated financial statements in the preceding paragraph, nor of information that has been omitted or falsified in this annual report or that it contains information that could mislead investors.

However, the undersigned was not hired, and did not carry out additional procedures in order to express his opinion with respect to the other information contained in the annual report that does not come from the consolidated financial statements ruled by him.

Attentively,
Mancera, S.C.
A member of Ernst & Young Global Limited

(Signed)

C.P.C. Carlos Carrillo Contreras

Estados financieros (Dictaminados) por los últimos tres ejercicios y opiniones del comité de auditoría o informes del comisario por los últimos tres ejercicios

Report of Independent Auditors

TO THE SHAREHOLDERS OF WAL-MART DE MÉXICO, S.A.B. DE C.V.

OPINION

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries (hereinafter "the Company"), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries as of December 31, 2022, and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR AUDIT OPINION

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent from Wal-Mart de México, S.A.B. de C.V. within the meaning of the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the consolidated financial statements in Mexico established by the Code of Ethics of the Mexican Institute of Public Accountants (IMCP, Spanish acronym) and have fulfilled our other responsibilities under those relevant ethical requirements and the Code of Ethics of the IESBA.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

IMPAIRMENT ASSESSMENT OF PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND INTANGIBLES

Description and why it was considered a key audit matter

We have considered as a key audit matter the impairment analysis of property and equipment, right of use assets, investment properties and intangibles, because the determination of the recovery value is complex, it involves a high degree of judgment from the Company's management and requires significant judgments and assumptions to be made that are affected by future conditions, such as profitability and economic conditions, discount rates, operating margins, the weighted average cost of capital, capitalization rate and others, which are sensitive and are affected by economic changes and market conditions, among other factors. Additionally, the calculation of the recoverable value carries the risk that the future cash flows used in its determination differ from expectations, or that the results are different from the originally estimated values. In addition, the balances of long-lived assets subject to the determination of the recovery value for impairment tests are significant as of December 31, 2022.

Notes 3 and 8 to 11 of the accompanying consolidated financial statements include the disclosures on the impairment assessment of property and equipment, right-of-use assets, investment properties and intangibles.

How we responded to the key audit matter

We evaluated the design and tested the effectiveness of significant controls with respect to the impairment analysis process for long-lived assets as of December 31, 2022.

We analyze the assumptions and hypotheses used by the Company's management for the identification and grouping of long-lived assets in each cash-generating unit (CGU).

We evaluated the financial projections of future cash flows used by the Company's management in the impairment analysis of each CGU that we consider within our scope, verifying the information with which said projections were prepared and analyzing their consistency with historical trends and future business plans. We evaluated the composition of the CGUs and the assets subject to impairment analysis assigned within each CGU. We analyzed the key assumptions, considering the sensitivity of those assumptions.

We involved our valuation specialists to assist us in evaluating the reasonableness of the key assumptions and the methodology used by the Company's Management in its impairment analysis according to International Accounting Standard ("IAS") 36, Impairment of assets. We independently recalculated the arithmetic calculations of the valuation models used and analyzed the uniformity of the definition of CGU applied by the Company.

We obtained evidence from the impairment study prepared by the Company's management on its long-lived assets, and we evaluated the competence, technical capabilities and objectivity of the management's external valuation specialist.

We also evaluated the adequacy of the disclosures related to the identification and determination of the recoverable value of property and equipment, right-of-use assets, investment properties and intangibles of the accompanying consolidated financial statements as of December 31, 2022.

OTHER INFORMATION

The other information comprises the financial and non-financial information (other than the financial statements and our audit report) presented in the annual report by the Company submitted to the National Banking and Securities Commission (the Commission) and in the annual report submitted to the shareholders for the year ended as of December 31, 2022. Management is responsible for the other information. We expect to obtain the other information after the date of this auditor's report

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of the other information contained in the Annual Report filed with the Commission and/or in the annual report submitted to the Company's shareholders, we are required to report that fact to those charged with governance and to describe the matter in our statement on the Annual Report required by the Commission.

RESPONSIBILITIES OF MANAGEMENT AND OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is who signs it..

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

José Refugio Vázquez

Mexico City
Febrero 15, 2023

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands of Mexican pesos)

	For the years ended December 31	
	2022	2021
Net sales	**$ 813,060,445**	$ 730,352,316
Other revenues **(Note 19)**	**6,108,990**	5,691,707
Total revenues	**819,169,435**	736,044,023
Cost of sales	**(627,771,101)**	(564,204,300)
Gross profit	**191,398,334**	171,839,723
General expenses **(Note 20)**	**(124,693,340)**	(110,181,077)
Income before other income and expenses	**66,704,994**	61,658,646
Other income	**2,029,722**	2,142,255
Other expenses	**(723,099)**	(893,243)
Operating income	**68,011,617**	62,907,658
Financial income **(Note 21)**	**3,452,199**	2,218,277
Financial expenses **(Note 21)**	**(8,097,257)**	(7,830,287)
Income before income taxes	**63,366,559**	57,295,648
Income taxes **(Note 16)**	**(14,392,375)**	(13,157,576)
Consolidated net income	**$ 48,974,184**	$ 44,138,072

	For the years ended December 31	
	2022	2021
Other comprehensive income items:		
Items that do not reclassify to profit or loss of the year:		
Actuarial results on employee benefits, net of income taxes	**$ (55,862)**	$ 193,834
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustment	**(1,661,135)**	184,327
Other comprehensive income (loss)	**(1,716,997)**	378,161
Comprehensive income	**$ 47,257,187**	$ 44,516,233
Basic earnings per share (in pesos)	**$ 2.805**	$ 2.528

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

	December 31, 2022	December 31, 2021
Assets		
Current Assets:		
Cash and cash equivalents (Note 5)	$ 47,427,191	$ 42,816,535
Accounts receivable, net (Note 6 and 12)	16,719,308	16,827,238
Inventories, net (Note 7)	89,461,735	80,316,969
Prepaid expenses and other assets	924,796	856,849
Total current assets	154,533,030	140,817,591
Non-current assets:		
Property and equipment, net (Note 8)	145,533,306	140,496,598
Right-of-use assets (Note 9)	57,621,419	54,137,508
Investment properties, net (Note 10)	5,480,105	5,583,846
Intangible assets, net (Note 11)	39,218,374	38,758,049
Deferred tax assets (Note 16)	14,103,957	12,374,229
Other non-current assets	2,318,180	2,221,650
Total assets	$ 418,808,371	$ 394,389,471

	December 31, 2022	December 31, 2021
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 98,956,251	$ 96,637,884
Short-term lease liability	3,511,546	3,438,469
Other accounts payable (Note 13)	31,356,053	29,535,182
Income taxes payable	3,861,904	3,096,932
Total current liabilities	137,685,754	132,708,467
Long-term liabilities:		
Leases and other long-term liabilities (Note 15)	69,888,054	65,060,266
Income tax liabilities (Note 16)	6,487,624	8,416,192
Employee benefits (Note 17)	2,278,556	2,322,543
Total liabilities	216,339,988	208,507,468
Equity (Note 18):		
Capital stock	45,468,428	45,468,428
Retained earnings	146,727,023	127,310,877
Other comprehensive income ítems	13,072,532	14,789,529
Premium on sale of shares	5,289,992	4,908,573
Employee stock option plan fund	(8,089,592)	(6,595,404)
Total equity	202,468,383	185,882,003
Total liabilities and equity	$ 418,808,371	$ 394,389,471

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2022 and 2021

(Amounts in thousands of Mexican pesos)

	Capital stock	Retained earnings: Legal Reserve	Retained earnings: Retained earnings	Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Total equity
Balance at December 31, 2020	$ 45,468,428	$ 9,104,745	$ 102,256,801	$ 14,411,368	$ 4,543,745	$ (6,666,394)	$ 169,118,693
Movements in employee stock option plan fund					364,828	70,990	435,818
Dividends declared			(28,188,741)				(28,188,741)
Comprehensive income			44,138,072	378,161			44,516,233
Balance at December 31, 2021	45,468,428	9,104,745	118,206,132	14,789,529	4,908,573	(6,595,404)	185,882,003
Movements in employee stock option plan fund					**381,419**	**(1,494,188)**	**(1,112,769)**
Dividends declared			**(29,558,038)**				**(29,558,038)**
Comprehensive income			**48,974,184**	**(1,716,997)**			**47,257,187**
Balance at December 31, 2022	**$ 45,468,428**	**$ 9,104,745**	**$ 137,622,278**	**$ 13,072,532**	**$ 5,289,992**	**$ (8,089,592)**	**$ 202,468,383**

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

For the years ended December 31	2022	2021
Operating activities		
Income before income taxes	$ 63,366,559	$ 57,295,648
Items related to investing activities:		
Depreciation and amortization	19,359,205	18,305,881
Loss from disposal of property and equipment and impairment	117,761	353,054
Stock option compensation expenses	384,953	354,257
Interest earned	(2,025,182)	(866,112)
Items related to financing activities:		
Interest on lease liabilities	7,049,835	6,478,994
Unrealized, exchange rate fluctuation	(998,965)	(27,773)
Provision of labor obligations	531,774	553,537
Interest accrued	44,053	63,296
Cash flow from operating activities	87,829,993	82,510,782
Variances in:		
Accounts receivable	(155,262)	1,921,818
Inventories	(9,425,547)	(11,906,229)
Prepaid expenses and other assets	82,478	(224,786)
Accounts payable	(432,441)	4,221,167
Other accounts payable	3,268,202	2,905,551
Income tax paid	(16,122,086)	(13,959,161)
Employee benefits	(575,914)	(587,547)
Net cash flow from operating activities	$ 64,469,423	$ 64,881,595

For the years ended December 31	2022	2021
Investing activities		
Long-lived assets with defined useful lives	$ (21,303,739)	$ (20,466,364)
Interest collected	2,025,182	866,112
Proceeds from sale of property and equipment	459,402	388,548
Employee stock option plan fund	(1,497,722)	81,561
Net cash flow used in investing activities	(20,316,877)	(19,130,143)
Financing activities		
Dividends paid	(29,558,038)	(28,188,741)
Interest paid	(44,053)	(63,296)
Payment of leases liability	(10,039,198)	(9,243,975)
Net cash flow used in investing activities	(39,641,289)	(37,496,012)
Effect of changes in the value of cash	99,399	(1,109,265)
Net increase (decrease) in cash and cash equivalents	4,610,656	7,146,175
Cash and cash equivalents at beginning of year	42,816,535	35,670,360
Cash and cash equivalents at end of year	$ 47,427,191	$ 42,816,535
Non-cash transactions:		
Additions of right of use assets	$ 2,591,724	$ 2,515,770
Right of use assets remeasurements	$ 5,920,509	$ 5,412,193

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

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2022 and 2021

(Amounts in thousands of Mexican pesos, except where otherwise indicated)

1. DESCRIPTION OF THE BUSINESS

Wal-Mart de Mexico, S.A.B. de C.V. (**WALMEX**, "the Company" or "the Group") is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Santa Cruz Acayucan, 02770, in Mexico City. The principal shareholder of **WALMEX** is Walmart, Inc., a U.S. Corporation, through Intersalt, S. de R.L. de C.V., a Mexican company that holds equity interest of 70.51% in the Company.

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

Group	Line of business
Nueva Walmart	Operation in 2022 of 2,292 Bodega Aurrerá discount stores, 303 Walmart hipermarkets, 101 Walmart Express supermarkets and 167 Sam's Club memberships self-service wholesale stores.
Import companies	Import of goods for resale.
Real estate	Property developments and management of real estate companies.
Service companies	Not-for-profit services to the community at large, as well as shareholding.
Walmart Central America	Operation in 2022 of 583 discount stores (Despensa Familiar and Palí), 98 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 165 Bodegas (Maxi Bodega and Maxi Palí); and 36 Walmart hypermarkets. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

2. NEW ACCOUNTING PRONOUNCEMENTS

The Company applied for the first-time certain International Financial Reporting Standards ("IFRS") and amendments, which are effective for annual periods beginning on or after January 1, 2022 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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.

This amendment had no impact on the Company's consolidated financial statements, since there are no assets, liabilities, or contingent liabilities within the scope of the amendment.

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.

This amendment had no impact on the Company's consolidated financial statements, since there are not this kind of transactions.

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.

This amendment had no impact on the Company's consolidated financial statements, since there are not this kind of transactions.

IFRS annual improvements 2018-2020 issued in 2020 and entered into force in 2022

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

The IASB issued an amendment to IFRS 1. 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.

This amendment had no impact on the Company's consolidated financial statements, since it is not a first-time adopter.

IFRS 9, "*Financial Instruments – Fees in the '10 percent' 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 had not impact on the Company's consolidated financial statements, since there are no financial liabilities with the characteristics that the amendment describes.

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.

The Company's financial statements were not materially impacted by the adoption of this standard.

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.

IAS 12 – *"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*

The amendments to IAS 12 "Income Taxes" require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The amendment is effective for annual periods beginning on or after January 1, 2023, and early adoption is permitted. The Company is currently assessing the impact the amendments will have on current practice.

Amendments to IAS 8, *Accounting policies, changes in accounting and errors estimations – Definition of accounting estimate"*

On February 2021, IASB issued amendments to IAS 8 that introduce a new definition of "accounting estimate". The change that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they are not the result of correcting an error from prior periods. The previous definition of a change in accounting estimate specified that changes in accounting estimates may be the result of new information; therefore, such changes are not bug fixes. The IASB retained this consideration in the definition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company's Management is currently evaluating the impact that the amendments will have.

IAS 1, *"Presentation of financial statements"*

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements", which provide guidance and examples to help entities when applying materiality judgments to accounting policy disclosures. The IASB also issued amendments to the IFRS 2 Practice Statement to support the amendments in IAS 1 by explaining and exemplifying the application of the "four-step process" to accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023, and early application is allowed if this fact is disclosed. Because the amendments to the IFRS 2 Practice Statement provide non-mandatory guidance on applying the definition of materiality to accounting information, the IASB concluded that transition requirements and an effective date for these amendments were not necessary.

These amendments are not expected to have a material impact on the Company's consolidated financial statements.

Amendments to IFRS 16, *Lease liability in a sale and leaseback transaction*

This amendment requires a lessee-seller to subsequently measure the liabilities for a lease that arises from a sale and leaseback transaction so that it does not recognize any amount of profit or loss related to the right of use that retains.

The new requirements introduced by the amendment do not prevent a lessee-seller from recognizing in income any profit or loss related to the partial or total termination of a lease.

Although it had previously been proposed that a lessee-seller initially measures the right-of-use asset and lease liability arising from a return lease using the present value of expected lease payments at the inception date, the final amendments do not eliminate specific measurement requirements for lease liabilities that arise from a return lease.

This amendment will be effective for annual periods beginning on or after January 1, 2024, and early adoption of this amendment is permitted. It is estimated that this amendment will not have a significant impact on the Company's consolidated financial statements.

3. INFORMATION OF MATERIAL ACCOUNTING POLICIES

A summary of the material accounting policies is described below. These policies have been applied consistently with those applied in the year ended December 31, 2021.

a) Basis of preparation

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).

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 as part of other comprehensive income items.

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

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 accounts receivable, 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; determination of the recoverable value involving significant judgments such as future cash flows, the discount rate and the interest rate; 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 fair value of derivative financial instruments and investment properties.

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 each period. The Mexican peso is the Company´s functional and Reporting currency.

b) Consolidation

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.

The Company consolidates in its financial statements the balances and operations of the investee Cargill Protein S. de R.L. de C.V. and Cargill Protein Servicios S. de R.L. de C.V., merged into Cargill Protein S. de R.L. de C.V. in 2021, 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 year considers a remaining attributable to the results of the investees of $63,541 in 2022 and $(66,136) in 2021; and the statement of financial position as of December 31, 2022 and 2021, contains a remaining attributable to the minority interest of the investees of $(54,735) and $(118,276), respectively.

c) Financial assets and liabilities and fair value measurement

The Company determines the classification of financial assets and liabilities at initial recognition as described below:

I. Financial assets. These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, accounts receivable and 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, capable of participating in the transaction.

II. Financial liabilities. These liabilities are classified in accounts payable, other accounts payable and lease liabilities; 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.

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.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position if there is currently a legally enforceable right to offset the recognized amounts and there is an intention to settle them for the net amount, or to realize the assets and settle liabilities simultaneously.

d) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits, credit and debit card transfer transactions that process in less than 7 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.

e) Derivative financial instruments

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.

f) Accounts receivable and provision for impairment of other accounts receivable

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.

g) Inventories

Inventories are valued using the retail method, except for merchandise for Sam's Clubs, 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.

h) Prepaid expenses

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.

i) Property and equipment

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

Depreciation of property and equipment is computed by the 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%

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 them to property and the depreciation begins.

j) Investment properties

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. After initial recognition, they continue to be valued at cost less depreciation and accumulated losses due to impairment.

Depreciation of investment properties is computed on a straight-line basis 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%

k) Leases

The Company assesses whether a contract is or contains a lease at inception date of the contract. This assessment involves the exercises of judgement about whether it implies the use of a specific asset, or if 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 asset.

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 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 incremental interest rate of **WALMEX**.

After initial recognition, 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

The Company obtains rental income from investment properties. Fixed and variable rental income is recognized when accrued and such revenue is presented as a part of other revenues line within the consolidated statement of comprehensive income.

l) Impairment of long term definite useful life assets

The long-term definite 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 5 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.

m) Intangible assets

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%.

n) Goodwill

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.

o) Liabilities and provisions

Accrued liabilities represent current obligations (legal or assumed) for past events where outflow of economic resources is possible and can be reasonably estimated. 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.

p) Income taxes

Current and deferred income

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.

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.

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.

q) Employee benefits

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 15 years of seniority. The amount paid to the associate is equivalent to 12 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 as they accrue directly in the consolidated statement of comprehensive income, and in the statement of changes in equity.

r) Equity

Legal reserve:

As of December 31, 2022, 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.

Dividends:

The Company recognizes 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 the stockholders' equity directly.

Employee stock option plan fund and stock option compensation:

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 Grants stock options and the second one Grants 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 three years in third equal parts. 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 after the first year after the grant, which may cause the original allocation to decrease or increase within a range of 0% up to 213%.

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 10 years as of the grant date or 60 days after the employee's termination date; and in regards of the restricted shares plan, until March 23, 2021, the amount was subject to compliance with certain metrics that were evaluated after the first year, and that could cause the original allocation to be modified, in a range from 0% to 150%.

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.

s) Revenue recognition

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 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.

t) Basic earnings per-share

Basic earnings per share is the result of dividing the net income of the year attributable to the controlling interest 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 remaining attributable to the results of the investees in 2022 and 2021 is of $0.004 pesos per share in both years.

u) Operating segments

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.

v) Foreign currency transactions

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.

4. RISK MANAGEMENT

a) General risk factors

The Company is exposed to facts or events that could affect the purchasing power and/or buying habits of the population. These facts or 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. Likewise, the new activities carried out by the Company that it did not carry out before - BAiT, Connect, Cashi, to mention a few - face very strong competition from participants that have a greater participation than the Company in those market segments.

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 and in the prices of the goods and services supplied by the Company. Although the Company always seeks to keep costs low in order to offer low prices, there are circumstances in which it is not possible to defer price increases, even though the Company always seeks to do so.

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 and other regulatory authorities has increased considerably.

V. Recent developments. The COVID-19 pandemic has resulted in widespread and ongoing impacts on the local and international economy, on our associates, suppliers, customers, and other individuals and entities with whom we do business. Although it seems that the most severe effects of the pandemic are over and the vaccination campaigns have significantly reduced the risk of having to implement measures that affect economic activity again, the secondary effects will continue in many areas and will continue to be a risk . In addition, the increase in violence has caused temporary closures of Company stores, clubs and distribution centers and, in some cases, our facilities have been looted. In all these cases, the Company's policy is always to safeguard the integrity of people -associates, customers, partners or suppliers- and seek to reopen its units as soon as possible to help build confidence in the corresponding location. However, these acts of violence have caused temporary closures and loss of sales, which have not been substantial but could be if they become widespread or of longer duration.

In addition to the above, international events involving Ukraine, together with the effects of the pandemic, have caused disruptions in the markets, prices of many products and in the international supply logistics chain. These risks and their impacts are difficult to predict and could adversely affect our operations and our financial performance.

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

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").

As of December 31, 2022, the exchange rate used to translate assets and liabilities denominated in US dollars was $19.50 per dollar ($20.46 in 2021).

Considering the net monetary position in dollars at December 31, 2022, 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 $255,159.

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.

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 "Information of material accounting policies – Financial assets and liabilities and fair value measurement").

As of December 31, 2022 and 2021, the Company has Fx-forward contracts with a term of no more than four months, recorded in other accounts payable, which are shown below:

		2022		2021
Current contracts		271		284
Notional amount (millions of USD)	US$	177	US$	192.31
Notional amount (millions of Mexican Pesos)	MXN$	3,517.82	MXN$	4,069.20
Fair value, net (millions of pesos)	MXN$	(29.740)	MXN$	(106.25)

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.

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 2022 between 1.23% y 9.94%. As of December 31, 2022 the financial income amounted to $2,025,182 ($866,112 in 2021).

Considering the highly liquid instruments as of December 31, 2022, 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 $129,056.

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 available lines of credit and overdraft with different banks. As of December 31, 2022, the available and unused credit and overdraft lines amounted $52,623 ($51,255 in 2021) million (these include $18,664 ($17,931 in 2021) million corresponding to pre-approved lines of credit and $33,959 ($33,324 in 2021) million to contracted lines of credit) that give, if necessary, additional liquidity to that generated by the operating activities.

5. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents as of December 31, 2022 and 2021, is as follow:

		2022		2021
Cash and cash in bank	$	36,008,176	$	35,127,748
Highly marketable investments		11,419,015		7,688,787
	$	47,427,191	$	42,816,535

As of December 31, 2022, the restricted cash amounted $199,612 ($225,643 in 2021) and it is presented in the consolidated statement of financial position in the other non-current assets item.

6. ACCOUNTS RECEIVABLE

An analysis of accounts receivable as of December 31, 2022 and 2021, is as follows:

	2022	2021
Income tax, VAT, IEPS pending to recover	$ 12,418,965	$ 13,118,127
Vouchers issuers and trade receivables	2,036,744	1,415,900
Other accounts receivable	2,805,813	2,847,115
Allowance for impairment of other receivables [1]	(542,214)	(553,904)
	$ 16,719,308	$ 16,827,238

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

[1] Includes $224 million of allowance for impairment of other receivables corresponding to ATM's services supplier.

7. INVENTORIES

An analysis of inventories as of December 31, 2022 and 2021, is as follows:

	2022	2021
Merchandise for sale	$ 83,883,622	$ 74,466,819
Agro-industrial development	1,435,803	1,315,037
	85,319,425	75,781,856
Merchandise in transit	4,142,310	4,535,113
	$ 89,461,735	$ 80,316,969

As of December 31, 2022 and 2021, the effect of inventory impairment is $1,513,303 y $1,294,599, respectively, which was included in cost of sales in the consolidated comprehensive income statement.

8. PROPERTY AND EQUIPMENT

An analysis of property and equipment as of December 31, 2022 and 2021, is as follows:

	December 31, 2020	Additions	Disposals	Transfers	Translations effect	December 31, 2021	Additions	Disposals	Transfers	Translations effect	December 31, 2022
Cost:											
Land	$ 31,693,080	$ 605,782	$ (106,636)	$ 309,400	$ (22,057)	$ 32,479,569	$ 112,523	$ (105,879)	$ (61,666)	$ (37,608)	$ 32,386,939
Buildings	72,280,298	1,276,226	(503,028)	3,135,993	13,787	76,203,276	1,270,383	(1,310,664)	2,680,526	(261,839)	78,581,682
Facilities and leasehold improvements	52,435,706	244,830	(528,437)	4,065,345	152,415	56,369,859	273,909	(699,060)	5,530,861	(346,161)	61,129,408
Furniture and equipment	73,479,359	3,888,848	(4,405,776)	4,599,689	202,702	77,764,822	4,747,696	(4,274,538)	4,868,126	(596,371)	82,509,735
Subtotal	229,888,443	6,015,686	(5,543,877)	12,110,427	346,847	242,817,526	6,404,511	(6,390,141)	13,017,847	(1,241,979)	254,607,764
Accumulated depreciation:											
Buildings	(34,415,507)	(2,977,245)	319,881	(69,076)	(14,710)	(37,156,657)	(2,996,120)	1,114,985	195,722	109,102	(38,732,968)
Facilities and leasehold improvements	(25,784,216)	(3,046,909)	413,686	(96,907)	(68,655)	(28,583,001)	(3,083,156)	553,720	(270,638)	197,545	(31,185,530)
Furniture and equipment	(39,499,176)	(7,255,124)	4,261,397	8,663	(102,064)	(42,586,304)	(7,726,188)	4,159,797	15,819	348,570	(45,788,306)
Subtotal	(99,698,899)	(13,279,278)	4,994,964	(157,320)	(185,429)	(108,325,962)	(13,805,464)	5,828,502	(59,097)	655,217	(115,706,804)
Construction in progress	4,639,073	13,636,456	(61,598)	(12,194,434)	(14,463)	6,005,034	13,648,144	(10,363)	(13,058,638)	48,169	6,632,346
Total	$ 134,828,617	$ 6,372,864	$ (610,511)	$ (241,327)	$ 146,955	$ 140,496,598	$ 6,247,191	$ (572,002)	$ (99,888)	$ (538,593)	$ 145,533,306

Depreciation expense for the years ended December 31 2022 and 2021, was $13,491,000 y $12,937,408, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income. The depreciation included in cost of sales was $314,464 y $341,870, respectively.

Property and equipment impairment for the years ended December 31, 2022 and 2021, was $49,005 y $159,133, respectively, and is presented in the disposals column.

9. LEASES

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 will exercise 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.

The right of use assets balance is as follows:

	December 31, 2020	Additions	Disposals, Modifications and updates	Transfers	Translations effect	December 31, 2021	**Additions**	**Disposals, Modifications and updates**	**Transfers**	**Translations effect**	**December 31, 2022**
Cost:											
Property	$ 59,099,287	$ 1,876,726	$ 5,194,427	$ (2,541)	$ (156,575)	$ 66,011,324	**$ 2,343,220**	**$ 5,660,844**	**$ 3,026**	**$ (420,492)**	**$ 73,597,922**
Furniture and equipment	2,537,833	639,044	(93,684)	(377,605)	(7,798)	2,697,790	**248,504**	**(289,792)**	**(282,432)**	**(1,737)**	**2,372,333**
Subtotal	61,637,120	2,515,770	5,100,743	(380,146)	(164,373)	68,709,114	**2,591,724**	**5,371,052**	**(279,406)**	**(422,229)**	**75,970,255**
Accumulated depreciation:											
Property	(10,427,946)	(3,630,535)	198,356	-	340,973	(13,519,152)	**(4,042,270)**	**204,112**	**560**	**166,670**	**(17,190,080)**
Furniture and equipment	(889,390)	(493,792)	92,419	215,692	22,617	(1,052,454)	**(540,565)**	**288,551**	**141,957**	**3,755**	**(1,158,756)**
Subtotal	(11,317,336)	(4,124,327)	290,775	215,692	363,590	(14,571,606)	**(4,582,835)**	**492,663**	**142,517**	**170,425**	**(18,348,836)**
Total	$ 50,319,784	$ (1,608,557)	$ 5,391,518	$ (164,454)	$ 199,217	$ 54,137,508	**$ (1,991,111)**	**$ 5,863,715**	**$ (136,889)**	**$ (251,804)**	**$ 57,621,419**

An analysis of the lease liabilities is as follows:

Year	December 31, 2022
2023	$ 9,966,048
2024	9,620,665
2025	9,341,010
2026	9,002,209
2027	8,664,215
2028 and thereafter	111,053,648
Nominal lease payments	157,647,795
Effect on Net present value	(87,809,213)
Lease liabilities - net	$ 69,838,582

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, 2022 and 2021, are as follows:

	2022	2021
Depreciation expense for the right of use assets, by type:		
Property	$ 4,042,270	$ 3,630,535
Equipment	$ 540,565	$ 493,792
Interest on lease liabilities	$ 7,049,835	$ 6,478,994
Expenses related to short-term leases	$ 194,342	$ 181,653
Expenses related to leases of low-value assets	$ 56,045	$ 37,840
Variable lease payments (not included in the measurement of lease liabilities)	$ 4,860,779	$ 3,782,845
Sub lease revenue	$ (1,439,050)	$ (1,225,533)

Amounts recognized in consolidated statement of cash flows as well as non-cash transaction, for the years ended December 31, 2022 and 2021, are as follow:

	2022	2021
Rent payments – principal	$ 2,989,363	$ 2,764,981
Rent payments – interest	$ 7,049,835	$ 6,478,994
Additions of right of use assets	$ 2,591,724	$ 2,515,770
Modifications and updates	$ 5,920,509	$ 5,412,193

10. INVESMENT PROPERTIES

An analysis of investment properties as of December 31, 2022 and 2021 is as follows:

	December 31, 2020	Additions	Disposals	Modifications and updates	Diciembre 31, 2021	Additions	Disposals	Modifications and updates	Transfers	December 31, 2022
Land	$ 2,487,015	$ 78,778	$ 3,818	$ -	$ 2,569,611	$ -	$ -	$ -	$ 103,553	$ 2,673,164
Buildings	6,061,536	-	(625,311)	(20,003)	5,416,222	-	(78,909)	116,933	91,227	5,545,473
Facilities and improvements	1,528,230	-	(392,455)	-	1,135,775	-	(11,101)	-	3,363	1,128,037
Subtotal	10,076,781	78,778	(1,013,948)	(20,003)	9,121,608	-	(90,010)	116,933	198,143	9,346,674
Accumulated depreciation	(3,770,861)	(308,754)	506,904	34,949	(3,537,762)	(285,878)	31,775	-	(74,704)	(3,866,569)
Total	$ 6,305,920	$ (229,976)	$ (507,044)	$ 14,946	$ 5,583,846	$ (285,878)	$ (58,235)	$ 116,933	$ 123,439	$ 5,480,105

Depreciation expense for the years ended December 31,2022 and 2021, was $285,878 y $308,754, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income.

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, 2022 and 2021, 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). On the other hand, the capitalization rates used for the year ended December 31, 2022 and 2021, 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, 2022 and 2021. The estimated fair value of the investment properties as of December 31, 2022 and 2021 is $6,701,368 y $5,911,220, respectively. The Company compares the estimated fair value and the net book value to determine if there are impairment.

11. INTANGIBLE ASSETS

An analysis of intangible assets as of December 31, 2022 and 2021, is as follows:

	December 31, 2020	Additions	Disposals	Transfers	Translations effect and others (1)	December 31, 2021	Additions	Disposals	Transfers	Translations effect	December 31, 2022
Goodwill	$ 34,997,380	$ -	$ -	$ -	$ 769,861	$ 35,767,241	$ -	$ -	$ -	$ (153,537)	$ 35,613,704
Trademarks	871,314	-	(84,934)	-	2,405	788,785	-	-	-	(16,286)	772,499
Licenses and software	4,529,963	735,444	(898,513)	387,232	8,410	4,762,536	1,254,606	(959,543)	123,230	(9,189)	5,171,640
Customer base	215,225	-	(211,838)	-	(3,387)	-	-	-	-	-	-
Subtotal	5,616,502	735,444	(1,195,285)	387,232	7,428	5,551,321	1,254,606	(959,543)	123,230	(25,475)	5,944,139
Accumulated amortization	(3,061,866)	(593,522)	1,096,792	371	(2,288)	(2,560,513)	(685,028)	906,297	(7,989)	7,764	(2,339,469)
Subtotal	2,554,636	141,922	(98,493)	387,603	5,140	2,990,808	569,578	(53,246)	115,241	(17,711)	3,604,670
Total	$ 37,552,016	$ 141,922	$ (98,493)	$ 387,603	$ 775,001	$ 38,758,049	$ 569,578	$ (53,246)	$ 115,241	$ (171,248)	$ 39,218,374

Trademarks represents the trademarks acquired at the time of the acquisition of Walmart Central America, including Pali, Despensa Familiar, Maxi Bodega, among others. Trademarks are translated at the year-end-exchange rate and the corresponding effect is recognized as a component of other comprehensive income.

Licenses, software and customer amortization expense for the years ended December 31, 2022 and 2021, were $685,028 y $593,522, respectively, and is included in the general expenses line of the consolidated statement of comprehensive income.

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, 2022 and 2021.

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 3.3% and 6.1% 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 9.7% to 12.6% determined according to the associated risks for each CGU.

(1) In 2021 the Company corrected an excess of goodwill impairment amount determined in 2012 and 2014, and allocated to Honduras cash generating unit by $574,804, which was recognized in other income item. Such income is not part of the core operations of the Company.

12. RELATED PARTIES

a) Related party balances

As of December 31, 2022 and 2021, the consolidated statement of financial position includes the following balances with related parties:

		2022		2021
Accounts payable:				
C.M.A. – U.S.A., L.L.C.	$	612,659	$	691,981
WMGS Commercial Services Limited		-		223,700
	$	612,659	$	915,681
Other short-term accounts payable:				
Walmart Inc.	$	1,302,994	$	1,160,011
WMGS Commercial Services Limited		134,956		-
Newgrange Platinum Services LTD		21,417		59,949
	$	1,459,367	$	1,219,960
Other long-term accounts payable:				
Walmart, Inc.	$	163,409	$	85,964

Additionally, as of December 31, 2021, the company has other accounts payable with others related parties of $405.

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, 2022 and 2021, 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.
- Commissions for procurement services to WMGS Commercial Services Limited (as from July 1st, 2022) that arepayable on a recurring basis. Until June 2021, Purchase commissions with Swiss Asia Minor GmbH.
- Technical assistance and services with Walmart, Inc. that are payable monthly.
- Administrative and process services with Newgrange Platinum Service, LTD, that are payable monthly.
- Royalties for trademark use and Know-How 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, 2022 and 2021.

		2022		2021
Purchases and commissions related to the import of Good for resale:				
C.M.A. – U.S.A., L.L.C.	$	4,822,933	$	4,369,447
Swiss Asia Minor GmbH		-		72,085
WMGS Commercial Services Limited		887,463		222,341
	$	5,710,396	$	4,663,873
Costs and expenses related to technical assistance, services and royalties:				
Walmart Inc.	$	8,574,148	$	7,295,135
Newgrange Platinum Services LTD		508,630		537,761
	$	9,082,778	$	7,832,896

For the year ended December 31, 2021, the Company made transactions with other related parties of $26,268.

c) Remuneration of principal officers

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2022 and 2021 is as follows:

		2022		2021
Short-term benefits	$	1,806,127	$	1,687,623
Termination benefits		104,512		74,885
Share-based payments		68,353		119,166
	$	1,978,992	$	1,881,674

13. OTHER ACCOUNTS PAYABLE

An analysis of other accounts payable as of December 31, 2022 and 2021, is as follows:

		2022		2021
Accrued liabilities and others [(a)]	$	22,715,812	$	20,972,039
Short - term leases **(Note 9)**		3,511,546		3,438,469
Contingencies **(Note 14)**		1,924,061		2,241,507
Deferred revenues [(b)]		1,557,776		1,492,490
Related parties **(Note 12)**		1,459,367		1,219,960
Dividends		187,491		170,717
	$	31,356,053	$	29,535,182

(a) Accrued liabilities and others includes an effect due to Recent reforms to the Federal Labor Law in Mexico that have changed the provisions applicable to vacations, and now provides that workers with more than one year of service will enjoy an annual period of paid vacation, which in no case may be less than twelve working days and which will increase by two working days, up to twenty, for each subsequent year of service. Although the entry into force of this reform is January 1, 2023, it is concluded that obligation and the corresponding liability is already present at December 31, 2022 with an impact of $263 million.

(b) Includes Sam's club memberships, unredeemed gift cards and deferred income for rentals related to the sale of Vips and Suburbia.

14. COMMITMENTS AND CONTINGENCIES

a) Commitments

As of December 31, 2022, 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
2023	$	28,210,873
2024	$	4,401,323
2025	$	3,558,561
2026	$	2,972,941
2027	$	3,086,685
2028 and thereafter	$	18,184,391

The Company has lease commitments as explained in Note 9.

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 $1,924,061 as of December 31, 2022, ($2,241,507 in 2021) 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.

15. LEASES AND OTHER LONG-TERM LIABILITIES

Leases and other long-term liabilities as of December 31, 2022 and 2021, includes:

	2022	2021
Long – term leases **(Note 9)**	$ **66,327,036**	$ 61,252,909
Deferred rental income	**3,389,703**	3,702,241
Related parties **(Note 12)**	**163,409**	85,964
Others	**7,906**	19,152
	$ **69,888,054**	$ 65,060,266

16. INCOME TAXES

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. On December 31, 2022, companies in Mexico determined and paid their income tax under the general tax law.

An analysis of income taxes charged to the income statement for the years ended December 31, 2022 and 2021, is as follows:

	2022	2021
Current income taxes:		
Mexico	$ **(15,312,910)**	$ (12,056,598)
Central America	**(2,864,242)**	(2,035,475)
Consolidated	**(18,177,152)**	(14,092,073)
Deferred income taxes:		
Mexico	**3,845,902**	514,918
Central America	**(61,125)**	419,579
Consolidated	**3,784,777**	934,497
	$ **(14,392,375)**	$ (13,157,576)

As of December 31, 2022 and 2021, the Company's effective tax rate is 22.7% 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.

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

	Rate
Mexico	**30%**
Costa Rica	**30%**
Guatemala	**25%**
Honduras	**30%**
Nicaragua	**30%**
El Salvador	**30%**

An analysis of the effects of the long term income taxes (assets and liabilities), as of December 31, 2022 and 2021, is as follows:

	2022	2021
Deferred tax assets:		
Other accounts payable	$ **5,762,883**	$ 4,447,485
Leases and other long-term liabilities	**4,949,842**	4,891,049
Inventories	**1,210,472**	1,128,513
Tax losses carryforward froms subsidiaries	**1,153,279**	790,594
Labor obligations	**937,896**	788,563
Provisions for impairment of other receivable	**89,585**	174,169
Other ítems	**-**	153,856
	$ **14,103,957**	$ 12,374,229
Deferred tax liabilities:		
Property and equipment	$ **4,973,607**	$ 6,018,208
Prepaid expenses	**259,237**	254,024
Investment in subsidiaries and other ítems	**136,755**	1,161,739
Deferred income tax	$ **5,369,599**	$ 7,433,971
Long – term income tax	**1,118,025**	982,221
Income taxes	$ **6,487,624**	$ 8,416,192

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

The Company has the following tax losses from subsidiaries that may be carried forward against future taxable income.

Year of expiration	Amount
2027	$ 157,415
2028	978
2029	1,362,913
2030	4,156
2031	668,565
2032	1,650,235
	$ 3,844,262

Changes in the assets and liabilities for long-term income taxes, net as of December 31, 2022 and 2021, is as follows:

	2022	2021
Balance as of beginning of the year	$ 3,958,037	$ 2,705,326
Income tax charged in the year	3,739,259	1,507,077
Excess of previous years	45,518	(572,580)
Other comprehensive income ítems	29,743	(85,795)
Long – term income taxes	(171,149)	382,433
Translation effect	14,925	21,576
Balance as of end of the year	$ 7,616,333	$ 3,958,037

17. EMPLOYEE BENEFITS

As of December 31, 2022 and 2021, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority premiums		Retirement benefits	
	2022	2021	2022	2021
Defined benefit obligations	$ 2,057,057	$ 1,916,026	$ 1,422,429	$ 1,618,477
Plan assets	(1,200,930)	(1,211,960)	-	-
Net projected liability	$ 856,127	$ 704,066	$ 1,422,429	$ 1,618,477

Changes in the net present value of the defined benefit obligations (DBO) as of December 31, 2022 and 2021, are shown below:

	Seniority premiums		Retirement benefits	
	2022	2021	2022	2021
DBO at beginning of year	$ 1,916,026	$ 1,844,268	$ 1,618,477	$ 1,787,649
Net period cost charged to results:				
Labor cost from actual services	214,600	215,814	169,696	181,970
Interest cost on DBO	156,829	129,066	100,414	109,430
Other comprehensive income items	23,261	(85,233)	(65,804)	(172,581)
Benefits paid	(254,074)	(186,893)	(314,472)	(322,476)
Transfers	415	(996)		(266)
Translation effect	-	-	(85,882)	34,751
DBO at end of the year	$ 2,057,057	$ 1,916,026	$ 1,422,429	$ 1,618,477

Changes in the net present value of the plan assets (PA) as of December 31, 2022 and 2021, are shown below:

	Seniority premiums	
	2022	2021
PA at beginning of year	**$ (1,211,960)**	$ (1,046,954)
Return on plan assets	**(109,764)**	(82,538)
Other comprehensive income items	**128,148**	(5,350)
Plan contributions	**(261,197)**	(263,896)
Benefits paid	**253,843**	186,778
PA at the end of the year	**(1,200,930)**	(1,211,960)

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.

As of December 31, 2022 and 2021, the plan assets have been invested through the trust mostly in money market instruments. As of December 31, 2022 and 2021, actuarial gains/losses from labor obligations, net of taxes are recognized as a component of other comprehensive income in the amount of $1,154,692 and $1,098,830, respectively.

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

	Mexico		Central America	
	2022	2021	**2022**	2021
Financial:				
Discount rate	**9.52%**	8.20%	**4.6% - 13.2%**	1.92% - 8.04%
Salary increase rate	**5.25%**	5.25%	**3.5% - 6.3%**	3.50% - 6.30%
Minimum salary increase rate	**4.75%**	4.75%	**2.00%**	2.00%
Inflation rate	**4.00%**	4.00%	**0.70% - 4.70%**	0.70% - 4.70%
Biometriccs:				
Mortality	**IMSS 2009 [1]**	IMSS 2009 [1]	**RP - 2000 [2]**	RP - 2000 [2]
Disability	**21.04%**	21.04%	**4.5% - 15.40%**	4.5% - 15.40%
Retirement age	**65 años**	65 años	**50 - 65 años**	50 - 65 años

[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, 2022, is as follows:

		Amount
DBO December 31, 2022	**$**	**3,479,486**
DBO at discount rate + 1%	$	3,319,187
DBO at discount rate – 1%	$	3,806,570
Effects over DBO:		
Discount rate + 1%	$	(267,511)
Discount rate – 1%	$	303,252

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.

18. EQUITY

a) At an ordinary meeting held on April 7, 2022, the shareholders adopted the following resolutions:

1. Approval of a cap of $5,000,000 on the amount the Company would use in 2022 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2022.
2. The shareholders declared an ordinary cash dividend of $1.00 pesos per share, paid in two installments of $0.50 each; the first one on November 24, 2022, and the second one on December 27, 2022; and an extraordinary dividend to be paid in cash at a rate of $0.71 pesos per share in two installments: $0.35 pesos per shares on November 24, 2022 and $0.36 pesos per share on December 27, 2022.

b) At an ordinary meeting held on March 23, 2021, the shareholders adopted the following resolutions:

1. Approval of a cap of $5,000,000 on the amount the Company would use in 2021 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2021.
2. The shareholders declared an ordinary cash dividend of $0.90 pesos per share, paid in two installments of $0.45 each; the first one on November 24, 2021, and the second one on December 28, 2021; and an extraordinary dividend to be paid in cash at a rate of $0.73 pesos per share in two installments: $0.36 pesos per shares on November 24, 2021 and $0.37 pesos per share on December 28, 2021.

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, 2022 and 2021, the decreed dividends are as follows:

		2022		2021
Dividends in cash decreed and paid				
Ordinary dividend $1.00 per share ($0.90 in 2021)	**$**	**17,285,400**	$	15,564,332
Extraordinary dividend $0.71 per share ($0.73 in 2021)		**12,272,638**		12,624,409
	$	**29,558,038**	$	28,188,741

c) 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, 2022 and 2021, an analysis of paid-in stock and the number of shares representing it is as follows:

Common stock		Amount
Fixed minimum capital	$	**5,591,362**
Variable capital		**36,935,265**
Subtotal		**42,526,627**
Inflation effects		**2,941,801**
Total	$	**45,468,428**
Number of freely subscribed common shares		**17,461,402,631**

d) 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, 2022 and 2021, the total balance of the tax accounts related to equity is $73,463,886 and $68,143,228, respectively, in conformity with the current tax laws.

e) The employee stock option plan fund consists of 175,184,709 WALMEX shares, which have been placed in a trust created for the plan.

The total compensation cost charged to Operating results during the year ended December 31, 2022 and 2021 was $384,953 and $354,257, 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, 2020	156,507,494	44.64
Granted	38,038,202	64.25
Exercised	(27,740,024)	41.20
Cancelled	(4,116,186)	53.96
Balance as of December 31, 2021	162,689,486	49.76
Granted	**40,943,537**	**76.42**
Exercised	**(25,227,765)**	**45.00**
Cancelled	**(11,742,622)**	**55.39**
Balance as of December 31, 2022	**166,662,636**	**56.64**
Shares available for option grant:		
December 31, 2022	**8,522,073**	
December 31, 2021	4,170,988	

As of December 31, 2022, the granted and exercisable shares under the stock option plan fund are 166,662,636 and 62,971,554 respectively.

19. OTHER DISCLOSURES OF REVENUE

a) The other revenue that forms part of the main activity of the Company as of December 31, 2022 and 2021 is as follows:

	2022	2021
Memberships	$ 2,500,083	$ 2,216,732
Rent	2,571,438	2,546,968
Sale of waste	943,799	846,716
Parking	93,670	81,291
Total	$ 6,108,990	$ 5,691,707

As of December 31, 2022, rental income includes investment properties of $581,894 ($479,092 in 2021).

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

An analysis of income from contracts with customers for the year ended December 31, 2022 and 2021 is as follows:

	2022	2021
Mexico:		
Self-service	61.3%	61.3%
Price Clubs	21.6%	21.4%
Central America:	17.1%	17.3%

Of **WALMEX**'s total net sales, approximately $34.3 billion and $29.4 billion relates to electronic commerce in Mexico for the years ended December 31, 2022 and 2021, respectively.

In Central America, the net sales related to electronic commerce are $898 million and $853 million for the years ended December 31, 2022 and 2021, respectively, and includes the sales made through home delivery platforms.

20. COST OF SALES AND GENERAL EXPENSES

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

21. FINANCIAL INCOME (EXPENSES)

An analysis of financial income (expenses) for the years ended December 31, 2022 and 2021, is as follows:

	2022	2021
Financial income:		
Financial income	$ 2,025,182	$ 866,112
Currency exchange gain	961,132	789,624
Income on changes in fair value of derivatives	465,885	562,541
	$ 3,452,199	$ 2,218,277
Financial expenses:		
Interest on finance leases	$ (7,049,835)	$ (6,478,994)
Currency exchange los	(532,631)	(778,259)
Loss on changes in fair value of derivatives	(389,373)	(586,603)
Other financial income (expenses)	(125,418)	13,569
	$ (8,097,257)	$ (7,830,287)

Financial income primarily consists of interest earned on investments.

22. SEGMENT FINANCIAL INFORMATION

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:

	Year ended December 31, 2022					
Segment		**Operating income**		**Financial expenses, net**		**Income before income taxes**
Mexico	$	59,236,007	$	(4,004,968)	$	55,231,039
Central America		8,775,610		(640,090)		8,135,520
Consolidated	$	68,011,617	$	(4,645,058)	$	63,366,559

	Year ended December 31, 2021					
Segment		**Operating income**		**Financial expenses, net**		**Income before income taxes**
Mexico	$	55 526,742	$	(4,823,930)	$	50,702,812
Central America		7,380,916		(788,080)		6,592,836
Consolidated	$	62,907,658	$	(5,612,010)	$	57,295,648

	Year ended December 31, 2022							
Segment		**Purchase of long term definite-lived assets**		**Depreciation and amortization**		**Total assets**		**Current liabilities**
Mexico	$	17,691,399	$	15,357,415	$	316,184,388	$	116,407,749
Central America		3,612,340		4,001,790		67,010,279		21,278,005
Goodwill		-		-		35,613,704		-
Consolidated	$	21,303,739	$	19,359,205	$	418,808,371	$	137,685,754

	Year ended December 31, 2021							
Segment		**Purchase of long term definite-lived assets**		**Depreciation and amortization**		**Total assets**		**Current liabilities**
Mexico	$	17,650,154	$	14,144,339	$	278,742,447	$	109,278,330
Central America		2,816,210		4,161,542		79,879,783		23,430,137
Goodwill				-		35,767,241		-
Consolidated	$	20,466,364	$	18,305,881	$	394,389,471	$	132,708,467

An analysis of income from customer contracts is presented in note 19.

23. OTHER DISCLOSURES

a) As of January 24, 2022, the Company informed its shareholders and the investing public at large that, as approved by its Board of Directors, it is considering strategic alternatives regarding its operations in El Salvador, Honduras and Nicaragua as it focuses efforts and capital on its core business and geographies. These alternatives could include, among others, possible joint ventures, strategic partnerships or alliances, a sale or other possible transactions.

The Company gives no assurance that the process will result in a transaction. **WALMEX** will inform its shareholders and the investing public at large as provided under applicable laws and regulations.

b) Since April 24, 2021, approved laws related to subcontracting became effective. As of December 31, 2021, the Company has fully implemented said reforms and contemplates that it will continue to comply with them in the future.

c) 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. The Company has promptly responded to various information requirements and is awaiting review comments from the regulator. COFECE has extended the investigation stage and is currently in the last extension available to it, which ends in mid-2023.

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.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements and accompanying notes for the years ended December 31, 2022 and 2021, were approved by the Company's management and Board of Directors on February 15, 2023 and are subject to approval by the Shareholders meeting. Subsequent events are considered through this date.

Report of The Audit and Corporate Governance Committees

WAL- MART DE MÉXICO, S.A.B. DE C.V. ANNUAL REPORT

Board of Directors Wal-Mart de México S.A.B. de C.V.

Dear Directors,

In compliance with article 43 of the Securities Market Law ("LMV") and the Rules of Procedure of the Committees, duly approved by the Board of Directors for Wal-Mart de México, S.A.B. of C.V. (which together with its subsidiaries hereinafter is the "Company"), we hereby inform you of the activities undertaken during the reporting period ending on December 31st, 2022.

Throughout the work conducted, in addition to that stipulated under the LMV, we have abided by that contained under the Code of Best Corporate Governance, issued by the Coordinating Business Council; the Code of Ethics of the Company; the General Internal Regulation of the Mexican Stock Exchange; and the general provisions stemming from the LMV.

To comply with our oversight process, the Audit and Corporate Governance Committees held quarterly regular meetings and one extraordinary meeting during 2022, to analyze the overall situation regarding matters of material importance in the fields of finance, accounting, legal, operations and ethics for the Company, and enhancing our participation throughout the year in meetings with the CEO, CFO and General Counsel of the Company, as well as the reports rendered by the principal officers of the Company, highlighting the following:

We were kept informed by the management of the Company, with no observations made from our side, on the following:

I. Audit matters:

a) We analyze the status of the internal control system and were informed in detail of the programs and development of internal and external audits.

b) We reviewed the main aspects requiring improvement and followed-up on the preventive and corrective measures implemented by the management of the Company. Therefore, it is our opinion that the effectiveness required for the Company to function with an appropriate level of control is being accomplished.

c) We evaluated the performance of the independent auditors, who are responsible for issuing an opinion on the reasonability of the Company Financial Statements and their adherence to International Financial Information Standards. Hence, we consider that the partners at Mancera, S.C. (a member of EY Global) comply with all necessary requirements regarding the professional quality. Additionally, and prior to provide their audit services, the Audit Committee evaluated the independence requirements of intellectual and economic action necessary, therefore we recommended to the Board to ratify EY´s appointment as external auditors to examine and issue the report on the Financial Statements of the Company. Likewise, we approved the amount of the fees corresponding to the external audit services. During 2022, no services other than the external audit of Financial Statements were retained by EY.

d) We reviewed the Company's quarterly and annual Financial Statements and recommended their approval by the Board of Directors for its publication.

e) We were informed of the accounting policies approved and applied during the fiscal year ended on December 31st 2022.

Report of The Audit and Corporate Governance Committees

f) Follow-up was also given to all relevant observations made by the shareholders, Directors, relevant officers and employees of the Company, and in general from any other third party, regarding accounting, internal controls and issues related to internal or external audit matters.

g) Follow-up to agreements made by the Shareholders in the General Meeting and by the Directors of the Company.

h) We were informed on the legal contingencies to which the Company is exposed, and which are recognized in the financial statements as per the probability of occurring.

i) We were informed about the progress regarding cybersecurity matters.

j) We were informed on the progress of the Enterprise Risk Management (ERM) established by the Company.

k) Lastly, we were informed periodically on Ethics and Compliance matters and the measures adopted by the Company to reinforce those aspects.

II. Corporate Governance affairs:

a) Performance evaluation processes for relevant officers.

b) The transactions with related parties, during the reporting period, that may had occurred during the annual period ending December 31st, 2022, with an itemized description of the characteristics of significant transactions and their corresponding transfer pricing studies. Those items are mentioned in the corresponding note of the Financial Statements.

c) Emolument packages or total compensation of the CEO and relevant officers, as well as the new metrics to define the Long-Term Incentive for executives.

d) The Board of Directors granted no permission whatsoever to any Director, relevant officer, or anyone with a position of decision maker, as indicated under article 28, section III, paragraph f) of the LMV.

e) The results of the transfer pricing study 2022 for Mexico and Central America, informing that all its operations were made accordingly.

Based on the work completed and the opinion issued by independent auditors, we feel that the accounting and information policies and criteria followed by the Company are suitable and sufficient and that they have been consistently applied; as a result, the information presented by the CEO is a reasonable reflection of the Company's financial situation and results.

Due to all the aforementioned, we recommend that the Board of Directors submit to the General Annual Shareholders Assembly, for their approval, the Financial Statements for Wal-Mart de México, S.A.B. de C.V. and its subsidiaries for the period ending December 31st 2022.

Sincerely,

Ing. Adolfo Cerezo

Chair Audit and Corporate Governance Committees.

Mexico City February 15th, 2023.

REPORT OF INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF WAL-MART DE MÉXICO, S.A.B. DE C.V.

OPINION

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries (hereinafter "the Company"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries as at 31 December 2021 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR AUDIT OPINION

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent from Wal-Mart de México, S.A.B. de C.V. within the meaning of the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the consolidated financial statements in Mexico established by the Code of Ethics of the Mexican Institute of Public Accountants (IMCP, Spanish acronym) and have fulfilled our other responsibilities under those relevant ethical requirements and the Code of Ethics of the IESBA.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

IMPAIRMENT ASSESSMENT OF PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND INTANGIBLES

Description and why it was considered a key audit matter

We have considered as a key audit matter the impairment analysis of property and equipment, right-of-use assets, investment properties and intangibles, because the determination of the recovery value is complex, it involves a high degree of judgment from the Company's management and requires significant judgments and assumptions to be made that are affected by future conditions, such as profitability and economic conditions, discount rates, operating margins, the weighted average cost of capital, capitalization rate and others, which are sensitive and are affected by economic changes and market conditions, among other factors. Additionally, the calculation of the recoverable value carries the risk that the future cash flows used in its determination differ from expectations, or that the results are different from the originally estimated values. In addition, the balances of long-lived assets subject to the determination of the recovery value for impairment tests are significant as of December 31, 2021.

Notes 3 and 8 to 11 of the accompanying consolidated financial statements include the disclosures on the impairment assessment of property and equipment, right-of-use assets, investment properties and intangibles.

How we responded to the key audit matter

We evaluated the design and tested the effectiveness of significant controls with respect to the impairment analysis process for long-lived assets as of December 31, 2021.

We analyze the assumptions and hypotheses used by the Company's management for the identification and grouping of long-lived assets in each cash-generating unit (CGU).

We evaluated the financial projections of future cash flows used by the Company's management in the impairment analysis of each CGU that we consider within our scope, verifying the information with which said projections were prepared and analyzing their consistency with historical trends and future business plans. We evaluated the composition of the CGUs and the assets subject to impairment analysis assigned within each CGU. We analyzed the key assumptions, considering the sensitivity of those assumptions. We involved our valuation specialists to assist us in evaluating the reasonableness of the key assumptions and the methodology used by the Company's Management in its impairment analysis according to International Accounting Standard ("IAS") 36, Impairment of assets. We independently recalculated the arithmetic calculations of the valuation models used and analyzed the uniformity of the definition of CGU applied by the Company.

We obtained evidence from the impairment study prepared by the Company's management on its long-lived assets and we evaluated the competence, technical capabilities and objectivity of the management's external valuation specialist.

We also evaluated the adequacy of the disclosures related to the identification and determination of the recoverable value of property and equipment, right-of-use assets, investment properties and intangibles of the accompanying consolidated financial statements as of December 31, 2021.

OTHER INFORMATION

The other information comprises the financial and non-financial information (other than the financial statements and our audit report) presented in the annual report by the Company submitted to the National Banking and Securities Commission (the Commission) and in the annual report submitted to the shareholders for the year ended as at 31 December 2021. Management is responsible for the other information. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of the other information contained in the Annual Report filed with the Commission and/or in the annual report submitted to the Company's shareholders, we are required to report that fact to those charged with governance and to describe the matter in our statement on the Annual Report required by the Commission.

RESPONSIBILITIES OF MANAGEMENT AND OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor's report is who signs this report.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

Carlos Carrillo

Mexico City,
February 16, 2022

WAL-MART DE MÉXICO, S.A.B. DE C.V., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands of Mexican pesos)

	For the years ended December 31	
	2021	**2020**
Net sales	**$ 730,352,316**	$ 696,710,854
Other revenues (Note 19)	**5,691,707**	5,023,310
Total revenues	**736,044,023**	701,734,164
Cost of sales	**(564,204,300)**	(539,694,249)
Gross profit	**171,839,723**	162,039,915
General expenses (Note 20)	**(110,181,077)**	(105,041,809)
Income before other income and expenses	**61,658,646**	56,998,106
Other income	**2,142,255**	1,069,547
Other expenses	**(893,243)**	(620,372)
Operating income	**62,907,658**	57,447,281
Financial income (Note 21)	**2,218,277**	3,512,917
Financial expenses (Note 21)	**(7,830,287)**	(11,496,111)
Income before income taxes	**57,295,648**	49,464,087
Income taxes (Note 16)	**(13,157,576)**	(16,029,226)
Consolidated net income	**$ 44,138,072**	$ 33,434,861

	For the years ended December 31	
	2021	**2020**
Other comprehensive income items:		
Items that do not reclassify to profit or loss of the year:		
Actuarial results on employee benefits, net of income taxes	**$ 193,834**	$ (423,816)
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustment	**184,327**	(305,573)
Other comprehensive income (loss)	**378,161**	(729,389)
Comprehensive income	**$ 44,516,233**	$ 32,705,472
Basic earnings per share (in pesos)	**$ 2.528**	$ 1.915

The accompanying notes are integral part of these financial statements.

WAL-MART DE MÉXICO, S.A.B. DE C.V., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

	December 31, 2021	December 31, 2020
Assets		
Current Assets:		
Cash and cash equivalents (Note 5)	**$ 42,816,535**	$ 35,670,360
Account receivable, net (Note 6 and 12)	**16,827,238**	16,993,754
Inventories, net (Note 7)	**80,316,969**	68,360,474
Prepaid expenses and other assets	**856,849**	700,350
Total current assets	**140,817,591**	121,724,938
Non-current assets:		
Property and equipment, net (Note 8)	**140,496,598**	134,828,617
Right-of-use assets (Note 9)	**54,137,508**	50,319,784
Investment properties, net (Note 10)	**5,583,846**	6,305,920
Intangible assets, net (Note 11)	**38,758,049**	37,552,016
Deferred tax assets (Note 16)	**12,374,229**	9,108,261
Other non-current assets	**2,221,650**	2,043,565
Total assets	**$ 394,389,471**	$ 361,883,101

	December 31, 2021	December 31, 2020
Liabilities and equity		
Current liabilities:		
Accounts payable	**$ 96,637,884**	$ 92,356,297
Short-term lease liability	**3,438,469**	3,216,799
Other accounts payable (Note 13)	**29,535,182**	24,840,589
Income taxes payable	**3,096,932**	2,656,232
Total current liabilities	**132,708,467**	123,069,917
Long-term liabilities:		
Leases and other long-term liabilities (Note 15)	**65,060,266**	60,706,593
Income tax liabilities (Note 16)	**8,416,192**	6,402,935
Employee benefits (Note 17)	**2,322,543**	2,584,963
Total liabilities	**208,507,468**	192,764,408
Equity (Note 18):		
Capital stock	**45,468,428**	45,468,428
Retained earnings	**127,310,877**	111,361,546
Other comprehensive income items	**14,789,529**	14,411,368
Premium on sale of shares	**4,908,573**	4,543,745
Employee stock option plan fund	**(6,595,404)**	(6,666,394)
Total equity	**185,882,003**	169,118,693
Total liabilities and equity	**$ 394,389,471**	$ 361,883,101

The accompanying notes are integral part of these financial statements.

WAL-MART DE MÉXICO, S.A.B. DE C.V., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021 and 2020
(Amounts in thousands of Mexican pesos)

		Retained earnings					
	Capital stock	Legal Reserve	Retained earnings	Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Total equity
Balance at December 31, 2019	$ 45,468,428	$ 9,104,745	$ 99,755,463	$ 15,140,757	$ 4,318,104	$ (5,642,730)	$ 168,144,767
Movements in employee stock option plan fund					225,641	(1,023,664)	(798,023)
Dividends declared			(30,933,523)				(30,933,523)
Comprehensive income			33,434,861	(729,389)			32,705,472
Balance at December 31, 2020	45,468,428	9,104,745	102,256,801	14,411,368	4,543,745	(6,666,394)	169,118,693
Movements in employee stock option plan fund					**364,828**	**70,990**	**435,818**
Dividends declared			**(28,188,741)**				**(28,188,741)**
Comprehensive income			**44,138,072**	**378,161**			**44,516,233**
Balance at December 31, 2021	**$ 45,468,428**	**$ 9,104,745**	**$ 118,206,132**	**$ 14,789,529**	**$ 4,908,573**	**$ (6,595,404)**	**$ 185,882,003**

The accompanying notes are integral part of these financial statements.

WAL-MART DE MÉXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

	For the years ended December 31, 2021	2020
Operating activities		
Income before income taxes	$ **57,295,648**	$ 49,464,087
Items related to investing activities:		
Depreciation and amortization	**18,305,881**	17,939,624
Loss from disposal of property and equipment and impairment	**353,054**	(58,314)
Stock option compensation expenses	**354,257**	386,922
Interest earned	**(866,112)**	(986,291)
Items related to financing activities:		
Interest on lease liabilities	**6,478,994**	6,409,888
Unrealized, exchange rate fluctuation	**(27,773)**	(615,274)
Provision of labor obligations	**553,537**	585,943
Interest accrued	**63,296**	94,861
Cash flow from operating activities	**82,510,782**	73,221,446
Variances in:		
Accounts receivable	**1,921,818**	(2,711,141)
Inventories	**(11,906,229)**	(562,523)
Prepaid expenses and other assets	**(224,786)**	706,083
Accounts payable	**4,221,167**	4,938,201
Other accounts payable	**2,905,551**	2,703,941
Income tax paid	**(13,959,161)**	(16,191,826)
Employee benefits	**(587,547)**	(731,115)
Net cash flow from operating activities	**64,881,595**	61,373,066

	For the years ended December 31, 2021	2020
Investing activities		
Long-lived assets with defined useful lives	**(20,466,364)**	(16,728,102)
Interest collected	**866,112**	986,291
Proceeds from sale of property and equipment	**388,548**	397,872
Employee stock option plan fund	**81,561**	(1,184,945)
Net cash flow used in investing activities	**(19,130,143)**	(16,528,884)
Financing activities		
Dividends paid	**(28,188,741)**	(30,933,523)
Interest paid	**(63,296)**	(94,861)
Payment of leases liability	**(9,243,975)**	(8,675,223)
Net cash flow used in investing activities	**(37,496,012)**	(39,703,607)
Effect of changes in the value of cash	**(1,109,265)**	(327,305)
Net increase (decrease) in cash and cash equivalents	**7,146,175**	4,813,270
Cash and cash equivalents at beginning of year	**35,670,360**	30,857,090
Cash and cash equivalents at end of year	$ **42,816,535**	$ 35,670,360
Non-cash transactions:		
Additions of right of use assets	$ **2,515,770**	$ 1,819,675
Right of use assets remeasurements	$ **5,412,193**	$ 2,853,228

The accompanying notes are integral part of these financial statements.

WAL-MART DE MÉXICO, S.A.B. DE C.V., AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2021 and 2020
(Amounts in thousands of Mexican pesos, except where otherwise indicated)

1. DESCRIPTION OF THE BUSINESS

a. Corporate information

Wal-Mart de Mexico, S.A.B. de C.V. (**WALMEX**, "the Company" or "the Group") is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Santa Cruz Acayucan, 02770, in Mexico City. The principal shareholder of **WALMEX** is Walmart, Inc., a U.S. Corporation, through Intersalt, S. de R.L. de C.V., a Mexican company that holds equity interest of 70.51% in the Company.

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

Group	Line of business
Nueva Walmart	Operation in 2021 of 2,198 Bodega Aurrerá discount stores, 294 Walmart hipermarkets, 14 Superama supermarkets, 85 Walmart Express supermarkets and 165 Sam's Club memberships self-service wholesale stores.
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 until June 30, 2021; and not-for-profit services to the community at large, as well as shareholding.
Walmart Central America	Operation in 2021 of 572 discount stores (Despensa Familiar and Palí), 98 supermarkets (Paiz, La Despensa de Don Juan, La Unión and Más x Menos), 158 Bodegas (Maxi Bodega and Maxi Palí); and 36 Walmart hypermarkets. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

b. Transactions and relevant events

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.

2 NEW ACCOUNTING PRONOUNCEMENTS

The Company applied for the first-time certain International Financial Reporting Standards ("IFRS") and amendments, which are effective for annual periods beginning on or after 1 January 2021 (unless otherwise stated). The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - *Interest rate benchmark reform, Phase 2*

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address issues arising during interest rate benchmark reform, including the replacement with an alternative nearly risk-free interest rate (RFR).

Phase 2 modifications provide the following temporary exceptions:

By changing the basis for determining contractual cash flows for financial assets and financial liabilities (including lease liabilities), the exceptions have the effect that the changes, which are necessary as a direct consequence of the IBOR reform and which are considered economically equivalent, they will not have an immediate effect on the income statement.

The hedge accounting exceptions will allow most IAS 39 or IFRS 9 hedging relationships that are directly affected by the IBOR reform to continue. However, additional ineffectiveness may need to be recorded.

Affected entities need to disclose information about the nature and extent of risks to which they are exposed due to IBOR reform, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates. and how you manage that transition.

The amendments are not expected to have a material impact on the Company's consolidated financial statements.

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 solution, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. The lessee that chooses this option must recognize any change in the lease payments that result from the concession of rent related to COVID-19 in the same way in which it would recognize the change in accordance with IFRS 16, if said change would not constitute a lease modification.

The amendment was intended to apply until June 30, 2021, but as the impact of the COVID-19 pandemic continues, on March 31, 2021, the IASB extended the application period of the practical expedient until June 30, 2022. This amendment had no significant impact on the consolidated financial statements of the Company.

IAS 1, *"Presentation of financial statements"*

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements", which provide guidance and examples to help entities when applying materiality judgments to accounting policy disclosures. The IASB also issued amendments to the IFRS 2 Practice Statement to support the amendments in IAS 1 by explaining and exemplifying the application of the "four-step process" to accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023, and early application is allowed if this fact is disclosed. Because the amendments to the IFRS 2 Practice Statement provide non-mandatory guidance on applying the definition of materiality to accounting information, the IASB concluded that transition requirements and an effective date for these amendments were not necessary.

The amendments are not expected to have a material impact on the Company's consolidated financial statements.

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

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 Company 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.

Amendments to IAS 12 – *"Deferred Tax related to Assets and Liabilities arising from a Single Transaction"*

The amendments to IAS 12 "Income Taxes" require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets.

The cumulative effect of recognizing these adjustments is recognized in retained earnings, or another component of equity, as appropriate.

The amendment is effective for annual periods beginning on or after January 1, 2022, and early adoption is permitted. This amendment does not have a significant impact on the Company's 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2020.

a) Basis of preparation

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).

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 as part of other comprehensive income items.

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

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 accounts receivable, 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; determination of the recoverable value involving significant judgments such as future cash flows, the discount rate and the interest rate; 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 fair value of derivative financial instruments and investment properties.

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 each period. The Mexican peso is the Company´s functional and Reporting currency.

b) Consolidation

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.

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 year considers a remaining attributable to the results of the investees of $(66,136) in 2021 and $(39,343) in 2020; and the statement of financial position as of December 31, 2021 and 2020, contains a remaining attributable to the minority interest of the investees of $(118,276) and $(52,139), respectively.

c) Financial assets and liabilities and fair value measurement

The Company determines the classification of financial assets and liabilities at initial recognition as described below:

I. Financial assets. These assets are classified in one of the following categories, as required: financial assets at fair value through profit or loss, accounts receivable and 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, capable of participating in the transaction.

II. Financial liabilities. These liabilities are classified in accounts payable, other accounts payable and lease liabilities; 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.

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.

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position if there is currently a legally enforceable right to offset the recognized amounts and there is an intention to settle them for the net amount, or to realize the assets and settle liabilities simultaneously.

d) Cash and cash equivalents

Cash and cash equivalents principally consist of bank deposits, credit and debit card transfer transactions that process in less than 7 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.

e) Derivative financial instruments

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.

f) Accounts receivable and provision for impairment of other accounts receivable

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.

g) Inventories

Inventories are valued using the retail method, except for merchandise for Sam's Clubs, 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.

h) Prepaid expenses

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.

i) Property and equipment

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

Depreciation of property and equipment is computed by the 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%

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 them to property and the depreciation begins.

j) Investment properties

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. After initial recognition, they continue to be valued at cost less depreciation and accumulated losses due to impairment.

Depreciation of investment properties is computed on a straight-line basis 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%

k) Leases

The Company assesses whether a contract is or contains a lease at inception date of the contract. This assessment involves the exercises of judgement about whether it implies the use of a specific asset, or if 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 asset.

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 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 incremental interest rate of **WALMEX**.

After initial recognition, 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

The Company obtains rental income from investment properties. Fixed and variable rental income is recognized when accrued and such revenue is presented as a part of other revenues line within the consolidated statement of comprehensive income.

l) Impairment of long term definite useful life assets

The long-term definite 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 5 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.

m) Intangible assets

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%.

n) Goodwill

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.

o) Liabilities and provisions

Accrued liabilities represent current obligations (legal or assumed) for past events where outflow of economic resources is possible and can be reasonably estimated. 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.

p) Income taxes

Current and deferred income

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.

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.

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.

q) Employee benefits

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 15 years of seniority. The amount paid to the associate is equivalent to 12 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 as they accrue directly in the consolidated statement of comprehensive income, and in the statement of changes in equity.

r) Equity

Legal reserve:

As of December 31, 2021, 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.

Dividends:

The Company recognizes 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 the stockholders' equity directly.

Employee stock option plan funds and stock option compensation:

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 Grants stock options and the second one Grants 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 after the first year after the grant, which may cause the original allocation to decrease or increase within a range of 0% up to 213%.

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 10 years as of the grant date or 60 days after the employee's termination date; and in regards of the restricted shares plan, until March 23, 2021, the amount was subject to compliance with certain metrics that were evaluated after the first year, and that could cause the original allocation to be modified, in a range from 0% to 150%.

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

<u>Premium on sale of shares:</u>

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.

s) Revenue recognition

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 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.

t) Basic earnings per-share

Basic earnings per share is the result of dividing the net income of the year attributable to the controlling interest 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 remaining attributable to the results of the investees in 2021 and 2020 is of $0.004 and $0.002 pesos per share, respectively.

u) Operating segments

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.

v) Foreing currency transactions

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.

4. RISK MANAGEMENT

a) General risk factors

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. The COVID-19 pandemic has resulted in widespread and ongoing impacts on the local and international economy, on our associates, suppliers, customers, and other individuals and entities with whom we do business. There is considerable uncertainty regarding the extent to which COVID-19 will continue to spread (including additional outbreaks or spikes in the number of COVID-19 cases, future mutations or related strains of the virus in the areas in which we operate) and the scope and duration of measures to try to contain the virus, such as travel bans and restrictions, quarantines, government closures and other restrictions on the mobility of people.

   Other uncertainty factors include but are not limited to: the availability and prevalence of access to effective medical treatments and vaccines for COVID-19; the pace of economic recovery when the pandemic subsides; and the long-term impact of the COVID-19 pandemic on our business, including changing consumer behavior. These risks and their impacts are difficult to predict and could adversely affect our operations and our financial performance.

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

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").

As of December 31, 2021, the exchange rate used to translate assets and liabilities denominated in US dollars was $20.46 per dollar ($19.90 in 2020).

Considering the net monetary position in dollars at December 31, 2021, 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 $128,247.

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.

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").

As of December 31, 2021 and 2020, the Company has Fx-forward contracts with a term of no more than four months, recorded in other accounts payable, which are shown below:

	2021		2020	
Current contracts		**284**		281
Notional amount (millions of USD)	**US$**	**192.31**	US$	163.83
Notional amount (millions of Mexican Pesos)	**MXN$**	**4,069.20**	MXN$	3,357.56
Fair value, net (millions of pesos)	**MXN$**	**(106.25)**	MXN$	(82.19)

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.

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 2021 between 1.20% and 5.24%. As of December 31, 2021 the financial income amounted to $866,112 ($986,291 in 2020).

Considering the highly liquid instruments as of December 31, 2021, 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 $130,458.

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 available lines of credit and overdraft with different banks. As of December 31, 2021, the available and unused credit and overdraft lines amounted $51,255 ($41,001 in 2020) million (these include $17,931 ($13,222 in 2020) million corresponding to pre-approved lines of credit and $33,324 ($27,229 in 2020) million to contracted lines of credit) that give, if necessary, additional liquidity to that generated by the operating activities.

5. CASH AND CASH EQUIVALENTS

An analysis of cash and cash equivalents as of December 31, 2021 and 2020, is as follow:

	2021	2020
Cash and cash in bank	$ 35,127,748	$ 26,577,187
Highly marketable investments	7,688,787	9,093,173
	$ 42,816,535	$ 35,670,360

As of December 31, 2021, the restricted cash amounted $225,643 ($188,487 in 2020) and it is presented in the consolidated statement of financial position in the other non-current assets item.

6. ACCOUNTS RECEIVABLE

An analysis of accounts receivable as of December 31, 2021an de 2020, is as follows:

	2021	2020
Income tax, VAT, IEPS pending to recover	$ 13,118,127	$ 13,304,798
Vouchers issuers and trade receivables	1,415,900	1,605,021
Other accounts receivable	2,847,115	2,554,894
Related parties (Note 12)	-	33,543
Allowance for impairment of other receivables [1]	(553,904)	(504,502)
	$ 16,827,238	$ 16,993,754

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

[1] In 2021, includes $224 million of allowance for impairment of other receivables corresponding to ATM's services supplier.

In 2020, includes $187 million of allowance for impairment of other receivables corresponding to tenant rent receivables. The rents receivable amounted to $487 million and are included in the other accounts receivable item. Due to the contingency generated by the COVID-19 pandemic, their recovery risk increased during that year. As of December 31, 2021, the provision for impairment of other accounts receivable decreased due to their recovery.

7. INVENTORIES

An analysis of inventories as of December 31, 2021 and 2020, is as follows:

	2021	2020
Merchandise for sale	$ 74,466,819	$ 64,648,896
Agro-industrial development	1,315,037	842,787
	75,781,856	65,491,683
Merchandise in transit	4,535,113	2,868,791
	$ 80,316,969	$ 68,360,474

As of December 31, 2021 and 2020, the effect of inventory impairment is $1,294,599 and $1,351,173, respectively, which was included in cost of sales in the consolidated comprehensive income statement.

8. PROPERTY AND EQUIPMENT

An analysis of property and equipment as of December 31, 2021 and 2020, is as follows:

	December 31, 2019	Additions	Disposals	Transfers	Translations effect	December 31, 2020	Additions	Disposals	Transfers	Translations effect	December 31, 2021
Cost:											
Land	$ 31,132,440	$ 417,018	$ (56,797)	$ 180,312	$ 20,107	$ 31,693,080	$ 605,782	$ (106,636)	$ 309,400	$ (22,057)	$ 32,479,569
Buildings	68,113,426	1,337,321	(209,148)	2,939,215	99,484	72,280,298	1,276,226	(503,028)	3,135,993	13,787	76,203,276
Facilities and leasehold improvements	48,664,166	968	(2,260)	3,558,317	214,515	52,435,706	244,830	(528,437)	4,065,345	152,415	56,369,859
Furniture and equipment	81,760,542	3,928,784	(16,255,015)	3,758,754	286,294	73,479,359	3,888,848	(4,405,776)	4,599,689	202,702	77,764,822
Subtotal	229,670,574	5,684,091	(16,523,220)	10,436,598	620,400	229,888,443	6,015,686	(5,543,877)	12,110,427	346,847	242,817,526
Accumulated depreciation:											
Buildings	(31,504,154)	(2,964,692)	141,274	(118,591)	30,656	(34,415,507)	(2,977,245)	319,881	(69,076)	(14,710)	(37,156,657)
Facilities and leasehold improvements	(22,653,694)	(3,067,257)	5,160	(19,132)	(49,293)	(25,784,216)	(3,046,909)	413,686	(96,907)	(68,655)	(28,583,001)
Furniture and equipment	(48,425,663)	(7,178,999)	16,074,474	36,502	(5,490)	(39,499,176)	(7,255,124)	4,261,397	8,663	(102,064)	(42,586,304)
Subtotal	(102,583,511)	(13,210,948)	16,220,908	(101,221)	(24,127)	(99,698,899)	(13,279,278)	4,994,964	(157,320)	(185,429)	(108,325,962)
Construction in progress	5,032,442	10,224,241	8,870	(10,467,560)	(158,920)	4,639,073	13,636,456	(61,598)	(12,194,434)	(14,463)	6,005,034
Total	$ 132,119,505	$ 2,697,384	$ (293,442)	$ (132,183)	$ 437,353	$ 134,828,617	$ 6,372,864	$ (610,511)	$ (241,327)	$ 146,955	$ 140,496,598

Depreciation expense for the years ended December 31 2021 and 2020, was $12,937,408 and $12,876,087, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income. The depreciation included in cost of sales was $341,870 and $334,861, respectively.

Property and equipment impairment for the years ended December 31, 2021 and 2020, was $159,133 and $8,143, respectively, and is presented in the disposals column. As of December 31, 2020 impairment reversal amounted to $2,097.

9. LEASES

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 will exercise 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.

The right of use assets balance is as follows:

	December 31, 2019	Additions	Modifications	Transfers	Translations effect	December 31, 2020	Additions	Modifications	Transfers	Translations effect	December 31, 2021
Cost:											
Property	$ 54,195,381	$ 1,632,226	$ 2,803,590	$ 498	$ 467,592	$ 59,099,287	**$ 1,876,726**	**$ 5,194,427**	**$ (2,541)**	**$ (156,575)**	**$ 66,011,324**
Furniture and equipment	3,378,274	187,449	(733,919)	(295,108)	1,137	2,537,833	**639,044**	**(93,684)**	**(377,605)**	**(7,798)**	**2,697,790**
Subtotal	57,573,655	1,819,675	2,069,671	(294,610)	468,729	61,637,120	**2,515,770**	**5,100,743**	**(380,146)**	**(164,373)**	**68,709,114**
Accumulated depreciation:											
Property	(6,706,439)	(3,514,541)	(12,434)	2,045	(196,577)	(10,427,946)	**(3,630,535)**	**198,356**	**-**	**340,973**	**(13,519,152)**
Furniture and equipment	(1,192,031)	(378,857)	513,913	155,491	12,094	(889,390)	**(493,792)**	**92,419**	**215,692**	**22,617**	**(1,052,454)**
Subtotal	(7,898,470)	(3,893,398)	501,479	157,536	(184,483)	(11,317,336)	**(4,124,327)**	**290,775**	**215,692**	**363,590**	**(14,571,606)**
Total	$ 49,675,185	$ (2,073,723)	$ 2,571,150	$ (137,074)	$ 284,246	$ 50,319,784	**$ (1,608,557)**	**$ 5,391,518**	**$ (164,454)**	**$ 199,217**	**$ 54,137,508**

An analysis of the lease liabilities is as follows:

Year	December 31, 2021
2022	$ 9,178,557
2023	8,667,495
2024	8,336,234
2025	8,080,953
2026	7,834,908
2027 and thereafter	105,960,150
Nominal lease payments	148,058,297
Net present value adjustment	(83,366,919)
Lease liabilities - net	$ 64,691,378

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, 2021 and 2020, are as follows:

	2021	2020
Depreciation expense for the right of use assets, by type:		
Property	**$ 3,630,535**	$ 3,514,541
Equipment	**$ 493,792**	$ 378,857
Interest on lease liabilities	**$ 6,478,994**	$ 6,409,888
Expenses related to short-term leases	**$ 181,653**	$ 379,211
Expenses related to leases of low-value assets	**$ 37,840**	$ 13,853
Variable lease payments (not included in the measurement of lease liabilities)	**$ 3,782,845**	$ 3,291,749
Sub lease revenue	**$ (1,225,533)**	$ (471,070)

Amounts recognized in consolidated statement of cash flows as well as non-cash transaction, for the years ended December 31, 2021 and 2020, are as follow:

	2021	2020
Rent payments – principal	**$ 2,764,981**	$ 2,265,335
Rent payments – interest	**$ 6,478,994**	$ 6,409,888
Additions of right of use assets	**$ 2,515,770**	$ 1,819,675
Modifications and updates	**$ 5,412,193**	$ 2,853,228

10. INVESMENT PROPERTIES

An analysis of invesment properties as of December 31, 2021 and 2020 is as follows:

	December 31, 2019	Additions	Disposals	Modifications and updates	Transfers	December 31, 2020	Additions	Disposals	Modifications and updates	December 31, 2021
Land	$ 2,550,279	$ -	$ (63,264)	$ -	$ -	$ 2,487,015	**$ 78,778**	**$ 3,818**	**$ -**	**$ 2,569,611**
Buildings	5,951,769	14,595	(38,302)	133,972	(498)	6,061,536	**-**	**(625,311)**	**(20,003)**	**5,416,222**
Facilities and improvements	1,652,582	-	(124,352)	-	-	1,528,230	**-**	**(392,455)**	**-**	**1,135,775**
Subtotal	10,154,630	14,595	(225,918)	133,972	(498)	10,076,781	**78,778**	**(1,013,948)**	**(20,003)**	**9,121,608**
Accumulated depreciation	(3,510,412)	(358,985)	99,961	(1,465)	40	(3,770,861)	**(308,754)**	**506,904**	**34,949**	**(3,537,762)**
Total	$ 6,644,218	$ (344,390)	$ (125,957)	$ 132,507	$ (458)	$ 6,305,920	**$ (229,976)**	**$ (507,044)**	**$ 14,946**	**$ 5,583,846**

Depreciation expense for the years ended December 31,2021 and 2020, was $308,754 and $358,985, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income.

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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020. The estimated fair value of the investment properties as of December 31, 2021 and 2020 is $5,911,220 and $7,011,501, respectively. The Company compares the estimated fair value and the net book value to determine if there are impairment.

11. INTANGIBLE ASSETS

An analysis of intangible assets as of December 31, 2021 and 2020, is as follows:

	December 31, 2019	Additions	Disposals	Transfers	Translations effect	December 31, 2020	Additions	Disposals	Transfers	Translations effect and others	December 31, 2021
Goodwill	$ 35,145,361	$ -	$ -	$ -	$ (147,981)	$ 34,997,380	**$ -**	**$ -**	**$ -**	**$ 769,861**	**$ 35,767,241**
Trademarks	856,787	625	-	-	13,902	871,314	**-**	**(84,934)**	**-**	**2,405**	**788,785**
Licenses and solfware	3,429,092	804,550	(14,657)	269,841	41,137	4,529,963	**735,444**	**(898,513)**	**387,232**	**8,410**	**4,762,536**
Customer base	219,100	-	-	-	(3,875)	215,225	**-**	**(211,838)**	**-**	**(3,387)**	**-**
Subtotal	4,504,979	805,175	(14,657)	269,841	51,164	5,616,502	**735,444**	**(1,195,285)**	**387,232**	**7,428**	**5,551,321**
Accumulated amortization	(2,566,750)	(476,293)	5,853	(126)	(24,550)	(3,061,866)	**(593,522)**	**1,096,792**	**371**	**(2,288)**	**(2,560,513)**
Subtotal	1,938,229	328,882	(8,804)	269,715	26,614	2,554,636	**141,922**	**(98,493)**	**387,603**	**5,140**	**2,990,808**
Total	$ 37,083,590	$ 328,882	$ (8,804)	$ 269,715	$ (121,367)	$ 37,552,016	**$ 141,922**	**$ (98,493)**	**$ 387,603**	**$ 775,001**	**$ 38,758,049**

Trademarks represents the trademarks acquired at the time of the acquisition of Walmart Central America, including Pali, Despensa Familiar, Maxi Bodega, among others. Trademarks are translated at the year-end-exchange rate and the corresponding effect is recognized as a component of other comprehensive income.

Licenses, software and customer amortization expense for the years ended December 31, 2021 and 2020, were $593,522 and $476,293, respectively, and is included in the general expenses line of the consolidated statement of comprehensive income.

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, 2021 and 2020.

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 2.2% and 4.2% 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 8.1% to 10.8% 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.

In 2021 the Company corrected an excess of goodwill impairment amount determined in 2012 and 2014, and allocated to Honduras cash generating unit by $574,804, which was recognized in other income item. Such income is not part of the core operations of the Company.

12. RELATED PARTIES

a) Related party balances

As of December 31, 2021 and 2020, the consolidated statement of financial position includes the following balances with related parties:

	2021	2020
Accounts receivable, net:		
Walmart Inc.	$ -	$ 33,543
Accounts payable:		
C.M.A. – U.S.A., L.L.C.	$ 691,981	$ 795,111
Swiss Asia Minor GmbH	-	152,934
WMGS Commercial Services Limited	223,700	-
	$ 915,681	$ 948,045
Other short-term accounts payable:		
Walmart Inc.	$ 1,160,011	$ 1,088,239
Newgrange Platinum Services LTD	59,949	228,591
	$ 1,219,960	$ 1,316,830
Other long-term accounts payable:		
Walmart Inc	$ 85,964	$ -

Additionally, as of December 31, 2021 and 2020, the company has other accounts payable with others related parties of $405 y $26,672, 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, 2021 and 2020, 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 (until June 30, 2021), and WMGS Commercial Services Limited (as from July 1st, 2021) 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, 2021 and 2020.

	2021	2020
Purchases and commissions related to the import f Good for resale:		
C.M.A. – U.S.A., L.L.C.	$ 4,369,447	$ 4,361,302
Swiss Asia Minor GmbH	72,085	278,351
WMGS Commercial Services Limites	222,341	-
	$ 4,663,873	$ 4,639,653
Costs and expenses related to technical assistance, services and royalties:		
Walmart Inc.	$ 7,295,135	$ 6,438,839
Newgrange Platinum Services LTD	537,761	417,956
	$ 7,832,896	$ 6,856,795

For the years ended December 31, 2021 and 2020, the Company made transactions with other related parties of $26,268 y $178,727, respectively.

c) Remuneration of principal officers

Remuneration to the Company's principal officers and Board of Directors for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Short-term benefits	$ 1,687,623	$ 1,352,873
Termination benefits	74,885	41,588
Share-based payments	119,166	149,400
	$ 1,881,674	$ 1,543,861

13. OTHER ACCOUNTS PAYABLE

An analysis of other accounts payable as of December 31, 2021 and 2020, is as follows:

	2021	2020
Accrued liabilities and others	$ 24,410,508	$ 19,467,070
Dividends	170,717	154,752
Contingencies (Note 14)	2,241,507	2,443,823
Deferred revenues[a]	1,492,490	1,458,114
Related parties (Note 12)	1,219,960	1,316,830
	$ 29,535,182	$ 24,840,589

[a] Includes Sam's club memberships, unredeemed gift cards and deferred income for rentals related to the sale of Vips and Suburbia.

14. COMMITMENTS AND CONTINGENCIES

a) Commitments

As of December 31, 2021, 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
2022	$ 30,146,142
2023	$ 3,291,682
2024	$ 3,354,316
2025	$ 2,867,713
2026	$ 2,979,480
2027 and thereafter	$ 17,662,958

The Company has lease commitments as explained in Note 9.

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 $2,241,507 as of December 31, 2021, ($2,443,823 in 2020) 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.

15. LEASES AND OTHER LONG-TERM LIABILITIES

Leases and other long-term liabilities as of December 31, 2021 and 2020, includes:

	2021	2020
Long – term leases	$ 61,252,909	$ 56,521,412
Deferred rental income	3,702,241	4,172,623
Related parties (Note 12)	85,964	-
Others	19,152	12,558
	$ 65,060,266	$ 60,706,593

16. INCOME TAXES

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. On December 31, 2021, companies in Mexico determined and paid their income tax under the general tax law.

An analysis of income taxes charged to the income statement for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Current income taxes:		
Mexico	**$ (12,056,598)**	$ (15,174,917)
Central America	**(2,035,475)**	(2,291,392)
Consolidated	**(14,092,073)**	(17,466,309)
Deferred income taxes:		
Mexico	**514,918**	1,559,510
Central America	**419,579**	(122,427)
Consolidated	**934,497**	1,437,083
	$ (13,157,576)	$ (16,029,226)

As of December 31, 2021 and 2020, the Company's effective tax rate is 23.0% and 32.4%, respectively. The difference between the statutory tax rate and Company's effective tax rate is mainly due to inflationary effects and other permanent items. As of December 31, 2020, permanent items include $3,856 of taxes paid on May 2020 to the Mexican tax authorities (SAT) to conclude substantial fiscal matters, as is mentioned in Note 1 paragraph b.

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

	Rate
Mexico	30%
Costa Rica	30%
Guatemala	25%
Honduras	30%
Nicaragua	30%
El Salvador	30%

An analysis of the effects of the long term income taxes (assets and liabilities), as of December 31, 2021 and 2020, is as follows:

	2021	2020
Deferred tax assets:		
Leases and other long-term liabilities	**$ 4,891,049**	$ 3,193,277
Other accounts payable	**4,447,485**	2,795,104
Inventories	**1,128,513**	893,041
Labor obligations	**788,563**	860,356
Tax losses carryforward froms subsidiaries	**790,594**	1,075,277
Provisions for impairment of other receivable	**174,169**	127,346
Other ítems	**153,856**	163,860
	$ 12,374,229	$ 9,108,261
Deferred tax liabilities:		
Property and equipment	**$ 6,018,208**	$ 4,727,787
Prepaid expenses	**254,024**	293,405
Investment in subsidiaries and other ítems	**1,161,739**	33,550
Deferred income tax	**$ 7,433,971**	$ 5,054,742
Long – term income tax	**982,221**	1,348,193
Income taxes	**$ 8,416,192**	$ 6,402,935

The deferred income tax asset derived from tax losses not amortized is recognized to the extent that the related tax benefit through future taxable profits is probable.
The Company has the following tax losses from subsidiaries that may be carried forward against future taxable income

Year of expiration	Amount
2027	**$ 218,532**
2028	**908**
2029	**1,502,790**
2030	**452,519**
2031	**460,563**
	$ 2,635,312

Changes in the assets and liabilities for long-term income taxes, net as of December 31, 2021 and 2020, is as follows:

	2021	2020
Balance as of beginning of the year	$ 2,705,326	$ 1,166,998
Income tax charged in the year	1,507,077	1,691,467
Excess of previous years	(572,580)	(254,384)
Other comprehensive income ítems	(85,795)	171,100
Long – term income taxes	382,433	(95,584)
Translation effect	21,576	25,729
Balance as of end of the year	$ 3,958,037	$ 2,705,326

17. EMPLOYEE BENEFITS

As of December 31, 2021 and 2020, an analysis of the Company's assets and liabilities for seniority premiums and retirement benefits is as follows:

	Seniority premiums		Retirement benefits	
	2021	2020	2021	2020
Defined benefit obligations	$ 1,916,026	$ 1,844,268	$ 1,618,477	$ 1,787,649
Plan assets	(1,211,960)	(1,046,954)	-	-
Net projected liability	$ 704,066	$ 797,314	$ 1,618,477	$ 1,787,649

Changes in the net present value of the defined benefit obligations (DBO) as of December 31, 2021 and 2020, are shown below:

	Seniority premiums		Retirement benefits	
	2021	2020	2021	2020
DBO at beginning of year	$ 1,844,268	$ 1,489,633	$ 1,787,649	$ 1,528,323
Net period cost charged to results:				
Labor cost from actual services	215,814	194,426	181,970	210,392
Interest cost on DBO	129,066	110,799	109,430	149,141
Other comprehensive income items	(85,233)	192,933	(172,581)	357,993
Benefits paid	(186,893)	(143,523)	(322,476)	(505,133)
Transfers	(996)	-	(266)	-
Translation effect	-	-	34,751	46,933
DBO at end of the year	$ 1,916,026	$ 1,844,268	$ 1,618,477	$ 1,787,649

Changes in the net present value of the plan assets (PA) as of December 31, 2021 and 2020, are shown below:

	Seniority premiums	
	2021	2020
PA at beginning of year	$ (1,046,954)	$ (929,670)
Return on plan assets	(82,538)	(77,456)
Other comprehensive income items	(5,350)	43,990
Plan contributions	(263,896)	(227,229)
Benefits paid	186,778	143,411
PA at the end of the year	$ (1,211,960)	$ (1,046,954)

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.

As of December 31, 2021 and 2020, the plan assets have been invested through the trust mostly in money market instruments. As of December 31, 2021 and 2020, actuarial gains/losses from labor obligations, net of taxes are recognized as a component of other comprehensive income in the amount of $1,098,830 and $1,292,664, respectively.

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

	Mexico		Central America	
	2021	2020	2021	2020
Financial:				
Discount rate	**8.20%**	7.00%	1.92% - 8.04%	1.35% - 8.79%
Salary increase rate	**5.25%**	5.25%	3.50% - 6.30%	3.50% - 6.30%
Minimum salary increase rate	**4.75%**	4.50%	2.00%	2.00%
Inflation rate	**4.00%**	4.00%	0.70% - 4.70%	0.50% - 4.70%
Biometriccs:				
Mortality	**IMSS 2009[1]**	IMSS 2009[1]	RP - 2000 [2]	RP - 2000 [2]
Disability	**21.04%**	21.04%	4.5% - 15.40%	4.5% - 15.40%
Retirement age	**65 años**	65 años	50 - 65 años	50 - 65 años

[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, 2021, is as follows:

		Amount
DBO December 31, 2021	**$**	**3,534,503**
DBO at discount rate + 1%	$	3,353,365
DBO at discount rate – 1%	$	3,901,876
Effects over DBO:		
Discount rate + 1%	$	(297,878)
Discount rate – 1%	$	340,230

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.

18. EQUITY

a) At an ordinary meeting held on March 23, 2021, the shareholders adopted the following resolutions:

1. Approval of a cap of $5,000,000 on the amount the Company would use in 2021 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2021.

2. The shareholders declared an ordinary cash dividend of $0.90 pesos per share, paid in two installments of $0.45 each; the first one on November 24, 2021, and the second one on December 28, 2021; and an extraordinary dividend to be paid in cash at a rate of $0.73 pesos per share in two installments: $0.36 pesos per shares on November 24, 2021 and $0.37 pesos per share on December 28, 2021.

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

1. Approval of a cap of $5,000,000 on the amount the Company would use in 2020 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2020.

2. 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 share on November 25, 2020 and $0.47 pesos per share on December 16, 2020.

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, 2021 and 2020, the decreed dividends are as follows:

	2021	2020
Dividends in cash decreed and paid		
Ordinary dividend $0.90 per share ($0.87 in 2020)	$ 15,564,332	$ 15,033,906
Extraordinary dividend $0.73 per share ($0.92 in 2020)	12,624,409	15,899,617
	$ 28,188,741	$ 30,933,523

c) 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, 2021 and 2020, an analysis of paid-in stock and the number of shares representing it is as follows:

Common stock	Amount
Fixed minimum capital	$ 5,591,362
Variable capital	36,935,265
Subtotal	42,526,627
Inflation effects	2,941,801
Total	$ 45,468,428
Number of freely subscribed common shares	17,461,402,631

d) 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, 2021 and 2020, the total balance of the tax accounts related to equity is $68,143,228 and $63,746,299, respectively, in conformity with the current tax laws.

e) The employee stock option plan fund consists of 166,860,474 WALMEX shares, which have been placed in a trust created for the plan.

The total compensation cost charged to Operating results during the year ended December 31, 2021 and 2020 was $354,257 and $386,922, 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, 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	156,507,494	44.64
Granted	38,038,202	64.25
Exercised	(27,740,024)	41.20
Cancelled	(4,116,186)	53.96
Balance as of December 31, 2021	**162,689,486**	49.76
Shares available for option grant:		
December 31, 2021	**4,170,988**	
December 31, 2020	21,882,987	

As of December 31, 2021, the granted and exercisable shares under the stock option plan fund are 162,689,486 and 58,517,725 respectively.

19. OTHER DISCLOSURES OF REVENUE

a) The other revenue that forms part of the main activity of the Company as of December 31, 2021 and 2020 is as follows:

	2021	2020
Memberships	$ 2,216,732	$ 1,991,653
Rent	2,546,968	2,032,467
Sale of waste	846,716	641,578
Bank bonuses	-	278,415
Parking	81,291	79,197
Total	$ 5,691,707	$ 5,023,310

As of December 31, 2021, rental income includes investment properties of $479,092 ($541,698 in 2020).

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

An analysis of income from contracts with customers for the year ended December 31, 2021 and 2020 is as follows:

	2021	2020
Mexico:		
Self-service	61.3%	61.0%
Price Clubs	21.4%	20.8%
Central America:	17.3%	18.2%

Of **WALMEX**'s total net sales, approximately $29.4 billion and $21.6 billion relates to electronic commerce in Mexico for the years ended December 31, 2021 and 2020, respectively.

In Central America, the net sales related to electronic commerce are $853 million and $962 million for the years ended December 31, 2021 and 2020, respectively, and includes the sales made through home delivery platforms.

20. COST OF SALES AND GENERAL EXPENSES

Cost of sales and general expenses are presented in the consolidated statement of comprehensive income and mainly include the purchase of merchandise, personnel expenses, depreciation and amortization, rent, advertising, maintenance, utilities, royalties, and technical assistance. Additionally, as of December 31, 2020 it included 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 1 paragraph b.

21. FINANCIAL INCOME (EXPENSES)

An analysis of financial income (expenses) for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Financial income:		
Financial income	$ 866,112	$ 986,291
Currency exchange gain	789,624	1,514,149
Income on changes in fair value of derivatives	562,541	1,012,477
	$ 2,218,277	$ 3,512,917
Financial expenses:		
Interest on finance leases	$ (6,478,994)	$ (6,409,888)
Currency exchange los	(778,259)	(1,256,758)
Loss on changes in fair value of derivatives	(586,603)	(1,038,764)
Other financial income (expenses)	13,569	(2,790,701)
	$ (7,830,287)	$ (11,496,111)

Financial income primarily consists of interest earned on investments.

As of December 31, 2020 other financial income (expenses) include mainly the payment to Mexican tax authorities (SAT) of $2,406 million to conclude substantial fiscal matters, made on May, 2020, as mentioned in Note 1 paragraph b.

22. SEGMENT FINANCIAL INFORMATION

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:

	Year ended December 31, 2021		
Segment	**Operating income**	**Financial expenses, net**	**Income before income taxes**
Mexico	**$ 55 526,742**	**$ (4,823,930)**	**$ 50,702,812**
Central America	**7,380,916**	**(788,080)**	**6,592,836**
Consolidated	**$ 62,907,658**	**$ (5,612,010)**	**$ 57,295,648**

	Year ended December 31, 2020		
Segment	**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	$ 57,447,281	$ (7,983,194)	$ 49,464,087

	Year ended December 31, 2021			
Segment	**Purchase of long term definite-lived assets**	**Depreciation and amortization**	**Total assets**	**Current liabilities**
Mexico	**$ 17,650,154**	**$ 14,144,339**	**$ 278,742,447**	**$ 109,278,330**
Central America	**2,816,210**	**4,161,542**	**79,879,783**	**23,430,137**
Goodwill	**-**	**-**	**35,767,241**	**-**
Consolidated	**$ 20,466,364**	**$ 18,305,881**	**$ 394,389,471**	**$ 132,708,467**

	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	$ 16,728,102	$ 17,939,624	$ 361,883,101	$ 123,069,917

An analysis of income from customer contracts is presented in note 19.

23. OTHER DISCLOSURES

a) Since April 24, 2021, approved laws related to subcontracting became effective. As of December 31, 2021, the Company has fully implemented said reforms and contemplates that it will continue to comply with them in the future.

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. The Company has attended the request of information and is awaiting review comments by the regulator.

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.

24. SUBSEQUENT EVENTS

The Company informed its shareholders and the investing public at large that, as approved by its Board of Directors, it is considering strategic alternatives regarding its operations in El Salvador, Honduras and Nicaragua as it focuses efforts and capital on its core business and geographies.

These alternatives could include, among others, possible joint ventures, strategic partnerships or alliances, a sale or other possible transactions.

The Company gives no assurance that the process will result in a transaction. **WALMEX** will inform its shareholders and the investing public at large as provided under applicable laws and regulations.

25. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements and accompanying notes for the years ended December 31, 2021 and 2020, were approved by the Company's management and Board of Directors on February 16, 2022 and are subject to
approval by the Shareholders meeting. Subsequent events are considered through this date.

REPORT BY THE AUDIT AND CORPORATE PRACTICES COMMITTEES

Board of Directors, Wal-Mart de México S.A.B. de C.V.

Present.

Dear Sirs.:

In compliance with article 43 of the Securities Market Law (LMV) and the internal regulations of the Committees I oversee, with approval from the Board of Directors for Wal-Mart de México, S.A.B. of C.V. (which together with its subsidiaries hereinafter is the Company), we hereby inform you of the activities undertaken during the reporting period ending in December 31st, 2021.

Throughout the work conducted, in addition to that stipulated under the LMV, we have always abided by that contained under the Code of Best Corporate Practices, issued by the CEC (Coordinating Business Council); the Company Code of Ethics; the General Internal Regulation of the Mexican Stock Exchange; and the general provisions stemming from the LMV.

In compliance with our oversight process the Audit and Corporate Practices have conducted quarterly regular meetings to analyze the overall situation regarding matters of material importance in the fields of finance, accounting, legal, operations and ethics for the Company, and supplementing our participation in said meetings throughout the year with the office of the CEO, Finance, Legal, as well as the reports presented by the principal officers of the Company as requested by us, such as the following:

We were kept informed by the management of the Company, with no observations made, on the following:

I. Corporate Practices,

a) Evaluation processes for relevant officers.

b) The transactions with related parties, during the reporting period, with an itemized description of the characteristics of significant transactions and their corresponding transfer pricing studies. Those items are mentioned in the corresponding note of the Financial Statements.

c) Emolument packages or total compensation of the General Director and relevant officers.

d) The compensation plan update, including incentives for both, long and short terms for subsidiaries employees and its related parties.

e) The results of the transfer pricing study 2021 for Mexico and Central America, informing that all its operations were made accordingly.

f) The Board of Directors granted no dispensation whatsoever to any Director, executive, or anyone with a position of authority, as indicated under article 28, section III, paragraph f) of the LMV.

II. Audit matters:

a) We analyze the status of the internal control system and were informed in detail of the programs and development of internal and independent audit work done.

b) As well of the primary aspects requiring improvement and follow-up on the preventive and corrective measures implemented by Management. Therefore, it is our opinion that the effectiveness required for the Company to function with an appropriate level of control is being accomplished.

c) We evaluated the performance of the independent auditors, who are responsible for issuing an opinion on the reasonability of the Company financial statements and their adherence to International Financial Information Standards. With regards to the same, we consider that the partners at Mancera, S.C. (a member of EY Global) comply with all necessary requirements regarding the professional quality. Additionally, and prior to starting the services, we evaluated the independence requirements of intellectual and economic action necessary, so we recommended the appointment to examine and issue the report on the financial statements of the Company.

d) We were informed of the additional or complementary services that the abovementioned auditors provided to the Company in 2021, considering that the provision of these services did not detract from their independence and were not substantial.

e) We reviewed the Company's quarterly and annual financial statements and recommended their approval by the Board of Directors for publication.

f) We were informed of the accounting policies approved and applied during the fiscal year 2021.

g) Follow-up was also given to all relevant observations made by shareholders and members of the board of directors, relevant directors, employees of the Company, and in general from any other third party, regarding accounting, internal controls and issues related to internal or external audit matters.

h) Follow-up to agreements of the shareholders and of the board of directors of the Company.

i) We were informed on the legal contingencies to which the Company is exposed, and which are recognized in the financial statements as per the probability of occurring.

j) We were informed about the progress regarding cyber security.

k) Lastly, we were informed periodically on Ethics and Compliance matters and the measures adopted by the Company to reinforce these aspects.

Based on the work completed and the opinion issued by outside auditors, we feel that the accounting and information policies and criteria followed by the Company are suitable and sufficient and that they have been consistently applied; as a result, the information presented by the CEO is a reasonable reflection of the Company's financial situation and results.

Due to all the aforementioned, we recommend that the Board of Directors present the financial statements for Wal-Mart de México, S.A.B. de C.V. and its subsidiaries for the period ending December 31st 2021, to the General Annual Shareholders Assembly for their approval.

Sincerely,

Ing. Adolfo Cerezo.
Chairman of the Audit and Corporate Practices Committees
México City, February 16, 2022.

REPORT OF INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF WAL-MART DE MÉXICO, S.A.B. DE C.V.

OPINION

We have audited the accompanying consolidated financial statements of Wal-Mart de México, S.A.B. de C.V. and subsidiaries (hereinafter "the Company"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Wal-Mart de México, S.A.B. de C.V. and subsidiaries as at 31 December 2020 and their consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

BASIS FOR AUDIT OPINION

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of this report. We are independent from Wal-Mart de México, S.A.B. de C.V. within the meaning of the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA) and the ethical requirements applicable to our audit of the consolidated financial statements in Mexico established by the Code of Ethics of the Mexican Institute of Public Accountants (IMCP, Spanish acronym) and have fulfilled our other responsibilities under those relevant ethical requirements and the Code of Ethics of the IESBA.

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

IMPAIRMENT ASSESSMENT OF PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND INTANGIBLES

Description and why it was considered a key audit matter

We have considered as a key audit matter the impairment analysis of property and equipment, right-of-use assets, investment properties and intangibles, because the determination of the recovery value is complex, it involves a high degree of judgment from the Company's management and requires significant judgments and assumptions to be made that are affected by future conditions, such as profitability and economic conditions, discount rates, operating margins, the weighted average cost of capital, capitalization rate and others, which are sensitive and are affected by economic changes and market conditions, among other factors. Additionally, the calculation of the recoverable value carries the risk that the future cash flows used in its determination differ from expectations, or that the results are different from the originally estimated values. In addition, the balances of long-lived assets subject to the determination of the recovery value for impairment tests are significant as of December 31, 2020.

Notes 3 and 8 to 11 of the accompanying consolidated financial statements include the disclosures on the impairment assessment of property and equipment, right-of-use assets, investment properties and intangibles.

How we responded to the key audit matter

We evaluated the design and tested the effectiveness of significant controls with respect to the impairment analysis process for long-lived assets as of December 31, 2020.

We analyze the assumptions and hypotheses used by the Company's management for the identification and grouping of long-lived assets in each cash-generating unit (CGU).

We evaluated the financial projections of future cash flows used by the Company's management in the impairment analysis of each CGU that we consider within our scope, verifying the information with which said projections were prepared and analyzing their consistency with historical trends and future business plans. We evaluated the composition of the CGUs and the assets subject to impairment analysis assigned within each CGU. We analyzed the key assumptions, considering the sensitivity of those assumptions. We involved our valuation specialists to assist us in evaluating the reasonableness of the key assumptions and the methodology used by the Company's Management in its impairment analysis according to International Accounting Standard ("IAS") 36, Impairment of assets. We independently recalculated the arithmetic calculations of the valuation models used and analyzed the uniformity of the definition of CGU applied by the Company.

We obtained evidence from the impairment study prepared by the Company's management on its long-lived assets and we evaluated the competence, technical capabilities and objectivity of the management's external valuation specialist.

We also evaluated the adequacy of the disclosures related to the identification and determination of the recoverable value of property and equipment, right-of-use assets, investment properties and intangibles of the accompanying consolidated financial statements as of December 31, 2020.

OTHER INFORMATION

The other information comprises the financial and non-financial information (other than the financial statements and our audit report) presented in the annual report by the Company submitted to the National Banking and Securities Commission (the Commission) and in the annual report submitted to the shareholders for the year ended as at 31 December 2020. Management is responsible for the other information. We expect to obtain the other information after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we conclude that there is a material misstatement of the other information contained in the Annual Report filed with the Commission and/or in the annual report submitted to the Company's shareholders, we are required to report that fact to those charged with governance and to describe the matter in our statement on the Annual Report required by the Commission.

RESPONSIBILITIES OF MANAGEMENT AND OF THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The objectives of our audit are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Carlos Carrillo.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited

C.P.C. Carlos Carrillo Contreras

Mexico City, February 17, 2021

WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands of Mexican pesos)

	For the years ended December 31	
	2020	2019
Net sales	**$ 696,710,854**	$ 641,824,646
Other revenues (Note 19)	**5,023,310**	5,021,788
Total revenues	**701,734,164**	646,846,434
Cost of sales	**(539,694,249)**	(498,795,631)
Gross profit	**162,039,915**	148,050,803
General expenses (Note 20)	**(105,041,809)**	(94,426,416)
Income before other income and expenses	**56,998,106**	53,624,387
Other income	**1,069,547**	1,113,372
Other expenses	**(620,372)**	(735,073)
Operating income	**57,447,281**	54,002,686
Financial income (Note 21)	**3,512,917**	2,260,056
Financial expenses (Note 21)	**(11,496,111)**	(7,060,623)
Income before income taxes	**49,464,087**	49,202,119
Income taxes (Note 16)	**(16,029,226)**	(11,304,347)
Consolidated net income	**$ 33,434,861**	$ 37,897,772

	For the years ended December 31	
	2020	2019
Other comprehensive income items:		
Items that do not reclassify to profit or loss of the year:		
Actuarial results on employee benefits, net of income taxes	**$ (423,816)**	$ (496,214)
Items that may be reclassified subsequently to profit or loss:		
Cumulative translation adjustment		
Cumulative translation adjustment	**(305,573)**	(281,475)
Other comprehensive (loss) income	**(729,389)**	(777,689)
Comprehensive income	**$ 32,705,472**	$ 37,120,083
Basic earnings per share (in pesos)	**$ 1.915**	$ 2.170

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

WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in thousands of Mexican pesos)

	December 31,	
	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 5)	$ **35,670,360**	$ 30,857,090
Accounts receivable, net (Note 6 and 12)	**16,993,754**	13,716,962
Inventories (Note 7)	**68,360,474**	67,553,214
Prepaid expenses and other	**700,350**	1,777,900
Total current assets	**121,724,938**	113,905,166
Non-current assets:		
Property and equipment, net (Note 8)	**134,828,617**	132,119,505
Right-of-use asset (Note 9)	**50,319,784**	49,675,185
Investment properties, net (Note 10)	**6,305,920**	6,644,218
Intangible assets, net (Note 11)	**37,552,016**	37,083,590
Deferred tax assets (Note 16)	**9,108,261**	7,908,566
Other non-current assets	**2,043,565**	1,836,039
Total assets	$ **361,883,101**	$ 349,172,269

	December 31,	
	2020	2019
Liabilities and equity		
Current liabilities:		
Accounts payable	**$ 92,356,297**	$ 87,115,823
Short-term lease liability	**3,216,799**	3,044,328
Other accounts payable (Note 13)	**24,840,589**	21,117,370
Income taxes payable	**2,656,232**	2,221,427
Total current liabilities	**123,069,917**	113,498,948
Long-term liabilities:		
Leases and other long-term liabilities (Note 15)	**60,706,593**	58,698,700
Income tax liabilities (Note 16)	**6,402,935**	6,741,568
Employee benefits (Note 17)	**2,584,963**	2,088,286
Total liabilities	**192,764,408**	181,027,502
Equity (Note 18):		
Capital stock	**45,468,428**	45,468,428
Retained earnings	**111,361,546**	108,860,208
Other comprehensive income items	**14,411,368**	15,140,757
Premium on sale of shares	**4,543,745**	4,318,104
Employee stock option plan fund	**(6,666,394)**	(5,642,730)
Total equity	**169,118,693**	168,144,767
Total liabilities and equity	**$ 361,883,101**	$ 349,172,269

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

WAL-MART DE MEXICO, S.A.B. DE C.V., AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019
(Amounts in thousands of Mexican pesos)

		Retained earnings					
	Capital stock	Legal Reserve	Retained earnings	Other comprehensive income items	Premium on sale of shares	Employee stock option plan fund	Total equity
Balance at December 31, 2018	$ 45,468,428	$ 9,104,745	$ 95,533,942	$ 15,918,446	$ 4,014,804	$ (5,126,291)	$ 164,914,074
Movements in employee stock option plan fund					303,300	(516,439)	(213,139)
Adoption effect IFRS 16			(1,604,117)				(1,604,117)
Adoption effect IFRIC 23			(1,822,120)				(1,822,120)
Dividends declared			(30,250,014)				(30,250,014)
Comprehensive income			37,897,772	(777,689)			37,120,083
Balance at December 31, 2019	45,468,428	9,104,745	99,755,463	15,140,757	4,318,104	(5,642,730)	168,144,767
Movements in employee stock option plan fund					**225,641**	**(1,023,664)**	**(798,023)**
Dividends declared			**(30,933,523)**				**(30,933,523)**
Comprehensive income			**33,434,861**	**(729,389)**			**32,705,472**
Balance at December 31, 2020	**$ 45,468,428**	**$ 9,104,745**	**$ 102,256,801**	**$ 14,411,368**	**$ 4,543,745**	**$ (6,666,394)**	**$ 169,118,693**

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

WAL-MART DE MEXICO, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands of Mexican pesos)

	For the years ended December 31, 2020	2019
Operating activities		
Income before income taxes	$ 49,464,087	$ 49,202,119
Items related to investing activities:		
Depreciation and amortization	17,939,624	17,002,507
Loss from disposal of property and equipment and impairment	(58,314)	126,777
Stock option compensation expense	386,922	330,777
Interest earned	(986,291)	(1,218,688)
Items related to financing activities:		
Interest on lease liabilities	6,409,888	6,209,972
Unrealized exchange rate fluctuation	(615,274)	112,162
Provision of labor obligations	585,943	496,173
Interest accrued	94,861	244,617
Cash flow from operating activities	73,221,446	72,506,416
Variances in:		
Accounts receivable	(2,711,141)	(1,980,704)
Inventories	(562,523)	(4,385,071)
Prepaid expenses and other	706,083	106,526
Accounts payable	4,938,201	2,153,057
Other accounts payable	2,703,941	(912,022)
Income tax paid	(16,191,826)	(9,450,296)
Employee benefits	(731,115)	(681,411)
Net cash flow from Operating activities	61,373,066	57,356,495

	For the years ended December 31, 2020	2019
Investing activities		
Long-lived assets with defined useful lives	$ (16,728,102)	$ (20,574,830)
Interest collected	986,291	1,218,688
Proceeds from sale of property and equipment	397,872	218,959
Employee stock option plan fund	(1,184,945)	(543,916)
Net cash flow used in investing activities	(16,528,884)	(19,681,099)
Financing activities		
Dividends paid	(30,933,523)	(35,957,290)
Interest paid	(94,861)	(244,617)
Payment of leases liability	(8,675,223)	(8,076,297)
Net cash flow used in investing activities	(39,703,607)	(44,278,204)
Effect of changes in the value of cash	(327,305)	(1,369,700)
Net increase (decrease) in cash and cash equivalents	4,813,270	(7,972,508)
Cash and cash equivalents at beginning of year	30,857,090	38,829,598
Cash and cash equivalents at end of year	$ 35,670,360	$ 30,857,090
Non-cash transactions:		
Additions of right of use assets	$ 1,819,675	$ 2,447,597
Right of use assets remeasurements	2,853,228	5,670,229

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

WAL-MART DE MEXICO, S.A.B. DE C.V. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2020 and 2019

(Amounts in thousands of Mexican pesos, except where otherwise indicated)

GRI **102-5**

1. DESCRIPTION OF THE BUSINESS

a) Corporate information

Wal-Mart de Mexico, S.A.B. de C.V. (**WALMEX**, "the Company" or "the Group") is a Mexican company incorporated under the laws of Mexico and listed on the Mexican Stock Exchange, whose headquarters are located at Nextengo #78, Santa Cruz Acayucan, 02770, in Mexico City. The principal shareholder of **WALMEX** is Walmart, Inc., a U.S. Corporation, through Intersalt, S. de R.L. de C.V., a Mexican company that holds equity interest of 70.51% in the Company.

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

Group	Line of business
Nueva Walmart	Operation in 2020 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.
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 in 2020 of 563 discount stores (Despensa Familiar and Palí), 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. These stores are located in Costa Rica, Guatemala, Honduras, Nicaragua and El Salvador.

b) Transactions and relevant events

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.

2. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

a) Basis of preparation

The accompanying consolidated financial statements have been prepared in conformity with the 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).

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.

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.

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

b) Consolidation

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.

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.

c) Financial assets and liabilities and fair value measurement

The Company determines the classification of financial assets and liabilities at initial recognition as described below:

I. **Financial assets.** 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, capable of participating in the transaction.

II. **Financial liabilities.** These liabilities are classified in accounts payable, other accounts payable and lease liabilities; 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.

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.

d) Cash and cash equivalents

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.

e) Derivative financial instruments

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.

f) Accounts receivable and provision for impairment of other accounts receivable

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.

g) Inventories

Inventories are valued using the retail method, except for merchandise for Sam's Club, distribution centers, Agro-Industrial development (grains, edibles and meat) and perishable divisions, 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 and 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.

h) Prepaid expenses

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.

i) Property and equipment

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

Depreciation of property and equipment is computed on a straight-line basis 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%

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.

j) Investment properties

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.

Depreciation of investment properties is computed on a straight-line basis 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%
• Finishes of construction	10.0%	to	25.0%

k) Leases

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, 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, whichever is shorter. 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 incremental interest rate of **WALMEX**.

After initial recognition, 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

The company obtains rental income from investment properties. Fixed and variable rental income is recognized when accrued, and such revenues are presented as a part of other revenues line within the consolidated statement of comprehensive income.

l) Impairment of long term definite useful life assets

The long-term definite 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 had no impairment loss been recognized in prior years. The reversal of an impairment loss is recognized immediately in the comprehensive income statement.

m) Intangible assets

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%.

n) Goodwill

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.

o) Liabilities and provisions

Accrued liabilities represent current obligations (legal or assumed) for past events where an outflow of economic resources is possible and can be reasonably estimated. 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.

p) Income taxes

Current and deferred income

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.

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.

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.

q) Employee benefits

Employees in Mexico are entitled to a seniority premium in accordance with the Mexican Federal Labor Law. Also, **WALMEX** employees in each of the six countries are entitled to termination benefits to be paid in accordance with each country's respective labor laws. These employee benefits are recognized as expenses 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 the 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 the federal labor laws of each country.

WALMEX recognizes the actuarial gains and losses as they accrue directly in the consolidated statement of comprehensive income, and in the statement of changes in equity.

r) Equity

Legal reserve:

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.

Dividends:

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.

Employee stock option plan fund and stock option compensation:

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.

s) Revenue recognition

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 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.

t) Basic earnings per share

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.

u) Operating segments

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.

v) Foreign currency transactions

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.

4. RISK MANAGEMENT

a) General risk factors

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.

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.

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").

At December 31, 2020 and 2019, the Company has Fx-forward contracts with a term of no more than four months recorded in other accounts payable, which are shown below:

	2020	2019
Current contracts	**281**	292
Notional amount (millions of USD)	**US$ 163.83**	US$ 167.30
Notional amount (millions of Mexican Pesos)	**MXN$ 3,357.56**	MXN$ 3,247.20
Fair value, net (millions of pesos)	**MXN$ (82.19)**	MXN$ (55.90)

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.

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.

5. CASH AND CASH EQUIVALENTS

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

	2020	2019
Cash and cash in banks	**$ 26,577,187**	$ 19,168,562
Highly marketable investments	**9,093,173**	11,688,528
	$ 35,670,360	$ 30,857,090

As of December 31, 2020, the restricted cash amounted $188,487 ($116,480 in 2019).

6. ACCOUNTS RECEIVABLE

An analysis of accounts receivable at December 31, 2020 and 2019, is as follows:

	2020	2019
Income tax, VAT, IEPS pending to recover	**$ 13,304,798**	$ 9,901,836
Trade receivables	**1,605,021**	2,307,348
Other accounts receivable	**2,554,894**	1,611,393
Related parties (Note 12)	**33,543**	95,736
Allowance for impairment of other receivables [1]	**(504,502)**	(199,351)
	$ 16,993,754	$ 13,716,962

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

[1] Includes $187 million of allowance 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.

7. INVENTORIES

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

	2020	2019
Merchandise for sale	**$ 64,648,896**	$ 63,951,823
Agro-industrial development	**842,787**	841,245
	65,491,683	64,793,068
Merchandise in transit	**2,868,791**	2,760,146
	$ 68,360,474	$ 67,553,214

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.

8. PROPERTY AND EQUIPMENT

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

	December 31, 2018	Additions	Disposals	Transfers	Translation effect	December 31, 2019	Additions	Disposals	Transfers	Translation effect	December 31, 2020
Cost:											
Land	$ 30,180,274	$ 405,314	$(15,251)	$ 594,790	$ (32,687)	$ 31,132,440	$ 417,018	$ (56,797)	$ 180,312	$ 20,107	$ 31,693,080
Buildings	63,088,410	1,281,157	(814,475)	4,766,994	(208,660)	68,113,426	1,337,321	(209,148)	2,939,215	99,484	72,280,298
Facilities and leasehold improvements	44,846,897	572	(538,637)	4,544,817	(189,483)	48,664,166	968	(2,260)	3,558,317	214,515	52,435,706
Furniture and equipment	75,374,158	4,112,212	(2,613,994)	5,283,148	(394,982)	81,760,542	3,928,784	(16,255,015)	3,758,754	286,294	73,479,359
Subtotal	213,489,739	5,799,255	(3,982,357)	15,189,749	(825,812)	229,670,574	5,684,091	(16,523,220)	10,436,598	620,400	229,888,443
Accumulated depreciation:											
Property	(29,117,379)	(2,629,693)	721,388	(540,949)	62,479	(31,504,154)	(2,964,692)	141,274	(118,591)	30,656	(34,415,507)
Facilities and leasehold improvements	(19,402,252)	(2,837,370)	(727,598)	229,299	84,227	(22,653,694)	(3,067,257)	5,160	((19,132)	(49,293)	(25,784,216)
Furniture and equipment	(44,287,573)	(6,842,173)	2,494,515	6,103	203,465	(48,425,663)	(7,178,999)	16,074,474	36,502	(5,490)	(39,499,176)
Subtotal	(92,807,204)	(12,309,236)	2,488,305	(305,547)	350,171	(102,583,511)	(13,210,948)	16,220,908	(101,221)	(24,127)	(99,698,899)
Construction in progress	5,960,743	14,461,558	(392,124)	(14,964,314)	(33,421)	5,032,442	10,224,241	8,870	(10,467,560)	(158,920)	4,639,073
Total	$ 126,643,278	$ 7,951,577	$(1,886,176)	$ (80,112)	$ (509,062)	$ 132,119,505	$ 2,697,384	$ (293,442)	$ (132,183)	$ 437,353	$ 134,828,617

Depreciation expense for the years ended December 31, 2020 and 2019, was $12,876,087 and $12,038,867, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income. The depreciation included in cost of sales was $334,861 and $270,369, respectively.

Property and equipment impairment for the years ended December 31, 2020 and 2019 was $8,143 and $8,076, respectively, and is presented in the disposals' column. Also, impairment reversal amounted to $2,097 and $37,564, respectively.

9. LEASES

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:

	2020	2019
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 actualizations	**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	**$ 50,319,784**	$ 49,675,185

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 leases liabilities is as follows:

Year	December 31, 2020
2021	**$ 8,711,518**
2022	**8,348,178**
2023	**7,944,476**
2024	**7,685,599**
2025	**7,449,804**
2026 and thereafter	**101,595,596**
Nominal lease payments	**141,735,171**
Net present value adjustment	**(81,996,960)**
Lease liabilities – net	**$ 59,738,211**

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:

	2020	2019
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:

	2020	2019
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

10. INVESTMENT PROPERTIES

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

	December 31, 2018	Additions	Disposals	Modifications and actualizations	Transfers	December 31, 2019	Additions	Disposals	Modifications and Actualizations	Transfers	December 31, 2020
Land	$ 2,553,534	$ 12	$ (6,669)	$ -	$ 3,402	$ 2,550,279	$.	$ (63,264)	$ -	$ -	$ 2,487,015
Buildings	2,656,508	22,730	(184,481)	1,654,160	1,802,852	5,951,769	14,595	(38,302)	133,972	(498)	6,061,536
Facilities and improvements	2,368,303	-	(57,028)	-	(658,693)	1,652,582	-	(124,352)	-	-	1,528,230
Subtotal	7,578,345	22,742	(248,178)	1,654,160	1,147,561	10,154,630	14,595	(225,918)	133,972	(498)	10,076,781
Accumulated depreciation	(2,724,375)	(369,977)	61,997	(126,102)	(351,955)	(3,510,412)	(358,985)	99,961	(1,465)	40	(3,770,861)
Total	$ 4,853,970	$ (347,235)	$ (186,181)	$ 1,528,058	$ 795,606	$ 6,644,218	$ (344,390)	$ (125,957)	$ 132,507	$ (458)	$ 6,305,920

Depreciation expense for the years ended December 31, 2020 and 2019 was $358,985 and $369,977, respectively, and is included in the general expenses line in the consolidated statement of comprehensive income.

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.

11. INTANGIBLE ASSETS

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

	December 31, 2018	Additions	Disposals	Transfers	Translation effect	December 31, 2019	**Additions**	**Disposals**	**Transfers**	**Translation effect**	**December 31, 2020**
Goodwill	$ 34,989,210	$ -	$ -	$ -	$ 156,151	$ 35,145,361	**$ -**	**$ -**	**$ -**	**$ (147,981)**	**$ 34,997,380**
Trademarks	868,246	1,234	-	-	(12,693)	856,787	**625**	**-**	**-**	**13,902**	**871,314**
Licenses and software	3,008,817	290,041	(6,155)	136,142	247	3,429,092	**804,550**	**(14,657)**	**269,841**	**41,137**	**4,529,963**
Customer base	215,024	-	-	-	4,076	219,100	**-**	**-**	**-**	**(3,875)**	**215,225**
Subtotal	39,081,297	291,275	(6,155)	136,142	147,781	39,650,340	**805,175**	**(14,657)**	**269,841**	**(96,817)**	**40,613,882**
Accumulated amortization	(2,083,558)	(479,026)	(177)	329	(4,318)	(2,566,750)	**(476,293)**	**5,853**	**(126)**	**(24,550)**	**(3,061,866)**
Total	$ 36,997,739	$ (187,751)	$ (6,332)	$ 136,471	$ 143,463	$ 37,083,590	**$ 328,882**	**$ (8,804)**	**$ 269,715**	**$ (121,367)**	**$ 37,552,016**

Trademarks represents the trademarks acquired at the time of the acquisition of Walmart Central America, including Pali, Despensa Familiar, Maxi Bodega, among others. Trademarks are translated at the year-end-exchange rate and the corresponding effect is recognized as a component of other comprehensive income.

Licenses, software and customer amortization expense for the years ended December 31, 2020 and 2019 was $476,293 y $479,026, respectively, and is included in the general expenses line of the consolidated statement of comprehensive income.

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.

12. RELATED PARTIES

a) Related party balances

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

	2020	2019
Accounts receivable, net:		
Walmart Inc. (Note 6)	**$ 33,543**	$ 95,736
Accounts payable:		
C.M.A. – U.S.A., L.L.C.	**$ 795,111**	$ 695,229
Swiss Asia Minor GmbH	**152,934**	101,254
	$ 948,045	$ 796,483
Other accounts payable:		
Walmart Inc.	**$ 1,088,239**	$ 1,223,695
Newgrange Platinum Services LTD	**228,591**	-
	$ 1,316,830	$ 1,223,695

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.

	2020	2019
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
	$ 4,639,653	$ 4,688,099
Costs and expenses related to technical assistance, services and royalties:		
Walmart Inc.	**$ 6,438,839**	$ 6,183,120
Newgrange Platinum Service, LTD	**417,956**	-
	$ 6,856,795	$ 6,183,120

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

c) Remuneration of principal officers

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
	$ 1,543,861	$ 1,384,933

13. OTHER ACCOUNTS PAYABLE

An analysis of other accounts payable as of December 31, 2020 and 2019, is as follows:

	2020	2019
Accrued liabilities and others	**$ 19,467,070**	$ 16,276,060
Dividends	**154,752**	136,999
Contingencies (Note 14)	**2,443,823**	2,131,626
Deferred revenue [(a)]	**1,458,114**	1,348,990
Related parties (Note 12)	**1,316,830**	1,223,695
	$ 24,840,589	$ 21,117,370

[(a)] Deferred income represents Sam's club memberships, unredeemed gift cards and deferred income for rentals related to the sale of Vips and Suburbia.

14. COMMITMENTS AND CONTINGENCIES

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 Note 9.

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.

15. LEASES AND OTHER LONG-TERM LIABILITIES

Leases and other long-term liabilities as of December 31, 2020 and 2019, includes:

	2020	2019
Long-term leases	**$ 56,521,412**	$ 54,168,291
Deferred rental income	**4,172,623**	4,522,312
Others	**12,558**	8,097
	$ 60,706,593	$ 58,698,700

16. INCOME TAXES

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.

An analysis of income taxes charged to the income statement for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Current income taxes:		
Mexico	$ (15,174,917)	$ (9,027,935)
Central America	(2,291,392)	(2,115,279)
Consolidated	$ (17,466,309)	$ (11,143,214)
Deferred income taxes:		
Mexico	$ 1,559,510	$ (81,137)
Central America	(122,427)	(79,996)
Consolidated	1,437,083	(161,133)
	$ (16,029,226)	$ (11,304,347)

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 1 paragraph b.

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

	Rate
Mexico	30%
Costa Rica	30%
Guatemala	25%
Honduras	30%
Nicaragua	30%
El Salvador	30%

An analysis of the effects of the long term income taxes (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	-
	$ 9,108,261	$ 7,908,566
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	$ 6,402,935	$ 6,741,568

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

The Company has the following tax losses from subsidiaries that may be carried forward against future taxable income:

Year of expiration	Amount
2027	$ 283,283
2028	777,313
2029	2,079,675
2030	443,985
	$ 3,584,256

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 charged in the year	1,691,467	47,155
Excess of previous years	(254,384)	(219,828)
Other comprehensive income items	171,100	191,446
IFRIC 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	$ 2,705,326	$ 1,166,998

17. EMPLOYEE BENEFITS

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	$ 797,314	$ 559,963	$ 1,787,649	$ 1,528,323

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	$ 1,844,268	$ 1,489,633	$ 1,787,649	$ 1,528,323

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	$ (1,046,954)	$ (929,670)

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.

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:

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	México		Centroamérica	
	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%

	México		Centroamérica	
	2020	2019	**2020**	2019
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.

18. EQUITY

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

1.- Approval of a cap of $5,000,000 on the amount the Company would use in 2020 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2020.

2.- 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:

1.- Approval of a cap of $5,000,000 on the amount the Company would use in 2019 to repurchase its own shares. There was no repurchase of its own shares as of December 31, 2019.

2.- 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:

	2020	2019
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)	15,899,617	15,729,223
	$ 30,933,523	$ 30,250,014

c) 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 and 2019, an analysis of paid-in stock and the number of shares representing it is as follows:

Common stock	Amount
Fixed minimum capital	$ 5,591,362
Variable capital	36,935,265
Subtotal	42,526,627
Inflation effects	2,941,801
Total	$ 45,468,428
Number of freely subscribed common shares	17,461,402,631

d) 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.

e) 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	156,507,494	44.64
Shares available for option grant:		
As of December 31, 2020	21,882,987	
As of December 31, 2019	6,620,210	

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.

19. OTHER DISCLOSURES OF REVENUE

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. Electronic commerce sales in Mexico, including the gross value of the merchandise of suppliers made through Marketplace, are $24.6 billion and $9.3 billion, 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.

20. COST OF SALES AND GENERAL EXPENSES

Cost of sales and general expenses are presented in the consolidated statement of comprehensive income and mainly include the purchase of merchandise, personnel expenses, depreciation and amortization, rent, advertising, maintenance, utilities, royalties, and technical assistance, and include 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 1 paragraph b.

21. FINANCIAL INCOME (EXPENSES)

An analysis of financial income (expenses) for the years ended December 31, 2020 and 2019, is as follows:

	2020	2019
Financial income:		
Financial income	**$ 986,291**	$ 1,218,688
Currency exchange gain	**1,514,149**	628,207
Income on changes in fair value of derivatives	**1,012,477**	413,161
	$ 3,512,917	$ 2,260,056

	2020	2019
Financial expenses:		
Interest on finance leases	**$ (6,409,888)**	$ (5,752,506)
Currency exchange loss	**(1,256,758)**	(619,192)
Loss on changes in fair value of derivatives	**(1,038,764)**	(396,321)
Other financial expenses	**(2,790,701)**	(292,604)
	$ (11,496,111)	$ (7,060,623)

Financial income primarily consists of interest earned on investments.

Other financial expenses include mainly the payment to Mexican tax authorities (SAT) of $2,406 million to conclude substantial fiscal matters, made on May, 2020, as mentioned in Note 1 paragraph b.

22. SEGMENT FINANCIAL INFORMATION

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:

Year ended December 31, 2020			
Segment	**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	**$ 57,447,281**	**$ (7,983,194)**	**$ 49,464,087**

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	$ 54,002,686	$ (4,800,567)	$ 49,202,119

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	**$ 16,728,102**	**$ 17,939,624**	**$ 361,883,101**	**$ 123,069,917**

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	$ 20,574,830	$ 17,002,507	$ 349,172,269	$ 113,498,948

An analysis of income from customer contracts is presented in note 19.

23. OTHER DISCLOSURES GRI **206-1**

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.

24. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements and accompanying notes for the years 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.

REPORT BY THE AUDIT AND CORPORATE PRACTICES COMMITTEES

WAL-MART DE MÉXICO, S.A.B. DE C.V.

TO THE BOARD OF DIRECTORS OF WAL-MART DE MÉXICO S.A.B. DE C.V.

TO WHOM IT MAY CONCERN:

In compliance with Article 43 of the Securities Market Act (LMV, acronym in Spanish) and the internal regulations of the Committees I oversee, as well as the approval issued by the Board of Directors of Wal-Mart de México, S.A.B. of C.V. (which together with its subsidiaries, is hereinafter referred to as the Company), we hereby inform you of the activities performed during the reporting period ending on December 31, 2020.

In addition to considering the provisions established by the LMV, during the performance of our work, we complied with the provisions established by the Best Corporate Practices Code issued by the Business Coordination Council (Consejo Coordinador Empresarial, A.C.), the Company's Code of Ethics, the General Internal Regulations of the Mexican Stock Exchange, and the general provisions of the LMV.

While 2020 brought challenges caused by the pandemic, they led to efficiencies and different ways of doing things. In compliance with our oversight process, the Audit and Corporate Practices Committees have held regular quarterly meetings to analyze the overall situation regarding matters of material importance to the Company in the fields of finance, accounting, legal, operations, and ethics. Supplementing our participation over the course of the year, with meetings held with the office of the CEO, Finance, Legal, and the reports filed by the Company's key officers at our request, such as those described as follows:

1. Regarding Corporate Practices, the Company´s management kept us regularly informed, having no observations on the following:

a) The performance evaluation processes for relevant officers.

b) The transactions with related parties, during the reporting period with an itemized description of the characteristics of significant transactions and their corresponding transfer pricing studies. Those items are mentioned in note 12 of the Financial Statements.

c) The proposal for the short and long term compensation plan update, including incentives for the employees of the company´s subsidiaries and related companies.

d) The Board of Directors granted no exemptions whatsoever to any Director, executive, or anyone with a position of authority, as indicated under Article 28, Section III, subsection f) of the LMV.

2. Regarding Audit:

a) We analyzed the status of the Company's internal control system and received detailed information about the programs and the internal and external audit work performed.

b) We also reviewed the main aspects that require improvement and followed up on the preventive and corrective measures implemented by management. Therefore, in our opinion, the Company complies the effectiveness requirements established to operate in an adequate control environment.

c) We assessed the performance of the external auditors who are responsible for issuing an opinion on the reasonability of the Company's financial statements and their adherence to International Financial Information Standards. In this regard, we believe that the partners at Mancera, S.C. (a Member of EY Global) comply with all the professional quality requirements. Furthermore, before beginning to provide the services, we assessed the independence requirements of the necessary intellectual and economic measures. As a result, we recommended assigning them to examine and issue the report on the Company's financial statements.

d) We were informed of the additional or complementary services that the auditors mentioned above provided the Company in 2020. We do not believe that these services were substantial or that the independence and objectivity of the auditor are compromised.

e) We reviewed the Company's quarterly and annual financial statements and recommend their approval by the Board of Directors for publication.

f) We were informed of the accounting policies approved and applied during the fiscal year 2020 and their modifications.

g) We followed up on relevant observations made by the shareholders, directors, relevant managers, employees, and, in general, any third party regarding accounting, internal controls, and internal or external auditing matters.

h) We followed up on the agreements adopted at the shareholders' meetings by the Company's board of directors.

i) We were informed about the status of the Company's investment plan and the financial impact produced by its current energy contracts.

j) We were informed about the legal contingencies that the Company is exposed to and that are recognized in the financial statements based on their probability of occurrence.

k) We were informed of the progress made in terms of cybersecurity.

l) Lastly, we received periodic reports about the Company's Ethics and Compliance matters and its measures to reinforce these issues.

Based on the work completed and the external auditors' opinion, we believe that the Company's accounting and information policies and criteria are suitable and sufficient and have been consistently applied. Therefore, the information provided by the CEO is a reasonable reflection of the Company's financial situation and results.

According to the above, we recommend that the Board of Directors file the financial statements for Wal-Mart de México, S.A.B. de C.V. and subsidiaries for the period ended December 31, 2020, and present them to the Annual Meeting of Shareholders for approval.

Sincerely yours,

Adolfo Cerezo.
Chairman of the Audit and Corporate Practices Committees
Mexico City, February 17, 2021