El Puerto de Liverpool

US$500,000,000
6.255% Senior Notes due 2032

US$500,000,000
6.658% Senior Notes due 2037

El Puerto de Liverpool, S.A.B. de C.V.
Guaranteed by Distribuidora Liverpool, S.A. de C.V.

We are offering US$500,000,000 aggregate principal amount of our 6.255% senior notes due 2032 (the "2032 notes"). The 2032 notes will mature on January 22, 2032. Interest on the 2032 notes will accrue at a rate of 6.255% per year from the issue date, January 22, 2025. We are offering US$500,000,000 aggregate principal amount of our 6.658% senior notes due 2037 (the "2037 notes" and, together with the 2032 notes, the "notes"). The 2037 notes will mature on January 22, 2037. Interest on the 2037 notes will accrue at a rate of 6.658% per year from the issue date, January 22, 2025. We will pay interest on each series of the notes semi-annually in arrears on January 22 and July 22 of each year, commencing on July 22, 2025.

The notes will be our senior unsecured general obligations and will be guaranteed by our wholly owned subsidiary Distribuidora Liverpool, S.A. de C.V. (the "subsidiary guarantor"). The notes will rank at least equal in right of payment with all of our unsecured and unsubordinated debt, and the guarantee of the subsidiary guarantor (the "guarantee") will rank at least equal in right of payment with all unsecured and unsubordinated debt of the subsidiary guarantor (in each case, subject to certain obligations given preferential treatment pursuant to applicable law). The notes and the guarantee will be structurally subordinated to all existing and future indebtedness and trade payables of our non-guarantor subsidiaries in respect of assets of and revenue generated by these subsidiaries.

A company newly formed by us, together with certain members of the Nordstrom family, has entered into a Merger Agreement to acquire all of the outstanding shares of Nordstrom, Inc. as described in more detail herein (the "Merger"). If the consummation of the Merger does not occur on or prior to September 22, 2025, as such date may be extended (which extension may not exceed 90 days), or if we notify the trustee that the Merger will not be consummated on or prior to such date, or if the Merger Agreement (as defined herein) is terminated in accordance with its terms at any time, we will be required to promptly redeem all of the notes of both series at a redemption price of 101% of the principal amount of the notes, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. See "Description of the Notes—Redemption—Special Mandatory Redemption."

We may redeem the 2032 notes, in whole or in part, prior to November 22, 2031 (the date that is two months prior to the maturity date of the 2032 notes) (the "2032 notes par call date") at a redemption price equal to the greater of 100% of the principal amount thereof and a make-whole amount described herein, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2032 notes to be redeemed to, but excluding, the redemption date. On and after the 2032 par call date, we may redeem the 2032 notes, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2032 notes to be redeemed to, but excluding, the redemption date. We may redeem the 2037 notes, in whole or in part, prior to October 22, 2036 (the date that is three months prior to the maturity date of the 2037 notes)(the "2037 notes par call date") at a redemption price equal to the greater of 100% of the principal amount thereof and a make-whole amount described herein, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2037 notes to be redeemed to, but excluding, the redemption date. On and after the 2037 par call date, we may redeem the 2037 notes, in whole or in part, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2037 notes to be redeemed to, but excluding, the redemption date. See "Description of the Notes—Redemption—Optional Redemption with "Make-Whole" Amount or at Par." In addition, we may redeem the notes of either or both series, in whole but not in part, at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of specified events relating to Mexican tax law. See "Description of the Notes—Redemption—Redemption for Taxation Reasons." In addition, upon the occurrence of a Change of Control Triggering Event (as defined herein), each holder of notes of any series will have the right to require us to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the purchase date. See "Description of the Notes—Repurchase at the Option of Holders Upon a Change of Control Triggering Event."

This offering memorandum does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation") or Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation"). Application has been made to the Irish Stock Exchange Plc, trading as Euronext Dublin ("Euronext Dublin") for the approval of this offering memorandum as listing particulars. Application has been made to Euronext Dublin for the notes to be admitted to the Official List and for trading on the Global Exchange Market of Euronext Dublin.

Investing in the notes involves significant risks. See "Risk Factors" beginning on page 29 for a discussion of certain information that you should consider before investing in the notes.

Price of the 2032 notes: 100.000% plus accrued interest, if any, from January 22, 2025.
Price of the 2037 notes: 100.000% plus accrued interest, if any, from January 22, 2025.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE MEXICAN NATIONAL SECURITIES REGISTRY (*REGISTRO NACIONAL DE VALORES* (the "RNV")) MAINTAINED BY THE MEXICAN NATIONAL BANKING AND SECURITIES COMMISSION (*COMISIÓN NACIONAL BANCARIA Y DE VALORES* (the "CNBV")), AND MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO OR OTHERWISE BE SUBJECT TO INTERMEDIATION ACTIVITIES IN MEXICO, EXCEPT PURSUANT TO AN EXEMPTION SET FORTH IN ARTICLE 8 OF THE MEXICAN SECURITIES MARKET LAW (*LEY DEL MERCADO DE VALORES*). UPON CONSUMMATION OF THE OFFERING OF THE NOTES, WE WILL NOTIFY THE CNBV OF THE TERMS AND CONDITIONS THEREOF TO COMPLY WITH ARTICLE 7, SECOND PARAGRAPH OF THE MEXICAN SECURITIES MARKET LAW AND REGULATIONS THEREUNDER AND FOR STATISTICAL AND INFORMATIONAL PURPOSES ONLY. THE DELIVERY TO, OR RECEIPT BY, THE CNBV OF SUCH NOTICE DOES NOT CONSTITUTE OR IMPLY A CERTIFICATION AS TO THE INVESTMENT QUALITY OF THE NOTES, OUR SOLVENCY, LIQUIDITY OR CREDIT QUALITY OR THE ACCURACY OR COMPLETENESS OF THE INFORMATION SET FORTH IN THIS OFFERING MEMORANDUM. THE INFORMATION CONTAINED IN THIS OFFERING MEMORANDUM IS SOLELY OUR RESPONSIBILITY AND HAS NOT BEEN REVIEWED OR AUTHORIZED BY THE CNBV. IN MAKING AN INVESTMENT DECISION, ALL INVESTORS, INCLUDING ANY MEXICAN INVESTOR, WHO MAY ACQUIRE NOTES FROM TIME TO TIME, MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFERING MEMORANDUM, US AND THE SUBSIDIARY GUARANTOR.

We have not registered the notes or the guarantee under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under any state securities laws. Therefore, the notes may not be offered or sold within the United States to, or for the account or benefit of, any U.S. person unless the offer or sale would qualify for an exemption from registration under the Securities Act and applicable state securities laws. Accordingly, we are only offering the notes (1) to qualified institutional buyers (as defined in Rule 144A under the Securities Act) and (2) to persons outside the United States in compliance with Regulation S under the Securities Act. See "Transfer Restrictions" for additional information about eligible offerees and transfer restrictions.

We expect that the notes will be delivered to purchasers in book-entry form through The Depository Trust Company and its direct and indirect participants, including Clearstream Banking, S.A. and Euroclear S.A./N.V., as operator of the Euroclear System, on or about January 22, 2025.

Global Coordinator and Joint Book-Running Manager

J.P. Morgan

Joint Book-Running Managers

BBVA **BofA Securities** **Santander**

The date of this offering memorandum is February 5, 2025.

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You should only rely on the information contained in this offering memorandum. To the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this offering memorandum is true and accurate in all material respects, and there are no other facts, the omission of which makes this offering memorandum misleading in any material respect. Neither we nor the initial purchasers have authorized anyone to provide you with different information, and neither we nor the initial purchasers take any responsibility for any other information that others may give to you. Neither we nor the initial purchasers are making an offer of the notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the cover of this offering memorandum, regardless of time of delivery or any sale of the notes.

This offering memorandum is based on information provided by us and by other sources we believe to be reliable. This offering memorandum summarizes certain documents and other information, and we refer you to those sources for a more complete understanding of what we discuss in this offering memorandum.

The initial purchasers assume no responsibility for, and make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum or any other information provided by us. Nothing contained in this offering memorandum is, or shall be, relied upon as a promise or representation by the initial purchasers, whether as to the past, present or the future.

This offering memorandum does not constitute an offer to sell these securities and is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. Neither the delivery of this offering memorandum nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or the affairs of our subsidiaries or that the information set forth in this offering memorandum is correct as of any date subsequent to the date of this offering memorandum.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the notes. This offering memorandum may only be used for the purpose for which it has been published. We reserve the right to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the notes offered by this offering memorandum. J.P. Morgan Securities LLC, BBVA Securities Inc., BofA Securities, Inc. and Santander US Capital Markets LLC will act as initial purchasers with respect to the offering of the notes. This offering memorandum is personal to you and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the notes. The proposed offering of the notes was authorized by our board of directors on December 22, 2024.

Distribution of this offering memorandum by you to any person other than those persons retained to advise you is unauthorized, and any disclosure of any of the contents of this offering memorandum without our prior written consent is prohibited.

You must (i) comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this offering memorandum and the purchase, offer or sale of the notes, and (ii) obtain any required consent, approval or permission for the purchase, offer or sale by you of the notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales and neither we nor the initial purchasers or their respective agents have any responsibility therefor. See “Transfer Restrictions” for information concerning some of the transfer restrictions applicable to the notes.

By accepting this offering memorandum you acknowledge that:

- you have been afforded an opportunity to request from us, and to review, all additional information considered by you to be necessary to verify the accuracy of, or to supplement, the information contained in this offering memorandum;

- you have not relied on the initial purchasers or their respective agents or any person affiliated with the initial purchasers or their respective agents in connection with your investigation of the accuracy of such information or your investment decision; and

- no person has been authorized to give any information or to make any representation concerning us or the notes other than those set forth in this offering memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the initial purchasers or their respective agents.

In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved. The notes have not been recommended by the United States Securities and Exchange Commission, or the SEC, or any state securities commission, the CNBV, or any other regulatory authority. Furthermore, these authorities have not confirmed the accuracy or determined the adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

See "Risk Factors" for a description of certain factors relating to an investment in the notes, including information about our business. None of us, the initial purchasers or any of our or their representatives is making any representation to you regarding the legality of an investment by you under applicable legal investment or similar laws. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult with your own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes.

We are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. The notes may not be transferred or resold except as permitted under the Securities Act and related regulations and applicable state securities laws. In making your purchase, you will be deemed to have made certain acknowledgements, representations and agreements set forth in this offering memorandum under the caption "Transfer Restrictions." You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

This offering memorandum does not comprise a prospectus for the purposes of the Prospectus Regulation. Application has been made to Euronext Dublin for the notes to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin. This offering memorandum constitutes listing particulars for the purpose of such application and is expected to be approved by Euronext Dublin.

We accept responsibility for the information contained in this offering memorandum and confirm that, to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for us in relation to the notes and is not itself seeking admission of the notes to the Official List of Euronext Dublin or to trading on the Global Exchange Market of Euronext Dublin.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS. The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For the purposes of this paragraph, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive EU 2016/97, (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, (as amended, the "Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014, (as amended, the "PRIIPs Regulation"), for offering or selling the notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in any member state of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS. The notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom, (the "UK"). For the purposes of this paragraph, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "UK Prospectus Regulation"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling

the notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of notes. This offering memorandum is not a prospectus for the purposes of the UK Prospectus Regulation.

ENFORCEABILITY OF CIVIL LIABILITIES

We and the subsidiary guarantor are companies organized and existing under the laws of Mexico. Most of our directors, officers and controlling persons, and most of the directors and officers of the subsidiary guarantor, reside outside of the United States. A significant portion of our assets and the assets of the subsidiary guarantor are located, and a majority of our revenues and the revenues of the subsidiary guarantor are derived from sources, outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or entities outside Mexico, as the case may be, or to enforce against such parties any judgment obtained in courts located outside of Mexico predicated on civil liabilities under the laws of jurisdictions other than Mexico, including judgments predicated on the civil liability provisions of the U.S. federal securities laws or other laws of the United States.

We have been advised by our Mexican counsel, Galicia Abogados, S.C., that no treaty exists between the United States and Mexico for the reciprocal enforcement of judgments issued in the other country. Generally, Mexican courts would enforce final judgments rendered in the United States if certain requirements are met, including the review in Mexico of the U.S. judgment to ascertain compliance with certain basic principles of due process and the non-violation of Mexican law or public policy (*orden público*); provided that U.S. courts would grant reciprocal treatment to Mexican judgments. Additionally, there is doubt as to the enforceability, in original actions in Mexican courts or in actions for enforcement of judgments obtained in courts of jurisdictions outside Mexico, of liabilities predicated, in whole or in part, on U.S. federal securities laws or similar laws of any jurisdiction outside Mexico and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated on the civil liability provisions of U.S. federal securities laws. See "Risk Factors—Risks Related to the Notes and the Guarantee—It may be difficult to enforce civil liabilities against us or our directors, executive officers and controlling persons."

In the event that proceedings are brought in Mexico seeking to enforce our or the subsidiary guarantor's obligations in respect of the notes, we would not be required to discharge such obligations in a currency other than the Mexican peso. Pursuant to Mexican law, an obligation in a currency other than the Mexican peso, which is payable in Mexico, may be satisfied in Mexican currency at the rate of exchange in effect on the date on which payment is made. Such rate of exchange is currently determined by the Mexican Central Bank (*Banco de México*) each business day in Mexico and published the following banking-business day in the Mexican Federal Official Gazette (*Diario Oficial de la Federación*).

In connection with the issuance of the notes, we have appointed Cogency Global Inc. as our authorized agent upon whom process may be served in connection with any action instituted in any United States federal or state court having subject matter jurisdiction in the Borough of Manhattan in New York arising out of or based upon the indenture governing the notes or the guarantee of the subsidiary guarantor. See "Description of the Notes."

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute estimates and forward-looking statements, including, but not limited to, the sections "Summary," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations." These statements appear in a number of places in this offering memorandum and include statements regarding our intent, beliefs or current expectations, and those of our officers, with respect to (among other things) our financial condition. Our estimates and forward-looking statements are based mainly on current expectations and estimates of future events and trends, which affect, or may affect, our business, financial condition and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, these assumptions are subject to several risks and uncertainties and are based on information limited to that information currently available to us.

Our estimates and forward-looking statements, as well as our actual results and financial condition, may be influenced by, among others, the following factors:

- closing of the Merger (as defined herein);
- any decrease in the buying power of our customers and any decrease in the level of consumer spending for apparel and other merchandise we sell;
- global macroeconomic conditions and economic, political and social conditions in Mexico;
- changes in consumer preferences or behavior patterns;
- our ability to integrate and benefit from our recent or future acquisitions, investments, joint ventures and strategic alliances;
- the costs, difficulties, uncertainties and regulations related to mergers, acquisitions or joint ventures;
- competitive pressures from traditional department stores, vendor-owned boutiques, specialty retailers, individual specialty apparel stores, designer boutiques, outlet stores, off-price and discount stores, e-commerce, mail order retailers and "flash sale" businesses;
- the availability of desirable store locations on suitable terms;
- adequate and stable sources of merchandise, including changes in relationships with vendors and other product and service providers;
- changes in law enacted by the Mexican government, including the recently approved judicial reform;
- any damage to the public's perception of our brands or the brands we sell as well as our reputation;
- our ability to implement our omni-channel business and investment strategy;
- our ability to manage our inventory efficiently;
- industry trends, including changes in buying, inventory and other business practices;
- disruption of our supply chain, including our distribution centers, or failure of our suppliers to perform in a timely manner;
- risks inherent to product liability or intellectual property claims;
- our ability to successfully expand into new markets;
- our ability to successfully engage in property development;

- our ability to lease our properties;
- our ability to maintain adequate insurance coverage;
- credit and other risks of lending, such as increases in the number of non-performing loans;
- technological innovations;
- increases in our operating costs or our inability to meet efficiency or cost reduction objectives;
- interruptions or failures in our information technology systems, including security or privacy breaches;
- loss of key personnel;
- the deterioration of labor relations with our workforce or an increase in labor costs;
- risks related to fluctuations in foreign exchange or interest rates and stock market volatility;
- our ability to service our debt;
- limitations on our access to sources of financing on competitive terms or at all, and compliance with covenants by which we are bound;
- compliance with health, environmental, data protection and other laws and regulations;
- regulatory changes and adverse administrative or judicial rulings relating to us;
- trade barriers;
- the imposition of price controls on the products we sell;
- possible disruptions to commercial activities due to natural disasters, weather conditions (including as a result of the effects of climate change), regional or global health pandemics and human-induced disasters (including terrorist activities and armed conflicts); and
- other factors, some of which are described under "Risk Factors" and elsewhere in this offering memorandum.

The words "believe," "may," "may have," "would," "estimate," "continue," "anticipate," "intend" and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements refer only to the date when they were made, and neither we nor the initial purchasers undertake any obligation to update or review any estimate or forward-looking statement whether as a result of new information, future events or any other factors. Estimates and forward-looking statements involve risks and uncertainties and do not guarantee future performance, as actual results or developments may be substantially different from the expectations described in the estimates and forward-looking statements. In light of the risks and uncertainties described above, the events referred to in the estimates and forward-looking statements included in this offering memorandum may or may not occur, and our business performance, financial condition and results of operations may differ materially from those expressed in our estimates and forward-looking statements, due to factors that include, but are not limited to, those mentioned above. Investors are warned not to place undue reliance on any estimates or forward-looking statements in making decisions regarding an investment in the notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references to "we," "us," "our," "our company", the "issuer" or "Liverpool" in this offering memorandum are to El Puerto de Liverpool, S.A.B. de C.V., a publicly traded stock corporation (*sociedad anónima bursátil de capital variable*) organized under the laws of Mexico and, unless otherwise indicated or the context requires otherwise, its consolidated subsidiaries. All references to "subsidiary guarantor" are to our wholly owned subsidiary Distribuidora Liverpool, S.A. de C.V., a variable stock corporation (*sociedad anónima de capital variable*) organized under the laws of Mexico. All references to "Mexico" in this offering memorandum are to the United Mexican States. All references to the "United States" or "U.S." in this offering memorandum are to the United States of America.

Liverpool Financial Statements

This offering memorandum includes (i) our audited consolidated financial statements as of December 31, 2023 and 2022, and for each of the three years ended December 31, 2023, 2022 and 2021 and (ii) our unaudited condensed consolidated interim financial statements as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023. Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements are stated in Mexican pesos.

Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements include consolidated information of our subsidiary guarantor and our non-guarantor subsidiaries.

Our audited consolidated financial statements included in this offering memorandum have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Our unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") – 34 "Interim Financial Reporting," as issued by the IASB. IFRS differs in certain significant respects from accounting principles generally accepted in the United States ("U.S. GAAP"), and financial reporting standards and generally accepted accounting principles used in other jurisdictions. We are not providing any reconciliation to U.S. GAAP of our consolidated financial statements or other financial information in this offering memorandum.

Our audited consolidated financial statements were audited by PricewaterhouseCoopers, S.C.

This offering memorandum also contains our (i) unaudited pro forma condensed consolidated statement of financial position as of September 30, 2024, and (ii) unaudited pro forma condensed consolidated statement of comprehensive income for the year ended December 31, 2023 and the nine-month period ended September 30, 2024 (the "unaudited pro forma condensed consolidated financial information"). The unaudited pro forma condensed consolidated financial information is based on our historical consolidated financial statements included in this offering memorandum. The unaudited pro forma condensed consolidated financial information gives effect to our additional investment in Nordstrom, as described in more detail in "Summary—Nordstrom Merger", as if it had occurred on (i) September 30, 2024 for purposes of the unaudited pro forma condensed consolidated statement of financial position, and (ii) January 1, 2023 and 2024 for purposes of the unaudited pro forma condensed consolidated statement of comprehensive income for the year ended December 31, 2023 and the nine month-period ended on September 30, 2024.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and does not purport to represent what the actual consolidated financial condition and results of operations would have been had the additional investment by Liverpool in Nordstrom been made as of the dates assumed, nor is it intended to project or be indicative of the future consolidated financial condition and results of operations of Liverpool upon consummation of the additional investment in Nordstrom.

Nordstrom Financial Information

This offering memorandum incorporates by reference:

- Nordstrom's historical audited consolidated financial statements and the notes thereto as of and for the fiscal year ended February 3, 2024, filed with the SEC as Item 8 of Nordstrom's Annual Report on Form 10-K for the year ended February 3, 2024.

- Nordstrom's historical unaudited condensed consolidated financial statements and the notes thereto as of and for the nine months ended November 2, 2024, filed with the SEC as Item 1 to Nordstrom's Quarterly Report on Form 10-Q for the fiscal quarter ended November 2, 2024.

Historical financial information of Nordstrom has been prepared in U.S. dollars and in accordance with U.S. GAAP. IFRS differs in certain significant respects from U.S. GAAP. We have made no attempt to quantify the impact of those differences by a reconciliation of the audited consolidated financial statements or the other financial information included in this offering memorandum to U.S. GAAP. We urge you to consult your own advisors regarding the differences between IFRS and U.S. GAAP and how these differences might affect the financial statements and the rest of the financial information included in this offering memorandum. See "Incorporation by Reference."

Segment Information & Business Lines

Information per segment is reported on the basis of the information used by our Financial Review Committee in making strategic and operating decisions. An operating segment is defined as a component of an entity in which there is separate financial information which is evaluated on a regular basis. The Company reports its results for each operating segment at the income, costs and expenses, and operating profit level. The other income statement items are not assigned, as they are managed on a corporate level. We have the following reporting segments: (i) Liverpool Commercial Segment, (ii) Suburbia Commercial Segment, (iii) Real Estate Segment and (iv) Credit Segment.

For purposes of this offering memorandum we discuss our operations across three main business lines or divisions: (i) the Commercial division, which is comprised of our Liverpool Commercial Segment and Suburbia Commercial Segment, (ii) the Real Estate division, comprised of our Real Estate Segment and (iii) the Credit division, comprised of our Credit Segment.

Special Note Regarding Non-IFRS Financial Measures

For convenience of investors, this offering memorandum presents certain non-IFRS financial measures, which are not recognized under IFRS. A non-IFRS financial measure is generally defined as one that purports to measure financial performance but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. Specifically, we present:

- EBITDA and EBITDA Margin

- Gross Debt, Adjusted Debt and Adjusted Net Debt

- Leverage Ratio and Net Leverage Ratio

This offering memorandum also presents certain financial information, including non-IFRS financial measures for the twelve months ended September 30, 2024 ("LTM"). We calculate such LTM figures by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023. Our management also believes that presenting LTM data enhances the understanding of our business performance over the immediately preceding four quarters, compared to quarterly financial information which may not be indicative of full year performance primarily given the high seasonality of our business during the end of year holiday season.

For a discussion on the use of these measures and a reconciliation of the most directly comparable IFRS measures, see "Summary Historical and Pro Forma Consolidated Financial and Other Information—Non-IFRS Financial Measures and Key Operating Metrics—Non-IFRS Financial Measures."

Non-IFRS financial measures do not have standardized meanings and may not be directly comparable to similarly titled measures adopted by other companies. These non-IFRS financial measures are used by our management for decision-making purposes and to assess our financial and operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. The non-IFRS measures presented have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations presented in accordance with IFRS. Additionally, our calculations of non-IFRS measures may be different from the calculations used by other companies, including our competitors, and therefore, our measures may not be comparable to those of other companies.

Certain Operating Metrics

This offering memorandum includes certain key operating metrics we use to evaluate our performance, including same store sales, Digital GMV, non-performing loan rates and Loan Loss Reserve Coverage.

Same Store Sales

We measure same store sales using total revenue from stores that were operational for at least the full preceding 12 months for the periods under consideration. When calculating this measure, we exclude stores that were temporarily closed (for one month or more) or permanently closed during the periods in consideration.

Digital GMV

Digital gross merchandise value ("Digital GMV") is calculated as the net value of all merchandise sold through our digital platforms, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services. GMV includes merchandise sales from inventory we own, as well as the net value of merchandise sold on behalf of vendors from inventory that we do not own or hold on consignment. We use GMV as an indicator of the scale and growth of our digital operations.

Non-Performing Loans and Non-Performing Loan Rate

We consider a loan to be non-performing once it has been delinquent for more than 90 days. We calculate our non-performing loan rate by dividing the balance of loans that are delinquent for more than 90 days by our total loan portfolio.

Loan Loss Reserve Coverage

We calculate our Loan Loss Coverage by dividing our provision for impairment of our loan portfolio by our gross credits related to customer contracts (which is our gross loan portfolio). We use this ratio to ensure we have sufficient provisions and reserves available for potential credit losses.

Currency

Unless otherwise specified, references herein to "U.S. dollars," "dollars" or "US$" are to United States dollars, the legal currency of the United States; and references to "Mexican peso," "peso," "pesos" or "Ps." are to the Mexican peso, the legal currency of Mexico.

This offering memorandum contains translations of certain Mexican peso amounts into U.S. dollars solely for convenience of the reader. These translations should not be construed as representations that the Mexican peso amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated as of the dates mentioned herein or at any other rate. Unless otherwise indicated, we have translated Mexican peso amounts into U.S. dollars at an exchange rate of Ps.19.629 per US$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette.

Rounding

Certain figures included in this offering memorandum have been rounded for ease of presentation. Percentage figures included in this offering memorandum have not, in all cases, been calculated on the basis of such rounded figures but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this offering memorandum may vary from those obtained by performing the same calculations using the figures in our consolidated financial statements. Certain numerical figures shown as totals in some tables may not be an arithmetic aggregation of the figures that precede them due to such rounding.

Trademarks and Trade Names

We own or have rights to the trademarks used in our business, including Liverpool, Liverpool Express, El Puerto de Liverpool, Suburbia, That's it, JBE, Pique Nique, Petite Studio, Perisur, Galerías Atizapán, Galerías Coapa, Galerías Insurgentes and Galerías Metepec. We do not intend our use or display of other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties.

Market and Industry Information

Statements in this offering memorandum with respect to market and other industry data are based on statistics and other information from independent industry publications and reports by research firms or other published independent sources, as well as our own internal studies derived from our review of internal surveys and other independent sources, such as Euromonitor, the Mexican National Association of Self-Service Stores and Department Stores (*Asociación Nacional de Tiendas de Autoservicio y Departamentales, A. C.*, "ANTAD"), the Mexican Internet Association (*Asociación Mexicana de Internet*, or AMIPCI), Merco, Interbrand, the Central Intelligence Agency World Factbook, the World Bank, the International Monetary Fund (IMF), the Mexican Central Bank, the National Institute of Statistics and Geography (INEGI) and the National Minimum Wage Commission. As far as we are aware and are able to ascertain from such sources, no facts have been omitted which would render such information inaccurate or misleading. The facts and statistics presented have been accurately reproduced from such sources, however, such facts and statistics have not been independently verified by us, the initial purchasers or our respective advisors and therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside the jurisdictions specified.

In addition, we have based certain statements contained in this offering memorandum regarding our industry and our position in the industry on certain assumptions concerning our customers and competitors. These assumptions are based on our experience in the industry, conversations with our principal vendors and our own investigation of market conditions. We cannot assure you as to the accuracy of any such assumptions, and such assumptions may not be indicative of our positions in our industry.

SUMMARY

This summary highlights selected information described in greater detail elsewhere in this offering memorandum. It does not contain all of the information that may be important to you. You should read the entire offering memorandum carefully, including the risk factors and financial statements.

Overview

We are one of the largest omni-channel retailers in Mexico, in terms of number of stores and sales. For 177 years, the Liverpool brand has been synonymous with quality and personalized service. Our slogan, "Liverpool es parte de mi vida" (Liverpool is part of my life), reflects our presence in our customers' lives spanning multiple generations. Our physical and digital platforms offer a wide product assortment, including fashion apparel, shoes, accessories, jewelry, electronics, sporting goods, home goods, furniture, appliances and beauty products. We operate 312 department stores nationwide under the "Liverpool" and "Suburbia," banners. In addition we operate 33 smaller format "Liverpool Express" stores and a compelling portfolio of 120 specialized boutiques across the country under the banners of internationally recognized and sought-after brands. We also own or have a significant interest in 29 shopping centers across 21 states in Mexico, and, according to information from the Mexican Central Bank, as of September 30, 2024, we were the third largest credit card issuer in Mexico, with approximately 7.6 million issued credit cards.

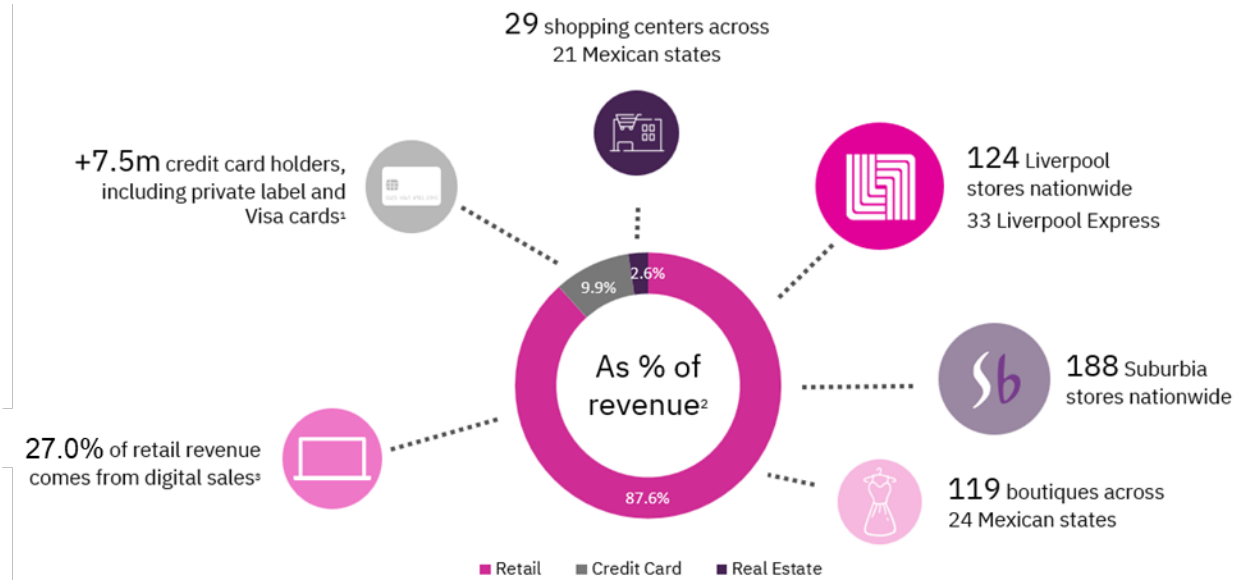
For 2023, we had total revenues of Ps.195.99 billion (US$9.98 billion), with a net income of Ps.19.5 billion (US$993.49 million), net margin of 9.93%, EBITDA of Ps.34.99 billion (US$1.78 billion) and an EBITDA margin of 17.85%. For the nine months ended September 30, 2024, we had total revenues of Ps.139.51 billion (US$7.11 billion), with a net income of Ps.13.51 billion (US$688.05 million), net margin of 9.68%, EBITDA of Ps.22.69 billion (US$1.16 billion) and an EBITDA margin of 16.26%. For the last twelve months ended September 30, 2024, we had total revenues of Ps.208.64 billion (US$10.63 billion), with a net income of Ps.22.19 billion (US$1.13 billion), net margin of 10.63%, EBITDA of 36.81 billion (US$1.87 billion) and an EBITDA margin of 17.64%.

At Liverpool we strive to serve our customers everywhere, every day, for a lifetime. We primarily cater to middle- and high-income families through our "Liverpool" banners and mid-low and low income families through "Suburbia." Our department stores are strategically located in urban and suburban areas, especially in densely populated regions, seeking maximum accessibility for our customers. Through our robust digital channels, we offer nationwide access to our products, making us one of the leading online apparel retailers in the country in terms of sales, with Digital GMV growth from 2021 to 2023 of 4.2x. The "Liverpool" brand is iconic in Mexico, ranked among the top five Latin American retail brands and top 20 retail brands worldwide by Interbrand. Customers associate our brands with trust, legacy and status, with stores offering a wide range of products, personalized customer service, convenience and attractive promotions.

Our Business Model

The pillars of our business model consist of (1) increasing customer traffic and average ticket sales both in our physical stores and digitally, which requires us to anticipate our customers' preferences and shopping behaviors, (2) optimizing retail space by adjusting the number, size and layout of our stores and merchandise mix in each of our locations, (3) improving the content and functionality of our online platforms and the integration with our physical retail portfolio, (4) facilitating purchases through our credit offerings, and (5) implementing initiatives that transform our stores into destinations for services and attractions that make the shopping experience unique.

Our business is divided into three different divisions that are complementary yet represent independent sources of revenue: commercial and services, which is comprised of our Liverpool and Suburbia accounting segments as well as our boutique business; consumer credit; and real estate. The following diagram shows key facts about our business as of and for the nine months ended September 30, 2024:



(1) Includes Liverpool and Suburbia cards.
(2) Figures for the nine months ended September 30, 2024.
(3) Digital sales include eCommerce, Click & Collect, Liverpool Pocket, Extended Catalog services and marketplace.

- *Commercial and Services Operations*. We operate 312 department stores: 124 under the "Liverpool" banner and 188 under "Suburbia,". In addition, we have 33 stores under the "Liverpool Express" banner, our newest and smallest format (400 square meters). Liverpool Express mostly serves as a "Click & Collect" center for online purchases, carrying a limited selection of best-sellers and offering credit and payment services. We also operate 120 specialized boutiques, including brands such as Banana Republic, GAP, Pottery Barn, Sfera, West Elm, Williams-Sonoma, and Toys "R" Us. Our department stores and specialized boutiques represent approximately 2.5 million square meters of retail space as of September 30, 2024. We also have digital stores (liverpool.com.mx, suburbia.com.mx), the Liverpool Pocket app, and an online marketplace, where third-party vendors can sell their products. For the nine months ended September 30, 2024, sales through our digital platforms, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services digital sale accounted for 27.0% of our retail revenue. Our stores are in Mexico City and all 31 states of Mexico. We also delivered more than 22 million and 15 million orders to homes and via Click & Collect, during 2023 and for the nine months ended September 30, 2024, respectively.

- *Consumer Credit Operations*. We support our retail operations by offering financing through the Liverpool and Suburbia credit cards, which can be used exclusively at our stores. Additionally, we issue the Liverpool Premium Card and Suburbia VISA card, which can be used at any VISA-affiliated business worldwide. We carry the credit risk of our full credit card portfolio. As of September 30, 2024, we were the second-largest credit card issuer in Mexico, with approximately 7.6 million credit cards and a net loan portfolio of Ps.51.99 billion (US$2.65 billion). We also provide personal and consumer loans, insurance products and car loans. For the nine months ended September 30, 2024, sales via our credit cards accounted for 49.1% of Liverpool's net sales of merchandise and 32.3% of Suburbia's net sales of merchandise. For 2023, sales via our credit card represented 48.2% of Liverpool's net sales of merchandise and 30.0% of Suburbia's net sales of merchandise. Our non-performing loan rates were 2.7%, 2.4% and 2.2% as of December 31, 2023, 2022 and 2021 respectively. Our non-performing loan rate as of September 30, 2024 was 4.1%, noting that the third quarter tends to be the highest with non-performing loans and the fourth quarter the lowest as customers receive Christmas and other end of year bonuses that supplement their income throughout the fourth quarter and the initial quarters of the year.

- *Real Estate Operations*. We are also involved in real estate operations, which include developing, leasing and managing shopping centers and retail premises. We own or have a significant interest in 29 shopping centers known as "Galerías" and lease approximately 2,837 retail spaces to third parties, which had occupancy rates of 92.3% and 94.2% as of December 31, 2023 and as of September 30, 2024, respectively. We have a shopping center in each of Mexico's most populated cities. Over the last twenty years, we have nearly quadrupled the gross leasable area of our shopping centers and retail premises from 189,595 square meters in 2005 to approximately 753,162 square meters as of September 30, 2024. Our real estate operations have become an important source of revenue and a strategic complement to our commercial and services operations by providing high-profile facilities that attract potential customers to our department stores.

The following chart includes certain financial information for the periods indicated (in each case, without giving effect to intercompany eliminations).



(1) Converted to U.S. dollars for convenience only at the rate of Ps. 19.629 per US$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette.

(2) LTM figures are calculated by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023.

Our Strengths

We have built a reputation for quality, fashion and authenticity as a result of our distinctive customer-centric culture and deep understanding of our industry and customers. We believe the following strengths distinguish us from our competitors and will allow us to successfully execute our strategy for continued growth.

- *Customer-First*. Customers are our top priority, and we aim to provide an exceptional shopping experience. Our customer-centric and family-oriented culture has earned us broad recognition in Mexico. We focus on delighting customers at our department stores, shopping centers and online,

through personalized service and a "yes, we have it" attitude. Our physical store locations and shopping malls serve as multifunctional destinations for social gatherings, fashion and entertainment, offering a diverse range of experiences and merchandise in a comfortable and safe environment. Our mobile app and websites enhance customer engagement with user-friendly platforms and tailored promotions. Our stores offer a wide array of amenities that promote our products and drive foot traffic such as our Liverpool Beauty Experience which offers beauty salon and spa services, our "Experiencia Gourmet" food halls and other value-added services, such as beauty technology repair centers, interior design services and digital fulfillment centers. By continuing to put the customer first and at the center of our strategy, we have created enduring customer recognition and loyalty which positions us for continued success.

- *Market Leading Position in Mexico.* We are one of the leading omni-channel retailers in Mexico by number of stores and sales. We are also the second largest credit card issuer in Mexico with 7.6 million issued credit cards as of September 30, 2024. We believe our brands are generally associated with trust, legacy and status, coupled with broad product assortment, personalized and high-quality customer service, convenience, emblematic store locations and attractive promotions and credit offerings. The breadth of our product selection, scale and access to customer data obtained through our digital and credit business, allows us to carefully curate the mix of our merchandise at each store based on fashion trends sought after at such location and to optimize inventory. Our 177 year journey from a single store front into Mexico's preeminent omni-channel retailer is a testament to the power of our vision and innovation. We believe we have an unrivaled reputation that has allowed us to establish strong and trustworthy relationships with brands and qualified vendors that allow us to access products in a timely and efficient manner and easily adjust our mix of imported products during challenging economic cycles.

- *Best-in-Class Omni-Channel Capabilities.* We believe we have unmatched omni-channel capabilities in Mexico that allow us to seamlessly engage with our customers across our physical retail and digital platforms to deliver a convenient, consistent and seamless shopping experience wherever our customers are. Our physical and digital channels are integrated and complementary and they each drive increased customer interactions. By incorporating selling and promotion across all channels, we successfully leverage each channel's strengths to present ourselves as one integrated brand. As evidence of this, in 2023 sales through non-traditional channels, including e-commerce, Click & Collect, marketplace and extended catalog services, grew 25.8% compared to the prior year. Since 2013 we have partnered with Oracle to analyze customer information using AI and data-mining techniques to enhance our product offering and customer experience. Our integrated sales, logistics and communications operations and capabilities allow us to retrieve customer information and use geolocation for targeted mobile marketing. Our physical stores are also integrated with our digital business. Customers can access our full extended catalog by placing online orders directly at our stores through our associates for products not held in-stock at the store. Importantly stores have also become fulfillment centers through our Click & Collect which drives increased foot traffic to stores and leads to additional purchases. They also serve local warehousing to fulfill online orders from store inventory. We have transformed our stores into shopping and family gathering destinations where customers benefit from our characteristic in-person service and seek additional services like our "geek desk" and beauty salons. As a result, we believe we have succeeded in integrating our unrivaled store presence and placing it at the intersection of physical and digital retail.

- *Fully Integrated Credit and Financial Services.* Our omni-channel capabilities are supercharged through our vast credit card portfolio with sales paid with our credit cards as a method of payment representing 49.1% of net sales of merchandise for Liverpool and 32.3% of net sales of merchandise for Suburbia for the nine months ended September 30, 2024. For 2023, sales made with our credit card represented 48.2% of Liverpool's net sales of merchandise and 30.0% of Suburbia's net sales of merchandise. Our 7.6 million credit cards provide deep insights into consumer behavior and preferences. The depth and reach of our customer relationships allow us to offer a wide array of financial services that go beyond credit cards, such as insurance, personal loans, car loans and now, through our partnership with Actinver, a Mexican bank and broker dealer, saving and checking account services. As a result, our financial offerings are not only a catalyst for our commercial growth that

provides customers with convenience and loyalty but also an important source of revenue having generated Ps.13,798 million in total revenue during the nine months ended September 30, 2024.

- *Strategic Real Estate Portfolio*. Real estate is an important part of our business and we believe we have successfully integrated our legacy retail portfolio into our omni-channel offering. Our department stores serve as shopping venues, service centers, fulfillment centers and experience hubs. We strategically acquire and develop stores in prime locations to maximize traffic. Each of our shopping malls serves as a gateway to our flagship stores and provides an important and stable source of revenue through leases to third-party retail tenants. Our stores and shopping malls include distinctive properties that enhance neighborhood vibrancy and reflect decades of cultural connections. We believe our stores and shopping malls are destinations unto themselves for Mexican families, an overwhelming number of which still value the shopping mall experience as a place of social connection. We have a nationwide presence in every major Mexican population center. Key geographies include Mexico City, Guadalajara and Monterrey. The acquisition of Suburbia expanded our reach in Mexico City with a new store format that caters to a demographic that was underserved by our "Liverpool" banner. Our geographic concentration provides economies of scale and market leverage, creating significant entry barriers for competitors. For the nine months ended September 30, 2024 and the years ended December 30, 2023 and 2022, our shopping malls had an average 92.3% occupancy rate, low tenant turnover, and low past-due accounts, with a diverse mix of over 1,800 tenants. From 2004 to September 30, 2024, we nearly quadrupled our gross leasable area. During 2023, our shopping centers had more than 100 million visitors which was a 26.1% increase compared to 2022 and is a testament to the resilience and continued importance of physical retail in Mexico.

- *Effective Control of Our Credit Offerings and Flexibility to Adapt to Challenging Economic Cycles*. Our sound and effective credit portfolio management allows us to rapidly increase and decrease our credit offerings, which has a direct impact on the purchase behavior of our customers and in turn, on our results of operations. We have built a proprietary credit and scoring platform that is tailored to our business and our client profile which lets us adjust our credit offering real-time to changes in the non-performing loan portfolio. Our system accounts for seasonality in non-performing loan rates with the highest point generally occurring during the third quarter and then lowering by year end. For example, during challenging economic times with higher unemployment rates, we restrict our credit offerings, as well as credit limits of existing customers, to avoid excessive growth of our loan portfolio and non-performing loan rate. In addition, during periods with lower consumption but stable macroeconomic fundamentals, we usually increase our credit offerings to increase our customer base and purchase frequency. In the past, such adjustments have had an immediate favorable impact on our results of operations while allowing us to maintain controlled and stable non-performing loan rates. Our non-performing loan rates were 2.7%, 2.4% and 2.2% as of December 31, 2023, 2022 and 2021 respectively. As we expand our credit portfolio, our non-performing loan rates may increase as we reach rates that we believe offer the best risk adjusted return on our loan portfolio. We believe that our ability to adjust our credit offerings during challenging economic cycles places us in an advantageous position with respect to our competitors.

- *Robust financials and capital structure*. We benefit from a healthy financial position with low leverage levels and high capitalization, which enables us to respond effectively to the constantly changing consumer demands and competitive environment in the Mexican retail market. For the year ended December 31, 2023 and the last twelve months ended September 30, 2024, our Net Leverage Ratio was (0.08)x and 0.24x, respectively. As adjusted to give pro forma effect to this offering and the incurrence of debt hereunder (described below), our Net Leverage Ratio for the twelve months ended September 30, 2024 would have been 1.19x.

- *Strategic Logistics Network.* Our extensive distribution and logistics network is the backbone of our omni-channel operations. As our customers' expectations and shopping patterns have changed, our logistics network has evolved with them to deliver an enhanced experience with improved delivery times and convenience. We operate one national logistics center, three national and 44 regional distribution centers, 312 department stores nationwide and 33 Liverpool Express stores. Our fleet includes 250 trucks and trailers and 1,458 home delivery units. The Arco Norte national logistics

center, which began construction in 2019, has been the main focus of our logistics ecosystem capital expenditure with a multi-year Ps.12.9 billion allocated to the full project. The initial stage was completed in October 2022 and consisted of a state-of-the-art big ticket warehouse for home electronics, appliances and furniture with 277,157 square meters. We expect to complete the "softline" warehouse for apparel with more than 180,000 square meters of storage area during 2025. We have successfully integrated our physical retail stores into our logistics network with stores becoming fulfillment centers for online orders. Our network facilitates home delivery and "Click & Collect" options, with "Click & Collect" accounting for 39.1% of our digital sales for the nine months ended September 30, 2024 and 39.0% for 2023. Importantly, as customers visit stores to collect merchandise they tend to make additional purchases. We completed over 13.9 million home deliveries, processing over 22.5 million online orders during 2023, with the balance being delivered via "Click & Collect." We leverage and invest in technology to continuously improve efficiencies and have long standing partnerships with Oracle, Google and SAP for data analytics and inventory management that streamline our operations. Our reach is a key competitive advantage which is hard to replicate by competitors.

- *High-Quality Management Team; Strong Culture*. Our associates across our organization, from our executive team, commercial planning to purchasing, logistics and operations, make customer driven decisions. Our senior management team has 160 years of combined service with us, guiding us through Mexico's economic cycles while maintaining strong margins and sales growth. They have solidified our market leadership by focusing on retail, credit and real estate operations, and integrating digital platforms and building a first-in-class omni-channel platform in Mexico. Our management philosophy emphasizes accountability and efficient control, maintaining a strong balance sheet and disciplined financial policies. We invest significant resources in promoting our associates' personal and professional growth, ensure retention and address succession in strategic positions. For example, in 2000 we launched the Liverpool Virtual University, the first virtual corporate university in Mexico, to provide our associates and their families with personal development options ranging from senior high-school programs to graduate studies. During 2023 alone, 9,209 associates have received a degree. Our training programs and senior leadership are focused on guaranteeing the continuity of our principles, identity and business philosophy, grounded in teamwork, innovation and integrity. These values permeate our organization. We have been named the best company in the supermarket and department store sector for our capacity to attract and retain talent in the 2023 Merco talent ranking. In 2023, we appeared for the first time in Time's magazine World's Best Companies ranking, ranking 294 of 750 companies worldwide.

Our Strategy

We seek to enhance our position as one of the leading Mexican retailers as we continue to provide our customers an experience that transcends ordinary shopping. To achieve these objectives, we plan on executing the following key strategies.

- *Enhancing our Omni-Channel Strategy.* We will continue to focus zealously on omni-channel integration to redefine the shopping experience and continue building customer loyalty. Our successful shift from traditional retail to an omni-channel platform has unlocked new channels to interact with customers that are mutually complementary and enhance of our physical retail offerings. Based on our measurement of spending across a cohort of customers that only shopped at physical locations prior to the COVID-19 pandemic and that shifted to using digital platforms during and after the COVID-19 pandemic, we believe customers that have access to a full omni-channel suite are 4.7x more valuable. Our goal is to become a one-stop shop for various needs, including shopping, beauty, financial services and insurance. We aim to transform our website and mobile app into a "super-app" for more than just shopping where customers can access an array of financial services like credit, cash transfers, utility payment and savings accounts, among others. We will continue to invest in developing our online marketplace with curated and vetted vendors to improve our product portfolio. We plan to grow through innovation, superior customer service, improved loyalty programs, and data analytics to understand shopping patterns and tailor credit offerings. Our omni-channel strategy aims to increase customer interactions and "stickiness" as clients seek out our physical locations for more than just

shopping, allowing us to drive loyalty, sales, and profitability by serving customers everywhere, every day, for a lifetime.

- *Continuing Investing in our Multi-Format Retail Platform*. We believe we have a significant opportunity to increase our market share by continuing to invest in both digital but also our physical stores, especially as physical retail remains a key component of the Mexican retail market where customers value having a physical touch point. We anticipate continuing to enhance the Liverpool in-store experiences to drive foot traffic and promote our products, like our Liverpool Beauty Experience beauty salons, interactive toy departments and interior design services. We expect store opening growth will come mostly in the form of Suburbia formats and limited Liverpool openings. We will also continue to invest in improving the look and feel of our Suburbia stores and relaunch them through our "rediscover Suburbia campaign" as we believe there is a large customer base that is underserved by our and other traditional retail stores. As part of our omni-channel expansion, we will also continue to grow our Liverpool Express format, with new store openings in areas that have high online orders but do not have a Liverpool store in close proximity. We believe there continues to be generalized mistrust of online shopping among certain segments of the population and customers see added value in being able to physically collect their package at a storefront. In turn, this reduces our last-mile fulfillment costs and importantly they become another point of contact with the customers where we offer a limited selection of "best-sellers," credit card applications and support staff.

- *Enhance Consumer Credit and Financial Offerings*. We aim to strengthen our consumer credit offerings through credit cards, solidifying our position as a leading credit card issuer in Mexico as well as expanding our financial services ecosystem. Our credit offerings help grow our customer base, boost product sales, and build customer loyalty. We expect the breadth of services we offer to continue to expand beyond our traditional credit card offerings to include co-branded cards where we do not take all of the credit risk, personal loans, an extended assortment of insurance products and other complementary financial products such as checking accounts, savings and car loans. We also expect to increase our loan portfolio which may lead to increased levels of non-performing loans, similar to the 5.0% levels we experienced pre-2019. As part of our extended financial offerings, in 2024, we launched "Livercash" allowing cardholders to withdraw cash and request personal loans and partnered with Actinver to offer additional financial services such as savings and checking accounts through our website and apps. This partnership aims to enhance customer interactions, increase store traffic and since the operations and balance sheet of the banking and saving operations is managed by Actinver we expect it to come at a low incremental cost to us. Additionally, as an authorized distributor of BYD electric vehicles, we have grown our car loan portfolio and drive incremental customers to our stores. We plan to expand our loan portfolio and financial offerings, maintaining our commitment to customer loyalty and enhancing the Liverpool experience.

- *Improved and Efficient Operations, Technology and Customer Service.* We continuously invest to improve and streamline our operations, optimize inventory, enhance our supply and distribution chains, develop our logistics infrastructure and manage customer information through the use of technology. In connection with the improvements to our supply and distribution chain, we strive to optimize our stocking processes and fulfillment methods by implementing real-time inventory tracking and reducing the number of shipments and merchandise handling operations. We will continue seeking to expand our supplier base, including through our offices in India and China, in order to ensure product fulfillment and continue reducing dependency on any given supplier. Our "Arco Norte" national logistics center is expected to improve inventory management and fulfillment capabilities through automation and it has been our principal capital expenditure project the last three years. We expect to complete the full project by 2025 and have already finished and are operating our "big ticket" warehouse. Our Arco Norte national logistics center will allow us to consolidate the distribution and fulfillment operations of Liverpool, Suburbia and boutiques in a single location for the first time. Our supply and fulfillment infrastructure are being tailored to evolving customer needs and leveraging stores and Liverpool Express formats as both fulfillment centers and places where orders are placed to offer clients an extended catalog of products.

- *Opportunistic and strategic acquisitions and joint ventures*. We will remain focused on organic growth of our ecosystem. However, we will continue exploring and executing strategic acquisitions and joint ventures opportunistically to encourage growth, geographic diversification or expand our product offering. The Nordstrom joint venture is an example of this strategy. The Nordstrom joint venture will allow us to diversify geographically and currency wise by tapping the largest retail market in the world, partnering with a highly trusted retailer with a 120 year history and a management team that shares our passion for service and customer-centric culture. The acquisition will allow us to enhance the Liverpool and Suburbia experience through shared best practices, across e-commerce, advanced analytics, logistics, private label development, our loyalty program and customer service. We believe it will also give us access to a compelling portfolio of additional brands. Other opportunistic acquisitions or joint ventures include our partnerships with Toys R' Us, the Williams Sonoma portfolio of brands, Dupuis, a Mexican interior design and furniture company, Unicomer, our Central American joint venture and Sfera, our partnership with El Corte Inglés. Joint ventures and partnerships have allowed us to inorganically expand our brand portfolio, especially through boutiques that sell products that are complementary to or supplement our in-store catalog.

Nordstrom Merger

On December 22, 2024, Nordstrom, Inc. ("Nordstrom"), certain members of the Nordstrom family and we, reached a definitive agreement for the Nordstrom family and us to, upon the satisfaction of certain conditions, acquire all the outstanding common shares of Nordstrom not already owned by the Nordstrom family and us in an all-cash transaction. The Nordstrom family members currently own 33.7% of Nordstrom and we own 9.6% of Nordstrom, which we had acquired for investment purposes in September 2022.

As a result, on December 22, 2024, Nordstrom entered into an Agreement and Plan of Merger (the "Merger Agreement") with Norse Holdings, Inc. ("Parent") and Navy Acquisition Co. Inc., a direct, wholly owned subsidiary of Parent ("Acquisition Sub"). The Merger Agreement provides that, on the terms and subject to the conditions of the Merger Agreement, Acquisition Sub will merge with and into Nordstrom (the "Merger"), with Nordstrom continuing as the surviving corporation and becoming a wholly owned subsidiary of Parent.

Consummation of the Merger is subject to certain conditions, including approvals by the shareholders of Nordstrom, as described below. Upon consummation of the Merger, Liverpool will own 49.9% and certain members of the Nordstrom family will own 50.1% of Parent. To finance the Merger and related transactions, we have committed to make an investment in Parent of up to US$1.712 billion, and both we and the Nordstrom family will contribute to Parent substantially all of the Nordstrom common shares respectively owned. The precise amounts of our investment will depend on various factors.

Parent will be controlled by a board of seven directors, three of which will be appointed by Liverpool, three appointed by the Nordstrom family, and one independent director appointed jointly by Liverpool and the Nordstrom family. Decisions at the board will generally require the approval of at least four directors including at least one Liverpool appointee and one Nordstrom family appointee. The Nordstrom family, including Erik B. Nordstrom (the current chief executive officer of Nordstrom), Peter E. Nordstrom (a current president and chief brand officer of Nordstrom) and James F. Nordstrom (the current chief merchandising officer of Nordstrom), will continue to run the day-to-day business and operations of Nordstrom.

For more information with respect to the expected effects of the Merger, see "Unaudited Pro Forma Condensed Consolidated Financial Information" included elsewhere in this offering memorandum. For a description of certain risks with respect to the Merger, see "Risk Factors—Risks Related to the Nordstrom Merger."

The Merger Agreement

Merger Agreement Consideration

At the effective time of the Merger, each share of Nordstrom's common stock issued and outstanding (and, subject to certain requirements, vested options and restricted share units of Nordstrom), other than shares owned by Liverpool, substantially all of the shares held by members of the Nordstrom family that are contributed to Parent,

and shares held by any shareholders who exercise dissenters' rights in accordance with the Washington Business Corporation Act, will be cancelled and converted into the right to receive US$24.25 per share in cash. In addition, the Merger Agreement allows Nordstrom to declare certain dividends, including a special cash dividend to holders of Nordstrom common stock contingent upon the closing in an amount up to US$0.25 per share.

Merger Agreement Conditions

The parties' obligation to consummate the Merger is conditioned upon (i) the approval of the Merger Agreement by holders of two-thirds of the outstanding shares of Nordstrom common stock and a majority of the outstanding shares of Nordstrom common stock other than shares owned by Liverpool, the Nordstrom family or their respective affiliates or by Nordstrom's directors and executive officers (together, the "Requisite Shareholder Approvals"), (ii) the expiration or termination of the required waiting period under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (iii) the absence of any then effective order issued by any court of competent jurisdiction in the United States that prohibits, enjoins or makes illegal the Merger, and (iv) the absence of a Below Investment Grade Rating Event that has occurred and is continuing. A Below Investment Grade Rating Event under the Merger Agreement generally means a downgrade in the credit ratings of Nordstrom's senior notes by each of Moody's, S&P and Fitch that relates, in whole or in part, to the Merger, unless a certain amount of Nordstrom senior notes have been tendered into an exchange offer that may be launched under the Merger Agreement.

In addition, the obligation of each party to consummate the Merger is conditioned upon the other party's representations and warranties being true and correct (subject to certain customary materiality exceptions) and the other party having performed in all material respects its obligations under the Merger Agreement.

If the Merger is consummated, all of Nordstrom common stock will be owned by Parent, and Nordstrom common stock will be de-listed from The New York Stock Exchange and de-registered under the U.S. Securities Exchange Act of 1934, as amended.

Representations, Warranties and Covenants

The Merger Agreement contains customary representations, warranties and covenants of Nordstrom, Parent and Acquisition Sub. From the date of the Merger Agreement until the earlier of the closing or the termination of the Merger Agreement in accordance with its terms, Nordstrom is required to, and is required to cause each of its subsidiaries to, (i) use commercially reasonable efforts to conduct its operations in all material respects in the ordinary course of business and preserve intact its business in all material respects, and (ii) refrain from taking certain specified actions without Parent's consent. Under the Merger Agreement, each of Nordstrom, Parent and Acquisition Sub has also agreed to (and cause certain of their affiliates, including Liverpool, to) use their respective reasonable best efforts to consummate and make effective the transactions contemplated by the Merger Agreement. The representations, warranties and covenants of Nordstrom under the Merger Agreement do not survive closing of the Merger. Under the Merger Agreement, Parent has agreed not to take certain actions with respect to the compensation and benefits of senior employees of Nordstrom for a period of one year.

Termination and Specific Performance

Either Nordstrom or Parent may terminate the Merger Agreement if, subject to certain limitations, (i) the Merger is not consummated on or before September 22, 2025, as such date may be extended, (ii) any court of competent jurisdiction in the United States has issued any order permanently restraining, enjoining or otherwise prohibiting the Merger, and such order has become final and non-appealable, (iii) the Requisite Shareholder Approvals have not been obtained at the meeting of the Nordstrom shareholders at which the Merger Agreement was voted upon, (iv) a Below Investment Grade Rating Event has occurred and is continuing (provided neither Nordstrom nor Parent shall have the right to terminate for a Below Investment Grade Rating Event until 45 days following the occurrence of the Below Investment Grade Rating Event), or (v) the other party materially breaches its representations, warranties or covenants in the Merger Agreement, subject in certain cases to the right of the breaching party to cure the breach. Nordstrom also has the right to terminate the Merger Agreement, subject to certain limitations, in order to enter into a definitive agreement with respect to a superior proposal as determined by the board of directors or special committee of Nordstrom. Parent also has the right to terminate the Merger

Agreement prior to Nordstrom obtaining the Requisite Shareholder Approvals within ten business days of an adverse recommendation change by the board of directors of Nordstrom.

The Merger Agreement also provides that Nordstrom, on the one hand, and Parent and Acquisition Sub, on the other hand, may specifically enforce the obligations of the other party under the Merger Agreement, except that Nordstrom may only cause Parent to consummate the Merger (and Liverpool to provide the contribution under its equity commitment letter) if certain conditions are satisfied, including the availability of at least US$450 million (or lesser amounts in certain circumstances) in gross proceeds of the contemplated Parent debt financing and in the event that Nordstrom has cash on hand of at least US$410 million plus the amount of the special dividend paid to shareholders and holders of vested options and restricted stock units.

Important Information

The Merger Agreement and the foregoing description thereof have been included to provide investors with information regarding the terms of the Merger Agreement and are not intended to provide any other factual information about the parties to the Merger Agreement or their respective subsidiaries or affiliates. The representations, warranties, covenants and agreements contained in the Merger Agreement were made only for purposes of the Merger Agreement and as of specific dates set forth therein, are solely for the benefit of the parties to the Merger Agreement and are subject to important qualifications and limitations agreed to by the parties in connection with negotiating the Merger Agreement. The subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in the Nordstrom's or our public disclosures. In addition, certain representations and warranties were used for the purpose of allocating risk between the parties to the Merger Agreement, rather than establishing matters of fact. The representations and warranties may also be subject to a contractual standard of materiality different from what might be viewed as material to investors or the standards of materiality generally applicable to us and our reports filed with the CNBV or to Nordstrom and its reports and documents filed with the U.S. Securities and Exchange Commission, and in some cases were qualified by confidential disclosures that were made by each party to the others, which disclosures are not reflected in the Merger Agreement. Investors should not rely on the representations, warranties, covenants and agreements, or any descriptions thereof, as characterizations of the actual state of facts or condition of any party to the Merger Agreement.

Sources and Uses of Funds

Liverpool will be providing the following sources of funds for the Merger: (i) a contribution to Parent of its existing 15,755,000 shares of Nordstrom common stock and (ii) a cash investment of up to US$1.712 billion, consisting of an equity contribution to Parent and up to US$861 million in the form of a loan to Parent. Liverpool expects to fund its new cash contribution with cash on hand and with proceeds from this offering.

The remaining sources of funds to consummate the Merger will be obtained from: (i) a contribution to Parent by the Nordstrom family of 51,054,705 shares of Nordstrom common stock, (ii) new financing to be incurred at Nordstrom for up to US$1.2 billion and (iii) cash on hand at Nordstrom.

Actual amounts will vary depending on several factors, including, among others, the timing of the closing of the Merger, the cash on hand held by Nordstrom at the closing, the amount of debt to be incurred by Nordstrom at closing, the number of shares of capital stock and equity awards outstanding on the closing date of the Merger, any changes made to the sources of the contemplated financings, and fees and expenses incurred in connection with the Merger.

Certain of the initial purchasers and/or their affiliates may receive a portion of the net proceeds from the offering. See "Plan of Distribution."

Liverpool Loan to Parent

Immediately prior to the consummation of the Merger, Liverpool will extend a term loan to Parent for up to US$861 million (the "Parent Loan"). The Parent Loan will be secured with all of the shares held by Liverpool and

the Nordstrom family in Parent. The Parent Loan will mature on the date that is ten years after the Closing Date with no interim amortization. Parent shall be entitled to prepay the Parent Loan at any time, without penalty or premium.

The Parent Loan will initially accrue interest at a rate per annum equal to 12.0% for each of the first three years, which rate shall increase by an additional 1.0% per annum each year thereafter until the Parent Loan is paid in full (the "Base Rate"), payable in quarterly interest periods in arrears; *provided* that, if the Base Rate (or interest rate after giving effect to any increase as set forth in the following sentence) would exceed 16.0% per annum, such rate shall be capped at 16.0% per annum (the "Maximum Rate"). Parent may elect in its sole discretion (any such election, a "PIK Election") to pay interest in kind for all, or any part, of the principal amount of the Parent Loan for any interest period (the amount of any such interest paid in kind, the "PIK Interest Amount"); *provided* that, for any interest period for which Parent makes a PIK Election, the interest rate in respect of such interest period for the PIK Interest Amount shall be the Base Rate plus 1.0% per annum, subject to the Maximum Rate; *provided*, *further*, that such 1.0% increase only applies after the first anniversary of the closing date. In addition, commencing after the first anniversary of the closing date, if a PIK Election is made for three consecutive interest payment periods, the Base Rate shall be increased by an additional 1.0% per annum (subject to the Maximum Rate) until the Parent Loan is repaid in full.

Parent shall be required to prepay the Parent Loan, without premium or penalty: (a) to the extent distributions paid on the capital stock of Nordstrom held by Parent exceed US$75,000,000, in the aggregate, in any fiscal year, with 100.0% of the net cash proceeds of such distributions in excess thereof; and (b) upon (x) the occurrence of certain EBITDA declines of Nordstrom or certain ratings decline of Nordstrom (as defined in the Parent Loan), or (y) if any principal, interest or any other amount in respect of the Parent Loan remains outstanding on the sixth anniversary of the closing date, with 90% of the net cash proceeds of all distributions paid on the capital stock of Nordstrom held by Parent.

Beginning on the eighth anniversary of the closing date, if the Parent Loan has not repaid in full, we will be entitled to convert the outstanding amounts of the Parent Loan into capital stock of Parent. Any such conversion shall be at a price equal to the lesser of (a) the Merger Consideration (as defined in the Merger Agreement) and (b) the fair market value of capital stock of Parent at the time of conversion, as determined by an independent third-party valuation.

Recent Developments

Liverpool

Based upon the preliminary information available to us, as of the date of this offering memorandum, we expect to have achieved an 8.4%-8.8% consolidated top-line revenue growth during the fourth quarter of 2024 compared to the same quarter of 2023 and a 9.2%-9.6% growth for 2024 compared to 2023. Same store sales growth for 2024 compared to 2023 was approximately 6.9% for Liverpool and approximately 7.7% for Suburbia, with quarterly same store sales growing approximately 7.3% for Liverpool and approximately 5.2% for Suburbia when comparing the fourth quarter of 2024 to the fourth quarter of 2023.

Our growth was driven by successful promotional campaigns, including El Buen Fin, the Venta Nocturna event and other seasonal specials. Additionally, both the consumer finance and real estate divisions demonstrated solid growth.

The inventory growth we experienced towards the end of the third quarter continued during the fourth quarter, mainly due to late arrivals. As a result, our inventory grew approximately 24.0% as compared to year-end 2023. However, we expect inventory buildup to normalize during the first half of 2025.

We expect our fourth quarter and full year 2024 profitability margins to be lower than the prior year. Margin pressure was primarily driven by a decrease in the commercial gross margin, increased operating expenses and higher provisions for credit losses as we took a more conservative approach with respect to provisioning compared to the prior year.

Overall, we expect our non-performing loans rates to end the year at approximately 3.1% to 3.3%, which is lower than our third quarter non-performing loan rate due to the expected seasonality effect of non-performing loans with the fourth quarter having historically lower non-performing loan rates. This result compares to 2.7% reported as of the end of 2023.

The positive trend in cash levels continued, with an estimated closing cash balance of Ps.24.7 billion at the end of the fourth quarter of 2024, compared to Ps.29.8 billion the previous year.

We plan to release full fourth-quarter and full-year 2024 results on or about February 27, 2025.

The preceding information is based on our reasonable estimates and preliminary information available as of the date of this offering memorandum. Internal reviews and procedures necessary to complete our fourth quarter 2024 financial results and year end 2024 financial results are ongoing as of the date of this offering memorandum. Accordingly, we cannot ensure that our financial results will be consistent with the trends and financial and operating performance shown in the financial information included herein, or that such results (or the market perception of such results) will not adversely affect the trading price of the notes.

Nordstrom

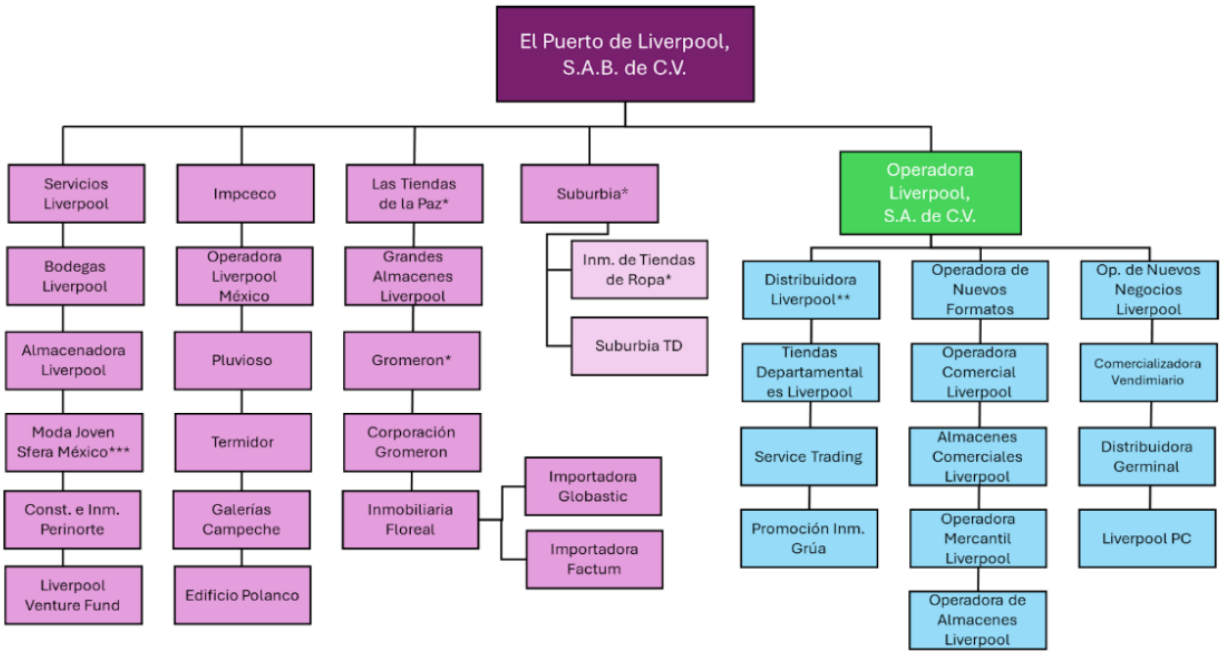
On January 10, 2025, Nordstrom announced a total company net sales increase of 4.9% and a comparable sales increase of 5.8% for the nine-week holiday period ended January 4, 2025, compared with the nine weeks ended December 30, 2023. For the Nordstrom banner, net sales increased 3.7% and comparable sales increased 6.5%, while Nordstrom Rack banner net sales increased 7.4% and comparable sales increased 4.3%.

The foregoing information of Nordstrom has been derived from documents filed or furnished by Nordstrom to the SEC and has not been audited or reviewed by Nordstrom's independent auditor.

Nordstrom is scheduled to report its fourth quarter and full-year 2024 financial results after the close of the financial markets on March 4, 2025.

Corporate Structure

Set forth below is our simplified corporate structure:



* All entities are S.A. de C.V., except those marked with an asterisk which are a S. de R.L. de C.V.
** Subsidiary guarantor.
*** All entities are 90.0% or more owned directly or indirectly by the Issuer, other than Moda Joven Sfera Mexico in which the Issuer has a 49.0% stake and El Corte Inglés has a 51.0% stake.

Company Information

Our headquarters are located at Mario Pani 200, Colonia Santa Fe, Alcaldía Cuajimalpa, 05348, Mexico City, Mexico, and our telephone number is +52(55) 5268-3000. Our commercial registry number (*folio mercantil*) with the Public Registry of Property and Commerce of Mexico City (*Registro Público de la Propiedad y de Comercio de la Ciudad de México*), or the Mexican Registry, is 11934.

The subsidiary guarantor was incorporated under the laws of Mexico on December 1, 1993. The subsidiary guarantor's commercial registry number (*folio mercantil*) with the Mexican Registry is 177327 and its business address is also Mario Pani 200, Colonia Santa Fe, Alcaldía Cuajimalpa, 05348, Mexico City, Mexico.

Our website is www.liverpool.com.mx. The information included on our website or which may be accessed through our website is not part of this offering memorandum, is not incorporated by reference herein or otherwise and should not be relied upon in determining whether to make an investment in the notes.

THE OFFERING

The following summary contains basic information about the notes, the guarantee and the indenture pursuant to which the notes will be issued and is not intended to be complete. It does not contain all the information that is important to you. For a more complete description of the terms and conditions of the notes, the guarantee and the indenture pursuant to which the notes will be issued see "Description of the Notes."

Issuer	El Puerto de Liverpool, S.A.B. de C.V.
Subsidiary Guarantor.....	Distribuidora Liverpool, S.A. de C.V.
Notes Offered	US$500,000,000 aggregate principal amount of 6.255% Senior Notes due 2032 (the "2032 notes") US$500,000,000 aggregate principal amount of 6.658% Senior Notes due 2037 (the "2037 notes" and, together with the 2032 notes, the "notes")
Issue Price.....	2032 notes: 6.255%, plus accrued interest, if any, from January 22, 2025 2037 notes: 6.658%, plus accrued interest, if any, from January 22, 2025
Maturity	The 2032 notes will mature on January 22, 2032. The 2037 notes will mature on January 22, 2037.
Interest	Interest on the 2032 notes will accrue at the rate of 6.255% per annum. Interest on the 2037 notes will accrue at the rate of 6.658% per annum. Interest on each series of the notes will be payable in arrears on January 22 and July 22 of each year, commencing on July 22, 2025.
Ranking	The notes and the guarantee will be unsecured obligations and will, other than with respect to certain obligations given preferential treatment pursuant to the laws of Mexico, rank equal in right of payment with all of our and the subsidiary guarantor's unsecured and unsubordinated indebtedness. The notes and the guarantee will not have the benefit of any collateral securing any of our or the subsidiary guarantor's existing and future secured indebtedness, and will be effectively junior to such secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes and the guarantee will be structurally subordinated to all existing and future indebtedness and trade payables of our non-guarantor subsidiaries in respect of assets of, and revenue generated by, these subsidiaries. See "Risk Factors—Risks Related to the Notes and the Guarantee—The notes are not secured by our assets and the notes and the guarantee will be effectively subordinated to our and the subsidiary guarantor's secured debt" and "Risk Factors—Risks Related to the Notes and the Guarantee—The notes and the guarantee will be structurally subordinated to the liabilities of our non-guarantor subsidiaries." As of September 30, 2024, our total consolidated indebtedness was Ps.29.16 billion (US$1.49 billion), all of which constituted unsecured indebtedness, and which would have ranked equal in right of payment with the notes. As of such date, our non-guarantor subsidiaries had no indebtedness (other than intercompany indebtedness).
Use of Proceeds	We intend to use the net proceeds of this offering to finance a portion of our investment in connection with the Nordstrom Merger. See "Use of Proceeds."

Certain Covenants	The indenture pursuant to which the notes will be issued will contain certain covenants, including limitations on liens and limitations on consolidations, mergers, sales or conveyances. All of these limitations and restrictions are subject to a number of significant qualifications and exceptions. See "Description of the Notes."
Change of Control Triggering Event	Upon the occurrence of a Change of Control Triggering Event, each holder of notes of any series will have the right to require us to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the purchase date. See "Description of the Notes—Repurchase at the Option of Holders Upon a Change of Control Triggering Event."
Additional Amounts	We are required by Mexican law to deduct and pay to the Mexican tax authorities, Mexican withholding taxes from payments of interest (and amounts deemed interest, such as any discount on the principal amount of the notes) made to holders who are not residents of Mexico for tax purposes, at a rate of 4.9% if certain requirements under Mexican law are met. See "Taxation—Certain Mexican Federal Income Tax Considerations." We will pay additional amounts in respect of those payments of interest so that the amounts holders receive after such withholding will equal the amounts that they would have received if no such withholding tax had been applicable, subject to the limitations and exceptions described under "Description of the Notes—Payment of Additional Amounts."
Special Mandatory Redemption	If the consummation of the Merger does not occur on or prior to September 22, 2025, as such date may be extended (which extension may not exceed 90 days), or if we notify the trustee that the Merger will not be consummated on or prior to such date, or if the Merger Agreement is terminated in accordance with its terms at any time, we will be required to redeem all of the notes of both series on the Special Mandatory Redemption Date (as defined below) at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date. See "Description of the Notes—Redemption—Special Mandatory Redemption."
Optional Redemption	*2032 Notes:* Prior to November 22, 2031 (the date that is two months prior to the maturity date of the 2032 notes)(the "2032 par call date"), we may, at our option, redeem the 2032 notes, in whole or in part, from time to time, by paying the greater of the principal amount of the 2032 notes to be redeemed and a "make-whole" amount, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2032 notes to be redeemed to, but excluding, the redemption date. On and after the 2032 par call date, we may, at our option, redeem the 2032 notes, in whole or in part, from time to time, at a redemption price equal to 100% of the principal amount of the 2032 notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2032 notes to be redeemed to, but excluding, to the redemption date. *2037 Notes:* Prior to October 22, 2036 (the date that is three months prior to the maturity date of the 2037 notes)(the "2037 par call date"), we may, at our option, redeem the 2037 notes, in whole or in part, from time to time, by paying the greater of the principal amount of the 2037 notes to be

	redeemed and a "make-whole" amount, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2037 notes to be redeemed to, but excluding, the redemption date. On and after the 2037 par call date, we may, at our option, redeem the 2037 notes, in whole or in part, from time to time, at a redemption price equal to 100% of the principal amount of the 2037 notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2037 notes to be redeemed to, but excluding, to the redemption date. See "Description of the Notes—Redemption—Optional Redemption with "Make-Whole" Amount or at Par.
Redemption for Taxation Reasons .	If, as a result of certain changes in tax laws, there is an increase in the additional amounts we are obligated to pay under the notes of a series, we may, at our option, redeem all, but not less than all, of the notes of either series at any time at a price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the notes of such series to, but excluding, the redemption date. See "Description of the Notes—Redemption—Redemption for Taxation Reasons."
Transfer Restrictions	We have not, and will not, register the notes or the guarantee under the Securities Act or the securities laws of any other jurisdiction, including Mexico. The notes are subject to restrictions on transfer and may only be offered in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Transfer Restrictions." The notes have not been and will not be registered with the RNV maintained by the CNBV and may not be offered publicly in Mexico. The notes may only be offered in Mexico or otherwise be subject to intermediation activities in Mexico, except pursuant to an exemption set forth in Article 8 of the Mexican Securities Market Law.
Further Issuances	We may from time to time, without the consent of the holders of the notes of a series, issue further securities having the same terms and conditions as the notes of such series in all respects (except for the issue date, issue price, the date from which interest will accrue and, if applicable, the date on which interest will first be paid). Any further issuance of the notes of a series may be consolidated with, and form a single series with, the notes of such series sold in this offering; *provided* that any additional notes of a series shall be issued under a separate CUSIP or ISIN number unless the additional notes of such series are issued pursuant to a "qualified reopening" of, or are otherwise treated as part of the same "issue" of debt instruments as, the notes of such series sold in this offering for U.S. federal income tax purposes.
Form and Denomination	The notes will be issued in the form of global notes in fully registered form in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "Description of the Notes" and "Form of Notes, Clearing and Settlement."
Settlement.....	The notes will be delivered in book-entry form through the facilities of The Depository Trust Company ("DTC") for the accounts of its participants, including Clearstream Banking, S.A. ("Clearstream") and Euroclear S.A./N.V., as operator of the Euroclear System ("Euroclear"). See "Form of Notes, Clearing and Settlement."

Governing Law	The indenture pursuant to which the notes will be issued, the notes and the guarantee will be governed by, and construed in accordance with, the laws of the State of New York.
Trustee, Registrar, Paying Agent and Transfer Agent	Citibank, N.A.
Listing	Application has been made to Euronext Dublin for the notes to be admitted to the Official List and for trading on the Global Exchange Market of Euronext Dublin.
Irish Listing Agent	Arthur Cox Listing Services Limited.
Risk Factors	Investing in the notes involves significant risks. See "Risk Factors" beginning on page 29 for a discussion of certain risk factors you should carefully consider in evaluating an investment in the notes.
Securities Codes	The notes will be assigned the following securities codes:

2032 notes:	2037 notes:
Rule 144A CUSIP number: 283837AC6 ISIN: US283837AC64	Rule 144A CUSIP number: 283837AD4 ISIN: US283837AD48
Regulation S CUSIP number: P3691NBL3 ISIN: USP3691NBL30	Regulation S CUSIP number: P3691NBM1 ISIN: USP3691NBM13

SUMMARY HISTORICAL AND PRO FORMA CONSOLIDATED FINANCIAL AND OTHER INFORMATION

Summary Historical Consolidated Financial Information of Liverpool

The following tables present our summary consolidated financial and operating information, as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023, as well as the summary consolidated financial and operating information as of and for the years ended December 31, 2023, 2022 and 2021.

The consolidated financial information as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 has been derived from our audited consolidated financial statements contained elsewhere in this offering memorandum. The consolidated financial information as of September 30, 2024 and for the nine months ended September 30, 2024 and 2023 has been derived from our unaudited condensed consolidated interim financial statements contained elsewhere in this offering memorandum. The results of operations for the nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the year ending December 31, 2024 or for any other period. For additional information regarding financial information presented in this offering memorandum, see "Presentation of Financial and Other Information."

This information should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements, including the notes thereto, contained elsewhere in this offering memorandum and the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section of this offering memorandum.

	Nine Months Ended September 30,			Year Ended December 31,			
	2024		2023	2023		2022	2021
SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	**(in thousands of U.S. dollars)[1]**	**(in thousands of Ps.)**		**(in thousands of U.S. dollars)[1]**	**(in thousands of Ps.)**		
Operating revenue:							
Net sales of merchandise	6,120,186	120,133,137	110,482,581	8,784,396	172,428,903	157,606,549	135,700,434
Interest income from customers	702,928	13,797,765	11,615,692	828,799	16,268,496	13,199,946	11,138,534
Income from real estate	181,763	3,567,829	3,408,985	231,020	4,534,684	3,721,874	3,090,038
Services	65,283	1,281,437	626,756	80,503	1,580,198	1,134,990	780,745
Other income	37,340	732,955	724,377	60,081	1,179,342	370,361	311,994
Total revenue	**7,107,500**	**139,513,123**	**126,858,391**	**9,984,799**	**195,991,623**	**176,033,720**	**151,021,745**
Costs and expenses:							
Cost of sales	4,163,784	81,730,919	75,454,915	5,954,020	116,871,459	107,576,972	93,950,314
Provision for credit losses	153,495	3,012,961	1,950,466	147,197	2,889,335	1,791,024	1,859,558
Administrative expenses	1,849,076	36,295,507	32,541,845	2,375,314	46,625,041	41,150,345	36,478,513
Total costs and expenses	**6,166,355**	**121,039,387**	**109,947,226**	**8,476,531**	**166,385,835**	**150,518,341**	**132,288,385**
Operating income	**941,145**	**18,473,736**	**16,911,165**	**1,508,268**	**29,605,788**	**25,515,379**	**18,733,360**
Interest expense	(154,642)	(3,035,460)	(3,031,854)	(207,213)	(4,067,381)	(3,989,142)	(4,649,854)
Foreign exchange loss	(152,355)	(2,990,574)	(2,053,348)	(132,036)	(2,591,737)	(1,456,423)	(1,033,370)
Financing cost	**(306,996)**	**(6,026,034)**	**(5,085,202)**	**(339,249)**	**(6,659,118)**	**(5,445,565)**	**(5,683,224)**
Foreign exchange gain	247,208	4,852,454	1,283,010	83,018	1,629,570	980,772	1,324,545
Return on investments	69,337	1,361,025	1,376,191	97,580	1,915,389	1,766,647	1,276,461
Financial income	**316,546**	**6,213,479**	**2,659,201**	**180,598**	**3,544,959**	**2,747,419**	**2,601,006**
Equity in the result of associates	7,182	140,979	462,544	25,863	507,668	376,918	737,292
Profit before income tax	957,877	18,802,160	14,947,708	1,375,480	26,999,297	23,194,151	16,388,434
Income tax	269,831	5,296,507	4,126,353	381,990	7,498,083	5,796,912	3,510,175
Consolidated net income	**688,046**	**13,505,653**	**10,821,355**	**993,490**	**19,501,214**	**17,397,239**	**12,878,259**

(1) Converted to U.S. dollars for convenience only at the rate of Ps. 19.629 per US$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette.

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	As of September 30, 2024 (in thousands of U.S. dollars)[1]	As of September 30, 2024 (in thousands of Ps.)	As of December 31, 2023 (in thousands of U.S. dollars)[1]	As of December 31, 2023 (in thousands of Ps.)	As of December 31, 2022 (in thousands of Ps.)
Assets					
Current assets:					
Cash and cash equivalents	925,086	18,158,505	1,518,527	29,807,166	24,516,254
Short-term loan portfolio – Net	1,987,343	39,009,562	2,293,636	45,021,773	36,976,167
Value added tax recoverable	177,155	3,477,370	104,617	2,053,523	2,475,026
Income tax recoverable	137,692	2,702,762	169,697	3,330,978	1,314,613
Inventory	2,140,772	42,021,213	1,438,616	28,238,590	28,140,676
Prepaid expenses	100,371	1,970,188	58,985	1,157,812	1,123,814
Derivative financial instruments	98,949	1,942,275	61,613	1,209,410	—
Other financial assets	—	—	15,396	302,227	—
Total current assets	**5,567,368**	**109,281,875**	**5,661,087**	**111,121,479**	**94,546,550**
Non-current assets:					
Long-term loan portfolio – Net	661,199	12,978,674	608,877	11,951,637	9,336,078
Long-term other accounts receivable - Net	17,282	339,236	17,237	338,336	290,939
Derivative financial instruments	1,074	21,080	—	—	2,186,440
Investments in associates	620,952	12,188,661	566,396	11,117,785	10,011,058
Investment properties - Net	1,255,658	24,647,305	1,165,943	22,886,294	23,507,742
Property, furniture and equipment - Net	3,164,186	62,109,807	3,026,538	59,407,919	55,552,887
Intangible assets - net	820,923	16,113,904	795,358	15,612,080	15,534,602
Financial asset at fair value through other comprehensive income	354,330	6,955,142	250,171	4,910,597	4,951,323
Right of use assets	634,746	12,459,420	638,730	12,537,638	12,353,928
Deferred income tax	409,006	8,028,385	472,280	9,270,406	7,603,411
Total assets	**13,506,724**	**265,123,489**	**13,202,617**	**259,154,171**	**235,874,958**
Liabilities					
Current liabilities:					
Suppliers	1,633,527	32,064,496	1,928,063	37,845,939	33,197,928
Creditors	749,765	14,717,134	709,269	13,922,242	12,137,003
Provisions	287,823	5,649,676	281,197	5,519,608	4,751,726
Short-term debt	347,373	6,818,590	292,886	5,749,055	674,124
Deferred income	147,738	2,899,952	148,647	2,917,793	2,738,667
Short-term lease liabilities	127,345	2,499,661	119,554	2,346,729	2,224,771
Short-term derivative financial instruments	2,234	43,846	32,587	639,650	—
Income tax payable	10,220	200,618	48,212	946,370	1,213,903
Total current liabilities	**3,306,025**	**64,893,973**	**3,560,415**	**69,887,386**	**56,938,122**
Non-current liabilities:					
Long-term debt	1,185,381	23,267,842	1,116,032	21,906,594	29,030,916
Long-term derivative financial instruments	1,652	32,424	61,002	1,197,410	—
Long-term lease liabilities	600,482	11,786,870	599,957	11,776,558	11,394,267
Employee benefits - net	187,647	3,683,321	185,977	3,650,540	3,084,540
Deferred income tax	127,568	2,504,038	164,856	3,235,964	2,972,597
Total liabilities	**5,408,756**	**106,168,468**	**5,688,239**	**111,654,452**	**103,420,442**
Stockholders' equity:					
Capital stock	171,903	3,374,282	171,903	3,374,282	3,374,282
Retained earnings	7,309,764	143,483,364	6,854,336	134,543,770	118,914,242
Capital reserves	600,995	11,796,931	473,498	9,294,300	9,894,258
Stockholders' equity attributable to parent company	8,082,662	158,654,577	7,499,738	147,212,352	132,182,782
Non-controlling interest	15,306	300,444	14,640	287,367	271,734
Total stockholders' equity	**8,097,968**	**158,955,021**	**7,514,378**	**147,499,719**	**132,454,516**
Total liabilities and equity	**13,506,724**	**265,123,489**	**13,202,617**	**259,154,171**	**235,874,958**

(1) Converted to U.S. dollars for convenience only at the rate of Ps. 19.629 per US$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette.

	For the Twelve Months Ended September 30,[1]	As of and for the nine months ended September 30,		As of and for the Year Ended December 31		
	2024	2024	2023	2023	2022	2021
OTHER FINANCIAL & OPERATING DATA			(in thousands of Ps.)[2]			
EBITDA [3]	36,805,758	22,691,368	20,877,303	34,991,693	30,686,464	23,908,704
EBITDA Margin (%) [4]	17.64	16.26	16.46	17.85	17.43	15.83
Gross Debt [5]	29,156,542	29,156,542	N/A	26,974,644	29,030,916	N/A
Adjusted Debt [6]	27,090,542	27,090,542	N/A	27,090,313	27,090,316	N/A
Adjusted Net Debt [7]	8,932,037	8,932,037	N/A	(2,716,853)	2,574,062	N/A
Leverage Ratio [8]	0.74	1.19	N/A	0.77	0.88	N/A
Net Leverage Ratio [9]	0.24	0.39	N/A	(0.08)	0.08	N/A
Same Store Sales Growth Liverpool (%)[10]	N/A	6.7	N/A	8.6	16.4	33.7
Same Store Sales Growth Suburbia (%) [10]	N/A	9.3	N/A	4.7	9.0	49.1
Digital GMV Growth (%) [11]	11.2	17.8	N/A	25.8	20.4	N/A
Net Loan Portfolio	51,988,236	51,988,236	N/A	56,973,409	46,312,245	N/A
Non-Performing Loan Rate (%) [12]	4.1	4.1	N/A	2.7	2.4	2.2
Loan Loss Reserve Coverage (%) [13]	9.5	10.1	N/A	8.5	9.6	N/A

(1) LTM figures are calculated by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023.

(2) Except ratios and percentages.

(3) EBITDA is calculated as consolidated net income, plus income tax, less equity in the results of associates, less financial income, plus financing cost, plus depreciation and amortization. EBITDA is not a financial measure recognized under IFRS and does not purport to be an alternative to net profit for the period as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS.

(4) EBITDA Margin is calculated as EBITDA for the period divided by total revenue for the period.

(5) Gross Debt is calculated as the sum of our short-term debt less interest payable and long-term debt, which includes our senior notes and debt securities certificates (*certificados bursátiles*). Gross Debt is not a financial measure recognized under IFRS and does not purport to be an alternative to our current liabilities for the period as a measure of indebtedness or liquidity.

(6) Adjusted Debt is calculated as Gross Debt less the gain or loss from our cross-currency swap as of such date, as all our foreign currency denominated indebtedness is covered by our cross currency swap. Adjusted Debt is not a financial measure recognized under IFRS and does not purport to be an alternative to our current liabilities for the period as a measure of indebtedness or liquidity.

(7) Adjusted Net Debt is calculated as Adjusted Debt less cash and cash equivalents. Adjusted Net Debt is not a financial measure recognized under IFRS and does not purport to be an alternative to our current liabilities for the period as a measure of indebtedness or liquidity.

(8) Leverage Ratio is calculated as Adjusted Debt divided by EBITDA.

(9) Net Leverage Ratio is calculated as Adjusted Net Debt divided by EBITDA.

(10) We measure same store sales using total revenue from stores that were operational for at least the full preceding 12 months for the periods under consideration. When calculating this measure, we exclude stores that were temporarily closed (for one month or more) or permanently closed during the periods in consideration.

(11) Shows growth of Digital GMV compared to the prior annual period or the same quarterly period of the preceding year, as applicable. Digital GMV is calculated as the net value of all merchandise sold through our digital platforms, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services. GMV includes merchandise sales from inventory we own, as well as the net value of merchandise sold under or our unowned inventory models with vendors.

(12) Non-performing loan rate is calculated by dividing the balance of loans that are delinquent for more than 90 days as of the end of the corresponding period by our total loan portfolio for the end of the same period.

(13) Loan Loss Reserve Coverage is calculated by dividing our provision for impairment of our loan portfolio by our gross credits related to customer contracts.

Summary Historical Consolidated Financial Information of Nordstrom

The following tables present Nordstrom's summary consolidated financial information, as of and for the nine months ended November 2, 2024, as well as the summary consolidated financial information of Nordstrom as of and for the fiscal year ended February 3, 2024. Historical financial information of Nordstrom has been prepared in U.S. dollars and in accordance with U.S. GAAP. IFRS differs in certain significant respects from U.S. GAAP, and financial reporting standards and generally accepted accounting principles used in other jurisdictions. We have made no attempt to quantify the impact of those differences by a reconciliation of the audited consolidated financial statements or the other financial information included in this offering memorandum to U.S. GAAP or such other financial reporting standards and generally accepted accounting principles. We urge you to consult your own advisors regarding the differences between IFRS and U.S. GAAP and how these differences might affect the financial statements and the rest of the financial information included in this offering memorandum.

The summary historical consolidated financial information of Nordstrom as of and for the fiscal year ended February 3, 2024 has been derived from Nordstrom's historical audited consolidated financial statements and the notes thereto, which are incorporated by reference into this offering memorandum. The summary historical consolidated financial information of Nordstrom as of and for the nine months ended November 2, 2024 has been derived from Nordstrom's historical unaudited condensed consolidated financial statements and the notes thereto, which are incorporated by reference into this offering memorandum. See "Incorporation by Reference."

Nordstrom's historical consolidated financial information may not be indicative of the future performance of Nordstrom following the Merger. See "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors."

	Nine Months Ended November 2, 2024	Fiscal Year Ended February 3, 2024
SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	**(in millions of US$)**	
Net sales	10,353	14,219
Credit card revenues, net	339	474
Total revenue	**10,692**	**14,693**
Cost of sales and related buying and occupancy costs	(6,760)	(9,303)
Selling, general and administrative expenses	(3,680)	(4,855)
Canada wind-down costs	—	(284)
Earnings before interest and income taxes	**252**	**251**
Interest expense, net	(79)	(104)
Earnings before income taxes	173	147
Income tax expense	(45)	(13)
Net Earnings	**128**	**134**

	As of	
	November 2, 2024	February 3, 2024
SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	**(in millions of US$)**	
Assets		
Current assets:		
Cash and cash equivalents	397	628
Accounts receivable, net	544	334
Merchandise inventories	2,780	1,888
Prepaid expenses and other current assets	311	286
Total current assets	**4,032**	**3,136**
Non-current assets:		
Land, property and equipment (net of accumulated depreciation)	3,041	3,177
Operating lease right-of-use assets	1,438	1,359
Goodwill	249	249
Other assets	560	523
Total assets	**9,320**	**8,444**
Liabilities		
Current liabilities:		
Accounts payable	1,863	1,236
Accrued salaries, wages and related benefits	355	244
Current portion of operating lease liabilities	246	240
Other current liabilities	1,068	1,102

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	As of November 2, 2024	February 3, 2024
	(in millions of US$)	
Current portion of long-term debt	—	250
Total current liabilities	**3,532**	**3,072**
Non-current liabilities:		
Long-term debt	2,617	2,612
Noncurrent operating lease liabilities	1,448	1,377
Other liabilities	736	535
Commitments and contingencies		
Shareholders' equity:		
Common stock, no par value	3,483	3,418
Accumulated deficit	(2,504)	(2,578)
Accumulated other comprehensive gain	8	8
Total shareholders' equity	**987**	**848**
Total liabilities and shareholders' equity	**9,320**	**8,444**

Summary Pro Forma Financial Information of Liverpool

The following tables present our summary unaudited pro forma condensed consolidated statement of financial position as of September 30, 2024, and the unaudited pro forma condensed consolidated statement of comprehensive income for the year ended December 31, 2023 and the nine-month period ended September 30, 2024 and are based on the historical consolidated financial statements of the Company included in this offering memorandum. The unaudited pro forma condensed consolidated financial information gives effect to the additional investment in Nordstrom, as described in more detail in "Summary—Nordstrom Merger", as if it had occurred on (i) September 30, 2024 for purposes of the unaudited pro forma condensed consolidated statement of financial position, and (ii) January 1, 2023 and 2024 for purposes of the unaudited pro forma condensed consolidated statement of comprehensive income for the year ended December 31, 2023 and the nine month-period ended on September 30, 2024. For more information about the pro forma adjustments, see "Unaudited Pro Forma Condensed Consolidated Financial Information."

STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2024	Historical	Pro Forma adjustments	Pro Forma
		(in thousands of Ps.)	
Assets			
Current assets:			
Cash and cash equivalents	18,158,505	(16,969,467)	1,189,038
Short-term loan portfolio – Net	39,009,562	—	39,009,562
Value added tax recoverable	3,477,370	—	3,477,370
Income tax recoverable	—	108,598	108,598
Other accounts receivable – Net	2,702,762	—	2,702,762
Inventory	42,021,213	—	42,021,213
Prepaid expenses	1,970,188	—	1,970,188
Derivative financial instruments	1,942,275	—	1,942,275
Total current assets	**109,281,875**	**(16,860,869)**	**92,421,006**
Non-Current Assets:			
Long-term loan portfolio – Net	12,978,674	—	12,978,674
Other long-term accounts receivable – Net	339,236	16,900,569	17,239,804
Derivative financial instruments	21,080	—	21,080
Investment in associates	12,188,661	24,913,164	37,101,825
Investment properties – Net	24,647,305	—	24,647,306
Property, furniture and equipment – Net	62,109,807	—	62,109,807
Intangibles – Net	16,113,904	—	16,113,904
Financial asset at fair value through other comprehensive income	6,955,142	(6,955,142)	-
Right of use assets	12,459,420	—	12,459,420
Deferred income tax	8,028,385	—	8,028,385
Total assets	**265,123,489**	**17,997,723**	**283,121,212**
Liabilities			
Current liabilities:			
Suppliers	32,064,496	—	32,064,496
Creditors	14,717,134	—	14,717,134
Provisions	5,649,676	—	5,649,676
Short-term debt	6,818,590	—	6,818,590

	Historical	Pro Forma adjustments	Pro Forma
STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2024		**(in thousands of Ps.)**	
Deferred income	2,899,952	—	2,899,952
Short-term lease liabilities	2,499,661	—	2,499,661
Short-term derivative financial instruments	43,846	—	43,846
Income tax payable	200,618	(200,618)	—
Total current liabilities	**64,893,973**	**(200,618)**	**64,693,355**
Non-current liabilities:			
Long-term debt	23,267,842	17,666,100	40,933,942
Long-term derivative financial instruments	32,424	—	32,424
Long-term lease liabilities	11,786,870	—	11,786,870
Employee benefits – Net	3,683,321	—	3,683,321
Deferred income tax	2,504,038	102,961	2,606,999
Total liabilities	**106,168,468**	**17,568,444**	**123,736,912**
Stockholders' equity:			
Capital stock	3,374,282	—	3,374,282
Retained earnings and capital reserves	155,280,295	429,279	155,709,574
Stockholders' investment in controlling interest	158,654,577	429,279	159,083,856
Non-controlling interests	300,444	—	300,444
Total stockholders' equity	**158,955,021**	**429,279**	**159,384,300**
Total liabilities and stockholders' equity	**265,123,489**	**17,997,723**	**283,121,212**

	Historical	Pro Forma adjustments	Pro Forma
STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED ON SEPTEMBER 30, 2024		**(in thousands of Ps.)**	
Total revenue	**139,513,123**	—	**139,513,123**
Costs and expenses:			
Cost of sales	81,730,919	—	81,730,919
Provision for credit losses	3,012,961	—	3,012,961
Administrative expenses	36,295,510	1,226,813	37,522,323
Total costs and expenses	121,039,390	1,226,813	122,266,203
Operating income	18,473,733	(1,226,813)	17,246,921
Interest expense	(3,035,460)	(1,324,958)	(4,360,418)
Foreign exchange loss	(2,990,574)	—	(2,990,574)
Financial costs	(6,026,034)	(1,324,958)	(7,350,992)
Foreign exchange gain	4,852,454	—	4,852,454
Interest earned	—	1,521,051	1,521,051
Return on investments	1,361,025	—	1,361,025
Financial income	6,213,479	1,521,051	7,734,530
Equity in the results of associates	140,979	1,253,743	1,394,722
Profit before income tax	18,802,157	223,025	19,025,182
Income tax	5,296,507	(206,254)	5,090,253
Consolidated net income	**13,505,650**	**429,279**	**13,934,929**
Other comprehensive income:			
Components to be subsequently reclassified to income:			
Cash flow hedges	(269,468)	—	(269,468)
Translation effect of investment in associates – Net of income tax	771,004	—	771,004
Components not to be subsequently reclassified to income:			
Changes in the fair value of equity investments at fair value through other comprehensive income – Net of income tax	1,431,181	(1,431,181)	—
Remeasurement of the liability for defined benefits – Net of income tax	794	—	794
Consolidated comprehensive income	**15,439,161**	**(1,001,902)**	**14,437,259**
Consolidated net income attributable to:			
Controlling interest	13,493,367	429,279	13,922,646
Non-controlling interests	12,283	—	12,283
	13,505,650	429,279	13,934,929
Comprehensive income attributable to:			
Controlling interest	15,426,087	(1,001,902)	14,424,185
Non-controlling interests	13,074	—	13,074
	15,439,161	(1,001,902)	14,437,259

	Historical	Pro Forma adjustments	Pro Forma
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED ON DECEMBER 31, 2023		**(in thousands of Ps.)**	
Total revenue	195,991,623	—	195,991,623
Costs and expenses:			
Cost of sales	116,871,459	—	116,871,459
Provision for credit losses	2,889,335	—	2,889,335
Administrative expenses	46,625,041	1,226,813	47,851,854
Total costs and expenses	166,385,835	1,226,813	167,612,648
Operating income	29,605,788	(1,226,813)	28,378,976
Interest expense	(4,067,381)	(1,766,610)	(5,833,991)
Foreign exchange loss	(2,591,737)	—	(2,591,737)
Financial costs	(6,659,118)	(1,766,610)	(8,425,728)
Foreign exchange gain	1,629,570	—	1,629,570
Interest earned	—	2,028,068	2,028,068
Return on investments	1,915,389	—	1,915,389
Financial income	3,544,959	2,028,068	5,573,027
Equity in the results of associates	507,668	1,312,513	1,820,181
Profit before income tax	26,999,297	347,158	27,346,455
Income tax	(7,498,083)	229,081	(7,269,002)
Consolidated net income	**19,501,214**	**576,240**	**20,077,454**
Other comprehensive income:			
Components to be subsequently reclassified to income:			
Cash flow hedges	(104,787)	—	(104,787)
Translation effect of investment in associates – Net of income tax	(506,965)	—	(506,965)
Components not to be subsequently reclassified to income:			
Changes in the fair value of equity investments at fair value through other comprehensive income - Net of income tax	(28,508)	28,508	—
Remeasurement of the liability for defined benefits - Net of income tax	(311,358)	—	(311,358)
Consolidated comprehensive income	**18,549,596**	**604,748**	**19,154,344**
Consolidated net income attributable to:			
Controlling interest	19,486,518	576,240	20,062,758
Non-controlling interests	14,696	—	14,696
	19,501,214	576,240	20,077,454
Comprehensive income attributable to:			
Controlling interest	18,533,963	604,748	19,138,711
Non-controlling interests	15,633		15,633
	18,549,596	604,748	19,154,344

Non-IFRS Financial Measures and Key Operating Metrics

Non-IFRS Financial Measures

For the convenience of investors, this offering memorandum presents certain non-IFRS financial measures, which are not recognized under IFRS. A non-IFRS financial measure is generally defined as one that purports to measure financial performance but excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure.

This offering memorandum also presents certain financial information, including non-IFRS financial measures for the twelve months ended September 30, 2024. We calculate such LTM figures by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023. Our management also believes that presenting LTM data enhances the understanding of our business performance over the immediately preceding four quarters, compared to quarterly financial information which may not be indicative of full year performance primarily given the high seasonality of our business during the end of year holiday season.

Non-IFRS financial measures do not have standardized meanings and may not be directly comparable to similarly titled measures adopted by other companies. These non-IFRS financial measures are used by our management for decision-making purposes and to assess our financial and operating performance, generate future operating plans and make strategic decisions regarding the allocation of capital. The non-IFRS measures presented herein have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results of operations presented in accordance with IFRS. Additionally, our calculations of non-IFRS measures may be different from the calculations used by other companies, including our competitors, and therefore, our measures may not be comparable to those of other companies.

EBITDA Calculations

We define "EBITDA" as consolidated net income, plus income tax, less equity in the results of associates, less financial income, plus financing cost, plus depreciation and amortization. We calculate "EBITDA Margin" by dividing our EBITDA for the corresponding period, as applicable, by total revenue for such period. The following table sets forth our EBITDA and EBITDA margin for the periods indicated as well as a reconciliation to consolidated net income and net income margin.

	For the Twelve Months Ended September 30,[1]		As of and for the nine months ended September 30,		As of and for the Year Ended December 31	
	2024	2024	2023	2023	2022	2021
EBITDA Reconciliation			(in thousands of Ps.)[2]			
Consolidated net income	**22,185,512**	**13,505,653**	**10,821,355**	**19,501,214**	**17,397,239**	**12,878,259**
(+) Income tax	8,668,237	5,296,507	4,126,353	7,498,083	5,796,912	3,510,175
(-) Equity in the result of associates	186,103	140,979	462,544	507,668	376,918	737,292
(-) Financial income	7,099,237	6,213,479	2,659,201	3,544,959	2,747,419	2,601,006
(+) Financing cost	7,599,950	6,026,034	5,085,202	6,659,118	5,445,565	5,683,224
(+) Amortization and depreciation	5,637,399	4,217,632	3,966,138	5,385,905	5,171,085	5,175,344
EBITDA	**36,805,758**	**22,691,368**	**20,877,303**	**34,991,693**	**30,686,464**	**23,908,704**
Total revenue	208,646,355	139,513,123	126,858,391	195,991,623	176,033,720	151,021,745
Net Income Margin (%)[3]	**10.63**	**9.68**	**8.53**	**9.95**	**9.88**	**8.53**
EBITDA Margin	**17.64**	**16.26**	**16.46**	**17.85**	**17.43**	**15.83**

(1) LTM figures are calculated by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023.
(2) Except margins.
(3) Net Income Margin is calculated as consolidated net income for the period divided by total revenue.

Our management uses EBITDA and EBITDA Margin to supplement IFRS measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures. However, you should not consider these measures in isolation, as an alternative to net profit or loss, as an indicator of our operating or financial performance

or as an indicator of cash provided by operating activities, or as a substitute for analysis of our results as reported under IFRS, since:

- it does not reflect the depreciation and amortization of our operating assets;
- it does not reflect our interest expense;
- it does not reflect our share of profits of associates;
- it does not reflect any income taxes we may be required to pay; and
- it does not reflect our cash expenditures or future requirements for cash expenditures or our working capital needs or charges.

Although our calculation of EBITDA may not be comparable to calculations of similarly titled measures used by other companies, our management believes that disclosure of EBITDA can provide useful information to investors in their evaluation of our operating performance.

Gross Debt, Adjusted Debt, Adjusted Net Debt and Leverage Ratios

"Gross Debt" represents the sum of our short-term debt less interest payable and long-term debt, which includes our senior notes and debt securities certificates (*certificados bursátiles*). "Adjusted Debt" is calculated as our Gross Debt liabilities less the gain or loss from our cross-currency swap as of such date, as all our foreign currency denominated indebtedness is covered by our cross currency swap. Our "Adjusted Net Debt" is calculated as our Adjusted Debt less cash and cash equivalents.

Our "Leverage Ratio" is calculated as our Adjusted Debt divided by EBITDA. Our "Net Leverage Ratio" is calculated as our Adjusted Net Debt divided by EBITDA.

Gross Debt, Adjusted Debt and Adjusted Net Debt are non-IFRS measures, and we do not intend them to represent debt as defined by IFRS. You should not consider these measures to be an alternative to debt or any other items calculated in accordance with IFRS. Debt levels and, therefore, the impact of interest rates on earnings vary in significance between companies. Thus, for comparison purposes, our management believes that these metrics, especially Adjusted Net Debt, can be useful to investors as an objective and comparable measure of our debt obligations and liquidity, because it recognizes the net cash position of our current operations.

The following table sets forth our reconciliation of Gross Debt, Adjusted Debt, Adjusted Net Debt, Leverage Ratio and Net Leverage Ratio for the periods indicated.

	As of and for the Twelve Months[1] Ended September 30,	As of and for the nine months ended September 30,	As of and for the Year Ended December 31	
	2024	2024	2023	2022
Gross Debt, Adjusted Debt, Adjusted Net Debt and Leverage Ratios		(in thousands of Ps.)[2]		
Short-term debt (excluding interest payable)	5,888,700	5,888,700	5,068,050	—
Long-term debt	23,267,842	23,267,842	21,906,594	29,030,916
Gross Debt	**29,156,542**	**29,156,542**	**26,974,644**	**29,090,916**
(-) Cross currency swap gain (loss)	2,066,000	2,066,000	(115,669)	1,940,600
Adjusted Debt	**27,090,542**	**27,090,542**	**27,090,313**	**27,090,316**
(-) Cash and cash equivalent	18,158,505	18,158,505	29,807,166	24,516,254
Adjusted Net Debt	**8,932,037**	**8,932,037**	**(2,716,853)**	**2,574,062**
EBITDA[3]	36,805,758	22,691,368	34,991,693	30,686,464
Leverage Ratio	**0.74**	**1.19**	**0.77**	**0.88**
Net Leverage Ratio	**0.24**	**0.39**	**(0.08)**	**0.08**

(1) LTM figures are calculated by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023.

(2) Except ratios.

(3) EBITDA is calculated as consolidated net income, plus income tax, less equity in the results of associates, less financial income, plus financing cost, plus depreciation and amortization. EBITDA is not a financial measure recognized under IFRS and does not purport to be an alternative to net profit for the period as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. Additionally, EBITDA is not intended to be a measure of free cash flow available for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Our presentation of EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under IFRS.

Key Operating Metrics

We monitor a number of key operating metrics to evaluate our performance, including same store sales, Digital GMV, non-performing loan rates and Loan Loss Reserve Coverage.

Same Store Sales

We measure "same store sales using total revenue from stores that were operational for at least the full preceding 12 months for the periods under consideration. When calculating this measure, we exclude stores that were temporarily closed (for one month or more) or permanently closed during the periods in consideration.

We measure same store sales growth by comparing the same store sales of stores that were open during the measurement period. For example, if a store began operations on September 1, 2023, it would not be included in same store sales growth for the years ending December 31, 2023 or 2024. However, such store would be included in same store sales growth for the year ending December 31, 2025. Our calculation of same store sales may differ from same store sales or similar metrics reported by other retailers.

Our management believes that Same Stores Sales is a relevant measure of the sales performance of a portfolio of stores that have been operating during the period under consideration. It enables us to assess how our existing stores' sales over a comparable period are performing year-over-year, excluding the impact of new store openings or closures, allowing us to measure the growth performance attributable to the existing store base.

Digital GMV

Digital gross merchandise value ("Digital GMV") is calculated as the net value of all merchandise sold through our digital platforms, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services. GMV includes merchandise sales from inventory we own, as well as the net value of merchandise sold on behalf of

vendors from inventory that we do not own or hold on consignment. We use GMV as an indicator of the scale and growth of our digital operations.

Non-Performing Loans and Non-Performing Loan Rate

We consider a loan to be non-performing once it has been delinquent for more than 90 days. We calculate our non-performing loan rate by dividing the balance of loans that are delinquent for more than 90 days by our total loan portfolio. Our average non-performing loan rate for a fiscal year is calculated as an average of the end of period non-performing loan rate for each fiscal quarter in such year.

We assume that there is a considerable increase in credit risk when a loan has been delinquent for more than 90 days. Our management tracks the non-performing loan rate to assess the performance of our credit card business and to make decisions as to how to adjust our credit offering by, for example, expanding or restricting credit limits.

Loan Loss Reserve Coverage

We calculate our Loan Loss Coverage by dividing our provision for impairment of our loan portfolio by our gross credits related to customer contracts (which is our gross loan portfolio). We use this ratio to ensure we have sufficient provisions and reserves available for potential credit losses.

RISK FACTORS

An investment in the notes involves a high degree of risk. You should consider carefully the following risk factors, as well as the other information presented in this offering memorandum, before buying the notes. The risks and uncertainties described below are not the only ones that we face. Additional risks and uncertainties that we do not know about or that we currently think are immaterial or we do not view as risks may also affect us. In addition, you should consider the risks associated with Nordstrom's business that appear in Nordstrom's Annual Report on Form 10-K for the year ended February 3, 2024 and in Nordstrom's quarterly report on Form 10-Q for the fiscal quarter ended November 2, 2024, which are incorporated by reference into this offering memorandum. Any of the following risks, if they actually occur, could materially and adversely affect our business, results of operations, financial condition and our ability to service our debt. In that event, the market price and liquidity of the notes could be materially adversely affected and you could lose all or part of your investment in the notes.

Risks Related to the Nordstrom Merger

The Merger may not be completed on the terms or timeline currently contemplated, or at all, or the agreements governing the Merger may be materially amended in ways that may be detrimental to the holders of Notes. If the Merger is not completed we will be required to redeem the notes.

Our ability to complete the Merger is subject to various conditions as described in this offering memorandum, certain of which are beyond our control. In addition, the Merger Agreement contains certain provisions permitting Parent and/or Nordstrom to terminate the Merger Agreement under certain circumstances and allows the parties to amend its terms, including in the event of a competing proposal. If (a) the consummation of the Merger does not occur on or prior to September 22, 2025; provided that to the extent the Merger Agreement is amended to extend the "Outside Date" (as defined in the Merger Agreement), the date referred to above shall also be extended to the date that corresponds to the amended "Outside Date" (as defined under the Merger Agreement), which extension may not exceed 90 days, or (b) if we notify the trustee that the Merger will not be consummated on or prior to such date, or if the Merger Agreement is terminated in accordance with its terms at any time, we will be required to redeem all of the notes of both series at a redemption price equal to 101% of the aggregate principal amount of the of notes of both series, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the notes to be redeemed to, but excluding, the redemption date. Upon such redemption, you may not be able to reinvest the proceeds from the redemption in an investment that yields comparable returns. In addition, if you purchase the Notes at a price greater than the price at which those Notes are redeemed, you may suffer a loss on your investment.

We may be unable to redeem the Notes in the event of a special mandatory redemption.

We are not obligated to place the proceeds from the offering of either series of notes in escrow or to provide a security interest in such proceeds, and there are no other restrictions on our use of such proceeds. If we do not complete the Merger, we intend to use the net proceeds from this offering to pay part of the redemption price in connection with the special mandatory redemption of both series of notes. However, in the event of a special mandatory redemption, we may not have sufficient funds to purchase all of the notes.

Neither we nor Parent may be able to finance a change of control offer in the event it is required by the indenture of Nordstrom's existing notes.

As a condition to the consummation of the Merger, there cannot have occurred a "Below Investment Grade Rating" as defined in the Merger Agreement. A Below Investment Grade Rating Event under the Merger Agreement generally has the same meaning as under Nordstrom's existing notes, except that a Below Investment Grade Rating Event will be disregarded if a certain amount of Nordstrom senior notes have been tendered into an exchange offer that may be launched under the Merger Agreement. Under the existing notes, a Below Investment Grade Rating Event generally means a downgrade in the credit ratings of Nordstrom by each of Moody's, S&P and Fitch that relates, in whole or in part, to a change of control transaction (such as the Merger) and which downgrade occurs between announcement of the transaction and up to 60 days following closing, which period may be extended if the rating of the Nordstrom notes is under publicly announced review for possible downgrade. Although Parent and Nordstrom have the right to terminate the Merger Agreement beginning 45 days after the occurrence of a Below

Investment Grade Rating prior to the closing, in the case of Parent upon payment of a significant termination fee, if a Below Investment Grade Rating Event under the existing notes were to occur after closing or occur prior to the closing and either Parent decides to close anyway or the Below Investment Grade Rating Event is disregarded under the Merger Agreement, Nordstrom would be required to offer to purchase all of Nordstrom's notes then outstanding at a price equal to 101% of the principal amount of the notes. As of the signing of the Merger Agreement the principal amount of Nordstrom's notes subject to change of control provisions was approximately US$2.3 billion.

Although we expect Parent will undertake measures during the period between signing of the Merger Agreement and the closing of the Merger to mitigate the risk of a Below Investment Grade Rating Event, there can be no assurance that the rating agencies will maintain their existing ratings of Nordstrom. If a Below Investment Grade Rating Event were to occur after the closing, we cannot assure you that Nordstrom would be able to refinance Nordstrom's notes on reasonable terms, which may adversely affect our financial condition. Nordstrom's failure to offer to purchase all outstanding notes or to purchase all validly tendered notes would be an event of default under the indenture that govern Nordstrom's notes. Such an event of default may cause the acceleration of Nordstrom's other debt which would adversely affect our investment in Nordstrom. If a Below Investment Grade Rating Event were to occur after the closing of the Merger, we may need to provide additional funds to Nordstrom.

We may not realize the anticipated financial and other benefits, including growth opportunities, expected from the Merger, and we will have limited day-to-day control over Nordstrom following the closing.

We expect that we will realize growth opportunities and other financial and operating benefits as a result of the Merger. Our success in realizing these benefits, and the timing of their realization, depends, among other things, on the results of Nordstrom including the amount and frequency of Nordstrom dividends. Nordstrom's business is subject to significant risks, including certain risks that are different from the risks affecting our business. For more information on the risks to Nordstrom's business, see Nordstrom's Annual Report on Form 10-K for the year ended February 3, 2024 and Nordstrom's quarterly report on Form 10-Q for the fiscal quarter ended November 2, 2024. See "Incorporation by Reference."

Nordstrom's results depend, in part, among other things on Nordstrom's management. Following closing of the Merger, Nordstrom will be controlled directly by Parent, which will in turn be controlled by a board of seven directors, three of which will be appointed by Liverpool, three appointed by the Nordstrom family and one independent director appointed jointly by Liverpool and the Nordstrom family. Decisions at the board will generally (other than for conflicted matters) require the approval of at least four directors including at least one Liverpool appointee and one Nordstrom family appointee. Because our interests and those of the Nordstrom family may not always be aligned, there is a risk of deadlock at the board level. Any such deadlock may adversely affect our ability to effect changes that we believe may be required to improve the business and therefore affect Nordstrom's operations, the value of our investment in Nordstrom and hence our own financial results and condition.

Day to day operations will remain with the current executive team, including the members of the Nordstrom family members, whose interests may not always align with ours. It is expected that we will have limited ability to remove the Nordstrom members from their positions other than for cause. As a result, even if Nordstrom is performing poorly, we may have limited recourse to change or influence operations, which may adversely affect the value of our investment.

A portion of our investment in Nordstrom was structured as a loan that may be converted into equity of Parent beginning on the eighth anniversary of the closing date, which may cause our investment in Nordstrom to increase beyond 49.9%, triggering consolidation of our investment.

Beginning on the eighth anniversary of the closing date, if the Parent Loan has not been repaid in full, we will be entitled to convert the outstanding amounts of the Parent Loan into additional capital stock of Parent. Any such conversion shall be at a price equal to the lesser of (a) the Merger Consideration (as defined in the Merger Agreement) and (b) the fair market value of capital stock of Parent at the time of conversion, as determined by an independent third-party valuation.

Upon conversion, we would own more than 50.0% of Nordstrom which may cause our investment to be fully consolidated in our financial results. As a result, credit rating agencies may revise our rating which could have an adverse consequence on our financial condition.

The pro forma financial information included in this offering memorandum are presented for illustrative purposes only and may not be an indication of our financial condition or results of operations following consummation of the Merger.

The unaudited pro forma condensed consolidated financial information contained in this offering memorandum are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of our actual financial condition or results of operations following consummation of the Merger. Accordingly, the final acquisition accounting adjustments may differ materially from the pro forma adjustments reflected in this offering memorandum. Our actual financial condition and results of operations following consummation of the Merger may not be consistent with, or evident from, these pro forma financial information. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors may affect our financial condition or results of operations following consummation of the Merger. See "Unaudited Pro Forma Condensed Consolidated Financial Information."

We and Parent expect to incur significant costs associated with the Merger.

In connection with the Merger, we and Parent have incurred and will continue to incur significant costs, expenses and fees for professional services, such as legal, financial and accounting advice and services, and other transaction costs. The substantial majority of these costs will be non-recurring expenses relating to the Merger, and many of these costs are payable regardless of whether or not the Merger is completed.

Some of the factors affecting the costs associated with the Merger include the complexity and timing of the completion of the Merger. Nordstrom, Parent and we could also be subject to litigation related to the proposed Merger, which could prevent or delay the completion of the Merger and result in the incurrence of additional significant costs and expenses.

Shareholder litigation could prevent or delay the closing of the Merger or otherwise negatively impact the business and operations of Nordstrom.

We and the Nordstrom family may incur costs in connection with the defense or settlement of any shareholder lawsuits filed in connection with the Merger. Such litigation could have an adverse effect on the financial condition and results of operations of Parent and Nordstrom and could prevent or delay the consummation of the Merger.

Risks Related to our Business and Industry—Commercial and Services Operations

Our sales and operating results depend on consumer spending.

Our sales are significantly affected by the discretionary spending of consumers. Consumer spending may be affected by many factors outside of our control, including general economic conditions, consumer disposable income levels, consumer confidence levels, the availability of goods that match consumer needs and preferences, cost and level of consumer debt, consumer behavior with respect to consumer credit, the costs of basic necessities and other goods and the effects of the weather or natural disasters. Any decline in the discretionary spending of consumers could negatively affect our business and results of operations.

Our business is intensely competitive and increased or new competition could adversely affect our business and results of operations.

The retail industry is intensely competitive. Although we are among Mexico's largest retailers, we have numerous and varied competitors at the Mexican national and local levels, including omni-channel retailers, traditional department stores, vendor-owned boutiques, specialty retailers, individual specialty apparel stores,

designer boutiques, outlet stores, e-commerce, mail order retailers and "flash sale" businesses, which sell, among other products, products similar to those that we sell. In addition, we face significant competition from informal retailers in Mexico. We compete for customers on the basis of fashion and trends; the selection, presentation, quality and pricing of our merchandise; the customer experience, both in-store and online; our marketing initiatives; and the visual appeal and overall ambiance of our stores. We also compete in particular markets with a substantial number of retailers that specialize in one or more types of products that we sell. Competition may intensify as our competitors enter into business combinations or alliances. A number of different competitive factors could have a material adverse effect on our business, results of operations and financial condition, including:

- increased operational efficiencies of competitors;
- competitive pricing strategies, including deep discount pricing by a broad range of retailers during periods of low consumption or economic instability;
- assortment of products offered by our competitors and any expansion of such product offerings;
- entry by new competitors into markets in which we currently operate;
- credit availability for customers; and
- adoption by existing competitors of innovative retail sales methods.

In addition, the continuing migration and evolution of retailing to digital channels have increased our challenges in differentiating ourselves from other retailers. Online retail shopping continues to evolve rapidly and we expect competition in the e-commerce market from both existing competitors and new entrants to intensify in the future. The Internet facilitates both competitors' entry to the market and comparison shopping (allowing consumers to compare products, prices and their availability in real-time using digital tools, which can lead to decisions based solely on price or the functionality of the digital tools). Additionally, marketing digitally is controlled by a few key platforms. Consumers may use third-party channels or devices to initiate shopping searches and place orders, which could make us dependent on the capabilities and search algorithms of those third parties to reach consumers.

Furthermore, e-commerce competitors that have emerged in the past few years, such as Shein, Temu and AliExpress, among others, may benefit from regulatory environments in certain jurisdictions where their products are manufactured that are less stringent than those faced by our business. These competitors may be able to engage in "dumping" practices (selling goods at artificially low prices to gain market share or drive competitors out of market) due to lower regulatory and compliance costs, such as labor standards, environmental regulations or product safety requirements. In some regions, the lack of rigorous enforcement of pricing and trade regulations could allow these companies to undercut prices significantly, potentially making it difficult for us to maintain competitive pricing without compromising our margins. Such practices could lead to an unfair competitive advantage, adversely affecting our ability to compete on price.

If we fail to adequately anticipate and respond to customer and market dynamics, we may lose market share or our ability to remain competitive, causing our sales and profitability to suffer. If the efficiency and allocation of loyalty marketing, advertising and promotional campaigns that attract customers through various programs and media, including digital media and print, is unsuccessful in influencing consumer behavior in our stores and digital channels, or if our competitors are more effective with their programs than we are, our growth and profitability could suffer. We also may not gather accurate and relevant data or effectively utilize that data, which may impact our strategic planning, marketing and loyalty programs and our overall decision making.

We may not be able to compete successfully with our existing or any new competitors and prolonged periods of deep discount pricing by our competitors could negatively affect our business and results of operations. If we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share.

Our sales and operating results depend on consumer preferences, demand and fashion trends.

The fashion and retail industries are subject to sudden shifts in consumer preferences, demand and fashion trends. Our sales and operating results depend on our ability to predict or respond to changes in fashion trends and consumer preferences in a timely manner. We develop new retail concepts and continuously adjust our industry position in certain major and private-label brands and product categories in an effort to satisfy our customers. Early order commitments often are made far in advance of consumer acceptance. If we fail to anticipate preferences accurately and respond to consumer preferences and demand, or if we fail to maintain adequate inventories that satisfy our customers' needs and preferences, we could experience lower sales, excess inventories, and lower profit margins. In addition, demand for products can change significantly between the time inventory or components are ordered and the date of sale. Any sustained failure to anticipate, identify and respond to emerging trends in lifestyle and consumer preferences could negatively affect our business and results of operations.

In addition, prediction of consumer preferences requires significant research and development as well as marketing initiatives. If our investments in research and development and market initiatives are less effective, our strategy to grow sales and profits may not be successful, adversely affecting our business and results of operations.

Our business depends on the success of our strategies.

Our success is dependent on our ability to identify, develop and execute our business strategies. Our continued growth and success depends on our ability to successfully open and operate new stores, enhance and remodel existing stores on a timely and profitable basis, and optimize store performance by closing under-performing stores. The success of any future store openings will depend upon numerous factors, many of which are beyond our control, including the following:

- our ability to attract appropriate vendors;
- the competition for suitable store sites;
- our ability to negotiate favorable lease terms with landlords and renew any such leases;
- the availability of associates to staff new stores and our ability to hire, train, motivate, and retain store personnel; and
- our ability to attract customers and generate sales sufficient to operate new stores profitably.

In the future, we may enter into additional markets. These markets may have different competitive conditions, consumer trends, and discretionary spending patterns than our existing markets, which may cause new stores in these markets to be less successful than stores in our existing markets.

Our continued growth and success also depends on our ability to implement our omni-channel strategy. Omni-channel retailing is rapidly evolving, and we must keep pace with changing customer expectations and new developments by our competitors.

In the past, we have been able to compete successfully by differentiating our customers' shopping experience through a careful combination of price, merchandise assortment, store environment, convenience, customer service, loyalty programs and marketing efforts. Customer perceptions regarding the cleanliness and safety of our stores, the functionality, reliability, and speed of our digital channels and fulfillment options, our in-stock levels and the value of our promotions are among the factors that affect our ability to compete. In addition, our ability to create a personalized customer experience through the collection and use of accurate and relevant customer data is important to differentiate ourselves from other retailers. No single competitive factor is dominant, and actions by our competitors on any of these factors or the failure of our strategies could adversely affect our sales, gross margins and expenses.

We continue to implement customer-oriented strategic programs designed to differentiate and strengthen our core merchandise content and service levels and expand and enhance our merchandise offerings. We also seek to

improve the effectiveness of our marketing and advertising programs. If we fail to implement successfully these initiatives, we may be unable to retain or attract customers, which could adversely affect our results of operations.

Our omni-channel strategy could adversely affect our business and results of operations if not successfully executed.

We plan to continue investing in our omni-channel strategy: in particular, in recent years we have made significant investments in e-commerce as advancements in technology have impacted shopping behaviors of consumers. Computers, mobile phones, tablets and other devices allow customers to browse and transact anywhere or anytime. Our growth strategies span the development of applications for electronic devices, improvement of customer-facing technology, timely delivery of products purchased online, enhancement of inventory management systems, greater and more fluid inventory availability between online and retail locations, and greater consistency in marketing and pricing strategies. This business model has a high variable cost structure driven by fulfillment, marketing and technology costs and will continue to require investment in omni-channel operations and supporting technologies. There are also inherent risks associated with the investment in new technologies, such as generative artificial intelligence, and such operational and supporting technologies can be subject to failure, disruption or unavailability and can increase vulnerability to cyber-attacks and other cyber incidents. In addition, if customers shift to e-commerce more quickly than we anticipate, we may need to accelerate our e-commerce initiatives and investments and may experience higher costs adversely impacting our profitability. Moreover, a large scale migration of sales from brick and mortar stores to digital platforms could lead to additional store closures, restructuring and other costs that could adversely impact our business and results of operations.

We strive to anticipate and meet our customers' changing expectations and are focused on building a seamless shopping experience across our omni-channel business. Any failure to provide user-friendly, secure e-commerce platforms that offer a variety of merchandise at competitive prices with low cost and quick delivery options that meet customers' expectations could place us at a competitive disadvantage, result in the loss of e-commerce and other sales, harm our reputation with customers and have an adverse impact on the growth of our business and our results of operations. If we do not implement and expand our e-commerce initiatives successfully or if we do not realize our anticipated return on these investments, our profitability and growth could be adversely affected.

Our business depends on our stores remaining relevant to customers.

We continue investing in facility and fixture upgrades, merchandise assortment and customer service in selected stores to improve customer retention rates and overall customer satisfaction. Some stores are receiving targeted local marketing plans to drive customer traffic. There can be no assurance that we will be able to achieve continued improvement in our store business.

Because we rely on the ability of our physical retail locations to remain relevant to customers, providing desirable and sought-out shopping experiences is critical to our financial success. Changes in consumer shopping habits, quality of anchor tenants, significant mall vacancy issues, increase in competition from other shopping mall openings where we may not have a presence, mall violence and new on-and off-mall developments could each adversely impact the traffic at current retail locations and lead to a decline in our financial condition or performance. Unfavorable economic conditions and changes in consumer behavior, could adversely affect mall traffic and threaten the viability of firms that operate major shopping malls. Failure of a large commercial landlord or declines in the popularity of mall shopping generally would adversely affect our business and results of operations.

We depend upon the success of our advertising and marketing programs.

Our business depends on effective marketing and upon our ability to successfully select compelling merchandise assortments as well as present an appealing shopping environment and experience to customers to increase customer traffic. We have many initiatives in this area, and often change our advertising and marketing programs. There can be no assurance as to our continued ability to effectively execute our advertising and marketing programs, and any failure to do so could negatively affect our business and results of operations.

Our business could suffer if we are unsuccessful in identifying, making, integrating, and maintaining acquisitions and investments.

We may be unable to identify suitable acquisition or investment targets at acceptable prices, which could have a material adverse effect on our business and results of operations. From time to time, we pursue strategic acquisitions of, joint venture arrangements with, or investments in, other companies or businesses. Any such acquisition, joint venture arrangement or investment that we make may require us to spend our cash, or incur debt, contingent liabilities (such as indemnifications and the exercise of options granted by us), or amortize expenses related to intangible assets, any of which could reduce our profitability and harm our business. Acquisitions, joint venture arrangements and investments also increase the complexity of our business and place strain on its management, personnel, operations, supply chain, financial resources and internal financial controls and reporting functions. We may not be able to manage acquisitions, joint venture arrangements or investments effectively, which could damage our reputation, limit our growth and could have a material adverse effect on our business and results of operations.

In the future, we may enter into additional markets, including internationally. These markets may have different competitive conditions, consumer trends and discretionary spending patterns than existing markets, which may cause new stores in these markets to be less successful than stores in existing markets. Our ability to successfully grow through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. These efforts could be expensive and time consuming, disrupt our ongoing businesses and distract management.

Our future growth opportunities through mergers, acquisitions or joint ventures may be impacted by antitrust laws and other challenges in integrating significant acquisitions.

There can be no assurance that a challenge on antitrust grounds, in connection with our existing operations, or any acquisition that we may pursue in the future, will not be made. If any such challenge is made, we may be required to sell or divest a significant portion of our business or we may be prevented from consummating a specific acquisition. We believe that the retail industry continues its consolidation trend and the challenge of any transaction on antitrust grounds may limit our ability to pursue or consummate future acquisitions that may involve attractive long-term returns while our competitors continue taking advantage of such trend.

Potential acquisitions and investments are subject to significant risks.

We may in the future acquire or invest in other businesses and seek to integrate them into our own operations. Acquisitions and investments involve known and unknown risks that could adversely affect our future net sales and operating results. For example:

- failing to accurately identify suitable companies or brands to acquire or invest in;
- failure to negotiate favorable transaction terms;
- experiencing difficulties in integrating the management, operations, technologies and manufacturing processes of the acquired companies;
- failing to obtain the necessary regulatory approvals;
- entering new markets with which we are unfamiliar;
- diverting management’s attention from other business concerns;
- purchasing a company that has contingent liabilities;
- incurring in substantial additional indebtedness; and
- generally being unable to realize the expected benefits.

Any future or potential acquisitions and investments may result in substantial costs, disrupt our operations or materially adversely affect our operating results. We may not recover any amounts with respect to losses due to unknown or contingent liabilities relating to litigation, tax claims or other actions involving an acquired company and its management or breaches by the sellers of their representations and warranties. The due diligence we conduct in connection with an acquisition, and any contractual guarantees or indemnities that we receive from the sellers of acquired companies, may not be sufficient to protect us from, or compensate us for, actual or potential liabilities. In addition, the total amount of costs and expenses that may be incurred with respect to liabilities associated with the acquired assets and entities may exceed our expectations and we may experience other unanticipated adverse effects, including damage to our reputation and a reduction on the expected benefits of such acquisition, all of which may adversely affect our business.

Our revenues and cash requirements are affected by the seasonal nature of our business.

Our retail operations are seasonal, with a high proportion of revenues and operating cash flows generated during the fourth fiscal quarter, which includes the fall and holiday selling seasons. In addition, sales volumes in our department stores are higher during the months of May, June, November and December due to Mother's Day, Father's Day, the "Buen Fin" (a weekend in late November of each year during which various commercial businesses, including our company, offer sales and discounts to encourage consumer spending in Mexico) and year-end holidays. As a result, our sales and cash requirements are affected by the seasonal nature of our business and any economic slowdown, interruption to our business or to the business of our vendors, or the occurrence of any other circumstance that may impact our business during the last quarter of any calendar year may therefore adversely affect our results of operations and financial condition.

In addition, in preparation for our seasons of high demand, we must increase inventory to levels substantially higher than those maintained during the rest of the year and hire temporary staff for our stores. Any unforeseen reduction in demand, mistake in our demand forecasts or delay by our vendors in meeting our demand during these seasons could force us to sell inventory at significantly lower prices, which would also adversely affect us.

The termination of certain license agreements may affect our business.

We have entered into numerous license agreements and hold both exclusive and non-exclusive licenses to use certain brands and market certain products, as well as franchise agreements for corner stores inside our department stores. These licenses and agreements represent an important benefit to our business; however, we cannot guarantee that they will continue to do so. The term of our license agreements typically ranges from five to ten years and some of them are automatically renewable for one or two additional periods of the same tenor. The termination of license agreements or failure to perform by any of the parties under licenses may have an adverse effect on our business and results of operations.

We cannot provide any assurance that any license agreement will not expire in accordance with its terms or that we will be able to form strategic alliances with current or potential partners and/or obtain other licenses that may enable us to improve the performance of our business.

We depend on designers, vendors and other sources of merchandise, goods and services.

Our relationships with established and emerging designers have been a significant contributor to our past success, and a substantial portion of our revenues are attributable to our sales of designer merchandise. Many of our key vendors limit the number of retailers they use to sell their merchandise, and competition among retailers to obtain and sell these goods is intense. Although we have supply arrangements with some of our merchandising sources, there can be no assurance that such sources will continue to meet our quality, style and volume requirements. Moreover, nearly all of the established designer brands sold by us are also sold by competing retailers, and many of these designer brands also have their own dedicated retail stores and/or their own e-commerce sites. If one or more of these designers were to cease providing us with adequate supplies of merchandise or, conversely, were to increase sales of merchandise through their own stores or to the stores of other competitors, our business could be adversely affected. In addition, any decline in the popularity or quality of any of these designer brands could adversely affect our business.

We believe that our business depends on the reputation of the brands we sell. As licensee of the brands we operate, we have little to no control over the brand owner's acts or omissions. The reputation of the brands we carry, which is not always within our control, is a key factor in maintaining our capacity to attract and retain clients, sales people and partners. Furthermore, damage to the reputation of any of our private label brands or the brands licensed to us, or to the reputation of any supplier or manufacturer of these brands, could negatively impact consumer opinion of our stores or the related products, which could have a material adverse effect on our business and results of operations.

Moreover, the procurement of goods and services outside of Mexico from third-party suppliers in foreign jurisdictions is subject to political and economic uncertainty. As a result, we are subject to risks and uncertainties associated with changing economic and political conditions in foreign countries where our suppliers are located, including increased import duties, tariffs, trade restrictions and quotas, transport capacity, costs and other factors relating to foreign trade (including costs and uncertainties associated with potential sell-through difficulties), work stoppages, human rights concerns, working conditions and other labor rights and conditions, the environmental impact in foreign countries where merchandise is produced and raw materials or products are sourced, changing labor, environmental and other laws in these countries, adverse foreign government regulations, wars, fears of war, terrorist attacks and organizing activities, adverse fluctuations of foreign currencies and political unrest. We cannot predict when, or the extent to which, the countries in which our products are manufactured will experience any of the foregoing events. Any event causing a disruption or delay of imports from foreign locations would likely increase the cost or reduce the supply of merchandise available to us and would adversely affect our operating results. In addition, trade restrictions, including increased tariffs or quotas, embargoes, safeguards, and customs restrictions against apparel items, as well as labor strikes, work stoppages, or boycotts, could increase the cost or reduce the supply of merchandise available to us or may require us to modify our current business practices, any of which could adversely affect our profitability.

Parties with whom we do business may be subject to insolvency risks or may otherwise become unable or unwilling to perform their obligations to us.

We are a party to contracts, transactions and business relationships with various third parties, including vendors, suppliers, service providers, lenders and participants in joint ventures, strategic alliances and other joint commercial relationships, pursuant to which such third parties have performance, payment and other obligations to us. In some cases, we depend upon such third parties to provide essential leaseholds, products, services or other benefits, including with respect to store and distribution center locations, merchandise, advertising, software development and support, logistics, other agreements for goods and services in order to operate our business in the ordinary course, extensions of credit, credit card accounts and related receivables, and other vital matters. Current economic, industry and market conditions could result in increased risks to us associated with the potential financial distress or insolvency of such third parties. If any of these third parties were to become subject to bankruptcy, receivership or similar proceedings, our rights and benefits in relation to its contracts, transactions and business relationships with such third parties could be terminated, modified in a manner adverse to us, or otherwise impaired. We cannot make any assurances that we would be able to arrange for alternate or replacement contracts, transactions or business relationships on terms as favorable as our existing contracts, transactions or business relationships, if at all. Any inability on our part to do so could negatively affect our cash flows, financial condition and results of operations.

Our results may be adversely affected by increased utility, transportation or logistics costs, reduced availability or increased cost of oil or other fuels, or increased costs of other commodities.

Energy and fuel costs can fluctuate dramatically and, at times, have resulted in significant cost increases, particularly for the price of oil and gasoline. An increase in the price of oil increases our transportation costs for distribution, utility costs for our retail stores and costs to purchase our products from suppliers. Increased regulation related to environmental costs, including cap and trade, carbon taxes or other emissions management systems could also adversely affect our costs of doing business, including utility, transportation and logistics costs. Shortages or disruptions, including from increased demand, geopolitical conflicts, and other factors, impacting transportation within our supply chain, also negatively impact our cost of business and cause costs to fluctuate in ways we may not be able to anticipate. Similarly, other commodity prices can fluctuate dramatically. Such increases can impact the

cost of merchandise, which could adversely affect our performance through potentially reduced consumer demand or reduced margins.

We may not be able to maintain and enhance our brands, or we may receive unfavorable customer complaints or negative publicity, which could adversely affect our brands and owned multi-brand retail concepts.

Negative publicity which significantly harms the reputation of one or more of our brands may have a material detrimental effect on the value of our brands, which may adversely impact our business and results of operations. We may also be materially adversely affected if we are subject to negative publicity which causes our customers to change their purchasing habits. Complaints from customers about the products we sell, the prices we charge, or the services we provide could, in the future, reduce consumer confidence and adversely affect our business. In addition, some of the products we sell may expose us to product liability claims arising from personal injury and may require product recalls or other actions. To maintain good customer relations, we need to adequately train and manage our in-store employees who are in direct daily contact with our customers. We must also have a customer service team ready to resolve irregularities and disputes effectively and promptly. Effective customer service requires significant personnel expense and investment in developing programs and technology infrastructure to help customer service representatives carry out their functions. Failure to properly manage or train our customer service representatives could compromise our ability to handle customer complaints effectively. If we do not handle customer complaints effectively, our reputation and our business may suffer, and we may lose our customers' confidence.

Our business is capital-intensive and we may not be able to generate sufficient cash flows from operations or obtain the funding required to make capital expenditures and/or implement our investment strategy.

We make and expect to continue to make capital expenditures to finance our acquisition, construction, development and renovation of department stores and shopping centers. For the year ended December 31, 2023, we made capital expenditures of Ps.8,619 million (US$439 million), and for the nine months ended September 30, 2024 we made capital expenditures in the amount of Ps.7,859 million (US$400 million). We plan to continue to make capital expenditures to implement our expansion plan, which includes the increase in our gross leasable area through the construction of shopping centers and department stores and major renovation of certain of our department stores.

Failure to implement our expansion plan and the planned renovations might result in a reduction of our capacity to attract customers to our stores or to retain current tenants or attract new tenants to our shopping centers, causing a decline in our results of operation.

We expect to fund our capital expenditures program with a combination of cash flows from operations and additional financing. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources, to adequately fund such or any future capital expenditures. Our access to external sources of financing will depend on many factors, including factors beyond our control, such as conditions in the global capital markets and how investing in Mexico and emerging markets is generally perceived by investors. If our access to external financing is limited, we may not be able to make committed and/or planned capital expenditures or otherwise execute our investment strategy, which could adversely affect our business, financial condition or results of operation. In addition, the amount, timing and costs of our capital expenditures depend in part on market conditions. We may not be able to accurately predict the timing or amount of capital investments or the costs of the expenditures we will require.

Our financial results depend on our ability to manage our inventory successfully and efficiently.

Given the nature of our business, we carry a broad selection of merchandise as well as significant inventory levels of certain products. Inventory management is an inherent risk to the retail business. We may be unable to sell products in sufficient quantities or during the relevant selling seasons. As a result, we must guard against accumulating excess or obsolete inventory as we seek to minimize out-of-stock levels across all product categories and to maintain in-stock levels. The acquisition of certain types of inventory or components may require significant lead-time and prepayment and they may not be returnable. Moreover, demand for products can also change significantly between the time inventory or components are ordered and the date of sale, which may lead to overstock of merchandise. Any of the above factors or a sustained failure to anticipate, identify and respond to

emerging trends in lifestyle leading to over-stocking and accumulation of products would cause us to sell-off excess inventory at significant markdowns which would negatively affect our margins, business and results of operations.

In addition, we rely on various suppliers and vendors to provide and deliver our product inventory on a continuous basis. We also depend to a large extent on the relationship of brand owners with the suppliers and manufacturers where the apparel we sell is made. We could suffer significant product inventory losses in the event of the loss of a major supplier or vendor, disruption of our distribution network, extended power outages, natural disasters or other catastrophic occurrences. Likewise, if we do not timely anticipate future demand, order new inventory, or replenish existing inventory, our sales levels and business may be adversely affected. We have implemented certain systems to ensure our ordering is in line with demand. We cannot assure you, however, that our ordering systems will always work efficiently, in particular in connection with the opening of new stores, which have no, or a limited, ordering history. If we were to over-order we could suffer inventory losses, which could have a material adverse effect on us.

Furthermore, we are making investments to streamline and standardize our inventory, buying, vendor payments and accounting capabilities through changes in technology, such as the utilization of generative artificial intelligence-enabled methodologies and processes. If we encounter challenges associated with change management, inventory integrity and implementation of associated information technology or adoption of new processes, features or capabilities, our ability to continue to successfully execute or evolve our strategy with changes in the retail environment could be adversely affected. Or, if we are unable to maintain accurate, reliable and effective inventory tracking systems, which are critical to our integrated omni-channel business strategy, it may adversely impact our sales and profitability and may result in canceled orders and increased costs relative to our current expectations.

A significant portion of the merchandise sold at our stores is imported such that increases in import duties and controls may adversely affect our business.

A significant portion of the products we sell are imported to Mexico from other countries including countries in Asia where they are manufactured. The Mexican government could implement measures to retaliate against tariffs imposed by other countries or provide improved fair market conditions for certain domestic industry sectors. Such merchandise may become subject to higher import taxes than currently apply. Mexico's foreign trade policies, tariffs and other impositions and requirements on imported goods, which may depend on the product's place of origin or on the product's nature and specifications, as well as other factors relating to foreign trade, are beyond our control and could adversely affect our results of operations.

Any disruption in the operations of our distribution centers may adversely affect us.

A substantial part of the products we sell in our stores are distributed to our clients through our distribution centers. Should any of our distribution centers experience any interruption in operations, including those caused by natural disasters, climate change, acts of God or technological failures, we may not be able to effectively distribute the products we sell, which may adversely affect our business. While automation at our distribution centers improves operational efficiency, any malfunction or failure of these systems could lead to significant disruptions in inventory management, delays in deliveries and an inability to meet customer demand. Additionally, the costs of repairing or replacing malfunctioning automated systems, as well as the potential need to revert to manual operations temporarily, could result in higher operational expenses. As the reliance of our business on automation increases, the potential impact of system failures becomes a critical factor that may affect profitability and operational continuity. Furthermore, due to the interdependence of our distribution centers, a disruption at one location can have a cascading effect on our entire supply chain that could ultimately lead to delays, inventory shortages or operational inefficiencies, which may negatively impact our ability to fulfill customer orders on time. Should we fail to locate adequate properties on which to build new distribution centers, or fail to effectively integrate new, or expand existing, distribution centers, we may not be able to deliver inventory to our stores in a timely manner, which may materially and adversely affect us. Additionally, our growth strategy contemplates the opening of new stores, which may require an increase in the capacity of our distribution centers.

Failure to protect our inventory or other assets from loss and theft may impact customer and associate safety as well as our financial results.

Risk of loss or theft of assets, including inventory shrinkage, is inherent in the retail business. Loss may be caused by error or misconduct of associates, customers, vendors or other third parties, including through organized retail crime and professional theft, and may be further impacted by macroeconomic factors, including the enforcement environment. We may not be able to determine the cause or extent of the loss in a timely manner or at all. Our inability to effectively prevent and/or minimize or reduce the loss or theft of assets, or to accurately predict and accrue for the impact of those losses may adversely affect our business. In addition, our ability to provide a safe environment in our stores may be impacted in the course of a theft or other behavioral situations that periodically arise.

Our customer, employee, vendor and other stakeholder relationships could be negatively affected if we fail to maintain our corporate culture and reputation.

We have a well-recognized culture and reputation that consumers may associate with a high level of integrity, customer service and quality merchandise, and it is one of the reasons customers shop with us and employees choose us as a place of employment. Any significant damage to our reputation, including damages arising from noncompliant business, data privacy, information security, diversity, environmental or social responsibility practices, news about our Company or factors outside our control or on social media, could diminish customer trust, weaken our vendor relationships, reduce employee morale and productivity and lead to difficulties in recruiting and retaining qualified employees. Additionally, management may not accurately assess the impact of significant legislative changes, including those that relate to data privacy and security, employment matters, labor issues, environmental compliance and health care, impacting our relationship with our customers or our workforce and adversely affecting our sales and operations.

There is also increased focus from both internal and external stakeholders on corporate social responsibility and sustainability matters. If we do not, or are perceived not to, act responsibly with respect to our practices and initiatives, meet any communicated targets, goals or milestones or lack transparency with our initiatives, our reputation could be damaged. We may also incur additional costs as we invest in new ways to operate to better support our communities and our customers or to report our outcomes and results.

We are subject to certain laws, litigation and regulatory matters and failure to comply with or adequately address developments as they arise could adversely affect our reputation and operations.

Our policies, procedures and practices we implement are intended to address applicable federal, state and local laws, rules and regulations, as well as responsible business, social and environmental practices, all of which may change from time to time. If we, or the third parties we do business with, fail to comply with these requirements and/or changes to them, our business could be adversely impacted. In addition, non-compliance with applicable laws and regulations or failure to implement responsible business, social, environmental and supply chain practices could result in reputational damage, lawsuits, regulatory investigations, legal costs and penalties, civil and criminal liability, increased cost of regulatory compliance, disruption of our business, loss of customers and loss of customer trust. Changes to existing and new privacy and data protection laws may increase compliance expenses and limit business opportunities and strategic initiatives, including customer engagement. Any required changes to our employment practices could result in the loss of employees, reduced sales, increased employment costs, low employee morale and harm to our business and results of operations. In addition, political and economic factors could lead to unfavorable changes in laws, which may adversely affect our results of operations.

Risks Related to our Business and Industry—Consumer Credit Operations

Our inability to effectively control the level of non-performing loans and an insufficient allowance for loan losses could adversely affect our business and results of operations.

Our credit cards have historically been a frequently used payment method for our customers in our stores, with sales paid with our credit cards as a method of payment representing 49.1% of net sales of merchandise for

Liverpool and 32.3% of net sales of merchandise for Suburbia for the nine months ended September 30, 2024. For 2023, sales made with our credit card represented 48.2% of Liverpool's net sales of merchandise and 30.0% of Suburbia's net sales of merchandise. If we fail to successfully assess the creditworthiness of our customers during our credit approval process, the proportion and number of impaired loans in our total loan portfolio may increase. Furthermore, risks arising from changes in the recoverability of loans and amounts due from our customers are inherent in our businesses, and non-performing loans can have an adverse effect on us. Although historically we have been able to maintain low levels of non-performing loans, we cannot assure you that in the future we will be able to effectively control the proportion and number of impaired loans in our total loan portfolio. In particular, the amount of our reported non-performing loans may increase in the future as a result of growth in our total loan portfolio, the adverse effect of changes in the credit quality of our customers, personal bankruptcy rates, employment trends or a general deterioration in Mexican or global economic conditions, the impact of political events, events affecting certain industries or events affecting financial markets and global economies.

Our current allowance for loan losses may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of our total loan portfolio. Our allowance for loan losses is based on our current assessment of and expectations concerning various factors affecting us, including the quality of our loan portfolio. In addition, we have a risk management system for our loan portfolio which allows us to reduce the impact of non-performing loans. However, many of the factors affecting our loan portfolio are beyond our control. As a result, there is no precise method for predicting loan and credit losses, and we cannot assure you that our allowance for loan losses will be sufficient in the future to cover actual loan and credit losses. If our assessments and expectations concerning the performance of our loan portfolio differ from actual developments, if the quality of our total loan portfolio deteriorates for any reason or if future actual losses exceed our estimates of incurred losses, we may be required to increase our provisions and allowance for loan losses, which may adversely affect our results of operations. If we are unable to control or reduce the level of our non-performing or poor credit quality loans, this could have a material adverse effect on our business.

Our exposure to loans to individuals could lead to higher levels of non-performing loans, allowances for loan losses and write-offs.

As of September 30, 2024, all of our loan portfolio consisted of consumer credit to our customers, including car loans as part of our BYD dealerships. As part of our business strategy, we are seeking to increase volume in our consumer credit portfolio which historically has led to increased non-performing loan rates. Our customers are more likely to be adversely affected by downturns in the Mexican economy than large corporations and high-income individuals who have greater resources. Consequently, in the future we may experience higher levels of non-performing loans, which could result in increases in our provisions for loan losses, which in turn will adversely affect our business. For the year ended December 31, 2023, our non-performing loan rate was 2.7% and for the nine months ended September 30, 2024, our non-performing loan rate was 4.1%. Additionally, seasonality exacerbates the effect of non-performing loan rates with the third quarter having the highest and the fourth quarter the lowest as customers receive Christmas and other end of year bonuses that supplement their income throughout the fourth quarter and the initial quarters of the year. There can be no assurance that the levels of non-performing loans and subsequent write-offs will not be materially higher in the future and that this activity will not have an adverse effect on our business.

Our consumer credit loans are unsecured and an inefficient recovery process may adversely affect our business, financial condition and results of operations.

We offer a wide variety of credit plans to our customers, primarily through the issuance of our branded credit cards. The loans we provide to our customers are unsecured. Any payment default by our customers could lead us to pursue judicial collection procedures. Judicial recovery through Mexican courts is a complex, uncertain and time consuming endeavor. We cannot anticipate any outcome resulting from the exercise of our collection rights and remedies or otherwise assure that any payments we may obtain would be sufficient to pay in full the amounts due by our customers. Our inability to successfully recover the principal of an interest on the loans from our customers could materially and adversely affect our business, financial condition and results of operations.

We may fail to detect money laundering or fraudulent activities of our customers, which may adversely impact our reputation, business and financial condition.

We are exposed to the risk of money laundering and fraudulent activities by our customers, particularly with respect to our consumer credit offerings. We have implemented internal control systems that monitor unusual transaction volumes or unusual transaction patterns and screen the personal details of our customers, but these systems may not always succeed in protecting us and our customers from money laundering and fraud. To the extent we are not successful in protecting ourselves or our customers from money laundering or fraud, or if we fail to comply with the applicable regulations, we and our directors could be subject to criminal sanctions or administrative and civil fines and could directly suffer loss, or lose the confidence of our customer base, which could have a material adverse effect on our reputation, business, results of operations and financial condition.

Failure to successfully implement and continue to upgrade our credit risk management system could materially and adversely affect our business operations and prospects.

One of the principal types of risks inherent to our business is credit risk. New credit products such as personal loans, could significantly increase our credit risk and lead to a higher level of non-performing loans. Additionally, as we expand our loan portfolio the risk of our non-performing loans growing also increases. We may not be able to, on a timely basis, upgrade our credit risk management system. For example, an important part of our credit risk management system is to employ an internal credit rating system to assess the particular risk profile of a client. Because this process involves a detailed analysis of the client's credit risk profile that takes into account not just quantitative but qualitative factors that require human judgment to be exercised, the process is subject to human error. In exercising their judgment, our employees may not always be able to assign an accurate credit rating to a client, which may result in exposure to higher credit risks than indicated by our internal credit rating system. However, we may not be able to timely detect these risks before they occur, or due to limited resources or tools available to us, our employees may not be able to effectively implement the system, which may increase our credit risk exposure. As a result, failure to implement effectively, consistently follow or continuously refine our credit risk management system may result in a higher risk exposure for us, which could materially and adversely affect our results of operations and financial position.

Risks Related to Our Business and Industry—Real Estate Operations

Our expansion depends in part on our ability to successfully acquire or build new stores and shopping centers and remodel and/or expand existing stores and shopping centers.

One of our business expansion strategies focuses on acquiring or building new stores and shopping centers and remodeling and/or expanding existing stores and shopping centers. We evaluate each investment decision to determine if it meets our financial projections and expected returns. Our success in achieving future growth through opening new stores and shopping centers, or expanding existing stores and shopping centers, will depend on our ability to identify, finance, obtain, construct and operate such stores and shopping centers. Acquisitions depend on our ability to identify, negotiate and finance acquisitions on acceptable terms and integrate acquired stores and shopping centers into our operations. Our failure to implement this business expansion strategy could have a material adverse effect on our business and operations.

The performance of our real estate operations is subject to risks associated with the real estate industry generally.

Real estate investments are subject to various risks and fluctuations and cycles in value and demand, many of which are beyond our control. Certain events may decrease our results of operations and the value of our properties. These events include, but are not limited to:

- adverse changes in local, national or international demographic and economic conditions;
- vacancies or our inability to rent space on favorable terms;
- adverse changes in the financial condition of tenants and buyers of properties;

- our inability to collect rent from tenants;
- adverse changes in laws, regulations and governmental policies, including, without limitation, tax, zoning, environmental and safety laws, governmental fiscal policies and changes in enforcement thereof;
- competition from other real estate investors with significant capital, including real estate investment companies, real estate investment trusts and institutional investment funds;
- reductions in the level of demand for retail space, and changes in the relative popularity of properties;
- increases in the supply of commercial space;
- fluctuations in interest rates, which could adversely affect our ability, or the ability of buyers and tenants of properties, to obtain financing on favorable terms, or at all;
- an excessive rise in the exchange rate of the Mexican peso to the U.S. dollar, as real property in Mexico is commonly quoted in U.S. dollars;
- increases in expenses including, insurance costs, labor costs, energy prices, real estate assessments and other taxes and costs of compliance with laws, regulations and governmental policies, and restrictions on our ability to pass increased expenses on to our tenants;
- tenants rotation larger than expectation;
- failure to provide adequate maintenance to the properties;
- increases in the criminal activity in the areas where our properties are located;
- excess in the construction or oversupply in the real estate market;
- failure to attract or maintain anchor stores other than "Liverpool"; and
- competition from other shopping malls, other types of retail premises, or other kinds of shopping experiences such as virtual commerce.

In addition, periods of economic slowdown or recession, rising interest rates or declining demand for real estate, or the public perception that any of these events may occur, could result in a general decline in rents or an increased incidence of defaults under existing leases. If we cannot operate our properties to meet our financial expectations, our business, financial condition and results of operations could be materially and adversely affected.

Changes in the market value of land may adversely affect our business.

We continuously purchase land in order to develop future projects and investment activities; however, the value of such land could drop significantly from the date of purchase to the actual development of the project, as a result of economic or market conditions, reducing the profit margins from our leases or the expected return rate from our store projects, which in turn will adversely affect our results of operations. We believe that there is increasing competition for acquisition of land in suitable locations and, even though our continued growth depends on our ability to continue to acquire land at reasonable prices, we cannot guarantee that we will have continued success in this task. The entry of or an increase in the activities of other Mexican or foreign real estate developers could significantly increase real estate prices, leading to a shortage of suitable property. As a consequence, an increase in the cost of real estate could result in an increase in our cost of sales and a decrease in profits, thus adversely affecting our business and results of operations.

Our current store and shopping center locations may become less desirable.

The success of any store and shopping center depends substantially on their location. There can be no assurance that current locations will continue to be desirable or appropriate as demographic patterns change. Social or economic conditions where stores are located could decline in the future, thus resulting in potentially reduced sales and traffic in those locations. If we cannot obtain desirable locations at reasonable prices, our cost structure will increase and our revenues will be adversely affected. Also, a substantial decline in shopping center traffic, the development of new shopping centers, the lack of availability of favorable locations within existing or new shopping centers, the success of individual shopping centers and the success of other anchor tenants may negatively impact our ability to maintain or grow our sales in existing stores, as well as our ability to open new stores, which could have an adverse effect on our financial condition or results of operations.

We are dependent on our tenants for a portion of our revenue, and our business would be adversely affected if a significant number of our tenants, or any of our major tenants, were unable to meet their lease obligations.

The performance of our real estate operations depends on our ability to collect rents, past-due amounts and future rent payments from our tenants and our tenants' ability to make rental payments. Our results of operations would be negatively affected if a significant number of our tenants, or any of our major tenants, were to delay commencement of leases, decline to extend or renew leases upon expiration, fail to make rental payments when due or close their businesses or declare bankruptcy. Any of these actions could result in the termination of the tenants' lease, losses to our investments and the loss of rental income attributable to the terminated lease.

In addition, if a tenant defaults on its lease obligations, we may experience delays in enforcing our rights as landlord and may incur substantial costs, including litigation and related expenses, in protecting our investment and re-leasing our property. As of September 30, 2024, no single tenant accounted for more than 10.0% of the gross leasable area of our portfolio. To the extent that a significant number of our tenants experience a downturn in their businesses, their financial condition could be weakened and could result in their failure to make timely rental payments or their default under their leases, which could harm our performance.

If we are unable to renew our leases or lease our vacant space, or we are unable to lease our properties at or above existing rental rates, our rental revenue may be adversely affected.

Some of our stores are owned and some are leased. Currently we own approximately 78.1% of our retail space for the Liverpool brand, 4.1% for Suburbia and most of the gross leasable area of the shopping centers in which we have interests. Store leases generally require us to pay a fixed minimum rent and a variable amount based on a percentage of annual sales at that location. Generally, we will not be able to terminate these leases, prior to the expiry of the committed term. If a store is not profitable, and we decide to close it, we may be required, among other things, to pay rent for the remainder of the applicable lease term. In addition, as the leases expire, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close stores in desirable locations. If an existing owned store is not profitable, and we decide to close such store, we may be required to record an impairment charge and/or exit costs associated with the disposal of the store. In addition, we may not be able to close an unprofitable owned or leased store due to an existing operating covenant which may cause us to operate the location at a loss which could result in an impairment charge. Failure to manage effectively these and other factors may affect our ability to build, purchase and lease new stores, which may have a material adverse effect on our businesses and results of operations.

With respect to our real estate business, if we are unable to renew the leases with our tenants or lease our vacant space, or we are unable to lease our properties at or above existing rental rates, our rental revenue may be adversely affected. Usually, we enter into two-year term leases for our real estate premises. Approximately 94.2% of the properties in our real estate portfolio were occupied as of September 30, 2024, in terms of gross leasable area. As of September 30, 2024, leases representing approximately 26.4% of the occupied retail premises were scheduled to expire in the remainder of 2024 and 2025. We cannot assure you that our leases will be renewed or that our properties will be re-leased at rental rates equal to or above our existing rental rates or that substantial rent abatements, tenant improvements, early termination rights or tenant-favorable renewal options will not be offered to attract new tenants or retain existing tenants. There can be no assurance that we will be able to lease any unoccupied spaces or spaces in different stages of development on favorable terms, or at all. In addition, we intend to continue to

acquire additional development properties and may acquire undeveloped land in the future as part of our growth strategy. To the extent that our properties, or portions of our properties, remain vacant for extended periods of time, or in case that our rents decrease for any reason, we may receive reduced or no revenue from such properties. Moreover, the resale value of a property could be diminished because the market value of a particular property depends principally upon the value of the leases of such property.

Insurance coverage for our assets and operations may not be available at reasonable terms or at all, and we may discontinue insurance coverage if the cost of premiums exceeds, in our judgment, the value of the coverage discounted for the risk of loss.

We maintain the customary insurance policies for companies engaged in similar types of operations, including property, product liability, casualty, business interruption and cyber-attacks insurance. Certain types of losses may be either uninsurable or not economically insurable, such as losses due to riots, terrorism, acts of war or business interruption that may occur due to factors other than physical loss or damage to our business, such as economic disruptions, supply chain issues, regulatory changes or global crises (e.g., pandemics or epidemics). If we were to incur uninsured or uninsurable losses, or losses in excess of our insurance coverage, we could lose both our investment in and anticipated profits and cash flow from a property, and we would be required to pay for such losses. If any such loss is insured, we may be required to pay a significant deductible on any claim for recovery of such a loss prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. In addition, future lenders may require such insurance, and our failure to obtain such insurance could constitute a default under our loan agreements. In addition, we may reduce or discontinue terrorism, earthquake, flood or other insurance on some or all of our properties in the future if the cost of premiums for any of these policies exceeds, in our judgment, the value of the coverage discounted for the risk of loss. In addition, if any one of our insurance carriers were to become insolvent, we would be forced to replace the existing insurance coverage with another suitable carrier at potentially unfavorable rates, and any outstanding claims would be at risk for collection. If we were to incur uninsured or uninsurable losses, or losses in excess of our current coverage, our business, financial condition, results of operations, cash flow, trading price of the notes and our ability to make distributions to holders of the notes may be materially and adversely affected.

We are subject to risks related to investments in real property.

We are subject to risks that generally relate to investments in real property because of the properties we own and lease. Real property may not generate the expected investment returns due to a variety of reasons, including the amount of income earned, capital appreciation generated and expenses incurred. In addition, regulations and interest rates can make it more expensive and/or time-consuming to develop real property or expand, modify or renovate shopping centers and department stores. Under expropriation and similar laws, governments can take or expropriate real property in exchange for some measure of "reasonable" compensation. Sometimes the compensation paid in an expropriation is less than the owner believes the property is worth. Under the Federal Law of Eminent Domain (*Ley Federal de Extinción de Dominio*), Mexican federal authorities also have the authority to order the seizure of any property, without compensation and prior to judgment, if such property was used for the commission of drug trafficking crimes. In addition, certain of our shopping centers and department stores are in condominiums and are subject to the rules and regulations of the condominium's association, as well as common area charges. Any of these factors could have a material adverse impact on our results of operations or financial condition.

Real estate investments are not as liquid as other types of investments, and this lack of liquidity may limit our ability to react promptly to changes in economic, market or other conditions. Our ability to dispose of real estate assets on advantageous terms depends on factors beyond our control, including competition from other sellers, demand from potential buyers and the availability of attractive financing for potential buyers. We cannot predict the various market conditions affecting real estate investments that will exist at any particular time in the future. Due to the uncertainty of market conditions that may affect the future disposition of our real estate assets, we cannot assure you that we will be able to sell our real estate assets at a profit in the future.

The assets we acquire may be subject to unknown liabilities that could affect the value and profitability of these properties.

In connection with our acquisitions of real estate properties and buildings, we assume existing liabilities associated with such real estate properties or buildings, some of which may be unknown or unquantifiable at the time of the global offering. Unknown liabilities might include liabilities for clean-up or remediation of undisclosed environmental conditions, claims of tenants, vendors or other persons dealing with the entities prior to the acquisition by us of such properties, tax liabilities, employment-related issues, and accrued but unpaid liabilities, whether incurred in the ordinary course of business or otherwise. If the magnitude of such unknown liabilities is high, either singly or in the aggregate, such liabilities could adversely affect our business, financial condition and results of operations.

We might be unable to evict a tenant in a timely manner at the end of the term of their lease.

In Mexico, in general terms, the applicable regulation regarding leases tends to be favorable to the tenant. It may be the case that, even though the lease agreement has expired, a tenant keeps the possession of the real estate property, and we would have to initiate a legal proceeding before the courts of the state where the property is located in order to evict the tenant. The commencement of a legal proceeding in Mexico to obtain a definite judgment for the termination of a lease, coupled with the eviction of the relevant tenant and the collection of any amounts due under the lease may be a long and expensive process. Our incapacity to evict tenants in a timely manner and substitute them with new tenants may negatively affect our results of operations.

Our operations depend on our ability to obtain and maintain zoning, environmental, land use and other governmental permits and approvals.

Our stores and shopping malls are subject to national and municipal laws, and to regulations, authorizations and licenses required with respect to construction, use of the soil, environmental protection and historical heritage, consumer protection and other requirements, all of which affect our ability to acquire land, develop new stores and shopping malls. We may face significant delays or other challenges in obtaining licenses or approvals necessary to open new locations, which could adversely affect our growth strategy. In the case of non-compliance with such laws, regulations, licenses or authorizations, we may face fines, project shutdowns, temporary closings, cancellation of licenses and revocation of permits or authorizations. In the case of non-compliance with consumer protection regulations, we may face fines and corrective and precautionary measures, including temporary closings. In addition, public authorities may issue new and stricter standards, or enforce or interpret existing laws and regulations in a more restrictive manner, which may force us to make expenditures to comply with such new rules.

Risks Related to Our Business and Industry—General

Our business is subject to unfavorable economic and political conditions and other developments and risks.

Unfavorable global, domestic or regional economic or political conditions and other developments and risks could negatively affect our business and results of operations. For example, unfavorable changes related to interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, consumer debt payment behaviors, tax rates and policy, unemployment trends, energy prices and other matters that influence the availability and cost of merchandise, consumer confidence, spending and tourism could negatively affect our business and results of operations. In addition, unstable political conditions, criminal activities, civil unrest, terrorist activities and armed conflicts may disrupt commerce and could negatively affect our business and results of operations.

Our business could be affected by extreme weather conditions, regional or global health pandemics or natural disasters.

Extreme weather conditions (including as a result of the effects of climate change) in the areas in which our stores are located could negatively affect our business and results of operations. For example, droughts, fires, frequent or unusually heavy rainstorms or other extreme weather conditions over a prolonged period could make it

difficult for our customers to travel to our stores and thereby reduce our sales and profitability. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could reduce demand for a portion of our inventory and thereby reduce our sales and profitability. In addition, extreme weather conditions could result in disruption or delay of production and delivery of materials and products in our supply chain and cause staffing shortages in our stores.

Our business and results of operations could also be negatively affected if a regional or global health pandemic (such as the recent COVID-19 pandemic) were to occur, depending upon its location, duration and severity. In addition, natural disasters such as hurricanes and earthquakes, or a combination of these or other factors, could damage or destroy our facilities or make it difficult for customers to travel to our stores, thereby negatively affecting our business and results of operations.

Currency fluctuations may adversely affect us.

Substantially all of our revenues are, and will continue to be, denominated in Mexican pesos. We incur operating expenses and indebtedness denominated in U.S. dollars and euros, particularly with respect to imports of merchandise from Europe and Asia. For the year ended December 31, 2023, purchases of merchandise in a currency other than the Mexican peso represented approximately 13.0% of our total purchases. As of December 31, 2023, we had exposure to exchange rate risks of US$134 million and €15.16 million, compared to US$557 million and €1.483 million in 2022, respectively. This situation exposes us to potential losses and reductions in our margins resulting from currency fluctuations, which may materially and adversely affect us.

A portion of our operating costs, primarily costs resulting from imports, are denominated in U.S. dollars. However, other significant portions of our operating costs, taxes and income are denominated in Mexican pesos. As a result, the appreciation or depreciation of the Mexican peso against the U.S. dollar affects our results of operations and financial condition. Significant fluctuation of the Mexican peso relative to the U.S. dollar has occurred in the past, negatively affecting our results of operations. During 2023, the Mexican peso appreciated relative to the U.S. dollar by 13.2% and during 2022 it appreciated 4.7%. During 2021, the Mexican peso depreciated against the U.S. dollar by 2.81%. However, through September 30, 2024, the Mexican peso has depreciated 16.19% since December 31, 2023.

Fluctuations in currency exchange rates may adversely affect our ability to acquire assets denominated in other currencies and may also adversely affect the performance of our investments in such assets. Since assets may be purchased with and income may be payable in Mexican pesos, the value of these assets measured in U.S. dollars may be affected favorably or unfavorably by changes in currency rates, costs of conversion and exchange control regulations.

We selectively hedge our exposure to the U.S. dollar with respect to the Mexican peso and other currencies, our U.S. dollar-denominated debt obligations and the purchase of certain U.S. dollar-denominated raw materials. A severe depreciation of the Mexican peso may result in a disruption of the international foreign exchange markets and may limit our ability to transfer or to convert Mexican pesos into U.S. dollars or other currencies for the purpose of making timely payments of interest and principal on our U.S. dollar-denominated indebtedness or obligations in other currencies. While the Mexican government does not currently restrict, and since 1982 has not restricted, the right or ability of Mexican or foreign persons or entities to convert Mexican pesos into U.S. dollars or to transfer other currencies out of Mexico, the Mexican government could institute restrictive exchange rate policies in the future. Currency fluctuations may have an adverse effect on us in future periods.

Failure to maintain our relationships with labor unions may have an adverse effect on us.

The majority of our workforce is represented by labor unions. While we have enjoyed satisfactory relationships with all of the labor organizations that represent our associates and we believe our relationships with labor organizations will continue to be satisfactory, labor-related disputes may still arise. Labor disputes that result in strikes or other disruptions could also cause increases in operating costs, which could damage our relationships with our customers and adversely affect us.

Our results and profitability could be adversely affected by increased labor costs, including wage, pension, health, and other costs. In addition, we may be materially and adversely impacted as a result of increases in labor costs. A shortage in the labor pool or other general inflationary pressures or changes in applicable laws and regulations could increase labor costs, which could have a material adverse effect on us.

Our labor costs include the cost of providing benefits for associates. We sponsor a number of defined benefit plans for our associates in most of the regions where we operate, including active health care, pension, retiree health and welfare, severance and other post-employment benefits. The annual cost of benefits can vary significantly from year to year and is materially affected by such factors as changes in the assumed or actual rate of return on major plan assets, a change in the weighted-average discount rate used to measure obligations, the rate or trend of health care cost inflation, and the outcome of collectively bargained wage and benefit agreements.

We depend on the expertise of our senior management and skilled associates, and our business may be disrupted if we lose their services.

Our senior management team possesses extensive operating experience and industry knowledge. We depend on our senior management to set our strategic direction and manage our business and we believe that their involvement is crucial to our success. Furthermore, our continued success depends upon our ability to attract and retain experienced professionals. Many of our associates are in entry level or part-time positions with historically high rates of turnover. We have a large workforce, and our ability to meet our labor needs while controlling the costs associated with hiring and training new associates, is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation, benefit mix and changing demographics. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of experienced associates could have an adverse effect on us, including in our ability to successfully expand our operations. We do not maintain any key person insurance on any of our senior management or associates for these purposes. Our ability to retain senior management as well as experienced associates will in part depend on our having in place appropriate staff remuneration and incentive schemes. The remuneration and incentive schemes we have in place may not be sufficient for retaining the services of our experienced associates.

Compliance with environmental and other governmental laws and regulations could result in added expenditures or liabilities.

Our operations are subject to federal, state and municipal laws, regulations and official standards, relating to the protection of the environment and natural resources.

In Mexico, we are subject to various Mexican federal, state and municipal environmental laws and regulations that govern physical discharges into the environment, as well as the handling and disposal of hazardous substances and wastes. Environmental laws impose liability and clean-up responsibility for releases of hazardous substances into the environment. We are subject to strict regulation in Mexico by, among other agencies, the Environmental and National Resources Ministry (*Secretaría de Medio Ambiente y Recursos Naturales*), the Labor and Social Security Ministry (*Secretaría del Trabajo y Previsión Social*), the Federal Environmental Protection Bureau (*Procuraduría Federal de Protección al Ambiente*) and the National Water Commission (*Comisión Nacional del Agua*). These agencies may initiate administrative proceedings for violations of environmental and safety ordinances and impose economic penalties on violators.

Modifications of existing environmental laws and regulations or the adoption of more stringent environmental laws and regulations may result in the need for investments that are not currently provided for in our capital expenditures program and may otherwise result in a material adverse effect on us.

In addition, the increased focus on climate change, waste management and other environmental issues may result in new environmental laws or regulations that negatively affect us directly or indirectly through increased costs of operations.

Further, the sites on which we develop our shopping centers or stores may be subject to environmental contingencies. There can be no assurance that environmental contamination relating to prior, existing or future sites or other environmental changes will not adversely affect our business.

Financing to meet our future capital needs may not be available or sufficient on terms acceptable to us and/or at all.

Our growth strategy may require financing by public or commercial banks, loans from other public or private financial institutions and offerings of securities in the debt capital markets. We may need additional financing to build new facilities, expand existing ones, undertake mergers and acquisitions or comply with our obligations thereunder, refinance our debt or for other purposes. Some of the financing agreements entered into by us and by our subsidiaries contain financial ratios and other customary covenants for transactions of this type which may limit our ability to incur additional debt.

Global market and economic conditions are unpredictable and may continue to be so in the future. Debt capital markets have in the past been affected by significant losses in the international financial services industry and economic events in certain countries, among other factors. Changes in the credit and capital markets, including market disruptions, limited liquidity and interest rate fluctuations, may increase the cost of financing or restrict our access to potential sources of future liquidity.

In addition, a decrease in the ratings that rating agencies assign to our short and long-term debt may negatively impact our access to the debt capital markets and increase our cost of borrowing. If our results of operations or operating ratios deteriorate to a point where we are not in compliance with our debt covenants, and we are unable to obtain a waiver, much of our debt would be in default and could become due and payable immediately. Our assets may not be sufficient to repay in full this indebtedness, resulting in a need for an alternate source of funding.

We cannot make any assurances that we will be able to obtain funding on satisfactory terms, if at all. If we are not able to access the debt capital markets or if there are no funds available from public or private banks, or if such funds are provided on less favorable terms, we may not be able to meet our capital needs, or these needs may be limited or hampered, and we may not be able to (i) take advantage of certain business opportunities, (ii) respond to competitive pressures, (iii) fund needed capital expenditures, (iv) fund required margin calls or margin deposits in connection with hedging transactions, or (v) comply with our obligations under the agreements governing our acquisitions and investments, any of which may adversely affect us.

We may incur additional indebtedness in the future that could adversely affect our financial health and our ability to satisfy our total outstanding debt obligations from our cash flow.

After the offering of the notes, we may incur additional indebtedness that may have the following direct or indirect effects:

- limit our ability to satisfy our obligations under the instruments governing our debt, including the notes;
- limit our ability to pay dividends;
- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a portion of our cash flow from operations to servicing and repaying our indebtedness, which may place us at a competitive disadvantage with respect to our competitors with less debt;
- limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;

- limit, along with the financial and other restrictive covenants of our indebtedness, among other things, our ability to borrow additional funds; and

- increase the cost of additional financing.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations depends on our operating performance, which is, in turn, affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to service our indebtedness, we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing our indebtedness, or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

In addition, certain of our financing arrangements and other instruments governing our debt obligations impose operating and financial restrictions on our business. These provisions may negatively affect our ability to react to changes in market conditions, take advantage of business opportunities we believe to be desirable, obtain future financing, fund needed capital expenditures, or overcome downturns in our business.

In the future, we may from time to time incur substantial additional indebtedness. If we or our subsidiaries incur additional debt, the risks that we face as a result of our existing indebtedness could further intensify.

A material disruption in our computer systems could adversely affect our business or results of operations.

Our ability to transact with customers and operate our business depends on the efficient operation of various information systems, including data centers, hardware, software and applications, to manage certain aspects of our business, including store and online transactions, logistics and communication, inventory and reporting systems. Our computer systems, including our e-commerce platform, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyber-attack or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. Depending on the severity of the failure, our disaster recovery plans may be inadequate or ineffective. These events could also damage our reputation, result in loss of sales and be expensive to remedy.

In particular, cyber-attacks involve attempts to gain unauthorized access to our e-commerce platform (including marketplace platforms) or mobile commerce applications to obtain and misuse customers' information including payment information and related risks. Such attacks, if successful, in addition to potential data misuse, may also create denials of service or otherwise disable, degrade or sabotage one or more of our digital platforms or otherwise significantly disrupt our customers' and members' shopping experience. If we are unable to maintain the security of our digital platforms and keep them operating within acceptable parameters, we could suffer loss of sales, reductions in transactions, reputational damage and deterioration of our competitive position and incur liability for any damage to customers or others whose personal or confidential information is unlawfully obtained and misused, which any of such events could have a negative effect on our business and results of operations and impede the execution of our strategy for the growth of our business.

There are inherent risks associated with modifying or replacing systems, and with new or changed relationships, including accurately capturing and maintaining data, realizing the expected benefit of the change and managing the potential disruption of the operation of the systems as the changes are implemented. Potential issues associated with implementing technology initiatives and the time and resources required to optimize the benefits of new elements of our systems and infrastructure could reduce the efficiency of our operations in the short term.

In addition, a portion of our information technology systems and infrastructure are maintained by third-party service providers, over which we have no control. If our computer systems or the portion of our information technology systems and infrastructure maintained by third-party service providers are damaged or cease to function properly, we may have to make a significant investment to fix or replace them, and we may suffer loss of critical data and interruptions or delays in our operations. Any material interruption in our computer systems could negatively affect our business and results of operations.

A privacy breach or failure to comply with consumer protection laws and regulations could result in negative publicity and adversely affect our business or results of operations.

The protection of customer, employee, and company data is critical to us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements across business units. In addition, customers have a high expectation that we will adequately protect their personal information from cyber-attack or other security breaches. A significant breach of confidentiality obligations with respect to customer, employee, or company data could attract a substantial amount of media attention, damage our customer relationships and our reputation, and result in lost sales, fines, or lawsuits.

We receive and store personal information about our customers and members in our information systems, and we receive and store personal information concerning our associates and vendors. Some of that information is stored digitally in connection with our digital platforms. We also utilize third-party service providers for a variety of reasons, including, without limitation, for digital storage technology, content delivery to customers and members, back-office support, and other functions. Such providers may have access to information we hold about our customers, members, associates or vendors. In addition, our e-commerce operations depend upon the secure transmission of confidential information over public networks, including information permitting cashless payments. Any failure to protect confidential data of our customers or our employees or other third parties could materially damage our brand and reputation as well as result in significant expenses and disruptions to our operations, and a loss of customer confidence, any of which could have a material adverse effect on our reputation, business, results of operations and financial condition.

The regulatory environment related to information security and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs or could accelerate these costs. We are subject to compliance with the Mexican Federal Law on Protection of Personal Data Held by Private Parties (*Ley Federal de Protección de Datos Personales en Posesión de los Particulares*). While we have procedures in place to comply at all times with such law, we are susceptible to breaches, due to our highly diversified operation and increasing e-commerce activity as well as complexity over digital protections, and its interactions across multiple systems including hardware, software, networks, applications, services or any other information technology that allows the exchange or computerized processing or digitized data. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which could increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could disrupt our business.

In addition, we are subject to laws and regulations related to consumer protection, particularly with respect to our marketing and promotional programs. Despite the strict measures we take to protect our customers and our constant focus on improving the customer experience, there is a risk that a violation of consumer protection laws may occur as part of our daily interaction with clients. In the event of non-compliance, the Mexican Consumer Protection Agency (*Procuraduría Federal del Consumidor*) could initiate proceedings against us, as well as impose sanctions, such as fines or closures to establishments, which could affect our operating results. Additionally, we may be subject to penalties from the Mexican Consumer Protection Agency (*Procuraduría Federal del Consumidor*) if we use marketing materials with inaccurate or misleading information, which, in turn may have an adverse effect on our reputation, business, financial condition and results of operation.

We could be harmed by data loss or other security breaches.

As a result of part of our services being web-based and the fact that we process, store and transmit large amounts of data, including personal information, for our customers, failure to prevent or mitigate data loss or other security breaches, including breaches of our vendors' technology and systems, could expose us or our customers to a risk of loss or misuse of such information, adversely affect our results of operations, result in litigation or potential liability for us and otherwise harm our business. We use third-party technology and systems for a variety of reasons, including, without limitation, encryption and authentication technology, employee email, content delivery to customers, back office support and other functions. We have experienced security breaches in the past, and, although they did not materially affect our business or results of operations, there can be no assurance of a similar

result in the future. Although we have implemented systems and processes that are designed to protect customer information and prevent data loss and other security breaches, including systems and processes designed to reduce the impact of a security breach at a third-party vendor, such measures cannot provide absolute security. Disruption of our supply chain and distribution network could adversely affect our results of operations.

Our operations depend on the continuous operation of our supply chain and distribution network. Damage or disruption to our distribution capabilities due to weather, natural disasters, fire, electricity shortages, terrorism, pandemics, strikes, disputes with, or the financial and/or operational instability of, key suppliers, distributors, warehousing and transportation providers, or for other reasons could impair our ability to conduct our business.

To the extent that we are unable, or it is not financially feasible, to mitigate interruptions in our supply chain, whether through insurance arrangements or otherwise, or their potential consequences, there could be an adverse effect on our business, and additional resources could be required to restore our supply chain.

We are subject to customer payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business operations.

We accept payments using a variety of methods, including cash, checks, debit cards, credit cards (including our private label credit cards) and gift cards. As a result, we are subject to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. The payment methods that we offer also subject us to potential fraud and theft by persons who seek to obtain unauthorized access to or exploit any weaknesses that may exist in the payment systems. Further, we are subject to various industry data protection standards and protocols, such as payment network security operating guidelines and the Payment Card Industry Data Security Standard. We cannot be certain that the security measures we maintain to protect all of our information technology systems are able to prevent, contain or detect cyber-attacks, cyber terrorism, security breaches or other compromises from known malware or other threats that may be developed in the future.

We are subject to litigation and other legal, administrative and regulatory proceedings.

We are regularly party to litigation and other legal proceedings relating to claims resulting from our operations in the normal course of business. Litigation is subject to inherent uncertainties, and unfavorable rulings may occur. We cannot assure you that the legal, administrative and regulatory proceedings in which we are involved will not materially and adversely affect our ability to conduct our business in the manner that we expect or otherwise adversely affect our results of operations and financial position should an unfavorable ruling occur.

We are subject to the Mexican federal anti-corruption laws and similar worldwide anti-corruption, anti-bribery and anti-money laundering laws.

Our business is subject to a significant number of laws, rules and regulations, including those relating to anti-bribery, anti-corruption and anti-money laundering. However, the Mexican regulatory regime related to anti-bribery, anti-corruption and anti-money laundering legislation is still developing and could be less stringent than anti-bribery, anti-corruption and anti-money laundering legislation, which has been implemented in other jurisdictions.

We are exposed to the risk of money laundering and fraudulent activities by our customers, particularly with respect to our consumer credit offerings. We have implemented internal control systems that monitor unusual transaction volumes or unusual transaction patterns and screen the personal details of our customers, but these systems may not always succeed in protecting us and our customers from money laundering and fraud. We may in the future discover instances in which we have failed to comply with applicable laws and regulations or internal controls. If any of our employees, contractors, agents, officers or other persons with whom we conduct business engage in fraudulent, corrupt or other improper or unethical business practices or otherwise violate applicable laws, regulations or our own internal compliance systems, we could become subject to one or more enforcement actions by Mexican or foreign authorities or otherwise be found to be in violation of such laws, which may result in

penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations.

There can be no assurance that our internal control policies and procedures will be sufficient to monitor compliance with these laws by our associates, agents and suppliers. Violations of these laws, or allegations of such violations, could disrupt our business and could have a material adverse effect on our reputation, business, financial condition or results of operations.

Changes to the accounting principles that may become applicable to us or in the estimates and assumptions used by management affect the comparability of our financial information or could have a negative effect on our internal processes, and the proper implementation of such changes could result in significant expenses.

IFRS and any other accounting principles that may become applicable to us could be modified, and new regulations could go into effect in the future. Financial information prepared in accordance with any new accounting criteria or their amendments or any accounting criteria that may become applicable to us may not be comparable with the financial information reported during previous periods. It is also possible that the initial application of new standards or changes to existing standards, or the implementation of any other accounting principles that may become applicable to us, including IFRS, could have a negative impact on our internal processes, as well as on our business, financial condition, results of operations and prospects. As of the date of this offering memorandum, we have not quantified the possible impact of the application of new standards or any modifications to the accounting standards of IFRS nor the effects of the implementation of other accounting principles that may become applicable to us. You should consult your own advisors regarding potential changes to the accounting criteria applicable to us and the way in which those changes could affect the financial statements included in this offering memorandum.

In addition, IFRS requires that management make estimates and assumptions about our assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if it affects both current and future periods. Such estimates and assumptions may further affect the comparability of our financial information.

Application of existing tax laws, rules and regulations is subject to interpretation by taxing authorities.

We may be subject to certain taxes in numerous jurisdictions. While we may rely on consultations with outside accounting and tax experts in computing our obligations under tax laws, rules and regulations, we are required to take various tax accounting and reporting positions on complex matters that are not entirely free from doubt and for which we have not received rulings from the governing authorities. We are also subject to intercompany transfer pricing laws, including those relating to the flow of funds among our companies pursuant to agreements or other arrangements between our companies.

Tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, such as the tax treatment or characterization of our indebtedness, existing and future intercompany loans and guarantees or the deduction of interest expenses. Although we believe our tax positions are reasonable, we cannot assure you that the applicable taxing authorities will agree with our positions.

If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany transactions, it could result in the disallowance of deductions, a limitation on our ability to deduct interest expenses, the imposition of withholding taxes, the application of penalties and accrued interest on intercompany loans or internal deemed transfers or other consequences that could have a material and adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the guarantees or cause the market price of the Notes to decline.

Our trademarks and trade names may be misappropriated or challenged by others.

We hold title to and are licensees of several trademarks and trade names. We consider that our continued ability to use trade names, trademarks and other intellectual property rights which we hold title or a license to are key to our continued success. We endeavor to protect such trademarks and trade names by exercising the legal remedies available to us under the applicable license agreement or applicable law. However, there is no assurance that we will be able to successfully defend such trademarks against attempted intellectual property theft, or that authorities in the jurisdictions where we operate will successfully prosecute any intellectual property violations. Moreover, there is no assurance that upon the expiration of any intellectual property registration, we will be able to renew such registration under suitable terms.

Any infringement of our intellectual property rights or those of the brands we hold licenses to would likely result in a commitment of our time and resources to protect these rights through litigation or otherwise, which could be expensive, time-consuming and may divert management's attention. If we were to fail to protect our intellectual property rights for any reason, it could have an adverse effect on our business, results of operations and financial condition.

Risks Related to Mexico

Economic, political and social developments in Mexico could affect Mexican economic policy and our business, financial condition and results of operations.

We are incorporated in Mexico, most of our assets are located in Mexico and most of our operations take place in Mexico, other than the operations of our joint venture with Unicomer and upon consummation of the Merger, the operations of Nordstrom. As a result, we are subject to political, economic, legal, tax and regulatory risks specific to Mexico, including the general economic conditions in Mexico, changes in Mexico's gross domestic product ("GDP"), per capita disposable income, unemployment rates, changes in oil prices, changes in remittances from the U.S., the devaluation of the peso as compared to other currencies, including the U.S. dollar, inflation, interest rates, regulation, including antitrust regulation, taxation, expropriation, social instability, increasing crime rates and other political, social and economic developments in Mexico.

Sales volumes, the performance of our loan portfolio, traffic in our stores and shopping centers and occupation of our commercial premises depend on the development of Mexico's GDP, the pace of government spending, the level of disposable income of consumers, and related macroeconomic factors affecting Mexico. Changes in Mexican macroeconomic conditions have a significant influence on our sales volumes, the performance of our loan portfolio, traffic in our stores and shopping centers and occupation of our commercial premises. Decreases in the growth rate of the Mexican economy, periods of negative growth, reduced government spending and its effect on disposable income and/or increases in inflation or interest rates may result in lower demand for the products we sell, lower real pricing of our services and products or a shift to lower margin products. As a result, our business, financial position and results of operations may be affected by the general condition of the Mexican economy, price instability, inflation, interest rates, regulations, taxation, social instability and other political, social and economic developments in Mexico, over which we have no control.

During 2022 and 2023, Mexico's sovereign debt rating was subject to downward revisions and negative outlooks from major rating agencies as a result of such agencies assessment of the overall financial capacity of the government of Mexico to pay its obligations and its ability to meet its financial commitments as they become due, citing among other factors, concerns with the state oil company (*Petróleos Mexicanos*, or "PEMEX"), and weakness in the macroeconomic outlook due to, among other things, trade tensions. We cannot ensure that the rating agencies will not announce additional downgrades of Mexico and/or PEMEX in the future. These downgrades could adversely affect the Mexican economy and, consequently, our business, financial condition, operating results and prospects. In the event that the Mexican economy experiences a deterioration of economic conditions such as inflation, interest rate increases, downgrade of sovereign debt, among other factors, our activities, financial situation, operating results, cash flows and/or prospects could be adversely and significantly affected.

The Mexican economy has experienced economic growth in the past few years, according to the World Bank and Banco de México. Additionally, Mexico is currently one of the United States' main trade partners, and the

Mexican peso has been one of the top performing currencies against the U.S. dollar in 2023 and during the first half of 2024. However, there can be no assurance that the expansion of the Mexican economy will not be substantially or adversely affected, as consequence of Mexico's or the global economic, political or social context, affecting our business and result of operations.

We cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Furthermore, we cannot provide any assurances that political, economic or social developments in Mexico, over which we have no control, will not have an adverse effect on our business, financial condition, results of operations and prospects. Mexico has experienced periods of violence and crime due to the activities of organized crime. In response, the Mexican government has implemented various measures to increase security and has strengthened its police and military forces. Despite these efforts, organized crime (especially drug-related crime) continues to exist and operate in Mexico. These activities, their possible escalation and the violence associated with them may have a negative impact on the Mexican economy or on our operations in the future. The social and political situation in Mexico could adversely affect the Mexican economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

In the past, Mexico has experienced both prolonged periods of weak economic conditions and deterioration in economic conditions that have had a negative impact on our business. We cannot assume that such conditions will not return or that such conditions will not have a negative effect on our business.

Political, economic and social conditions in Mexico could materially and adversely affect Mexican economic policy and, in turn, our operating results.

In Mexico, political instability has been a determining factor in business investment and economic conditions. Significant changes in laws, public policies and/or regulations or the use of public referendums (*consultas populares*) could affect Mexico's political and economic situation, which could, in turn, adversely affect our business. Any change in the current consumer protection or outer regulatory policies could have a significant effect on Mexican consumer service providers, including us, variations in interest rates, demand for our products and services, market conditions, and the prices of and returns on Mexican securities.

Political events in Mexico may significantly affect our business operations. In June 2024, Mexico held presidential, federal and local elections. Claudia Sheinbaum won the presidency and her political party, *Movimiento Regeneración Nacional* (National Regeneration Movement, or "MORENA") and its allies won a qualified majority in both the Senate and the Chamber of Deputies, as well as most local elections. This majority could allow MORENA to make changes in laws, policies and regulations, including through constitutional amendments. Pursuant to recent constitutional amendments, Mexican presidents, who were previously limited to one six-year term, are now also subject to a public vote of no confidence (*revocación de mandato*) in the third year of their term, which could lead to their removal. Any revocation of a president's mandate and subsequent elections could create political instability which may have a significant adverse effect on investor confidence in Mexico, the Mexican economy, exchange rates and trade, which could, in turn, adversely impact our business.

Ms. Sheinbaum's predecessor, Mr. Andrés Manuel López Obrador, implemented measures that, at times, influenced investors' confidence in private ventures following the results of public referendums. These measures included the cancellation of certain public and private projects authorized by previous administrations, including the construction of a new airport in Mexico City, which prompted a review of Mexico's sovereign rating, and the cancellation of a Constellation Brands brewing facility in Baja California, Mexico. Other significant actions included the expropriation of Ferrosur's railways in the Tehuantepec Isthmus and unilateral changes in tariff regimes for private concessionaires of Mexican airports, among others. During President López Obrador's tenure, MORENA, which held a simple majority in the Mexican Congress, approved other changes in legislation which had the effect of concentrating power in the executive branch. The increased influence of the executive branch may increase the risk of unexpected changes in law and policy.

It is also generally expected that Ms. Sheinbaum will continue her predecessor's political and economic agenda and that the Mexican federal government will increasingly make significant changes to policies, laws and regulations, including amendments to the Constitution. In the second half of 2024, a series of constitutional amendments passed by the Mexican Congress have raised concerns about judicial independence and the rule of law

in Mexico. Among these amendments is a judicial reform that requires all judges to be elected by popular vote. Additionally, changes were made to prevent courts from challenging constitutional amendments that have been approved by a two-thirds majority in the Mexican Congress and state legislatures, effectively granting these reforms immunity from judicial review.

We cannot predict whether potential changes in Mexican governmental and economic policy could adversely affect Mexico's economic conditions or the sector in which we operate, nor can we provide any assurance that political developments in Mexico, or that resulting economic, social and political instability will not have an adverse effect on our business, results of operations, financial condition and prospects or the notes.

Changes in law enacted by the Mexican government, including the recently approved judicial reform, may have an adverse effect on the Mexican economy and our business, results of operations, financial condition and prospects.

The Mexican government is currently seeking to exert additional influence over the Mexican economy. In the past, the Mexican federal government has implemented policies meant to promote economic growth, such as those implemented to control inflation, reduce federal spending and control increases in interest rates, and has also enacted changes in tax policies, price controls, currency devaluations, capital controls and limitations on imports.

In particular, tax and labor legislation in Mexico has recently changed, and we cannot assure you that the Mexican government will maintain existing political, social, economic and other policies, or that any changes in those policies would not have a material adverse effect on our business, financial condition, results of operations and prospects.

During the term of former President López Obrador, the President's administration sought to substantially overhaul, and in some cases reverse, constitutional provisions enacted by preceding administrations. On February 5, 2024, then-President López Obrador proposed 20 constitutional reforms, relating to, among other things, the energy industry, the federal administration and the federal judiciary. The proposed reforms relating to those industries sought to further disincentivize private investment in Mexican energy production, give preferential treatment to publicly owned enterprises over private ventures and provide electricity at the lowest possible price to the public, regardless of profit.

The Mexican federal judicial reform was voted into law by the Mexican Congress on September 15, 2024, after having been approved by a majority of the state legislatures. This law overhauls the functioning of the federal judiciary, mandating that all federal judges, including Supreme Court justices, be elected by popular vote, and lowering the qualification requirements to run for a judicial post. The first election of federal judges is expected to take place in 2025. Following this, the Mexican federal and local legislatures were given 90 and 180 calendar days, respectively, from September 16, 2024, to amend federal and local laws to align with the judicial reform. The law also abolishes the existing Federal Judiciary Counsel that oversaw judiciary discipline and replaces it with a new disciplinary tribunal controlled by the Mexican Congress. Secondary rules and regulations are still to be approved by the Mexican Congress, but this law may significantly and adversely affect legal certainty and protections in Mexico, which could adversely affect our ability to defend or enforce claims in court, as well as negatively impact investor confidence in Mexico.

Moreover, on December 20, 2024 a suite of constitutional reforms were enacted that dissolve several autonomous constitutional bodies. Pursuant to the decree, the National Institute for Transparency, Access to Information, and Personal Data Protection (INAI), the National Council for the Evaluation of Social Development Policy (Coneval), the Federal Economic Competition Commission (COFECE), the Federal Telecommunications Institute (IFT), the National Commission for the Continuous Improvement of Education (MEJORADU), and the Energy Regulatory Commission (CRE), will transfer their functions to government ministries controlled by the executive branch. Investors and credit rating agencies may be cautious about the proposed changes to long-standing Mexican government policies, which could contribute to a decrease in the resilience of the Mexican economy in the event of a global economic downturn. We cannot assure you that similar measures will not be taken in the future, which could have a negative effect on Mexico's economy.

These and other future developments in the Mexican economic and political environment may cause disruptions to our business operations and decreases in our sales and net profit.

Depreciation or fluctuation in the peso-U.S. dollar and other currencies can adversely affect us.

High rates of devaluation or depreciation of the peso may limit our ability to transfer pesos or to convert pesos into U.S. dollars and other currencies and may have an adverse effect on our financial condition, results of operations and cash flows in future periods. Among other effects, a depreciation or devaluation could increase the amount of our foreign currency-denominated liabilities, such as the notes, and could result in greater defaults from our customers.

In the past, the Mexican economy has experienced balance of payment deficits and shortages in foreign exchange reserves. While the Mexican government does not currently restrict the ability of Mexican or foreign persons or entities to convert pesos to foreign currencies, including U.S. dollars, it has done so in the past and could do so again in the future. We cannot assure you that the Mexican government will not implement a restrictive exchange control policy in the future. Any such restrictive exchange control policy could prevent or restrict our access to U.S. dollars to meet our U.S. dollar denominated obligations and could also have an adverse effect on our business, financial condition and results of operations.

A considerable devaluation or depreciation of the peso may also result in the imposition of exchange controls, as has occurred in Mexico or in other countries, or disruption of international foreign exchange markets. While the Mexican government does not currently restrict the right or ability of Mexican or foreign persons or entities to convert pesos into U.S. dollars or to transfer other currencies outside Mexico, the Mexican government could enact restrictive exchange control policies in the future (as has been the case in the past). Devaluation or depreciation of the peso against the U.S. dollar may also adversely affect us.

High interest rates in Mexico could increase our financing costs.

The year-average interest rates on 28-day Mexican government peso-denominated treasury bills (*Certificados de la Tesorería de la Federación*), were 4.43%, 7.66%, 11.10% for 2021, 2022 and 2023, respectively. The year-average 28-day Interbank Equilibrium Interest Rate (*Tasa de Interés Interbancaria de Equilibrio*, or TIIE), was 4.63%, 7.91%, and 11.40% for 2021, 2022 and 2023, respectively.

High inflation rates may adversely affect our financial condition and results of operations.

High inflation rates could adversely affect our business and financial condition and the results of our operations. Mexico has a history of high levels of inflation and may experience high inflation in the future. The annual rate of inflation for the last three years, as measured by changes in the Mexican National Consumer Price Index (*Índice Nacional de Precios al Consumidor*), as provided by INEGI and as published by Banco de México, was 7.4% in 2021, 7.8% in 2022 and 4.7% in 2023. Moreover, several of the countries from where we source our merchandise have similarly experienced high rates of inflation following the COVID-19 pandemic, as a result of both supply and demand side pressures. In the past, we have mitigated inflationary effects on our results of operation by increasing the price of our merchandise and through economies of scale. As an example, in the past few years we have adjusted salary scales, rent amounts, pricing related to our logistics and other fixed costs as a result of the variation in inflation rates in countries from where we source our merchandise.

Historically, inflation in Mexico has led to higher interest rates, depreciation of the Mexican peso which in the past has had the effect of reducing our and our customer's purchasing power and the imposition of substantial government controls over exchange rates and prices. Global inflationary pressures may also affect our financial performance to the extent we are unable to pass on the increased supply chain costs to our customers.

Changes in taxes and other fiscal assessments may adversely affect us.

The Mexican government regularly enacts reforms to tax and other assessment regimes to which we and our customers are subject. Such reforms include changes in the rate of assessments and, occasionally, enactment of

temporary taxes, the proceeds of which are earmarked for designated governmental purposes. The effects of these changes and any other changes that result from enactment of additional tax reforms cannot be quantified and there can be no assurance that these reforms will not, once implemented, have an adverse effect upon our business, results of operations, financial condition or prospects or may adversely affect our ability to comply with the obligations under the notes. Furthermore, such changes may contribute to the increase in our non-performing loan portfolio.

Violence in Mexico has adversely impacted, and could continue to adversely impact, the Mexican economy.

Mexico has experienced a significant increase in violence in recent years relating mainly to illegal drug trafficking. This increase in violence has had an adverse impact on economic activity throughout Mexico. Also, social instability in Mexico or adverse social or political developments in the country could adversely affect our ability to conduct our business and obtain financing. We cannot assure you that the levels of violent crime in Mexico, over which we have no control, will not increase or will decrease and will have no further adverse effects on Mexico's economy or on our business.

Furthermore, illegal activities have resulted in more detailed and comprehensive anti-money laundering rules and increased supervision of such activities by Mexican regulators, which have affected the way in which we conduct our business and have resulted in requirements to enhance our systems and reinforce our compliance measures. Our failure to detect and report anti-money laundering activities may result in fines and penalties and may have an adverse impact on our business and results of operations.

Developments in other countries could materially affect the Mexican economy and, in turn, our business, financial condition and results of operations.

Mexico's economy is vulnerable to global market downturns and economic slowdowns, which may adversely affect our customers and, in turn, us. The global economy, including that of Mexico, was materially and adversely affected by a significant lack of liquidity, disruption in the credit markets, reduced business activity, higher unemployment, decline in interest rates and erosion of consumer confidence during the recent global recession, principally as a result of the COVID-19 pandemic in 2020 and 2021. This situation had a direct adverse effect on the purchasing power of our customers in Mexico. The macroeconomic environment in which we operate is beyond our control, and the future economic environment may be less favorable than it is currently. There is no assurance that the economic conditions experienced in recent years will not return. The risks associated with current and potential changes in the Mexican economy are significant and could have a material adverse effect on our business and results of operations.

The market prices of securities issued by companies with Mexican operations are affected to varying degrees by the economic and market situation in other places, including the United States, China, the rest of Latin America and other countries with emerging markets. Therefore, investors' reactions to events in any of these countries could have an adverse effect on the market price of securities issued by companies with Mexican operations. Past economic crises that have occurred in the United States, China or in countries with emerging markets could cause a decrease in the levels of interest in the securities issued by companies with Mexican operations.

In the past, the emergence of adverse economic conditions in other emerging countries has led to capital flight and, consequently, to decreases in the value of foreign investments in Mexico. The financial crisis that arose in the United States during the third quarter of 2008, unleashed a global recession that directly and indirectly affected the economy and the Mexican stock markets and caused, among other things, fluctuations in purchase prices, the sale of securities issued by publicly traded companies, shortage of credit, budget cuts, economic slowdowns, volatility in exchange rates and inflationary pressures.

Financial problems or an increase in risk related to investment in emerging economies or a perception of risk could limit foreign investment in Mexico and adversely affect the Mexican economy. Mexico has historically experienced uneven periods of economic growth and there can be no assurance that the overall business environment in which we operate will improve and we cannot predict the impact any future economic downturn could have on our results of operations and financial condition. However, consumer demand generally decreases during economic downturns, which will negatively affect our business and results of operations.

The general elections in the U.S. may introduce political changes that could affect economic conditions, tax regimes and regulatory frameworks in Mexico.

On November 5, 2024, general elections were held in the United States. During this election, Donald J. Trump and James David Vance were elected president and vice president, respectively. President-elect Trump has announced plans to set a 25% import tariff on all goods imported from Mexico in response to the problem of illegal immigration across the U.S.-Mexico border. We cannot predict whether any of the policies, actions or measures announced by President-elect Trump will be implemented in the future, nor can we predict the effects of any of those policies on the Mexican economy as a whole or to our business specifically or any retaliatory measures by the Mexican government. The imposition of tariffs or other trade restrictions on Mexican goods or any retaliatory measures taken by the Mexican government in response thereto cold have an adverse effect on our business, results of operations, imports and exports.

In addition to control of the White House, the Republican Party won a majority of the Senate and House of Representatives as a result of the general election. It is likely that this new political configuration will now allow the Republican Party to enact substantial legal and regulatory changes that could affect the Mexican economy, our industry and our business, and we cannot predict the scope, impact or timing of these possible political changes.

The new administration can influence the United States' position on international trade, geopolitical relations and global economic policies. Changes in these areas could pose a risk to Mexico, as the policies that the new administration might adopt may not be favorable and directly impact bilateral relations, foreign investment and foreign trade between Mexico and the United States. In addition, the new administration can introduce policy changes that could affect economic conditions, tax regimes and regulatory frameworks.

Fluctuations in the U.S. and global economy as well as other geopolitical events may adversely affect Mexico's economy and our business.

The U.S. economy heavily influences the Mexican economy, and therefore, the deterioration of the United States' economy, the termination of bilateral or multilateral trade agreements and treaties or other related events may impact the economy of Mexico. Economic conditions in Mexico have become increasingly correlated to economic conditions in the United States as a result of the North American Free Trade Agreement ("NAFTA"), which was renegotiated and replaced by the United States-Mexico-Canada Agreement ("USMCA"). These treaties induced higher economic activity between the two countries. In addition, given the number of Mexican immigrants in the United States, remittances in U.S. dollars from Mexican immigrants working in the United States remain an important source of income for many Mexican residents. On an annual basis, as of December 31, 2023, approximately 14.8% of Mexico's total exports are purchased by the United States, the single country with the highest share of trade with Mexico. Due to its relatively recent entry into force and the social and economic context experienced for approximately two years during the COVID-19 pandemic, the consequences and economic impact that the USMCA may have on Mexico's economy or political context and the other parties to such agreement are still uncertain, and there can be no assurance that the USCMA may or may not directly or indirectly affect, substantially or adversely, our business, our commercial relationships or our results of operations.

Likewise, any action taken by the current U.S. or Mexico administrations, including changes to the USMCA and/or other U.S. government policies that may be adopted by the U.S. administration, could have a negative impact on the Mexican economy, such as reductions in the levels of remittances, reduced commercial activity or bilateral trade or declining foreign direct investment in Mexico. In addition, increased or perceptions of increased economic protectionism in the United States, Mexico and other countries could potentially lead to lower levels of trade and investment and economic growth, which could have a similarly negative impact on the Mexican economy.

Changes in U.S. trade policy have created ongoing uncertainties in international trade relations, and it is unclear what future actions governments will or will not take with respect to tariffs or other international trade agreements and policies. Ongoing or new trade wars or other governmental action related to tariffs or international trade agreements or policies could reduce demand for our products and services, increase our costs, reduce our profitability, adversely impact our supply chain or otherwise have a material adverse effect on our business and results of operations.

Other geopolitical events, such as uncertainty surrounding U.S. monetary, trade and immigration policies during President-elect Trump's term, continued conflicts between Israel and Hamas and Hezbollah, and between Russia and Ukraine, have contributed to high volatility and uncertainty in financial markets, which may affect emerging economies, such as Mexico. These economic and geopolitical consequences could adversely affect our business, operating results and financial condition.

We cannot make assurances that any events in the United States or elsewhere will not materially and adversely affect us.

The perception of higher risk in other countries, especially in emerging economies, may materially adversely affect the Mexican economy and adversely affect the price of the notes.

Emerging markets such as Mexico and Central America where Unicomer operates are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Mexico and adversely affect the price of the notes.

Further, we have exposure to customers in other emerging markets, including sovereigns. Financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for debt securities (including securities and other interest earning assets we own that have exposure to such other emerging markets) of issuers in other emerging market countries as investors move their money to more stable, developed markets. Any increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Mexico and adversely affect the Mexican economy in general, and the interest of investors in the notes, in particular in Mexico. We cannot assure you that the value of the notes will not be materially negatively affected by events in other emerging markets or the global economy in general.

Risks Related to the Notes and the Guarantee

The notes are not secured by our assets and the notes and the guarantee will be effectively subordinated to our and the subsidiary guarantor's secured debt.

The notes will be our senior unsecured debt and the guarantee will be the unsecured obligation of the subsidiary guarantor, and will rank equal in right of payment with all of our and the subsidiary guarantor's other existing and future unsubordinated debt, respectively. The notes and the guarantee will be effectively junior to any existing secured debt or secured debt we may incur in the future and to the future secured debt of the subsidiary guarantor to the extent of the value of any assets securing such other debt. As of September 30, 2024, our total consolidated indebtedness was Ps.29.16 billion (US$1.49 billion), all of which constituted unsecured indebtedness. Because the notes are our unsecured obligations, if an event of default occurs under any future secured debt, or in the event that we or the subsidiary guarantor becomes subject to a bankruptcy (*quiebra*) or insolvency proceeding (*concurso mercantil*), any secured debt holders would be paid before any holders of the notes receive any amounts due under the notes to the extent of the value of the assets securing their debt and creditors of our non-guarantor subsidiaries may also be paid before you receive any amounts due under the notes or the guarantee. In that event, holders of the notes may not be able to recover any principal or interest you are due under the notes or the guarantee.

Further, if any assets remain after payment of these secured creditors, the remaining assets might be insufficient to satisfy the claims of the holders of the notes and holders of other unsecured debt that is deemed to be of the same class as the notes, and potentially all other general creditors who would participate ratably with holders of the notes. Furthermore, the notes will be subordinated to obligations given preference by mandatory provisions of Mexican law (including certain claims relating to taxes and labor). See "—Risks Related to the Notes and the Guarantee—If we or the subsidiary guarantor were to be declared insolvent or bankrupt, holders of notes may find it difficult to collect payment on the notes."

For the year ended December 31, 2023, the Issuer's EBITDA, the subsidiary guarantor's EBITDA and the aggregate EBITDA of the non-guarantor subsidiaries (in each case, without giving effect to intercompany eliminations) was Ps.8,453.0 million (U.S.$430.6 million), Ps.15,067.3 million (U.S.$767.6 million) and Ps.$11,471.4 million (US$584.4 million), respectively, or 24.0%, 43.0% and 33.0%, respectively. As of December

31, 2023, the total assets of the Issuer, the total assets of the subsidiary guarantor and the total assets of the non-guarantor subsidiaries were Ps.58,188.6 million (U.S.$2,964.4 million), Ps.133,582.1 million (U.S.$6,805.3 million) and Ps.67,383.5 million (U.S.$3,432.9 million), respectively, or 22.0%, 52.0% and 26.0% of the consolidated total assets of the Issuer, respectively. As a result, our consolidated financial statements may be of limited use in assessing the financial position of the subsidiary guarantor and the non-guarantor subsidiaries.

The notes and the guarantee will be structurally subordinated to the liabilities of our non-guarantor subsidiaries.

The notes will only be guaranteed by the subsidiary guarantor. Therefore, the notes and the guarantee will be the unconditional and unsecured obligation of the issuer and the subsidiary guarantor only and are structurally subordinated to all existing and future liabilities of our other non-guarantor subsidiaries in respect of the assets and revenues of such non-guarantor subsidiaries. As of September 30, 2024, our total consolidated indebtedness was Ps.29.16 billion (US$1.49 billion), all of which constituted unsecured indebtedness. As of such date, our non-guarantor subsidiaries had no indebtedness (other than intercompany indebtedness).

The non-guarantor subsidiaries are separate legal entities and have no obligation, contingent or otherwise, to pay any amounts due under any the notes or to make any funds available to us for such purpose. The payment of dividends and other distributions by such non-guarantor subsidiaries will be subject to legal and, in certain instances, contractual restrictions and will depend upon the earnings and cash flow of each non-guarantor subsidiary. In the event of a bankruptcy, *concurso*, *quiebra*, liquidation or dissolution of one or more of our subsidiaries, following payment by such subsidiaries of their liabilities, they may not have sufficient assets to make payments to us.

In addition, the notes will not be guaranteed by Nordstrom, in which we will have an indirect 49.9% equity interest after consummation of the Merger. Therefore, the notes and the guarantee will be structurally subordinated to all existing and future liabilities of Nordstrom and its subsidiaries.

We and the subsidiary guarantor may incur additional secured indebtedness or indebtedness ranking equal to the notes or the guarantee, as applicable.

The indenture pursuant to which the notes will be issued will permit us and the subsidiary guarantor to issue additional debt that ranks on an equal and ratable basis with the notes or the guarantee, as applicable. If we incur or the subsidiary guarantor incurs any additional debt that ranks on an equal and ratable basis with the notes or the guarantee, as applicable, the holders of that debt will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with an insolvency, liquidation, reorganization, dissolution or other winding-up of us or the subsidiary guarantor, as applicable, subject to satisfaction of certain debt limitations. This may have the effect of reducing the amount of proceeds paid to you as a holder of the notes. We and the subsidiary guarantor also have the ability to incur certain secured debt without securing the notes or guarantee, as applicable, on an equal and ratable basis, and such debt would be effectively senior to the notes and the guarantee, as applicable, to the extent of the assets securing such debt.

There is no existing market for the trading of the notes, and we cannot assure you that you will be able to sell your notes in the future.

The notes will constitute a new issue of securities. Prior to the offering of the notes there has been no public market for the notes and the notes may not be widely distributed. Accordingly, an active trading market for the notes may not develop. If a market for the notes offered hereby does develop, the price of such notes may fluctuate and liquidity may be limited. If a market for the notes offered hereby does not develop, purchasers may not be able to resell such notes for an extended period of time, if at all. Although we have applied to Euronext Dublin for the notes to be admitted to the Official List and for trading on the Global Exchange Market of Euronext Dublin, we cannot assure you that the listing application will be approved and we cannot provide you with any assurances regarding the future development of a market for the notes, the ability of holders of the notes to sell their notes, or the price at which such holders may be able to sell their notes. If such a market were to develop, the notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Mexico and the markets for similar securities. The initial purchasers have advised us that they currently intend to make a

market in the notes but they are not under any obligation to do so, and any market-making with respect to the notes may be discontinued at any time without notice at the sole discretion of the initial purchasers.

In addition, trading or resale of the notes (or beneficial interests therein) may be negatively affected by other factors described in this offering memorandum, either arising from this transaction or from the market for securities of Mexican issuers generally. As a result, we cannot assure you of the level of liquidity of any trading market for the notes and, as a result, you may be required to bear the financial risk of your investment in the notes indefinitely.

The notes are subject to transfer restrictions, which could limit your ability to resell your notes.

The notes have not been registered under the Securities Act or any U.S. state securities laws or the Mexican Securities Market Law and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. These exemptions include those for offers and sales that occur outside the United States in compliance with Regulation S under the Securities Act and in accordance with any applicable securities laws of any other jurisdiction and for sales to qualified institutional buyers, as defined under Rule 144A of the Securities Act. For a discussion of certain restrictions on resale and transfer, see "Transfer Restrictions."

We are a holding company. We do not generate revenue ourselves, and depend on dividends and other financial resources from our subsidiaries to fund our operations and pay dividends, should we determine to do so.

We are a holding company and conduct all of our operations through our subsidiaries. We have no material assets other than the shares of our subsidiaries. Consequently, our ability to fund our operations, pay our debt and, to the extent that we decide to do so, pay dividends, primarily depends on our subsidiaries' ability to generate revenue and pay dividends and make other distributions to us. Our subsidiaries are separate and distinct legal entities. Any dividend payment, distribution, credit or advance from our subsidiaries is limited by the general provisions of Mexican legislation regarding the distribution of corporate earnings and may be limited pursuant to contractual restrictions. The payment of dividends by our subsidiaries also depends on their earnings and business considerations. In addition, our right to receive any assets from any subsidiary upon its reorganization or liquidation, in our capacity as a shareholder of such subsidiary, will be effectively subordinated to the rights of such subsidiary's creditors, including trade creditors.

In addition, we cannot assure you that we will receive dividends or distributions from Nordstrom. The payment of dividends and other distributions by Nordstrom to us will be subject to legal and contractual restrictions, including under its debt instruments.

We may not be able to fulfill our repurchase obligations with respect to the notes upon a Change of Control Triggering Event.

Upon the occurrence of a Change of Control Triggering Event, each holder of notes of any series will have the right to require us to repurchase all or any part of such holder's notes at a purchase price equal to 101% of the principal amount of the notes purchased, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the purchase date. If a Change of Control Triggering Event were to occur, we may not have sufficient funds to repay any notes tendered for purchase in such an offer. We may require additional financing from third parties to fund any such purchases, and we may not be able to obtain additional financing on satisfactory terms or at all. Our failure to repay holders who tender notes for purchase following a Change of Control Triggering Event could result in an event of default under the indenture pursuant to which the notes will be issued and under the instruments governing our other indebtedness.

We may redeem the notes prior to their scheduled maturity at our option or we may be required to redeem the notes in certain circumstances.

Under the indenture pursuant to which the notes will be issued, the notes of each series will be redeemable at our option, at any time or from time to time at the redemption prices set forth in this offering memorandum. In addition, we may redeem the notes of either series upon certain changes in laws of a Relevant Taxing Jurisdiction (as defined in "Description of Notes—Payment of Additional Amounts") affecting withholding tax. Moreover, if the Merger is not consummated on or prior to the Outside Date or the Merger Agreement is terminated in accordance with its terms at any time, we will be required to redeem all of the notes of both series on the Special Mandatory Redemption Date.

If your notes are redeemed at a time when prevailing interest rates are relatively low, you may not be able to reinvest the redemption proceeds in a comparable security with an effective interest rate as high as that of your notes. Additionally, you may suffer a loss on your investment if you purchase the notes at a price greater than the issue price of the notes. See "Description of Notes—Redemption."

Payments of judgments against us on the notes would be in pesos.

In the event that proceedings are brought against us or the subsidiary guarantor in Mexico, either to enforce a judgment or as a result of an original action brought in Mexico, we and the subsidiary guarantor would not be required to discharge those obligations in a currency other than Mexican currency. Under the Monetary Law of the United Mexican States (*Ley Monetaria de los Estados Unidos Mexicanos*), an obligation, whether resulting from a judgment or by agreement, denominated in a currency other than Mexican pesos, which is payable in Mexico, may be satisfied in Mexican pesos at the rate of exchange in effect at the time and place of payment or judgment. Such rate is currently determined by the Mexican Central Bank and published every banking-business day in the Mexican Federal Official Gazette. As a result, you may suffer a United States dollar shortfall if you obtain a judgment or a distribution in bankruptcy in Mexico and we elect to make payments due under the notes in Mexican pesos.

It may be difficult to enforce civil liabilities against us or our directors, executive officers and controlling persons.

Our company and the subsidiary guarantor are organized under the laws of Mexico. Most of our directors, executive officers and controlling persons, and most of the directors and officers of the subsidiary guarantor, reside outside of the United States. A significant portion of our assets and the assets of the subsidiary guarantor are located, and a majority of our revenues and the revenues of the subsidiary guarantor are derived from sources, outside the United States. Certain of the experts named in this offering memorandum also reside outside the United States. As a result, it may not be possible for you to effect service of process upon such persons or entities outside Mexico. In addition, we have been advised by our Mexican counsel, Galicia Abogados, S.C., that there is doubt as to the enforceability, in original actions in Mexican courts or in actions for enforcement of judgments obtained in courts of jurisdictions outside Mexico, of liabilities predicated solely on U.S. federal securities laws or the securities laws of any jurisdiction outside Mexico and as to the enforceability in Mexican courts of judgments of U.S. courts obtained in actions predicated upon the civil liability provisions of U.S. federal securities laws. No treaty is currently in effect between the United States and Mexico that covers the reciprocal enforcement of foreign judgments. As a result, creditors of indebtedness incurred under instruments governed by Mexican law may be in a better position to enforce their rights against us in connection with judgments obtained from Mexican courts predicated on civil liabilities under Mexican laws.

The guarantee may not be enforceable against the subsidiary guarantor.

The notes will be fully and unconditionally guaranteed by the subsidiary guarantor; however, it is possible that the guarantee may not be enforceable under Mexican law. While Mexican law does not prohibit the giving of guarantees and, as a result, does not prevent the guarantee of the notes from being valid, binding and enforceable against the subsidiary guarantor, in the event that the subsidiary guarantor becomes subject to an insolvency proceeding (*concurso mercantil*) or to bankruptcy (*quiebra*), the creditors of the subsidiary guarantor may challenge the validity of the guarantee on the grounds that the subsidiary guarantor did not receive fair consideration in exchange for such guarantee.

If we or the subsidiary guarantor were to be declared insolvent or bankrupt, holders of notes may find it difficult to collect payment on the notes.

Under the Mexican Business Reorganizations Law (*Ley de Concursos Mercantiles*), if we are or the subsidiary guarantor is declared bankrupt (*en quiebra*) or subject to insolvency proceedings (*concurso mercantil)*, our obligations under the notes and the obligations of such subsidiary guarantor under the guarantee, respectively, (i) would be converted to pesos and then from pesos into *unidades de inversión* (UDIs), which is a Mexican synthetic unit adjusted by inflation, and would not be adjusted to take into account any devaluation of the peso relative to the U.S. dollar occurring after such conversion, (ii) would cease to accrue interest from the date the insolvency proceeding (*concurso mercantil*) is declared, (iii) would be subject to the outcome of, and priorities recognized in, the relevant proceedings (including statutory preferences for tax, social security and labor claims) and (iv) would be satisfied at the time claims of all our unsecured creditors are satisfied.

The collection of interest on interest may not be enforceable in Mexico.

Mexican law does not permit the collection of interest on interest and, as a result, the accrual of default interest on past-due ordinary interest accrued in respect of the notes may be unenforceable in Mexico.

We cannot assure you that our credit ratings or the credit ratings for the notes will not be downgraded, suspended or withdrawn by the rating agencies.

We and the notes have been rated by internationally recognized statistical ratings organizations. Our credit ratings and the credit ratings of the notes may change after issuance. Such ratings are limited in scope, and do not address all material risks relating to an investment in the notes, but rather reflect only the views of the rating agencies at the time the ratings are issued. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. An explanation of the significance of such ratings may be obtained from the rating agencies. We cannot assure you that such credit ratings will remain in effect for any given period of time or that such ratings will not be downgraded, suspended or withdrawn entirely by the rating agencies, if, in the judgment of such rating agencies, circumstances so warrant. Any downgrading, suspension or withdrawal of such ratings may have an adverse effect on the market price and marketability of the notes. Our credit ratings from each rating agency should be evaluated independently of ratings by any other rating agencies.

The market value of the notes may depend on economic conditions in Mexico, other Latin American countries or other parts of the world.

The market value of debt securities of Mexican companies, including ours, is affected to varying degrees by economic and market conditions in Mexico, other Latin American countries and elsewhere in the world. Assigned ratings of Mexican issuers, including us, may be raised or lowered depending, among others, on a rating agency's assessment of not only our financial strength, but also its assessment of Mexico's sovereign risk generally. Further, although economic conditions in such countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any of these other countries may have an adverse effect on the market value of securities of Mexican issuers. International financial markets have historically experienced volatility due to a combination of international political and economic events. There can be no assurance that deterioration of the Mexican economy or that of Latin American countries in general, economic or policy changes in Mexico or in Latin American countries generally or other events in these or other countries will not adversely affect the market value of the notes.

Our principal shareholders will continue to have significant influence over us after this offering, and their interests could conflict with those of holders of the notes.

Our principal shareholders have and will continue to have the ability to determine the outcome of substantially all matters submitted for a vote, and thus to exercise control over our business policies and affairs, including, among others, determinations with respect to: the composition of our board of directors and, consequently, any determinations of our board with respect to our business direction and policy, including the appointment and removal of our officers; mergers, other business combinations and other transactions, including

those that may result in a change of control; whether dividends are paid or other distributions are made and the amount of any such dividends or distributions; sales and dispositions of our assets; agreements with competitors, suppliers and any third parties; and the amount of debt that we incur. As a result, circumstances may occur in which our shareholders' interests could conflict with the interests of holders of the notes.

USE OF PROCEEDS

We estimate that the net proceeds from this offering, after deducting the underwriting discount and other estimated expenses payable in connection with this offering, will be approximately US$992.09 million. The net proceeds of this offering will be used to finance a portion of our investment in connection with the Nordstrom Merger.

Certain of the initial purchasers and/or their affiliates may receive a portion of the net proceeds from the offering. See “Plan of Distribution.”

CAPITALIZATION

The following table sets forth our capitalization and indebtedness as of September 30, 2024 on (i) an actual basis and (ii) as adjusted to give effect to the issuance of the notes offered hereby and the use of the proceeds thereby.

This table should be read in conjunction with, and is qualified in its entirety by reference to, "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Selected Financial and Other Information" and our unaudited condensed consolidated interim financial statements included elsewhere in this offering memorandum.

	As of September 30, 2024			
	Unaudited			
	Actual	As adjusted	Actual	As adjusted
	(in millions of U.S.$)[1][2]		(in millions of Ps.)[2]	
Debt:				
Denominated in U.S. dollars:				
3.950% Senior Notes due 2024	300.00	300.00	5,888.70	5,888.70
3.875% Senior Notes due 2026	497.62	497.62	9,767.84	9,767.84
Notes offered hereby [3]	—	992.09	—	19,473.70
Total	797.62	1,789.71	15,656.54	35,130.24
Denominated in Mexican pesos:				
7.94% Notes (*certificados bursátiles*) due 2027	178.30	178.30	3,500.00	3,500.00
7.96% Notes (*certificados bursátiles*) due 2029	254.73	254.73	5,000.00	5,000.00
8.03% Notes (*certificados bursátiles*) due 2030	254.73	254.73	5,000.00	5,000.00
Total	687.76	687.76	13,500.00	13,500.00
Total Debt	1,485.38	2,477.47	29,156.54	48,630.24
Short-term debt [4]	347.37	379.65	6,818.59	7,452.20
Less debt issuance costs	—	(7.91)	—	(155.30)
Long-term debt [4]	1,185.38	2,145.19	23,267.84	43,375.21
Total stockholders' equity	8,097.97	8,097.97	158,955.02	158,955.02
Total capitalization	9,583.35	10,575.44	188,111.58	207,585.26
Total debt as a percentage of total capitalization	15.50%	23.43%	15.50%	23.43%

(1) Converted to U.S. dollars for convenience only at the rate of Ps.19.629 per U.S.$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette. See "Exchange Rates."

(2) Except percentages.

(3) Net proceeds from this offering, after deducting certain transaction expenses (including fees and commissions payable to the initial purchasers).

(4) Includes liabilities arising from derivative financial instruments, which were Ps.930 million (US$47.4 million) in the aggregate for short-term and long-term debt.

There has been no material adverse change in our prospects since December 31, 2023 and there has been no significant change in our financial position since September 30, 2024.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statement of financial position as of September 30, 2024, and the unaudited pro forma condensed consolidated statement of comprehensive income for the year ended December 31, 2023 and the nine-month period ended September 30, 2024, are based on the historical consolidated financial statements of the Company included in this offering memorandum. The unaudited pro forma condensed consolidated financial information gives effect to the additional investment in Nordstrom, as described in more detail in "Summary - Nordstrom Merger", as if it had occurred on (i) September 30, 2024 for purposes of the unaudited pro forma condensed consolidated statement of financial position, and (ii) January 1, 2023 and 2024 for purposes of the unaudited pro forma condensed consolidated statement of comprehensive income for the year ended December 31, 2023 and the nine month-period ended on September 30, 2024.

Pro forma adjustments were made primarily to reflect:

- the additional investment in Nordstrom, in the form of equity and a loan;
- the use of cash and cash equivalents and a new financing to fund the additional investment;
- transaction costs and fees incurred; and
- changes in the carrying values of the investment in Nordstrom and certain assets and liabilities to reflect their estimated values at period end.

All pro forma adjustments and their underlying assumptions are described in the notes to our unaudited pro forma condensed consolidated financial information set forth below. The pro forma adjustments are based upon available information and certain assumptions that are factually supportable and that we believe are reasonable under the circumstances.

The financial information of Liverpool as of September 30, 2024 and for the nine-month period ending on that date was prepared in accordance with International Accounting Standard (IAS) 34 "Intermediate Financial Reporting" of IFRS issued by the IASB, and the audited annual financial information for the year ended on December 31, 2023 was prepared in accordance with IFRS issued by the IASB. The financial statements of Liverpool are prepared in Mexican pesos, its reporting currency.

Nordstrom operates on a 52 / 53-week fiscal year ending on the Saturday closest to January 31st. References to 2023 are based on a 53-week fiscal year ending February 3, 2024, and references to 2024 are based on the nine-month period ending November 2, 2024. The financial information of Nordstrom used to prepare the following unaudited pro forma condensed consolidated financial information has been obtained from the audited financial statements of Nordstrom for the fiscal year ended February 3, 2024, and the unaudited financial statements as of and for the nine-month period ended November 2, 2024, both publicly available, incorporated by reference in this offering memorandum, and prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The financial statements of Nordstrom are prepared in U.S. dollars, its reporting currency.

After an evaluation of the differences between the accounting frameworks used by Liverpool (IFRS) and Nordstrom (U.S. GAAP), Liverpool's management considered that the potential applicable differences corresponded primarily to leases and employee benefits, estimating that these differences are not material. Therefore, for purposes of the preparation of the unaudited pro forma condensed consolidated financial information, Liverpool used the financial information reported by Nordstrom under U.S. GAAP without adjustment.

For purposes of the unaudited pro forma condensed consolidated financial information, a conventional exchange rate of Ps.19.629 per U.S. dollar has been used to translate amounts in U.S. dollars into Mexican pesos.

To present in the unaudited pro forma condensed consolidated financial information the effects of Liverpool's investment in Nordstrom and related transactions, Liverpool's management performed an analysis in

accordance with IFRS 10 to determine whether it had or will have control, joint control or only significant influence over Nordstrom. Liverpool's management concluded that Liverpool does not and will not have control or joint control and therefore initially recognized the investment in Nordstrom at cost and subsequently through the equity method. Given Liverpool's lack of control over Nordstrom, it would not be considered an investment in an associate and not as a subsidiary subject to consolidation. Under the equity method of accounting, the carrying value of the investment will increase or decrease to reflect Liverpool's share of Nordstrom's profits or losses and the resulting effect will be recognized in Liverpool's statement of comprehensive income, while dividends received from Nordstrom will reduce the book value of the investment. Prior to Liverpool's additional investment in Nordstrom, Liverpool accounted for its 9.65% equity stake in Nordstrom as a financial asset at fair value through other comprehensive income, consequently, all changes in the market value of Nordstrom's shares increased or decreased the book value previously recorded with the corresponding impact in other comprehensive income, while dividends received from Nordstrom were recognized as other income.

The unaudited pro forma condensed consolidated financial information is presented for illustrative purposes only and does not purport to represent what the actual consolidated financial condition and results of operations would have been had the additional investment by Liverpool in Nordstrom been made as of the dates assumed, nor is it intended to project or be indicative of the future consolidated financial condition and results of operations of Liverpool upon consummation of the additional investment in Nordstrom.

The unaudited pro forma condensed consolidated financial information included herein should be read in conjunction with the information contained in "Summary - Nordstrom Merger" and "Risk Factors—Risks Related to the Nordstrom Merger".

In addition, the unaudited pro forma condensed consolidated financial information included herein should be read in conjunction with the information contained in "Summary Historical and Pro Forma Consolidated Financial Information and Other Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations," the consolidated financial statements of Liverpool and the notes thereto included in this offering memorandum, the consolidated financial statements of Nordstrom and the notes thereto incorporated by reference in this offering memorandum, as well as the information included under the "Cautionary Note Regarding Forward-Looking Statements," "Risk Factors" and "Capitalization".

The exact amount of Liverpool's additional investment in Nordstrom will vary and depends on several factors, including, among others, the timing of the closing of the Merger, the cash on hand held by Nordstrom at the closing, the amount of debt to be incurred by Nordstrom at closing, the number of shares of capital stock and equity awards outstanding on the closing date of the Merger, any changes made to the sources of the contemplated financings, the actual fees and expenses incurred in connection with the Merger, and fluctuations in the U.S. dollar / Mexican peso exchange rate. Similarly, the exact amount of Liverpool's use of cash versus new debt financing, and the cost and other terms of the new financing, will depend on market conditions. Therefore, the actual impact of Liverpool's additional investment in Nordstrom and related transactions on Liverpool's financial condition and results of operations will differ from the pro forma adjustments, and the differences may be material.

	Historical	Pro Forma adjustments	Notes	Pro Forma
STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2024		**(in thousands of Ps.)**		
Assets				
Current assets:				
Cash and cash equivalents	18,158,505	(16,969,467)	(a)(b)(c)(g)(h)(i)	1,189,038
Short-term loan portfolio – Net	39,009,562	—		39,009,562
Value added tax recoverable	3,477,370	—		3,477,370
Income tax recoverable	—	108,598	(j)	108,598
Other accounts receivable – Net	2,702,762	—		2,702,762
Inventory	42,021,213	—		42,021,213
Prepaid expenses	1,970,188	—		1,970,188
Derivative financial instruments	1,942,275	—		1,942,275
Total current assets	**109,281,875**	**(16,860,869)**		**92,421,006**
Non-Current Assets:				
Long-term loan portfolio – Net	12,978,674	—		12,978,674

	Historical	Pro Forma adjustments	Notes	Pro Forma
Other long-term accounts receivable – Net	339,236	16,900,569	(b)	17,239,804
Derivative financial instruments	21,080	—		21,080
Investment in associates	12,188,661	24,913,164	(c)(d)	37,101,825
Investment properties – Net	24,647,305	—		24,647,306
Property, furniture and equipment – Net	62,109,807	—		62,109,807
Intangibles – Net	16,113,904	—		16,113,904
Financial asset at fair value through other comprehensive income	6,955,142	(6,955,142)	(c)(d)	—
Right of use assets	12,459,420	—		12,459,420
Deferred income tax	8,028,385	—		8,028,385
Total assets	**265,123,489**	**17,997,723**		**283,121,212**
Liabilities				
Current liabilities:				
Suppliers	32,064,496	—		32,064,496
Creditors	14,717,134	—		14,717,134
Provisions	5,649,676	—		5,649,676
Short-term debt	6,818,590	—		6,818,590
Deferred income	2,899,952	—		2,899,952
Short-term lease liabilities	2,499,661	—		2,499,661
Short-term derivative financial instruments	43,846	—		43,846
Income tax payable	200,618	(200,618)	(j)	—
Total current liabilities	**64,893,973**	**(200,618)**		**64,693,355**
Non-current liabilities:				
Long-term debt	23,267,842	17,666,100	(a)	40,933,942
Long-term derivative financial instruments	32,424	—		32,424
Long-term lease liabilities	11,786,870	—		11,786,870
Employee benefits – Net	3,683,321	—		3,683,321
Deferred income tax	2,504,038	102,961	(e)	2,606,999
Total liabilities	**106,168,468**	**17,568,444**		**123,736,912**
Stockholders' equity:				
Capital stock	3,374,282	—		3,374,282
Retained earnings and capital reserves	155,280,295	429,279	(d)(e)(g)(h)(i)(j)	155,709,574
Stockholders' investment in controlling interest	158,654,577	429,279		159,083,856
Non-controlling interests	300,444	—		300,444
Total stockholders' equity	**158,955,021**	**429,279**		**159,384,300**
Total liabilities and stockholders' equity	**265,123,489**	**17,997,723**		**283,121,212**

	Historical	Pro Forma adjustments	Notes	Pro Forma
STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS ENDED ON SEPTEMBER 30, 2024		**(in thousands of Ps.)**		
Total revenue	**139,513,123**	—		**139,513,123**
Costs and expenses:				
Cost of sales	81,730,919	—		81,730,919
Provision for credit losses	3,012,961	—		3,012,961
Administrative expenses	36,295,510	1,226,813	(g)	37,522,323
Total costs and expenses	121,039,390	1,226,813		122,266,203
Operating income	18,473,733	(1,226,813)		17,246,921
Interest expense	(3,035,460)	(1,324,958)	(i)	(4,360,418)
Foreign exchange loss	(2,990,574)	—		(2,990,574)
Financial costs	(6,026,034)	(1,324,958)		(7,350,992)
Foreign exchange gain	4,852,454			4,852,454
Interest earned		1,521,051	(h)	1,521,051
Return on investments	1,361,025			1,361,025
Financial income	6,213,479	1,521,051		7,734,530
Equity in the results of associates	140,979	1,253,743	(d)	1,394,722
Profit before income tax	18,802,157	223,025		19,025,182
Income tax	5,296,507	(206,254)	(e)(j)	5,090,253
Consolidated net income	**13,505,650**	**429,279**		**13,934,929**

	Historical	Pro Forma adjustments	Notes	Pro Forma
Other comprehensive income:				
Components to be subsequently reclassified to income:				
Cash flow hedges	(269,468)	—		(269,468)
Translation effect of investment in associates Net of income tax	771,004	—		771,004
Components not to be subsequently reclassified to income:				
Changes in the fair value of equity investments at fair value through other comprehensive income – Net of income tax	1,431,181	(1,431,181)	(d)	—
Remeasurement of the liability for defined benefits – Net of income tax	794	—		794
Consolidated comprehensive income	**15,439,161**	**(1,001,902)**		**14,437,259**
Consolidated net income attributable to:				
Controlling interest	13,493,367	429,279		13,922,646
Non-controlling interests	12,283			12,283
	13,505,650	429,279		13,934,929
Comprehensive income attributable to:				
Controlling interest	15,426,087	(1,001,902)		14,424,185
Non-controlling interests	13,074			13,074
	15,439,161	(1,001,902)		14,437,259

	Historical	Pro Forma adjustments	Notes	Pro Forma
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED ON DECEMBER 31, 2023		**(in thousands of Ps.)**		
Total revenue	**195,991,623**	—		**195,991,623**
Costs and expenses:				
Cost of sales	116,871,459	—		116,871,459
Provision for credit losses	2,889,335	—		2,889,335
Administrative expenses	46,625,041	1,226,813	(g)	47,851,854
Total costs and expenses	166,385,835	1,226,813		167,612,648
Operating income	29,605,788	(1,226,813)		28,378,976
Interest expense	(4,067,381)	(1,766,610)	(i)	(5,833,991)
Foreign exchange loss	(2,591,737)	—		(2,591,737)
Financial costs	(6,659,118)	(1,766,610)		(8,425,728)
Foreign exchange gain	1,629,570	—		1,629,570
Interest earned	—	2,028,068	(h)	2,028,068
Return on investments	1,915,389	—		1,915,389
Financial income	3,544,959	2,028,068		5,573,027
Equity in the results of associates	507,668	1,312,513	(d)	1,820,181
Profit before income tax	26,999,297	347,158		27,346,455
Income tax	(7,498,083)	229,081	(e)(j)	(7,269,002)
Consolidated net income	**19,501,214**	**576,240**		**20,077,454**
Other comprehensive income:				
Components to be subsequently reclassified to income:				
Cash flow hedges	(104,787)	—		(104,787)
Translation effect of investment in associates - Net of income tax	(506,965)	—		(506,965)
Components not to be subsequently reclassified to income:				
Changes in the fair value of equity investments at fair value through other comprehensive income - Net of income tax	(28,508)	28,508	(d)	—
Remeasurement of the liability for defined benefits - Net of income tax	(311,358)	—		(311,358)
Consolidated comprehensive income	**18,549,596**	**604,748**		**19,154,344**
Consolidated net income attributable to:				
Controlling interest	19,486,518	576,240		20,062,758
Non-controlling interests	14,696	—		14,696

	Historical	Pro Forma adjustments	Notes	Pro Forma
	19,501,214	576,240		20,077,454
Comprehensive income attributable to:				
Controlling interest	18,533,963	604,748		19,138,711
Non-controlling interests	15,633	—		15,633
	18,549,596	604,748		19,154,344

Notes to Unaudited Pro Forma Condensed Financial Statements

Liverpool's investment in Nordstrom will be recorded in accordance with the following:

The equity method is governed by International Accounting Standard (IAS) 28 – Investments in Associates and Joint Ventures, with additional considerations drawn from International Financial Reporting Standard (IFRS) 9 – Financial Instruments and IAS 1 – Presentation of Financial Statements. These standards establish how investments in associates should be initially recognized and subsequently adjusted.

a) Based on the provisions of IAS 28, Liverpool will initially recognize the investment in Nordstrom at cost, and given that the investment will be occurring in two stages, the cost includes:

- the fair value of the previously acquired interest in September 2022 (recorded in accordance with IFRS 9); and
- the fair value of the consideration to be paid on the date of the additional investment.

The costs related to the investment will be charged to results when incurred and will not form part of the book value of the associate.

In accordance with the same IAS 28, the carrying value of the investment will increase or decrease to reflect Liverpool's share of Nordstrom's profits or losses and the resulting effect will be recognized in Liverpool's statement of comprehensive income, while dividends received from Nordstrom will reduce the book value of the investment. The book value of the investment will be adjusted to reflect Liverpool's proportionate share of changes in Nordstrom's other comprehensive income. These adjustments will primarily result from conversion differences from Nordstrom's dollar-denominated figures to Mexican pesos.

b) Based on IFRS 9, changes in fair value previously recognized in Liverpool other comprehensive income before the investment becomes an associate will be reclassified to retained earnings at the closing date.

c) Based on IAS 1, any change in Nordstrom's other comprehensive income must be presented proportionally to the participation in Liverpool's other comprehensive income.

d) The fair value as deemed cost approach is consistent with the principles described in IFRS - 3 Business Combinations, since the cost of the investment reflects the fair value of both the previously acquired interest and any additional consideration. This will ensure comparability in financial information.

Pro forma adjustments

(a) Funding the additional investment in Nordstrom

Reflects the financing of Ps.17,666 million (US$900 million) to be obtained by Liverpool to finance a portion of the purchase of Nordstrom shares. Liverpool has obtained a debt commitment for a bank loan for up to Ps.17,666 million (US$900 million) granted by certain financial institutions. Alternatively, Liverpool may obtain this financing through the notes offered hereby.

(b) Loan granted to Parent

Reflects the long-term secured loan to be granted by Liverpool to Parent of approximately Ps.16,900 million (US$861 million). The loan is expected to have a 10-year term, with an interest rate of 12% per year that may increase up to 16% per year. The purpose of the loan is for Parent to acquire a portion of the outstanding Nordstrom shares that are not owned by Liverpool and the Nordstrom family. The loan will be repaid with dividends received by Parent from Nordstrom. The interest earned considered within the unaudited pro forma condensed consolidated statement of comprehensive income amounts to Ps.1,521 million and Ps.2,028 million for the nine-month period ended September 30, 2024 and the year ended December 31, 2023, respectively.

(c) Payment for the acquisition of additional Nordstrom equity

Reflects the additional equity investment of approximately Ps.16,704 million (US$851 million) to be made by Liverpool to increase its participation in Nordstrom from 9.65% to 49.9%, thus obtaining significant influence and recognizing it as an investment in associates. As a result, Liverpool's initial 9.65% investment in Nordstrom will no longer be recognized as a financial asset at fair value. This equity investment and the loan would be funded with Liverpool's own resources, from cash and cash equivalents, and with the financing discussed in Note a. The amount of the investment in associates presented in the unaudited pro forma condensed consolidated statement of financial position represents the fair value of the pre-existing investment plus the fair value of the interest that Liverpool will acquire as a result of the Merger.

(d) Recording of the equity method on Nordstrom

As a result of Liverpool's additional investment in Nordstrom, Liverpool's investment in Nordstrom would become an investment in associates and would no longer be considered a financial asset at fair value through other comprehensive income. As a result, Liverpool's proportional share in Nordstrom's profits and stockholders' equity would be recognized using the equity method for a total of Ps.1,253 million and Ps.1,312 million for the nine-month period ended September 30, 2024 and the year ended December 31, 2023, respectively. Based on IFRS 9, upon Nordstrom becoming an associate of Liverpool, changes in fair value previously recognized in Liverpool's other comprehensive income will be reclassified to retained earnings.

(e) Recording of deferred taxes

Derived from the investment in Nordstrom, a deferred income tax liability would have been additionally recognized as of September 30, 2024 for Ps.102.9 million. This deferred income tax would result from the difference between the book and tax values of the investment in Nordstrom that would have been generated from the pro forma adjustments from January 1, 2024 to September 30, 2024.

(f) Dividends received from Nordstrom

Dividends received by Liverpool from Nordstrom for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 derived from holding 9.65% of Nordstrom shares amounted to Ps.174.7 million (US$8.9 million) and Ps.233.5 million (US$11.9 million), respectively and were recognized in the statement of comprehensive income within other income. For the purposes of preparing the unaudited pro forma condensed consolidated statement of comprehensive income, its original record was preserved. However, dividends received subsequent to Liverpool's additional investment will be recorded as reducing the investment in Nordstrom and will not be included in other income on the statement of comprehensive income. This pro forma financial information does not take into account the special dividend or any quarterly dividend to be paid in the future and prior to the consummation of Liverpool's additional investment.

(g) Transaction expenses incurred in the additional investment

According to the estimate made by Liverpool's management, the expenses to be incurred in connection with the additional investment in Nordstrom and related expenses will amount to approximately Ps.1,266 million (US$62.5 million) for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 and have been recorded in administrative expenses.

(h) Interest earned from the loan granted to Parent

Reflects the interest that Liverpool would have earned derived from the loan granted to Parent described in Note b, which would have amounted to Ps.2,028 million (US$103.3 million) in the year ended December 31, 2023 and Ps.1,521 million (US$77.4 million) in the nine-month period ending September 30, 2024.

(i) ***Interest expense derived from the financing for the additional investment***

Reflects the interest accrued on the financing of Ps.17,666 million (US$900 million) described in Note a. that would have been obtained to finance the additional investment in Nordstrom. For purposes of preparing the unaudited pro forma condensed consolidated statement of comprehensive income, Liverpool's management has assumed that the financing would bear interest at a fixed average rate of 10% per year, and that all of the U.S. dollar principal amount of the financing would be hedged from U.S. dollars to Mexican pesos with a cross-currency swap. If the above interest rate had been 10 basis points below and all the other variables remained constant, the pro forma consolidated net income for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 would have increased by Ps.17.6 million and Ps.13.2 million, respectively, without considering the effect of taxes. Conversely, if the interest rate had been 10 basis points above and all the other variables remained constant, the pro forma consolidated net income for the nine-month period ended September 30, 2024 and the year ended December 31, 2023 would have decreased by Ps.17.6 million and Ps. 13.2 million, respectively, without considering the effect of taxes.

(j) Estimated income taxes

Reflects the estimated income tax effects resulting from the transactions by applying an estimated effective income rate of 30%.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read together with our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements, including the notes thereto, contained elsewhere in this offering memorandum. Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements contained elsewhere in this offering memorandum have been prepared in accordance with IFRS.

Our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements are stated in Mexican pesos. Certain financial information concerning us as of and for the year ended December 31, 2023 and the nine months ended September 30, 2024 included in this offering memorandum is presented in U.S. dollars solely for the convenience of the reader.

Overview

We are one of the largest omni-channel retailers in Mexico, in terms of number of stores and sales. For 177 years, the Liverpool brand has been synonymous with quality and personalized service. Our slogan, "Liverpool es parte de mi vida" (Liverpool is part of my life), reflects our presence in our customers' lives spanning multiple generations. Our physical and digital platforms offer a wide product assortment, including fashion apparel, shoes, accessories, jewelry, electronics, sporting goods, home goods, furniture, appliances and beauty products. We operate 312 department stores nationwide under the "Liverpool" and "Suburbia," banners. In addition we operate 33 smaller format "Liverpool Express" stores and a compelling portfolio of 120 specialized boutiques across the country under the banners of internationally recognized and sought-after brands. We also own or have a significant interest in 29 shopping centers across 21 states in Mexico, and, according to information from the Mexican Central Bank, as of September 30, 2024, we were the third largest credit card issuer in Mexico, with approximately 7.6 million issued credit cards.

For 2023, we had total revenues of Ps.195.99 billion (US$9.98 billion), with a net income of Ps.19.5 billion (US$993.49 million), net margin of 9.93%, EBITDA of Ps.34.99 billion (US$1.78 billion) and an EBITDA margin of 17.85%. For the nine months ended September 30, 2024, we had total revenues of Ps.139.51 billion (US$7.11 billion), with a net income of Ps.13.51 billion (US$688.05 million), net margin of 9.68%, EBITDA of Ps.22.69 billion (US$1.16 billion) and an EBITDA margin of 16.26%. For the last twelve months ended September 30, 2024, we had total revenues of Ps.208.64 billion (US$10.63 billion), with a net income of Ps.22.19 billion (US$1.13 billion), net margin of 10.63%, EBITDA of 36.81 billion (US$1.87 billion) and an EBITDA margin of 17.64%.

At Liverpool we strive to serve our customers everywhere, every day, for a lifetime. We primarily cater to middle- and high-income families through our "Liverpool" banners and mid-low and low income families through "Suburbia." Our department stores are strategically located in urban and suburban areas, especially in densely populated regions, seeking maximum accessibility for our customers. Through our robust digital channels, we offer nationwide access to our products, making us one of the leading online apparel retailers in the country in terms of sales, with Digital GMV growth from 2021 to 2023 of 4.2x. The "Liverpool" brand is iconic in Mexico, ranked among the top five Latin American retail brands and top 20 retail brands worldwide by Interbrand. Customers associate our brands with trust, legacy and status, with stores offering a wide range of products, personalized customer service, convenience and attractive promotions.

Factors Affecting our Results of Operations

Our financial results are impacted by general economic conditions (in particular, consumer disposable income levels), consumer confidence, industry conditions, competition with other retail participants, and other factors, including product mix, promotions, seasonality, new stores in operations, store size, delivery capabilities and the effectiveness of our advertising campaigns. Our consolidated results vary, in part, based on the performance of our underlying segments. The primary factors that impact our results of operations of our segments include:

Seasonality. Our sales are seasonal, with a high proportion of revenues and operating cash flows generated during the fourth fiscal quarter, which includes the fall and holiday selling seasons as well as the "Buen Fin" (a weekend in late November of each year during which various commercial businesses, including our stores, offer sales and discounts to encourage consumer spending in Mexico). For example, for the year ended December 31, 2023, fourth quarter sales represented 35.2% of our sales and service revenue, net. In addition, our stores experience higher sales relative to other months during the month of May due to Mother's Day and our e-commerce "Hot Sale" week, as well as during June due to Father's Day. In addition, adverse events that occur during a season in which we expect higher volume of revenues could have a disproportionate effect on our results of operations for the entire fiscal year. As a result of quarterly fluctuations caused by these and other factors, comparisons of our operating results across different fiscal quarters may not be accurate indicators of our future performance.

Promotions. We offer a wide range of promotions, including in the form of upfront discounts, monthly installments without interests and in-store credit in the form of e-wallets for a percentage of the purchase price. Most of our promotions are shared and supported by our suppliers from whom we receive rebates as reimbursement of discounts granted to customers. We also sell gift certificates with no specific expiration date for purchases at our stores or online. To the extent we are required to sell products at a discount to increase inventory turnover or compete, our revenues may increase but we also may experience lower margins. Increased promotional activity in the form of interest free installments also increases customer's credit risks. We also offer flexible return policies for both our physical store and online purchases. The return rate of items may also affect our inventory management and affect our revenue and costs.

Merchandise Mix. Our margins vary among the category of products and brands we sell. As a result, our merchandise mix impacts our results of operations from one period to another, depending on the merchandise mix and the increase in the demand for specific products during different times of the year or in different regions. For example, during the COVID-19 pandemic and 2021, we saw a shift in consumer spending away from certain apparel categories and increased spending in furniture, appliances and home electronics as customers spent more time at home. Those trends have reverted in 2022 and 2023 with consumers spending increasingly focused on apparel again.

Loan portfolio performance and non-performing loans. Our results depend in part on the performance of our consumer credit segment. The performance of our consumer credit segment varies depending on the size of our credit portfolio and the interest charged to clients. We expand or restrict our credit offering to our existing clients and/or seek to expand our credit customer base depending on our proprietary credit scoring system with a view to maintaining consistent levels of non-performing loans. The non-performing loan rate increases or decreases depending on our clients' credit risk profile which can be affected by our client's individual economic and financial circumstances as well as the general economic environment. We frequently monitor recovery of our loan portfolio using a broad range of statistical tools which take into account different factors, including historical trends of portfolio aging, portfolio segmentation, cardholder historical behavior and score, record of cancellations and factors correlative to future credit performance, such as trends in unemployment rates in Mexico, GDP, consumer confidence and reference interest rates. Moreover, because our credit cards are mostly used to purchase products at our stores, a decrease in the sales at our stores would also cause a decrease in our credit revenues, compounding the effect on our results of operations.

Real Estate Occupancy Rates. Our results also depend in part on the performance of our real estate segment. The performance of our real estate segment varies depending primarily on our occupancy rate, ability to renew existing leases on the same or more favorable terms to us, shopping mall openings and remodeling costs.

Investment in Omni-channel Innovations. We have primarily expanded by opening new stores or remodeling existing stores as well as investing significantly in our omni-channel capabilities. Expansion efforts may not have an immediate effect on our total revenues and may affect our total costs and expenses. Additionally, the continuous development of our omni-channel capabilities requires constant investment in technology and logistics which have been the main focus of our capital expenditures which may affect our margins. During 2021, 2022, 2023 and for the nine months ended September 30, 2024, capital expenditures in the aggregate were Ps.5,975 million, Ps.7,871 million, Ps.8,619 million and Ps.8,490 million, respectively. Of these, for 2023, 48.0% or Ps.4,137 million, were allocated to the construction of our Arco Norte national logistics center which we expect to complete in 2025.

Investment in Organic Growth and Acquisitions. Historically, we have not pursued aggressive inorganic expansion, instead taking an opportunistic approach to acquisitions and joint ventures. We expect to complete the Nordstrom Merger in 2025, which will affect our total indebtedness and therefore our margins, as well as reduce our cash on hand. However, we do not expect our capital expenditures allocated to existing or upcoming projects to be reduced because of the Nordstrom Merger. Other opportunistic acquisitions or joint ventures include our partnerships with Toys R' Us, the Williams Sonoma portfolio of brands, Dupuis, a Mexican interior design and furniture company, Unicomer, our Central American joint venture and Sfera, our partnership with El Corte Inglés. The introduction of new brand concepts, especially in the form of stand-alone stores or boutiques requires incremental capital expenditure, as well as increased cost of sales and administrative expenses which may not be immediately offset by proportional increases in revenue.

Economic, social and political environment in Mexico. Substantially all our revenue is derived from our operations in Mexico. As a result, our business may be significantly affected by the general condition of the Mexican economy, by inflation and high interest rates in Mexico, or by political developments in Mexico. For the year ended December 31, 2022, real GDP increased 2.8%, for the year ended December 31, 2023, real GDP increased 3.2% and for the nine months ended September 30 2024, real GDP increased 1.5%. According to information published by Banco de México, annual inflation was 7.8% and 4.7% for the years ended December 31, 2022 and 2023, respectively, with average interest rates of 7.9% and 11.4%, for such years, based on the 28-day interbank lending rate. According to information published by Banco de México, annual inflation was 4.6% during the nine months ended September 30, 2024, with an average interest rate of 10.7% for such period, based on the 28-day interbank lending rate. Declines in GDP growth, high rates of inflation and high interest rates in Mexico may have an adverse effect on our operations as consumers reduce discretionary spending on items like those sold in our stores. If inflation in Mexico increases while economic growth slows, our business, results of operations and financial condition will be affected. In addition, high interest rates and economic instability could increase our costs of financing.

Foreign Exchange Rates. Our consolidated financial statements are stated in Mexican pesos. We generate revenue primarily in Mexican pesos; however, a portion of our operating expenses and indebtedness is denominated in U.S. dollars and euros, particularly with respect to imports of merchandise from Europe and Asia. As a result, differences in the currency exchange rate can impact our financial statements. For the year ended December 31, 2023, purchases of merchandise in a currency other than the Mexican peso represented approximately 13.0% of our total purchases. As of December 31, 2023, we had exposure to exchange rate risks of US$134 million and €15.16 million, compared to US$557 million and €1.483 million in 2022, respectively. The Mexican peso has fallen sharply against most currencies during the nine months ended September 30, 2024 and such decline may continue if the United States decides to impose tariffs on Mexican produced goods or the USMCA is revised in a way that is or is perceived to be unfavorable to Mexico. A weakened Mexican peso would affect our ability to import goods at a price that is attractive and we may not be able to pass all of the increased costs to customers without seeing a decrease in demand.

Components of Our Results of Operations

Operating Revenue. Consists of our revenue from the sale of merchandise, interest earned from customers from our credit card and loan portfolio, lease income from our shopping centers as well as income from ancillary services provided at our stores such as beauty salon, travel agency, optician and interior design services, among others. Also includes other income, primarily received from dividends paid from investment recognized as financial asset at fair value through other comprehensive income.

Cost of sales. The most significant component of our cost of sales is the cost of merchandise from suppliers. It includes importation, warehousing and transportation costs and tariffs and for our private label reflects the cost of manufacturing. Our cost of sales also includes salaries of store personnel, maintenance and repairs.

Provision for impairment of the loan portfolio. We create a provision for loans when there has been a significant increase in credit risk based on our impairment methodology. Our impairment methodology classifies our loan portfolio based on expected credit losses. Generally, loans that have been outstanding for more than 90 days are considered non-performing. See "Critical Accounting Policies—Provision for impairment of loan portfolio" for a description of our expected credit loss methodology.

Administrative expenses. Administrative expenses include costs and expenses related to our corporate headquarters employee benefits and compensation, logistics and other non-store related expenses, as well as advertising and promotion, leases, electrical power and utilities and other selling and general expenses.

Foreign exchange. Substantially all of our sales are denominated in Mexican pesos. However, a portion of our operating expenses and indebtedness denominated in U.S. dollars and euros, particularly with respect to merchandise imported from Europe and Asia.

Interest expense and return on investments. Interest expense reflects the cost of our financings for the corresponding period. We also have significant cash positions which we invest to preserve their value and for non-speculative purposes.

Equity in the results of associates. Reflects our share of the net income of our joint ventures with Unicomer, Sfera and certain shopping centers in Mexico. Following closing of the Nordstrom Merger, our 49.9% share of Nordstrom's net income will be reflected in this line item.

Results of Operations

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

The following table shows certain income statement information for the nine months ended September 30, 2024 and 2023.

	Nine Months Ended September 30,			
	2024	**2023**	**Change**	
SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	**(in thousands of Ps.)**			**(in %)**
Operating revenue:				
Net sales of merchandise	120,133,137	110,482,581	9,650,556	8.7%
Interest earned from customers	13,797,765	11,615,692	2,182,073	18.8%
Leasing of investment property	3,567,829	3,408,985	158,844	4.7%
Services	1,281,437	626,756	654,681	104.5%
Other income	732,955	724,377	8,578	1.2%
Total revenue	**139,513,123**	**126,858,391**	**12,654,732**	**10.0%**
Costs and expenses:				
Cost of sales	81,730,919	75,454,915	6,276,004	8.3%
Provision for credit losses	3,012,961	1,950,466	1,062,495	54.5%
Administrative expenses	36,295,507	32,541,845	3,753,662	11.5%
Total costs and expenses	**121,039,387**	**109,947,226**	**11,092,161**	**10.1%**
Operating income	**18,473,736**	**16,911,165**	**1,562,571**	**9.2%**
Interest expense	(3,035,460)	(3,031,854)	(3,606)	(0.1)%
Foreign exchange loss	(2,990,574)	(2,053,348)	(937,226)	(45.6)%
Financing cost	**(6,026,034)**	**(5,085,202)**	**(940,832)**	**(18.5)%**
Foreign exchange gain	4,852,454	1,283,010	3,569,444	278.2%
Return on investments	1,361,025	1,376,191	(15,166)	(1.1)%
Financial income	**6,213,479**	**2,659,201**	**3,554,278**	**133.7%**
Equity in the results of associates	140,979	462,544	(321,565)	(69.5)%
Profit before income tax	18,802,160	14,947,708	3,854,452	25.8%
Income taxes	5,296,507	4,126,353	1,170,154	28.4%
Consolidated net income	**13,505,653**	**10,821,355**	**2,684,298**	**24.8%**

Total Revenue

Total revenue for the nine months ended September 30, 2024 increased by Ps.12,655 million, or 10.0%, to Ps.139,513 million from Ps.126,858 million for the nine months ended September 30, 2023. This increase in total revenue reflects a positive performance in each of our total revenue sources, resulting in the trends discussed below.

- *Liverpool – Commercial and Services Operations*. Liverpool's net sales of merchandise for the nine months ended September 30, 2024 increased by Ps.8,849 million, or 9.0%, to Ps.107,469 million from

Ps.98,619 million for the nine months ended September 30, 2023, primarily as a result of a successful commercial strategy, an improvement in volumes due to an increase of sales through digital channels, effective inventory management and a positive response from our customers. During the nine months ended September 30, 2024, we opened 16 smaller format Liverpool Express stores. According to ANTAD, for the nine months ended September 30, 2024, same store sales by department stores grew 5.8% as compared to the nine months ended September 30, 2023, while Liverpool's Same Store Sales grew by 6.7% during the same period. In addition, the Liverpool Pocket App saw a 11.1% increase in active users. Liverpool's digital platform sales, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services digital sales represented 27.0% of Liverpool's total retail sales, with an overall growth of 17.8% compared to the nine months ended September 30, 2023. For the nine months ended September 30, 2024, out of all digital sales, 39.1% were delivered through the "Click & Collect" modules located at each Liverpool, Liverpool Express and Suburbia locations.

- *Suburbia – Commercial and Services Operations.* Suburbia's net sales of merchandise for the nine months ended September 30, 2024 increased by Ps.1,464 million, or 11.1%, to Ps.14,679 million from Ps.13,215 million for the nine months ended September 30, 2023, primarily as a result of the successful implementation of our "rediscover Suburbia campaign" through which we have been improving the look and feel of our Suburbia stores. During the nine months ended September 30, 2024, we opened two Suburbia stores. According to ANTAD, for the nine months ended September 30, 2024, same store sales by department stores grew 5.8% as compared to the nine months ended September 30, 2023, while Suburbia's same store sales grew by 9.3% during the same period. Digital platform sales also played an important role in Suburbia's growth during the nine months ended September 30, 2024, increasing by 76.4% compared to the nine months ended September 30, 2023.

- *Credit Operations*. Interest earned from customers of our credit operations for the nine months ended September 30, 2024 increased by Ps.11,616 million, or 18.8%, to Ps.13,798 million from Ps.11,616 million for the nine months ended September 30, 2023, primarily as a result of an increase in the volume of purchases with our credit cards for the nine months ended September 30, 2024 and the new credit products added to our portfolio. For this period, the combined non-performing loan rate for Liverpool and Suburbia credit cards was 4.1%, showing an increase of 140 basis points compared to the previous year, due to the expansion of our credit portfolio. As of September 30, 2024, we were the second largest credit card issuer in Mexico, with approximately 7.6 million issued credit cards, 8.7% higher than as of September 30, 2023. By business, the Liverpool credit card had more than 5.8 million holders and the Suburbia credit card had more than 1.8 million holders.

- *Real Estate Operations*. Leasing of investment property from our real estate operations for the nine months ended September 30, 2024 increased by Ps.159 million, or 4.7%, to Ps.3,568 million from Ps.3,409 million for the nine months ended September 30, 2023, primarily as a result of an occupancy rate of 94.2%, slightly higher than the end of the previous year, which indicates an improvement in revenue.

Cost of Sales

Cost of sales for the nine months ended September 30, 2024 increased by Ps.6,276 million, or 8.3%, to Ps.81,731 million from Ps.75,455 million for the nine months ended September 30, 2023. This increase in cost of sales was primarily a result of higher minimum wages, new pension regulations, new store openings and the associated increase in staff, and increased labor-intensive services.

Provision for Credit Losses

Provision for credit losses for the nine months ended September 30, 2024 increased by Ps.1,062 million, or 54.5%, to Ps.3,013 million from Ps.1,950 million for the nine months ended September 30, 2023. This increase in provision for credit losses was primarily driven by the growth in our overall credit card portfolio and a rise in non-performing loans driven in part by such expansion. To grow our credit card portfolio, we expand access to credit to existing customers and seek to capture new customers which may have worse credit score or payment history.

Administrative Expenses

Administrative expenses for the nine months ended September 30, 2024 increased by Ps.3,754 million, or 11.5%, to Ps.36,296 million from Ps.32,542 million for the nine months ended September 30, 2023. This increase in administrative expenses was primarily a result of an impact of minimum wage increases, new pension regulations and labor-intensive professional services.

Operating Income and Operating Margin

Operating income for the nine months ended September 30, 2024 increased by Ps.1,563 million, or 9.2%, to Ps.18,474 million from Ps.16,911 million for the nine months ended September 30, 2023. Operating margin for the nine months ended September 30, 2024 decreased by 10 basis points, to 13.2% from 13.3% for the nine months ended September 30, 2023. These changes reflect the effects of costs of sales and expenses on our consolidated revenue for the period.

Financing Cost

Financing cost for the nine months ended September 30, 2024 increased by Ps.941 million, or 18.5%, to Ps.6,026 million from Ps.5,085 million for the nine months ended September 30, 2023. This increase in financing cost was primarily a result of the depreciation of the Mexican peso and the effect on our U.S. dollar denominated indebtedness.

Equity in the Results of Associates

Equity in the results of associates for the nine months ended September 30, 2024 decreased by Ps.322 million, or 69.5%, to Ps.141 million from Ps.463 million for the nine months ended September 30, 2023. This decrease in equity in the results of associates was primarily a result of a worsening of Unicomer's financial performance.

Income Taxes

Income tax expense for interim periods is recognized based on management’s estimate of the weighted average effective annual income tax rate expected for the full financial year, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The estimated average annual tax rate used for 2024 is 30.0%. The effective income tax rate for the nine months ended September 30, 2024 and 2023 was 27.0% and 28.0%, respectively.

Consolidated Net Income

For the reasons described above, consolidated net income for the nine months ended September 30, 2024 increased by Ps.2,684 million, or 24.8%, to Ps.13,505 million from Ps.10,812 million for the nine months ended September 30, 2023. Net margin for the nine months ended September 30, 2024 and 2023 was 9.7% and 8.5%, respectively.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

The following table shows certain income statement information for the years ended December 31, 2023 and 2022.

	Year Ended December 31,			
	2023	2022	Change	
SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	(in thousands of Ps.)			(in %)
Operating revenue:				
Net sales of merchandise	172,428,903	157,606,549	14,822,354	9.4%
Interest income from customers	16,268,496	13,199,946	3,068,550	23.3%
Income from real estate	4,534,684	3,721,874	812,810	21.8%
Services	1,580,198	1,134,990	445,208	39.2%
Other income	1,179,342	370,361	808,981	218.4%
Total revenue	**195,991,623**	**176,033,720**	**19,957,903**	**11.3%**
Costs and expenses:				
Cost of sales	116,871,459	107,576,972	9,294,487	8.6%
Provision for credit losses	2,889,335	1,791,024	1,098,311	61.3%
Administrative expenses	46,625,041	41,150,345	5,474,696	13.3%
Total costs and expenses	**166,385,835**	**150,518,341**	**15,867,494**	**10.5%**
Operating income	**29,605,788**	**25,515,379**	**4,090,409**	**16.0%**
Interest expense	(4,067,381)	(3,989,142)	(78,239)	(2.0)%
Foreign exchange loss	(2,591,737)	(1,456,423)	(1,135,314)	(78.0)%
Financing cost	**(6,659,118)**	**(5,445,565)**	**(1,213,553)**	**22.3%**
Foreign exchange gain	1,629,570	980,772	648,798	66.1%
Return on investments	1,915,389	1,766,647	148,742	8.4%
Financial income	**3,544,959**	**2,747,419**	**797,540**	**29.0%**
Equity in the result of associates	507,668	376,918	130,750	34.7%
Profit before income tax	26,999,297	23,194,151	3,805,146	16.4%
Income taxes	(7,498,083)	(5,796,912)	(1,701,171)	(29.4)%
Consolidated net income	**19,501,214**	**17,397,239**	**2,103,975**	**12.1%**

Total Revenue

Total revenue for the year ended December 31, 2023 increased by Ps.19,958 million, or 11.3%, to Ps.195,992 million from Ps.176,034 million for the year ended December 31, 2022. This increase in total revenue reflects a positive performance in each of our total revenue sources resulting from the trends discussed below.

- *Liverpool – Commercial and Services Operations*. Liverpool's net sales of merchandise for the year ended December 31, 2023 increased by Ps.14,744 million, or 10.6%, to Ps.153,606 million from Ps.138,862 million for the year ended December 31, 2022, primarily as a result of a successful commercial strategy, an improvement in volumes due to an increase of sales through digital channels, effective inventory management and a positive response from our customers. During 2023, we inaugurated Liverpool Parque Tepeyac in Mexico City and launched the "Liverpool Express" banner, our newest and smallest format (400 square meters). By the end of 2023, we had 17 smaller format Liverpool Express stores. According to ANTAD, for the year ended December 31, 2023, same store sales by department stores grew 4.4% as compared to the year ended December 31, 2022 while Liverpool's same store sales grew by 8.6% during the same period. In addition, the Liverpool Pocket App saw a 15.0% increase in active users. Liverpool's digital platform sales, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services digital sales, represented 25.8% of Liverpool's total retail sales, with an overall growth of 25.8% compared to the previous year. For the year ended December 31, 2023, out of all digital sales, 39.0% were delivered through the "Click & Collect" modules located at each Liverpool, Liverpool Express and Suburbia.

- *Suburbia – Commercial and Services Operations.* Suburbia's net sales of merchandise for the year ended December 31, 2023 increased by Ps.1,332 million, or 6.6%, to Ps.21,582 million from Ps.20,248 million for the year ended December 31, 2022, primarily as a result of an increase of sales through digital channels and the successful continuation of its process of evolution and change by

implementing strategic initiatives, such as updating of private label-brands, signage, visual presentation and department layout. During 2023, we opened 10 Suburbia stores. According to ANTAD, for the year ended December 31, 2023, store sales by department stores grew 4.4% as compared to the year ended December 31, 2022 while Suburbia's same store sales grew by 4.7% during the same period. Digital sales began to play an increasing role in Suburbia's growth during 2023, increasing by 113.6% compared to 2022.

- *Credit Operations*. Interest earned from customers of our credit operations for the year ended December 31, 2023 increased by Ps.3,069 million, or 23.2%, to Ps.16,268 million from Ps.13,200 million for the year ended December 31, 2022, primarily as a result of an increase in the volume of purchases with our credit cards during the year ended December 31, 2023 and the new credit products added to our portfolio. For this period, the combined non-performing loan rate for Liverpool and Suburbia credit cards was 2.7%, showing an increase of only 35 basis points compared to the previous year, which reflects proper management of credit risk. For the year ended December 31, 2023, we had about 7.3 million cardholders, 8.9% higher than the previous year. By business, the Liverpool credit card had more than 5.2 million holders and the Suburbia credit card had more than 1.6 million holders.

- *Real Estate Operations*. Leasing of investment property from our real estate operations for the year ended December 31, 2023 increased by Ps.813 million, or 21.8%, to Ps.4,535 million from Ps.3,722 million for the year ended December 31, 2022, primarily as a result of an occupancy rate of 92.3%, a 200 basis points increase compared to the previous year, as well as due to the renovations carried out at three of our shopping centers, Perisur, Galerías Insurgentes and Galerías Monterrey, which led to a 15.4% increase in GLA.

Cost of Sales

Cost of sales for the year ended December 31, 2023 increased by Ps.9,294 million, or 8.6%, to Ps.116,871 million from Ps.107,577 million for the year ended December 31, 2022. Cost of sales increased less than our total revenue as a result of effective commercial planning and also a shift in product mix to apparel which has higher margins.

Provision for Credit Losses

Provision for credit losses for the year ended December 31, 2023 increased by Ps.1,098 million, or 61.3%, to Ps.2,889 million from Ps.1,791 million for the year ended December 31, 2022. This increase in provision for credit losses was primarily driven by the growth in our overall credit card portfolio which grew by 23.0% in the same period and the expected rise in non-performing loans driven by such expansion.

Administrative Expenses

Administrative expenses for the year ended December 31, 2023 increased by Ps.5,475 million, or 13.3%, to Ps.46,625 million from Ps.41,150 million for the year ended December 31, 2022. This increase in administrative expenses was primarily a result of variable costs related to sales increases, minimum wage increases, incremental wage expense due to new hirings and above average wage-inflation in growth areas such as, logistics, digital commerce and technology.

Operating Income and Operating Margin

Operating income for the year ended December 31, 2023 increased by Ps.4,090 million, or 16.0%, to Ps.29,606 million from Ps.25,515 million for the year ended December 31, 2022. Operating margin for the year ended December 31, 2023 increased by 60 basis points, to 15.1% from 14.5% for the year ended December 31, 2022. These changes reflect the effects of costs of sales and expenses on our consolidated revenue for the period.

Financing Cost

Financing cost for the year ended December 31, 2023 increased by Ps.1,214 million, or 22.3%, to Ps.6,659 million from Ps.5,446 million for the year ended December 31, 2022. This increase in financing cost was primarily a result of the depreciation of the Mexican peso and the effect on our U.S. dollar denominated indebtedness.

Equity in the Result of Associates

Equity in the result of associates for the year ended December 31, 2023 increased by Ps.131 million, or 34.7%, to Ps.508 million from Ps.377 million for the year ended December 31, 2022. This increase in equity was driven because of the good numbers of Moda Joven Sfera and an improvement in Unicomer results.

Income Taxes

Income tax expense for the year ended December 31, 2023 increased by Ps.1,701 million, or 29.4%, to Ps.7,498 million from Ps.5,797 million for the year ended December 31, 2022. The effective tax rate for each fiscal year represents the average rate at which our consolidated profit before income tax is taxed. Our effective tax rate for the year ended December 31, 2023 increased to 28.0%, compared to 25.0% in 2022, primarily as a result of a decrease in deferred income tax.

Consolidated Net Income

For the reasons described above, consolidated net income for the year ended December 31, 2023 increased by Ps.2,103 million, or 12.1%, to Ps.19,501 million from Ps.17,397 million for the year ended December 31, 2022. Net margin for the year ended December 31, 2023 showed no change from the year ended December 31, 2022, remaining at 9.9%.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

The following table shows certain income statement information for the years ended December 31, 2022 and 2021.

	Year Ended December 31,			
	2022	**2021**	**Change**	
SUMMARY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	**(in thousands of Ps.)**			**(in %)**
Operating revenue:				
Net sales of merchandise	157,606,549	135,700,434	21,906,115	16.1%
Interest income from customers	13,199,946	11,138,534	2,061,412	18.5%
Leasing of investment property	3,721,874	3,090,038	631,836	20.4%
Services	1,134,990	780,745	354,245	45.4%
Other income	370,361	311,994	58,367	18.7%
Total revenue	**176,033,720**	**151,021,745**	**25,011,975**	**16.6%**
Costs and expenses:				
Cost of sales	107,576,972	93,950,314	13,626,658	14.5%
Provision for credit losses	1,791,024	1,859,558	(68,534)	(3.7)%
Administrative expenses	41,150,345	36,478,513	4,671,832	12.8%
Total costs and expenses	**150,518,341**	**132,288,385**	**18,229,956**	**13.8%**
Operating income	**25,515,379**	**18,733,360**	**6,782,019**	**36.2%**
Interest expense	(3,989,142)	(4,649,854)	660,712	14.2%
Foreign exchange loss	(1,456,423)	(1,033,370)	(423,053)	(40.9)%
Financing cost	**(5,445,565)**	**(5,683,224)**	**237,659**	**4.2%**
Foreign exchange gain	980,772	1,324,545	(343,773)	(26.0)%
Return on investments	1,766,647	1,276,461	490,186	38.4%
Financial income	**2,747,419**	**2,601,006**	**146,413**	**5.6%**
Equity in the result of associates	376,918	737,292	(360,374)	(48.9)%
Profit before income tax	23,194,151	16,388,434	6,805,717	41.5%
Income taxes	(5,796,912)	(3,510,175)	(2,286,737)	(65.1)%
Consolidated net income	**17,397,239**	**12,878,259**	**4,518,980**	**35.1%**

Total Revenue

Total revenue for the year ended December 31, 2022 increased by Ps.25,012 million, or 16.6%, to Ps.176,034 million from Ps.151,023 million for the year ended December 31, 2021. This increase in total revenue reflects a positive performance in each of our total revenue sources resulting from the trends discussed below.

- *Liverpool – Commercial and Services Operations*. Liverpool's net sales of merchandise for the year ended December 31, 2022 increased by Ps.20,251 million, or 17.1%, to Ps.138,862 million from Ps.118,610 million for the year ended December 31, 2021, primarily as a result of a successful omni-channel strategy and customer service initiatives, as well as an improvement in volumes due to an increase of sales through digital channels. During 2022, we inaugurated Liverpool Mitikah in Mexico City and Liverpool Tijuana. According to ANTAD, for the year ended December 31, 2022, same store sales by department stores grew 11.9% as compared to the year ended December 31, 2022 while Liverpool's same store sales grew by 16.4% during the same period. In addition, the Liverpool Pocket App saw a 36.3% increase in active users, proving to be a key pillar of our omni-channel strategy. Liverpool's digital platform sales, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services digital sales, represented 23.0% of Liverpool's total retail sales, with an overall growth of 20.0% compared to the previous year. For the year ended December 31, 2022, out of all digital sales, 37.0% were delivered through the "Click & Collect" modules located at each Liverpool, Liverpool Express and Suburbia locations.

- *Suburbia – Commercial and Services Operations.* Suburbia's net sales of merchandise for the year ended December 31, 2022 increased by Ps.2,067 million, or 11.4%, to Ps.20,250 million from Ps.18,182 million for the year ended December 31, 2021, primarily as a result of the successful continuation of its process of evolution and change by implementing strategic initiatives, such as updating private label-brands, signage, visual presentation and department layout, aiming for a consistent offering across all our locations, and enhancing the customer experience. During 2022, we opened 15 Suburbia stores. According to ANTAD, for the year ended December 31, 2022, same store sales by department stores grew 11.9% as compared to the year ended December 31, 2021 while Suburbia's same store sales grew by 9.0% during the same period. Digital sales for Suburbia decreased Ps.12.8% during the period primarily as a result of a revamp of Suburbia's website and its store look and feel, which didn't yield results until a later period.

- *Credit Operations*. Interest earned from customers of our credit operations for the year ended December 31, 2022 increased by Ps.2,061 million, or 18.5%, to Ps.13,200 million from Ps.11,138 million for the year ended December 31, 2021, primarily as a result of an increase in the volume of purchases with our credit cards during the year ended December 31, 2022. For this period, the combined non-performing loan rate for Liverpool and Suburbia credit cards was 2.6%, showing an increase of only 19 basis points compared to the previous year, which reflects proper management of credit risk. For the year ended December 31, 2022, we had about 6.7 million cardholders, 10.1% higher than the previous year. By business, the Liverpool credit card had more than 5.3 million holders and the Suburbia credit card had more than 1.4 million holders.

- *Real Estate Operations*. Leasing of investment property from our real estate operations for the year ended December 31, 2022 increased by Ps.631 million, or 20.4%, to Ps.3,722 million from Ps.3,090 million for the year ended December 31, 2021, primarily as a result of an occupancy rate of 90.3%, slightly higher than the end of the previous year, which drove an improvement in revenue.

Cost of Sales

Cost of sales for the year ended December 31, 2022 increased by Ps.13,627 million, or 14.5%, to Ps.107,577 million from Ps.93,950 million for the year ended December 31, 2021, as a result of a corresponding increase in sales, primarily apparel which recovered from pandemic era levels, as well as an increase in logistics expense and the normalization of spring-summer clearance sales. These increases were partially offset by a change in the product mix towards higher margin items.

Provision for Credit Losses

Provision for credit losses for the year ended December 31, 2022 decreased by Ps.68 million, or 3.7%, to Ps.1,791 million from Ps.1,860 million for the year ended December 31, 2021. This decrease in provision for credit losses was primarily due to better than expected performance collection on overdue accounts as well as a decrease in new reserves and write offs during the year.

Administrative Expenses

Administrative expenses for the year ended December 31, 2022 increased by Ps.4,672 million, or 12.8%, to Ps.41,150 million from Ps.36,479 million for the year ended December 31, 2021. This increase in administrative expenses was primarily a result of variable costs related to sales increases, minimum wage increases, incremental wage expense due to new hirings and above average wage-inflation in growth areas such as, logistics, digital commerce and technology.

Operating Income and Operating Margin

Operating income for the year ended December 31, 2022 increased by Ps.6,782 million, or 36.2%, to Ps.25,515 million from Ps.18,733 million for the year ended December 31, 2021. Operating margin for the year ended December 31, 2022 showed an increase of 210 basis points, to 14.5% from 12.4% for the year ended December 31, 2021. These changes reflect the effects of costs of sales and expenses on our consolidated revenue for the period.

Financing Cost

Financing cost for the year ended December 31, 2022 decreased by Ps.237 million, or 4.2%, to Ps.5,446 million from Ps.5,683 million for the year ended December 31, 2021. This decrease in financing cost was primarily a result of a decrease in interest payment due to US$250 million partial prepayment of our .875% Notes due 2026.

Equity in Income of Associates

Equity in income of associates for the year ended December 31, 2022 decreased by Ps.360 million, or 48.9%, to Ps.377 million from Ps.737 million for the year ended December 31, 2021. This decrease in equity in income of associates was mainly related to Unicomer's results, which reflected a weak domestic market in most of the countries in which it operates, along with a deterioration in profitability due to a lower commercial margin, higher operating expenses related to digitalization initiatives and an increase in bad debts, associated to the recovery of the loan portfolio.

Income Taxes

Income tax expense for the year ended December 31, 2022 increased by Ps.2,287 million, or 65.1%, to Ps.5,797 million from Ps.3,510 million for the year ended December 31, 2021. Our effective tax rate increased to 25.4%, compared to 22.4% in 2021, primarily as a result of a decrease in deferred income tax.

Consolidated Net Income

For the reasons described above, consolidated net income for the year ended December 31, 2022 increased by Ps.4,519 million, or 35.1%, to Ps.17,397 million from Ps.12,878 million for the year ended December 31, 2021. Net margin for the year ended December 31, 2022 showed an increase of 140 basis points, to 9.9% from 8.5% for the year ended December 31, 2021.

Liquidity and Capital Resources

Liquidity

Liquidity represents our ability to generate sufficient cash flows from operating activities to meet our obligations as well as our ability to obtain appropriate financing. Therefore, liquidity cannot be considered separately from capital resources that consist primarily of current and potentially available funds for use in achieving our objectives. Currently, our liquidity needs arise primarily from capital expenditures, working capital requirements, debt payments and dividends. In order to satisfy our liquidity and capital requirements, we primarily rely on our own capital, including cash generated from operations.

Cash Flows Provided by Operating Activities

The following tables set forth certain of our cash flow data for the nine months ended September 30, 2024 and 2023, and the years ended December 31, 2023, 2022 and 2021.

	September 30,		Year ended December 31,		
	2024	2023	2023	2022	2021
	(in thousands of Ps.)				
CASH FLOW STATEMENT INFORMATION					
Net cash flows from (used in) operating activities	1,866,415	1,852,735	23,360,599	18,677,162	26,122,930
Net cash flows from (used in) investment activities	(7,335,357)	(5,673,998)	(8,769,603)	(14,769,551)	(6,068,501)
Net cash flows from (used in) financing activities	(6,179,719)	(5,810,464)	(8,848,634)	(11,816,482)	(13,637,353)
Increase (decrease) of cash and temporary investments	(11,648,661)	(9,631,727)	5,742,362	(7,908,871)	6,417,076
Cash and cash equivalents at the beginning of the period	29,807,166	24,516,254	24,516,254	32,494,873	26,195,936
Effects of exchange rate changes on cash and cash equivalents	—	—	(451,450)	(69,784)	(118,139
Cash and cash equivalents at the end of the period	18,158,505	14,884,527	29,807,166	24,516,254	32,494,873

Net Cash Flows Used in Operating Activities

Nine months ended September 30, 2024 and 2023

For the nine months ended September 30, 2024, net cash flows provided by operating activities increased by Ps.13 million to Ps.1,866 million as compared to Ps.1,852 million for the nine months ended September 30, 2023, primarily as a result of favorable results in revenue generation and collection.

Years ended December 31, 2023 and 2022

For the year ended December 31, 2023, net cash flows provided by operating activities increased by Ps.4,683 million to Ps.23,361 million as compared to Ps.18,677 million for the year ended December 31, 2022, primarily as a result of an increase in revenue from operations.

Years ended December 31, 2022 and 2021

For the year ended December 31, 2022, net cash flows provided by operating activities decreased by Ps.7,446 million to Ps.18,677 million as compared to Ps.26,123 million for the year ended December 31, 2021, primarily as a result of a decrease in revenue from operations.

Net Cash Flows Used in Investment Activities

Nine months ended September 30, 2024 and 2023

For the nine months ended September 30, 2024, net cash flows used in investment activities increased by Ps.1,661 million to Ps.7,335 million as compared to Ps.5,674 million for the nine months ended September 30, 2023, primarily as a result of investments in logistics and information technology projects, remodeling, expansions and openings (including investment in the Altama City Center).

Years ended December 31, 2023 and 2022

For the year ended December 31, 2023, net cash flows used in investment activities decreased by Ps.5,999 million to Ps.8,769 million as compared to Ps.14,770 million for the year ended December 31, 2022, primarily as a result of our Arco Norte national logistics center investment, remodeling, expansions and new openings.

Years ended December 31, 2022 and 2021

For the year ended December 31, 2022, net cash flows used in investment activities increased by Ps.8,701 million to Ps.14,770 million as compared to Ps.6,069 million for the year ended December 31, 2021, primarily as a result of investments in logistics and information technology.

Net Cash Flows Used in Financing Activities

Nine months ended September 30, 2024 and 2023

For the nine months ended September 30, 2024, net cash flows used in financing activities increased by Ps.369 million to Ps.6,180 million as compared to Ps.5,810 million for the nine months ended September 30, 2023, primarily as a result of the exchange rate due to the devaluation of Mexican peso and the effect on our U.S. dollar denominated indebtedness.

Years ended December 31, 2023 and 2022

For the year ended December 31, 2023, net cash flows used in financing activities decreased by Ps.2,968 million to Ps.8,849 million as compared to Ps.11,816, million for the year ended December 31, 2022, primarily as a result of the repayment of our Ps.1,900 million bond (LIVEPOL 12-2), Ps.1,500 million bond (LIVEPOL17-2) and the effect of exchange rates on our U.S. dollar denominated indebtedness.

Years ended December 31, 2022 and 2021

For the year ended December 31, 2022, net cash flows from financing activities decreased by Ps.1,821 million to Ps.11,816 million as compared to Ps.13,637 million for the year ended December 31, 2021, primarily as a result of a decrease in interest payment due to the US $250 million prepayment for our 3.875% Notes due 2026.

Borrowings from Banks and Other Financial Institutions

Our total consolidated indebtedness increased to Ps. 29,157 million as of September 30, 2024 from Ps. 26,976 million (including long-and short-term debt) as of December 31, 2023, or 8.1%, primarily as a result of a minor increase mainly of our short-term credit lines.

On October 2, 2014, we obtained U.S.$300 million through our offering of 3.95% notes due 2024, or the 3.95% Notes due 2024, issued to refinance indebtedness, to finance our capital expenditures and for other general corporate purposes. As of the date of this offering memorandum, we have paid in full the aggregate principal amount under our 3.95% notes due 2024.

On October 6, 2016, we obtained U.S.$750 million through our offering of 3.875% notes due 2026, or the 3.875% Notes due 2026, issued to finance our capital expenditures and a portion of the purchase price of the Suburbia acquisition, and for other general corporate purposes.

We also issued and have outstanding the following senior notes (*certificados bursátiles*) in the Mexican capital markets, some of which were issued under a program, authorized by the CNBV in 2017 up to the amount of Ps.30,000 million.

- Notes (*certificados bursátiles*) in the aggregate amount of Ps.3,500 million, maturing in August 2027 and bearing interest at a rate of 7.94%, or the 7.94% Notes due 2027;

- Notes (*certificados bursátiles*) in the aggregate amount of Ps.5,000 million, maturing in November 2029 and bearing interest at a rate of 7.96%, or the 7.96% Notes due 2029; and

- Notes (*certificados bursátiles*) in the aggregate amount of Ps.5,000 million, maturing in August 2030 and bearing interest at a rate of 8.03%, or the 8.03% Notes due 2030.

The instruments governing such senior notes (*certificados bursátiles*) contain certain covenants, including limitations on sale of assets and limitations on certain consolidations, mergers, sales or conveyances. As of the date of this offering memorandum we are in compliance in all material respects with such covenants.

The following table sets forth our outstanding financial indebtedness as of the dates indicated below:

	As of September 30,		As of December 31,			
	2024	2024				
	Unaudited		2023		2022	2021
	(in millions of U.S.$)[1]	(in millions of Ps.)[2]	(in millions of U.S.$)[1]	(in millions of Ps.)[2]		
7.64% Notes (certificados bursátiles) due 2022	—	—	—	—	—	1,900
TIIE + 0.25% Notes (certificados bursátiles) due 2022	—	—	—	—	—	1,500
7.94% Notes (certificados bursátiles) due 2027	178	3,500	178	3,500	3,500	3,500
7.96% Notes (certificados bursátiles) due 2029	255	5,000	255	5,000	5,000	5,000
8.03% Notes (certificados bursátiles) due 2030	255	5,000	255	5,000	5,000	5,000
3.95% Notes due 2024[3]	300	5,889	300	5,889	5,895	5,899
3.875% Notes due 2026 [4]	498	9,768	498	9,768	9,778	9,785
Interest payable	354	6,939	394	7,734	9,449	11,165
Long-term debt	1,840	36,096	1,880	36,891	38,623	43,749

(1) Converted to U.S. dollars for convenience only at the rate of Ps. 19.629 per US$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette

(2) The U.S. dollar amount for debt denominated in U.S. dollars represents the outstanding balance in Mexican pesos of such debt as of the relevant date registered in the audited consolidated financial statements or in the unaudited condensed consolidated interim financial statements, respectively, converted to U.S. dollars using the convenience conversion exchange rate used throughout this offering memorandum.

(3) Paid in full on October 2, 2024.

(4) On September 22, 2021 we paid an aggregate principal amount of US$252 million of our 2.875% notes due 2026.

We continuously explore financing alternatives, which may include future issuances of additional senior notes (*certificados bursátiles*) in the local and international capital markets.

In addition, from time to time letters of credit are issued at our request by financial institutions to secure payments to some of our suppliers. As of the date of this offering memorandum, no amounts have been drawn under any such letter of credit in respect of which we have a reimbursement obligation that is outstanding.

Capital Expenditures

We make and expect to continue to make capital expenditures to finance our land acquisition, construction, development and renovation of department stores and shopping centers, and investments in our digital platform and distribution network. For the years ended December 31, 2023, 2022 and 2021, we made capital expenditures of Ps.8,619 million, Ps.7,871 million, Ps.5,975 million, respectively. For the nine months ended September 30, 2024 we made capital expenditures of Ps.8,490 million. Historically, a high proportion of our capital expenditures have been used for the expansion of our business, and such capital expenditures have been financed mainly through retained earnings.

We have traditionally been able to rely on cash generated from operations to fund our capital expenditures program with a combination of cash flows from operations and additional financing. We cannot assure you that we will generate sufficient cash flow from operations, or that we will have access to external financing sources to adequately fund such or any future capital expenditures. See “Risk Factors—Risks Related to Our Business and

Industry—Our business is capital-intensive and we may not be able to generate sufficient cash flows from operations or obtain the funding required to make capital expenditures and/or implement our investment strategy."

See "Cautionary Statement Regarding Forward-Looking Statements" elsewhere in this offering memorandum.

Dividends

We do not have a policy with respect to the payment of dividends. However, as part of our value-creation strategy, we have consistently paid dividends to our shareholders. During 2021, 2022 and 2023 dividends paid totaled Ps.$1.70, Ps$2.61 and Ps.$2.95 per-share (nominal pesos), respectively.

Adoption of new and amended International Financial Reporting Standards

As of January 1, 2023, the following standards and interpretations below became effective and have since been implemented by us as described below. However, none of the changes listed below had an impact on the amounts recognized in prior periods.

- Insurance contracts now must be recognized under IFRS 17. IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: i) discounted probability-weighted cash flows, ii) an explicit risk adjustment, and iii) a contractual service margin representing the unearned profit of the contract which is recognized as revenue over the coverage period. The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17.

- Disclosure of accounting policies – Modifications to IAS 1 and Practice Statement No.2 of IFRS. The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

- Definition of accounting estimates – Modifications to IAS 8. The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Deferred tax related to assets and liabilities arising from a single transaction - Modifications to IAS 12. Until December 31, 2022, the Company recognized and presented in the notes the deferred tax derived from leases on a net basis and this modification requires recognition and presentation in gross form. The net recognition gave a similar amount to the gross recognition; therefore, it had no impact on the statement of financial position. However, the presentation in the notes changed and the Company recognized a deferred tax asset in relation to its liability. for lease and a deferred tax liability in relation to its right-of-use assets, both in 2022 and 2023. (See Note 22 to our consolidated financial statements included elsewhere in this offering memorandum).

- International tax reform - Pillar two model rules - amendments to IAS 12. The Company is not within the scope of the Pillar two model rules because this legislation has not been enacted in the jurisdiction where the Company operates. Because Pillar two legislation is not effective at the reporting date, the Company has no current tax exposure and applies the exception to recognize and

disclose information on deferred tax assets and liabilities related to Pillar two income tax, as provided in the amendments to IAS 12 issued in May 2023.

Standards and amendments that will become effective on or after January 1, 2025

The following standards and interpretations had been issued as of June 30, 2024, but were not mandatory for annual reporting periods ending on December 31, 2024.

- Amendments to IAS 21 - Lack of Exchangeability. In August 2023, the IASB amended IAS 21 to add requirements to help entities to determine whether a currency is exchangeable into another currency, and the spot exchange rate to use when it is not. Prior to these amendments, IAS 21 set out the exchange rate to use when exchangeability is temporarily lacking, but not what to do when lack of exchangeability is not temporary. These new requirements will apply for annual reporting periods beginning on or after 1 January 2025. Early application is permitted (subject to any endorsement process).

- Amendments to the Classification and Measurement of Financial Instruments –Amendments to IFRS 9 and IFRS 7. On 30 May 2024, the IASB issued targeted amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to respond to recent questions arising in practice, and to include new requirements not only for financial institutions but also for corporate entities. These amendments: (a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; (b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; (c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some financial instruments with features linked to the achievement of environment, social and governance targets); and (d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI). The amendments in (b) are most relevant to financial institutions, but the amendments in (a), (c) and (d) are relevant to all entities. The amendments to IFRS 9 and IFRS 7 will be effective for annual reporting periods beginning on or after January 1, 2026, with early application permitted subject to any endorsement process.

- IFRS 18 Presentation and Disclosure in Financial Statements. This is the new standard on presentation and disclosure in financial statements, which replaces IAS 1, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: (i) the structure of the statement of profit or loss with defined subtotals; (ii) requirement to determine the most useful structure summary for presenting expenses in the statement of profit or loss (iii) required disclosures in a single note within the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and (iv) enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

- IFRS 19 Subsidiaries without Public Accountability: Disclosures. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements; and it applies instead the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if: (i) it does not have public accountability; and (ii) it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

Critical Accounting Policies

The preparation of financial statements in conformity with IFRS requires that management make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting policies used in the preparation of our consolidated financial statements included elsewhere in this offering memorandum are those that are important both to the presentation of financial condition and results of operations, as well as those that require significant judgments with regard to estimates used in arriving at recognition of amounts in the financial statements.

We believe that the following critical accounting policies involve a greater degree of judgment and complexity than our other significant accounting policies. Accordingly, these are the policies we believe are the most critical to understanding when evaluating our consolidated financial condition and results of operations. Our significant accounting policies are more fully described in the notes accompanying our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements included elsewhere in this offering memorandum.

Revenue recognition

Income represents the fair value of cash collected or receivable arising from the sale of goods or the rendering of services in the normal course of our operations. Income is shown net of discounts granted to customers.

We use the IFRS 15 methodology for revenue recognition based on the following:

- identification of the contract with the client;
- identification of the performance obligations;
- determination of the transaction price;
- assignment of the transaction price to performance obligations; and
- recognize income as performance obligations are met.

Sale of merchandise

Revenue from merchandise sales is recognized when the customer buys in stores, over the phone or on the internet and takes possession of the goods at the time the merchandise is delivered. We do not consider the sale of merchandise and its delivery as separate performance obligations because customers obtain control of the goods at the time of delivery. For promotional sales without monthly interest for less than one year, as a practical solution, we do not adjust the amount of such sales and recognize them at full value, in accordance with the provisions of IFRS 15. For sales without monthly interest exceeding one year, we have assessed that the amount of the discount for such sales is not significant.

Sales in which the customer has obtained control of a product in a post-billing delivery agreement are considered as a sale of merchandise for the corresponding period, when all the following criteria are met:

- the reason for the post-billing delivery agreement is requested by the customer;
- the product is identified separately as belonging to the customer;

- the product is currently ready for physical transfer to the customer; and

- we may not have the ability to use the product or redirect it to another customer.

Our policy is to allow the return of certain items sold. Customer returns usually involve a change of size or color. However, in cases in which the customer definitively wishes to return the product, we allow customers to credit the value of the merchandise to their account, if the purchase was made with our own cards, or to return the amount of the purchase in an e-wallet or a credit to the customer's bank credit card, if the purchase was made in cash or with external cards, respectively.

E-wallets and gift certificates

- E-wallets – we offer promotions, some of which involve benefits granted to its customers represented by e-wallets, the value of which is referred to as a percentage of the selling price. E-wallets can be used by customers to settle future purchases at the our stores or online. Once an electronic wallets is issued, they are recognized in the deferred income account in the consolidated financial position. We deduct the amount granted to our customers in e-wallets from our revenue. This account is canceled when the customer redeems the E-wallet; whether partially or entirely through the purchase of merchandise and we recognize a corresponding amount of revenue. In our experience, the likelihood of customers using e-wallets accounts that have been inactive for 24 months is very low. Therefore, e-wallets showing these characteristics are canceled, with a credit to sales.

- Gift certificates – We also offer to our customers gift certificates with no specific expiration date. Upon their sale, gift certificates are recognized in the deferred revenue account in our consolidated statement of financial position. This account is cancelled when the customer redeems the gift certificate; whether partially or entirely, through the acquisition of merchandise, recognizing revenue in the same amount. In our experience, the likelihood of customers using gift certificates that have been inactive for 24 months is remote. Therefore, gift certificates with these characteristics are set off against service income.

Interest income

In accordance with IFRS 9 "Financial Instruments," interest income is recognized by the effective interest rate method. Late payment of interest is recorded as income as it is collected.

Lease revenue

Leases are recognized as a right-of-use asset and a liability corresponding to the date the leased asset is available for use by us in accordance with IFRS 16.

Assets and liabilities derived from a lease are initially measured at present value. Lease liabilities include the net present value of the following payments:

- Fixed payments (including if they are substantial), less lease incentives receivable;

- Variable lease payments that are based on an index or rate; initially measured using the index or rate on the start date;

- The amounts expected to be payable by us in the guarantee of residual value;

- Price of exercising a purchase option if we have reasonable certainty of exercising this option; and

- Penalty payments for the termination of the lease agreement, if the terms of the lease reflect that we will exercise this option.

Lease payments that will be made under renewal options with reasonable certainty of being exercised are also included in the measurement of the liability.

The determination of lease liabilities is made using the interest rate implicit in the lease. However, that rate cannot be easily determined, so we use the incremental financing rate, which is the rate that we would have to pay to borrow the necessary funds to obtain an asset of similar value to the right of use of assets in a similar economic environment with similar terms, guarantees and conditions.

The right-of-use assets are measured at cost, including the following:

- The amount of the initial measurement of the lease liability;
- Any lease payment made on or before the commencement date minus any lease incentive received;
- Any initial direct costs; and
- Restoration costs.

The right-of-use assets are generally depreciated in a straight line during the shortest period between the useful life of the asset and the lease term. If we are reasonably certain to exercise a purchase option, the right-of-use asset depreciates during the useful life of the underlying asset.

We applied the practical file IFRS 16 "Rent concessions related to COVID-19" to recognize the forgiveness of leasing of buildings received as a result of the pandemic until December 31, 2022 for an amount of $7,186, this amount was recognized as variable income and is included in administration expenses.

We applied the exemption for the recognition of low-value assets, which include electronic tablets, printing equipment and small items of office furniture.

Payments associated with short-term leases of furniture and equipment, vehicles and all leases of low-value assets are recognized under the straight-line method as an expense in results. Short-term leases are leases with a lease term of 12 months or less.

Services and other

Service income is recognized when the customer receives the benefit of the service, such as: beauty salon, travel agency, opticians or interior design.

Provision for impairment of loan portfolio

We recognize future losses in the portfolio based on the level of impairment of credit risk. The impairment methodology depends on whether there has been a significant increase in credit risk. Once we have classified our financial assets according to their credit risk, they are evaluated individually or collectively to identify signs of impairment and thus recognize the provision for impairment arising from credit risk. We prospectively assess expected credit losses related to our financial assets carried at amortized cost.

The key information used to measure the provision for expected credit losses includes the following parameters:

- *Probability of Default* – To measure the expected credit losses, the Liverpool credit card loan portfolio has been grouped according to the credit risk characteristics as described below, including the days of non-compliance and the historical performance of the portfolio. In the case of the Suburbia and Suburbia VISA portfolio, we use the simplified approach, because it is a recently created product with not enough history to generate its own models. The simplified approach considers a period of 3 years in accordance with the provisions of IFRS 9.

- *Significant Increase in Credit Risk* – The significant increase in credit risk is estimated based on the change between the probability of default at the account was originated and the probability of default of that account at the time of calculating the provision. If certain thresholds are exceeded, we recategorize the credit from stage 1 to stage 2.

- *Loss Given Default* – we estimate the loss given default parameters based on the history of the recovery rate of claims against unpaid credits. The loss given default model measures the recovery of cash.

- *Exposure at Default* – the exposure of default of a financial asset is the gross carrying amount at the time of default and is a measure of the expected exposure at the time of payment default. Exposure of default also considers the portion of the undrawn line of credit that can potentially be exercised in the future.

In determining whether the credit risk of an account has increased significantly since its initial recognition, the Company considers reasonable and supportable information that is relevant and available without further cost or effort, including quantitative and qualitative information. As additional support, the Company assumes that a considerable increase in credit risk occurs when an asset defaults, that is, when loans accumulates 90 days or more without payment.

The expected credit loss model is based on changes in credit quality from initial recognition and considers the following phases. See Note 8 to our financial statements included elsewhere in this offering memorandum for additional information regarding the amount of loans classified under reach stage.

- *Stage 1* – this stage includes loans that have not had a significant increase in credit risk and the basis for recognition of the provision considers expected losses for the next 12 months. The probability of default for stage 1 is determined by the probability of default in the next 12 months.

- *Stage 2* – this phase includes loans that have suffered a considerable increase in credit risk, but for which there is no objective evidence of impairment. Interest income is still calculated on the gross book value of the asset and the recognition basis of the provision considers the expected losses throughout the remaining life of the loan.

- *Stage 3* – this stage includes loans with objective evidence of impairment at the date of each cutoff. Interest income is calculated on the net book value and the recognition basis of the estimate is over the remaining life of the account. For loans in stage 3 the PD considers 100% of probability that the credit will not be recovered.

- *Penalty* – the portfolio is written off when there is no reasonable expectation of recovery. The indicator that there is no reasonable expectation of recovery is that the debtor does not propose a payment plan to the Company, after 150 days without payment, from that moment, the credits are automatically assigned to the external lawyers' firms specialized in collection to continue the collection efforts, and when reaching 240 days without receiving payments, they are canceled from the accounting.

Loan portfolio impairment losses are presented as net impairment losses within operating income. Subsequent recoveries of amounts previously paid are credited against the same line.

Prospective information incorporated in the Expected Credit Loss

We use prospective information considering historical data and our experience in managing this type of data. Likewise, we carry out a historical analysis to identify the macroeconomic variables that affect expected credit losses, these being the Consumer Confidence Index (ICC5), Gross Domestic Product (GDP) and the Mexican Equilibrium Interbank Interest Rate (TIIE). Based on expected changes in these factors, we adjust historical loss rates. We also stress test the variables that affect the model (GDP, TIIE and ICC5), in order to reflect the increase in risks with respect to historical changes related to the probability cardholder default.

Estimated impairment of intangible assets with an indefinite useful life

The methodology applied by the Company to determine whether goodwill, rights to its brands and other intangibles have suffered any impairment in value is described in Note 14 to our consolidated financial statements included elsewhere in this offering memorandum.

Estimation of useful lives of brands and other intangible assets with an indefinite life

The brands acquired as part of Suburbia have demonstrated their stability by having had permanence in the market for several decades and are well-recognized in Mexico. The knowledge of the operative process of procurement, commercial planning, product design and marketing (called CATMex) is unique in the Mexican market. It has generated economic benefits for Suburbia for several decades. Based on our own experience, during 177 years of operating in Mexico, the Company believes that CATMex will continue to generate cash flows for the Company indefinitely.

To date, no factors limiting the useful life of the aforementioned intangible assets have been identified and there are no legal, regulatory or contractual considerations that limit them, so in the opinion of the Company's Management, it was determined to appoint the brands of Suburbia and CATMex as having an indefinite useful life. (See Note 14 to our consolidated financial statements included elsewhere in this offering memorandum).

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to various risks, including risks relating to real estate, exchange rate, interest rates, liquidity, credit, fair value estimations and climate change. We regularly assess each of these risks to minimize any adverse effects on our business as a result of those factors. See Note 3 to our consolidated financial statements included elsewhere in this offering memorandum.

Off-Balance Sheet Arrangements

We do not currently have transactions involving off-balance sheet arrangements.

MEXICAN RETAIL INDUSTRY

Mexico's Macroeconomic Environment and Demographic Overview

Macroeconomic Environment

Mexico: A large and growing economy with strong fundamentals

Mexico continues to demonstrate strong macroeconomic stability making it an attractive destination for long-term investments. For 2023, Mexico's GDP stood at approximately US$1.8 trillion, positioning it as the second-largest economy in Latin America and the 12th largest globally, according to the World Bank. Since 2010, the country has achieved a steady real GDP growth rate of 2.0%, and growth is expected at 1.5% for 2024 according to the IMF. Key economic indicators support current and future growth, such as a controlled inflation rate of 4.2% in 2024, a low unemployment rate of 3.0% and substantial foreign exchange reserves totaling US$235 billion.

Disciplined fiscal policy contributing to a stable environment for investors

Mexico's prudent fiscal management offers a solid foundation for investment. In 2023, the country achieved a primary fiscal balance of 1.5% and maintained public debt at 57.0% of GDP. The country has investment-grade credit ratings of Baa2/BBB/BBB- from Moody's, S&P, and Fitch, respectively. This disciplined approach underscores Mexico's commitment to fiscal responsibility and economic stability.

Demographic Overview

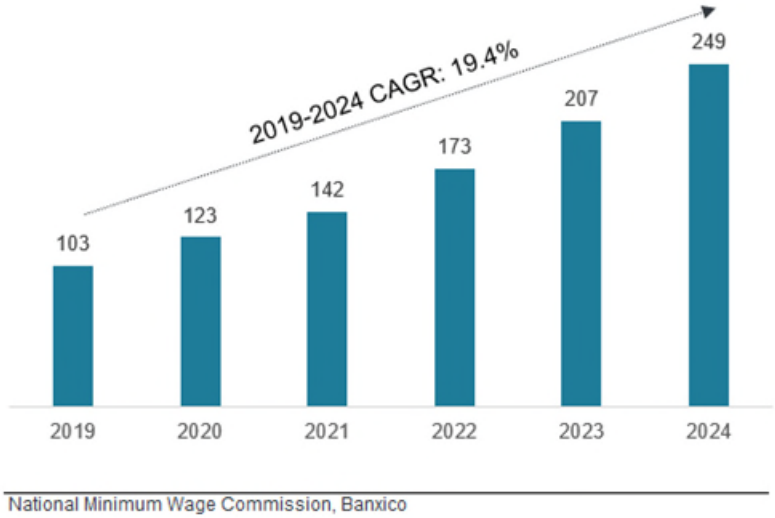
Favorable demographics, with a young and expanding population

The retail sector in Mexico is poised to benefit from demographic trends in Mexico, which has a large and rapidly growing young population. According to the latest data presented by the Mexican Central Bank, the National Institute of Statistics and Geography (INEGI) in 2023, Mexico's population reached 129 million people, making it the second most populous country in Latin America. From 2010 to 2023, Mexico had an average annual population growth rate of 1.0%. This rate was higher than those of other countries in Latin America, the U.S. and the European Union, which experienced an average growth rate of 0.9%, 0.6%, and 0.1%, respectively over the same period, according to the World Bank. According to the Central Intelligence Agency World Factbook, in 2023 the average age in Mexico was 30.6 years, lower than the average age in Brazil (34.7), Chile (36.6) and the United States (38.5).

Favorable Tailwinds Supporting the Mexican Consumer

Consistent real wage growth

Since 2018, Mexico has seen substantial increases in the minimum wage, contributing to greater disposable income for households. The National Minimum Wage Commission reports that over the past five years, the minimum wage has grown at an annual compounded rate of 19.4% in local currency. This growth has outpaced inflation, resulting in real wage increases and enhancing the purchasing power of lower-income households.



Nearshoring: Mexico's strategic position and economic opportunities

Mexico's strategic location and extensive trade agreements bolster its role in supply chain regionalization. Nearshoring trends, driven by the need to reduce costs and logistical challenges, have positioned Mexico as a preferred destination for companies seeking proximity to the U.S. market. In 2023, Mexico became the U.S.'s largest trading partner, with a 20% annual rise in manufacturing Foreign Direct Investment, or FDI, since 2019. The automotive sector attracted $8.5 billion, 40% of total FDI, with expansions from BMW, Volkswagen and others, reinforcing Mexico's manufacturing strength. Additionally, Mexico's young workforce and competitive labor costs further enhance its appeal as a nearshoring hub.

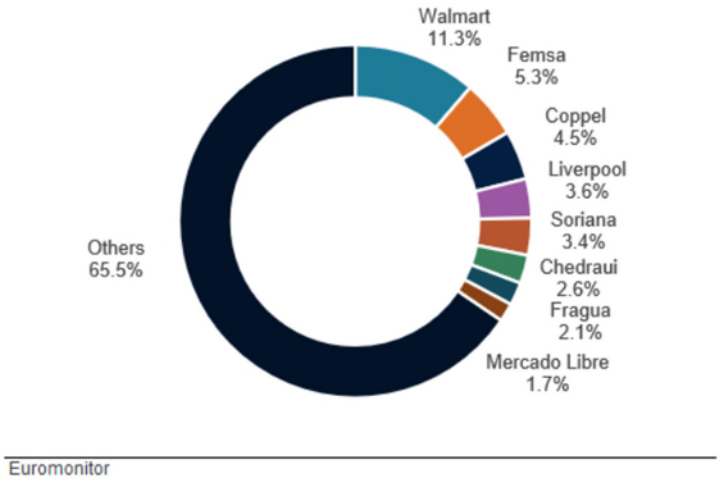
Recent electoral process

The recent electoral process in Mexico was marked by a robust democratic exercise, reflecting the country's ongoing commitment to free and fair elections. The new administration has outlined several key policy priorities aimed at addressing both economic and social challenges. These include initiatives to strengthen economic growth through infrastructure development, enhance social welfare programs and implement healthcare reforms. Additionally, the administration is focused on tackling corruption and improving public security, which are critical for sustaining long-term stability and development. The new administration coincides with a pivotal moment for Mexico, as the country benefits from nearshoring opportunities due to its proximity to the U.S., favorable demographics, logistical advantages and relatively lower wages compared to other countries.

Mexican Retail Industry

The Mexican retail industry is highly fragmented. The main participants in the industry include traditional department stores, vendor owned boutiques, specialty retailers, individual specialty apparel stores, designer boutiques, outlet stores, e-commerce, mail order retailers and "flash-sale" businesses, among others. In addition, certain major U.S. and international retailers have established joint ventures with other Mexican companies that compete with our stores and may continue to do so in the future. Main participants in the department store segment include our company, Coppel and El Palacio de Hierro, though each target different socio-economic segments generally. In the individual specialty apparel stores we face competition from H&M and Inditex brands, like Zara. Increasingly, Mexico has seen an increase in e-commerce retailers such as Shein, Temu, Mercado Libre and Amazon. We also compete with price clubs such as Costco and Sam's Club and other grocery retailers such as Wal-Mex, Soriana and Chedraui. In 2023, Liverpool was one of the leading department store companies among non-grocery retailers, holding a 6.3% market share, second only to Coppel, which had an 11.6% market share.

The graph below shows the integration of the mixed retail industry in terms of sales in 2023. Mixed retail includes department stores, variety stores, mass merchandisers, warehouse clubs and other non-grocery retailers.



Retailing in Mexico experienced healthy growth in 2023 in current value terms, marking the third consecutive year of recovery following the challenges posed by the COVID-19 pandemic, per Euromonitor. This allowed the Mexican retail industry to represent 3.5% of the Mexican GDP for 2023. Such growth is supported by a record high in the Consumer Confidence Index, indicating increased consumer optimism and spending. The recovery of real salaries also contributes to this positive trend, with Mexico being one of the few countries to experience real wage growth in 2023, alongside China and Russia.

Non-store retailing, particularly e-commerce, continues to be a dynamic segment. The channel's growth is driven by rising household internet penetration and increased consumer confidence in online payments. Investments in last-mile delivery and the expansion of online platforms by retailers further supported this growth.

Store-based retailing also showed positive performance, with grocery retailers experiencing significant growth. Discounters emerged as the largest grocery retail channel in terms of value sales, while convenience retailers saw double-digit growth due to strong outlet expansion. Non-grocery retailers, particularly general merchandise stores, also experienced dynamic growth, driven by the opening of new outlets and improvements in the shopping experience.

In general, the Mexican retail market continues to offer strong growth potential, with the overall number of offline outlets surpassing pre-pandemic levels. Such market continues to offer strong organic growth potential given the low levels of formal retail penetration relative to other countries, highlighting opportunities for further expansion. As disposable income and credit penetration grows, this will increase the ratio of formal retail sales participation to total sales.

According to ANTAD, the Mexican formal retail industry sales floor has grown at a CAGR of 3.6% in the last 20 years from 10.9 million square meters in 2003 to 22.1 million square meters in 2023, with additional room for continued expansion.

Department Store segment

The department store segment is anticipated to benefit from similar opportunities as the broader Mexican retail industry as Mexico offers opportunities to the continued growth of the segment through: a combination of share gains from informal channels, increasing shopping frequency from rising income trends, footprint expansion, higher credit penetration and increased assortment. According to the IMF, the macroeconomic outlook in Mexico is positive in the mid-term and there are opportunities for consumers to increase credit and consumption.

Geographic expansion also remains a key opportunity. With over 80 cities in Mexico having populations exceeding 200,000, there is potential to support department stores in these areas. While penetration is high in the largest cities, there is significant room for growth in smaller cities.

The graph below shows the nominal sales growth of self-service stores, department stores and specialized stores:

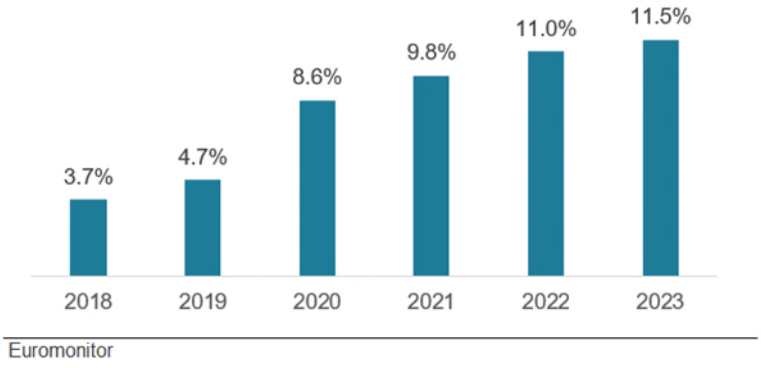


Retail ecommerce and credit card penetration

The internet represents a significant opportunity for retail beyond traditional brick-and-mortar formats. In recent years, retail e-commerce in Mexico has experienced robust growth, with sales increasing by 13% in 2023 to Ps.645 billion. Major platforms like Mercado Libre and Amazon have gained prominence, offering diverse product ranges. E-commerce accounted for 12% of total retail sales, with apparel, health, and electronics among the top categories. This growth is fueled by rising internet penetration, increased use of electronic payments, and growing consumer confidence in online transactions.

According to the AMIPCI, in 2023, 101.9 million Mexicans were internet users, marking a 5.16% increase from 2022. Internet penetration reached 84.4% of the population, with most users having both Wi-Fi and cellular connections. A significant portion of users, 60%, are from middle to high socioeconomic levels, and they are spending more time online, with 61% online for 7-9 hours daily.

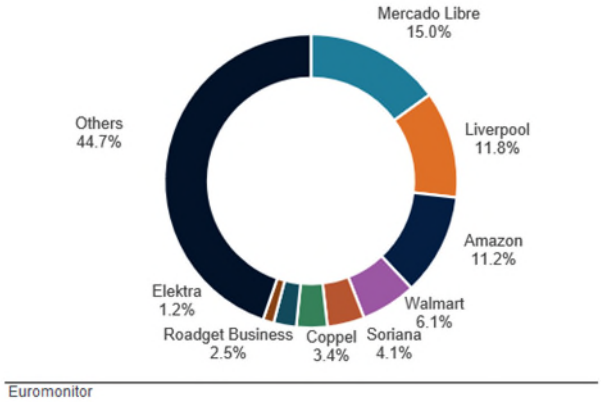
The graph below shows the retail e-commerce sales as percentage of total retail sales:



Despite the rise in internet usage, only 10% of Mexicans held a credit card in 2023, compared to 67% in the U.S. This presents an untapped market for consumer financing, with fintech companies driving growth through alternative credit solutions like buy-now pay-later and store credit. Store-issued cards are increasingly popular, with numbers rising from 48.8 million to 55.7 million between 2021 and 2023, growing faster than debit cards.

Major internet retailers are addressing low credit card penetration by offering flexible payment options, such as cash payments at convenience stores and bank deposits. Internet retailing is projected to grow at a 13% CAGR, reaching Ps.1,185 billion by 2027, supported by increased internet access and a tech-savvy younger generation. Mobile internet subscriptions are expected to rise sharply, further boosting e-commerce. For the year 2023, we were the leading internet apparel retailer in terms of sales according to Euromonitor.

The graph below shows the market share of our main competitors in the internet retail market.



Internet retailing in Mexico is projected to maintain strong growth, with a current value CAGR of 13% over the forecast period, reaching Ps.1,185 billion by 2027. According to the AMIPCI, internet penetration in Mexico reached 84.4% of the population and according to Euromonitor it is projected to reach 89.0% by 2029, a trend that will help support the growth of internet retailing.

Additionally, payment alternatives like PayPal and pick-up-and-pay options are expanding, with credit cards remaining a key online payment method. Retailers are expected to continue adapting to internet retailing, enhancing their online presence and offering promotions to drive sales. Factors such as greater disposable income, a growing middle class, and innovative credit products are likely to support the retail industry's growth in Mexico.

Mexican Consumer Credit Industry

As part of our comprehensive program to support our retail operations, we provide financing through the Liverpool and Suburbia credit cards, which can be used exclusively at our stores. Additionally, we issue the Liverpool Premium Card and Suburbia VISA card, which can be used at any VISA-affiliated business worldwide. We carry the credit risk of our full credit card portfolio. We also provide personal and consumer loans, insurance products and car loans. Our non-performing loan rates were 2.7%, 2.4% and 2.2% as of December 31, 2023, 2022 and 2021 respectively. Our average non-performing loan rate for the nine months ended September 30, 2024 was 4.1%, noting that the third quarter tends to be the highest with non-performing loans and the fourth quarter the lowest.

The Mexican consumer credit market, as well as the retail industry, is primarily affected by macroeconomic factors such as the overall performance of the economy, unemployment, credit demand, demographic growth, exchange rates and interest rates in Mexico, among others.

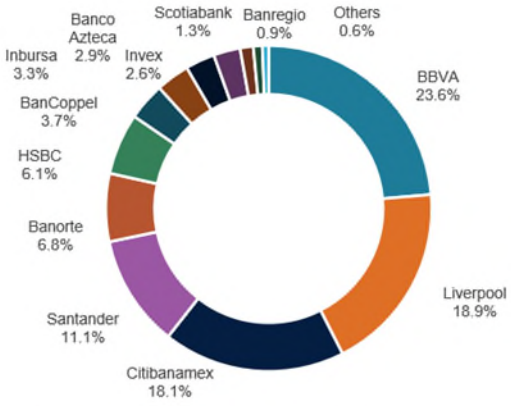
As of June 30, 2024, the Mexican banking system was comprised of 50 private-sector banks and six government owned banks. Mexico's banking system is dominated by foreign-controlled banks, which make up over 70% of the system's assets. BBVA (21.7%) and Santander (15.4%) are the two largest banks in the country.

In addition, the retail market is also served by non-bank financial companies, which offer mortgage, consumer and commercial loans mainly for low- and middle-income individuals. These institutions may engage in certain banking activities and are supervised by the same regulatory authorities as commercial banks, but are

prohibited from engaging in foreign trade finance, offering checking accounts and engaging in foreign currency operations, together with other retailers who have not obtained a banking license from the CNBV.

Increased competition within the Mexican banking industry in recent years has led to consolidation of the industry and further consolidation may occur. Mexican regulatory authorities have welcomed new market entrants in order to foster a more competitive market.

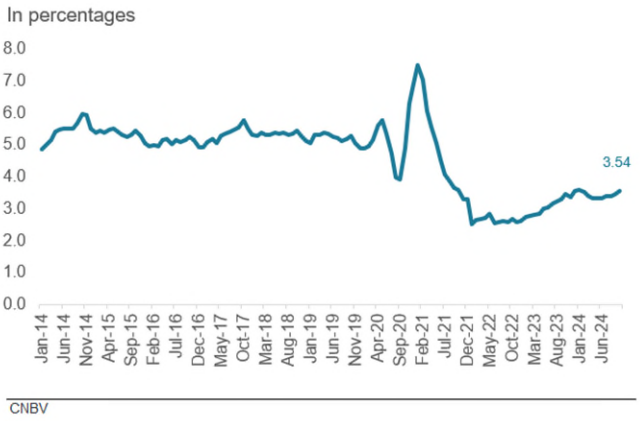
As of June 30, 2024, the aggregate amount of credit cards issued was 33.2 million, according to the Mexican Central Bank, and the aggregate credit card portfolio of the Mexican banking system was valued at Ps.542 billion (U.S.$30 billion). The following graph shows the market share of the main Mexican banks participating in the consumer credit market in terms of number of credit cards issued as of June 30, 2024, and our company, according to information published by the Mexican Central Bank.



Mexico Central Bank
Note: As of June 30, 2024, there were 24.9 million comparable credit cards in the Mexican banking system. Percentages above were calculated taking into account Liverpool's 5.79 million credit cards as of June 30, 2024, for illustrative purposes only

As of September 30, 2024, we were the leading non-bank credit card issuer and the second credit card issuer in Mexico, with approximately 7.6 million issued credit cards. According to Euromonitor, by the end of 2023, Mexico had a low consumer financing penetration ratio compared to the largest Latin American economies, with a consumer financing-to-GDP ratio of 11.2%, compared to 22.0% in Brazil, 38.6% in Chile and 12.8% in Peru. Mexico is in a great position to narrow this gap, as consumer leverage is low following the deleveraging process that began in 2008, especially in respect to credit card products. Asset quality has also improved in the overall banking industry.

The graph below shows the credit card non-performing loan index of the Mexican banking system during the last ten years.



Mexican Shopping Center Industry

The real estate industry in Mexico also depends on the general macroeconomic environment and its growth is primarily driven by the major rise of infrastructure across Mexico, which has resulted in new commercial real estate projects. Mexico is a hybrid country, where new, world-class retail development shared the street with an estimated 990,227 mom-and-pop stores in June 2024; all these venues serve a highly diversified and continuously growing base of consumers, according to INEGI.

The retail real estate industry in Mexico is characterized by a limited number of large-scale developers that have the financial strength and technical expertise to undertake and complete large development projects. Such developers include Grupo GICSA (Cancún, Mexico City, Querétaro, State of Mexico, among others), Grupo Dahnos (Mexico City), Grupo Frisa (Nuevo León, Quintana Roo, State of Mexico, Mexico City, among others), and Grupo Sordo Madaleno (Mexico City, Baja California Sur, Guanajuato, among others). In addition, other specialized retail real estate developers operate in Mexico, such as Grupo Acosta Verde (Mexico City, State of Mexico, Chihuahua, among others), Planigrupo (State of Mexico, Coahuila, Jalisco, among others), Mexico Retail Properties (Mexico City, State of Mexico, Jalisco, among others) and Consorcio ARA (State of Mexico and Veracruz).

The Mexican real estate industry is also benefiting from the continued growth of FIBRAs (*fideicomisos de infraestructura y bienes raices*, equivalent to REITs) and publicly listed structured equity securities called *certificados de capital de desarrollo*, or CKDs, whose main source of capital is pension funds. Two of the country's leading mall developers, Mexico Retail Properties and Planigrupo, have issued CKDs, while Fibra Uno, Mexico's biggest REIT, obtained U.S.$1.2 billion in February 2017 on the Mexican stock market to fund its acquisition of malls and other real estate. Fibra Uno's mall portfolio includes La Isla Shopping Center and Forum by the Sea, both in Cancún. Following this trend, on July 2017, Fibra Shop, the first Mexican REIT focused on shopping centers, obtained Ps.1.4 billion on the Mexican stock market to fund its acquisition of malls and other real estate. Fibra Shop's mall portfolio includes Plaza Puerto Paraíso and Kukulcán Plaza, in Los Cabos and Cancún, respectively.

The most prevalent shopping center format in Mexico is the community center, which is normally anchored by a supermarket and a movie theater complex. However, leading local retailers are expanding into new formats and geographies as a result of the limited availability for anchor store alternatives.

We expect to continue securing strategic locations for our shopping centers in fast growing cities in Mexico, building loyal clientele, attracting popular tenants and providing a diverse range of experiences, entertainment and services, as well as a broad assortment of merchandise in high profile facilities with a comfortable, functional and safe environment, creating a strong long-term relationship with customers and tenants. Growing medium-sized and smaller cities still offer unserved demand which is expected to provide avid new markets for years to come.

BUSINESS

Overview

We are one of the largest omni-channel retailers in Mexico, in terms of number of stores and sales. For 177 years, the Liverpool brand has been synonymous with quality and personalized service. Our slogan, "Liverpool es parte de mi vida" (Liverpool is part of my life), reflects our presence in our customers' lives spanning multiple generations. Our physical and digital platforms offer a wide product assortment, including fashion apparel, shoes, accessories, jewelry, electronics, sporting goods, home goods, furniture, appliances and beauty products. We operate 312 department stores nationwide under the "Liverpool" and "Suburbia," banners. In addition we operate 33 smaller format "Liverpool Express" stores and a compelling portfolio of 120 specialized boutiques across the country under the banners of internationally recognized and sought-after brands. We also own or have a significant interest in 29 shopping centers across 21 states in Mexico, and, according to information from the Mexican Central Bank, as of September 30, 2024, we were the third largest credit card issuer in Mexico, with approximately 7.6 million issued credit cards.

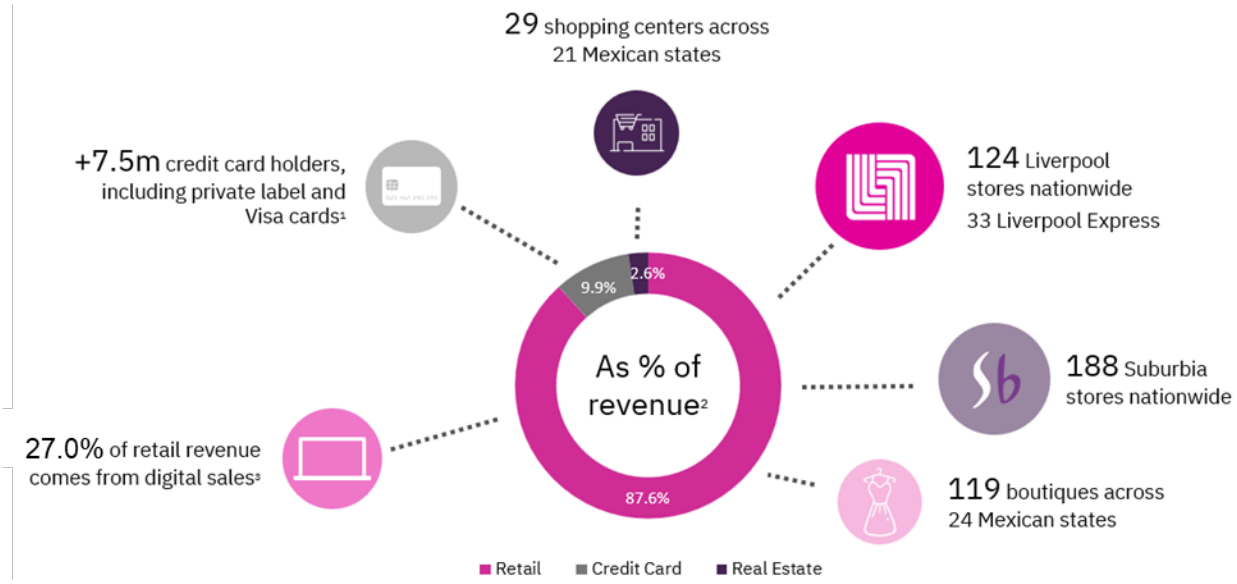
For 2023, we had total revenues of Ps.195.99 billion (US$9.98 billion), with a net income of Ps.19.5 billion (US$993.49 million), net margin of 9.93%, EBITDA of Ps.34.99 billion (US$1.78 billion) and an EBITDA margin of 17.85%. For the nine months ended September 30, 2024, we had total revenues of Ps.139.51 billion (US$7.11 billion), with a net income of Ps.13.51 billion (US$688.05 million), net margin of 9.68%, EBITDA of Ps.22.69 billion (US$1.16 billion) and an EBITDA margin of 16.26%. For the last twelve months ended September 30, 2024, we had total revenues of Ps.208.64 billion (US$10.63 billion), with a net income of Ps.22.19 billion (US$1.13 billion), net margin of 10.63%, EBITDA of 36.81 billion (US$1.87 billion) and an EBITDA margin of 17.64%.

At Liverpool we strive to serve our customers everywhere, every day, for a lifetime. We primarily cater to middle- and high-income families through our "Liverpool" banners and mid-low and low income families through "Suburbia." Our department stores are strategically located in urban and suburban areas, especially in densely populated regions, seeking maximum accessibility for our customers. Through our robust digital channels, we offer nationwide access to our products, making us one of the leading online apparel retailers in the country in terms of sales, with Digital GMV growth from 2021 to 2023 of 4.2x. The "Liverpool" brand is iconic in Mexico, ranked among the top five Latin American retail brands and top 20 retail brands worldwide by Interbrand. Customers associate our brands with trust, legacy and status, with stores offering a wide range of products, personalized customer service, convenience and attractive promotions.

Our Business Model

The pillars of our business model consist of (1) increasing customer traffic and average ticket sales both in our physical stores and digitally, which requires us to anticipate our customers' preferences and shopping behaviors, (2) optimizing retail space by adjusting the number, size and layout of our stores and merchandise mix in each of our locations, (3) improving the content and functionality of our online platforms and the integration with our physical retail portfolio, (4) facilitating purchases through our credit offerings, and (5) implementing initiatives that transform our stores into destinations for services and attractions that make the shopping experience unique.

Our business is divided into three different divisions that are complementary yet represent independent sources of revenue: commercial and services, which is comprised of our Liverpool and Suburbia accounting segments as well as our boutique business; consumer credit; and real estate. The following diagram shows key facts about our business as of and for the nine months ended September 30, 2024:



(1) Includes Liverpool and Suburbia cards.
(2) Figures for the nine months ended September 30, 2024.
(3) Digital sales include eCommerce, Click & Collect, Liverpool Pocket, Extended Catalog services and marketplace.

- *Commercial and Services Operations*. We operate 312 department stores: 124 under the "Liverpool" banner and 188 under "Suburbia,". In addition, we have 33 stores under the "Liverpool Express" banner, our newest and smallest format (400 square meters). Liverpool Express mostly serves as a "Click & Collect" center for online purchases, carrying a limited selection of best-sellers and offering credit and payment services. We also operate 120 specialized boutiques, including brands such as Banana Republic, GAP, Pottery Barn, Sfera, West Elm, Williams-Sonoma, and Toys "R" Us. Our department stores and specialized boutiques represent approximately 2.5 million square meters of retail space as of September 30, 2024. We also have digital stores (liverpool.com.mx, suburbia.com.mx), the Liverpool Pocket app, and an online marketplace, where third-party vendors can sell their products. For the nine months ended September 30, 2024, sales through our digital platforms, which include our websites, our mobile applications, Click & Collect purchases, sales from our digital marketplace and online orders placed at stores through our extended catalog services digital sale accounted for 27.0% of our retail revenue. Our stores are in Mexico City and all 31 states of Mexico. We also delivered more than 22 million and 15 million orders to homes and via Click & Collect, during 2023 and for the nine months ended September 30, 2024, respectively.

- *Consumer Credit Operations*. We support our retail operations by offering financing through the Liverpool and Suburbia credit cards, which can be used exclusively at our stores. Additionally, we issue the Liverpool Premium Card and Suburbia VISA card, which can be used at any VISA-affiliated business worldwide. We carry the credit risk of our full credit card portfolio. As of September 30, 2024, we were the second-largest credit card issuer in Mexico, with approximately 7.6 million credit cards and a net loan portfolio of Ps.51.99 billion (US$2.65 billion). We also provide personal and consumer loans, insurance products and car loans. For the nine months ended September 30, 2024, sales via our credit cards accounted for 49.1% of Liverpool's net sales of merchandise and 32.3% of Suburbia's net sales of merchandise. For 2023, sales via our credit card represented 48.2% of Liverpool's net sales of merchandise and 30.0% of Suburbia's net sales of merchandise. Our non-performing loan rates were 2.7%, 2.4% and 2.2% as of December 31, 2023, 2022 and 2021 respectively. Our non-performing loan rate as of September 30, 2024 was 4.1%, noting that the third quarter tends to be the highest with non-performing loans and the fourth quarter the lowest as customers receive Christmas and other end of year bonuses that supplement their income throughout the fourth quarter and the initial quarters of the year.

- *Real Estate Operations*. We are also involved in real estate operations, which include developing, leasing and managing shopping centers and retail premises. We own or have a significant interest in 29 shopping centers known as "Galerías" and lease approximately 2,837 retail spaces to third parties, which had occupancy rates of 92.3% and 94.2% as of December 31, 2023 and as of September 30, 2024, respectively. We have a shopping center in each of Mexico's most populated cities. Over the last twenty years, we have nearly quadrupled the gross leasable area of our shopping centers and retail premises from 189,595 square meters in 2005 to approximately 753,162 square meters as of September 30, 2024. Our real estate operations have become an important source of revenue and a strategic complement to our commercial and services operations by providing high-profile facilities that attract potential customers to our department stores.

The following chart includes certain financial information for the periods indicated (in each case, without giving effect to intercompany eliminations).



(1) Converted to U.S. dollars for convenience only at the rate of Ps. 19.629 per US$1.00, the exchange rate for U.S. dollar-denominated payment obligations payable in Mexico on September 30, 2024 published by Banco de México in the Federal Official Gazette.

(2) LTM figures are calculated by adding the applicable figure for the nine months ended September 30, 2024 to the corresponding figure for the year ended December 31, 2023 and subtracting the corresponding figure for the nine months ended September 30, 2023.

Our Strengths

We have built a reputation for quality, fashion and authenticity as a result of our distinctive customer-centric culture and deep understanding of our industry and customers. We believe the following strengths distinguish us from our competitors and will allow us to successfully execute our strategy for continued growth.

- *Customer-First*. Customers are our top priority, and we aim to provide an exceptional shopping experience. Our customer-centric and family-oriented culture has earned us broad recognition in Mexico. We focus on delighting customers at our department stores, shopping centers and online,

through personalized service and a "yes, we have it" attitude. Our physical store locations and shopping malls serve as multifunctional destinations for social gatherings, fashion and entertainment, offering a diverse range of experiences and merchandise in a comfortable and safe environment. Our mobile app and websites enhance customer engagement with user-friendly platforms and tailored promotions. Our stores offer a wide array of amenities that promote our products and drive foot traffic such as our Liverpool Beauty Experience which offers beauty salon and spa services, our "Experiencia Gourmet" food halls and other value-added services, such as beauty technology repair centers, interior design services and digital fulfillment centers. By continuing to put the customer first and at the center of our strategy, we have created enduring customer recognition and loyalty which positions us for continued success.

- *Market Leading Position in Mexico.* We are one of the leading omni-channel retailers in Mexico by number of stores and sales. We are also the second largest credit card issuer in Mexico with 7.6 million issued credit cards as of September 30, 2024. We believe our brands are generally associated with trust, legacy and status, coupled with broad product assortment, personalized and high-quality customer service, convenience, emblematic store locations and attractive promotions and credit offerings. The breadth of our product selection, scale and access to customer data obtained through our digital and credit business, allows us to carefully curate the mix of our merchandise at each store based on fashion trends sought after at such location and to optimize inventory. Our 177 year journey from a single store front into Mexico's preeminent omni-channel retailer is a testament to the power of our vision and innovation. We believe we have an unrivaled reputation that has allowed us to establish strong and trustworthy relationships with brands and qualified vendors that allow us to access products in a timely and efficient manner and easily adjust our mix of imported products during challenging economic cycles.

Best-in-Class Omni-Channel Capabilities. We believe we have unmatched omni-channel capabilities in Mexico that allow us to seamlessly engage with our customers across our physical retail and digital platforms to deliver a convenient, consistent and seamless shopping experience wherever our customers are. Our physical and digital channels are integrated and complementary and they each drive increased customer interactions. By incorporating selling and promotion across all channels, we successfully leverage each channel's strengths to present ourselves as one integrated brand. As evidence of this, in 2023 sales through non-traditional channels, including e-commerce, Click & Collect, marketplace and extended catalog services, grew 25.8% compared to the prior year. Since 2013 we have partnered with Oracle to analyze customer information using AI and data-mining techniques to enhance our product offering and customer experience. Our integrated sales, logistics and communications operations and capabilities allow us to retrieve customer information and use geolocation for targeted mobile marketing. Our physical stores are also integrated with our digital business. Customers can access our full extended catalog by placing online orders directly at our stores through our associates for products not held in-stock at the store. Importantly stores have also become fulfillment centers through our Click & Collect which drives increased foot traffic to stores and leads to additional purchases. They also serve local warehousing to fulfill online orders from store inventory. We have transformed our stores into shopping and family gathering destinations where customers benefit from our characteristic in-person service and seek additional services like our "geek desk" and beauty salons. As a result, we believe we have succeeded in integrating our unrivaled store presence and placing it at the intersection of physical and digital retail.

- *Fully Integrated Credit and Financial Services.* Our omni-channel capabilities are supercharged through our vast credit card portfolio with sales paid with our credit cards as a method of payment representing 49.1% of net sales of merchandise for Liverpool and 32.3% of net sales of merchandise for Suburbia for the nine months ended September 30, 2024. For 2023, sales made with our credit card represented 48.2% of Liverpool's net sales of merchandise and 30.0% of Suburbia's net sales of merchandise. Our 7.6 million credit cards provide deep insights into consumer behavior and preferences. The depth and reach of our customer relationships allow us to offer a wide array of financial services that go beyond credit cards, such as insurance, personal loans, car loans and now, through our partnership with Actinver, a Mexican bank and broker dealer, saving and checking account services. As a result, our financial offerings are not only a catalyst for our commercial growth that

provides customers with convenience and loyalty but also an important source of revenue having generated Ps.13,798 million in total revenue during the nine months ended September 30, 2024.

- *Strategic Real Estate Portfolio*. Real estate is an important part of our business and we believe we have successfully integrated our legacy retail portfolio into our omni-channel offering. Our department stores serve as shopping venues, service centers, fulfillment centers and experience hubs. We strategically acquire and develop stores in prime locations to maximize traffic. Each of our shopping malls serves as a gateway to our flagship stores and provides an important and stable source of revenue through leases to third-party retail tenants. Our stores and shopping malls include distinctive properties that enhance neighborhood vibrancy and reflect decades of cultural connections. We believe our stores and shopping malls are destinations unto themselves for Mexican families, an overwhelming number of which still value the shopping mall experience as a place of social connection. We have a nationwide presence in every major Mexican population center. Key geographies include Mexico City, Guadalajara and Monterrey. The acquisition of Suburbia expanded our reach in Mexico City with a new store format that caters to a demographic that was underserved by our "Liverpool" banner. Our geographic concentration provides economies of scale and market leverage, creating significant entry barriers for competitors. For the nine months ended September 30, 2024 and the years ended December 30, 2023 and 2022, our shopping malls had an average 92.3% occupancy rate, low tenant turnover, and low past-due accounts, with a diverse mix of over 1,800 tenants. From 2004 to September 30, 2024, we nearly quadrupled our gross leasable area. During 2023, our shopping centers had more than 100 million visitors which was a 26.1% increase compared to 2022 and is a testament to the resilience and continued importance of physical retail in Mexico.

- *Effective Control of Our Credit Offerings and Flexibility to Adapt to Challenging Economic Cycles*. Our sound and effective credit portfolio management allows us to rapidly increase and decrease our credit offerings, which has a direct impact on the purchase behavior of our customers and in turn, on our results of operations. We have built a proprietary credit and scoring platform that is tailored to our business and our client profile which lets us adjust our credit offering real-time to changes in the non-performing loan portfolio. Our system accounts for seasonality in non-performing loan rates with the highest point generally occurring during the third quarter and then lowering by year end. For example, during challenging economic times with higher unemployment rates, we restrict our credit offerings, as well as credit limits of existing customers, to avoid excessive growth of our loan portfolio and non-performing loan rate. In addition, during periods with lower consumption but stable macroeconomic fundamentals, we usually increase our credit offerings to increase our customer base and purchase frequency. In the past, such adjustments have had an immediate favorable impact on our results of operations while allowing us to maintain controlled and stable non-performing loan rates. Our non-performing loan rates were 2.7%, 2.4% and 2.2% as of December 31, 2023, 2022 and 2021 respectively. As we expand our credit portfolio, our non-performing loan rates may increase as we reach rates that we believe offer the best risk adjusted return on our loan portfolio. We believe that our ability to adjust our credit offerings during challenging economic cycles places us in an advantageous position with respect to our competitors.

- *Robust financials and capital structure*. We benefit from a healthy financial position with low leverage levels and high capitalization, which enables us to respond effectively to the constantly changing consumer demands and competitive environment in the Mexican retail market. For the year ended December 31, 2023 and the last twelve months ended September 30, 2024, our Net Leverage Ratio was (0.08)x and 0.24x, respectively. As adjusted to give pro forma effect to this offering and the incurrence of debt hereunder (described below), our Net Leverage Ratio for the twelve months ended September 30, 2024 would have been 1.19x.

- *Strategic Logistics Network.* Our extensive distribution and logistics network is the backbone of our omni-channel operations. As our customers' expectations and shopping patterns have changed, our logistics network has evolved with them to deliver an enhanced experience with improved delivery times and convenience. We operate one national logistics center, three national and 44 regional distribution centers, 312 department stores nationwide and 33 Liverpool Express stores. Our fleet includes 250 trucks and trailers and 1,458 home delivery units. The Arco Norte national logistics

center, which began construction in 2019, has been the main focus of our logistics ecosystem capital expenditure with a multi-year Ps.12.9 billion allocated to the full project. The initial stage was completed in October 2022 and consisted of a state-of-the-art big ticket warehouse for home electronics, appliances and furniture with 277,157 square meters. We expect to complete the "softline" warehouse for apparel with more than 180,000 square meters of storage area during 2025. We have successfully integrated our physical retail stores into our logistics network with stores becoming fulfillment centers for online orders. Our network facilitates home delivery and "Click & Collect" options, with "Click & Collect" accounting for 39.1% of our digital sales for the nine months ended September 30, 2024 and 39.0% for 2023. Importantly, as customers visit stores to collect merchandise they tend to make additional purchases. We completed over 13.9 million home deliveries, processing over 22.5 million online orders during 2023, with the balance being delivered via "Click & Collect." We leverage and invest in technology to continuously improve efficiencies and have long standing partnerships with Oracle, Google and SAP for data analytics and inventory management that streamline our operations. Our reach is a key competitive advantage which is hard to replicate by competitors.

- *High-Quality Management Team; Strong Culture*. Our associates across our organization, from our executive team, commercial planning to purchasing, logistics and operations, make customer driven decisions. Our senior management team has 160 years of combined service with us, guiding us through Mexico's economic cycles while maintaining strong margins and sales growth. They have solidified our market leadership by focusing on retail, credit and real estate operations, and integrating digital platforms and building a first-in-class omni-channel platform in Mexico. Our management philosophy emphasizes accountability and efficient control, maintaining a strong balance sheet and disciplined financial policies. We invest significant resources in promoting our associates' personal and professional growth, ensure retention and address succession in strategic positions. For example, in 2000 we launched the Liverpool Virtual University, the first virtual corporate university in Mexico, to provide our associates and their families with personal development options ranging from senior high-school programs to graduate studies. During 2023 alone, 9,209 associates have received a degree. Our training programs and senior leadership are focused on guaranteeing the continuity of our principles, identity and business philosophy, grounded in teamwork, innovation and integrity. These values permeate our organization. We have been named the best company in the supermarket and department store sector for our capacity to attract and retain talent in the 2023 Merco talent ranking. In 2023, we appeared for the first time in Time's magazine World's Best Companies ranking, ranking 294 of 750 companies worldwide.

Our Strategy

We seek to enhance our position as one of the leading Mexican retailers as we continue to provide our customers an experience that transcends ordinary shopping. To achieve these objectives, we plan on executing the following key strategies.

- *Enhancing our Omni-Channel Strategy.* We will continue to focus zealously on omni-channel integration to redefine the shopping experience and continue building customer loyalty. Our successful shift from traditional retail to an omni-channel platform has unlocked new channels to interact with customers that are mutually complementary and enhance of our physical retail offerings. Based on our measurement of spending across a cohort of customers that only shopped at physical locations prior to the COVID-19 pandemic and that shifted to using digital platforms during and after the COVID-19 pandemic, we believe customers that have access to a full omni-channel suite are 4.7x more valuable. Our goal is to become a one-stop shop for various needs, including shopping, beauty, financial services and insurance. We aim to transform our website and mobile app into a "super-app" for more than just shopping where customers can access an array of financial services like credit, cash transfers, utility payment and savings accounts, among others. We will continue to invest in developing our online marketplace with curated and vetted vendors to improve our product portfolio. We plan to grow through innovation, superior customer service, improved loyalty programs, and data analytics to understand shopping patterns and tailor credit offerings. Our omni-channel strategy aims to increase customer interactions and "stickiness" as clients seek out our physical locations for more than just

shopping, allowing us to drive loyalty, sales, and profitability by serving customers everywhere, every day, for a lifetime.

- *Continuing Investing in our Multi-Format Retail Platform*. We believe we have a significant opportunity to increase our market share by continuing to invest in both digital but also our physical stores, especially as physical retail remains a key component of the Mexican retail market where customers value having a physical touch point. We anticipate continuing to enhance the Liverpool in-store experiences to drive foot traffic and promote our products, like our Liverpool Beauty Experience beauty salons, interactive toy departments and interior design services. We expect store opening growth will come mostly in the form of Suburbia formats and limited Liverpool openings. We will also continue to invest in improving the look and feel of our Suburbia stores and relaunch them through our "rediscover Suburbia campaign" as we believe there is a large customer base that is underserved by our and other traditional retail stores. As part of our omni-channel expansion, we will also continue to grow our Liverpool Express format, with new store openings in areas that have high online orders but do not have a Liverpool store in close proximity. We believe there continues to be generalized mistrust of online shopping among certain segments of the population and customers see added value in being able to physically collect their package at a storefront. In turn, this reduces our last-mile fulfillment costs and importantly they become another point of contact with the customers where we offer a limited selection of "best-sellers," credit card applications and support staff.

- *Enhance Consumer Credit and Financial Offerings*. We aim to strengthen our consumer credit offerings through credit cards, solidifying our position as a leading credit card issuer in Mexico as well as expanding our financial services ecosystem. Our credit offerings help grow our customer base, boost product sales, and build customer loyalty. We expect the breadth of services we offer to continue to expand beyond our traditional credit card offerings to include co-branded cards where we do not take all of the credit risk, personal loans, an extended assortment of insurance products and other complementary financial products such as checking accounts, savings and car loans. We also expect to increase our loan portfolio which may lead to increased levels of non-performing loans, similar to the 5.0% levels we experienced pre-2019. As part of our extended financial offerings, in 2024, we launched "Livercash" allowing cardholders to withdraw cash and request personal loans and partnered with Actinver to offer additional financial services such as savings and checking accounts through our website and apps. This partnership aims to enhance customer interactions, increase store traffic and since the operations and balance sheet of the banking and saving operations is managed by Actinver we expect it to come at a low incremental cost to us. Additionally, as an authorized distributor of BYD electric vehicles, we have grown our car loan portfolio and drive incremental customers to our stores. We plan to expand our loan portfolio and financial offerings, maintaining our commitment to customer loyalty and enhancing the Liverpool experience.

- *Improved and Efficient Operations, Technology and Customer Service.* We continuously invest to improve and streamline our operations, optimize inventory, enhance our supply and distribution chains, develop our logistics infrastructure and manage customer information through the use of technology. In connection with the improvements to our supply and distribution chain, we strive to optimize our stocking processes and fulfillment methods by implementing real-time inventory tracking and reducing the number of shipments and merchandise handling operations. We will continue seeking to expand our supplier base, including through our offices in India and China, in order to ensure product fulfillment and continue reducing dependency on any given supplier. Our "Arco Norte" national logistics center is expected to improve inventory management and fulfillment capabilities through automation and it has been our principal capital expenditure project the last three years. We expect to complete the full project by 2025 and have already finished and are operating our "big ticket" warehouse. Our Arco Norte national logistics center will allow us to consolidate the distribution and fulfillment operations of Liverpool, Suburbia and boutiques in a single location for the first time. Our supply and fulfillment infrastructure are being tailored to evolving customer needs and leveraging stores and Liverpool Express formats as both fulfillment centers and places where orders are placed to offer clients an extended catalog of products.

- *Opportunistic and strategic acquisitions and joint ventures*. We will remain focused on organic growth of our ecosystem. However, we will continue exploring and executing strategic acquisitions and joint ventures opportunistically to encourage growth, geographic diversification or expand our product offering. The Nordstrom joint venture is an example of this strategy. The Nordstrom joint venture will allow us to diversify geographically and currency wise by tapping the largest retail market in the world, partnering with a highly trusted retailer with a 120 year history and a management team that shares our passion for service and customer-centric culture. The acquisition will allow us to enhance the Liverpool and Suburbia experience through shared best practices, across e-commerce, advanced analytics, logistics, private label development, our loyalty program and customer service. We believe it will also give us access to a compelling portfolio of additional brands. Other opportunistic acquisitions or joint ventures include our partnerships with Toys R' Us, the Williams Sonoma portfolio of brands, Dupuis, a Mexican interior design and furniture company, Unicomer, our Central American joint venture and Sfera, our partnership with El Corte Inglés. Joint ventures and partnerships have allowed us to inorganically expand our brand portfolio, especially through boutiques that sell products that are complementary to or supplement our in-store catalog.

Our History and Development

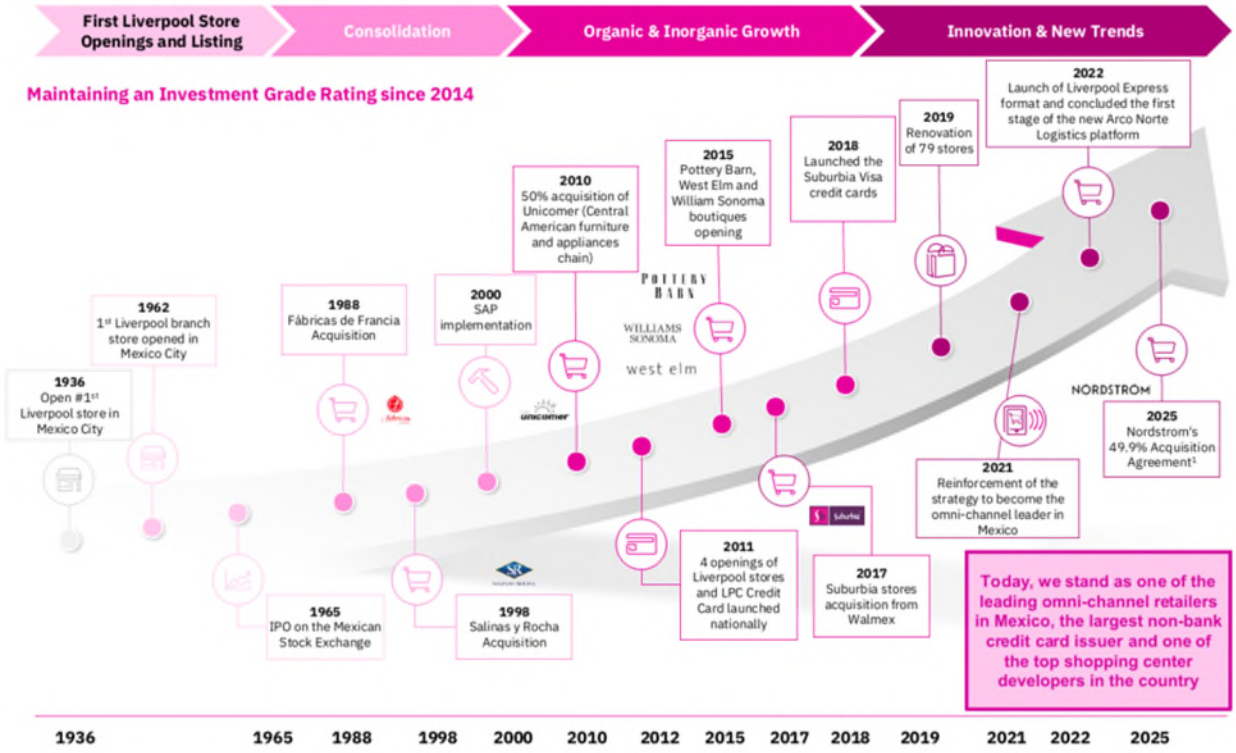
We started operations in 1847 as a small retail store in downtown Mexico City where our founder, Jean Baptiste Ebrard, would sell merchandise imported from the port of Liverpool in the United Kingdom. Since then, customers came to associate the Liverpool name with quality, fashion and service. On February 28, 1912, we were formally incorporated as a Mexican limited partnership (*sociedad en comandita simple*) and on September 30, 1944 we adopted the form of a Mexican stock corporation (*sociedad anónima*) under the laws of Mexico. Since 1965 our shares have been listed on the Mexican Stock Exchange and following the enactment of the Mexican Securities Market Law, in 2006 we adopted the form of publicly traded stock corporation (*sociedad anónima bursátil de capital variable*).

As part of our comprehensive program to support our retail operations, since 1925 we have provided financing options to our customers to facilitate the purchase of goods and services at our department stores and create loyalty.

From our early days, we understood the value of creating iconic retail spaces that bring people together and spark excitement. In 1936, we made history with Mexico's first escalators at our flagship store in downtown Mexico City, cementing our legacy of innovation. In 1980, we expanded into real estate with the Perisur shopping mall, which remains a top performer and a beloved destination for generations. Today, our retail and real estate operations work hand in hand, drawing countless customers to our stores and driving our success.

We have transformed from a regional company into one of Mexico's largest omni-channel retailers, reaching every state and major city. Our journey has seen us expand our product portfolio, store formats, and distribution channels to serve a diverse range of customers. Today, we stand as one of the leading omni-channel retailers in Mexico, the largest non-bank credit card issuer and one of the top shopping center developers in the country. We believe we have successfully embraced and anticipated change while preserving our brand identity and value while seamlessly integrating digital and physical channels, automating, and digitalizing processes, empowering our associates with new technology, implementing cutting edge data analytics and artificial intelligence and training to improve the customer experience. This remarkable growth is fueled by our unwavering customer-centric culture, commitment to quality, innovation, and exceptional service. Our diversification and operational efficiency have paved the way for sustainable growth. Our story is one of vision, resilience, and a relentless pursuit of excellence.

The timeline below shows our most important milestones.



We believe that continuing our growth as a digitally advanced and data-driven company is key to capturing additional market share, seizing opportunities for innovation and customer acquisition, and enhancing our resilience.

Operations

As a result of our expansion and the diversification of our retail business over the last 28 years, we have divided our operations into three main business divisions that complement each other and represent independent sources of revenue: commercial, consumer credit and real estate.

Commercial and Services Operations

Our department store chain and online platforms offer a wide variety of consumer products, including distinctive fashion apparel, shoes, accessories, jewelry, electronics, sporting goods, household articles, furniture, appliances, beauty products and books. We have built a reputation for fashion, quality, creativity and uniqueness as a result of our distinctive customer-centric corporate culture and deep understanding of our industry and customers. We believe our brands are generally associated with trust, legacy and status, coupled with broad product assortment, personalized and high-quality customer service, convenience, iconic store locations and attractive promotions and credit offerings.

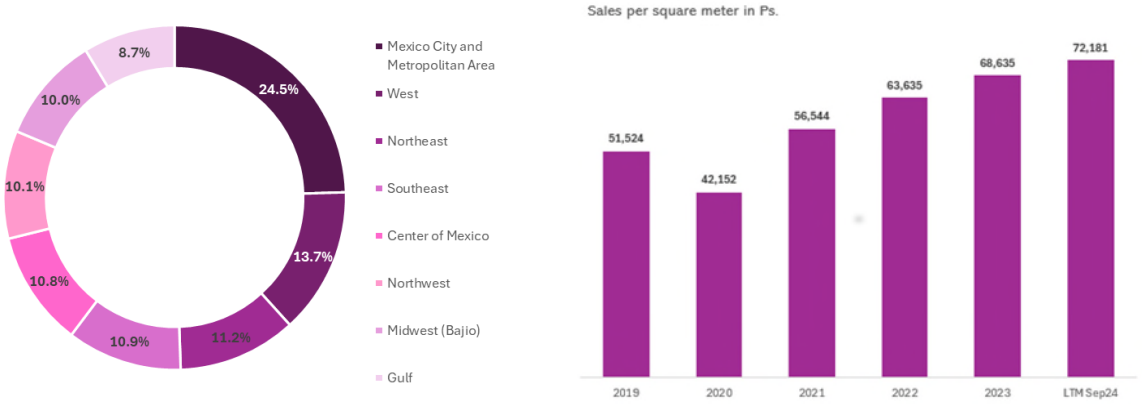
In line with our customer-centric culture, we have invested in our workforce, technology infrastructure, logistics, fulfillment capacity and marketing, which ensures that our customers find merchandise assortments, size ranges, marketing programs, credit offers and shopping experiences that are custom-tailored to their needs in our high-profile department stores and online, while experiencing our distinguished level of customer service.

Our omni-channel strategy allows our different distribution channels and points of contact with the customer to seamlessly cooperate to deliver an enhanced and integrated shopping experience while consistently experiencing our brand. A pivotal part of our omni-channel strategy is our ability to allow associates in any store to

sell a product that may be unavailable locally by selecting merchandise from other stores or online fulfillment centers for shipment to the customer's door. Likewise, our online fulfillment centers can draw on store inventories nationwide to fill orders that originate online, via computers or mobile devices.

As of September 30, 2024, we operate 312 department stores, 124 under the "Liverpool" banner and 188 under the "Suburbia" banner. In addition we operate 33 "Liverpool Express" stores and 120 specialized boutiques including apparel brands like GAP, Banana Republic, Sfera and Punto Roma, cosmetic boutiques like MAC and Kiehl's and furniture and home boutiques, like Pottery Barn, West Elm and Williams-Sonoma. We also operate three Toys R Us and one Babies R Us. These boutiques represent, in the aggregate, 77,693 square meters of retail space.

We have stores in each of the states in Mexico and each major city. The graphs below show the integration of our retail revenue per region for the year ended December 31, 2023, and our sales efficiency per square meter from 2019 to 2023, respectively.



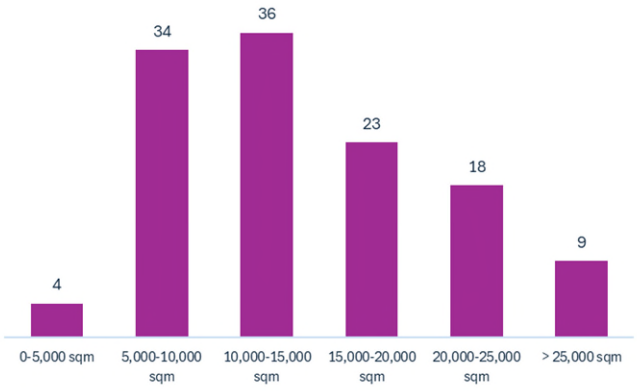
We also operate the www.liverpool.com.mx and the www.suburbia.com.mx websites and our "Liverpool Pocket" mobile application which includes an online marketplace, where third-party vendors can sell their products, which are core platforms for our omni-channel strategy. Online shopping has become increasingly important in our customers' preferences. By the end of 2023, our Liverpool Pocket app had an increase of 11.9% active users compared to 2022. Our logistics platform and e-commerce capabilities enable us to integrate our digital and physical retail experiences. We offer 345 Click & Collect points, located at every Liverpool, Liverpool Express and Suburbia store which drive foot traffic and lower last mile logistics costs for us. Customers can also buy from our online extended catalog at our stores thus benefitting from our associates service and the entire breadth of our product portfolio. During 2023 and for the nine months ended September 30, 2024, out of all Liverpool digital sales, 39.0% and 39.1%, respectively, were delivered through our "Click & Collect" modules which increase foot traffic but also substantially reduce last-mile logistics costs. In 2023, we delivered over 22 million orders placed through digital channels, 17.0% more than in 2022. For the nine months ended September 30, 2024, we delivered 15 million orders placed through digital channels, 15.7% more compared to the same period of the previous year.

In addition, as part of our comprehensive customer service, our department stores also offer travel agency services through a concession with El Corte Inglés, S.A., the leading department store chain in Spain, insurance services through an authorized insurance broker, optician, interior design, gourmet experiences and restaurant services, rate plans and air time, among others. In 2023, we started a car dealership division selling BYD electric vehicles, becoming the largest EV seller in Mexico.

Our multi-format strategy allows us to provide our customers with a wide range of style, quality and value shopping alternatives, and to adjust our product assortment, stores' size, layouts, promotional efforts and credit offerings to different markets. We provide for more local decision-making in every community in which we have a presence, which involves tailoring merchandise mix, space allocations, visual merchandising, marketing and special events on a store-by-store basis. Our stores are primarily located at urban or suburban sites, with stores in all 32

states within Mexico. Our department stores and websites generally serve the same type of customers and provide virtually the same products catalog respectively for each of our “Liverpool” and “Suburbia” brands.

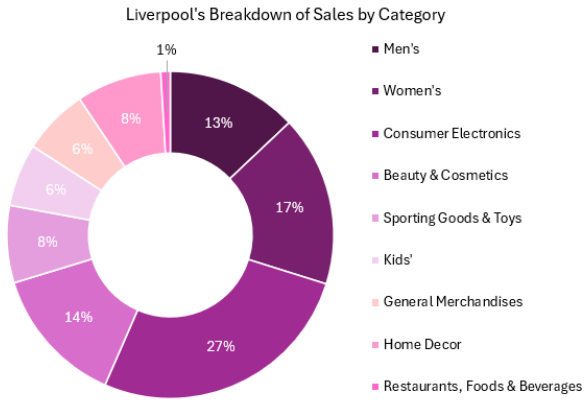
The graph below shows the distribution of our department stores per ranges of retail space as of September 30, 2024.

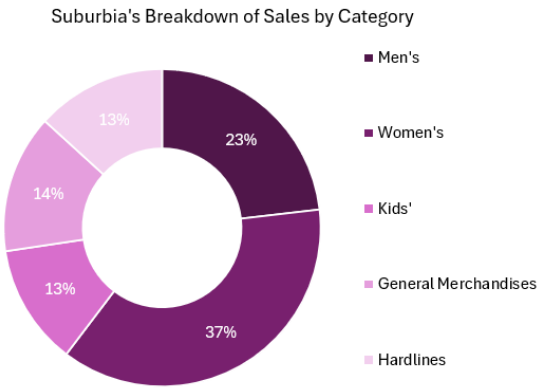


The tables below show the list of our department stores per brand and retail space.

Store (in sqm)	0-5,000		5,000-10,000		10,000-15,000		15,000-20,000		20,000-25,000		>25,000	
Liverpool	Comitán	2017	Tepic	1961	Downtown Mexico City	1934	Morelia	1979	Monterrey	1983	Insurgentes Mexico City	1962
	Oaxaca Plaza Bella	2017	Guadalajara Patria	1974	León	1996	Villahermosa	1982	Coapa	1992	Polanco	1970
	Atlixco	2018	Guadalajara Centro	1976	Tuxtla Gutiérrez	1997	Tampico	1985	Santa Fe	1993	Satélite	1971
	Fresnillo	2018	Aguascalientes	1986	Veracruz	1997	Mérida	1999	Guadalajara	2003	Perisur	1980
	120 specialized boutiques	2005-2024	Coatzacoalcos	1997	Cancún	1998	Querétaro	2001	Cuernavaca	2005	Puebla Angelópolis	1997
			Córdoba	1997	Metepec	1998	Monterrey Valle Oriente	2003	Ecatepec	2005	Guadalajara Zapopan	2008
			Villahermosa Crystal	1997	Acapulco	1999	Pachuca	2003	Parque Delta	2005	Villahermosa Altabrisa	2012
			Xalapa	1997	Guadalajara Gran Plaza	1999	Monterrey Cumbres	2010	Lindavista	2006	Querétaro Antea	2014
			Poza Rica	1997	Monterrey Centro	1999	Paseo Morelia	2010	Xalapa	2006	Santa Anita	2019
			Puebla	1997	Perinorte	2000	Tlaquepaque	2011	Parque Tezontle	2007		
			Mazatlán Centro	1999	Chihuahua	2001	Cd. Jardin Ciudad de México	2012	Atizapán	2008		
			Tapachula	1999	San Luis Potosí El Dorado	2001	Guadalajara Oblatos	2012	Interlomas	2011		
			Veracruz	1999	Torreón	2001	León Sur	2012	Veracruz El Dorado	2012		
			Chihuahua	2000	Culiacán	2003	Coacalco	2015	Toluca	2014		
			Cd. Obregón	2002	Hermosillo	2003	Tlalnepantla	2015	Puebla Serdan	2014		
			Oaxaca	2002	Irapuato	2003	Tampico Altama	2016	La Perla GDL	2021		
			Tehuacán	2006	Chetumal	2004	Parque Puebla	2017	Mitikah	2022		
			Chilpancingo	2007	Coatzacoalcos	2006	Parque Toreo	2017	Tepeyac	2023		
			San Migue de Allende	2007	Colima	2006	Tuxtla Oriente	2017				
			Acapulco	2008	Aguascalientes	2007	Iztapalapa Antenas	2018				
			Los Mochis	2008	Durango	2007	Querétaro Paseo	2018				
			La Paz	2011	Puerto Vallarta	2007	Mérida La Isla	2018				
			Itsmo	2012	Tepic	2007	Tijuana	2022				
			Playa del Carmen	2012	Celaya	2008						
			San Juan del Rio	2012	Saltillo	2008						
			Cd. Del Carmen	2013	Cd. Juárez	2009						
			Tuxpan	2013	Cd. Victoria	2010						
			Cuautla	2015	Orizaba	2010						
			Salamanca	2015	Zacatecas	2010						
			Tecámac	2016	San Luis Potosi	2011						
			Hermosillo	2016	Campeche	2012						
			Zamora	2016	Mexicali	2013						
			Guanajuato	2019	Mazatlán Marina	2013						
			Monclova	2019	Monterrey La Fé	2016						
					Tlaxcala	2017						
					Monterrey Sfera	2019						
Suburbia.	188 stores	~678,278 m^2 2017-2024										
Liverpool Express	33 stores	~5,150 m^2 2023-2024										

We are continuously expanding and optimizing our product portfolio and service offerings. We offer a broad assortment of leading brand names and other third-party durable goods. Our store sales area is organized by merchandise category with flexibility to quickly expand or contract category offerings in response to changes in consumer preferences. Our typical store features a well-balanced space between sleek modern architecture, fresh colors, natural finishes and organic shapes to create a hospitable yet stylish retail environment. In line with the layout of our department stores, we classify the products we sell in nine principal categories as follows: furniture, consumer electronics, household articles, women, men, kids, food and restaurant, beauty products and sporting goods. The graph below shows the breakdown of our sales by category of product as of December 31, 2023 for each of Liverpool and Suburbia.





The merchandise for each private brand available in our stores and specialized boutiques is selected to appeal to a wide range of customers. Due to our broad product assortment, as of December 31, 2023, none of the products we sell represented 5.0% or more of our consolidated sales. The following table lists some of our top selling brands among our private label brands and the many other leading international and local brands that comprise our portfolio.

Products	Brands	
Apparel and accessories	• Adidas • Banana Republic • Calvin Klein • Carter's • Cole Haan • Disney • Disney Store • DKNY • Dockers • Etam • GAP • Guess	• Hugo Boss • Kenneth Cole Reaction • Lacoste • Levi's • MAC • Nautica • Nike • Puma • Ralph Lauren • Sfera • Tommy Hilfiger
Appliances and home products	• Black&Decker • Bosch • General Electric • Kitchen Aid • Koblenz	• Mabe • Nespresso • Oster • Sunbeam • Whirpool
Electronics	• Apple • Bose • Canon	• Nintendo • Panasonic • Philips

	• Dell • Hewlett-Packard • LG • Lenovo • Kenwood • Microsoft • Nikon	• Pioneer • RCA • Samsung • Sharp • Sony • Toshiba
Furniture and household	• West Elm • Pottery Barn • Williams Sonoma	
Automotive	• BYD	

In addition to offering sought-after brands, we have developed enduring private brands which have become popular as a result of the style, quality and value delivered by such brands. We have one of the industry's most experienced sourcing organizations to ensure that the appeal of our private brand portfolio remains strong and compelling throughout our merchandise selection. Our main private label brands include the following:



We constantly strive to broaden our offer of department store formats and services. As a result of this effort, to further address customers' preferences for recognized global brands, in 2006 we entered into a joint venture with El Corte Inglés, S.A. As a result of this joint venture, we incorporated Moda Joven Sfera México, S. A. de C.V., where we hold a 49.0% equity interest. This entity operates a chain of 56 stores located in the major cities across Mexico, specialized in family clothing and accessories under the commercial name "Sfera."

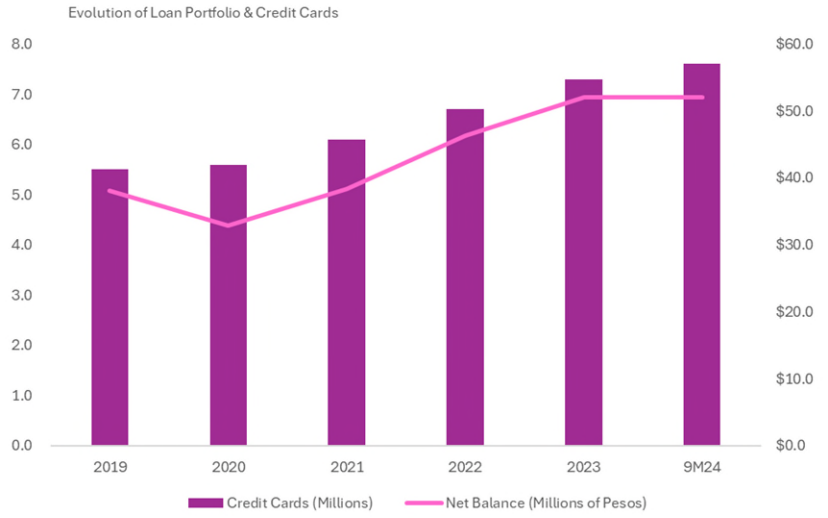
In 2011, we launched "Experiencia Gourmet," our innovative gourmet food hall, to complement our entertainment and services offering within our department stores. Experiencia Gourmet combines eating venues where customers enjoy gourmet food products from different countries. As of September 30, 2024, Experiencia Gourmet was available at 25 of our department stores and we plan to continue expanding this concept. We believe that our Experiencia Gourmet format enables our customers to enjoy a sophisticated yet comfortable dining experience at our department stores while promoting social gathering.

As part of our growth strategy, we continue to explore investment opportunities within or outside Mexico. As part of our investments outside Mexico, in 2010 we acquired a 50.0% equity interest in Grupo Unicomer (formerly Regal Forest Holding, Ltd), a private company that operates a chain of stores engaged in the sale of furniture, electronics, household appliances, motorcycles, optical products and consumer credit in 26 countries in Central America, South America and the Caribbean, with 25 commercial brands and more than 13,000 employees. In addition, following consummation of the Merger, Liverpool will indirectly own 49.9% of Nordstrom. See "The Nordstrom Merger."

Consumer Credit Operations

Consumer credit is a key element for our organic growth as it significantly stimulates our retail operations. We provide financing to our customers through the Liverpool credit card and the Suburbia credit card, which allow them to purchase goods and services exclusively at our stores. In addition, we offer the Liverpool Premium Card and Suburbia VISA Credit Card, which allow cardholders to purchase goods and services at our stores, specialized boutiques, as well as at any VISA-affiliated business worldwide. As of September 30, 2024, we were the second-largest credit card issuer in Mexico, with more than 7.6 million issued credit cards and we had a net loan portfolio of Ps.51.99 billion (US$2.65 billion).

The graph below shows the evolution of our loan portfolio and credit cards for the periods indicated.



Since their introduction, our credit cards have been the most frequently used payment method for our customers. Historically, cardholders have shopped more frequently with us and purchased more merchandise than customers who pay with cash or third-party credit cards. Customers using our credit cards are eligible to participate in exclusive loyalty programs which reward customers for purchases made in stores, online and, if they have a co-branded VISA card, at affiliated locations. For the nine months ended September 30, 2024, sales using our Liverpool and Suburbia credit cards accounted for 49.1% of net sales of merchandise for Liverpool and 32.3% of net sales of merchandise for Suburbia. For 2023, sales made with our credit card represented 48.2% of Liverpool's net sales of merchandise and 30.0% of Suburbia's net sales of merchandise. Our non-performing loan rate (calculated as overdue loans for more than 90 days divided by the aggregate principal amount of the loan portfolio) for the year ended December 31, 2023, and for the nine months ended September 30, 2024, were 2.7% and 4.1%, respectively.

We introduced processes, systems and artificial intelligence in our credit line opening and maintenance systems, and the first results were seen in a reduction of past-due accounts in 2019. We believe that we have one of the most comprehensive consumer financing programs in Mexico, offering a wide variety of credit options, including a budget plan, installment sales without interest ("*Meses sin Intereses"* or "MSI" for its acronym in Spanish), and a fixed payment plan. In the budget plan, an average monthly balance is set and paid by the customer, together with interest accrued on such balance. In the MSI plan, the cardholder makes fixed payments without interest. Under the fixed payment plan, the customer pays the same amount for an established term at the same interest rate as that of the budget plan. In the fixed payment plan, a deferral option is periodically granted, whereby the customer's purchases on a particular date may be paid at a later date with fixed payments that already include interest. Under the MSI plan, we offer our customers the possibility of refinancing their monthly payments, allowing them to pay only 10.0% of their loan and transferring the remaining balance to the budget plan. Loan terms fluctuate from 6, 13 and occasionally 18 months. The interest we charge to our cardholders is determined based on market conditions, the cost of funding and the interest rate charged by competitors.

Since our sales are made to the general public, there is no risk concentration on one particular customer or group of customers.

We have developed a streamlined and low-cost application processing system to meet our customers' demand for immediately available financing options. Our successful credit application process allows us to make instant credit decisions at the point of sale. We also have credit application desks at all our locations, including Suburbia and Liverpool Express. Our applications can be processed in minutes rather than days, enhancing customer service and ensuring consistent application of lending criteria. Credit application forms are evaluated and approved through automated screening procedures using scorecards. The scorecard performance is reviewed periodically. The application process in some instances is supplemented with telephone checks and home visits to corroborate the veracity of the information provided by the applicant. We assign an initial credit limit to each customer through automated proprietary processes and such credit limit is periodically monitored and adjusted by our corporate credit department. Our monitoring systems allow us to identify in advance any change in the credit quality of our customers and implement adequate corrective measures.

Historically, we have had consistent non-performing loan rates as shown by the graph below. We believe that our success in achieving consistent non-performing loan rates is driven by the efficiency of our application processing system, combined with our expertise in monitoring our loan portfolio. We continuously monitor our portfolio based on an array of tools and mathematical and statistical model, which take into account factors such as historical trends of portfolio aging, record of cancellations and future performance expectations. In times of economic crisis and with high unemployment indexes, we restrict approval of applications and loans made, as well as restricting credit limits of current customers. We conduct monthly account cutoffs through automated systems to identify non-performing loans. Accounts that miss a payment are immediately blocked to prevent the balance from growing and default interest starts to accrue on overdue amounts. Following our risk assessment, we may conduct recovery actions, such as to request payment through telephone calls, letters and home visits, among others. To support our recovery actions, we operate a call center with capacity to process over 5,000 calls per day. Loans that are more than 150 days overdue are automatically assigned to collection agencies to take over collection efforts and loans that are more than 240 days overdue are written off. We recognize future losses in the portfolio based on the level of impairment of credit risk and establish reserves in accordance with our expected credit loss methodology. Our credit loss methodology assigns a risk rating to loans depending on various factors. As a general matter, loans that are delinquent for more than 90 days are treated as non-performing. For more information see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies—Provision for impairment of loan portfolio." This methodology has been applied consistently during at least the last ten years and has historically been sufficient to cover the losses resulting from non-performing loans corresponding to the following twelve months. We have a flexible approach to restructuring the loans of our defaulting customers in order to maintain their purchase capacity and further strengthen their loyalty.

The graph below shows our rates of non-performing loans from January 1, 2021 to September 30, 2024.



In addition to acting as a catalyst for further growth of our commercial and real estate operations, we expect that our consumer credit offerings will become a more relevant source of independent income through the expansion of our credit card portfolio and enhancement of our offerings of financial products and services. For the year ended December 31, 2023, the growth of our loan portfolio propelled our gross portfolio to Ps.62 billion, making it our biggest asset. We seek to expand the number and use of our proprietary credit cards by, among other things, providing special discounts to customers and monetary incentives to sales associates to open new credit accounts, which generally can be opened while a customer is visiting one of our stores.

In 2023 we enabled a new feature for our cardholders called "Livercash" that allows Liverpool cardholders to withdraw cash and request personal loans. Limits on withdrawals are imposed following a similar credit scoring criteria to our consumer credit.

As part of our financial services enhancements we partnered with Actinver, a Mexican bank and broker dealer, to offer checking and saving accounts tied to Liverpool cardholder accounts. Checking and saving accounts will be run through Actinver's balance sheet as a regulated financial institution, representing low incremental costs to us. We plan to increase the availability of features through the Actinver platform to include investment funds and brokerage services to help improve our customer's access to financial services that have traditionally been unavailable to our market segments.

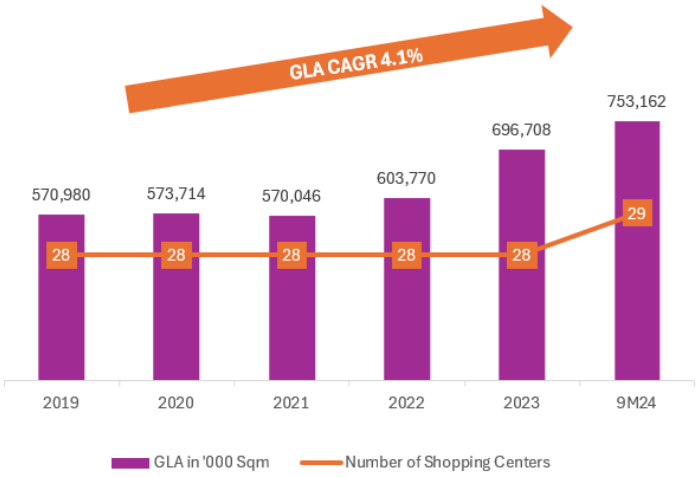
We intend to continue building upon our experience and knowledge of providing consumer financing to further expand and enhance our consumer credit offerings, while deepening the loyalty of our customers already using those cards.

As part of our financial business, we also offer insurance services, including comprehensive family protection, car insurance, home insurance, cell phone insurance, extended purchase guarantees and others. For the year ended December 31, 2023, and for the nine months ended September 30, 2024, our insurance business reached a record number of 3.1 million and 3.3 million active policies, respectively.

Real Estate Operations

We own, develop, lease and manage shopping centers and retail premises. Our real estate operations include management of parking lots and the improvement and expansion of our existing department stores, shopping centers and other facilities, such as our distribution centers. We own or have a significant interest in 29 shopping centers known as "Galerías" and lease approximately 2,837 retail spaces to third parties, which had average occupancy rates of 94.2% and 92.3% for the nine months ended September 30, 2024 and for the year ended December 31, 2023, respectively. We have a shopping center in each of Mexico's main cities in terms of population. In the last twenty years, we have nearly quadrupled the gross leasable area of our shopping centers and retail premises from 189,595 square meters in 2005 to approximately 753,162 square meters as of September 30, 2024. Our real estate operations have become an important source of revenue and a strategic complement to our commercial and services operations by providing high-profile facilities that attract potential customers to our department stores. During 2023, our shopping centers had more than 100 million visitors which was a 26.1% increase compared to 2022.

The chart below shows the evolution of our gross leasable area from December 31, 2019, to September 30, 2024.



Historically, our retail premises have had occupancy rates at approximately 95.0%, low turnover rates and low past-due accounts with an attractive mix of more than 1,800 tenants and no single tenant accounting for more than 10.0% of our consolidated revenue. All of our shopping centers include anchor tenants, mid-sized retailers and smaller retailers, in addition to our department stores. Anchor stores in our shopping centers include Cinépolis, a Mexican leader in the Mexican first-run movie exhibition business, and supermarkets, including Soriana and Walmart.

We lease the retail premises located in our shopping centers through a standard lease agreement, which sets forth the irrevocable term of the lease, states that the agreement is not transferable, requires a guarantee deposit and prohibits subleases without our consent. In general terms, rent payments are calculated based on fixed rent, and for certain tenants, on a combination of a fixed rent and a percentage of each tenant's monthly net sales. The cost of utilities, security and maintenance is passed-through to our tenants. The term of our leases varies between two to 20 years based on the tenant's category. The majority of our leases are denominated in Mexican pesos and are subject to customary yearly inflationary adjustments.

The table below sets forth the main characteristics of our shopping centers as of December 31, 2023.

Shopping Center	Location	Total Area (in m^2)	Opening Year
Satélite[(1)]	State of Mexico	73,247	1971
Perisur	Mexico City	55,481	1980
Monterrey	Nuevo León	26,848	1984
Villahermosa	Tabasco	10,791	1986
Coapa	Mexico City	20,822	1992
Insurgentes	Mexico City	10,420	1992
Puebla[(1)]	Puebla	27,579	1997
Metepec	State of Mexico	33,301	1998
Perinorte	Mexico City	29,968	2000
Galerías Querétaro[(1)]	Querétaro	14,034	2003
Galerías Cuernavaca	Morelos	19,826	2005
Mérida	Yucatán	35,859	2007
Puerto Vallarta	Jalisco	22,399	2007
Galerías Atizapán	State of Mexico	38,808	2009
Galerías Saltillo	Coahuila	16,398	2009
Galerías Chilpancingo	Guerrero	7,985	2009
Acapulco	Guerrero	11,061	2012

Shopping Center	Location	Total Area (in m^2)	Opening Year
Celaya	Guanajuato	17,769	2012
Zacatecas	Zacatecas	20,897	2012
San Juan del Río[(1)]	San Juan del Río, Querétaro	20,795	2013
Galerías Campeche	Campeche	25,796	2013
Galerías Mazatlán Marina	Sinaloa	29,778	2013
Galerías Serdán	Puebla	35,468	2014
Galerías Toluca	State of Mexico	29,500	2014
Galerías Polanco	Mexico City	2,970	2015
Galerías Tlaxcala	Tlaxcala	18,561	2017
CC La Paz	Baja California Sur	25,824	2017
Galerías Santa Anita	Guadalajara	46,550	2022

(1) Our equity participation in these shopping centers does not exceed 30.0%.

We also operate our www.galerias.com website, through which we offer special promotions and products to our visitors, and which serves as a platform to promote a wide range of social and cultural events taking place at our shopping centers. We believe that we have gained significant competitive advantages by securing strategic locations for our shopping centers in fast growing cities in Mexico, building loyal clientele, attracting popular tenants and providing a diverse range of experiences, entertainment and services, as well as a broad assortment of merchandise in high profile facilities with a comfortable, functional and safe environment, creating strong, long-term relationships with customers and tenants. Our real estate operations have become an important source of revenue and a strategic complement to our commercial and services operations by attracting an increasing number of potential customers for our department stores.

Distribution Channels

We maintain a distribution network that covers the entire territory of Mexico. We believe our established distribution network provides us with an important advantage over our competitors. Our network allows us to distribute products from our national logistics center, three national and 44 regional distribution centers, 312 department stores nationwide and 33 Liverpool Express stores, supplemented with a fleet of 250 trucks and trailers and 1,458 home delivery units. Our network allows us to distribute products from our national distribution centers and our logistics center to our regional distribution centers, local warehouses, storage deposits and department stores, as well as to deliver big-ticket items sold in our department stores and products sold through our website, to our customers' homes. In 2023, we completed over 13.9 million deliveries to our customers' homes. We frequently invest in strengthening and optimizing our distribution network and fulfillment capacity to respond to the diverse and changing needs of our customers and vendors in a cost-effective manner, which we believe contributes to the development of strong customer loyalty.

Our three national distribution centers as well as our national logistics center are centrally located in the State of Mexico, one of the most important states in terms of transport infrastructure, which facilitates our distribution efforts. Our national distribution centers and our national logistics center handle different product categories, which allows us to specialize and focus our distribution activities by type of merchandise. The Tultitlán national distribution center primarily handles soft goods distributed directly to our department stores. In addition, from time to time our local suppliers of soft goods deliver their products to our regional distribution centers directly. The Arco Norte national logistics center, which second stage is currently under development, will include state of the art facilities for both "big ticket" and "softline" products. We completed the initial stage of construction consisting of a "big ticket" warehouse in October 2022 with 277,157 square meters and expect to complete the "softline" warehouse with more than 180,000 square meters of storage area during 2025.

Our regional distribution centers are strategically located across Mexico to support our storage and distribution activities in regions having a concentration of department stores.

Handling merchandise in our own distribution centers allows us to centralize the acquisition and distribution to our stores and customers, verify the quality and quantity of the products we sell, provide significant savings in shipping costs and product management, and ensure that our merchandise arrives at its desired destination

on time. In addition, our centralized distribution system enables us to maintain a consistent assortment of products across our department stores.

We also maintain a highly efficient and sophisticated logistics operation to address distribution requirements, which, for the year ended December 31, 2023, allowed us to manage over 800,000 SKUs.

We believe that our distribution network allows us to respond to the diverse and changing needs of our customers and vendors in a cost-effective manner, which we believe contributes to the development of strong customer loyalty.

Seasonality

Our retail operations are seasonal, with a high proportion of revenues and operating cash flows generated during the fourth fiscal quarter, which includes the fall and holiday selling seasons. In addition, sales volumes in our department stores are higher during the months of May, June, November and December due to Mother's Day, Father's Day, the "Buen Fin" (a weekend in late November of each year during which various commercial businesses, including our company, offer sales and discounts to encourage consumer spending in Mexico) and year-end holidays.

Our sales of merchandise for the fourth quarter of 2023, 2022 and 2021 represented 36.2%, 36.5% and 38.0%, respectively, of our total sales for such years. In addition, we incur significant additional expenses in the period leading up to the months of November and December in anticipation of higher sales volume in those periods, including the costs of additional inventory, advertising and associates. Therefore, our profitability and results of operations are affected by these seasonal trends.

Innovation and Technology

We continuously invest to improve and streamline our operations, optimize inventory, enhance our supply and distribution chains, develop our logistics infrastructure, and manage customer information through the use of technology. In 2023 we invested Ps.5.7 billion in our technology platforms as well as in our supply chain with the objective of fostering the further development and growth of our current businesses. Technology and social media have transformed and continue to influence the retail landscape. To meet new customer demands, we plan to continue growing through innovation and better-quality customer service, tracking customers across all channels simultaneously and consistently.

Our mobile app, "Liverpool Pocket," has become our most active digital channel, and the extended catalog available through the app has more than 10,000 mobile points of sale in stores. Our registered users can access their purchase history, view merchandise and services catered to their search and purchase behaviors, and apply for a virtual credit card to start using it immediately online. In 2023, over 14 million customers reached out to us through our digital and telephone channels. In line with our efforts to keep up with cutting edge technology and offer immediate and efficient customer service, we analyze customer information using data-mining techniques so we can better understand our customers and engage them through personalized promotions and credit offers. Our sales, logistics and communications platforms are fully integrated, which allows us to retrieve information of the content accessed by each customer and its transaction history. For the year ended December 31, 2023, Liverpool's digital sales grew by 25.8% compared to the prior year and Suburbia's digital sales meanwhile grew 113.6%.

For the past few years we have been dedicated to improving our website and mobile app to support and drive digital sales by offering a seamless and efficient user experience. We aim to transform our website and mobile app into a "super-app" that offers our customers access to a wide range of financial services and not just shopping. Furthermore, we have also invested in and worked on enhancing our online marketplace, which accounted for 15.0% of our digital sales for the year ended December 31, 2023.

In connection with the improvements to our supply and distribution chains, we strive to optimize our stocking processes and fulfillment methods by implementing real-time inventory tracking and reducing the number of shipments and merchandise handling operations. Our new Arco Norte national logistics center is expected to

improve inventory management and fulfillment capabilities through automation. Additionally, in compliance with the requirements of our supply chain, our merchandise handling operation was migrated to a flow and in-line processing system in all our locations. Our rapid growth has required us to continuously optimize our warehousing processes and inventory management through automated warehousing and sorting systems, areas where we believe the use of technology will result in increased efficiencies.

Customers

We specialize in retail sales of merchandise to the general public, targeting a market mainly represented by middle and high-income families in Mexico. As a result, we have no main customers that concentrate a significant percentage of our consolidated sales and we do not rely on a particular product that represents more than 10.0% of our consolidated sales. We believe that customer service in our department stores, shopping centers and specialized boutiques is a key factor in establishing a loyal and growing clientele. In 2023, we completed approximately 139 million transactions with our consumers.

For our real estate operations we have an attractive mix of more than 1,800 tenants, which includes anchor tenants, mid-sized retailers and smaller retailers. For the year ended December 31, 2023, none of our tenants represented more than 10.0% of the operating income for our real estate revenues for such year.

Suppliers

We purchase the products we sell from more than 13,000 suppliers and believe we maintain good relationships with them. We are not dependent on any single supplier and believe we have alternative sources of supply available for each category of merchandise we carry. No single supplier or group of related suppliers accounted for more than 10.0% of the total products purchased by us for the year ended December 31, 2023. We believe that our current suppliers are able to adequately provide the products we sell and we have not experienced any material difficulty in obtaining the types or quantities of the merchandise we require for our retail operations.

In 2023, approximately 50.0% of our consolidated sales consisted of products imported from outside of Mexico. In addition, we sell certain imported products that we acquire from multinational corporations, distributors and wholesalers in Mexico at prices denominated in pesos. We do not believe that we conduct business with our suppliers on terms that are less favorable than those generally available in the retail industry. Domestic suppliers are paid in pesos on terms that vary with the product being purchased. Foreign suppliers are paid in U.S. dollars or, less often, in other foreign currencies.

We believe that our business relationships with our suppliers are a key factor for our continued success. In line with this idea, we maintain offices in New York, United States, New Delhi, India and Shanghai, China. Our New York office was opened in 1989 and facilitates our purchases with vendors in the United States. As a result of the increase in operations with Asian countries, in 2010 we established an office in Shanghai. These offices enable us to maintain a local presence to strengthen our business relationships with our suppliers in such regions. We believe that our presence in New York and Asia places us in an advantageous position to work closely with our suppliers in the development of exclusive programs and promotions for our customers, which in turn will generate added value through the supply chain. In addition, through such offices we are able to better monitor the quality of the products we sell and provide post-sale customer services more effectively.

Intellectual Property

Trademarks

Our most important brands, slogans and logos are protected by trademarks in Mexico through registration with the Mexican Industrial Property Institute (*Instituto Mexicano de la Propiedad Industrial*). Protection of a trademark in Mexico continues for as long as the brand is registered and used. We have approximately 2,114 brand files and registries in Mexico as of December 31, 2023. “Liverpool” is also registered as a “well known brand” in Mexico which grants copyright protection to all our products and services with the “Liverpool” name.

Our main trademarks include “Liverpool,” “Suburbia,” “Liverpool Express,” “Galerías Insurgentes,” “Perisur,” “Galerías Coapa,” “Galerías Metepec,” “Galerías Atizapán,” “JBE,” “That’s it,” “Petite Studio,” “Weekend,” “La Mode,” “Non-Stop,” “Gianfranco Dunna,” “Contempo” and “Metropolis.”



We operate our registered websites www.liverpool.com.mx, www.suburbia.com.mx and www.galerias.com targeting consumers in Mexico for our retail and shopping mall businesses.

Franchise and Other Agreements

From time to time we enter into exclusive license and franchise agreements to sell distinctive apparel and other products in Mexico, and to operate retail stores in Mexico in stand-alone and store-within-a-store formats under brands owned by third parties. These agreements include standard provisions regarding distribution and supply of products, use of trademarks and requirements related to store layouts. The term of such agreements typically ranges from five to ten years and some of them are automatically renewable for one or two additional periods of the same tenor, subject to the right of either party to give prior notice that it does not wish to renew such agreement. Such agreements are subject to termination by either party in the event of default. In return for our exclusive rights, we usually pay a royalty calculated as a percentage of the sale of the corresponding products.

Currently, we have exclusive franchise or license agreements pursuant to which we sell products under the following brands:















In addition, from time to time we enter into non-exclusive agency agreements with buying offices and other intermediaries who have close relationships with manufacturers of merchandise we sell in our department stores. Services provided by such agents include assisting us in obtaining competitive prices, contacting manufacturers and organizing networking events and improving information and communication flow between the local producers and our company. These agreements usually are for indefinite terms and the compensation paid to the agents depends on the services requested, which may include fees determined as a percentage of our purchases.

Marketing

Marketing and consumer data are pivotal elements in our business framework, serving as catalysts for brand awareness and product consideration, thus driving sales. By employing a blend of digital advertising, social media engagement, and traditional physical advertising avenues, we endeavor to fortify our brand presence and drive traffic to our channels. Our marketing activities are aimed towards capitalizing on the top-of-mind awareness in Mexico of our iconic brand "Liverpool" and renowned brand "Suburbia." We believe that incorporating selling and promoting across all channels will leverage each channel's strengths and will allow us to present ourselves seamlessly to our customers as one cohesive brand.

Advertising plays a major role in stimulating awareness, differentiation and sales. We have developed a unique marketing strategy to promote customer traffic in our stores and shopping centers, and engage customers through our digital channels. For example, we host quality events such as our biannual Fashion Fest, a fashion authority festival that brings to our customers state-of-the-art fashion immediately available at our stores and gathers world famous supermodels, brand launches, runways and holiday celebration events such as tree lightings and parades.

In addition, our marketing and advertising activities include the use of the internet, social media, television, radio and billboards. Our advertising mix has migrated from exposure with advertisements in magazines, flyers, newspapers, radio and other media outlets to a focus on digital media and television (primarily during prime-time hours) which have a broader scope and reach a larger audience. We have directed our efforts to maintaining a strong presence in social media, such as Facebook, Instagram, Snapchat, X, TikTok, Google+ and YouTube. As of September 30, 2024, we had over 6.5 million total followers on Facebook, over 720 thousand total followers on X and more than 1.6 million followers on Instagram, which we primarily use for marketing and promotion. In early 2024, we won the "TikTok Ad Award" for "Best TikTok First Campaign" in Mexico's TikTok Ad Awards 2024, a category that recognizes brands that best executed a native digital campaign for TikTok and consumer loyalty.

We strive to increase the ways we can stay in touch with our customers through the principal virtual communities, where we share sales, news, fashion tips, lifestyles and ideas targeted at new segments or profiles of groups of consumers with whom we interact. We also use digital media to address customer concerns and such platforms serve as an extension of our customer service. We ranked eighth place in the "Merco Empresas México 2024" ranking and eleventh in the "Merco Talento 2024" ranking. Compared to 2023, we improved one position in

the former and 15 positions in the latter. This recognition reflects our dedication to excellence, innovation and the trust of our customers and employees.

Since 2016, we have used and improved our geolocation for targeted mobile marketing, such as presenting ads, relevant content, promotions or coupons to customers within a certain distance of our store. This approach significantly enhanced our ability to reach customers using both business type and consumer location data, allowing us to integrate online and offline campaigns at the local level and, consequently, increase customer traffic.

We have invested aggressively in advertising to maintain and expand our market share. For the year ended December 31, 2023, we invested Ps.2,576 million in marketing and advertising activities. As part of our marketing strategy, we analyze customer information through data mining techniques so we can better understand our customers' preferences and how they make choices and engage them through personalized promotions and credit offers. We believe that a deep understanding of our customers' preferences allows us to continue developing integrated marketing plans with offers that address specific customers based on purchasing patterns, social network affinities, website visits and loyalty programs. Additionally, this extensive consumer knowledge, combined with customer affinity models, enables us to predict and anticipate consumer trends. As we develop our omni-channel marketing strategy, we seek to enable our consumers to experience our brand consistently across all retail channels and be in constant contact with the company through multiple avenues at the same time.

We constantly strive to create relevant and consistent marketing strategies to distribute valuable content to attract and acquire a clearly defined audience and maintain audiences that already relate to our brand, with the objective of driving profitable consumer action and strengthening our brand.

Workforce

Our associates are a key element of our brand-delivery experience, our omni-channel strategy and our customer centric culture. Our associates across our organization, from commercial planning to purchasing, logistics and operations, have our customers in mind, regardless of the channel customers use to interact with us. Their superior and personalized services in every interaction with customers are essential to reinforce customer loyalty and for our continued growth. As a result, we significantly invest resources in promoting our associates' personal and professional growth, ensure retention and address succession in strategic positions. We believe that we pay wages that are competitive with those in our industry in general and we have an employee profit-sharing plan which offers benefits above the legal requirements. In addition, we maintain a pension plan for our salaried employees, which complements the government-operated social security plan. To be eligible for our pension plan, employees must have worked with us at least two years. We plan to continue improving our sales force productivity through more effective training programs and attractive compensation schemes.

As of September 30, 2024, we had more than 80,000 employees, of which 75,964 were regular associates. Our employee growth is primarily driven by store openings and acquisitions. In addition, because of the seasonal nature of the retail business, we hire temporary employees from time to time, including during the holiday season. For example, as of December 31, 2023, 4,234 of our 80,198 employees were temporary associates.

As of September 30, 2024, 61.8% of our employees eligible for union membership were members of labor unions. We currently have labor relationships with various unions in Mexico and we have never had a situation that could implicate a disruption of our operations. The collective bargaining agreements with such labor unions are renegotiated every two years, with wages renegotiated once per year, the timing of which varies. We believe we have a good relationship with our employees and their labor unions.

We have adopted the "Experiences that Make a Mark" program based on cultural values to become the best place to work and build talent, and implemented a management system that empowers creativity and change at all levels of our company by setting objective targets. We believe that a well-trained and informed workforce will reduce labor costs, drive efficiencies and deliver better service to our customers. We plan to continue improving our sales force productivity and life quality through more effective training programs, attractive compensation schemes that ensure fair and equal development for all and a work environment that promotes diversity and respect. As a result of this commitment, in 2023, 59,261 employees (74.0% of our workforce) underwent an average of 7.38 hours of training each. In 2023 we were named the best company in the Supermarkets and Department Store industry for

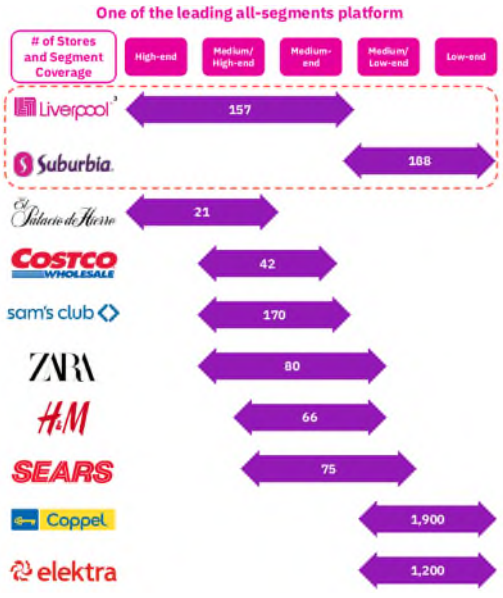
its capacity to attract and retain talent in Mexico, and one of the top 30 companies in the country in the Merco Talent ranking. We also appeared for the first time in the World's Best Companies ranking by Time magazine and Statista, a market research provider, ranking 294 out of the 750 companies considered, and 4th among the eleven Mexican companies listed.

Our associates are also crucial in the implementation of our omni-channel strategy. Data and technology help us train our associates on customer behavior and the use of new technology and implementation of more efficient processes so we can create a unified approach for the shopping experience we offer and become a more efficient organization. We have innovative training programs, one of which is our onboarding program. This program is designed to offer comprehensive support to all new hires over the course of their first year. In it they learn about aspects such as organizational culture, service familiarization, prevention training, tool mastery and best management practices. Moreover, as part of our commitment to the growth of our associates, in 2000 we launched the Liverpool Virtual University, the first virtual corporate university in Mexico, to provide our associates and their families with personal development options ranging from primary and high-school education programs to graduate studies, all certified by the Mexican educational authority. The Liverpool Virtual University offers five undergraduate degrees and four master's programs. During 2023 we provided training to 9,209 employees through various programs at Liverpool Virtual University. Through our Liverpool Virtual University we seek to guarantee the continuity of our principles, identity and business philosophy, while encouraging the growth of our associates. We expect to continue offering career plans that enable us to adapt the development of our associates to our corporate growth needs. We are committed to constantly improving the life quality of our associates.

Competition

The retail industry is highly fragmented and competitive. We compete with other omni-channel retailers, traditional department stores, vendor owned boutiques, specialty retailers, individual specialty apparel stores, designer boutiques, outlet stores, e-commerce, mail order retailers and "flash sale" businesses, among others. We believe that our omni-channel approach to business, industry knowledge and customer base, superior customer service, broad selection of quality fashion merchandise at appropriate prices, innovative marketing, strategic store locations, store formats, and digital retail platform position us for a competitive advantage. Our main competitors include El Palacio de Hierro, Sears, Coppel, Elektra, Amazon, Mercado Libre, H&M, Shein, Temu, Zara, Costco, Sam's Club and other grocery retailers such as Walmart, Soriana and Chedraui among others.

The graph below shows our number of stores and segment coverage compared to some of our competitors.



Our physical department stores compete primarily on the basis of price, location, selection and quality of merchandise, service, in-store amenities and promotions. Our digital retail platform competes primarily on the basis of personalization and engagement, price, selection and quality of merchandise, service, promotions and fulfillment capacity.

We believe our main competitive strengths are our omni-channel and customer-centric strategies, combined with our extensive experience in the retail industry. We expect to continue to face strong competition across each of the channels in which we are present.

Property

Our properties consist primarily of department stores, shopping centers and distribution and fulfillment facilities, including warehouses and distribution centers. We also own or lease other properties, including corporate office space and other facilities at which centralized operational support functions are conducted. The map below shows the geographic location of our stores, distribution centers and warehouses as of December 31, 2023.



Inventory

We carefully manage our inventory to satisfy our customer demand, consistent with the seasonality of our business, while minimizing overstock at our department stores and warehouses. We own most of our inventory, with less than 5.0% on consignment, and as a result, we maintain strict controls to efficiently determine our inventory needs based mostly on actual sales and to a lesser extent on projected demand, leading to a suppliers to inventories ratio of 1.3x. In line with this strategy, recent investments in technology are targeted at optimizing inventory management and the supply chain. As digital channels continue to become more relevant, customers increasingly demand the flexibility to begin interaction through one channel and complete a purchase through a different channel. Our omni-channel approach to inventory optimization through inventory virtualization, real-time and enterprise-wide information and leveraging brick-and-mortar stores as fulfillment centers is essential to meet or surpass customers' expectations while simultaneously controlling costs and bolstering operating efficiencies. In addition, maintaining a strong relationship with our suppliers has enabled us, and we believe will continue to enable us, to quickly satisfy demand for out-of-stock products.

Insurance

We maintain a comprehensive insurance program that is consistent with industry practices for facilities of a similar type, geographic location and capacity as our department stores, specialized boutiques and shopping centers. In addition, we maintain insurance for directors' and officers' liability. Our insurance policies are underwritten by recognized insurance companies in Mexico and abroad. Among other insurance policies, we maintain commercial general liability insurance, environmental liability insurance, business interruption insurance, cybercrime insurance, insurance coverage for our fleet and operational "all risks" property insurance for our department stores.

Social Responsibility and Sustainability

Our associates, shareholders and vendors form part of a community that values personal and professional excellence, generating solid returns on our business, with a strong sense of responsibility to the community, and our corporate growth model intends to integrate such economic, social and environmental goals. We are committed to the sustainability of our operations, with full recognition of our obligations with respect to the communities where we operate and the production chain that we generate.

Through our sustainability strategy, "The Footprint of El Puerto de Liverpool", we set priorities based on the materiality study we conducted in 2020 to identify priority actions for our company. In this effort we are guided by the global targets established in the United Nations' 2030 Agenda, which informs specific strategic activities linked to our business, with an awareness of their impact on our stakeholders. Our ESG Model "The Footprint of El Puerto de Liverpool" is based on a model that drives environmental, social and governance initiatives in support of our short, medium and long-term goals.

Environmental Management

We are committed to enhancing our environmental performance. Key initiatives include reducing our carbon footprint, implementing robust recycling programs, promoting reuse and optimizing water usage. We ensure strict compliance with all applicable environmental regulations. Our 2023 environmental policy emphasizes circular economy principles, eco-efficiency, and GHG emissions reduction, aiming for carbon neutrality in direct emissions by 2040. We prioritize biodiversity conservation through rigorous environmental impact assessments and evaluations, ensuring the identification and protection of local flora and fauna.

Energy and Emissions

All operation centers—administrative offices, warehouses, Liverpool stores, Suburbia stores, boutiques, and shopping centers (Galerías)—are governed by the Group's proprietary environmental management system, based on ISO 14001 standard and audited internally. We remain committed to optimizing energy consumption in our operations and reducing our GHG emissions. To achieve this, we focus our efforts on three main lines: low-impact mobility, energy efficiency, and energy source transition. Low-impact mobility has become a key strategy for reducing emissions. We have been gradually phasing out internal combustion vehicles and replacing them with hybrid and electric options. In 2023, we acquired 50 new electric vehicles. We are also making logistics more efficient using GPS technology to detect deviations and to improve route planning, driver safety, and cargo management. To use more energy from renewable sources, we rely on wind, hydro, and solar energy from outside suppliers. Internally, we also continue to install solar panels. By the end of this year, we had 18 solar-powered locations, broken down as follows: 13 at Liverpool stores, one at a corporate office, two at Galerías Shopping Centers, and two at Suburbia stores.

Process and Waste Circularity

Our strategy centers around a Comprehensive Sustainable Packaging System, featuring FSC-certified packaging that ensures responsible sourcing, reduced materials, efficient design and enhanced lifecycle safety. We prioritize packaging with recycled, recyclable or biodegradable attributes across all our businesses. This commitment includes proper waste separation of plastics, bags, cardboard, and PET at Click & Collect points in

Aguascalientes, Guanajuato, Michoacán, and Querétaro. We provide dedicated collection containers for boxes, empowering customers to choose to reuse or recycle, thus fostering responsible waste management.

We are improving the delivery experience for our customers by selecting the correct packaging—appropriate to the dimensions of the product—at the time their order is sent. We manage the waste generated in receiving areas, warehouses and loss prevention, administrative and maintenance areas, making sure it is handled correctly in each phase of the process. We trace our waste from generation, temporary storage, collection and transportation to final disposal, so that we can reuse and/or recycle not only the packaging materials discarded in warehouses, but also office, plant and restaurant waste such as toner cartridges, organic waste, and vegetable oil. To dispose of our organic waste, we have nine strategically installed biodigesters that processed over 45 metric tons of organic waste in 2023.

Finally, as part of our extended responsibility activities, we have launched a customer-facing campaign to recover electronic waste. Through this initiative, 32 permanent collection points have been set up in Liverpool and Suburbia stores where customers and others can responsibly dispose of their electrical and electronic devices at the end of their useful life. Another of our sustainable practices innovations has been our digital ticket strategy, under which we have issued over 5.4 million digital tickets, practically 1.5 times our initial goal. This proven initiative to reduce waste has also saved 80 thousand rolls of ticket paper.

Water

As part of our commitment to more efficient water management, we aim to optimize water use, reduce consumption and explore alternatives to meet our needs, such as treated water and rainwater. Our goal is to achieve water balance by 2040, and we have already launched several initiatives to reach this milestone. We conducted a study at various locations to explore feasibility of using treated water. In 2023 we carried out a pilot test at Liverpool Puebla Serdán, to assess its potential in reducing the use of drinking water. We also treat wastewater at both our own and outside Wastewater Treatment Plants (WWTP), totaling 454 thousand cubic meters of water. This is equivalent to 18.87% of our total water consumption, and is used for watering green areas, sanitary facilities, and washing parking lots.

Diversity and Inclusion

We are committed to promoting a diverse and inclusive work culture where we value talent for talent's sake. These values are consigned in our Code of Ethics, as well as our Code of Conduct and Integrity. We developed an Equality, Diversity, and Non-Discrimination Policy, which establishes more specific initiatives to prevent such cases and corrective actions to mitigate them. We build leadership in middle and senior management positions through our "Allies that Inspire" program, which develops leadership skills with a gender approach, focusing on the individual advancement with equal opportunities. In 2023, 261 men and women graduated from this program, and 8.2% of women changed positions or were promoted during the year.

Our Diversity and Inclusion Awareness program educates employees about these basic concepts to ensure El Puerto de Liverpool is an open and inclusive company that fosters a discrimination-free environment. In 2023, we trained 14,379 employees from all businesses and had 17 Liverpool stores certified under NMX-R-025-SCFI-2015 standard for equality and non-discrimination.

We have also developed guidelines for our infrastructure to make our facilities more inclusive of employees with disabilities and to better serve our customers. We have created a signage manual that includes accessibility guidelines for people with motor disabilities and people with visual disabilities, which has been adapted for application in each business. To be more inclusive, our stores integrate references to the NOM 003 SEGOB/2002 standard, which means offering accessible spaces and services adapted for pregnant women, elderly adults, and people with disabilities. The adaptations include ramps, elevators, fitting rooms, trained personnel, and specific services such as accessible counters.

We are also committed to offering inclusive financial services that address a range of credit profiles and circumstances. We facilitate access to credit for people with little or no credit experience, and we have a Financial

Literacy Program that provides informed follow-up to our customers about its functioning and the financial services they acquire. Financial services at Suburbia have undergone a conceptual evolution, one example of which is our Aparta+ model, a layaway system under which customers can purchase the merchandise they want by making a 15.0% down payment and completing the payment in installments, which has the added advantage of avoiding interest payments. At the same time, we strengthened our "Minipagos" system, allowing our customers to pick up items from our stores once they are paid for.

Liverpool created a financial program called the Guaranteed Card, in which customers can make payments to their card and purchase products with it, enabling them to improve their credit record over time as they use their cards correctly.

Governmental Regulation

We are subject to a wide range of government regulation and supervision in Mexico, including with regard to labor and social security, imports, data privacy, anti-money laundering, profit sharing and taxes. Labor and social security regulation includes requirements for providing certain minimal benefits to employees, principally consisting of minimum wages, holidays, vacation premiums, severance payments and year-end bonuses. In addition, as a publicly traded company, we are subject to the provisions of the Mexican Securities Market Law and its regulations.

Several matters in connection with our ownership and possession of real estate property are regulated on a federal, state and municipal basis. In general terms, such activities are subject to (i) state and municipal laws and regulations relating to urban development, planning and zoning, (ii) state and municipal laws and regulations that govern construction and civil protection matters related to construction, including obtaining and granting of related permits and licenses, and (iii) federal and state laws and regulations that govern environmental matters.

Legal Proceedings

We are currently a party to various legal proceedings in Mexico arising in the normal course of our business that we believe are routine in nature and incidental to the operations of our business. We have not been involved in any governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened) of which we are aware, during the last twelve months, which may have, or have had in the recent past, significant effects upon our financial position or profitability either individually or in the aggregate.

MANAGEMENT

Liverpool is a publicly traded stock corporation (*sociedad anónima bursátil de capital variable*) incorporated on February 28, 1912 and existing under the laws of Mexico. Our current board of directors was elected on March 12, 2024. The term of the directors ends upon the election of the new members at the annual shareholders' meeting, which will be held within the first four months of 2025. Pursuant to the Mexican Securities Market Law, at least 25.0% of the members of our board of directors are required to be independent directors. According to our by-laws, independent directors are those who may serve on the board and act free from conflicts of interest and who qualify as independent directors pursuant to the Mexican Securities Market Law.

Board of Directors

The following table sets forth the current members of our board of directors and their respective positions:

Name	Position
Graciano F. Guichard G.	Chairman
Madeleine Brémond S.	Vice Chairman
Javier Arrigunaga*	Director
Henri Brémond S.	Director
José Cohen Sitton*	Director
Carlos Antonio Danel Cendoya*	Director
Juan María Pedro David Michel	Director
Juan Miguel Gandoulf*	Director
Armando Garza Sada*	Director
Pablo Guichard C.	Director
Andrea Hernández Velasco*	Director
Maximino Michel G.	Director
Alejandro Ramírez Magaña*	Director
Guillermo Simán*	Director
Nicole Van Lathem	Director
Ignacio Pesqueira**	Secretary
Norberto Aranzábal**	Deputy Secretary
José Calderón**	Honorary Director
Ricardo Guajardo**	Honorary Director
Miguel Guichard**	Honorary Director
Esteban Malpica**	Honorary Director
Jorge Salgado**	Honorary Director
Luis Tamés**	Honorary Director
Pedro Velasco**	Honorary Director
Graciano Guichard M.**	Honorary Director
Max David**	Honorary Director

* Independent director.
** Not a member of our board of directors.

The following sets forth biographical information for each of the members of our board of directors, Secretary and Deputy Secretary:

Graciano F. Guichard G.

Mr. Guichard joined our company in 2000 and has served as Chairman of our board of directors since 2024. He is also a member of the board of directors of Grupo Unicomer. Additionally, Mr. Guichard served our company as Chief Executive Officer from 2015 to March 2024, as Director of Hard Line from 2011 to 2012 and as Director for Multimedia from 2008 to 2010. Mr. Guichard holds a degree in Industrial Engineering from Universidad Iberoamericana and a Master of Business Administration from UCLA Anderson School of Business.

Madeleine Brémond S.

Ms. Brémond is the Chief Executive Officer of Orion Tours, S.A. de C.V., also known as Orion Tours, and has served as Vice Chairman of our board of directors since 2003. Ms. Brémond is a member of the board of directors of various entities, including Banco Invex S.A. de C.V. and Quálitas Controladora, S.A.B. de C.V., is former president of the Alliance Francaise de México A.C. and is a member of the board of trustees of the Museo Nacional de Antropología, A.C., among other philanthropic activities. Ms. Brémond holds a degree in Business Administration from Universidad Anáhuac.

Javier Arrigunaga

Mr. Arrigunaga is the Chief Executive Officer of Xokan Advisors and is a member of the board of directors of various entities, including Grupo Aeroméxico, S.A.B. de C.V., Grupo Financiero GBM, S.A. de C.V., Dine, S.A.B. de C.V., Kuo, S.A.B. de C.V. and Club de Banqueros de México, A.C. Mr. Arrigunaga holds a degree in Law from Universidad Iberoamericana and a Master of Laws from Columbia University in the City of New York.

Henri Brémond S.

Mr. Brémond is a member of the board of directors of various entities, including Victium, S.A. de C.V. Mr. Brémond holds a degree in Business Administration from Universidad Iberoamericana.

José Cohen Sitton

Mr. Cohen is former president of the National Chamber of the Textile Industry (*Cámara Nacional de la Industria Textil* or "CANAINTEX") and former vice president of the National Confederation of Industrial Chambers (*Confederación Nacional de Cámaras Industriales* or "CONCAMIN"). He holds a degree in Public Accounting from Universidad Iberoamericana and a Master of Business Administration from the Instituto de Empresa (Madrid).

Carlos Antonio Danel Cendoya

Mr. Danel is co-founder of Compartamos Banco, S.A. and Gentera, S.A.B. de C.V., where he is currently chairman of the board of directors. Mr. Danel holds a degree in Architecture from Universidad Iberoamericana and a Master of Business Administration from Instituto Panamericano de Alta Dirección de Empresas. Mr. Danel also has multiple studies in microfinance from Harvard University and The Economics Institute in Boulder, Colorado.

Juan María Pedro David Michel

Mr. David is a director at Banco Invex, S.A. de C.V. and is a member of the board of directors of various entities, including Invex Controladora, S.A.B. de C.V. Mr. David holds a degree in Industrial Engineering from Universidad Anáhuac, a Master of Business Administration from Instituto Tecnológico Autónomo de México and a Senior Management Degree from Instituto Panamericano de Alta Dirección de Empresas.

Juan Miguel Gandoulf

Mr. Gandoulf is a director at Sagnes Constructores, S.A. de C.V. Mr. Gandoulf is a Public Accountant certified by the Instituto Mexicano de Contadores Públicos, A.C. and holds a Master of Business Administration from the United States International University at San Diego, California.

Armando Garza Sada

Mr. Garza Sada is the chairman of the board of directors of Alfa, S.A.B. de C.V., a Mexican multinational conglomerate headquartered in Monterrey, and is member of the board of directors of various entities, including ALFA, S.A.B. de C.V., Cementos Mexicanos, S.A.B. de C.V., Alpek, S.A.B. de C.V., Axtel, S.A.B. de C.V. and Grupo Lamosa, S.A.B. de C.V. Mr. Garza Sada holds a degree in Management from the Massachusetts Institute of Technology and a Master of Business Administration from Stanford University.

Pablo Guichard C.

Mr. Guichard has experience in investment banking, private equity and investment portfolio management. Mr. Guichard holds a degree in Industrial Engineering from Universidad Iberoamericana and a Master of Business Administration from Columbia University in the City of New York.

Andrea Hernández Velasco

Ms. Hernández is founder and president of Fundación Legorreta Hernández, A.C. She also serves as chairman of the board of ProAgro, S.A. de C.V. and as a member of the board of directors of Planificación Grupo Paralelo 19, S.A. de C.V. and Fundación Pedro y Elena Hernández, A.C. Ms. Hernández is a member of the Advisory Council at Grupo Financiero Banamex. Ms. Hernández holds a degree in International Relations from the Universidad Iberoamericana.

Maximino Michel G.

Mr. Michel is Chairman and General Manager of 3H Capital and is a board member at various companies, including Grupo Lamosa, S.A.B. de C.V., Fomento Económico Mexicano, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V., Grupo Profuturo, S.A. de C.V., Seguros Bx+, S.A. de C.V. and Afianzadora Sofimex, S.A. de C.V. Mr. Michel holds a degree in Business Administration from Universidad Iberoamericana.

Alejandro Ramírez Magaña

Mr. Ramírez is the Chief Executive Officer of Cinépolis de México, S.A. de C.V. Mr. Ramírez is a member of the board of directors of various entities, including Alfa, S.A.B. de C.V., the Sundance Institute and the Museum of the Academy of Motion Arts and Sciences. Mr. Ramírez was also Mexico's representative to the Organization for Economic Cooperation and Development (OECD) and worked at the World Bank and the United Nations' Development Program in the areas of poverty and human development. Mr. Ramírez holds a degree in Economics from Harvard University, an MSc in Development Economics from Oxford University and a Master of Business Administration from Harvard Business School.

Guillermo Simán

Mr. Simán is Executive Vice President of Grupo Unicomer. Mr. Simán was board member of Compartamos Banco, S.A.B. de C.V. and HSBC-Banco Salvadoreño. He served as Assistant Vice President for Planning and Research at Citibank. Mr. Simán holds a degree in Business Administration and Economy from Loyola University - New Orleans and a Master of Business Administration from the Sloan School of Management at the Massachusetts Institute of Technology.

Nicole Marie Van Lathem

Ms. Van Lathem is the General Manager of our Real Estate Division. She led the Arco Norte Logistics Platform (PLAN) and managed the Projects Office at our Company. She holds a degree in Industrial Engineering from Universidad Iberoamericana and a Master of Business Administration from IESE Business School.

Ignacio Pesqueira

Mr. Pesqueira is a partner at Galicia Abogados, S.C. Mr. Pesqueira has served as Secretary of our board of directors since 2000. Mr. Pesqueira holds a degree in Law from Universidad Nacional Autónoma de México, a Master of Laws from New York University, School of Law and a Senior Management Degree (AD-2) from Instituto Panamericano de Alta Dirección de Empresas.

Norberto Aranzábal

Mr. Aranzábal is partner at Aranzábal Rivera Abogados, S.C. and serves as Deputy Secretary of our board of directors. Mr. Aranzábal holds a degree in Law from Universidad Panamericana and a diploma in Management for Lawyers and Corporate Governance from Yale University.

Except as indicated above, there are no potential material conflicts of interest between the duties of the members of our board of directors and their private interests.

Our Honorary Chairman and Honorary Directors are not required to attend the meetings of our board of directors and do not have any voting rights at such meetings.

The business address of our directors is Mario Pani 200, Colonia Santa Fe, Alcaldía Cuajimalpa, 05348, México City, Mexico.

Key Executive Officers

Our Chief Executive Officer is appointed by the board of directors and holds office at its discretion. The following table sets forth the name, title and years with the company of our executive directors:

Name	Position	Years in Liverpool
Enrique Güijosa	Chief Executive Officer	16
Gonzalo Gallegos	Chief Financial Officer	13
Nicole Marie Van Lathem	General Manager, Real Estate Division	12
Santiago de Abiega	General Manager, Financial Services	26
Juan Ernesto Gómez	Chief Internal Auditor	16
Zahie Edid	Chief Organizational Development Officer	21
Jacobo Apichoto	Chief Legal Officer	27
Carlos Marín	General Manager, Liverpool	11
Alejandro Melgar	General Manager, Suburbia	18

The following sets forth selected biographical information for each of our executive officers:

Enrique Güijosa

Mr. Güijosa joined our company in 2008 and has served as our Chief Executive Officer since 2024. From 2011 to 2024, he served as our Chief Financial Officer. Mr. Güijosa also served as our company's Director of Finance & Control from 2008 to 2011. Prior to joining our company, Mr. Güijosa served as Chief Financial Officer of Procter & Gamble Chile, Procter & Gamble Brazil and El Palacio de Hierro, S.A.B. de C.V. Mr. Güijosa holds a degree in Applied Mathematics and a Master of Business Administration from Instituto Tecnológico Autónomo de México.

Gonzalo Gallegos

Mr. Gallegos joined our company in 2011 and has served as our Chief Financial Officer since 2024. Mr. Gallegos held various roles in our finance and commercial departments prior to his appointment as Chief Financial Officer. Mr. Gallegos holds a degree in Industrial Engineering from Universidad Iberoamericana, a Master's degree in Business Administration from the Instituto Tecnológico Autónomo de México, and is a graduate of the Senior Management Program at Instituto Panamericano de Alta Dirección de Empresas.

Nicole Marie Van Lathem

See "Management—Board of Directors—Nicole Marie Van Lathem."

Santiago de Abiega

Mr. de Abiega joined our company in 1998 and has served as the General Manager of the Financial Services Division since 2007. Mr. de Abiega also served our company as Financial Services Business Director from 2006 to 2007, as Purchasing Director from 2002 to 2006 and as Consumer Credit Director from 1998 to 2002. Mr. de Abiega also represents our company as Member of the board of directors of Unicomer. Mr. de Abiega holds a degree in Industrial Engineering from Universidad Anáhuac.

Juan Ernesto Gómez

Mr. Gómez joined our company in 2008 and has served as our Chief Internal Auditor since then. Prior to joining our company, Mr. Gómez held various positions related to internal audit and risk management at a global financial institution. Mr. Gómez holds a degree in Information Systems from Instituto Tecnológico y de Estudios Superiores de Monterrey, a diploma in Finance and a master's degree in International Management from Instituto Tecnológico Autónomo de México. Mr. Gómez is a Certified Internal Auditor by the Institute of Internal Auditors, and has graduated from the Management Development Program at Instituto Panamericano de Alta Dirección de Empresas.

Zahie Edid

Ms. Edid joined the company in 2003 and has served as our Chief Organizational Development Officer since 2016. Ms. Edid also served our company as Women's and Children's Purchasing Director from 2010 to 2015. Ms. Edid holds a degree in International Affairs from Instituto Tecnológico de Estudios Superiores de Monterrey and a Certificate for Advanced HR from the Michigan Ross University.

Jacobo Apichoto

Mr. Apichoto joined our company in 1997 and has served as our Chief Legal Officer since 2018. Mr. Apichoto also served our company as Legal Director of Operations from 2013 to 2018. Mr. Apichoto holds a degree in Law from Universidad La Salle, A.C. and a Master's in Corporate Law from Universidad Panamericana.

Carlos Marín

Mr. Marín joined our company in 2012 and has served as the General Manager of the Liverpool Division since 2021. Mr. Marín also served our company as International Business and Boutiques Director from 2016 to 2021. Mr. Marín holds a degree in Industrial Engineering from Universidad Anáhuac and a Master of Business Administration from Texas McCombs School of Business.

Alejandro Melgar

Mr. Melgar joined our company in 2006 and has served as the General Manager of the Suburbia Division since 2021. Mr. Melgar also served our company as Men's Purchasing Director from 2017 to 2018. Mr. Melgar holds a degree in International Business from Universidad Anáhuac and a Master of International Business from Universidad Anáhuac.

Committees of the Board of Directors

The board of directors of Liverpool has formed an Operations Committee, an Estate Advisory Board and an Audit and Corporate Practices Committee.

Audit and Corporate Practices Committee

Surveillance of our business is entrusted by the Mexican Securities Market Law to our Audit and Corporate Practices Committee. The Audit and Corporate Practices Committee is comprised of Javier Arrigunaga, who serves as Chairman of the Committee, Juan Miguel Gandoulf and José Cohen Sitton. All members of the Audit and

Corporate Practices Committee are independent within the meaning of the Mexican Securities Market Law. The Audit and Corporate Practices Committee is responsible for reviewing and overseeing the internal audit function and approving annual internal audit work plans and budgets, and its activities include drafting and recommending policies to our board of directors and to our general management, reviewing and recommending improvements to controls and internal procedures, coordinating internal auditing, supervising our compliance with laws, conducting special internal or external studies and providing a channel for anonymous internal complaints and complaints from contributors or third parties, as well as sanctioning conduct which contravenes internal or external regulations. The Audit and Corporate Practices Committee also reviews and oversees the external audit function and all non-audit services to be conducted by external auditors, reviewing external auditor reports and significant findings and reviewing and recommending Liverpool's financial statements for approval to the board of directors. The Audit and Corporate Practices Committee meets approximately four times per year, investigates any recommendations for improvement of internal and external controls and reviews significant audit and accounting findings and recommendations and management's responses to such recommendations. The Audit and Corporate Practices Committee also issues opinions on any material changes in the accounting policies, and criteria and practices applied in the preparation of Liverpool's financial statements, as well as on matters concerning the execution of material or unusual transactions.

Estate Advisory Board

The Estate Advisory Board is comprised of Henri Brémond S., who serves as Chairman, Juan David, Magdalena Michel, Miguel Guichard and Alejandro Duclaud, who serves as Secretary of the Estate Advisory Board. The alternate members of the Estate Advisory Board are Madeleine Brémond S., Monique David, Magdalena Guichard and Bertha Michel. The Estate Advisory Board is entrusted to prepare and recommend policies with respect to strategic aspects of our business and operations, and to guarantee compliance with, and achievement of, our long-term goals and objectives. The Estate Advisory Board meets once every month.

Code of Ethics

We rely on self-regulatory measures to govern our business practices. Our Code of Ethics is approved by our board of directors and covers, for example, general aspects and policies for Liverpool's interaction with society, government and our competitors, as well as our associates, suppliers, consumers, clients, partners and shareholders.

SHAREHOLDERS

Our outstanding capital stock consists of two classes of shares: Series 1 shares and Series C-1 shares. Series 1 shares are ordinary shares with full voting rights, with no par value. Series C-1 shares are shares with full economic rights but with non-voting rights and no par value.

Our Series 1 shares are publicly traded in Mexico and listed on the Mexican Stock Exchange under the ticker symbol "LIVEPOL." As of September 30, 2024, our market capitalization was approximately Ps.156,153 billion (US$7.955 billion).

Our Series C-1 shares also are traded in the European over-the-counter market in the form of Global Depositary Shares, or GDSs, through Clearstream Banking, *société anonyme* and Euroclear S.A./N.V., as operator of the Euroclear System. Each GDS represents an interest in 20 Series C-1 shares.

The following table sets forth information concerning the percentage of our share ownership as of September 30, 2024.

Shareholder	Number of Shares of Common Stock	Percentage Ownership of Common Stock (in %)
Banco Nacional de México, S.A., Institución de Banca Múltiple, Grupo Financiero Banamex—Trust No. 15228-3	278,691,361	20.8
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero—Trust No. 0327	221,455,612	16.5
Banco Nacional de México, S.A., Institución de Banca Múltiple, Grupo Financiero Banamex—Trust No. 504288-5	109,114,664	8.1
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero—Trust No. 0387	101,492,311	7.6
UBS Casa de Bolsa S.A. de C.V.	96,234,447	7.2
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero—Trust No. 4165	67,460,443	5.0
Pictet and Cie	63,424,172	4.7
Scotiabank Inverlat S.A., Institución de Banca Múltiple—Trust No. 11033735	36,839,656	2.7
Fondo Administrado 5, S.A. de C.V., Fondo de Inversión de Renta Variable	2,107,788	0.2
Others	365,375,646	27.2
Total	**1,342,196,100**	**100.0%**

We are legally and beneficially owned and controlled by the shareholders set forth on the table above. The rights of such shareholders are contained in our by-laws and we are managed in accordance with such by-laws and with the provisions of the Mexican Securities Market Law.

To the best of our knowledge, except for the members of the Brémond, David, Guichard and Michel families, none of our shareholders has control (*control*), significant influence (*influencia significativa*) or decision making power (*poder de mando*) in our company, as such terms are defined in the Mexican Securities Market Law.

CERTAIN TRANSACTIONS WITH RELATED PARTIES

In the ordinary course of our business, we enter into commercial transactions with some of our subsidiaries, affiliates and related parties. We believe that our transactions with related parties are on terms comparable to those that would result from arm's-length negotiations with unaffiliated parties, and they are reviewed and approved by our Audit and Corporate Practices Committee which is comprised of independent members, in accordance with the Mexican Securities Market Law.

Among others, Grupo Financiero Invex, S. A. de C. V., or Invex, provides our company with pension plan and workers' savings fund administration services, as well as with fiduciary services. Certain of our principal shareholders are shareholders of Invex. The aggregate amount of fees and commissions paid to Invex for these services was Ps.4,187 million for the nine months ended September 30, 2024, and Ps.6,306 million and Ps.6,902 million for each of the years ended December 31, 2023 and 2022, respectively.

We also purchase corporate travel services for our employees from Orion Tours. The Chief Executive Officer of Orion Tours acts as Vice Chairman of our board of directors. The aggregate amount of fees and commissions paid to Orion Tours for these services was Ps.94,982 million for the nine months ended September 30, 2024, and Ps.94,377 million and Ps.71,608 million for the years ended December 31, 2023 and 2022, respectively.

Likewise, we contract car insurance services with Quálitas Controladora, S.A.B. de C.V., or Quálitas, where Madeleine Brémond, one of our board members, is also a board member. The aggregate amount of fees paid to Qualitas amounted to Ps.36,651 million for the nine months ended September 30, 2024, and Ps.45,855 million and Ps.44,320 million for the years ended December 31, 2023 and 2022, respectively.

We expect to continue to enter into transactions with affiliates in the future in compliance with applicable Mexican law.

See note 20 to our audited consolidated financial statements included in this offering memorandum for additional information about our transactions with related parties.

DESCRIPTION OF THE NOTES

This section of this offering memorandum summarizes the material terms of the indenture pursuant to which the notes will be issued, the notes and the guarantee. It does not, however, describe all of the terms of the indenture, the notes or the guarantee. Upon request, we will provide you with a copy of the indenture (which includes the form of the notes). See "Available Information" for information concerning how to obtain such a copy. The indenture is not required to be and will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

In this section of this offering memorandum, references to the "*issuer*," "*we*," "*us*" and "*our*" are to El Puerto de Liverpool, S.A.B. de C.V. only and not to our subsidiaries or affiliates. References to "*holders*" mean those who have notes registered in their names on the books that we or the trustee maintain for this purpose, and not those who own beneficial interests in notes issued in book-entry form through DTC or in notes registered in street name. Owners of beneficial interests in the notes should refer to "Form of Notes, Clearing and Settlement." The definitions of certain terms used in the following summary are set forth below under "—Certain Definitions."

The 2032 notes and the 2037 notes will constitute separate series of notes. The discussion of provisions of the notes, including, among others, the discussions set forth under "—Defaults, Remedies and Waiver of Defaults," "—Modification and Waiver" and "—Defeasance" in this offering memorandum, applies to each series separately.

General

Indenture

The notes will be issued under an indenture to be dated as of January 22, 2025, among us, the subsidiary guarantor and Citibank, N.A., as trustee (the "*trustee*," which term includes any successor trustee).

Principal and Interest

The aggregate principal amount of the 2032 notes will initially be US$500,000,000. The 2032 notes will mature on January 22, 2032. The aggregate principal amount of the 2037 notes will initially be US$500,000,000. The 2037 notes will mature on January 22, 2037.

The 2032 notes will bear interest at a rate of 6.255% per year from January 22, 2025. The 2037 notes will bear interest at a rate of 6.658% per year from January 22, 2025. Interest on each series of the notes will be payable semi-annually in arrears on January 22 and July 22 of each year, beginning on July 22, 2025, and at maturity.

Each payment of interest due on an interest payment date or at maturity will include interest accrued from and including the last date to which interest has been paid or made available for payment, or from the issue date, if none has been paid or made available for payment, to but excluding the relevant payment date. We will compute interest on the notes on the basis of a 360-day year consisting of twelve 30-day months.

If any payment under the notes is due on a day that is not a Business Day, we will make such payment on the next Business Day. No interest will accrue on the postponed amount from the original due date to the next Business Day.

Ranking of the Notes and the Guarantee

The notes and the guarantee will be unsecured obligations and will, other than with respect to certain obligations given preferential treatment pursuant to the laws of Mexico, rank equal in right of payment with all of our and the subsidiary guarantor's unsecured and unsubordinated indebtedness. The notes and the guarantee will not have the benefit of any collateral securing any of our or the subsidiary guarantor's existing and future secured indebtedness, and will be effectively junior to such secured indebtedness to the extent of the value of the assets securing such indebtedness. The notes and the guarantee will be structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries, other than the subsidiary guarantor, in respect of the assets of and revenues generated by those subsidiaries. Accordingly, each of our subsidiaries, other than the subsidiary

guarantor, will pay its respective indebtedness and other liabilities before such non-guarantor subsidiary will be able to distribute any of its assets to us in the event of a bankruptcy, *concurso mercantil*, *quiebra*, liquidation or reorganization. In addition, holders of minority interests in such non-guarantor subsidiaries may receive distributions prior to or pro rata with us depending on the terms of the equity interests.

As of September 30, 2024, our total consolidated indebtedness was Ps.30.09 billion (US$1.53 billion), all of which constituted unsecured Indebtedness and which would have ranked equal in right of payment to the notes. As of such date, our non-guarantor subsidiaries had no indebtedness (other than intercompany indebtedness).

Form and Denominations

The notes will be issued only in registered form without coupons and in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof.

Except in limited circumstances, the notes will be issued in the form of global notes. See "Form of Notes, Clearing and Settlement."

Further Issuances

We reserve the right, from time to time without the consent of, or notice to, holders of the notes of a series, to issue additional notes of such series on terms and conditions identical to those of the notes of such series (except for the issue date, issue price, the date from which interest will accrue and, if applicable, the date on which interest will first be paid), which additional notes of such series will increase the aggregate principal amount of, and will be consolidated and form a single series with, the notes of such series; *provided, however*, that any additional notes of a series shall be issued under a separate CUSIP or ISIN number unless the additional notes of such series are issued pursuant to a "qualified reopening" of, or are otherwise treated as part of the same "issue" of debt instruments as, the notes of such series sold in this offering for U.S. federal income tax purposes.

Guarantee

Distribuidora Liverpool, S.A. de C.V. (the "*subsidiary guarantor*") will fully and unconditionally guarantee the payment of all our obligations under the indenture and the notes (the "*guarantee*"). The subsidiary guarantor will waive any right to which it may be entitled under any applicable law so that enforcement for the full amount due under the notes may be sought against it. The obligations of the subsidiary guarantor in respect of its guarantee will be limited to the maximum amount that will result in the obligations not constituting a fraudulent conveyance, fraudulent transfer or similar illegal transfer under applicable law. See "Risk Factors—Risks Related to the Notes and the Guarantee—The guarantee may not be enforceable against the subsidiary guarantor."

The subsidiary guarantor will be released and relieved of its obligations under its guarantee in the event:

- there is a legal defeasance or a covenant defeasance of the notes as discussed under "—Defeasance," or a satisfaction and discharge of the indenture;
- there is a sale or other disposition of capital stock of the subsidiary guarantor (including by way of merger, stock purchase or otherwise) otherwise permitted by the indenture, following which the subsidiary guarantor is no longer our direct or indirect subsidiary;
- in connection with the merger or consolidation of the subsidiary guarantor with us, if such transaction is permitted under the indenture;
- upon a liquidation or dissolution of the subsidiary guarantor that is permitted under the indenture; provided no Default or Event of Default has occurred and is continuing prior to such liquidation or dissolution;
- in the event that, at any time, the fair market value of the assets of the subsidiary guarantor (as reasonably determined by our board of directors) is less than US$10 million;

- in connection with any sale or other disposition of all or substantially all of the assets of the subsidiary guarantor (including by way of merger or consolidation), if the sale or other disposition complies with the applicable provisions of the indenture; or

- upon payment in full of the aggregate principal amount of all notes then outstanding and all other obligations under the indenture and the notes then due and owing.

Payment Provisions

Payments on the Notes

We will pay interest on the notes on the interest payment dates to the holders in whose names the notes are registered at the close of business on the regular record date relating to the interest payment date. We will pay the interest and principal due at maturity to the holders of the notes against surrender of such notes at the proper place of payment.

The regular record dates relating to the interest payment dates for the notes are the January 21 and July 21 immediately preceding the related interest payment date. For the purpose of determining the holder at the close of business on a regular record date when business is not being conducted, the close of business will mean 5:00 p.m. (New York City time) on that day.

Payments on Global Notes

For notes issued in global form, we will make payments on the notes in accordance with the applicable policies of the depositary as in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interests in the notes. An indirect holder's right to receive such payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated Notes

For notes issued in certificated form, if any, we will pay interest that is due on an interest payment date by check mailed on such interest payment date to the holder at the holder's address appearing in the register of notes as of the close of business on the regular record date, and we will make all other payments by check against presentation of the note. All payments by check will be made in same-day funds, that is, funds that become available on the day the check is cashed. If we issue notes in certificated form, holders of notes in certificated form will be able to receive payments of principal and interest on their notes at the office of our paying agent maintained in the city of New York.

Alternatively, upon the request of a holder of an aggregate principal amount of notes of at least US$1,000,000, we will pay any amount that becomes due on such notes by wire transfer of immediately available funds to an account at a bank in the city of New York, on the due date. To request wire payment, the holder must give the paying agent appropriate wire transfer instructions at least 10 Business Days before the requested wire payment is due. In the case of interest payments due on interest payment dates, the instructions must be given by the person or entity who is the holder on the relevant regular record date. In the case of any other payment, payment will be made only after the notes are surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Paying Agents

If we issue notes in certificated form, we may appoint one or more financial institutions to act as our paying agents, at whose designated offices the notes may be surrendered for payment at their maturity. We may add, replace or terminate paying agents from time to time; *provided* that, if any notes are issued in certificated form, so long as such notes are outstanding, we will maintain a paying agent in the city of New York. Initially, we have appointed the trustee, at its corporate trust office in the city of New York, as our principal paying agent. We will notify you of changes in the paying agents as described under "—Notices."

Unclaimed Payments

All money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to us. After the expiration of such two-year period, the holder may look only to us for payment and not to the trustee, any other paying agent or any other Person.

Payment of Additional Amounts

We will make payment of the principal of and interest on the notes of both series without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of any taxing authority, unless such withholding or deduction is required by law or by the official interpretation or application thereof (including as described under "Taxation—Certain Mexican Federal Income Tax Considerations").

Subject to the limitations and exceptions described below, we will pay to holders of the notes of both series all additional amounts that may be necessary so that every net payment of interest or principal to the holder will not be less than the amount provided for in the notes of such series. By net payment, we mean the amount that we or our paying agent will pay the holder after deducting or withholding an amount for or on account of any present or future taxes, duties, assessments or other governmental charges imposed with respect to that payment by a taxing authority of Mexico or of any jurisdiction in which the subsidiary guarantor is organized, or the jurisdiction in which any successor of us or successor of the subsidiary guarantor is organized (wherein any successor assumes the obligations of the notes and the indenture following a merger, consolidation or transfer, lease or conveyance of substantially all of our assets and properties), or through which payments on the notes are made (each, a "*Relevant Taxing Jurisdiction*").

Our obligation to pay additional amounts is, however, subject to several important exceptions. We will not pay additional amounts to any holder of a note for or on account of any of the following:

- any taxes, duties, assessments or other governmental charges imposed solely because at any time there is or was a connection between the holder or beneficial owner of such note, as the case may be, and Mexico (or a Relevant Taxing Jurisdiction), including such holder or beneficial owner being or having been a citizen or resident of such Relevant Taxing Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business having or having had a permanent establishment therein (other than the mere receipt of a payment or the ownership or holding of a note);

- any estate, inheritance, gift or other similar tax, assessment or other governmental charge imposed with respect to the notes;

- any taxes, duties, assessments or other governmental charges imposed solely because the holder or any beneficial owner fails to comply with any certification, identification or other reporting requirement concerning the nationality, residence, identity or connection with Mexico (or a Relevant Taxing Jurisdiction) of the holder or any beneficial owner of the note if compliance is required by law, regulation or by an applicable income tax treaty, as a precondition to exemption from, or reduction in the rate of, such tax, assessment or other governmental charge and we have given the holders at least 30 days' notice prior to the first payment date with respect to which such certification, identification or reporting requirement is required to the effect that holders will be required to provide such information and identification;

- any tax, duty, assessment or other governmental charge payable otherwise than by deduction or withholding from payments on the notes;

- any taxes, duties, assessments or other governmental charges with respect to a note presented for payment more than 30 days after the date on which the payment became due and payable or the date on which payment thereof is duly provided for and notice thereof given to holders, whichever occurs later, except to the extent that the holders of such note would have been entitled to such additional amounts on presenting such note for payment on any date during such 30-day period;

- any payment on a note to a holder that is a fiduciary or partnership or a person other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or the beneficial owner of the payment would not have been entitled to the additional amounts had the beneficiary, settlor, member or beneficial owner been the holder of the note;

- any taxes withheld or deducted on or in respect of any note pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (commonly referred to as FATCA), any treaty, law, regulation or other official guidance enacted by the United States implementing FATCA, any agreement between either of the Company or any subsidiary guarantor and the United States implementing FATCA pursuant to Section 1471(b)(1) of the U.S. Internal Revenue Code of 1986, as amended, or any law of any jurisdiction implementing an intergovernmental approach to FATCA; and

- any combination of the foregoing.

The limitations on our obligations to pay additional amounts described in the third bullet point above will not apply if the provision of information, documentation or other evidence described in such bullet point would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a holder or beneficial owner of a note, in such holder's reasonable judgment taking into account any relevant differences between U.S. and Mexican law, regulation or administrative practice, than comparable information or other reporting requirements imposed under U.S. tax law (including the United States/Mexico Income Tax Treaty), regulations (including proposed regulations) and administrative practice (such as IRS Form W-8 BEN or W-8BEN-E, and W-9).

Applicable Mexican laws and regulations currently allow us to withhold at a reduced rate; provided that we comply with certain information reporting requirements. Therefore, the limitations on our obligations to pay additional amounts described in the third bullet point above will not apply if Article 166, Section II, paragraph a), of the Mexican Income Tax Law (*Ley del Impuesto Sobre la Renta*), or a substitute or equivalent provision, is in effect, unless (a) the provision of the information, documentation or other evidence described in the third bullet point above is expressly required by applicable Mexican laws and regulations in order to apply Article 166, Section II, paragraph a) of the Mexican Income Tax Law, or substitute or equivalent provision, (b) we cannot obtain the information, documentation or other evidence necessary to comply with applicable Mexican laws and regulations on our own through reasonable diligence and (c) we would not otherwise meet the requirements for application of applicable Mexican laws and regulations.

In addition, the limitation described in the third bullet point above does not require that any person, including any non-Mexican pension fund, retirement fund or financial institution, register with the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público)* to establish eligibility for an exemption from, or a reduction of, Mexican withholding tax.

We will remit the full amount of any Mexican or other taxes withheld to the applicable taxing authorities in accordance with applicable law. We will also provide the trustee with documentation satisfactory to the trustee evidencing the payment of Mexican or other taxes in respect of which we have paid any additional amounts. We will provide copies of such documentation to the holders of the notes or the relevant paying agent upon written request.

To give effect to the foregoing, we will, upon the written request of any holder, indemnify and hold harmless and reimburse the holder for the amount of any such taxes (including interest and penalties) described above (other than any taxes for which the holder would not have been entitled to receive additional amounts pursuant to any of the conditions described above) so imposed on, and paid by, such holder as a result of any payment of principal or interest on the notes, so that the net amount received by such holder after such reimbursement will not be less than the net amount the holder would have received if such tax had not been imposed or levied and so paid. Holders will be obligated to provide reasonable documentation in connection with the foregoing.

We will also pay any stamp, administrative, court, documentary, excise or similar taxes arising in Mexico (or a Relevant Taxing Jurisdiction) in connection with the notes and will indemnify the holders for any such taxes paid by holders.

Any reference in this offering memorandum, the indenture, the guarantee or the notes to principal, interest or any other amount payable in respect of the notes by us or the subsidiary guarantor will be deemed also to refer to any additional amount that may be payable with respect to that amount under the obligations referred to in this subsection.

In the event that additional amounts actually paid with respect to the notes pursuant to the preceding paragraphs are based on rates of deduction or withholding in excess of the appropriate rate applicable to the holder of such notes, and as a result thereof such holder is entitled to make a claim for a refund or credit of such excess from the authority imposing such withholding tax, then such holder shall, by accepting such notes, be deemed to have assigned and transferred all right, title and interest to any such claim for a refund or credit of such excess to us. However, by making such assignment, the holder makes no representation or warranty that we will be entitled to receive such claim for a refund or credit and incurs no other obligation with respect thereto.

Redemption

We will not be permitted to redeem the notes before their stated maturity, except as set forth below. The notes will not be entitled to the benefit of any sinking fund, meaning that we will not deposit money on a regular basis into any separate account to repay your notes. In addition, you will not be entitled to require us to repurchase your notes from you before the stated maturity, except as set forth under "—Special Mandatory Redemption" and "—Repurchase at the Option of Holders Upon a Change of Control Triggering Event." Unless we default in the payment of the redemption price, interest will cease to accrue on the notes on and after the redemption date.

Any time the trustee is asked to send out a notice of redemption on our behalf, the trustee shall receive a written instruction to do so, along with a copy of the notice of redemption to be sent, at least five Business Days (or such other shorter period of time as agreed between the trustee and us) prior to the date on which such notice is to be sent.

Any redemption and notice thereof pursuant to the indenture may, in the issuer's discretion, when indicated in a written notice of redemption, be subject to the satisfaction of a financing, change of control or other condition precedent. If any such condition precedent has not been satisfied, the issuer shall provide written notice to the trustee prior to the close of business two Business Days prior to the redemption date (or such shorter period as may be acceptable to the trustee). Upon receipt of such notice, the notice of redemption shall be rescinded or delayed, and the redemption of the notes shall be rescinded or delayed as provided in such notice. As soon as reasonably practicable following receipt, the trustee shall provide such written notice to each holder of the notes in the same manner in which the notice of redemption was given.

We may at any time purchase notes in the open market, in privately negotiated transactions, in liability management transactions or otherwise at any price.

Special Mandatory Redemption

If (a) the consummation of the Merger does not occur on or prior to September 22, 2025; provided that to the extent the Merger Agreement is amended to extend in one or more occasions the "Outside Date" (as defined in the Merger Agreement), the date referred to above shall also be extended to the date that corresponds to the amended "Outside Date" (as defined under the Merger Agreement); provided further that any such extension or series of extensions shall not exceed in the aggregate 90 days (such date, as extended, the "*Outside Date*"), or (b) if we notify the trustee in writing that the Merger will not be consummated on or prior such date, or if the Merger Agreement is terminated in accordance with its terms at any time, we will be required to redeem all of the notes of both series (a "*Special Mandatory Redemption*") at a redemption price equal to 101% of the aggregate principal amount of the notes of each such series (the "*Special Mandatory Redemption Price*"), plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the notes of such series to, but excluding, the redemption date.

We will promptly deliver an officers' certificate to the trustee (a) confirming that the Merger has occurred or (b) stating that the Merger will not occur or has not occurred on or prior to the Outside Date or that the Merger

Agreement has been terminated in accordance with its terms (any such event in this clause (b), a "*Mandatory Redemption Event*"). We will redeem the notes on the fifth Business Day following the Mandatory Redemption Event.

Optional Redemption with "Make-Whole" Amount or at Par

2032 Notes

Prior to November 22, 2031 (the date that is two months prior to the maturity date of the 2032 notes) (the "2032 *Par Call Date*"), we may redeem the 2032 notes at our option, in whole, at any time and, in part, from time to time, on giving not less than 10 nor more than 60 days' written notice, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the notes matured on the 2032 Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 30 basis points less (b) interest accrued to the redemption date, and

(2) 100% of the principal amount of the 2032 notes to be redeemed,

plus, in either case, accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2032 notes to be redeemed to, but excluding, the redemption date.

On or after the 2032 Par Call Date, we may redeem the 2032 notes, in whole, at any time, and in part, from time to time, at a redemption price equal to 100% of the principal amount of the 2032 notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the notes to be redeemed to, but excluding, the redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the yield determined by us in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m. (New York City time) (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("*H.15*") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading). In determining the Treasury Rate, we will select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the 2032 Par Call Date (the "*2032 Remaining Life*"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the 2032 Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the 2032Remaining Life – and shall interpolate to the 2032 Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the 2032 Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the 2032 Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 will be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third Business Day preceding the redemption date H.15 (or any successor designation or publication) is no longer published, we will calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m. (New York City time) on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the 2032 Par Call Date, as applicable. If there is no United States Treasury security maturing on the 2032 Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the 2032 Par Call Date, one with a maturity date preceding the 2032 Par Call Date and one with a maturity date following the 2032 Par Call Date, we will select the United States Treasury security with a maturity date preceding the 2032 Par Call Date. If there are two or more United States Treasury securities maturing on the 2032 Par Call Date or two or

more United States Treasury securities meeting the criteria of the preceding sentence, we will select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m. (New York City time). In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m. (New York City time) of such United States Treasury security, and rounded to three decimal places.

2037 Notes

Prior to October 22, 2036 (the date that is three months prior to the maturity date of the 2037 notes) (the "2037 *Par Call Date*"), we may redeem the 2037 notes at our option, in whole, at any time, and in part, from time to time, on giving not less than 10 nor more than 60 days' notice, at a redemption price (expressed as a percentage of principal amount and rounded to three decimal places) equal to the greater of:

(1) (a) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the redemption date (assuming the notes matured on the 2037 Par Call Date) on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 35 basis points less (b) interest accrued to the redemption date, and

(2) 100% of the principal amount of the 2037 notes to be redeemed,

plus, in either case, accrued and unpaid interest and additional amounts, if any, on the principal amount of the 2037 notes to be redeemed to, but excluding, the redemption date.

On or after the 2037 Par Call Date, we may redeem the 2037 notes, in whole, at any time, and in part, from time to time, at a redemption price equal to 100% of the principal amount of the 2037 notes to be redeemed, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the notes to be redeemed to, but excluding, the redemption date.

"*Treasury Rate*" means, with respect to any redemption date, the yield determined by us in accordance with the following two paragraphs.

The Treasury Rate shall be determined by the Issuer after 4:15 p.m. (New York City time) (or after such time as yields on U.S. government securities are posted daily by the Board of Governors of the Federal Reserve System), on the third Business Day preceding the redemption date based upon the yield or yields for the most recent day that appear after such time on such day in the most recent statistical release published by the Board of Governors of the Federal Reserve System designated as "Selected Interest Rates (Daily) - H.15" (or any successor designation or publication) ("*H.15*") under the caption "U.S. government securities–Treasury constant maturities–Nominal" (or any successor caption or heading). In determining the Treasury Rate, we will select, as applicable: (1) the yield for the Treasury constant maturity on H.15 exactly equal to the period from the redemption date to the 2037 Par Call Date (the "*2037 Remaining Life*"); or (2) if there is no such Treasury constant maturity on H.15 exactly equal to the 2037 Remaining Life, the two yields – one yield corresponding to the Treasury constant maturity on H.15 immediately shorter than and one yield corresponding to the Treasury constant maturity on H.15 immediately longer than the 2037 Remaining Life – and shall interpolate to the 2037 Par Call Date on a straight-line basis (using the actual number of days) using such yields and rounding the result to three decimal places; or (3) if there is no such Treasury constant maturity on H.15 shorter than or longer than the 2037 Remaining Life, the yield for the single Treasury constant maturity on H.15 closest to the 2037 Remaining Life. For purposes of this paragraph, the applicable Treasury constant maturity or maturities on H.15 will be deemed to have a maturity date equal to the relevant number of months or years, as applicable, of such Treasury constant maturity from the redemption date.

If on the third Business Day preceding the redemption date H.15 (or any successor designation or publication) is no longer published, we will calculate the Treasury Rate based on the rate per annum equal to the semi-annual equivalent yield to maturity at 11:00 a.m. (New York City time) on the second Business Day preceding such redemption date of the United States Treasury security maturing on, or with a maturity that is closest to, the 2037 Par Call Date, as applicable. If there is no United States Treasury security maturing on the 2037 Par Call Date but there are two or more United States Treasury securities with a maturity date equally distant from the 2037 Par Call Date, one with a maturity date preceding the 2037 Par Call Date and one with a maturity date following the

2037 Par Call Date, we will select the United States Treasury security with a maturity date preceding the 2037 Par Call Date. If there are two or more United States Treasury securities maturing on the 2037 Par Call Date or two or more United States Treasury securities meeting the criteria of the preceding sentence, we will select from among these two or more United States Treasury securities the United States Treasury security that is trading closest to par based upon the average of the bid and asked prices for such United States Treasury securities at 11:00 a.m. (New York City time). In determining the Treasury Rate in accordance with the terms of this paragraph, the semi-annual yield to maturity of the applicable United States Treasury security shall be based upon the average of the bid and asked prices (expressed as a percentage of principal amount) at 11:00 a.m. (New York City time) of such United States Treasury security, and rounded to three decimal places.

Redemption for Taxation Reasons

If, as a result of any amendment to, or change in, the laws (or any rules or regulations thereunder) of any Relevant Taxing Jurisdiction or any political subdivision or taxing authority thereof or therein affecting taxation, or any amendment to or change in an official interpretation or application of such laws, rules or regulations, which amendment to or change of such laws, rules or regulations or official interpretation or application thereof becomes effective on or after the later of the date of this offering memorandum and the date a jurisdiction becomes a Relevant Taxing Jurisdiction, we or the subsidiary guarantor, if the subsidiary guarantor is required to make payments, would be obligated, after taking all such measures as we consider to be legal and reasonable to avoid this requirement (including reasonable measures to change the jurisdiction of the paying agent), to pay additional amounts in excess of those attributable to a withholding tax rate applicable to interest payments on the notes of either series of 4.9% (see "—Payment of Additional Amounts" and "Taxation—Certain Mexican Federal Income Tax Considerations"), then, at our option, all, but not less than all, of the notes of such series may be redeemed at any time on our giving not less than 30 nor more than 60 written days' written notice to holders (with a copy to the Trustee), at a redemption price equal to 100% of the outstanding principal amount, plus accrued and unpaid interest and additional amounts, if any, to, but excluding, the redemption date; *provided*, *however*, that (i) no notice of redemption for tax reasons may be given earlier than 90 days prior to the earliest date on which we or the subsidiary guarantor would be obligated to pay such additional amounts if a payment on the notes were then due and (ii) at the time such notice of redemption is given such obligation to pay such additional amounts remains in effect.

Prior to the giving of any notice of redemption pursuant to this provision, we will deliver to the trustee:

- an officers' certificate in a form reasonably satisfactory to the trustee stating that we are entitled to effect the redemption and setting forth a statement of facts showing that the conditions precedent to our right of redemption for taxation reasons have occurred; and

- an opinion of independent legal counsel in Mexico or in the Relevant Taxing Jurisdiction of nationally recognized standing, in a form reasonably satisfactory to the trustee, with respect to tax matters of Mexico or the Relevant Taxing Jurisdiction, each as applicable, to the effect that we or the subsidiary guarantor has or will become obligated to pay such additional amounts as a result of such change or amendment.

This written notice, after it is delivered by us to the trustee, will be irrevocable.

General Provisions

On or before any redemption date, we will deposit with the trustee money sufficient to pay the redemption price of and (unless the redemption date shall be an interest payment date) accrued and unpaid interest to the redemption date on the notes to be redeemed on such date, along with additional amounts, if any. If less than all of the notes are to be redeemed, selection of the notes for redemption will be made in compliance with the requirements of the principal national securities exchange, if any, on which the notes are listed or, if such national securities exchange has no requirements governing redemption, or the notes are not listed but are in global form, then by lot or otherwise in accordance with the procedures of DTC or, if the notes are not listed or if such national securities exchange has no requirements governing redemption and the notes are not in global form, on a pro rata basis (pro rata pass–through distribution of principal), or if a pro rata basis is not practicable for any reason, by lot

or by such other method in accordance with the procedures of DTC that the issuer determines is fair and appropriate.

Any time the trustee is asked to send out a notice of redemption on behalf of the issuer, the trustee shall receive a written instruction to do so, along with a copy of the notice of redemption to be sent, at least five Business Days (or such other shorter period of time as agreed between the trustee and us) prior to the date on which such notice is to be sent.

Merger, Consolidation or Sale of Assets

We will not, in a single transaction or series of related transactions, consolidate with or merge into any other Person (whether or not we are the surviving or continuing Person) or, directly or indirectly, transfer, convey, sell, assign, lease or otherwise dispose of all or substantially all of our assets and properties and we will not permit any Person to consolidate with or merge into us unless all of the following conditions are met:

- if we are not the successor, surviving, or continuing Person in the transaction, the successor, surviving or continuing Person is organized and validly existing under the laws of Mexico or the United States or any country that is a member of the Organisation for Economic Co-operation and Development or any political subdivision thereof and expressly assumes by a supplemental indenture our obligations under the notes and the indenture;

- immediately after the transaction, no default under the notes has occurred and is continuing; and

- we have delivered to the trustee an officers' certificate and opinion of counsel, each in a form reasonably satisfactory to the trustee, stating, among other things, that the transaction is authorized or permitted by the indenture and that all conditions precedent under the indenture related to the consummation of the transaction have been met.

Except in case the guarantee has been released as provided under "—Guarantee," the subsidiary guarantor will not, in a single transaction or series of related transactions, consolidate with or merge into any other Person (whether or not such subsidiary guarantor is the surviving or continuing Person) or, directly or indirectly, transfer, convey, sell, assign, lease or otherwise dispose of all or substantially all of its assets and properties and the subsidiary guarantor will not permit any person to consolidate with or merge into it unless all of the following conditions are met:

- if the subsidiary guarantor is not the successor, surviving or continuing Person in the transaction, the successor is organized and validly existing under the laws of Mexico or the United States or any country that is a member of the Organisation for Economic Co-operation and Development or any political subdivision thereof and expressly assumes by a supplemental indenture all of the obligations of the subsidiary guarantor under the indenture;

- immediately after the transaction, no default under the notes has occurred and is continuing; and

- the subsidiary guarantor has delivered to the trustee an officers' certificate and opinion of counsel, each in a form reasonably satisfactory to the trustee, stating, among other things, that the transaction is authorized or permitted by the indenture and that all conditions precedent under the indenture related to the consummation of the transaction have been met.

For this purpose, "default under the notes" means an event of default or an event that would be an event of default with respect to the notes if the requirements for giving us default notice and for our default having to continue for a specific period of time were disregarded. See "—Defaults, Remedies and Waiver of Defaults."

Notwithstanding the restrictions described above, we may merge into a subsidiary for the purpose of reincorporating our company in another jurisdiction permitted above; provided such successor, surviving or continuing Person expressly assumes by a supplemental indenture our obligations under the notes and the indenture, and any subsidiary may consolidate with, merge into or transfer all or part of its properties and assets to us, and

any subsidiary (other than the subsidiary guarantor) may consolidate with, merge into or transfer all or part of its properties and assets to another subsidiary.

Upon any consolidation or merger or any transfer, conveyance, sale, assignment, lease or other disposition of all or substantially all of our assets and properties in accordance with the covenant described in this section, in which we are not the continuing Person, the surviving Person formed by such consolidation or into which we are merged or to which such transfer, conveyance, sale, assignment, lease or other disposition is made will succeed to, and be substituted for, and may exercise every right and power of, us under the indenture and the notes with the same effect as if such surviving Person had been originally named as the issuer and we shall be relieved of our obligations under the indenture and the notes.

If the conditions described above are satisfied, we or the subsidiary guarantor will not have to obtain the approval of the holders of a majority in principal amount of the notes in order to consolidate or merge or to transfer, convey, sell, assign, lease or otherwise dispose of our or their assets and properties substantially as an entirety. In addition, these conditions will apply only if we or the subsidiary guarantor wish to merge into, or consolidate with, another Person, or transfer, convey, sell, assign, lease or otherwise dispose of all or substantially all of our assets and properties. We or the subsidiary guarantor will not need to satisfy these conditions if we or the subsidiary guarantor enter into other types of transactions, including any transaction in which we or the subsidiary guarantor acquire the stock or assets of another Person, any transaction that involves a change of control of our company, but in which we do not merge or consolidate and any transaction in which we or the subsidiary guarantor transfer, convey, sell, assign, lease or otherwise dispose of less than substantially all of our or their assets.

Repurchase at the Option of Holders Upon a Change of Control Triggering Event

Upon the occurrence of any Change of Control Triggering Event, each holder of notes of any series will have the right to require us to repurchase all or any part of such holder's notes pursuant to the offer described below (the "*Change of Control Offer*") at a purchase price (the "*Change of Control Purchase Price*") equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any, on the principal amount of the notes to be repurchased to, but excluding, the purchase date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date).

Within 30 days following the occurrence of a Change of Control Triggering Event, we will give written notice to the holders (with a copy to the trustee) of the following:

- that a Change of Control Triggering Event has occurred and a Change of Control Offer is being made and that all notes timely tendered will be accepted for payment;
- the Change of Control Purchase Price and the purchase date, which shall be, subject to any contrary requirements of applicable law, a Business Day no earlier than 10 nor later than 60 days from the date such notice is given (such specified date, the "*Change of Control Payment* Date");
- the circumstances and relevant facts regarding the Change of Control Triggering Event; and
- the procedures that holders of notes must follow in order to tender their notes (or portions thereof) for payment, and the procedures that holders of notes must follow in order to withdraw an election to tender notes (or portions thereof) for payment.

On the Change of Control Payment Date, we will repurchase all notes or portions thereof so tendered for payment at the Change of Control Purchase Price. For such purpose, on or before any redemption date, we will deposit with the paying agent money sufficient to pay the Change of Control Purchase Price of the notes or portions thereof so tendered.

We will not be required to make a Change of Control Offer following a Change of Control Triggering Event if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

Our ability to pay cash to holders of notes following the occurrence of a Change of Control Triggering Event may be limited by our then-existing financial resources. Therefore, sufficient funds may not be available when necessary to make any required repurchases.

We will comply, to the extent applicable, with the requirements of Section 14(e) of the U.S. Securities Exchange Act of 1934, as amended, and any other securities laws or regulations in connection with the repurchase of notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described above, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under this covenant by virtue of such compliance.

Our obligation to make an offer to repurchase the notes as a result of a Change of Control Triggering Event may be waived or modified at any time prior to the occurrence of such Change of Control Triggering Event with the written consent of the holders of a majority in principal amount of the notes. See "—Modification and Waiver."

Covenants

The following covenants will apply to us and our subsidiaries for so long as any notes remain outstanding. These covenants restrict our ability and the ability of our subsidiaries to enter into certain transactions. However, these covenants do not limit our ability to incur Indebtedness or require us to comply with financial ratios or to maintain specified levels of net worth or liquidity.

Limitation on Liens

We will not, and we will not allow any of our subsidiaries to, incur any Indebtedness or Guarantee, if such Indebtedness or Guarantee is secured by a Lien upon any Operating Property, unless, concurrently with the incurrence or assumption of such Indebtedness or Guarantee or the creation of such Lien, the notes (together with, at our option, any other Indebtedness of or Guarantee by us or our subsidiaries then existing or thereafter created which is not subordinated to the notes) shall be secured equally and ratably with (or at our option prior to) such Indebtedness or Guarantee for so long as such Indebtedness or Guarantee is so secured; *provided, however*, that the foregoing restriction will not apply to:

(i) any Lien on (a) any Operating Property acquired, constructed, developed, extended or improved by us or any of our subsidiaries (singly or together with other Persons) after the date of the indenture or any property reasonably incidental to the use or operation of such Operating Property (including any real property on which such Operating Property is located), or (b) any shares or other ownership interest in, or any Indebtedness of, any Person that holds, owns or is entitled to such Operating Property, products, revenue or profits, in each of clauses (a) and (b) above, to the extent such Lien is created, incurred or assumed (x) during the period such Operating Property was being constructed, developed, extended or improved, or (y) contemporaneously with, or within 360 days after, such acquisition or the completion of such construction, development, extension or improvement in order to secure or provide for the payment of all or any part of the purchase price or other consideration for such Operating Property or the other costs of such acquisition, construction, development, extension or improvement (including costs such as escalation, interest during construction and financing and refinancing costs);

(ii) any Lien on any Operating Property existing at the time of acquisition thereof and which (a) is not created as a result of or in connection with or in anticipation of such acquisition and (b) does not attach to any other Operating Property other than the Operating Property so acquired;

(iii) any Lien on any Operating Property acquired from a Person that is merged with or into us or any of our subsidiaries or any Lien existing on Operating Property of any Person at the time such Person becomes our subsidiary, in either such case which (a) is not created as a result of or in connection with or in anticipation of any such transaction and (b) does not attach to any other Operating Property other than the Operating Property so acquired;

(iv) any Lien which secures Indebtedness or a Guarantee owing by any of our subsidiaries to us or any other of our subsidiaries;

(v) any Lien existing on the date of the indenture;

(vi) any Lien in favor of any Person to secure obligations under the provisions of any letters of credit, bank guarantees, bonds, surety obligations, bids and other similar obligations entered into in the ordinary course of business or required or requested by any governmental authority in connection with any contract or statute;

(vii) any Lien resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of defeasing our Indebtedness or that of any subsidiary;

(viii) any Lien created for the sole purpose of securing Indebtedness that, when incurred, will be applied to repay all (but not only part) of the notes and all other amounts payable under the notes; provided that the notes and all other such amounts are fully satisfied within 60 days after the incurrence of such Indebtedness;

(ix) any Lien in respect of capital leases entered into in the ordinary course of business; or

(x) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses (i) through (v) inclusive; provided that the principal amount of Indebtedness or Guarantee secured thereby shall not exceed the principal amount of Indebtedness or Guarantee so secured at the time of such extension, renewal or replacement plus an amount necessary to pay any fees and expenses, including premiums and defeasance costs related to such transaction, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property).

Notwithstanding the foregoing, we or any of our subsidiaries may issue or assume Indebtedness or a Guarantee secured by a Lien which would otherwise be prohibited under the provisions of the indenture described in this section; *provided* that the aggregate amount of such Indebtedness or Guarantee, together with the aggregate amount (without duplication) of Indebtedness or Guarantees outstanding at such time that we or our subsidiaries previously incurred pursuant to this paragraph, shall not exceed 15.0% of Consolidated Net Tangible Assets.

For the avoidance of doubt, a Lien permitted by the covenant described above need not be permitted solely by reference to a single clause permitting such Lien, but may be permitted in part by such clause and in part by one or more other clauses and may be reallocated from time to time.

Limitation on Sales and Leasebacks

We may not, and we may not allow any of our subsidiaries to, enter into any sale and leaseback transaction with respect to any Operating Property, unless:

- the aggregate principal amount of all debt then outstanding that is secured by any lien on any Operating Property that does not ratably secure the notes (excluding any secured Indebtedness permitted under (i) to (vi) of "—Limitation on Liens" above) plus the aggregate amount of our Attributable Debt and the Attributable Debt of our subsidiaries in respect of sale and leaseback transactions then outstanding (other than any sale and leaseback transaction permitted under the following bullet point) would not exceed an amount equal to 15.0% of our Consolidated Net Tangible Assets; or
- we or one of our subsidiaries, within 12 months of the sale and leaseback transaction, (i) retire an amount of our secured debt, which is not subordinated to the notes and which shall, at the time of incurrence, have a remaining maturity of at least 12 months, in an amount equal to the greater of (a) the net cash proceeds of the sale or transfer of the Operating Property that is the subject of the sale and leaseback transaction or (b) the fair market value (as determined in good faith by our board of directors) of the Operating Property

leased, or (ii) apply the net cash proceeds of such sale or transfer, or, in the case such sale or transfer is other than for cash, the fair market value (as determined in good faith by our board of directors) to the acquisition, purchase, construction, development, extension or improvement of any property or assets constituting Operating Property.

A "sale and leaseback transaction" is an arrangement between us or one of our subsidiaries and a bank, insurance company or other lender or investor where we or our subsidiary leases Operating Property for an initial term of three years or more that was or will be sold by us or our subsidiary to that lender or investor for a sale price of U.S.$5.0 million or its equivalent or more.

Provision of Information

For so long as the notes remain outstanding, we will provide to the holders (or to the trustee with a written direction to send to the holders, pursuant to a written request of a majority of holders (with a copy of such requests being provided to the trustee)) a URL address providing access to the following items in English:

(i) our consolidated annual financial statements prepared in accordance with IFRS and audited by an internationally recognized firm of independent public accountants within 120 days of the end of each fiscal year (which fiscal year ends December 31), along with a management's discussion and analysis of our results of operations for the periods presented in such annual financial statements, and our consolidated quarterly financial statements within 60 days of the end of each of the first three fiscal quarters of each fiscal year;

(ii) copies of all public filings containing material information about our business made with any stock exchange or securities regulatory agency within 30 days after filing (or a summary thereof); and

(iii) any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the notes are not freely transferable under the Securities Act.

The trustee will have no obligation whatsoever to determine whether or not such information, documents or reports have been provided, and provision of access to such reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the issuer's compliance with any of its covenants in the indenture (as to which the trustee is entitled to rely exclusively on officers' certificates).

If we become aware that a default or event of default or an event that with notice or the lapse of time would be an event of default has occurred and is continuing, as the case may be, we will also deliver an officers' certificate to the trustee describing the details thereof and the action we are taking or propose to take.

Defaults, Remedies and Waiver of Defaults

A holder of the notes will have special rights if an event of default occurs and is not cured, as described below.

Events of Default

Each of the following will be an "*event of default*" with respect to the notes of a series:

- we fail to pay the principal and premium, if any, of the notes of such series on the due date therefor, including a failure to make a required payment to purchase notes tendered pursuant to a Change of Control Offer;

- we fail to pay interest or additional amounts, if any, on the notes of such series within 30 days after the due date therefor;

- we or the subsidiary guarantor remain in breach of any covenant in the indenture for the benefit of holders of the notes of such series, for 90 days after we receive a notice of default (sent by the trustee or the holders of not less than 25.0% in principal amount of the notes of such series) stating that we are in breach;

- we or the subsidiary guarantor file for bankruptcy, insolvency, reorganization, *concurso mercantil*, *quiebra*, or similar insolvency proceedings, or other events of bankruptcy, insolvency, reorganization, *concurso mercantil*, *quiebra*, or similar proceedings relating to us or the subsidiary guarantor occur;

- we or the subsidiary guarantor are in a default under any instrument relating to Indebtedness exceeding individually or in the aggregate US$150 million (or its equivalent in other currencies) due to a failure to pay principal or interest when due or that results in the acceleration of the debt prior to its maturity and such default continues for more than the period of grace, if any, applicable thereto and the period for payment has not been expressly extended; or

- a final judgment is rendered against us or the subsidiary guarantor in an aggregate amount in excess of US$150 million (or its equivalent in other currencies) that is not discharged or bonded in full within 90 days.

Remedies Upon Event of Default

If an event of default with respect to the notes of a series occurs and is not cured or waived, the trustee, at the written request of holders of not less than 25.0% in principal amount of the notes of such series, may declare the entire principal amount of all the notes of such series to be due and payable immediately, and upon any such declaration the principal, any accrued interest and any additional amounts shall become due and payable; provided, however that any event of default that occurs because of bankruptcy, insolvency, reorganization, *concurso mercantil* or *quiebra* relating to us, will automatically result in the entire principal amount of the notes and any accrued interest and any additional amounts becoming immediately due and payable, without any action by the trustee or any holder.

The right of the holders to give such acceleration notice shall terminate if the event giving rise to such right shall have been cured before such right is exercised. If the maturity of the notes of a series is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in aggregate principal amount of the notes of such series may cancel the acceleration for all the notes of such series; *provided* that all amounts then due (other than amounts due solely because of such acceleration) have been paid and all other defaults with respect to the notes of such series have been cured or waived.

If any event of default occurs, the trustee will be obligated to exercise its rights and powers under the indenture, and to use the same degree of care and skill in doing so, that a prudent person would use under the circumstances in conducting his or her own affairs.

Except as described in the prior paragraph, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee security or indemnity, or both, satisfactory to it against the costs, expenses and liabilities which may be incurred by it in compliance with such request or direction. If the trustee receives an indemnity or security, or both, that is satisfactory to it, the holders of a majority in principal amount of the notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders of the notes of a series may also direct the trustee in performing any other action under the indenture with respect to the notes of such series; *provided*, *however*, that the trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with such direction.

Before a holder of the notes of a series bypasses the trustee and brings its own lawsuit or other formal legal action or takes other steps to enforce its rights or protect its interests relating to the notes of such series, the following must occur:

- the trustee must have received written notice that an event of default has occurred and the event of default has not been cured or waived;

- the holders of not less than 25.0% in principal amount of the notes of such series must make a written request that the trustee take action with respect to the notes of such series because of the default and they or other holders must offer to the trustee indemnity, security, or both, reasonably satisfactory to the trustee against the cost and other liabilities of taking that action;

- the trustee must not have taken action for 60 days after the above steps have been taken; and

- during those 60 days, the holders of a majority in principal amount of the notes of such series must not have given the trustee directions that are inconsistent with the written request of the holders of not less than 25.0% in principal amount of the notes of such series.

A holder will be entitled, however, at any time to bring a lawsuit for the payment of money due on any note held by that holder on or after its due date.

Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of the maturity.

Waiver of Default

The holders of not less than a majority in principal amount of the notes of a series may waive a past default for all the notes of such series. If this happens, the default will be treated as if it had been cured. No one can waive a payment default on any note, however, without the approval of the particular holder of that note.

Modification and Waiver

There are three classes of changes we can make to the indenture or the outstanding notes of a series under the indenture.

Changes Requiring Each Holder's Approval

The following changes cannot be made without the approval of each holder of an outstanding note of such series affected by the change:

- a change in the stated maturity of any principal or interest payment on the notes of such series;

- a reduction in the principal amount, the interest rate or the redemption price for the notes of such series;

- a change in the obligation to pay additional amounts in respect of the notes of such series;

- a change in the obligation or price for repurchase following the occurrence of a Change of Control Triggering Event;

- a change in the currency of any payment on the notes of such series;

- a change in the place of any payment on the notes of such series;

- an impairment of the holder's right to sue for payment of any amount due on its notes of such series;

- an elimination or modification of the obligations of the subsidiary guarantor with respect to its guarantee, which adversely affects the holders of the notes of such series in any material respect, except for any release of the guarantee in accordance with the terms of the indenture;

- a reduction in the percentage in principal amount of the notes of such series needed to modify the indenture, the notes of such series or the related guarantee; and

- a reduction in the percentage in principal amount of the notes of such series needed to waive our compliance with the indenture or to waive defaults thereunder.

Changes Not Requiring Approval

Some changes will not require the approval of holders of notes of either series . These changes are limited to specific kinds of changes, like the addition of covenants, events of default or security, and other clarifications and changes that would not adversely affect the holders of outstanding notes under the indenture in any material respect, including conforming the indenture or the notes to the text of this "Description of the Notes" section.

Changes Requiring Majority Approval

Any other change to the indenture, the notes of a series or the related guarantee will be required to be approved by the holders of a majority in principal amount of the notes of such series affected by the change or waiver. The required approval must be given by written consent.

The same majority approval will be required for us to obtain a waiver of any of our covenants in the indenture. Our covenants include, among other restrictions, restrictions on our ability to merge and create liens on our interests, which we describe above under "—Merger, Consolidation or Sale of Assets" and "—Covenants." If the holders approve a waiver of a covenant, we will not have to comply with it. The holders, however, cannot approve a waiver of any provision in the notes of a series, the related guarantee or the indenture, as it affects any note of such series, that we cannot change without the approval of each holder of that note as described under "—Modification and Waiver—Changes Requiring Each Holder's Approval," unless each holder approves the waiver.

Holders who hold their notes in book-entry or otherwise indirectly should consult their banks or brokers for information on how approval may be granted or denied if we seek to modify the indenture, the notes or the guarantee or request a waiver.

Defeasance

We may, at our option, elect to terminate (i) all of our obligations with respect to the notes ("*legal defeasance*"), except for certain obligations, including those regarding any trust established for defeasance and obligations relating to the transfer and exchange of the notes, the replacement of mutilated, destroyed, lost or stolen notes and the maintenance of agencies with respect to the notes, or (ii) our obligations under the covenants in the indenture, so that any failure to comply with such obligations will not constitute an event of default ("*covenant defeasance*") in respect of the notes. In order to exercise either legal defeasance or covenant defeasance, we must irrevocably deposit with the trustee money or U.S. Government Obligations, or any combination thereof, in such amounts as will be sufficient (in the written opinion of a nationally recognized investment bank, appraisal firm or firm of independent certified public accountants), to pay the principal, premium, if any, and interest (including additional amounts) in respect of the notes then outstanding on the maturity date of the notes, and comply with certain other conditions.

In the case of legal defeasance, we must deliver to the trustee an opinion of independent U.S. tax counsel of nationally recognized standing in a form reasonably satisfactory to the trustee, confirming that:

(a) we have received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(b) since the issue date, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such opinion shall state that, the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such legal defeasance and will be subject to

U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance had not occurred.

In the case of covenant defeasance, we must deliver to the trustee an opinion of independent U.S. tax counsel of nationally recognized standing, in a form reasonably satisfactory to the trustee, to the effect that the holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such covenant defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such covenant defeasance had not occurred.

In the case of legal defeasance or covenant defeasance, we must deliver to the trustee an opinion of independent Mexican tax counsel and/or independent tax counsel in the Relevant Taxing Jurisdiction, in each case of nationally recognized standing and in a form reasonably satisfactory to the trustee, to the effect that the holders will not recognize income, gain or loss for Mexican tax purposes, including withholding tax (except for withholding tax then payable on interest payments due), as a result of such legal defeasance or covenant defeasance and will be subject to Mexican taxes on the same amounts, in the same manner and at the same times as would have been the case if such legal defeasance or covenant defeasance had not occurred.

In order to exercise either legal defeasance or covenant defeasance no default or event of default shall have occurred and be continuing on the date of the deposit pursuant to the first paragraph of this section.

If we elect either legal defeasance or covenant defeasance with respect to the notes, we must so elect it with respect to all of the notes.

Satisfaction and Discharge

The indenture will be discharged and will cease to be of further effect (except as to surviving rights or registration of transfer or exchange of the notes or surviving obligations to, and rights of, the trustee, as expressly provided for in the indenture) as to all outstanding notes of the applicable series when:

(1) either:

(a) all the notes of the applicable series theretofore authenticated and delivered (except lost, stolen or destroyed notes which have been replaced or paid and notes of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by us and thereafter repaid to us or discharged from such trust) have been delivered to the trustee for cancellation; or

(b) all notes of such series not theretofore delivered to the trustee for cancellation have become due and payable at final maturity or by reason of the giving of a notice of redemption, or will become due and payable within one year, including by reason of the giving of a notice of redemption, and we have irrevocably deposited or caused to be deposited with the trustee money or U.S. Government Obligations sufficient without reinvestment to pay and discharge the entire indebtedness on the notes of such series not theretofore delivered to the trustee for cancellation, for principal of, premium, if any, and interest on the notes to the date of maturity or redemption, together with irrevocable instructions from us directing the trustee to apply such funds to the payment of the notes of such series; and

(2) we have paid all other sums payable under the indenture and the notes of such series by it; and

(3) we have delivered to the trustee an officers' certificate and an opinion of counsel, each in a form reasonably satisfactory to the trustee, stating, among other things, that all conditions precedent under the indenture relating to the satisfaction and discharge of the indenture have been complied with.

Special Rules for Actions by Holders

When holders take any action under the indenture, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the trustee an instruction, we will apply the following rules.

Only Outstanding Notes are Eligible for Action by Holders

Only holders of outstanding notes of a series will be eligible to vote or participate in any action by holders of notes of such series. In addition, we will count only outstanding notes in determining whether the various percentage requirements for voting or taking action have been met. For these purposes, a note will not be "outstanding" if it has been replaced or surrendered for cancellation or if we have deposited or set aside, in trust for its holder, money for its payment or redemption and all other amounts due until such date. Notes held by us or any of our affiliates are not eligible to vote.

Determining Record Dates for Action by Holders

We will generally be entitled to set any day as a record date for the purpose of determining the holders that are entitled to take action under the indenture. In some limited circumstances, only the trustee will be entitled to set a record date for action by holders. If we or the trustee set a record date for an approval or other action to be taken by holders, that vote or action may be taken only by persons or entities who are holders on the record date and must be taken during the period that we specify for this purpose, or that the trustee specifies if it sets the record date. We or the trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180th day after the record date for the action. In addition, record dates for any global notes may be set in accordance with procedures established by the depositary from time to time.

Transfer Agents

We may appoint one or more transfer agents, at whose designated offices any notes in certificated form may be transferred or exchanged and also surrendered before payment is made at maturity or upon their redemption or repurchase. For so long as the notes remain outstanding, we will maintain a transfer agent in the city of New York. Initially, we have appointed the trustee, at its corporate trust office in the city of New York, as transfer agent. We will notify you of changes in the transfer agents as described under "—Notices." If we issue notes in certificated form, holders of notes in certificated form will be able to transfer their notes, in whole or in part, by surrendering the notes, with a duly completed form of transfer, for registration of transfer at the office of our transfer agent in the city of New York, Citibank, N.A., 480 Washington Blvd. 16th floor, Jersey City, NJ 07310. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any applicable tax or other governmental charge payable in connection with the transfer.

Notices

As long as the notes are in global form, notices to be given to holders will be given to DTC, in accordance with its applicable policies as in effect from time to time. If we issue notes in certificated form, notices, including upon the occurrence of a Change of Control Triggering Event, to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed. From and after the date the notes are listed on the Global Exchange Market of Euronext Dublin, we will provide notices to holders as required by the applicable rules of such exchange.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

Governing Law

The indenture, the notes and the guarantee will be governed by, and construed in accordance with, the laws of the State of New York, United States of America.

Submission to Jurisdiction

In connection with any legal action or proceeding arising out of or relating to the notes or the indenture (subject to the exceptions described below), we and the subsidiary guarantor have agreed:

- to expressly and irrevocably submit to the exclusive jurisdiction of any U.S. federal or New York state court in the Borough of Manhattan, the City of New York and to the courts of our own corporate domicile;

- that all claims in respect of such legal action or proceeding may be heard and determined in such New York State or U.S. federal court and will waive to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding and any right to any other jurisdiction in such action or proceeding on account of the place of residence or domicile; and

- to appoint Cogency Global Inc., with an office on the date of this offering memorandum at 10 East 40th Street, 10th Floor, New York, New York 10016, United States of America as process agent.

The process agent will receive, on our behalf, service of copies of the summons and complaint and any other process which may be served in any such legal action or proceeding brought in such New York state or U.S. federal court sitting in the city of New York. Service may be made by mailing or delivering a copy of such process to us at the address specified above for the process agent. In addition to the foregoing, the holders may serve legal process in any other manner permitted by applicable law.

A final judgment in any of the above legal actions or proceedings will be conclusive and may be enforced in other jurisdictions, in each case, to the extent permitted under the applicable laws of such jurisdiction.

To the extent that we have or hereafter may acquire or have attributed to us any sovereign or other immunity under any law, we have agreed to waive, to the fullest extent permitted by law, such immunity in respect of any claims or actions regarding our obligations under the notes. For such purposes, we shall, and shall cause the subsidiary guarantor to, grant on or prior to the issue date of the notes an irrevocable power of attorney for lawsuits and collections (*poder especial irrevocable para pleitos y cobranzas)* under the laws of Mexico in favor of Cogency Global Inc.

Currency Indemnity

Our obligations under the notes and the subsidiary guarantor's obligations under the guarantee, will be discharged only to the extent that the relevant holder of the notes is able to purchase U.S. dollars with any other currency paid to that holder in accordance with any judgment or otherwise. See "Risk Factors—Risks Related to the Notes and the Guarantee—Payments of judgments against us on the notes would be in pesos." If the holder cannot purchase U.S. dollars in the amount originally to be paid, we have agreed to pay the difference. By accepting notes, each holder, however, will be deemed to agree that, if the amount of U.S. dollars purchased exceeds the amount originally to be paid to such holder, the holder will reimburse the excess to us. The holder will not be obligated to make this reimbursement if we are in default of our obligations under the notes.

Our Relationship with the Trustee

Citibank, N.A. is initially serving as the trustee for the notes. Citibank, N.A. and its affiliates may have other business relationships with us from time to time.

Certain Definitions

"*Business Day*" means each Monday, Tuesday, Wednesday, Thursday and Friday that is not (i) a day on which banking institutions in New York City or Mexico City generally are authorized or obligated by law, regulation or executive order to close or (ii) a day on which banking and financial institutions in New York City or Mexico City are closed for business with the general public.

"*Change of Control*" means the occurrence of any of the following: (i) any event as a result of which anyone other than the Permitted Holders acquires the power, directly or indirectly, to (x) vote more than 50.0% of our voting stock, (y) appoint the majority of the members of our board of directors, or (z) direct or cause the direction of our management and policies, whether through the ownership of voting securities, by contract or

otherwise, or (ii) the adoption of a plan relating to our liquidation or dissolution, or (iii) the direct or indirect sale, transfer, conveyance or other disposition in one or a series of related transactions of all or substantially all of our and our subsidiaries' properties or assets, determined on a consolidated basis, to any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), whether or not otherwise in compliance with the indenture; provided that the direct or indirect sale, transfer, conveyance or other disposition in one or a series of related transactions of all or substantially all of our and our subsidiaries' properties or assets to a Permitted Holder, or any of our wholly owned subsidiaries shall not be deemed to be a "Change of Control" if such transaction otherwise complies with the indenture.

"*Change of Control Triggering Event*" means the occurrence of both a Change of Control and a Rating Decline.

"*Consolidated Net Tangible Assets*" means total consolidated assets less (1) all current liabilities, (2) all goodwill, (3) all trade names, trademarks, patents and other intellectual property assets and (4) all licenses, each as set forth on our most recent annual or quarterly consolidated balance sheet and computed in accordance with IFRS.

"*Fitch*" means Fitch Ratings, Ltd. or any successor to the rating agency business thereof.

"*Guarantee*" means any obligation, contingent or otherwise (including an *aval*), of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, direct or indirect, contingent or otherwise, or entered into for the purpose of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The term "Guarantee" used as a verb has a corresponding meaning. The term "Guarantee" shall not apply to a guarantee of intercompany Indebtedness among us and our subsidiaries or among our subsidiaries.

"*Indebtedness*" means, with respect to any Person (without duplication) (i) any obligation of such Person (a) for borrowed money, under any reimbursement obligation relating to a letter of credit (other than letters of credit payable to suppliers in the ordinary course of business), under any reimbursement obligation relating to a financial bond or under any reimbursement obligation relating to a similar instrument or agreement, (b) for the payment of money relating to any obligations under any capital lease of real or personal property or (c) under any agreement or instrument in respect of an interest rate or currency swap, exchange or hedging transaction or other financial derivatives transaction (other than any such agreements as are entered into in the ordinary course of business and are not for speculative purposes or the obtaining of credit); and (ii) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of the types referred to in clause (i) above. For the purpose of determining any particular amount of Indebtedness under this definition, Guarantees of Indebtedness otherwise included in the determination of such amount shall not be included.

"*IFRS*" means International Financial Reporting Standards promulgated by the International Accounting Standards Board.

"*Investment Grade Rating*" means BBB- or higher by S&P, Baa3 or higher by Moody's or BBB- or higher by Fitch, or the equivalent of such global ratings by S&P, Moody's or Fitch.

"*Lien*" means any mortgage, pledge, lien or security interest, including any equivalent right created or arising under the laws of Mexico.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Operating Property*" means as of any date of determination, (i) any real and tangible property owned by us or any of our subsidiaries that constitutes all or any part of any store, warehouse, service center or distribution center and is used in the ordinary course of our business; and (ii) all merchandise, inventories, furniture and equipment (including all transportation and warehousing equipment, store racks and showcases but excluding office equipment and data processing equipment) owned by us or any of our subsidiaries. In each case of the foregoing clauses (i) and (ii), other than any such property which, individually or, in the case of a series of related transactions,

in the aggregate, in the good faith opinion of our board of directors, is not of material importance to the business conducted or assets owned by us and our subsidiaries taken as a whole; provided that no property will be an Operating Property unless its net book value exceeds 1.0% of Consolidated Net Tangible Assets. As of September 30, 2024, only certain of our Operating Property exceeded 1.0% of Consolidated Net Tangible Assets.

"*Permitted Holders*" means, collectively the members of the Brémond, David, Guichard and Michel families, including lineal descendants, estates and heirs, or any trust or other investment vehicle for the primary benefit of any of the foregoing.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Rating Agencies*" means Moody's, S&P and Fitch.

"*Rating Decline*" means the occurrence, at any time within 60 days after the earlier of the date of public notice of the occurrence of a Change of Control or of our intention to effect a Change of Control (which period shall be extended so long as the rating of the notes is under publicly announced consideration for possible downgrade by any of the Rating Agencies), of any of the following events expressly stated by the applicable Rating Agency to have been as a result of such Change of Control (i) in the event the notes have an Investment Grade Rating by at least two of the Rating Agencies on the date of such public notice, the rating of the notes by at least two Rating Agency shall be below an Investment Grade Rating; (ii) in the event the notes have an Investment Grade Rating by any, but not two or more, of the Rating Agencies on the date of such public notice, the rating of the notes by such Rating Agency will be changed to below an Investment Grade Rating; or (iii) in the event the notes are rated below an Investment Grade Rating by at least two of the Rating Agencies prior to such public notice, the rating of the notes by at least two Rating Agency shall be decreased by one or more gradations (including gradations within rating categories as well as between rating categories).

"*S&P*" means Standard & Poor's Ratings Services or any successor to the rating agency business thereof.

"*U.S. Government Obligations*" means direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereof) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the Issuer's option.

FORM OF NOTES, CLEARING AND SETTLEMENT

Global Notes

The notes of each series will be issued in the form of one or more registered notes in global form, without interest coupons, or the global notes, as follows:

- notes of a series sold to qualified institutional buyers under Rule 144A will be represented by one or more Rule 144A global notes (collectively, the "Rule 144A global note"); and

- notes of a series sold in offshore transactions to non-U.S. persons in reliance on Regulation S will be represented by one or more Regulation S global notes (collectively, the "Regulation S global note").

Upon issuance, each of the global notes will be deposited with the trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each global note will be limited to persons who have accounts with DTC, or DTC participants, or persons who hold interests through DTC participants, including Euroclear and Clearstream.

We expect that under procedures established by DTC:

- upon deposit of each global note with DTC's custodian, DTC will credit portions of the principal amount of the global note to the accounts of the DTC participants designated by the initial purchasers; and

- ownership of beneficial interests in each global note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the global note).

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form except in the limited circumstances described below.

Each global note and beneficial interests in each global note will be subject to restrictions on transfer as described under "Transfer Restrictions."

Transfers Within and Between Global Notes

Beneficial interests in a Regulation S global note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A global note only if the transfer is made pursuant to Rule 144A and the transferor first delivers to the trustee a certificate (in the form provided in the indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S global note only upon receipt by the trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Transfers of beneficial interests within a global note may be made without delivery of any written certification or other documentation from the transferor or the transferee. Transfers of beneficial interests in a Regulation S global note for beneficial interests in the Rule 144A global note or vice versa will be effected by DTC by means of an instruction originated by the trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any transfer, appropriate adjustments will be made to reflect a decrease

in the principal amount of the Regulation S global note and a corresponding increase in the principal amount of the Rule 144A global note or vice versa, as applicable. Any beneficial interest in one of the global notes that is transferred to a person who takes delivery in the form of an interest in another global note will, upon transfer, cease to be an interest in such global note and will become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other global note for so long as it remains such an interest. Such transfer shall be made on a delivery free of payment basis and the buyer and seller will need to arrange for payment outside the clearing system.

Book-Entry Procedures for the Global Notes

All interests in the global notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither we, the trustee, nor the initial purchasers are responsible for those operations or procedures.

DTC has advised that it is:

- a limited purpose trust company organized under the New York State Banking Law;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the U.S. Federal Reserve System;
- a "clearing corporation" within the meaning of the New York Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the U.S. Securities Exchange Act of 1934, as amended.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the initial purchasers; banks and trust companies; clearing corporations; and certain other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC (including Euroclear or Clearstream). The laws of some states require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of participants, which in turn act on behalf of indirect participants, the ability of beneficial owners of interests in a global note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

So long as DTC or its nominee is the registered owner of a global note, DTC or its nominee will be considered the sole owner or holder of the notes represented by that global note for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global note:

- will not be entitled to have notes represented by the global note registered in their names;
- will not receive or be entitled to receive physical, certificated notes; and
- will not be considered the registered owners or holders of the notes under the indenture for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee under the indenture.

As a result, each investor who owns a beneficial interest in a global note must rely on the procedures of DTC to exercise any rights of a holder of notes under the indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium, if any, and interest with respect to the notes represented by a global note will be made by the trustee to DTC's nominee as the registered holder of the global note. Neither we nor the trustee will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a global note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a global note will be governed by standing instructions and customary practices and will be the responsibility of those participants or indirect participants and not of DTC, its nominee or us.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear and Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers within a 144A global note or a Regulation S global note between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a global note held in an Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant global notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear or Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of an Euroclear or Clearstream participant that purchases an interest in a global note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a global note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the global notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

Certificated Notes

Beneficial interests in the global notes may not be exchanged for notes in physical, certificated form unless:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for the global notes and a successor depositary is not appointed within 90 days;
- DTC ceases to be registered as a clearing agency under the U.S. Securities Exchange Act of 1934, as amended, and a successor depositary is not appointed within 90 days;

- we, at our option, notify the trustee that we elect to cause the issuance of certificated notes and any participant requests a certificated note in accordance with DTC procedures; or

- certain other events provided in the indenture should occur, including the occurrence and continuance of an event of default with respect to the notes.

In all cases, certificated notes delivered in exchange for any global note will be registered in the names, and issued in any approved denominations, requested by the depositary and will bear a legend indicating the transfer restrictions of that particular global note.

For information concerning paying agents and transfer agents for any notes in certificated form, see "Description of the Notes—Payment Provisions—Paying Agents" and "Description of the Notes—Transfer Agents."

TRANSFER RESTRICTIONS

The notes and the guarantee have not been registered, and will not be registered, under the Securities Act or any other applicable securities laws, and the notes may not be offered or sold except pursuant to an effective registration statement or pursuant to transactions exempt from, or not subject to, registration under the Securities Act. Accordingly, the notes are being offered and sold only:

(1) to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A under the Securities Act; and

(2) outside of the United States, to certain persons other than U.S. persons (or non-U.S. purchasers, which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)) in offshore transactions meeting the requirements of Rule 903 of Regulation S under the Securities Act.

As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

The notes have not been and will not be registered with the RNV maintained by the CNBV and may not be offered publicly in Mexico, however, the notes may be offered and sold in Mexico, on a private placement basis, to investors that qualify as institutional or accredited investors under Mexican law, pursuant to the private placement exemption set forth in Article 8 of the Mexican Securities Market Law.

Purchasers' Representations and Restrictions on Resale and Transfer

Each purchaser of notes (other than the initial purchasers in connection with the initial issuance and sale of notes) and each owner of any beneficial interest therein will be deemed, by its acceptance or purchase thereof, to have represented and agreed as follows:

(1) It is purchasing the notes for its own account or an account with respect to which it exercises sole investment discretion and it and any such account is either (a) a qualified institutional buyer and is aware that the sale to it is being made in reliance on Rule 144A or (b) a non-U.S. purchaser that is outside the United States or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above.

(2) It acknowledges that the notes have not been registered under the Securities Act or with any securities regulatory authority of any jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.

(3) It understands and agrees that notes initially offered in the United States to qualified institutional buyers will be represented by one or more global notes and that notes offered outside the United States in reliance on Regulation S will also be represented by one or more global notes.

(4) It will not resell or otherwise transfer any of such notes except (a) to us, (b) within the United States to a qualified institutional buyer in a transaction complying with Rule 144A under the Securities Act, (c) outside the United States to non-U.S. purchasers in offshore transactions in compliance with Rule 903 or 904 under the Securities Act, (d) pursuant to the exemption from registration under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act.

(5) It agrees that it will give to each person to whom it transfers the notes notice of any restrictions on transfer of such notes.

(6) It acknowledges that prior to any proposed transfer of notes (other than pursuant to an effective registration statement or in respect of notes sold or transferred either pursuant to (a) Rule 144A or (b)

Regulation S) the holder of such notes may be required to provide certifications relating to the manner of such transfer as provided in the indenture.

(7) It acknowledges that the trustee, registrar or transfer agent for the notes will not be required to accept for registration transfer of any notes acquired by it, except upon presentation of evidence satisfactory to us and the trustee, registrar or transfer agent that the restrictions set forth herein have been complied with.

(8) It acknowledges that we, the initial purchasers and other persons will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of the acknowledgements, representations and agreements deemed to have been made by its purchase of the notes are no longer accurate, it will promptly notify us and the initial purchasers. If it is acquiring the notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, and agreements on behalf of each account.

The following is the form of restrictive legend which will appear on the face of the Rule 144A global note, and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by purchasing this Note, agrees that this Note or any interest or participation herein may be offered, resold, pledged or otherwise transferred only (1) to us, (2) so long as this Note is eligible for resale pursuant to Rule 144A under the Securities Act ("Rule 144A"), to a person who the seller reasonably believes is a qualified institutional buyer (as defined in Rule 144A) in accordance with Rule 144A, (3) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act (if available) or (5) pursuant to an effective registration statement under the Securities Act, and in each of such cases in accordance with any applicable securities laws of any state of the United States or other applicable jurisdiction. The holder hereof, by purchasing this Note, represents and agrees that it will notify any purchaser of this Note from it of the resale restrictions referred to above.

The foregoing legend may be removed from this Note only with the consent of the issuer."

The following is the form of restrictive legend which will appear on the face of the Regulation S global note and which will be used to notify transferees of the foregoing restrictions on transfer:

"This Note has not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any other securities laws. The holder hereof, by purchasing this Note, agrees that neither this Note nor any interest or participation herein may be offered, resold, pledged or otherwise transferred within the United States except (a) pursuant to an exemption from registration under the Securities Act or (b) pursuant to an effective registration statement under the Securities Act.

The foregoing legend may be removed from this Note after 40 days beginning on and including the later of (a) the date on which the notes are offered to persons other than distributors (as defined in Regulation S under the Securities Act) and (b) the original issue date of this Note."

For further discussion of the requirements (including the presentation of transfer certificates) under the indenture to effect exchanges or transfers of interest in global notes and certificated notes, see "Form of Notes, Clearing and Settlement."

TAXATION

POTENTIAL PURCHASERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE PARTICULAR MEXICAN, UNITED STATES OR OTHER TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING, IN PARTICULAR, THE APPLICATION TO THEIR PARTICULAR SITUATIONS OF THE TAX CONSIDERATIONS DISCUSSED BELOW.

Certain Mexican Federal Income Tax Considerations

General

The following is a general summary of the principal Mexican federal income tax consequences of the purchase, ownership and disposition of the notes by holders that are not residents of Mexico for tax purposes and that do not hold the notes through a permanent establishment in Mexico to which the income under the notes is attributable for tax purposes. For purposes of this summary, each such holder is a "foreign holder." This summary is based upon the provisions of the *Ley del Impuesto Sobre la Renta*, or the Mexican Income Tax Law, and the *Código Fiscal de la Federación*, or the Mexican Federal Tax Code, in effect on the date of this offering memorandum, which are subject to change or to new or different interpretations, which could affect the continued validity of this summary. This summary does not constitute tax advice and does not address all of the Mexican tax consequences that may be applicable to specific holders of the notes and does not purport to be a comprehensive description of all of the Mexican tax considerations that may be relevant to a decision to purchase, own or dispose of the notes. This summary does not describe any tax consequences arising under the laws of any state, municipality or taxing jurisdiction other than under Mexican Income Tax Law.

For purposes of Mexican taxation, residence in Mexico is a highly technical and fact-oriented definition.

An individual is a resident of Mexico for tax purposes if such person has established his or her home in Mexico. When such person has a home in another country, the individual will be considered a resident of Mexico for tax purposes if his/her center of vital interests is located in Mexico, which is deemed to occur if (i) more than 50.0% of such individual's total income, in any calendar year, is from a Mexican source, or (ii) such individual's principal center of professional activities is located in Mexico. Mexican residents for tax purposes who file a change of tax residence to a country or jurisdiction that does not have a comprehensive tax information exchange agreement and a tax treaty that provides for the assistance in to facilitate cooperation in the assessment and collection of taxes with Mexico and in which his/her income is subject to a preferred tax regime pursuant to the provisions of the Mexican Income Tax Law, will be considered Mexican residents for tax purposes during the year of filing of notice of residence change and during the following five fiscal years. Mexican nationals are deemed Mexican residents for tax purposes, unless such nationals can demonstrate otherwise.

A legal entity is a resident of Mexico for tax purposes if it maintains the principal administration of its business or the effective location of its management in Mexico.

A permanent establishment of a foreign person in Mexico will be treated as a resident of Mexico for tax purposes and will be required to pay taxes in Mexico in accordance with applicable tax laws, for income attributable to such permanent establishment.

Taxation of Payments of Interest

Under the Mexican Income Tax Law, payments of interest (including original issue discount and premiums, which are deemed interest under the Mexican Income Tax Law) made by us or the subsidiary guarantor in respect of the notes to a foreign holder will generally be subject to a Mexican withholding tax assessed at a rate of 4.9%, if, as expected, the following requirements are met:

- the notes are placed outside Mexico through banks or broker-dealers, in a country with which Mexico has a treaty for the avoidance of double taxation in effect;

- after the consummation of the offering of the notes, a notice is filed before the CNBV describing the main characteristics of the notes and the notes offering pursuant to Article 7 of the Mexican Securities Market Law; and

- the information requirements specified from time to time by the Mexican Tax Administration Service (*Servicio de Administración Tributaria*) under its general rules, including, after completion of the offering of the notes, the filing of certain information related to the notes offering and this offering memorandum, are duly and timely complied with.

If any of such requirements is not met, the withholding tax applicable to interest payments under the notes made by us or the subsidiary guarantor to non-residents of Mexico will be imposed at a rate of 10.0% or higher.

In addition, if the beneficial owners, whether acting directly or indirectly, severally or jointly with related parties, receiving more than 5.0% of the aggregate amount of each interest payment under the notes are (i) shareholders holding more than 10.0% of our voting stock, directly or indirectly, severally or jointly with related parties, or (ii) corporations or other entities having more than 20.0% of their stock owned, directly or indirectly, jointly or severally, by persons related to us, the Mexican withholding tax will be applied at substantially higher rates (currently 35.0%).

Payments of interest in respect of the notes made by us to a non-Mexican pension or retirement fund will be exempt from Mexican withholding taxes if:

- such fund is organized pursuant to the laws of its country of residence and is the beneficial owner of the interest payment; and

- such income is exempt from income taxes in such country.

Holders or beneficial owners of the notes may be requested, subject to specified exemptions and limitations, to provide certain information or documentation necessary to enable us to apply the appropriate Mexican withholding tax rate on interest payments that we make to such holders or beneficial owners. Additionally, the Mexican Income Tax Law provides that, in order for a foreign holder to be entitled to the benefits under the treaties for the avoidance of double taxation entered into by Mexico, it is necessary for the foreign holder to meet the procedural requirements established in such law. In the event that the specified information or documentation concerning the holder or beneficial owner, if requested, is not timely or completely provided, we may withhold Mexican tax from that interest payment on the notes to that holder or beneficial owner at the maximum applicable rate, and our obligation to pay additional amounts relating to those withholding taxes would be limited as described under "Description of the Notes—Additional Amounts."

Taxation of Principal Payments

Under the Mexican Income Tax Law, payments of principal made by us or the subsidiary guarantor in respect of the notes to a foreign holder will not be subject to Mexican withholding taxes (except that any discount will count as interest).

Taxation of Dispositions and Acquisitions of the Notes

Under the Mexican Income Tax Law, gains resulting from the sale or disposition of the notes by a foreign holder to another foreign holder are not subject to income or other tax in Mexico. Gains resulting from the sale of the notes by a foreign holder to a purchaser who is a Mexican resident for tax purposes or to a foreign holder with a permanent establishment in Mexico for tax purposes, will be subject to Mexican federal income or other taxes pursuant to the rules described above in respect of interest payments, unless an applicable income tax treaty provides otherwise. The acquisition of the notes at a discount by a foreign holder will be deemed interest income and subject to Mexican withholding taxes, if the seller is a Mexican resident or a foreign resident with a permanent establishment in Mexico.

Taxation of Make-Whole Amounts

Under the Mexican Income Tax Law, the payment of make-whole amounts as a result of the optional redemption of the notes, as provided in "Description of the Notes—Optional Redemption—Optional Redemption," will be subject to the Mexican taxes pursuant to the rules described above with respect to interest payments.

Mexican Value Added Tax

There is no Mexican Value Added Tax, issue, registration or similar taxes payable by a foreign holder with respect to the notes.

Other Mexican Taxes

Under current Mexican tax laws, there are no Mexican estate, inheritance, succession, gift or similar taxes generally applicable with respect to the acquisition, ownership or disposition of the notes by a foreign holder. Gratuitous transfers of the notes in certain circumstances may result in the imposition of Mexican income taxes upon the recipient. There are no Mexican stamp, issuer registration or similar taxes or duties payable by foreign holders with respect to the notes.

Certain United States Federal Income Tax Considerations

The following is a general summary of certain U.S. federal income tax considerations associated with the beneficial ownership and disposition of the notes by U.S. holders (as defined below) as of the date hereof. This summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations promulgated thereunder, rulings, official pronouncements and judicial decisions, and published positions of the Internal Revenue Service ("IRS"), all as in effect on the date of this offering memorandum and all of which are subject to change and different interpretations, possibly with retroactive effect. This summary addresses tax considerations only for holders that purchase the notes for cash pursuant to this offering and that hold the notes as "capital assets" (generally, property held for investment). Moreover, this summary is for general information only and does not address all of the tax considerations that may be relevant to certain investors in light of their particular circumstances or to investors subject to special treatment under U.S. federal income tax laws (such as banks or other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, tax-exempt entities, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting, holders required to conform the timing of income accruals with respect to the notes to their financial statements, brokers, expatriates, entities treated as partnerships for U.S. federal income tax purposes and partners (or the equivalent) therein, persons who hold their notes as part of a straddle, hedge, synthetic security, conversion transaction or other integrated investment, U.S. holders whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax or persons deemed to sell the notes under the constructive sale provisions of the Code), all of whom may be subject to tax rules that differ significantly from those summarized below. The discussion below does not address the Medicare contribution tax, U.S. federal estate and gift tax considerations or the effect of any state, local or non-U.S. tax law. We have not sought any ruling from the Internal Revenue Service, or the IRS, or an opinion of counsel with respect to the statements made and the conclusions reached in this discussion, and there can be no assurance that the IRS will not take a contrary position regarding the tax considerations discussed below, or that any such contrary position would not be sustained by a court.

HOLDERS OF THE NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSIDERATIONS TO THEM OF THE OWNERSHIP AND DISPOSITION OF THE NOTES, INCLUDING THE APPLICABILITY OF U.S. FEDERAL, STATE OR LOCAL TAX LAWS OR NON-U.S. TAX LAWS, ANY CHANGES IN APPLICABLE TAX LAWS AND ANY PENDING OR PROPOSED LEGISLATION OR REGULATIONS.

For purposes of this summary, a "U.S. holder" is a beneficial owner of a note that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;

- a corporation or other entity subject to tax as a corporation for U.S. federal income tax purposes, created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income tax regardless of the source thereof; or

- a trust (1) if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions, or (2) if it has made a valid election to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds the notes, the U.S. federal income tax treatment of a partner in the partnership will depend upon the status of the partner and the activities of the partnership. Partnerships holding the notes, and partners in any such partnerships, should consult their tax advisors regarding the U.S. federal income tax considerations applicable to the ownership and disposition of the notes in light of their particular circumstances.

U.S. Holders

Payment of Interest and Additional Amounts

A U.S. holder must include in the U.S. holder's gross income, as ordinary income, all payments of interest (which will include all Mexican tax withheld from the interest payments) and all additional amounts paid in respect of the notes, at the time accrued or paid, in accordance with the U.S. holder's usual method of tax accounting for U.S. federal income tax purposes. Subject to applicable limitations (including minimum certain holding period requirements), a U.S. holder may be entitled to a credit against such U.S. holder's U.S. federal income tax liability, or at the election of the holder, for a deduction in computing such U.S. holder's U.S. taxable income (provided that the U.S. holder elects to deduct, rather than credit, all foreign income taxes paid or accrued for the relevant taxable year), for any foreign income taxes withheld. Interest on the notes generally will (1) be treated as foreign source income for U.S. federal income tax purposes, and (2) constitute passive income, or in the case of certain U.S. holders, general category income for foreign tax credit purposes. The rules governing the foreign tax credit are complex. Prospective noteholders should consult their tax advisors regarding the availability of foreign tax credits and, in the case of a U.S. holder that elects to deduct foreign taxes, the availability of deductions, and the treatment of additional amounts, under their particular circumstances. It is expected that the notes will be issued with less than a de minimis amount of original issue discount, or OID, for U.S. federal income tax purposes, and this disclosure assumes as much.

Sale, Exchange, Redemption, Retirement or Other Dispositions

A U.S. holder generally will recognize gain or loss for U.S. federal income tax purposes upon the sale, exchange, redemption, retirement or other taxable disposition of the notes in an amount equal to the difference between (i) the amount realized upon such disposition and (ii) the U.S. holder's adjusted tax basis in the notes. For this purpose, the amount realized will not include any amount attributable to accrued but unpaid interest on the notes (which will be taxed as such). A U.S. holder's adjusted tax basis in the notes generally will equal the U.S. holders' cost of such notes, decreased by any payments received on the notes other than payments of stated interest. The gain or loss upon the taxable disposition of the notes will generally be capital gain or loss. If, at the time of such disposition, the U.S. holder's holding period in the notes exceeds one year, the gain or loss will generally be a long-term capital gain or loss. Under current law, long-term capital gains recognized by individuals and other non-corporate U.S. holders are generally subject to a reduced U.S. federal income tax rate. Capital losses are subject to limits on deductibility. Any gain or loss recognized by a U.S. holder will generally be treated as from sources within the United States for U.S. federal income tax purposes; therefore, a U.S. holder may not be able to claim credit for the Mexican tax, if any, imposed upon a disposition of a note unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The rules governing foreign tax credits are complex. U.S. Holders should consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Specified Foreign Financial Assets

Prospective U.S. holders should consult their tax advisors regarding U.S. federal income tax reporting required with respect to their ownership and disposition of the notes, including on IRS Form 8938 (Statement of Specified Foreign Financial Assets).

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSIDERATIONS RELATING TO THE INVESTMENT IN THE NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS CONCERNING THE TAX CONSIDERATIONS AS RELEVANT TO THEIR PARTICULAR SITUATIONS.

Information Reporting and Backup Withholding

In general, information returns will be filed with the IRS in connection with certain payments of principal and interest on the notes and the proceeds from the sale of a note by certain U.S. holders. Backup withholding at the applicable rate will apply to the payments if a U.S. holder fails to (i) provide its taxpayer identification number to the person from whom it receives payments and (ii) otherwise comply with the applicable requirements of the U.S. backup withholding rules.

Payments within the United States of principal, interest and any additional amounts to a non-U.S. holder will not be subject to backup withholding tax and information reporting requirements if an appropriate certification is provided by such non-U.S. holder to the payor and the payor does not have actual knowledge or reason to know that the certificate is incorrect.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a U.S. or non-U.S. holder may be refunded or credited against such holder's U.S. federal income tax liability, if any, if such holder timely provides the required information to the IRS.

PLAN OF DISTRIBUTION

J.P. Morgan Securities LLC, BBVA Securities Inc., BofA Securities, Inc. and Santander US Capital Markets LLC are acting as joint book-running managers of the offering and as representatives of the initial purchasers named below. Subject to the terms and conditions stated in the purchase agreement dated the date of this offering memorandum, each initial purchaser named below has severally, and not jointly, agreed to purchase, and we have agreed to sell to that initial purchaser, the principal amount of the notes set forth opposite the initial purchaser's name.

Initial Purchaser	Principal Amount of 2032 Notes	Principal Amount of 2037 Notes
	(in U.S. dollars)	
J.P. Morgan Securities LLC	125,000,000	125,000,000
BBVA Securities Inc	125,000,000	125,000,000
BofA Securities, Inc.	125,000,000	125,000,000
Santander US Capital Markets LLC	125,000,000	125,000,000
Total	**500,000,000**	**500,000,000**

The initial purchasers are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the initial purchasers of officer's certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

If an initial purchaser defaults, the purchase agreement provides that the purchase commitments of the non-defaulting initial purchasers may be increased, the commitments of the defaulting initial purchaser may be assumed by other persons satisfactory to us or the purchase agreement may be terminated.

We have agreed to indemnify the initial purchasers and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

The initial purchasers propose to resell the notes at the offering price set forth on the cover page of this offering memorandum within the United States to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions." The price at which the notes are offered may be changed at any time without notice. The initial purchasers may offer and sell the notes through their affiliates.

The notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions." In connection with sales outside of the United States, each of the initial purchasers has agreed that it will not offer, sell or deliver the notes to, or for the account of, U.S. persons (unless in reliance on Rule 144A) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, and that it will send to each dealer to whom it sells such notes during such period a confirmation or other notice setting forth the restrictions on offers and sales of the notes within the United States or to, or for the account or benefit of, U.S. persons. See "Transfer Restrictions."

In addition, until 40 days after the commencement of this offering, an offer or sale of notes within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A or another exemption from registration under the Securities Act. Each purchaser of the notes will be deemed to have made acknowledgements, representations and agreements as described under "Transfer Restrictions."

The notes will constitute a new class of securities with no established trading market. We do not intend to apply for listing of the notes on any U.S. national securities exchange. Application has been made to Euronext

Dublin for the notes to be admitted to the Official List and trading on the Global Exchange Market of Euronext Dublin. However, we cannot assure you that the listing application will be approved. We cannot assure you that the prices at which the notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the notes will develop and continue after this offering. The initial purchasers have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so and they may discontinue any market-making activities with respect to the notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of, or the trading market for, the notes. If an active trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected. If the notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

We expect that delivery of the notes will be made against payment of the notes on or about January 22, 2025, which will be the third business day following the date of this offering memorandum (such settlement being referred to as "T+3"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market are required to settle in one business day, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes prior to the delivery of the notes hereunder may be required, by virtue of the fact that the notes initially settle in T+3, to specify an alternate settlement arrangement at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to trade the notes prior to their date of delivery hereunder should consult their advisors.

We and the subsidiary guarantor have agreed that, for a period of 30 days from the date of this offering memorandum, we and the subsidiary guarantor will not, without the prior written consent of each initial purchaser, offer, sell, issue, contract to sell, pledge, or otherwise dispose of, directly or indirectly, or announce the offering of, any U.S. dollar denominated debt securities issued or guaranteed by us or the subsidiary guarantor (other than the notes).

In connection with the offering, the initial purchasers may purchase and sell notes in the open market. Purchases and sales in the open market may include short sales, purchases to cover short positions and stabilizing purchases.

- Short sales involve secondary market sales by the initial purchasers of a greater number of notes than they are required to purchase in the offering.
- Covering transactions involve purchases of notes in the open market after the distribution has been completed in order to cover short positions.
- Stabilizing transactions involve bids to purchase notes so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by the initial purchasers for their own accounts, may have the effect of preventing or retarding a decline in the market price of the notes. They may also cause the price of the notes to be higher than the price that would otherwise exist in the open market in the absence of these transactions. The initial purchasers may conduct these transactions in the over-the-counter market or otherwise. If the initial purchasers commence any of these transactions, they may discontinue them at any time.

The initial purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advising, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the initial purchasers or their affiliates from time to time have performed in the past, and may perform in the future, various investment banking, financial advisory, and commercial banking services to us in the ordinary course of business for which they received, or may receive, customary fees and commissions. In particular, affiliates of J.P. Morgan Securities LLC provided certain financial advisory services to us in connection with the Nordstrom Merger, a portion of the fees of which are payable contingent upon closing of the Merger. Therefore, net proceeds from this offering may be used, in part, to pay such fees in addition to other fees and expenses incurred by us and Parent in

connection with the Nordstrom Merger. In addition, one or more of the initial purchasers may from time to time be lenders (either directly or through their affiliates) under certain of our issuances and facilities. Certain of the initial purchasers and/or their affiliates have agreed to provide interim financing to us with respect to a bridge facility to finance the investment in the Nordstrom Merger under certain circumstances as an alternative to the notes. In addition, the initial purchasers or their respective affiliates expect to receive, customary fees and commissions for the offering of the notes.

In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. To the extent any of the initial purchasers or their affiliates has a lending relationship with us, certain of those initial purchasers or their affiliates routinely hedge, and certain other of those initial purchasers or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, such initial purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the notes offered hereby. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Sales Outside of the United States

Neither we nor the initial purchasers are making an offer to sell, or seeking offers to buy, the notes in any jurisdiction where the offer and sale is not permitted. You must comply with all applicable laws and regulations in effect in any jurisdiction in which you purchase, offer or sell the notes or possess or distribute this offering memorandum, and you must obtain any consent, approval or permission required for your purchase, offer or sale of the notes under the laws and regulations in effect in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the initial purchasers will have any responsibility therefor.

Notice to Prospective Investors in Mexico

The notes have not been and will not be registered with the RNV maintained by the CNBV and may not be offered or sold publicly in Mexico or otherwise be subject to intermediation activities in Mexico, except pursuant to an exemption set forth in Article 8 of the Mexican Securities Market Law. Upon consummation of the offering of the notes, we will notify the CNBV of the terms and conditions thereof to comply with article 7, second paragraph of the Mexican Securities Market Law and regulations thereunder and for statistical and informational purposes only. The delivery to, or receipt by, the CNBV of such notice does not constitute or imply a certification as to the investment quality of the notes, our solvency, liquidity or credit quality or the accuracy or completeness of the information set forth in this offering memorandum. The information contained in this offering memorandum is solely our responsibility and has not been reviewed or authorized by the CNBV. In making an investment decision, all investors, including any Mexican investor, who may acquire notes from time to time, must rely on their own examination of this offering memorandum, us and the subsidiary guarantor.

Notice to Prospective Investors in the European Economic Area

Each initial purchaser has advised that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

(ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"); and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

Notice to Prospective Investors in the United Kingdom

Each initial purchaser has advised that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any notes to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the EUWA; and

(b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes.

In the UK, this document is only for distribution to, and is only directed at, qualified investors (as defined in the UK Prospectus Regulation) who (i) are investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are high net worth entities or other persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order, or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated (all such persons being referred to as "relevant persons"). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each of the initial purchasers has advised that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the UK.

Notice to Prospective Investors in Chile

The notes being offered will not be registered under the Securities Market Law (*Ley de Mercado de Valores*) in the Securities Registry (*Registro de Valores*) or in the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the Chilean Financial Markets Commission (*Comisión para el Mercado Financiero*, or the "CMF") and, therefore, the notes are not subject to the supervision of the CMF. As the securities are unregistered in Chile, we are not required to disclose public information about the notes in Chile. Accordingly, the notes cannot and will not be publicly offered to persons in Chile unless they are registered in the corresponding Securities Registry. The notes may only be offered in Chile in circumstances that do not constitute a public offering under Chilean law or in compliance with General Rule (*Norma de Carácter General*) No. 336 of the CMF, dated June 27, 2012 ("CMF Rule 336"). Pursuant to the Securities Market Law, a public offering of securities is an offering that is addressed to the general public or to certain specific categories or groups thereof. Considering that the definition of public offering is quite broad, even an offering addressed to a small group of investors may be considered to be addressed to a certain specific category or group of the public and therefore be considered public under applicable law. However, pursuant to Rule 336, the notes may be privately offered in Chile to certain "qualified investors" (*Inversionistas Calificados*) identified as such therein (which in turn are further described in General Rule No. 216 of the CMF, dated June 12, 2008).

CMF Rule 336 requires the following information to be provided to prospective investors in Chile:

(1) Date of commencement of the offer: January 12, 2025. The offer of the notes is subject to CMF Rule 336;

(2) The subject matter of this offer are securities not registered with the Securities Registry (*Registro de Valores*) of the CMF, nor with the Foreign Securities Registry (*Registro de Valores Extranjeros*) of the CMF, due to the notes not being subject to the oversight of the CMF;

(3) Since the notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the notes in Chile; and

(4) The notes shall not be subject to public offering in Chile unless registered with the corresponding Securities Registry of the CMF.

Notice to Prospective Investors in France

Neither this offering memorandum nor any other offering material relating to the notes described in this offering memorandum has been submitted to the clearance procedures of the *Autorité des Marchés Financiers* or of the competent authority of another member state of the European Economic Area and notified to the *Autorité des Marchés Financiers*. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this offering memorandum nor any other offering material relating to the notes has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the notes to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for its own account, all as defined in, and in accordance with, articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*;

- to investment services providers authorized to engage in portfolio management on behalf of third parties; or

- in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French *Code monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the *Autorité des Marchés Financiers*, does not constitute a public offer (*appel public à l'épargne*).

The notes may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monétaire et Financier*.

Notice to Prospective Investors in Hong Kong

The notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Japan

The notes offered in this offering memorandum have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the notes pursuant to an offer made under Section 275 of the SFA;

- except:

- to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

- where no consideration is or will be given for the transfer; or

- where the transfer is by operation of law.

Notice to Prospective Investors in Switzerland

This offering memorandum is not intended to constitute an offer or solicitation to purchase or invest in the notes. The notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has been or will be made to admit the notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the notes constitutes a prospectus pursuant to the FinSA, and neither this offering memorandum nor any other offering or marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland.

Notice to Prospective Investors in the Dubai International Financial Centre

This offering memorandum relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This offering memorandum is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this offering memorandum nor taken steps to verify the information set forth herein and has no responsibility for this offering memorandum. The notes to which this offering memorandum relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the notes offered should conduct their own due diligence on the notes. If you do not understand the contents of this offering memorandum you should consult an authorized financial advisor.

Notice to Prospective Investors in Canada

The notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this offering memorandum (including any amendment thereto) contains a misrepresentation; *provided* that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the initial purchasers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in Colombia

The notes will not be authorized by the *Superintendencia Financiera de Colombia* (Colombian Superintendency of Finance) and will not be registered under the *Registro Nacional de Valores y Emisores* (Colombian National Registry of Securities and Issuers), and, accordingly, the notes will not be offered or sold to persons in Colombia except in circumstances which do not result in a public offering under Colombian law.

Notice to Prospective Investors in Peru

The notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and regulations on public offerings will not be applicable to the offering of the notes and therefore, the disclosure obligations set forth therein will not be applicable to the issuer or the sellers of the notes before or after their acquisition by prospective investors. The notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the *Superintendencia del Mercado de Valores* (Peruvian capital market regulator) (the "SMV") nor have they been registered with the SMV's Securities Market Public Registry (*Registro Público del Mercado de Valores*). Accordingly, the notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian law and regulations and complies with the provisions on private offerings set forth therein.

Notice to Prospective Investors in Brazil

The offer and sale of the notes have not been and will not be registered with the Brazilian Securities Commission (*comissão de valores mobiliários*, or "CVM") and, therefore, will not be carried out by any means that would constitute a public offering in Brazil under CVM Resolution No 160, dated July 13, 2022, as amended ("CVM Resolution 160"), or unauthorized distribution under Brazilian laws and regulations. The notes will be authorized for trading on organized non-Brazilian securities markets and may only be offered to Brazilian professional investors (as defined by applicable CVM regulation), who may only acquire the notes through a non-Brazilian account, with settlement outside Brazil in non-Brazilian currency. The trading of these notes on regulated securities markets in Brazil is prohibited.

LEGAL MATTERS

Certain legal matters in connection with this international offering will be passed upon for Liverpool with respect to New York law by Simpson Thacher & Bartlett LLP and with respect to Mexican law by Galicia Abogados, S.C. Certain legal matters in connection with this international offering will be passed upon for the initial purchasers with respect to New York law by Skadden, Arps, Slate, Meagher & Flom LLP and with respect to Mexican law by Creel, García-Cuéllar, Aiza y Enríquez, S.C.

INDEPENDENT AUDITORS

The financial statements as of December 31, 2023 and 2022, and for each of the three years ended December 31, 2023, 2022 and 2021 included in this offering memorandum, have been audited by PricewaterhouseCoopers, S.C., independent auditors, as stated in their report appearing herein. PricewaterhouseCoopers, S.C. is a member of the Mexican Institute of Public Accountants (*Instituto Mexicano de Contadores Públicos, A.C.*).

AVAILABLE INFORMATION

We will furnish, upon prior written request of any registered owner of a note, or note holder, or beneficial owner of a note, or note owner, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act: (a) to such note holder or note owner, (b) to a prospective purchaser of such note (or beneficial interest therein) who is a qualified institutional buyer designated by such note holder or note owner or (c) to the trustee for delivery to such note holder or note owner or such prospective purchaser so designated, in each case in order to permit compliance by such note holder or note owner with Rule 144A in connection with the resale of such note (or a beneficial interest therein) in reliance upon Rule 144A unless, at the time of such request, (1) we are subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or (2) we qualify for the exemption to Rule 12g3-2(b).

In addition, for so long as the notes are listed on the Global Exchange Market of Euronext Dublin, copies of the following items will be available in physical form at Mario Pani 200, Colonia Santa Fe, Alcaldía Cuajimalpa, 05348, Mexico City, Mexico:

- this offering memorandum;
- a copy of our by-laws (*estatutos sociales*);
- our audited consolidated financial statements and our unaudited condensed consolidated interim financial statements;
- Nordstrom 10-K;
- Nordstrom 10-Q;
- The risk factors included as Item 1A in each of the Nordstrom 10-K and the Nordstrom 10-Q;
- a copy of the indenture governing the notes; and
- any other documents relating to the offering of the notes referred to herein.

INCORPORATION BY REFERENCE

We are incorporating by reference in this offering memorandum certain information that Nordstrom files with the SEC. This means that the Issuer is disclosing important information to you by referring you to those documents. The information incorporated by reference is an important part of this offering memorandum, and information that Nordstrom will file later with the SEC will automatically update and supersede this information. The Issuer is incorporating by reference the documents filed with the SEC listed below:

- Nordstrom's historical audited consolidated financial statements and the notes thereto as of and for the fiscal year ended February 3, 2024, filed with the SEC as Item 8 of Nordstrom's Annual Report on Form 10-K for the year ended February 3, 2024 (the "Nordstrom 10-K").

- Nordstrom's historical unaudited condensed consolidated financial statements and the notes thereto as of and for the nine months ended November 2, 2024, filed with the SEC as Item 1 to Nordstrom's Quarterly Report on Form 10-Q for the fiscal quarter ended November 2, 2024 (the "Nordstrom 10-Q").

- The risk factors included as Item 1A in each of the Nordstrom 10-K and the Nordstrom 10-Q.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this offering memorandum.

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El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Consolidated Financial Statements
As of December 31, 2021, 2022 and 2023 and for each of the three years ended December 31, 2023

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Consolidated Annual Financial statements
As of December 31, 2022 and 2023 and for each of the three years ended December 31, 2023

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Independent Auditors' Report

To the Stockholders and Board of Directors of
El Puerto de Liverpool, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V., and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2023, and the consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended and the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023, and its financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and the ethical requirements of the Professional Code of Ethics of Mexican Institute of Public Accountants that are relevant to our audit of the consolidated financial statements in México. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Professional Code of Ethics of Mexican Institute of Public Accountants. 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.

Recoverable value of intangible assets with an indefinite life As mentioned in Note 14 to the consolidated financial statements, the Company performs annual tests on the recoverable value of its intangible assets with an indefinite life (goodwill, brands and others). These tests consist of comparing that the estimate of the projected cash flows for the Cash Generating Unit (CGU) to which the intangible assets are allocated is higher than the book value of said assets. We focused on intangible assets with indefinite lives due to the importance of their balance ($13,258 million pesos as of December 31, 2023) compared to the consolidated financial statements, since the estimation of projected cash flows involves the application of significant judgments by Management to determine the assumptions and premises used. In particular, we concentrated our audit efforts on: 1) the methodology used to estimate the recoverable value, and 2) the significant assumptions used to estimate the projected cash flows, such as: the estimated rate of growth of sales, the projected EBITDA (Earnings Before Income Tax, Depreciation and Amortization), and the discount rate and the terminal value, which required the application of a greater judgment, when evaluating the impact on the projected results.	We evaluated the cash flow projections prepared by Management and the processes used to prepare them, comparing said projections to the historical results, including years prior to the pandemic and budgets approved by the Company's Board of Directors. We compared the actual results of the current year with the respective budget to rule out the fact that any assumption included in the cash flow projections could be considered too optimistic. With the support of our valuation experts, we compared: • The methodology used to estimate the recoverable value to that commonly used in the market for this type of assets. • The growth of sales, the terminal value and the EBITDA to the historical results of the business and to independent market sources of comparable entities of the industry to which the Company belongs. • The discount rate used to discount future cash flows to an estimated market rate considering the Company's leverage level, the expectation of leverage in the short and medium terms, and the optimal level of the industry. We discussed the sensitivity analysis with Management and assessed the degree to which the assumptions need to be modified for impairment to occur. Additionally, we evaluated the consistency of the disclosures included in the notes to the financial statements with the information provided by Management.



Other Information

Management is responsible for the other information. The other information comprises the annual report presented to the National Banking and Securities Commission (CNBV by its Spanish acronym) and the annual information presented to shareholders but does not include the consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of Management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards 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

Our objectives 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 ISA 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 ISA, 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 Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

We communicated 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 communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the consolidated 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.

PricewaterhouseCoopers, S. C.

Arturo Elizondo O.
Audit Partner

Mexico City, March 8, 2024



Independent Auditors' Report

To the Stockholders and Board of Directors of
El Puerto de Liverpool, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V., and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's "Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Professional Code of Ethics of the Mexican Institute of Public Accountants, together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and code. 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 the 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.

Recoverable value of intangible assets with an indefinite life As mentioned in Note 14 to the consolidated financial statements, the Company performs annual tests on the recoverable value of its intangible assets with an indefinite life (goodwill, brands and others). These tests consist of comparing that the estimate of the projected cash flows for the Cash Generating Unit (CGU) to which the intangible assets are allocated is higher than the book value of said assets. We focused on intangible assets with indefinite lives due to the importance of their balance ($13,258 million pesos as of December 31, 2022) compared to the consolidated financial statements, since the estimation of projected cash flows involves the application of significant judgments by Management to determine the assumptions and premises used. In particular, we concentrated our audit efforts on: 1) the methodology used to estimate the recoverable value, and 2) the significant assumptions used to estimate the projected cash flows, such as: the estimated rate of growth of sales, the projected EBITDA (Earnings Before Income Tax, Depreciation and Amortization), and the discount rate and the terminal value, which required the application of a greater judgment, when evaluating the impact on the projected results.	We evaluated the cash flow projections prepared by Management and the processes used to prepare them, comparing said projections to the historical results, years prior to the pandemic and budgets approved by the Company's Board of Directors. We compared the actual results of the current year with the respective budget to rule out the fact that any assumption included in the cash flow projections could be considered too optimistic. With the support of our valuation experts, we compared: • The methodology used to estimate the recoverable value to that commonly used in the market for this type of assets. • The growth of sales, the terminal value and the EBITDA to the historical results of the business and to independent market sources of comparable entities of the industry to which the Company belongs. • The discount rate used to discount future cash flows to an estimated market rate considering the Company's leverage level, the expectation of leverage in the short and medium terms, and the optimal level of the industry. We discussed the sensitivity analysis with Management and assessed the degree to which the assumptions need to be modified for impairment to occur. Additionally, we evaluated the consistency of the disclosures included in the notes to the financial statements with the information provided by Management.



Other Information

Management is responsible for the other information. The other information comprises the annual report presented to the National Banking and Securities Commission (CNBV by its Spanish acronym) and the annual information presented to shareholders, but does not include the consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of Management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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

Our objectives 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 ISA 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 ISA, 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.

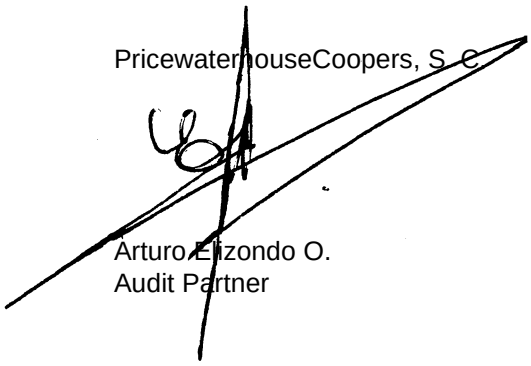
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

We communicated 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 communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the consolidated 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.

PricewaterhouseCoopers, S. C.



Arturo Elizondo O.
Audit Partner

Mexico City, March 9, 2023

Independent Auditors' Report

To the stockholders and Board of Directors of
El Puerto de Liverpool, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's "Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Professional Code of Ethics of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and code. 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.

Recoverable value of intangible assets with indefinite life As mentioned in Notes 1 and 14 to the consolidated financial statements, the Company performs annual tests on the recoverable value of its intangible assets with indefinite life (goodwill,	We evaluated the analysis carried out by Management in which Suburbia was identified as the only CGU and to which goodwill, brands and other intangible assets of indefinite life were

brands and others). These tests consist of comparing that the estimate of the projected cash flows for the Cash Generating Unit (CGU) to which the intangible assets are allocated is higher than the book value of said assets. We focused on intangible assets with indefinite lives due to the importance of their balance ($13,258 million as of December 31, 2021) compared to the consolidated financial statements, since the estimation of projected cash flows involves the application of significant judgments by Management to determine the assumptions and premises used. In particular, we concentrated our audit efforts on: 1) the process followed by Management to identify CGU; 2) the significant assumptions used to estimate the projected cash flows, such as: the estimated rate of growth of sales, the projected EBITDA (Earnings Before Income Tax, Depreciation and Amortization), the discount rate and the terminal value, and the potential effects on the Company's activities due to COVID-19, which required the application of a greater judgment, when evaluating the impact on the projected results for each of the scenarios used.	assigned. We evaluated the cash flow projections prepared by Management in several scenarios used (base, optimistic and pessimistic), as well as the weighting that was given to each of them, and the processes used to prepare them, comparing said projections with the historical results, budgets approved by the Company's Board of Directors and market data. We compared the actual results of the current year with the respective budget, to identify if any assumptions included in the cash flow projections could be considered overly optimistic, and external indicators regarding the future economic recovery derived from COVID-19. We compared the key assumptions used to estimate the projected cash flows such as: the estimated sales growth rate, the projected EBITDA, the discount rate and the terminal value, in the various scenarios used when considering the potential effects on the Company's activities because of COVID-19. With the support of our valuation experts, we compared: - The methodology used to estimate the recoverable value with that commonly used in the market for this type of assets. - The discount rate used to discount future cash flows, with an estimated market rate considering the Company's leverage level, the expectation of leverage in the short and medium term, and the optimal level of the industry. We discussed the sensitivity analysis with management and assessed the degree to which the assumptions need to be modified for impairment to occur.

	Additionally, we evaluated the consistency of the disclosures included in the notes of the financial statements with the information provided by Management.

Other Information

Management is responsible for the other information. The other information comprises the annual report presented to the National Banking and Securities Commission (CNBV by its Spanish acronym) and the annual information presented to shareholders, but does not include the consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this report.

Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of Management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS 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 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

Our objectives 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 ISA 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 ISA, 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 Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

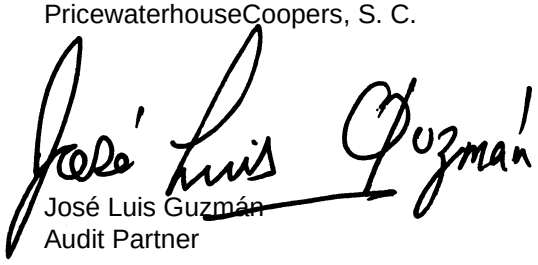
We communicated with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicated whit them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the consolidated 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 stated below.

PricewaterhouseCoopers, S. C.



José Luis Guzmán
Audit Partner

Mexico City, March 7, 2022

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Financial Position

December 31, 2022 and 2023

Figures expressed in thousands of pesos

	Note	2022	2023
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	7	$ 24,516,254	$ 29,807,166
Short-term loan portfolio – Net	8	36,976,167	45,021,773
Value added tax recoverable		2,475,026	2,053,523
Other accounts receivable - Net	9	1,314,613	3,330,978
Inventory		28,140,676	28,238,590
Prepaid expenses		1,123,814	1,157,812
Derivative financial instruments	10	-	1,209,410
Other financial assets		-	302,227
Total current assets		94,546,550	111,121,479
NON - CURRENT ASSETS:			
Long-term loan portfolio – Net	8	9,336,078	11,951,637
Long-term other accounts receivable – Net	9	290,939	338,336
Derivative financial instruments	10	2,186,440	-
Investments in associates	11	10,011,058	11,117,785
Investment properties - Net	12	23,507,742	22,886,294
Property, furniture and equipment – Net	13	55,552,887	59,407,919
Intangible assets - Net	14	15,534,602	15,612,080
Financial asset at fair value through other comprehensive income	15	4,951,323	4,910,597
Right of use assets	19	12,353,928	12,537,638
Deferred income tax	22.2	7,603,411	9,270,406
Total assets		$235,874,958	$259,154,171
Liabilities			
CURRENT LIABILITIES:			
Suppliers		$ 33,197,928	$ 37,845,939
Creditors		12,137,003	13,922,242
Provisions	16	4,751,726	5,519,608
Short-term debt	17	674,124	5,749,055
Deferred income	8.1	2,738,667	2,917,793
Short-term lease liabilities	19	2,224,771	2,346,729
Short-term derivative financial instruments	10	-	639,650
Income tax payable		1,213,903	946,370
Total current liabilities		56,938,122	69,887,386
NON - CURRENT LIABILITIES:			
Long-term debt	17	29,030,916	21,906,594
Long-term derivative financial instruments	10	-	1,197,410
Long-term lease liabilities	19	11,394,267	11,776,558
Employee benefits – Net	18	3,084,540	3,650,540
Deferred income tax	22.2	2,972,597	3,235,964
Total liabilities		103,420,442	111,654,452
STOCKHOLDERS' EQUITY:			
Capital stock	21	3,374,282	3,374,282
Retained earnings		118,914,242	134,543,770
Capital reserves	21.2	9,894,258	9,294,300
Stockholders' investment in controlling interest		132,182,782	147,212,352
Non-controlling interests		271,734	287,367
Total stockholders' equity		132,454,516	147,499,719
Total liabilities and equity		$235,874,958	$259,154,171

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

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2021, 2022 and 2023

Figures expressed in thousands of pesos, except earnings per share

	Note	2021	2022	2023
Operating revenue:				
Net sales of merchandise		$ 135,700,434	$ 157,606,549	$ 172,428,903
Interest earned from customers		11,138,534	13,199,946	16,268,496
Income from real estate		3,090,038	3,721,874	4,534,684
Services		780,745	1,134,990	1,580,198
Other income		311,994	370,361	1,179,342
Total revenue	2.22	151,021,745	176,033,720	195,991,623
Costs and expenses:				
Cost of sales		93,950,314	107,576,972	116,871,459
Provision for credit losses		1,859,558	1,791,024	2,889,335
Administrative expenses		36,478,513	41,150,345	46,625,041
Total costs and expenses	24	132,288,385	150,518,341	166,385,835
Operating income		18,733,360	25,515,379	29,605,788
Interest expense		(4,649,854)	(3,989,142)	(4,067,381)
Foreign exchange loss		(1,033,370)	(1,456,423)	(2,591,737)
Financing cost		(5,683,224)	(5,445,565)	(6,659,118)
Foreign exchange gain		1,324,545	980,772	1,629,570
Return on investments		1,276,461	1,766,647	1,915,389
Financial income		2,601,006	2,747,419	3,544,959
Equity in the results of associates	11.2	737,292	376,918	507,668
Profit before income tax		16,388,434	23,194,151	26,999,297
Income tax	22	(3,510,175)	(5,796,912)	(7,498,083)
Consolidated net income		12,878,259	17,397,239	19,501,214
Other comprehensive income:				
Components to be subsequently reclassified to income:				
Cash flow hedges		857,445	(995,380)	(104,787)
Translation effect of investment in associates - Net of income tax		197,076	(476,923)	(506,965)
Components not to be subsequently reclassified to income:				
Changes in the fair value of equity investments at fair value through other comprehensive income - Net of income tax	15	-	(694,407)	(28,508)
Remeasurement of the liability for defined benefits - Net of income tax		(84,837)	(420,058)	(311,358)
Consolidated comprehensive income		$ 13,847,943	$ 14,810,471	$ 18,549,596
Net income attributable to:				
Controlling interest		$ 12,868,176	$ 17,384,903	$ 19,486,518
Non-controlling interests		10,083	12,336	14,696
		$ 12,878,259	$ 17,397,239	$ 19,501,214
Basic and diluted earnings per share	21.4	$ 9.57	$ 12.96	$ 14.52
Comprehensive income attributable to:				
Controlling interest		$ 13,831,831	$ 14,798,231	$ 18,533,963
Non-controlling interests		16,112	12,240	15,633
		$ 13,847,943	$ 14,810,471	$ 18,549,596
Basic and diluted comprehensive earnings per share		$ 10.29	$ 11.03	$ 13.82

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

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

At December 31, 2021, 2022 and 2023

Figures expressed in thousands of pesos, except dividends paid per share

	Note	Capital stock	Retained earnings	Capital reserves	Total stockholder's investment in controlling interest	Non-controlling interest	Total stockholder's equity
Balance at January 1, 2021		$ 3,374,282	$ 95,670,435	$ 8,531,932	$ 107,576,649	$ 243,382	$ 107,820,031
Changes in accounting policies on investment in associates		-	25,919	-	25,919	-	25,919
Comprehensive income:							
Net income		-	12,868,176	-	12,868,176	10,083	12,878,259
Remeasurement of the liability for defined benefits - net of income tax		-	(90,866)	-	(90,866)	6,029	(84,837)
Translation effect of investment in associates - net of income tax		-	-	197,076	197,076	-	197,076
Cash flow hedges		-	-	857,445	857,445	-	857,445
Total comprehensive income		-	12,777,310	1,054,521	13,831,831	16,112	13,847,943
Transaction with owners:							
Increase in reserve of repurchase of shares	21.2	-	419,397	(419,397)	-	-	-
Repurchase of shares - net	21.2	-		206,920	206,920	-	206,920
Dividends paid ($1.50 pesos per share)		-	(2,013,294)	-	(2,013,294)	-	(2,013,294)
Total transactions with stockholders		-	(1,593,897)	(212,477)	(1,806,374)	-	(1,806,374)
Balance at December 31, 2021		3,374,282	106,879,767	9,373,976	119,628,025	259,494	119,887,519
Changes in accounting policies on investment in associates		-	45,674	-	45,674	-	45,674
Comprehensive income:							
Net income		-	17,384,903	-	17,384,903	12,336	17,397,239
Financial asset at fair value through other comprehensive income - net of income tax		-	(694,407)	-	(694,407)	-	(694,407)
Remeasurement of the liability for defined benefits - net of income tax		-	(419,962)	-	(419,962)	(96)	(420,058)
Translation effect of investment in associates - net of income tax		-	-	(476,923)	(476,923)	-	(476,923)
Cash flow hedges		-	-	(995,380)	(995,380)	-	(995,380)
Total comprehensive income		-	16,270,534	(1,472,303)	14,798,231	12,240	14,810,471
Transaction with owners:							
Increase in reserve of repurchase of shares	21.2	-	(2,000,000)	2,000,000	-	-	-
Repurchase of shares – net	21.2	-		(7,415)	(7,415)	-	(7,415)
Dividends paid ($1.70 pesos per share)		-	(2,281,733)	-	(2,281,733)	-	(2,281,733)
Total transactions with stockholders		-	(4,281,733)	1,992,585	(2,289,148)	-	(2,289,148)
Balance at December 31, 2022		3,374,282	118,914,242	9,894,258	132,182,782	271,734	132,454,516
Changes in accounting policies on investment in associates		-	20,943	-	20,943	-	20,943
Comprehensive income:							
Net income		-	19,486,518	-	19,486,518	14,696	19,501,214
Financial asset at fair value through other comprehensive income - net of income tax		-	(28,508)	-	(28,508)	-	(28,508)
Remeasurement of the liability for defined benefits - net of income tax		-	(312,295)	-	(312,295)	937	(311,358)
Translation effect of investment in associates - net of income tax		-	-	(506,965)	(506,965)	-	(506,965)
Cash flow hedges		-	-	(104,787)	(104,787)	-	(104,787)
Total comprehensive income		-	19,145,715	(611,752)	18,533,963	15,633	18,549,596
Transaction with owners:							
Increase in reserve of repurchase of shares	21.2	-	(33,998)	33,998	-	-	-
Repurchase of shares – net	21.2	-	-	(22,204)	(22,204)	-	(22,204)
Dividends paid ($2.61 pesos per share)		-	(3,503,132)	-	(3,503,132)	-	(3,503,132)
Total transactions with stockholders		-	(3,537,130)	11,794	(3,525,336)	-	(3,525,336)
Balance at December 31, 2023		$ 3,374,282	$ 134,543,770	$ 9,294,300	$ 147,212,352	$ 287,367	$ 147,499,719

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

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Consolidated Cash Flow Statements

For the years ended December 31, 2021, 2022 and 2023

Figures expressed in thousands of pesos

	Note	2021	2022	2023
Operating activities				
Profit before income tax		$ 16,388,434	$ 23,194,151	$ 26,999,297
Adjustments from items not implying cash flows:				
Depreciation and amortization		5,175,344	5,171,085	5,385,905
Provision for impairment of the loan portfolio	8	1,859,558	1,791,024	2,889,335
Lease concessions	19	(44,334)	(7,186)	-
Other dividend income	15	-	(58,957)	(209,482)
Inventory reserve		1,042,621	1,264,374	1,255,149
Equity in the results of associates	11.2	(737,292)	(376,918)	(507,668)
(Profit) loss on sale of property, furniture and equipment and investment property		(54,393)	296,121	(621,911)
Net cost for the period of employee benefits	18	374,102	461,855	544,467
Trading derivative financial instruments		(382,378)	535,116	653,031
Interest earned		(6,183,850)	(7,792,624)	(9,829,929)
Interest expense		4,649,854	3,989,142	4,067,381
		5,699,232	5,273,032	3,626,278
(Increase) decrease in:				
Interest earned from customers		6,297,609	7,794,101	9,710,201
Loan portfolio		(7,474,188)	(9,764,046)	(13,430,772)
Inventory		(2,687,928)	(6,284,742)	(1,353,063)
Value added tax recoverable		73,917	292,820	303,134
Other accounts receivable		1,145,952	(180,005)	(685,393)
Prepaid expenses		138,599	212,163	(33,998)
Other assets	2.8		-	(302,227)
Increase (decrease) in:				
Suppliers		5,198,171	3,619,968	4,648,011
Provisions		870,183	986,332	767,882
Deferred income		157,538	390,927	179,126
Creditors		2,504,273	1,443,627	2,071,865
Employee benefits paid		(494,911)	(344,499)	(290,762)
Taxes paid		(1,693,951)	(7,956,667)	(8,848,980)
Net cash inflow from operating activities		26,122,930	18,677,162	23,360,599
Investment activities				
Capital increase in associates	11.2	(226,281)	(1,088,677)	(736,769)
Invest in financial assets at fair value through other comprehensive income	15	-	(5,943,333)	-
Dividends received from financial asset at fair value	15	-	58,957	209,482
Dividends received from associates	11.2	80,081	-	196,000
Acquisition of property, furniture and equipment	13	(4,442,720)	(5,798,479)	(7,662,431)
Acquisition of investment property	12	(641,313)	(1,540,699)	(153,563)
Sale of property, furniture and equipment and investment property		53,143	74,942	180,934
Investment in intangibles of definitive useful life	14	(891,411)	(532,262)	(803,256)
Net cash outflows from investing activities		(6,068,501)	(14,769,551)	(8,769,603)
Cash to be applied in financing activities		20,054,429	3,907,611	14,590,996
Financing activities				
Dividends paid	21.1	(3,018,405)	(3,287,730)	(3,502,229)
Interest paid	17	(3,594,599)	(2,885,150)	(2,813,277)
Debt paid	17	(5,102,565)	(3,400,000)	-
Principal of lease payments	19	(1,031,671)	(1,098,207)	(1,263,701)
Interest of lease payments	19	(1,097,033)	(1,137,980)	(1,247,223)
Sale of own shares	21.2	206,920	930,659	2,738,852
Repurchase of shares	21.2	-	(938,074)	(2,761,056)
Net cash flows used in financing activities		(13,637,353)	(11,816,482)	(8,848,634)
Increase (decrease) in cash and cash equivalents		6,417,076	(7,908,871)	5,742,362
Cash and cash equivalents at the beginning of the year		26,195,936	32,494,873	24,516,254
Effects of exchange rate changes on cash and cash equivalents		(118,139)	(69,748)	(451,450)
Cash and cash equivalents at the end of the year		$ 32,494,873	$ 24,516,254	$ 29,807,166

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

Thousands of pesos, unless otherwise specified

Note 1 - General information:

El Puerto de Liverpool, S. A. B. de C. V., and subsidiaries (the Company or the Group) operate a chain of department stores, founded in 1847, engaged in selling a broad variety of products such as clothes and accessories for men, women and children, household goods, furniture, cosmetics and other consumer products. The Company is registered on the Mexican Stock Exchange and has an important presence in all Mexican Republic. As of December 31, 2023, the Company operated a total of 124 department stores under the Liverpool name: 118 specialty boutiques and 186 stores with the Suburbia name. In 2023, 10 stores began operations under the name of Suburbia (Tijuana "Península", Baja California; "Navojoa", Sonora; Guadalajara "Atemajac"; "Fray Antonio", Jalisco; Tula "Plaza Boulevard", Hidalgo; Tampico "Altama", Tamaulipas, Xalapa "Plaza Jardines", Veracruz "Coyol", Veracruz; Mérida "Calle 56", Yucatán; "Ciudad del Carmen", Campeche). Likewise, 1 department store began operations under the Liverpool format ("Tepeyac", Mexico City). In 2022 15 stores began operations under the name of Suburbia (León "Vía Alta", Guanajuato; Cancún "Mall", Quintana Roo; León "Las Torres", Guanajuato; Villahermosa "Galerías", Tabasco; Villahermosa "Comalcalco", Tabasco; Cuautitlán Izcalli "Plaza", Estado de México; "Galerías Perinorte", Estado de México; Los Cabos "Patio los Cabos" Baja California Sur; Monterrey "Monterrey Galerías" Nuevo León; Guadalajara "Gran Plaza" Jalisco; Villahermosa "Las Galas" Tabasco; Zinacantepec "Plaza Mia" Estado de México; Lerma "Outlet" Estado de México; Ciudad de México "Parque Tepeyac" y Playa del Carmen "Las Américas", Quintana Roo. Likewise, 2 department stores began operations under the Liverpool format (Tijuana, Plaza Peninsula, B. C.; Mexico City, Mitikah). After Hurricane Otis on October 25, 2023 in Acapulco, Guerrero, 2 Liverpool warehouses were affected and remain closed while the necessary repairs are carried out.

The Company grants its customers financing through the following cards: 1) "Liverpool", with which customers can buy exclusively at Company's stores; 2) "Liverpool Premium Card (LPC"), with which cardholders can purchase goods and services both in the chain's stores and boutiques and any of the establishments affiliated with the VISA system worldwide; 3) "Suburbia", made up of two cards, the first with which customers can purchase exclusively in stores under the Suburbia commercial segment and the second ("Suburbia VISA") with which cardholders can purchase goods and services in stores in the Suburbia chain as in any of the establishments affiliated worldwide to said system.

Additionally, at December 31, 2022 and 2023, the Company is a partner, stockholder or co-owner of shopping malls and holds an interest in 28 different malls, through which it leases commercial space to tenants engaged in a broad number of businesses.

The Company's headquarters and main place of business is:

Mario Pani 200
Santa Fe, Cuajimalpa
Mexico City
05348

Financial asset at fair value through other comprehensive income

On September 15, 2022, the Company filed with the Securities and Exchange Commission of the United States of America a 13G format, to report the investment of $5,943 million pesos in Nordstrom Inc. (Nordstrom), representing 9.90% of the total outstanding shares. The Company does not have control or

significant influence as part of this transaction, which was paid with the excess in cash represents an opportunity for geographic diversification and is not for trading purposes. As of December 31, 2023 the Company did not make additional investments nor disposals. See Note 15.

Reform on labor outsourcing

On April 23, 2021, various provisions were issued in the Federal Labor Law, Social Security Law, Law of the Institute of the National Housing Fund for Workers, Federal Tax Code, Income Tax Law and Value Added Tax Law in order to regulate the outsourcing of personnel.

In general terms, the main aspects are: a) prohibiting the subcontracting of personnel; b) incorporating rules into current legislation that allow legal entities and individuals to contract only specialized services or the execution of specialized works, as long as they are not part of the corporate purpose or the predominant economic activity of the beneficiary thereof; c) establish maximum amounts for the payment of PTU, and d) creation of the Registry of Specialized Services and Specialized Works Providers (REPSE by its Spanish acronym) of the Ministry of Labor and Social Welfare (STPS by its Spanish acronym). These entered into force the day after their publication, except for the obligations indicated in tax matters which entered into force on August 1, 2021, and those of the regulations of Section B, of the Federal Workers' Law to the State Service that came into force in 2022.

The Company carried out an analysis of the application of these new provisions and the following activities were carried out for their adoption:

i. Transfer of employees between group subsidiaries and hiring of employees who provided services in stores (demonstrators).

ii. Adequacy and updating labor benefits, including actuarial calculations of long-term benefits of hired and transferred employees.

iii. Change in the corporate purpose of the subsidiaries that will provide services classified as specialized and processing of their registration in the REPSE register.

iv. Review of regulatory compliance with the provisions with suppliers that provide services classified as specialized.

These activities had an impact on the results of the year 2021 for $581,669, which were recorded in the different items of the income statement. As of December 31, 2022 and 2023, these expenses are part of the normal way of the business, which was determined by applying the current law of the year. See Notes 18 and 24.

Note 2 - Summary of material accounting policies:

These policies have been consistently applied to all the years presented, unless otherwise stated. The following is a summary of the main accounting policies applied in preparing the consolidated financial statements:

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with the Accounting Standards (International Financial Reporting Standards IFRS) and their Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB). In accordance with the changes

to the Rules for Public Companies traded on the Mexican Stock Exchange, as issued by the National Banking and Securities Commission on January 27, 2009, the Company is required to prepare its consolidated financial statements using IFRS as the regulatory framework.

The consolidated financial statements have been prepared on a historical cost basis, except for cash flow hedging financial instruments, trading derivatives and investments in government securities measured at fair value.

Preparing consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The areas involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 4.

2.1.1 New standards and changes adopted by the Company

As of January 1, 2023, the standards and interpretations mentioned below are effective:

- Insurance contracts to IFRS 17,
- Disclosure of accounting policies - Modifications to IAS 1 and Practice Statement No.2 of IFRS
- Definition of accounting estimates - Modifications to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction - Modifications to IAS 12. Until December 31, 2022, the Company recognized and presented in the notes the deferred tax derived from leases on a net basis and this modification requires recognition and presentation in gross form. The net recognition gave a similar amount to the gross recognition; therefore, it had no impact on the statement of financial position. However, the presentation in the notes changed and the Company recognized a deferred tax asset in relation to its liability. for lease and a deferred tax liability in relation to its right-of-use assets, both in 2022 and 2023. (See Note 22).
- International tax reform - Pillar two model rules - amendments to IAS 12. The Company is not within the scope of the Pillar two model rules because this legislation has not been enacted in the jurisdiction where the Company operates. Because Pillar two legislation is not effective at the reporting date, the Company has no current tax exposure and applies the exception to recognize and disclose information on deferred tax assets and liabilities related to Pillar two income tax, as provided in the amendments to IAS 12 issued in May 2023.

The modifications listed above did not impact the amounts recognized in prior periods.

2.1.2 New standards and interpretations not yet adopted

A number of new standards, modifications and interpretations have been published which are not effective for reporting periods at December 31, 2023 and have not been early adopted by the Company. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.3 Going concern

The Company meets its working capital needs through reinvestment of a significant portion of its annual profits, as well as by contracting short and long-term credit lines, while respecting the debt ceiling approved by the Board of Directors. During 2022 and 2023, the Company has operated with great liquidity, allowing itself to allocate part of the cash flow in capital investments to open new stores, expand its supply chain facilities and investment in associates. See Note 15.

Interest payments are covered more than once by operating income, which is an objective established by the Board of Directors. Considering the possible variations in operating performance, the Company believes its budget and projections allow it to operate with its current financing level and meet all debt obligations. The Company is currently in compliance with its payment obligations and all debt covenants. See Note 17.

Management expects the Company to secure the resources necessary to continue operating as a going concern in the foreseeable future. Consequently, the consolidated financial statements were prepared on a going concern basis.

2.2 Consolidation

a. Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company. They are deconsolidated from the date that control ceases.

The balances and unrealized profits or losses in intercompany operations are eliminated in the consolidation process. When necessary, accounting policies have been modified in subsidiary entities in order to be consistent with the policies adopted by the Company. The following is a summary of the Company's interest in subsidiaries at December 31, 2022 and 2023:

Company	Shareholding	Activity
Operadora Liverpool, S. A. de C. V.	99.99%	Sub-holding of Distribuidora Liverpool, S. A. de C. V. and other companies that operate the department stores.
Bodegas Liverpool, S. A. de C. V. and Almacenadora Liverpool, S. A. de C. V.	99.99%	Storage and distribution of merchandise.
Servicios Liverpool, S. A. de C. V.	99.99%	Advisory and administrative services provided to the Company's subsidiaries.
Banlieue, S. A. de C. V.	99.99%	Holding of Suburbia, S. de R. L. de C. V., and other administrative services and real estate companies.
Ten real estate companies	99.93%	Development of real estate projects, mainly shopping malls.

b. Associates

Associates are all those entities over which the Company exercises significant influence, but not control. Usually, associates are those of whom the Company holds between 20% and 50% of the voting rights. Investments in associates are recorded by the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss, if any) will be impaired, and impairment losses will have occurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition identified at the time of the acquisition.

The Company's equity in the profits or losses following the acquisition of associates is recognized in the statement of income and its equity in the comprehensive results of an associated company, is recognized in the Company's "Other comprehensive results". Post-acquisition accrued movements are adjusted against the book value of the investment. When the Company's equity in the losses of an entity equals or exceeds its interest in the entity, including any unsecured account receivable, the Company does not recognize a more significant loss, unless it has incurred obligations or has made payments on behalf of the associated. The associated companies' accounting policies have been modified, when necessary, for consistency with the policies adopted by the Company.

2.3 Segment information

Segment information is presented to be consistent with the internal reports provided to the Financial Review Committee, which is the body responsible for making operating decisions, assigning resources and evaluating the operating segments' yield. See Note 23.

2.4 Foreign currency transactions

a. Functional and presentation currency

The items included in each of the subsidiaries' financial statements are stated in the currency of the primary economic environment in which the entity operates (the functional currency).

The currency in which the consolidated financial statements of the Company are presented is the Mexican peso, which in turn is also the functional currency.

b. Transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rates in effect on the transaction or valuation dates when the items are re-measured. The profits and losses resulting from such transactions and from other conversion at the exchange rates in effect at the year-end of all monetary assets and liabilities denominated in foreign currency are recognized as exchange fluctuations under foreign exchange loss or gain in the statement of comprehensive income.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value, and

- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement income or other comprehensive income. See Note 2.7. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2.5.2 Recognition and derecognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2.5.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through profit or loss are recorded in the statement of income.

The subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its financial assets according to the following category:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement income and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income.

- Fair value through other comprehensive income: Equity instruments that are not held for trading purposes, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value through OCI. These are strategic investments, and the Company considered that this classification was more relevant. There is no subsequent reclassification of fair value gains and losses to results after the derecognition of the investment. Dividends from such instruments continue to be recognized in results as other income when the Company's right to receive payments is established.

2.6. Impairment of financial assets

2.6.1 Assets carried at amortized cost

The Company prospectively assesses the expected credit losses associated with its financial assets at amortized cost, considering the results of the portfolio performance evaluation and the objective evidence of impairment. Increases to this provision are recorded in expenses and presented separately in the income statement. See Note 3.3.2.

2.7 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date the derivative financial instrument contract is concluded and subsequently measured at fair value. The method to recognize the utility or loss of changes in the fair values of derivative financial instruments depends on whether they are designated as hedging instruments, and if so, the nature of the item being hedged. The Company only has financial instruments derived from cash flow and trading hedges.

The Company documents at the beginning of the transaction the relationship between the hedging instruments and the items hedged, as well as its objectives and the Risk Management strategy that support its hedging transactions. The Company periodically documents whether the derivative financial instruments used in hedging transactions are highly effective in covering the cash flows of the hedged items.

The fair values of derivative financial instruments used as hedging and trading instruments are disclosed in Note 10. The total fair value of derivative financial instruments used as hedging instruments is classified as non-current assets or liabilities when the maturity of the Remaining of the hedged item is greater than 12 months and is classified as current assets or liabilities when the maturity of the remainder of the hedged item is less than 12 months. Trading derivative financial instruments are classified as current assets or liabilities.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The amounts accumulated in stockholders' equity are reclassified in the periods in which the hedged item affects the result. The gain or loss related to the effective part of the interest rate swaps that hedge the loans is recognized in results within financial costs (income) at the same time that the interest expense of the covered loans is recognized.

When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognized in the consolidated statement of comprehensive income in financial costs (income). During 2022 and 2023, ($7,253) and $639,650 were recognized, respectively, for this concept. See Note 10.

Derivative instruments designated as hedges cover, in a proportion of one to one and on the same dates, the flows of interest and principal of the loans covered, so that their correlation is exactly 1 and therefore their coverage effectiveness is 100%.

2.8 Other financial assets

Other financial assets include cash delivered as collateral required by some derivative financial contracts that correspond to margin calls which are measured at fair value.

These collaterals are offset with the derivative financial instrument if the right to offset the recognized amounts is legally enforceable and there is the intention to settle them on a net basis or to realize the asset and pay the liability simultaneously.

2.9 Cash and cash equivalents

For purposes of presentation in the cash flows statement, cash and cash equivalents include cash in hand, demand deposits in financial institutions, other short-term investments, highly liquid with original maturities of three months or less that are easily convertible into cash and that are subject to insignificant risks of changes in value, and bank overdrafts. See Note 7. The cash equivalents are represented by investments in government instruments.

Cash and cash equivalents include amounts generated by credit, debit card and digital media sales transactions that are settled at the beginning of the following month in the amount of $1,148,566 and $1,747,043 and as of December 31, 2022 and 2023, respectively. These cash equivalents are not subject to credit risk.

2.10 Inventories

Inventories are recorded at cost or net realizable value whichever is less. The cost includes the cost of the merchandise plus the costs of importation, freight, maneuvering, shipping, storage in customs and distribution centers, decreased in the value of the respective returns. The net realizable value is the estimated sale price in the normal course of operations minus the estimated costs to make the sale. The cost is determined using the average cost method.

Physical inventory counts are conducted periodically at the stores, boutiques and distribution centers and inventory records are adjusted to the results of physical inventory counts. Historically, due to the Company's loss prevention programs and control procedures, stockouts and shrinkage of inventories have been immaterial.

2.11 Investment properties

Investment properties are real property (land and buildings) held to obtain economic benefits through a collection of rent or for capital gains, and are initially valued at cost, including transaction costs. After their initial recognition, investment properties continue to be valued at cost, less accumulated depreciation and impairment losses, if any.

The Company owns shopping malls that house their department stores, as well as commercial space it leases to third parties. In such cases, only the portion leased to third parties is considered as an investment property and the Company's stores are recorded as property, furniture and equipment, in the statement of financial position. See Note 12.

Depreciation is calculated by the straight-line method to distribute the cost at its residual value over their remaining useful lives, as follows:

Buildings:

Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years

2.12 Property, furniture and equipment

The items comprising property, furniture and equipment are recognized at their historical cost, less depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of these assets and all expenses related to the location of assets at the site and in the conditions necessary for them to operate as expected by Management.

Expansion, remodeling, and improvement costs represent an increase in capacity and are recognized as an extension of the useful life of goods are capitalized. Maintenance and repair expenses are charged to income for the period they are incurred. The carrying amount of replaced assets is derecognized when they are replaced, recording the entire amount in the consolidated statement of income.

Works in progress represent stores under construction and includes investments and costs directly attributable to the startup of operations. These investments are capitalized upon opening the store and depreciation is computed from that point.

The land is not depreciated. Depreciation of other assets recognized in administrative expenses is calculated based on the straight-line method to distribute its cost at its residual value during its estimated useful lives, as follows:

Buildings:

Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years

Other assets:

Operating, communications and security equipment	10 years
Furniture and equipment	10 years
Computer equipment	3 years
Transportation equipment	4 years
Leasehold improvements	Over the term of the lease Agreement

The Company assigns the amount initially recorded with respect to an element of property, furniture and equipment, in its different significant parts (components) and depreciates each separately.

The residual values and useful life of the Company's assets are reviewed and adjusted, if necessary, at the date of each consolidated statement of financial position. See Note 13.

The book value of an asset is written off at its recovery value if the book value of the asset is greater than its estimated recovery value. See Note 2.14.

Gains and losses from the sale of assets are due to the difference between income from the transaction and the book value of the assets they are included in the statement of income as other income.

2.13 Intangible assets

i. Goodwill

Goodwill in acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but goodwill impairment reviews are carried out annually or more frequently if events or changes in circumstances indicate a possible impairment and are recorded at cost less accumulated impairment losses. Gains and losses on the disposal of a Company include the carrying value of the goodwill related to the Company sold.

To verify impairment, the goodwill acquired in a business combination is assigned to each of the Cash Generating Units (CGU), which is expected to benefit from the synergies of the combination. Each unit to which the goodwill has been assigned represents the lowest level within the entity to which goodwill is controlled for internal management purposes. Goodwill is controlled at the operating segment level.

ii. Brands

The brands acquired individually are shown at historical cost, while those acquired through business combinations are recognized at their fair value at the date of acquisition. Brands are not amortized and are subject to impairment tests annually. To date, no factors limiting the useful life of these assets have been identified. The brands are considered to have an indefinite useful life due to the positioning they have in the market, some of them, for more than 40 years and because the Company's experience and market evidence indicate that they will continue to generate cash flows for the Company in indefinite form. Additionally, the Company estimates that there are no legal, regulatory or contractual considerations that limit the useful lives of such brands.

iii. Development of computer systems and programs

Activities involved in the development of computer systems and programs include the plan or design and production of a new or substantially improved software or computer system. Expenses pertaining to the development of computer programs are only capitalized when they meet the criteria as shown below.

- Management intends to complete the computer program and use it;
- It is technically possible to complete the computer program so that it is available for use;
- The Company has the capacity to use the computer program;
- It can be proven that the computer program will generate future economic benefits;
- The Company has the technical, financial and other resources necessary to conclude the development of the program for its use, and
- Expenses related to the development of the computer program can be reliably measured.

The licenses acquired for the use of programs, software and other systems are capitalized at the value of the costs incurred for their acquisition and preparation for their use. Other development costs failing to meet these criteria and research expenses, as well as maintenance expenses are recognized and expensed as they are incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

The costs incurred in the development of software recognized as assets are amortized over their estimated useful lives, recognized in administrative expenses, which fluctuate between five (licenses and fees) and ten years (new IT developments). See Note 14.

iv. Other intangibles

As a result of the acquisition of Suburbia, the Company recognized an intangible derived from the knowledge of the operative process of purchases, commercial planning, product design and commercialization (CATMex). This intangible asset was recognized at fair value at the date of acquisition and was considered indefinite based on the expectation of generating future economic benefits and is subject to annual impairment tests.

2.14 Impairment of non-financial assets

Non-financial assets subject to depreciation are subject to impairment testing. Impairment losses correspond to the amount at which the book value of the asset exceeds its recovery value. The recovery value of assets is the greater of the fair value of the asset less costs incurred for its sale and its value in use. For impairment assessment, assets are grouped at the lowest levels at which they generate identifiable cash flows (cash-generating units). Non-financial assets subject to write-offs due to impairment are valued at each reporting date to identify possible reversals of the impairment.

Goodwill and intangible assets with an indefinite useful life are not subject to amortization and are subjected annually to impairment tests, or more frequently, if there are events or circumstances that indicate that they could be affected. Other assets are subject to impairment tests when events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognized for the book value of the asset that exceeds its recoverable value. Recoverable value is the higher of the fair value of an asset less its disposal costs and its value in use. For assessing impairment, assets are grouped into the lowest levels for which there are separately identifiable cash flows, which are largely independent of the cash flows of other assets or groups of assets (cash generating units). Impaired non-financial assets other than goodwill are reviewed to determine the possible reversal of the impairment at the end of each reporting period.

2.15 Accounts payable

Accounts payable are obligations of goods or services acquired from vendors in the normal course of operations. Accounts payable are classified as current liabilities if the payment is to be made within a year or less. Otherwise, they are shown as non-current liabilities.

The Company has established financing programs for suppliers, through which they can discount their documents with different financial institutions. The balance payable derived from these programs is recognized within suppliers, since the terms of accounts payable do not change, in the consolidated statement of financial position. The balance payable discounted by suppliers as of December 31, 2022 and 2023 amount to $5,199,058 and $4,647,741, respectively.

Accounts payable are initially recognized at fair value and subsequently re-measured at their amortized cost, using the effective interest rate method.

2.16 Loans from financial institutions, issues of stock certificates and senior notes

Loans from financial institutions, issues of stock certificates and senior notes are initially recognized at fair value, net of costs incurred in the transaction. This financing is subsequently recorded at its amortized cost. Differences, if any, between the funds received (net of transaction costs) and the redemption value are recognized in the statement of income during the period of the financing, using the effective interest rate method.

2.17 Cancelation of financial liabilities

The Company cancels financial liabilities if, and only if, the Company’s obligations are met, canceled or matured.

2.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of cash flows to settle the obligation and the amount can be estimated reliably required. The amount recognized as a provision is the best estimate on the reporting period, the expenditure required to settle the present obligation, the payment is made by the amount assessed rationally, the Company has to pay to settle the obligation to the end of the reporting period under review, or to transfer it to a third party at that time. See Note 16.

2.19 Income tax

The income tax comprises currently payable and deferred taxes. The tax is recognized in the statement of income, except when it relates to items applied directly to other comprehensive income or losses or to stockholders' equity. In this case, the tax is also recognized in other items pertaining to comprehensive income or directly to stockholders' equity, respectively.

Deferred income tax is recognized on temporary differences arising from comparing the book and tax values of all assets and liabilities of the Group. However, deferred tax liabilities are not recognized if it arises from the initial recognition of goodwill; nor deferred income tax is recognized if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the end of the year and are expected to apply when the deferred income tax asset is realized, or the deferred income tax liability is settled.

The charge corresponding to taxes on profits currently payable is calculated according to the tax laws approved as of the consolidated statement of financial position date in Mexico and in the countries where the Company's associates operate and generate a taxable base. Management periodically evaluates their tax positions with respect to tax refunds as tax laws are subject to interpretation. According to this assessment as of December 31, 2022 and 2023, there are no uncertain positions.

The deferred tax asset is only recognized to the extent that future tax benefits are likely to be achieved and can be applied against any temporary differences in liabilities.

The deferred tax on profits is generated on the basis of the temporary differences between investments in subsidiaries and associates, except when the Company can control when those temporary differences are reinvested, and the temporary difference is unlikely to be reinvested in the foreseeable future.

The balances of deferred asset and liabilities, tax-on-profits, are offset when there is a legal right to offset current tax assets against current tax liabilities and when the deferred tax-on-profit assets and liabilities relate to the same tax entity, or different tax entities where the balances are to be settled on a net basis. See Note 22.

2.20 Employee benefits

a. Pensions and seniority premium

The Company's subsidiaries operate pension plans and seniority premiums that are usually funded through payments to trust funds, based on annual actuarial calculations. The Company also has defined benefit plans and a defined benefit pension plan which is a plan that determines the amount of the pension benefits to be received by an employee upon retirement, which usually depends on one or more factors, such as the employee's age, years of service and compensation.

The liability or asset recognized in the consolidated statement of financial position with respect to defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date, less the fair value of the plan assets, along with the adjustments arising from unrecognized actuarial profits or losses and the costs of past services. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of defined benefit obligations is determined, discounting estimated cash flows at the interest rates of government bonds denominated in the same currency in which the benefits will be paid, and have expiration terms that approximate the terms of pension obligations.

Actuarial remeasurements arising from adjustments based on the experience and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive-income items in the period they arise.

The plans in Mexico generally expose the Company to actuarial risks, including investment risk, interest rate risk, longevity risk and risk of salary, according to the following:

Investment risk: The rate of return expected for the funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on assets is less than the fee, this will create a deficit in the plan. Currently, the plan has a balanced investment in fixed income instruments and actions. Due to the long-term nature of the plan, the Company considers it appropriate that a reasonable portion of the plan assets are invested in equities to leverage the yield generated by the fund, taking at least an investment in government instruments of 30% stipulated in the Income Tax Law.

Interest rate risk: A decrease in the interest rate increase plan liabilities; volatility in rates depends exclusively on the economic environment.

Longevity risk: The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of plan participants increased liabilities.

Risk salary: The present value of the defined benefit obligation is calculated by reference to future wages of participants. Therefore, an increase in the expectation of salary increases participants plan liabilities.

b. Annual bonus for retaining executive

Some of the Company's executives receive an annual retainer bonus, calculated as a percentage of their annual compensation and depending on the completion of certain goals established for each officer at the beginning of the year. The Company has set up a reserve of $398,938 and $447,794 at December 31, 2022 and 2023, which is included in Note 16 within the provision of bonuses and compensation to employees.

c. Employees' statutory profit sharing and bonuses

The Company recognizes a liability, and a bonus expense and employees' statutory profit sharing based on a calculation that considers the tax profit after certain adjustments. In the case of the PTU derived from the reform on labor, a maximum limit of three months of the worker's salary or the average of the PTU received in the last three years was established, whichever is the lesser.

The Company recognizes a provision when it is contractually obligated or when there is a past practice that generates an assumed obligation.

d. Other employee benefits by voluntary separation or dismissal

The Company grants certain benefits to employees that leave the Company either by termination or voluntary decision after 20 years of service. In accordance with IAS 19 “Employee benefits”, this practice constitutes an assumed obligation of the Company to its employees, which is recorded based on annual actuarial studies prepared by independent actuaries. See Note 18.

e. Benefits paid to employees for severance required by the law

The Company recognizes and pays compensation on the first of the following dates: a) the Company may not withdraw the offer of those benefits, and b) when the Company recognizes the costs of restructuring that is within the scope of IAS 37 and involves payment termination benefits.

2.21 Capital stock

Common shares are classified as capital.

2.22 Revenue recognition

Income represents the fair value of cash collected or receivable arising from the sale of goods or the rendering of services in the normal course of Company operations. Income is shown net of discounts granted to customers.

The Company uses the IFRS 15 methodology for revenue recognition based on the following steps:

- Identification of the contract with the client;
- Identification of the performance obligations;
- Determination of the transaction price;
- Assignment of the transaction price to performance obligations;
- Recognize income as performance obligations are met.

a. Sale of merchandise

Revenue from merchandise sales is recognized when the customer buys in stores, over the phone or on the internet and takes possession of the good at the time the merchandise is delivered. The Company does not consider the sale of merchandise and its delivery as separate performance obligations, because customers obtain control of the goods at the time of delivery. For promotions of merchandise sales to months without interest less than one year, as a practical solution, the Company does not adjust the amount of said sales, in accordance with the provisions of IFRS 15. For sales to months without interest exceeding one year, the Company has assessed that the amount of the discount for such sales is not significant.

The Company considers as merchandise sales of the period those in which the customer has obtained control of a product in a post-billing delivery agreement, when all the following criteria are met:

- The reason for the post-billing delivery agreement is requested by the customer;

- The product is identified separately as belonging to the customer;
- The product is currently ready for physical transfer to the customer, and
- The Company may not have the ability to use the product or redirect it to another customer.

The Company's policy is to allow the return of certain items sold. Customer returns usually involve a change of size, color, etc.; however, in cases in which the customer definitively wishes to return the product, the Company allows customers to credit the value of the merchandise to their account, if the purchase was made with the Company's own cards, or to return the amount of the purchase in an electronic cash card or a credit to the customer's bank credit card, if the purchase was made in cash or with external cards, respectively.

b. E-wallets and gift certificates

- E-wallets

  The Company offers promotions, some of which involve benefits granted to its customers represented by e-wallets, the value of which is referred to as a percentage of the selling price. E-wallets can be used by customers to settle future purchases at the Company's department stores. Upon the time the electronic wallets are granted, they are recognized in the deferred income account in the consolidated financial position. The Company deducts the amount granted to its customers in e-wallets from revenue. This account is canceled when the customer redeems the E-wallet; whether partially or entirely through the acquisition of merchandise, recognizing revenue in the same amount. In the Company's historical experience, the likelihood of customers using e-wallets accounts that have been inactive for 24 months is very low. Therefore, e-wallets showing these characteristics are canceled, with a credit to sales.

- Gift certificates

  The Company offers its customers gift certificates with no specific expiration date. Upon their sale, gift certificates are recognized in the deferred revenue account in the statement of consolidated financial position. This account is canceled when the customer redeems the gift certificate; whether partially or entirely, through the acquisition of merchandise, recognizing revenue in the same amount. In the Company's historical experience, the likelihood of customers using gift certificates that have been inactive for 24 months being is remote. Therefore, certificates with these characteristics are canceled against service income and other.

c. Interest income from the customers

In accordance with IFRS 9 "Financial instruments", interest income is recognized by the effective interest rate method. Late payment of interest is recorded as income as it is collected.

d. Lease revenue

The Company's policy for recognition of operating lease revenue is described in Note 2.25.2

e. Services and other

Income from service agreements is determined as follows:

- Service income is recognized when the customer receives the benefit of the service, such as: beauty salon, travel agency, opticians, marketplace, etc.

2.23 Deferred income

The Company records deferred income arising from different transactions in which cash was received, and in which the conditions for revenue recognition described in paragraph 2.22, b) have not been met. Deferred revenue is shown separately in the consolidated statement of financial position.

2.24 Other accounts receivable

The Company classifies as other accounts receivable all loans or advance payments made to employees and other parties or companies other than the general public. If collection rights or recovery of this amount is realized within 12 months from the period close, they are classified as short-term; otherwise, they are shown as long-term.

In the case of other accounts receivable, the simplified approach of IFRS 9 has been applied to measure the expected credit losses over the life of the instrument.

2.25 Leases

2.25.1 Lessee

Leases are recognized as a right-of-use asset and a liability corresponding to the date the leased asset is available for use by the Company.

Assets and liabilities derived from a lease are initially measured at present value. Lease liabilities include the net present value of the following payments:

- Fixed payments (including if they are substantial), less lease incentives receivable;
- Variable lease payments that are based on an index or rate; initially measured using the index or rate on the start date;
- The amounts expected to be payable by the Company in the guarantee of residual value;
- Price of exercising a purchase option if the Company has reasonable certainty of exercising this option, and
- Penalty payments for the termination of the lease agreement, if the terms of the lease reflect that the Company will exercise this option.

Lease payments that will be made under renewal options with reasonable certainty of being exercised are also included in the measurement of the liability.

The determination of lease liabilities is made using the interest rate implicit in the lease. However, that rate cannot be easily determined, so the Company uses the incremental financing rate, which is the rate that the Company would have to pay to borrow the necessary funds to obtain an asset of similar value to the right of use of assets in a similar economic environment with similar terms, guarantees and conditions.

To determine the incremental financing rate, the Company:

- It uses a risk-free interest rate plus the credit risk curve associated with the rating determined for the Company and applies specific adjustments to the lease, for example, term and currency type.

The Company is exposed to possible future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted to the right of use asset.

Lease payments are allocated between the principal and the financial cost. The financial cost is charged to income during the lease period in order to produce a constant periodic interest rate on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost, including the following:

- The amount of the initial measurement of the lease liability;
- Any lease payment made on or before the commencement date minus any lease incentive received;
- Any initial direct costs, and
- Restoration costs.

The right-of-use assets are generally depreciated in a straight line during the shortest period between the useful life of the asset and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset depreciates during the useful life of the underlying asset.

The Company applied the practical file IFRS 16 “Rent concessions related to COVID-19” to recognize the forgiveness of leasing of buildings received as a result of the pandemic until December 31,2022 for an amount of $7,186, this amount was recognized as variable income and is included in administration expenses.

The Company applied the exemption for the recognition of low-value assets, which include electronic tablets, printing equipment and small items of office furniture.

Payments associated with short-term leases of furniture and equipment, vehicles and all leases of low-value assets are recognized under the straight-line method as an expense in results. Short-term leases are leases with a lease term of 12 months or less.

2.25.2 Lessor

Revenue from operating leases in which the Company is a lessor is recognized in the statement income under the straight-line method during the term of the lease. The initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and are recognized as expenses during the term of the lease on the same basis as the income from the lease. The respective leased assets are included in the statement of the financial position depending on their nature. Lease income in 2022 and 2023 for $3,721,874 and $4,534,684, respectively, includes non-lease components for $1,038,825 and $1,459,110, which are recognized in accordance with the income standard for contracts with customers.

The Company accounted for the modifications in operating leases as a new lease from the effective date of the modification, considering the anticipated or accumulated lease payments related to the original lease as part of the payments of the new lease, they continue to be recognized in a straight line.

2.26 Earnings per share

Basic earnings per ordinary share are calculated by dividing the holding interest by the weighted average of ordinary shares outstanding during the period. Earnings per diluted share are determined by adjusting the holding interest and ordinary shares, under the assumption that the entity's commitments to issue or exchange the Company's own shares would be realized. Basic earnings are the same as diluted earnings due to the fact that there are no transactions that could dilute earnings. See Note 21.

2.27 Supplier rebates

The Company receives rebates from suppliers as reimbursement for discounts granted to customers. Supplier reimbursements related to discounts granted to customers with respect to merchandise sold are negotiated and documented by the purchasing areas and are credited to the cost of sales in the period in which they are received.

2.28 Prepaid expenses

The Company recognizes prepaid payments for television advertisement and insurance premiums. Those amounts are recorded at the value that was contracted and are recorded in income when the advertisements are broadcasted and on a straight-line basis for insurance premiums. None of the insurance policies have a term exceeding twelve months.

2.29 Financial assets at fair value through other comprehensive income

Equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognize in this category. There is no subsequent reclassification of fair value gains and losses to the income statement after the derecognition of the investment. The group transfers the gain or loss from other comprehensive income to accumulated profits in the same period in which they are generated. Dividends from such instruments are recognized in the income statement as other income when the Company's right to receive payments is established.

Note 3 - Risk management:

The main risks to which the Company is exposed are:

3.1 Real estate risk

3.2 Market risks

3.2.1. Exchange rate risk

3.2.2. Interest rate risk

3.3 Financial risks

3.3.1. Liquidity risk

3.3.2. Credit risk

3.4 Fair value estimation

3.5 Climate change risk

3.1 Real estate risk

The Company owns department stores and either owns or co-owns 28 shopping malls. The Board of Directors is responsible for authorizing the purchase of land and buildings proposed by the Company's real estate area. For every real estate investment, sales are estimated per square meter and the return on the investment is to be generated. The Company has no risk concentration in accounts receivable from lessees, as it has a diversified base and periodically evaluates their payment capacity, especially prior to renewing their lease agreements. Although the value of real property in Mexico is relatively stable, economic development and structural changes in the country are risk factors that could affect the supply and demand of real property and affect rent levels and the risk of vacant commercial space. Commonly, real property in Mexico is quoted in US dollars, and thus an excessive rise in the exchange rate of the peso to the dollar or in the prices of property available to the Company or construction materials could limit the Company's plans to expand. The Company has insurance that duly covers its assets against the risk of fire, earthquake and other natural disasters. All insurance has been contracted with leading companies in the insurance market.

3.2 Market risk

The Company contracts derivative financial instruments to reduce the uncertainty of the return on its projects. The derivative financial instruments contracted are assigned for hedge accounting purposes and are closely linked to the financing contracted by the Company.

The Company's internal control policies require that the representatives of the finance and legal areas conduct an analysis prior to contracting financing or conducting operations with derivative financial instruments. In evaluating the use of derivatives, to cover the financing risks, sensitivity analysis is conducted of the different variables and effectiveness testing is conducted to determine the book treatment of the derivative financial instrument, once contracted.

3.2.1 Exchange rate risk

Except as mentioned in Note 17, the Company has not contracted financing in foreign currencies; however, the Company is exposed to risks related to movements in the exchange rate of the peso to the US dollar and the euro with respect to importations of merchandise mainly from Europe and Asia. As of December 31, 2022, and 2023, purchases of merchandise in a currency other than the Mexico peso represent approximately 16% and 13% of total purchases, respectively.

At December 31, 2022 and 2023, the Company's exposure to exchange rate risks amounted to US$556,880 and €1,483 and US$133,954 and €15,158, respectively. In the event of an 8% increase in the exchange rate of the peso to the US dollar, the Company's loss would approximate $22,664 and $181,036. The 8% represents the sensitivity rate used when the foreign exchange risk is reported internally to the Results Review Committee and represents the Administration's assessment of the possible variation in exchange rates. The sensitivity analysis includes only the monetary items pending settlement denominated in foreign currency at the end of the year.

The Company maintains an investment in Grupo Unicomer Corp. (Unicomer), and the cash flows received are denominated in US dollars. The risk of conversion is the risk that the variations in exchange rates will cause volatility in the peso value of these cash flows. The Company has not hedged the cash flows it receives from this investment.

Additionally, the Company maintains an investment in shares of Nordstrom, Inc., said transaction was funded with US dollars. Conversion risk is the risk that changes in the exchange rate cause volatility in the value in pesos.

The Company had the following foreign currency monetary assets and liabilities:

	December 31,	
	2022	**2023**
Thousands of US dollars:		
Monetary assets	US$ 573,859	US$ 743,205
Monetary liabilities	(1,130,739)	(877,159)
Short position	US$ (556,880)	US$ (133,954)
Equivalent in pesos	$ (10,843,289)	$ (2,262,952)
Thousands of Euros:		
Monetary assets	€ 7,824	€ 35,838
Monetary liabilities	(9,307)	(20,680)
Long (short) position	€ (1,483)	€ 15,158
Equivalent in pesos	$ (30,818)	$ 283,297

The exchange rates of the peso to the dollar, in effect at the date of the consolidated statement of financial position and the date of approval of the independent auditor's report, were as follows:

	February 23, 2024	**December 31, 2023**
US dollar	$17.0605	$ 16.8935
Euro	$18.5234	$ 18.6896

3.2.2 Interest rate risk

The contracted financings are subject to fixed and variable interest rates and expose the Company to the risk of variability in interest rates and, therefore, to its cash flows. The Company's policy is to cover most of its financing towards a fixed rate profile. The main objective of the use of derivative financial instruments is to know with certainty the effective flows that the Company will pay to comply with its obligations. With interest rate swaps, the Company agrees with other parties to deliver or receive monthly the difference between the interest amount of the variable rates agreed in the debt contracts and the amount of the interest of the fixed rates contracted in derivative financial instruments. In both years 100% of the debt is agreed at a fixed rate. The Company continuously analyzes its exposure to interest rates. A number of different interest rate scenarios are evaluated such as, refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the corresponding impact on results or its consolidated financial position.

The Company contracts interest rate swaps that have critical terms similar to the item covered, such as the reference rate, restart dates, payment dates, maturities and nominal amount. As all critical terms agreed upon during the year, there is an economic relationship.

The ineffectiveness of coverage for interest rate swaps is assessed using the same principles as for hedges of purchases in foreign currency. They can occur due to the following:

- Adjustment of the creditor value/debtor value in interest rate swaps that do not correspond to the loan, and

- The critical differences between interest rate swaps and loans.

There was no recognized ineffectiveness during 2022 or 2023 in relation to interest rate swaps.

Sensitivity analysis for interest rates

The following sensitivity analyses have been determined considering the current derivative financial instruments at December 31, 2023 and assuming the following:

If interest rates had been 10 basis points below and all the other variables remained constant. The other items comprising comprehensive income for the year ended December 31, 2022 and 2023 would have increased by $55,764 and $36,981 net of deferred taxes, mainly as a result of the changes in fair value of hedge derivative financial instruments contracted to hedge against exposure to changes in interest rates.

Reference interest rate reform

There is no direct contractual impact on the "Swaps" due to the fact that the current operations are agreed at fixed rates, and the swap contract itself foresees that it uses the TIIE rate or the one that substitutes it. In the case of the valuation of swaps, there are little representative variations derived from the change in the discount curves used.

The information corresponding to the interest rate derivative financial instruments that have been contracted is shown in Note 10 of these consolidated financial statements.

3.3 Financial risks

3.3.1 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its fund requirements. Company's Management has established policies, procedures and limits that govern the Treasury function. The Treasury is responsible for ensuring the Company's liquidity and for managing its working capital to guarantee payments to vendors, capital investments and fund the costs and expenses of the operation. The Company finances its operations through a combination of: 1) using cash available, 2) reinvestment of a significant portion of profits, and 3) contracting financing and leasing denominated in pesos.

For 2023, the favorable results in revenue generation and collection increase the Company excess of cash flows.

Some financial institutions may require deposits as collateral or margin calls based on derivative financial instrument contracts if the market value of our derivatives that hedge exchange rate risks exceeds a previously agreed contractual limit, for which we are subject to respond to these margin calls which require covering a substantial amount of cash and may reduce funds available for our operations or other capital needs, however the Company has available short-term lines of credit of approximately $6,780,352; as well as overdraft lines to immediately access debt instruments for $7,860,000. As of December 31, 2023, there were requirements to make these deposits as collateral. As of December 31, 2022, it was not required to make these deposits. See Note 10.

The following table shows the contractual maturities of the Company's financial liabilities according to the expiration periods. This information has been prepared considering the cash flows without discounting, from the first date on which the Company will be required to pay and includes the contractual interests and the main cash flows:

	Between 1 month and 1 year	**Between 1 and 5 years**	**More than 5 years**
December 31, 2022:			
Suppliers and creditors	$45,329,325	$ -	$ -
Senior notes and contractual interests	2,325,165	26,685,503	10,975,172
Lease liabilities	2,329,885	7,489,052	13,914,034
	$49,984,375	$34,174,555	$24,889,206

	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
December 31, 2023:			
Suppliers and creditors	$51,768,181	$ -	$ -
Senior notes and contractual interests	7,143,553	22,868,928	5,240,900
Lease liabilities	2,451,242	7,759,314	13,925,696
	$61,362,976	$30,628,242	$19,166,596

3.3.2 Credit risk

Credit risk is when the Company suffers losses as a result of customers defaulting on payments, financial institutions in which it maintains investments or the counterparties with which derivative financial statements are contracted.

Loan portfolio

The Company's accounts receivable are comprised of loans granted to our customers through the use of credit cards issued by the Company to purchase merchandise, goods and services at our stores or establishments affiliated to with VISA system. During 2022, two pilot programs were implemented for the following products: 1) Consumer credit, a product that grants an amount of credit to Suburbia customers to purchase merchandise and 2) Guaranteed card, a product that consists of the cardholder leaving a deposit as guarantee, the amount of the deposit will be equal to your credit limit. By 2023, these products are no longer pilots and are considered active products in the portfolio.

The Company has a robust risk management system for the loan portfolio, whose main components include: 1) credit granting processes, portfolio administration and management, and collection management; 2) information security, technological infrastructure and processes and procedures in store and corporate; 3) the regulatory risk, which includes aspects related to compliance with the provisions issued by the Consumer Advocacy Agency, and 4) the risk of fraud.

Credit application forms are evaluated and approved through automated procedures using parameterized scorecards (grading factors) designed by the Company. For managing the initial lines of credit, limits are also evaluated automatically by the Company’s system and are periodically monitored by the risk department to increase or decrease them based on the cardholder's record. The Company has the infrastructure to manage credit line growth strategies, with risk rating models (scorecards) that allow risk predictability. Additionally, there are processes and policies for early identification of potential changes in payment capacity, prompt corrective decision making and determination of current and potential losses.

The Company continuously monitors the recovery of its portfolio based on a broad range of tools and mathematical models, as well as considering a number of factors that include historical trends of portfolio aging, a record of cancellations and future expectations of performance. In times of economic crisis and with high unemployment indexes, the Company restricts approval of applications and loans made, as well as restricting credit limits of current customers. Given the Company’s line of business, there are no real guarantees related to accounts receivable. The best way to represent the maximum exposure to credit risk is the carrying value of accounts receivable.

For the management of delinquent accounts, the Company has policies, processes, analytical tools and infrastructure to manage the recovery of the portfolio. Collection management is segmented by risk level and delinquency level through specialized internal and external offices. Through automated systems, monthly account cutoffs are conducted and any accounts failing to show the requirement payment are detected. Accounts not receiving payment are immediately blocked to prevent the balance from continuing to grow and the automated computation of late-payment interest begins. Based on the evaluation of certain variables, late-payment risks of the accounts in default and the actions to be taken on those accounts are determined. The following actions are taken on accounts in default: telephone calls to customers, sending of letters and home visits, among others. Accounts showing no payment after 150 days are automatically assigned to collection agencies to take over collection efforts, and accounts showing more than 240 days default are written off.

Accounting policy for the provision for credit losses

To calculate this provision, the Company recognizes future losses in the portfolio based on the level of impairment of credit risk. The key information used to measure the provision for expected credit losses (ECL) includes the following parameters:

- Probability of Default (PD);
- Significant Increase in Credit Risk (SICR);
- Loss Given Default (LGD), and
- Exposure at Default (EAD).

The expected credit loss methodology uses information derived from statistical models using historical data.

To measure the expected credit losses, the Liverpool credit card loan portfolio has been grouped according to the credit risk characteristics, the days of non-compliance and the historical performance of the portfolio. In the case of the Suburbia and Suburbia VISA portfolio, we use the simplified approach, because it is a recently created product with not enough history to generate its own models. The simplified approach considers a period of 3 years in accordance with the provisions of IFRS 9.

The Company estimates the LGD parameters based on the history of the recovery rate of claims against unpaid credits. The LGD model measures the recovery of cash.

The EAD of a financial asset is the gross carrying amount at the time of default and is a measure of the expected exposure at the time of payment default. EAD also considers the portion of the undrawn line of credit that can potentially be exercised in the future.

The SICR is estimated based on the change between the PD at the account was originated and the PD of that account at the time of calculating the provision. If certain thresholds are exceeded, we recategorize the credit from stage 1 to stage 2.

The Company prospectively assesses expected credit losses related to its financial assets carried at amortized cost.

The impairment methodology depends on whether there has been a significant increase in credit risk. Once the Company has classified its financial assets according to their credit risk, they are evaluated individually or collectively to identify signs of impairment and thus recognize the provision for impairment arising from credit risk.

In determining whether the credit risk of an account has increased significantly since its initial recognition, the Company considers reasonable and supportable information that is relevant and available without further cost or effort, including quantitative and qualitative information. As additional support, the Company assumes that a considerable increase in credit risk occurs when an asset defaults, that is, when a loan accumulates 90 days or more without payment.

The ECL model is based on changes in credit quality from initial recognition and considers the following phases:

Stage 1

This stage includes loans that have not had a significant increase in credit risk and the basis for recognition of the provision considers expected losses for the next 12 months.

Stage 2

This phase includes loans that have suffered a considerable increase in credit risk, but for which there is no objective evidence of impairment. Interest income is still calculated on the gross book value of the asset. And the recognition basis of the provision considers the expected losses throughout the remaining life of the loan.

Stage 3

This stage includes loans with objective evidence of impairment at the date of each cutoff. Interest income is calculated on the net book value. And the recognition basis of the estimate is over the remaining life of the account.

Penalty

The portfolio is written off when there is no reasonable expectation of recovery. The indicator that there is no reasonable expectation of recovery is that the debtor does not propose a payment plan to the Company, after 150 days without payment, from that moment, the credits are automatically assigned to the external lawyers' firms specialized in collection to continue the collection efforts, and when reaching 240 days without receiving payments, they are canceled from the accounting. See Note 8.

Loan portfolio impairment losses are presented as net impairment losses within operating income. Subsequent recoveries of amounts previously paid are credited against the same line.

For stage 1, the PD is determined by the probability that the loan may default in the next 12 months. In stage 2, the PD is the probability of default over the remaining life of the loan. For loans in stage 3 the PD considers 100% of probability that the credit will not be recovered. See Note 8.

Prospective information incorporated in the Expected Credit Loss (ECL)

The Company uses prospective information considering historical data and its experience in managing this type of data. Likewise, the Company carries out a historical analysis to identify the macroeconomic variables that affect expected credit losses, these being the Consumer Confidence Index (ICC5), Gross Domestic Product (GDP) and the Mexican Equilibrium Interbank Interest Rate (TIIE). Based on expected changes in these factors, the Company adjusts historical loss rates.

In the case of macroeconomic factors, the Company has built a scenario stressing the variables that affect the model (GDP, TIIE and ICC5), in order to reflect the increase in risks with respect to historical changes related to the probability cardholder default.

Financial institutions and counterparties in derivative operations

Cash surpluses are invested in credit institutions with a high credit rating, such as in government instruments and counterparties in derivative operations are high credit quality financial institutions. It should be mentioned that none of the Company's derivative financial instruments require it to keep cash deposits in margin accounts to guarantee these operations.

3.4 Fair value estimate

The financial instruments in the statement of financial position are recorded at fair value based on the following hierarchy.

- Level 1 fair values are derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.
- Level 2 fair values are derived from indicators different from the quoted prices included in Level 1, but that include indicators that are observable directly to quoted prices or indirectly, that is to say, derived from these prices, and
- Level 3 fair values are derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

	Book value	**Level 1**	**Level 2**	**Level 3**
December 31, 2022:				
Assets arising from hedge derivative financial instruments	$ 2,179,187	$ -	$ 2,179,187	$ -
Assets arising from trading derivatives	7,253	-	7,253	-
Asset at fair value through other comprehensive income	4,951,323	4,951,323	-	-
Investment as cash equivalents	20,712,052	20,712,052	-	-
Total	$ 27,849,815	$ 25,663,375	$ 2,186,440	$ -

	Book value	**Level 1**	**Level 2**	**Level 3**
December 31, 2023:				
Assets arising from hedge derivative financial instruments	$ 1,209,410	$ -	$ 1,209,410	$ -
Liabilities arising from trading derivative financial instruments	(639,650)	-	(639,650)	-
Liabilities arising from hedge derivative financial instruments	(1,197,410)	-	(1,197,410)	-
Asset at fair value through other comprehensive income	4,910,597	4,910,597	-	-
Investment as cash equivalents	18,192,891	18,192,891	-	-
Total	$ 22,475,838	$ 23,103,488	$ (627,650)	$ -

During the years ended December 31, 2022 and 2023, there were no transfers between levels 1 and 2. The carrying amount of short-term financial instruments is similar to its fair value due to materializing in the short term.

Derivative financial instruments that are classified at level 2, for determining fair value, the pricing model recognized in the financial sphere was used, (estimated future cash flows brought to present value) using available market information to the valuation date. The key assumptions of market inputs used were: a) Futures curve US Government bonds, b) Futures curve Mexican Government and c) Quotation at market value.

3.5 Climate change risk

Our risk management processes consider the environmental, social, and corporate governance (ESG) factors that may impact a company's finances, assets, or reputation. During the first approach, the risks to which the Group is exposed as a result of climate change are transition risks (e.g., regulatory changes and risks to the reputation) and physical risks (even if the risk of physical damage is low due to the Group's activities and geographic location). Within the physical dangers, extreme climate conditions may occur, such as greater intensity of rains, higher occurrence of hurricanes, extended droughts, extended periods of warm temperatures during the winter, or cold weather during the summer. These may affect consumers' economies, reduce the demand for some of our inventory, produce interruptions or delays in the production and delivery of materials and products in our supply chain, and cause a shortage of personnel in our stores.

The Group is committed to operating more respectfully towards the environment each time, by working on the processes, incorporating criteria of circular economy, eco-efficiency, and reduction of greenhouse gas (GHG) emissions, which contribute to climate change. By 2040, the Group's objective is to be a Net Zero company as to direct GHG emissions, through investments in: a) recycling 100% of possible residue, b) reducing consumption of drinking water, and c) reducing energy consumption through efficiency initiatives and an increase in the use of renewable sources of energy. There are ongoing projects related to self-generated energy using solar panels at our location and incorporating the first hybrid and electric units for product distribution to clients, for which we have established charging stations. Likewise, there are projects to implement an integral system of sustainable packaging and facilities, such as distribution centers with neutrality in water consumption, GHG emissions, and waste management. Consult the Environmental performance section in the Group's Integrated Annual Report produced by the management to obtain more information regarding the climate risk and the commitments undertaken by the Group to tackle it.

The Group maintains insurance policies for earthquakes, floods, and other similar circumstances, including property, accident, and business interruption insurance, and established plans to operate in emergencies such as the ones previously described.

As of December 31, 2023, the Group has not identified risks associated with climate change that may negatively or materially affect the financial situation of the Group. Nevertheless, the management constantly evaluates the impact of climate-related matters. The Group's financial statements consider climate-related issues when these are material and applicable. In particular, the Group's commitments to reduce GHG emissions were considered when making cash flow projections to conduct the impairment tests and evaluate the useful life of its long-term assets. Assumptions might change in the future as a response to extreme climate conditions, future environmental regulations, new commitments made, and the consumers' changing demand. Even when trying to foresee the climate change effects, these could have an impact on the cash flows, performance, and future financial situation of the Group.

Note 4 - Key sources of uncertainty in the estimates and critical judgments:

In applying the Company's accounting policies, which are described in Note 2, Management makes judgments, estimates and assumptions on the book figures of assets and liabilities. The related estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are analyzed on a regular basis. The reviews of book estimates are recognized in the review period or future periods, if the review affects both the current period and subsequent periods.

The following are the sources of key uncertainty in the estimates made at the date of the consolidated statement of financial position, and which have a significant risk of deriving an adjustment to the book values of assets and liabilities during the following financial period.

4.1 Estimated impairment of intangible assets with an indefinite useful life

The methodology applied by the Company to determine whether goodwill, rights to its brands and other intangibles have suffered any impairment in value is described in Note 14.

4.2 Estimation of useful lives of brands and other intangible assets with an indefinite life

The brands acquired as part of Suburbia have demonstrated their stability by having had permanence in the market for several decades and are well-recognized in Mexico. The knowledge of the operative process of procurement, commercial planning, product design and marketing (called CATMex) is unique in the Mexican market. It has generated economic benefits for Suburbia for several decades. Based on our own experience, during 175 years of operating in Mexico, the Company believes that CATMex will continue to generate cash flows for the Company indefinitely.

To date, no factors limiting the useful life of the aforementioned intangible assets have been identified and there are no legal, regulatory or contractual considerations that limit them, so in the opinion of the Company's Management, it was determined to appoint the brands of Suburbia and CATMex as having an indefinite useful life. See Note 14.

Note 5 - Category of financial instruments:

December 31, 2022:	**Amortized cost**	**Instruments at fair value through profit or loss**	**Instruments at fair value through other comprehensive income**	**Total**
Financial assets:				
Cash and bank deposits	$ 3,804,202	$ -	$ -	$ 3,804,202
Investments	20,712,052	-	-	20,712,052
Short and long-term loan portfolio	46,312,245	-	-	46,312,245
Other short and long-term accounts receivable	1,605,552	-	-	1,605,552
Financial asset at fair value through other comprehensive income	-		4,951,323	4,951,323
Long-term derivative financial instruments	-	-	2,186,440	2,186,440

Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$29,705,040	$ -	$ -	$29,705,040
Suppliers, creditors and provisions	50,086,657	-	-	50,086,657
December 31, 2023:				
Financial assets:				
Cash and bank deposits	$11,614,275	$ -	$ -	$11,614,275
Investments	18,192,891	-	-	18,192,891
Short-term derivate financial instruments	-	-	1,209,410	1,209,410
Other financial assets	-	-	302,227	302,227
Short and long-term loan portfolio	56,973,409	-	-	56,973,409
Other short and long-term accounts receivable	3,669,372	-	-	3,669,372
Financial asset at fair value through other Comprehensive income	-	-	4,910,597	4,910,597
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$27,655,649	$ -	$ -	$27,655,649
Suppliers, creditors and provisions	57,287,789	-	-	57,287,789
Short-term derivate financial instruments	-	639,650	-	639,650
Long-term derivate financial instruments	-	-	1,197,410	1,197,410

Note 6 - Credit quality of financial instruments:

	December 31, 2022	December 31, 2023
Loan portfolio:		
Counterparties without external risk ratings:		
Group 1 - Customers with Liverpool credit card	$37,289,021	$44,852,688
Group 2 - Customers with LPC credit card	11,127,018	13,780,847
Group 3 - Customers with Suburbia credit card	2,820,254	3,619,824
Total loan portfolio [(1)]	$51,236,293	$62,253,359

(1) Balances are included before the provision for credit losses.

	December 31, 2022	December 31, 2023
Cash, investments and short-term bank deposits [(1)]:		
AAA	$24,485,489	$29,781,352
AA	-	-
A	-	-
	24,485,489	29,781,352
Financial assets - derivative financial instruments [(2)]:		
AAA	2,186,441	1,209,410
AA	-	-
	2,186,441	1,209,410
	$77,908,223	$93,244,121

- Group 1 - For the Company, credits granted through the Liverpool credit card represent a lesser risk because its use is sporadic and seasonal and is restricted to the products on sale at Company stores.

- Group 2 - The LPC credit card, operated by the Company, imply a different risk level due mainly to the fact that they can be used at a broad number of establishments, allow their holders to draw cash from ATMs and are intended for continuous use.

- Group 3 - For the Company, credits granted through the Suburbia credit card represent a lesser risk because its use is sporadic and seasonal and is restricted to the products on sale at Company stores. The Suburbia VISA credit card, operated by the Company, imply a different risk level due mainly to the fact that they can be used at a broad number of establishments, allow their holders to draw cash from ATMs and are intended for continuous use. However, as mentioned in note 3.3.2, the company uses the simplified approach for this group as it does not have sufficient history to generate its own models and apply the general approach.

(1) The rest of the cash equivalents in the statement of financial position correspond to petty cash.

(2) The Company does not consider risk factors arising from default on counterparty obligations, due to which, it has not been necessary to set up reserves in this regard at December 31, 2022 and 2023.

Note 7 - Cash and cash equivalents:

	December 31,	
	2022	**2023**
Cash and bank deposits	$ 3,804,202	$11,614,275
Investments	20,712,052	18,192,891
Total	$24,516,254	$29,807,166

Note 8 - Loan portfolio and liabilities related to contracts with customers:

	December 31,	
	2022	**2023**
Credits related to customer contracts:		
Liverpool	$37,289,021	$44,852,688
LPC	11,127,018	13,780,847
Suburbia	2,820,254	3,619,824
	51,236,293	62,253,359
Provision for impairment of loan portfolio:		
Liverpool	(3,284,151)	(3,426,063)
LPC	(1,253,133)	(1,405,788)
Suburbia	(386,764)	(448,099)
	(4,924,048)	(5,279,950)
Total loan portfolio	$46,312,245	$56,973,409
Total short-term loan portfolio	$36,976,167	$45,021,772
Total long-term loan portfolio	$ 9,336,078	$11,951,637

The fair value of the short-term loan portfolio at December 31, 2023 and 2022 closely resembles their book value. The fair value of the long-term loan portfolio until December 31, 2022 and 2023, as established in $8,869,780 and $11,046,598, will be considered level 3 and will be determined using the technique of effective yield at the present value at a current discount rate according to the average term of the portfolio and the risk of it.

The provision for credit losses as of December 31, 2021, 2022 and 2023 was determined as follows:

Liverpool

	December 31, 2021			December 31, 2022			December 31, 2023		
	Balance	Provision	%	Balance	Provision	%	Balance	Provision	%
Stage:									
1	$ 28,583,205	$ 1,653,441	5.78%	$ 29,992,019	$ 1,114,667	3.72%	$ 38,587,158	$ 1,355,599	3.51%
2	2,522,586	1,054,077	41.79%	6,534,856	1,612,527	24.68%	5,209,777	1,299,970	24.95%
3	578,329	461,738	79.84%	762,146	556,957	73.08%	1,055,753	770,494	72.98%
	$ 31,684,120	$ 3,169,256		$ 37,289,021	$ 3,284,151		$ 44,852,688	$ 3,426,063	

LPC

	December 31, 2021			December 31, 2022			December 31, 2023		
	Balance	Provision	%	Balance	Provision	%	Balance	Provision	%
1	$ 7,385,681	$ 471,871	6.39%	$ 9,306,391	$ 504,434	5.42%	$ 10,856,161	$ 579,954	5.34%
2	1,559,782	593,569	38.05%	1,500,788	472,722	31.50%	2,471,175	434,612	17.59%
3	269,125	235,863	87.64%	319,839	275,977	86.29%	453,511	391,222	86.27%
	$ 9,214,588	$ 1,301,303		$ 11,127,018	$ 1,253,133		$ 13,780,847	$ 1,405,788	

Suburbia

	December 31, 2021				December 31, 2022				December 31, 2023			
	From 0 to 29 days	From 30 to 89 days expired	From more than 90 days expired	Total	From 0 to 29 days	From 30 to 89 days expired	From more than 90 days expired	Total	From 0 to 29 days	From 30 to 89 days expired	From more than 90 days expired	Total
Expected loss rate	14.23%	62.30%	90.20%		8.93%	50.03%	90.05%		7.15%	50.02%	90.04%	
Credit portfolio	$ 2,199,690	$ 47,497	$ 81,954	$ 2,329,141	$ 2,615,015	$ 79,138	$ 126,101	$ 2,820,254	$ 3,336,373	$ 113,815	$ 169,636	$ 3,619,824
Provision for credit losses	$ 313,063	$ 29,591	$ 73,936	$ 416,590	$ 233,622	$ 39,590	$ 113,552	$ 386,764	$ 238,424	$ 56,934	$ 152,741	$ 448,099

For the years ended on December 31, 2021, 2022 and 2023, the movements in the allowance for impairment of accounts receivable are as follows:

Liverpool

	Provision for credit losses			
	Stage 1	Stage 2	Stage 3	Total
January 1, 2021	$ 1,072,792	$ 1,288,418	$ 1,198,595	$ 3,559,805
Remeasurement of financial assets that remain in the same stage	14,080	32,623	(2,400)	44,303
From stage 1 to stage 2	(54,209)	54,209	-	-
From stage 1 to stage 3	(16,096)	-	16,096	-
From stage 2 to stage 1	777,222	(777,222)	-	-
From stage 2 to stage 3	-	(46,229)	46,229	-
From stage 3 to stage 1	141,589	-	(141,589)	-
From stage 3 to stage 2	-	34,357	(34,357)	-
Financial assets granted during the period	249,080	59,348	22,916	331,344
Remeasurement of financial assets that changed stage in the period	(201,072)	917,447	511,470	1,227,845
Financial assets written off in the period	(329,945)	(508,874)	(1,155,222)	(1,994,041)

December 31, 2021	1,653,441	1,054,077	461,738	3,169,256
Remeasurement of financial assets that remain in the same stage	(394,690)	(81,825)	(2,779)	(479,294)
From stage 1 to stage 2	(377,795)	377,795	-	-
From stage 1 to stage 3	(26,048)	-	26,048	-
From stage 2 to stage 1	565,802	(565,802)	-	-
From stage 2 to stage 3	-	(48,472)	48,472	-
From stage 3 to stage 1	66,405	-	(66,405)	-
From stage 3 to stage 2	-	15,721	(15,721)	-
Financial assets granted during the period	203,632	106,170	43,136	352,938
Remeasurement of financial assets that changed stage in the period	(526,132)	963,016	432,676	869,560
Financial assets written off in the period	(49,948)	(208,153)	(370,208)	(628,309)
December 31, 2022	1,114,667	1,612,527	556,957	3,284,151
Remeasurement of financial assets that remain in the same stage	118,639	150,662	(2,044)	267,257
From stage 1 to stage 2	(61,979)	61,979	-	-
From stage 1 to stage 3	(13,220)	-	13,220	-
From stage 2 to stage 1	931,802	(931,802)	-	-
From stage 2 to stage 3	-	(64,448)	64,448	-
From stage 3 to stage 1	85,855	-	(85,855)	-
From stage 3 to stage 2	-	11,118	(11,118)	-
Financial assets granted during the period	231,701	133,808	66,547	432,056
Remeasurement of financial assets that changed stage in the period	(1,022,149)	523,347	620,280	121,478
Financial assets written off in the period	(29,717)	(197,221)	(451,941)	(678,879)
December 31, 2023	$ 1,355,599	$ 1,299,970	$ 770,494	$ 3,426,063

The financial assets written off during the period still subject to collection activities for their recovery amount to $1,011,350 and $1,465,088, as of December 31, 2022 and 2023, respectively.

LPC

	Provision for credit losses			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
January 1, 2021	$ 710,056	$ 680,151	$ 839,226	$ 2,229,433
Remeasurement of financial assets that remain in the same stage	(116,407)	32,271	2,047	(82,089)
From stage 1 to stage 2	(79,553)	79,553	-	-
From stage 1 to stage 3	(8,120)	-	8,120	-
From stage 2 to stage 1	356,981	(356,981)	-	-
From stage 2 to stage 3	-	(19,975)	19,975	-
From stage 3 to stage 1	146,717	-	(146,717)	-
From stage 3 to stage 2	-	31,483	(31,483)	-
Financial assets granted during the period	53,919	50,261	11,162	115,342
Remeasurement of financial assets that changed stage in the period	(396,081)	331,776	224,766	160,461
Financial assets written off in the period	(195,641)	(234,970)	(691,233)	(1,121,844)
December 31, 2021	471,871	593,569	235,863	1,301,303
Remeasurement of financial assets that remain in the same stage	80,111	(7,966)	(896)	71,249
From stage 1 to stage 2	(57,702)	57,702	-	-
From stage 1 to stage 3	(7,497)	-	7,497	-
From stage 2 to stage 1	379,553	(379,553)	-	-
From stage 2 to stage 3	-	(23,729)	23,729	-
From stage 3 to stage 1	33,794	-	(33,794)	-
From stage 3 to stage 2	-	8,079	(8,079)	-
Financial assets granted during the period	73,711	30,770	16,295	120,776
Remeasurement of financial assets that changed stage in the period	(360,943)	277,932	225,742	142,731
Financial assets written off in the period	(108,464)	(84,082)	(190,380)	(382,926)
December 31, 2022	504,434	472,722	275,977	1,253,133
Remeasurement of financial assets that remain in the same stage	60,770	7,042	(578)	67,234
From stage 1 to stage 2	(28,186)	28,186	-	-
From stage 1 to stage 3	(8,794)	-	8,794	-
From stage 2 to stage 1	255,151	(255,151)	-	-
From stage 2 to stage 3	-	(20,401)	20,401	-
From stage 3 to stage 1	36,181	-	(36,181)	-
From stage 3 to stage 2	-	5,399	(5,399)	-
Financial assets granted during the period	88,317	54,959	27,265	170,541
Remeasurement of financial assets that changed stage in the period	(304,019)	235,004	333,217	264,202
Financial assets written off in the period	(23,900)	(93,148)	(232,274)	(349,322)
December 31, 2023	$ 579,954	$ 434,612	$ 391,222	$ 1,405,788

The financial assets written off during the period still subject to collection activities for their recovery amount to $461,614 and $619,252, as of December 31, 2022 and 2023, respectively.

The balance of the provision for expected losses for the loan portfolio is shown below:

	2021	2022	2023
At January 1	$ 6,486,302	$ 4,887,149	$ 4,924,048
Increased in provision for credit losses recognized in income during the year	1,859,558	1,791,024	2,889,335
Loan portfolio written off during the year as uncollectible	(3,458,711)	(1,754,125)	(2,533,433)
At December 31	$ 4,887,149	$ 4,924,048	$ 5,279,950

Sensitivity analysis for the provision for credit losses

If the Company were to change the prospective information adjustment factor by 10% up or down the macroeconomic paths, the provision for credit losses would increase by $70,408 and decrease by $78,281, respectively.

Deferred income

8.1 Liabilities related to customer contracts are shown below:

	December 31,	
	2022	2023
Contract liability - deferred income	$2,738,667	$2,917,793
Total current contract liabilities	$2,738,667	$2,917,793

The following table shows how much of the recognized income was included in the balance of the liability for contracts at the beginning of the period:

	December 31,	
	2022	2023
Deferred income (see Note 2.22.b)	$1,615,661	$1,332,067
Total current contract liabilities	$1,615,661	$1,332,067

Note 9 - Other accounts receivable - Net:

	December 31,	
	2022	**2023**
Short-term accounts receivable:		
Other debtors [1]	$ 926,340	$ 1,426,833
Laboratorios Biológicos y Reactivos de México, S. A. de C.V.	-	1,378,369
Broxel, S. A. P. I. de C. V.	259,690	284,940
Tenants- Net [2]	12,430	2,465
Short-term loans to employees	116,153	238,371
	1,314,613	3,330,978
Long-term loans to employees	290,939	338,336
Total	$ 1,605,552	$ 3,669,314

(1) Includes accounts receivable from voucher issuing companies and other debtors other than merchandise.

(2) This amount includes the provision for credit losses for $136,651 and $87,876, as of December 31, 2022 and 2023, respectively.

Note 10 - Derivative financial instruments:

The Company uses Derivative Financial Instruments (DFI) to reduce the risk of adverse movements in the interest rates of its long-term debt and ensure certainty in cash flows that it will pay to comply with the obligations incurred, in addition, the Company uses negotiation instruments.

The main instruments used are interest rate and the positions contracted at the end of each year are shown below:

Assets

		Dates		Interest rate		Fair value at December 31,	
Notional amount [1]		**Contracting**	**Maturity**	**Contracted by DFI**	**Agreed in the debt**	**2022**	**2023**
USD	300,000	October 2014	October 2024	6.81%	3.95%	$ 2,068,141	$ 1,209,410
USD	250,000	September 2016	October 2026	8.88%	-	7,253	-
USD	350,000	September 2016	October 2026	8.59%	3.88%	59,649	-
USD	50,000	October 2016	October 2026	8.87%	3.88%	12,195	-
USD	50,000	October 2016	October 2026	8.76%	3.88%	12,096	-
USD	50,000	October 2016	October 2026	8.84%	3.88%	27,106	-
Total						2,186,440	1,209,410
Less long-term portion						(2,186,440)	-
Current portion (short term)						$ -	$ 1,209,410

Liabilities

Notional amount [1]	Dates: Contracting	Dates: Maturity	Interest rate: Contracted by DFI	Interest rate: Agreed in the debt	Fair value at December 31, 2022	Fair value at December 31, 2023
USD 250,000	September 2016	October 2026	8.88%	-	$ -	$ 639,650
USD 350,000	September 2016	October 2026	8.59%	3.88%	-	859,900
USD 50,000	October 2016	October 2026	8.87%	3.88%	-	117,167
USD 50,000	October 2016	October 2026	8.76%	3.88%	-	117,443
USD 50,000	October 2016	October 2026	8.84%	3.88%	-	102,900
Total					-	1,837,060
Less long-term portion					-	(1,197,410)
Current portion (short term)					$ -	$ 639,650

(1) The notional amounts related to derivative financial instruments reflect the reference volume contracted; however, they do not reflect the amounts at risk as concerns future flows. Amounts at risk are generally limited to the unrealized profit or loss from valuation to market of those instruments, which can vary depending on changes in the market value of the underlying item, its volatility and the credit rating of the counterparties.

In future contracts that are entered into in recognized and international markets associated with interest rates of its long-term debt, the Company is subject to the rules of said markets. These rules include, among others, covering the margin to operate futures contracts, as well as subsequent margin calls (revolving funds, which are required in the presence of variations in underlying rates to be applied against payments) required to the company. As of December 31, 2023, within other financial assets, collateral (margin calls) is presented regarding derivative financial operations carried out with Banco Santander (Mexico), SA, Institución de Banca Múltiple, Grupo Financiero Santander México, the value of these collaterals (guarantees) is $302,227.

Note 11 - Investments in associates:

Concept	Activity	Place of incorporation and operations	Proportion of shareholding and voting rights at December 31, 2022	Proportion of shareholding and voting rights at December 31, 2023	December 31, 2022	December 31, 2023
Investment in associates [i], [ii]	Sales	Mexico and Central America	50%	50%	$ 8,257,623	$ 7,938,160
Other investments in associates [iii]	Malls	Mexico	Several	Several	1,753,435	3,179,625
					$ 10,011,058	$ 11,117,785

(i) Unicomer

Unicomer is a private company that operates a chain of stores engaged in the sale of furniture and household appliances through a chain of more than 1,280 stores, with different formats in Central America, South America and the Caribbean. The Company has a 50% equity interest in Unicomer. This acquisition gave rise to the goodwill of $757,623, which is included as part of the investment value. The Company does not exercise joint control over Unicomer because the criterion for control is not met. Under IFRS, it exercises significant influence over Unicomer, because it owns 50% of the voting rights and is entitled to designate two members of the Board of Directors.

(ii) Moda Joven Sfera México, S. A. de C. V. (Sfera México)

In 2006, the Company incorporated an entity in association with El Corte Inglés, S. A. with 49% of the capital (the leading department store chain in Spain). This entity operates a chain of 53 stores in Mexico, specializing in family clothing and accessories under the commercial name Sfera.

(iii) Other investments

Malls

Mainly correspond to the Company's equity in the following malls: Angelópolis in the city of Puebla, Plaza Satélite in the Estado de Mexico, Galerías Querétaro in the city of Querétaro, Parque Tepeyac in Mexico City and Galerías Metepec in the Estado de Mexico.

11.1 Following is a summary of the combined financial information pertaining to the Company's associates:

	Unicomer		Sfera México	
	December 31,		December 31,	
	2022	2023	2022	2023
Summarized statement of financial position:				
Current assets:				
Cash and cash equivalents	$ 3,013,105	$ 2,762,155	$ 161,584	$ 644,514
Other current assets	25,068,535	21,130,130	962,323	489,224
Total current assets	28,081,640	23,892,285	1,123,907	1,133,738
Non-current assets	18,809,919	22,918,160	1,684,920	1,708,849
Total assets	$ 46,891,559	$ 46,810,445	$ 2,808,827	$ 2,842,587
Current liabilities:				
Suppliers	$ 3,921,819	$ 4,016,944	$ 237,573	$ 223,750
Other current liabilities	15,160,985	12,780,195	127,925	151,952
Total current liabilities	19,082,804	16,797,139	365,498	375,702
Non-current liabilities	14,137,857	16,973,588	1,087,103	1,118,563
Total liabilities	33,220,661	33,770,727	1,452,601	1,494,265
Net assets	13,670,898	13,039,718	1,356,226	1,348,322
Participation of the company in the net assets of associates	6,835,449	6,519,859	664,551	660,678
Goodwill	757,623	757,623	-	-
Equity in net assets of associates	$ 7,593,072	$ 7,277,482	$ 664,551	$ 660,678

	Unicomer			Sfera México		
	Year ended December 31,			Year ended December 31,		
	2021	2022	2023	2021	2022	2023
Summarized statement of comprehensive income:						
Revenue	$ 24,133,251	$ 25,066,987	$ 23,602,576	$ 1,903,589	$ 2,128,472	$ 2,286,780
Interest income	7,499,537	8,736,859	8,981,525	223	16,555	39,030
Depreciation and amortization	(1,729,739)	(1,545,577)	(1,599,104)	(198,663)	(214,555)	(217,773)
Interest expense	(1,553,670)	(1,763,568)	(1,626,846)	(112,464)	(97,907)	(100,187)
Income tax expense	(968,596)	(854,351)	(462,674)	(49,515)	(110,663)	(176,447)
Net income	1,354,022	468,428	631,082	122,689	291,232	392,096
Company's equity in profits of associates	$ 677,011	$ 234,214	$ 315,541	$ 60,281	$ 142,704	$ 192,127

11.2 The reconciliation of movements in the investment in associates is as follows:

	Unicomer	Sfera México	Other	Total
Balance at January 1, 2021	$ 6,387,628	$ 409,384	$ 1,306,925	$ 8,103,937
Translation effect of investment in associates	124,845	-	-	124,845
Equity method	677,011	60,281	-	737,292
Dividends paid	(80,081)	-	-	(80,081)
Capital increase in associates	6,010	49,000	171,271	226,281
Other - Net	25,920	3,173	11,129	40,222
Balance at December 31, 2021	7,141,333	521,838	1,489,325	9,152,496
Translation effect of investment in associates	(629,767)	-	-	(629,767)
Equity method	234,214	142,704	-	376,918
Capital increase in associates [2]	803,799	-	284,878	1,088,677
Other - Net	43,493	9	(20,768)	22,734
Balance at December 31, 2022	7,593,072	664,551	1,753,435	10,011,058
Translation effect of investment in associates	(629,271)	-	-	(629,271)
Equity method	315,541	192,127	-	507,668
Dividends	-	(196,000)	-	(196,000)
Capital increase in associates [1]	-	-	1,424,269	1,424,269
Other - Net	(1,860)	-	1,921	61
Balance at December 31, 2023	$ 7,277,482	$ 660,678	$ 3,179,625	$ 11,117,785

1. This increase corresponds to a shopping center, of which $687,500 was realized through investment properties that did not involve cash flow.

2. In November 2022, the Company made a contribution for future capital increases in Unicomer in the amount of 40 million dollars equivalent to $803,799.

Note 12 - Investment properties - Net:

	Amount
Balance at January 1, 2021	$ 22,129,016
Acquisitions	641,313
Disposals	(174)
Depreciation	(339,076)
Balance at December 31, 2021	$ 22,431,079
Balance at January 1, 2021	
Cost	$ 26,459,998
Accumulated depreciation	(4,028,919)
Balance at December 31, 2021	$ 22,431,079
Acquisitions	$ 1,540,699
Disposals	(104,533)
Depreciation	(359,503)
Balance at December 31, 2022	$ 23,507,742

	Amount
Balance at January 1, 2022:	
Cost	$ 27,896,164
Accumulated depreciation	(4,388,422)
Balance at December 31, 2022	$ 23,507,742
Acquisitions	$ 153,563
Transfer of property, furniture and equipment - net	874,991
Disposals [1]	(1,277,696)
Depreciation	(372,306)
Balance at December 31, 2023	$ 22,886,294
Balance at January 1, 2023:	
Cost	$ 27,647,022
Accumulated depreciation	(4,760,728)
Balance at December 31, 2023	$ 22,886,294

[1] Includes a contribution to the Metepec Shopping Center for $687,500, see Note 11.2.

Investment properties include shopping malls, works in progress and other land intended to construct future shopping malls.

The fair value of investment properties of the Company at December 31, 2022 and 2023 amounts to $29,028,886 and $31,305,213, respectively, through discounted cash flows, the key assumptions used were the projected annual growth of business and projected cash flow, using an average discount rate of 15% (14.70% in 2022), classified as level 2.

The operating costs directly related to the income from leasing investment properties are comprised as follows:

	Year ended December 31,		
	2021	2022	2023
Repairs and maintenance	$ 683,053	$ 790,019	$ 927,255
Advertising	96,600	151,089	167,132
Personnel compensation and benefits	72,602	73,113	75,210
Real estate taxes and water	102,098	117,997	134,598
Hired services	26,509	38,675	93,234
Other expenses	7,363	8,591	36,890
Electrical power and utilities	5,127	5,243	5,692
Rent of equipment	-	2,816	1,761
Travel expenses	1,854	3,124	4,795
Total	$ 995,206	$ 1,190,667	$ 1,446,567

Note 13 - Property, furniture and equipment - Net:

	Land	Buildings	Furniture and equipment	Leasehold improvements	Computer equipment	Transportation equipment	Works in progress [1]	Total
At December 31, 2022:								
Beginning balance	$ 6,915,106	$ 28,328,243	$ 6,254,951	$ 4,192,041	$ 649,143	$ 271,639	$ 5,962,517	$ 52,573,640
Acquisitions	-	7,475	297,627	14,270	59,462	254,873	5,164,772	5,798,479
Transfers	6,969	4,034,519	1,270,234	850,939	323,783	11,360	(6,497,804)	-
Disposals	-	-	(120,770)	(24,819)	(27,082)	(107,324)	-	(279,995)
Depreciation	-	(545,157)	(1,150,154)	(445,755)	(313,962)	(84,209)	-	(2,539,237)
Ending balance	6,922,075	31,825,080	6,551,888	4,586,676	691,344	346,339	4,629,485	55,552,887
At December 31, 2022:								
Cost	6,922,075	38,826,848	19,310,993	9,669,225	4,401,551	1,017,112	4,629,485	84,777,289
Accumulated depreciation	-	(7,001,768)	(12,759,105)	(5,082,549)	(3,710,207)	(670,773)	-	(29,224,402)
Ending balance	$ 6,922,075	$ 31,825,080	$ 6,551,888	$ 4,586,676	$ 691,344	$ 346,339	$ 4,629,485	$ 55,552,887
At December 31, 2023:								
Beginning balance	$ 6,922,075	$ 31,825,080	$ 6,551,888	$ 4,586,676	$ 691,344	$ 346,339	$ 4,629,485	$ 55,552,887
Acquisitions	-	18,574	528,053	21,023	58,074	72,394	6,964,313	7,662,431
Transfers	80,678	3,608,422	1,817,944	785,757	449,580	213,198	(6,955,579)	-
Transfer to investment properties - net [2]	(83,251)	(770,347)	(21,393)	-	-	-	-	(874,991)
Disposals	-	(161,987)	(46,512)	(6,457)	(19,799)	(13,668)	-	(248,423)
Depreciation	-	(593,012)	(1,180,138)	(482,816)	(337,611)	(90,408)	-	(2,683,985)
Ending balance	6,919,502	33,926,730	7,649,842	4,904,183	841,588	527,855	4,638,219	59,407,919
At December 31, 2023:								
Cost	6,919,502	41,521,510	21,589,085	10,469,548	4,889,406	1,289,036	4,638,219	91,316,306
Accumulated depreciation	-	(7,594,780)	(13,939,243)	(5,565,365)	(4,047,818)	(761,181)	-	(31,908,387)
Ending balance	$ 6,919,502	$ 33,926,730	$ 7,649,842	$ 4,904,183	$ 841,588	$ 527,855	$ 4,638,219	$ 59,407,919

1 The balance of works in progress at the end of the fiscal year 2023 corresponds to various projects where the Company is building a distribution center, some stores or shopping malls and remodeling some existing ones.

2 This transfer did not involve cash flow.

Note 14 - Intangible assets - Net:

	Indefinite useful life			Definite useful life		
	Goodwill	Trademarks	Other intangible	Licenses and fees	IT developments	Total
Balance at January 1, 2021	$ 7,481,553	$ 3,668,021	$ 2,108,566	$ 921,628	$ 1,720,259	$ 15,900,027
Movements:						
Investments	-	-	-	328,000	563,411	891,411
Disposals	-	-	-	(720)	-	(720)
Amortization	-	-	-	(283,069)	(627,580)	(910,649)
Balance at December 31, 2021	7,481,553	3,668,021	2,108,566	965,839	1,656,090	15,880,069
Movements:						
Investments	-	-	-	34,513	497,749	532,262
Disposals	-	-	-	(38,498)	(50)	(38,548)
Amortization	-	-	-	(272,963)	(566,218)	(839,181)
Balance at December 31, 2022	7,481,553	3,668,021	2,108,566	688,891	1,587,571	15,534,602
Movements:						
Investments	-	-	-	169,048	634,208	803,256
Disposals	-	-	-	(180)	(2,622)	(2,802)
Amortization	-	-	-	(259,639)	(463,337)	(722,976)
Balance at December 31, 2023	$ 7,481,553	$ 3,668,021	$ 2,108,566	$ 598,120	$ (1,755,820)	$ 15,612,080

Impairment test of goodwill, brands and other intangibles

The Company conducts annual tests to determine whether the goodwill, brands and other intangibles, the rights of its brands and other intangibles (CATMex) have suffered any impairment in their value. As of December 31, 2023, the Company performed the respective tests without determining any adjustment for impairment.

The Company identified the Suburbia commercial segment as the Cash Generating Unit (CGU), in which goodwill, trademarks and other intangibles with an indefinite life were assigned. The recoverable value of the CGUs is based on calculations of fair value less cost of disposal, which is prepared based on historical results and expectations about the development of the market in the future included in the business plan. The recovery value calculation considers the cash flow projections based on financial budgets approved by Management, and their recovery derived from the pandemic, these cash flows cover a period of eight years (maturity period of the stores) and a terminal period discounted at present value with an estimated discount rate considering the Company's level of leverage.

As of December 31, 2023, the excess of fair value less disposal costs over book value amounted to $11,513,600 (47%). The level of the fair value hierarchy used was level 3.

The determination of the fair value less the cost of disposal requires the use of estimates that consider the assumptions mentioned below:

	2021 (%)	**2022 (%)**	**2023 (%)**
Discount rate	10.90	13.00	13.50
EBITDA margin (average budgeted)	14.10	15.70	19.79
The expected growth rate of sales (average budgeted)	10.90	12.00	11.53
Terminal value growth rate	3.50	3.50	3.50

If the discount rate used to in the years ended December 31, 2022 and 2023 were 1 percentage point higher, no impairment would result in both years.

If the EBITDA used to calculate the fair value as of December 31, 2022 and 2023 were 1 percentage point lower, no impairment would result.

If the sales growth rate used in the calculation of fair value for the CGU had been 1 percentage point lower than the estimate of the Administration as of December 31, 2022, it would not result in an impairment.

If the terminal value in the year ended December 31, 2022 and 2023, was 1 percentage point higher, no impairment would result in both years.

Note 15 - Financial asset at fair value through other comprehensive income:

	December 31,	
	2022	**2023**
Listed securities of Nordstrom, Inc	$ 4,951,323	$ 4,910,597

On September 15, 2022, the Company acquired 15,755,000 shares of Nordstrom, Inc., for $295 million dollars equivalent to $5,943 million pesos, said amount represents 9.65% of the total outstanding shares.

As of December 31, 2023 and 2022, the valuation of these shares generated losses recognized in other comprehensive income for $40,725 and $992,010 ($28,508 and $694,407, net of taxes), respectively.

The dividends received as of December 31, 2022 and 2023, for said listed shares amounted to $58,957 and $209,482, respectively, which were recognized in other income.

Note 16 - Provisions:

	Bonuses and compensation paid to employees [1]	**Other provisions [2]**	**Total**
At January 1, 2021	$ 1,534,756	$ 1,360,455	$ 2,895,211
Charged to statement of income	4,483,559	3,080,211	7,563,770
Used during the year	(4,114,884)	(2,578,703)	(6,693,587)
At December 31, 2021	1,903,431	1,861,963	3,765,394
Charged to statement of income	6,047,891	4,434,382	10,482,273
Used during the year	(5,673,177)	(3,822,764)	(9,495,941)
At December 31, 2022	2,278,145	2,473,581	4,751,726
Charged to statement of income	5,630,297	3,797,081	9,427,378
Used during the year	(5,456,278)	(3,203,218)	(8,659,496)
At December 31, 2023	$ 2,452,164	$ 3,067,444	$ 5,519,608

1 Includes provisions for sales commissions, holidays and other fringe benefits.

2 Other provisions include liabilities for services rendered by consultants and maintenance of stores and offices.

Note 17 - Debt:

The Company's debt is comprised as follows:

	December 31,	
	2022	**2023**
Short-term debt:		
Interest payable	$ 674,124	$ 681,005
Senior notes	-	5,068,050
	$ 674,124	$ 5,749,055

	December 31,	
	2022	**2023**
Long-term debt:		
Debt securities certificates	$ 13,500,000	$ 13,500,000
Senior notes	15,530,916	8,406,594
	$ 29,030,916	$ 21,906,594

17.1 Debt securities certificates:

Based on a Revolving Debt securities certificates Program authorized by the National Banking and Securities Commission (CNBV by its acronym in Spanish), the Company may issue debt securities certificates up to the amount of $30,000 million pesos for a term of up to 5 years as from July 21, 2017. This authorization expired in July 2022.

Currently, the Company has placed the following unsecured issues:

Maturity	**Interest payable**	**Interest rate**	December 31, **2022**	**2023**
Aug 2027	Semiannually	Fixed at 7.94%	$ 3,500,000	$ 3,500,000
Nov 2029	Semiannually	Fixed at 7.96%	5,000,000	5,000,000
Aug 2030	Semiannually	Fixed at 8.03%	5,000,000	5,000,000
			13,500,000	13,500,000
Less – Issues of long-term debt securities certificates			(13,500,000)	(13,500,000)
More - Interest payable			674,124	681,005
Current portion			$ 674,124	$ 681,005

Maturities pertaining to the long-term portion of this liability at December 31, 2023 are as follows:

Maturity	**Amount**
2027	$ 3,500,000
2029	5,000,000
2030	5,000,000
	$ 13,500,000

The issuances of debt securities certificates and other financing contracted by the Company do not establish the obligation to maintain certain proportions in its financial structure or compliance with financial ratios; however, they require that the Company and the significant subsidiaries defined in the respective contracts comply with certain restrictions for the payment of dividends, mergers, divisions, change of corporate purpose, issuance and sale of capital stock, capital investments and liens. As of December 31, 2022, and 2023, the Company complied with the conditions above.

The fair value of the debt securities certificates is as follows:

	December 31,			
	2022		2023	
Maturity date	**Book Value**	**Fair value**	**Book Value**	**Fair value [1]**
Aug 2027	$ 3,500,000	$ 3,190,040	$ 3,500,000	$ 3,237,465
Nov 2029	5,000,000	5,019,695	5,000,000	5,019,695
Aug 2030	5,000,000	4,320,000	5,000,000	4,511,550
	$13,500,000	$12,529,735	$13,500,000	$12,768,710

(1) The fair value of debt securities certificates is determined based on reference to price quotations published in an active market (classified as level 1 in the fair value hierarchy).

On March 17 and August 19, 2022, the LIVERPOL 12 and the LIVERPOL 17-2 bonds matured for a total of $1,900 million pesos and $1,500 million pesos, respectively, which were paid with its own resources.

17.2 Senior notes

Below are the details of the Senior Notes as of December 31, 2023 and 2022:

			December 31,	
Maturity	**Interest payable**	**Interest rate**	**2022**	**2023**
Oct 2024 [1]	Semiannually	Fixed at 3.95%	$ 5,841,450	$ 5,068,050
Oct 2026 [2]	Semiannually	Fixed at 3.875%	9,689,466	8,406,594
			$15,530,916	$13,474,644

(1) In September 2014, the Company issued Senior Notes for an amount of US$300 million, with an interest rate of 3.95% per annum and maturing in 2024. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (subsidiary).

(2) In September 2016, the Company issued Senior Notes for an amount of US$750 million, with an interest rate of 3.875% per annum and maturing in 2026. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (subsidiary).

The securities above were subject of a private offering to qualified institutional buyers in the United States and other foreign markets under Rule 144A and Regulation S under the Securities Act 1933 of the United States of America.

The fair value of issuances of Senior Notes is as follows:

	December 31,			
	2022		2023	
Maturity date	**Book Value**	**Fair value[1]**	**Book Value**	**Fair value [1]**
Oct 2024	$ 5,841,450	$ 5,654,642	$ 5,068,050	$ 4,996,692
Oct 2026	9,689,466	9,145,573	8,406,594	8,082,016
	$15,530,916	$14,800,215	$13,474,644	$13,078,708

[1] The fair value of Senior Notes is determined based on price quotations published in an active market (classified as level 1 in the fair value hierarchy).

A reconciliation of debt as required by IAS 7 “Cash flow statement” is as follows:

	December 31,		
	2021	**2022**	**2023**
Beginning balance of debt and interest	$38,554,026	$33,933,221	$29,705,040
Repayments	(5,102,565)	(3,400,000)	-
Foreign exchange variation	523,538	(794,193)	(2,056,272)
Interest accrued	3,552,821	2,851,162	2,820,158
Interest paid	(3,594,599)	(2,885,150)	(2,813,277)
Closing balance of debt and interest	$33,933,221	$29,705,040	$27,655,649

Note 18 - Employee benefits:

The value of employee benefit obligations at December 31, 2022 and 2023, amounted to $3,339,262 and $3,948,704, respectively, as follows:

	December 31,	
	2022	**2023**
Pension plans	$(1,606,115)	$(1,908,109)
Seniority premium	(875,167)	(1,030,729)
Other employee benefits for voluntary separation or dismissal	(857,980)	(1,009,866)
	$(3,339,262)	$(3,948,704)

The net cost for the period ended at December 31, 2022 and 2023 are as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
Pension plans	$ 88,473	$ 184,080	$ 208,605
Seniority premium	134,139	144,061	171,887
Other employee benefits for voluntary separation or dismissal	151,490	133,714	163,975
	$ 374,102	$ 461,855	$ 544,467

The amount included as a liability in the consolidated statements of financial position is integrated as follows:

	December 31,	
	2022	**2023**
Defined benefit obligations	$(3,339,262)	$(3,948,704)
Fair value of plan assets	254,720	298,164
Liability in the consolidated balance sheet	$(3,084,542)	$(3,650,540)

The movement in the defined benefit obligation is as follows:

	December 31,		
	2021	**2022**	**2023**
Beginning balance at January 1	$ (2,885,805)	$ (3,042,949)	$ (3,339,262)
Service cost	(152,469)	(224,314)	(250,280)
Interest cost	(236,465)	(265,651)	(320,927)
Actuarial loss	(121,636)	(37,813)	(393,295)
Benefits paid	353,426	231,465	355,060
Ending balance at December 31	$ (3,042,949)	$ (3,339,262)	$ (3,948,704)

The movement in the liability is as follows:

	December 31,		
	2021	**2022**	**2023**
Beginning balance at January 1	$ (2,729,902)	$ (2,739,046)	$ (3,084,540)
Provision of the year	(374,102)*	(461,855)	(544,467)
Actuarial remeasurements	(139,692)	(128,635)	(362,042)
Company contributions	151,224	18,054	309
Benefits paid	353,426	226,942	340,200
Ending balance at December 31	$ (2,739,046)	$ (3,084,540)	$ (3,650,540)

* In 2021, derived from the labor reform, the Company hired 2,731 employees respecting their seniority and benefits, which represented an increase in labor liabilities of $37,249.

The movement in plan assets is as follows:

	2021	**2022**	**2023**
Beginning balance at January	$ 155,903	$ 303,903	$ 254,720
Financial gain (loss) on plan assets	(2,552)	(63,072)	57,852
Fund contributions	-	118,837	87,053
Transfer of assets	150,552	(100,425)	(86,601)
Benefits paid	-	(4,521)	(14,860)
Ending balance at December 31	$ 303,903	$ 254,722	$ 298,164

Principal categories of plan assets at the end of the reporting period are as follows:

	Fair value of plan assets December 31,	
	2022	**2023**
Debt instruments	$ 63,680	$ 74,541
Equity instruments	191,040	223,623
	$254,720	$298,164

The expected return on plan assets represents the weighted average expected return for the different categories of plan assets. The Company's assessment of expected yields is based on historical trends and analysts' predictions on the market of assets for the life of related obligations.

The significant actuarial assumptions are as follows:

	December 31,		
	2021	**2022**	**2023**
Discount rate	9.25%	10.25%	9.75%
Inflation rate	3.50%	3.50%	3.50%
Salary growth rate	4.75%	4.75%	4.75%
Pension increase rate	4.50%	4.50%	4.50%

Assumptions concerning future mortality are established based on the actuarial study as per statistics and the published experience of each territory. Those assumptions give rise to the average life expectancy of an individual retiring at age 65.

Retiring at year-end:

	2022	**2023**
Men	20 years	20 years
Women	21 years	21 years

The sensitivity of the obligation for defined benefits resulting from changes in the weighted average of the main assumptions is as follows:

	Change in assumptions		Increase (decrease) in assumptions	
	2022	**2023**	**2022**	**2023**
Discount rate	0.5%	0.5%	$ (96,757)	$(115,948)
Rate of salary increases	0.5%	0.5%	142,106	174,461
Pension increase rate	0.5%	0.5%	(7,180)	7,894
Life expectancy	1.0%	1.0%	(14,904)	(16,919)

The above sensitivity analysis is based on a change in one assumption, with all other assumptions remaining constant. In practice, this is unlikely and changes in other assumptions can be correlated. The same method (present value of defined benefit obligations calculated by the projected unit credit method at the end of the reporting period) was applied in calculating the sensitivity of the obligation for defined benefits to significant actuarial assumptions.

The methods and types of assumptions used in the sensitivity analysis were the same as those used in the preceding period.

Note 19 - Leases:

19.1. The Company as a lessee:

This note provides information for leases in which the Company is a lessee.

i. Amounts recognized in the consolidated statement of financial position

The status shows the following amounts related to leases:

	December 31,	
	2022	**2023**
Right-of-use assets:		
Buildings	$11,827,728	$12,035,294
Furniture and equipment	315,494	193,264
Vehicles	210,706	309,080
	$12,353,928	$12,537,638
Lease liabilities:		
Current	$ 2,224,771	$ 2,346,729
Non-current	11,394,267	11,776,558
	$13,619,038	$14,123,287

The additions and derecognition of right-of-use assets during 2023 amounted to $2,016,910 and $226,562, respectively, and in 2022 they amounted to $2,664,531 and $390,975, respectively.

ii. Amounts recognized in the consolidated statement of income

The consolidated statement of income shows the following amounts related to leases:

	Year ended December 31,		
	2021	**2022**	**2023**
Depreciation charge of the right-of-use assets:			
Buildings	$1,112,140	$1,134,249	$ 1,274,965
Furniture and equipment	172,852	150,840	141,556
Vehicles	133,609	148,075	190,117
	$1,418,601	$1,433,164	$ 1,606,638

	Year ended December 31,		
	2021	**2022**	**2023**
Interest expense (included in finance cost)	$ 1,097,033	$ 1,137,980	$ 1,247,223
Expenses relating to short-term leases (included in the cost of sales and administrative expenses)	298,675	448,523	649,759
Expenses relating to leases of low value assets that are not shown above as short-term leases (included in administrative expenses)	130,051	165,405	191,766
Expense relating to variable lease payments not included in lease liabilities (included in the cost of sales and Administrative expenses)	377,238	367,192	403,284

Building lease forgiveness received as a result of the pandemic as of December 31, 2022 amounts to $7,186. These amounts were recognized as variable income and are included in administrative expenses.

The total cash flow for the leases in 2022 and 2023 was $2,236,187 and $2,510,924, respectively. The building lease concessions did not generate cash outflow in 2022, for $7,186.

iii. Leasing activities of the Company and how they are accounted for

The Company rents real estate, furniture and equipment, and vehicles. Rental contracts are usually made for fixed periods of 12 months to 15 years but may have options for extension of time as described in subsection v. below.

Contracts may contain lease and non-lease components. The Company assigns the consideration in the contract to the lease and non-lease components based on their relative independent prices.

The lease terms are negotiated individually and contain a wide range of different terms and conditions. Lease agreements do not impose any covenant apart from the guarantee on leased assets that the lessor maintains. Leased assets cannot be used as collateral for loan purposes.

iv. Variable lease payments

Some of the property leases contain variable payment terms that are linked to the sales generated in a store. For individual stores, up to 100% of lease payments are based on variable payment terms with a percentage range of 2% to 3% of sales. Variable payment terms are used for various reasons, including minimization of the fixed cost base for newly established stores. Variable lease payments that depend on sales are recognized in the statement income in the period when the condition triggers such payments occurs.

v. Extension and termination option

Extension and termination options are included in a series of leases of real estate, furniture and equipment throughout the Company. These are used to maximize operational flexibility in managing the assets used in the Company's operations. Most extension and termination options are held by the Company and not the lessor.

Following is the reconciliation of the lease liability required by IAS 7 “Statement of cash flows”:

	December 31,		
	2021	**2022**	**2023**
Beginning balance of lease liabilities	$ 12,411,010	$ 12,560,090	$ 13,619,038
Acquisitions	1,627,591	2,664,531	2,016,910
Disposals	(402,506)	(500,190)	(248,960)
Lease concessions	(44,334)	(7,186)	-
Accrued interest	1,097,033	1,137,980	1,247,223
Principal payment	(1,031,671)	(1,098,207)	(1,263,701)
Interest paid	(1,097,033)	(1,137,980)	(1,247,223)
Closing balance of lease liabilities	$ 12,560,090	$ 13,619,038	$ 14,123,287

19.2 The Company as lessor

Operating leases are related to commercial leases. Lease periods are from one to more than five years. All operating leases over five years contain clauses for review of market income every two years. The contracts do not establish the option for tenants to buy the leased premises at the expiration date of the lease periods.

Below is an analysis of lease revenue:

	Year ended December 31,		
	2021	**2022**	**2023**
Fixed rent	$ 2,896,945	$ 3,411,040	$ 2,848,079
Variable rent	124,266	176,070	227,495
Total lease revenue	$ 3,021,211	$ 3,587,110	$ 3,075,574

Following is an analysis of the minimum annual payments agreed with the lessees in the lease agreements entered into at terms of over one year:

	December 31,	
	2022	**2023**
Up to 1 year	$ 3,302,503	$ 2,980,800
From 1 to 5 years	13,210,013	13,378,506
Over 5 years	16,512,517	20,543,220
Total minimum payments agreed	$ 33,025,033	$ 36,902,526

Note 20 - Balances and transactions with related parties:

During 2022 and 2023, Grupo Financiero Invex, S. A. de C. V. (Invex) provided the Company with a pension plan and workers' savings fund administration services, as well as with fiduciary services. Invex and the Company share some stockholders. Fees paid to Invex for these services totaled $6,902 and $6,306 in 2022 and 2023, respectively. At December 31, 2022 and 2023 there were no outstanding balances for these items. During 2022 and 2023, the Company contracted corporate travel services for its employees with Orión Tours, S. A. de C. V. (Orión), whose General Director is Vice-Chairman of the Company's Board of Directors. Fees paid in 2022 and 2023 to Orión amounted to $71,608 and $94,377, respectively. Likewise, 2022 and 2023 the Company contracted car insurance services with Qualitas Controladora, S. A. B. de C.V. (Qualitas) whose Board member is Vice-Chairman of the Company's Board of Directors. Fees paid in 2022 and 2023 to Qualitas amounted to $44,320 and $45,855, respectively. These services and fees were contracted using market conditions. At December 31, 2022 and 2023, no balances were pending to be paid for these items.

Compensation for directors and other key members of management during the year was as following:

	2022	2023
Total short term	$ 72,958	$ 89,290

Compensation paid to directors and key executives is determined by the Financial Review Committee, based on their performance and market trends.

Note 21 - Stockholders' equity:

21.1 Capital stock at December 31, 2022 and 2023, is comprised of the following:

	Minimum fixed capital
931,569,910 Series "1" shares are duly represented, constituting 81.3776% of the 1,144,750,000 Series "1" shares without expression of nominal value, subscribed and paid 197,446,100 common and registered shares and Series "C-1" without expression of nominal value, subscribed and paid	$ 269,112
Cumulative inflation increase at December 31, 1997	3,105,170
Total	$ 3,374,282

The Board of Directors approved on March 18, 2021, the payment of dividends from the CUFIN for $2,013,294. On October 29, 2021, $1,006,526 was paid, and in January 2022, $1,006,525 was settled.

The Board of Directors approved on March 10, 2022, the payment of dividends from the Net Fiscal Income Account ("CUFIN") for $2,281,733. On May 27, 2022, $1,368,776 were paid, and in October 2022, $912,429 was settled.

The Board of Directors approved on March 16, 2023, the payment of dividends from the Net Fiscal Income Account ("CUFIN") for $3,503,132. On May 26, 2023, $2,106,563 were paid, and in October 2023, $1,395,666 was settled.

In accordance with IAS 29 “Hyperinflation”, an entity must recognize the effects of inflation in the financial information when an economy accumulates 100% inflation in a three-year period. Mexico was considered a hyperinflationary economy until 1997, and for that reason, the Company recognized all the cumulative inflation effects up to that year.

The companies and trusts mentioned below hold a share of approximately 87% of Series 1 of the Company's share capital as of December 31, 2022 and 2023, as mentioned below:

Shareholder	Number of shares of common stock	Percentage ownership of common stock (%)
Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 15228-3	278,691,361	20.8
Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0327	221,455,612	16.5
Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 504288-5	109,114,664	8.1
Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0387	101,492,311	7.6
UBS Casa de Bolsa, S. A. de C. V.	96,234,447	7.2
Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero- Trust No. 4165	67,460,443	5.0
Pictec and Cie	63,424,172	4.7
Scotiabank Inverlat S. A., Institución de Banca Múltiple-Trust No. 11033735	36,839,656	2.7
Fondo Administrado 5, S.A. DE C.V., Fondo de Inversión de Renta Variable	2,107,788	0.2
Other	365,375,646	27.2
Total	1,342,196,100	100

21.2 Capital reserves

Capital reserves are comprised as follows.

	December 31, 2022	December 31, 2023
Reserve for translation effects	$ 985,761	$ 478,796
Legal reserve	582,500	582,500
Reserve for the repurchase of shares (1) and (2)	7,992,575	8,004,370
Investment reserve	94,319	94,319
Reserve for valuation of derivative financial instruments	239,103	134,315
	$9,894,258	$9,294,300

(1) During the first quarter of 2021, the Company sold 3,114,053 series C-1 shares in the market at prices ranging between $61.68 and $70.60. The total of the sale was $206,920, to which was added $206 of transaction costs before taxes.

During 2022, the Company purchased 9,666,614 series C-1 shares in the market at prices ranging between $87.44 and $118.70. The total purchase was $938,074, to which was added $958 transaction costs before taxes. Similarly, the Company sold 9,666,614 series C-1 shares in the market at prices ranging between $87.40 and $118.84. The total of the sale was $930,659, to which was added $931 of transaction costs before taxes.

During 2023, the Company purchased 26,458,402 series C-1 shares in the market at prices ranging between $87.81 and $118.98. The total purchase was $2,761,056, to which was added $2,763 transaction costs before taxes. Similarly, the Company sold 26,458,402 series C-1 shares in the market at prices ranging between $87.59 and $119.00. The total of the sale was $2,738,852, to which was added $2,753 of transaction costs before taxes.

(2) In the Ordinary General Shareholders' Meeting, held on March 16, 2023, the shareholders agreed to increase the reserve for the acquisition of their own shares up to $8,000,000.

The reserve for the repurchase of shares represents the reserve authorized by the Stockholders in order for the Company to be able to acquire its own shares, provided the criteria set out in the bylaws and in the Securities Market, Law is met.

The balance of the reserve for the acquisition of own shares as of December 31, 2022 and 2023, is $7,992,585 and $8,004,370, respectively.

21.3 The reconciliation of the reserve for the valuation of derivative financial instruments is as follows:

	Interest rate swap
At January 1, 2021	$ 377,038
Swap reclassification (1)	156,259
Valuation effect	701,186
At December 31, 2021	1,234,483
Change in fair value of hedging instrument	(1,791,940)
Reclassification from OCI to net income of the year	796,560
At December 31, 2022	239,103
Change in fair value of hedging instrument	(2,167,188)
Reclassification from OCI to net income of the year	2,062,400
At December 31, 2023	$ 134,315

1 As of September 30, 2021, the derivative financial instrument no longer meets the requirements to be recorded as a hedge, derived from this, it is presented as a negotiation instrument, and the profit accumulated in the capital as of that date was recognized in the consolidated statement of comprehensive income within a financial income for an amount of $156,259.

The income of the year is subject to the legal provision that requires at least 5% of the income of each year to be used to increase the legal reserve until it is equal to one-fifth of the amount of paid-in capital.

21.4 The balances of the tax accounts of stockholders' equity are:

	December 31,	
	2022	**2023**
Capital contributions account	$ 121,306,698	$ 146,171,364
After-tax earnings account (CUFIN)	182,893,707	205,909,929
Reinvested after tax earnings account (CUFINRE)	183,774	192,338
Total	$ 304,384,179	$ 352,273,631
Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2023 and 2022	1,342,206,042	1,342,196,100

21.5 Tax provisions related to stockholders' equity:

Dividends to be paid will be free from income tax if they come from the CUFIN. Any dividends paid in excess of CUFIN and reinvested CUFIN (CUFINRE) will cause a tax equivalent to 42.86%. The current tax is payable by the Company and may be credited against its current income tax of the year or the year on which it is paid. The remaining amount may be credited in the following two fiscal years against the tax of the year or against the provisional payments. Dividends paid coming from profit previously taxed by income tax will not be subject to tax withholding or additional tax payment. Income tax law sets the obligation of keeping CUFIN with profit generated up to December 31, 2013, and starting another CUFIN with profit generated from January 1, 2014.

Note 22 - Income Tax:

22.1 The income tax for the period is calculated by applying a 30% rate on the taxable profit. The income tax is integrated as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
Income tax	$ 5,219,069	$ 7,045,102	$ 8,587,116
Deferred income tax	(1,708,894)	(1,248,190)	(1,089,033)
	$ 3,510,175	$ 5,796,912	$ 7,498,083

Movements in deferred tax were as follows:

	December 31,		
	2021	**2022**	**2023**
At January 1	$ 1,276,091	$ 3,074,691	$ 4,606,567
Effect on the statement of income	1,708,894	1,248,190	1,089,033
Effect on the other comprehensive income	89,706	283,686	330,163
At December 31	$ 3,074,691	$ 4,606,567	$ 6,025,763

22.2 The deferred tax balance is composed as follows:

	December 31,		
	2021	**2022**	**2023**
Deferred income tax asset:			
Tax loss carryforwards	$ 1,659,002	$ 1,631,732	$ 1,706,372
Lease liabilities	388,090	4,082,711	4,231,985
Provision for credit losses	1,749,761	1,761,398	1,995,505
Provisions, employee benefits and others	2,940,340	2,672,227	2,982,777
Inventories	218,657	252,430	244,337
Cash flows hedge	51,966	55,115	62,912
Investment in share of associates	191,588	425,032	587,862
Financial asset at fair value through other comprehensive income - Net of income tax	-	297,603	309,821
Other items	287,623	326,415	381,126
	7,487,027	11,504,663	12,502,697
Deferred income tax liability:			
Real estate and property, furniture and equipment	2,450,199	1,507,354	1,167,031
Right of use assets	-	3,703,586	3,756,207
Intangible assets	1,548,174	1,377,826	1,307,486
Prepayments	240,958	217,593	190,485
Supplies	35,351	50,220	38,177
Other items	137,654	41,517	17,548
	4,412,336	6,898,096	6,476,934
Deferred income tax	3,074,691	4,606,567	6,025,763
Asset tax recoverable	27,582	24,247	8,679
Total deferred income tax asset	$ 3,102,273	$ 4,630,814	$ 6,034,442

Net movements of deferred tax assets and liabilities during the year are explained below:

	Tax loss carryforward	Provision for credit losses	Provisions Employees benefits and others	Lease liability	Right of use assets	Investment properties, furniture and equipment	Investment in shares of associates	Inventories	Intangibles	Other	Total
At January 1, 2021	$ 988,471	$ 2,306,670	$ 2,324,744	$ 295,762	$	$ (3,183,111)	$ 155,438	$ 252,827	$ (1,736,983)	$ (127,727)	$1,276,091
Charged / credited to the statement of income	670,531	(556,909)	615,596	92,328		732,912	36,150	(34,170)	188,809	(36,353)	1,708,894
Other comprehensive income	-	-	-	-	-	-	-	-		89,706	89,706
At December 31, 2021	$ 1,659,002	$ 1,749,761	$ 2,940,340	$ 5,184,496	$ (4,793,406)	$ (2,450,199)	$ 191,588	$ 218,657	$ (1,548,174)	$ (74,374)	$ 3,074,691
Charged / credited to the statement of income	(27,270)	11,637	(268,113)	(1,101,785)	1,089,820	942,845	233,444	33,773	170,348	70,062	1,248,190
Other comprehensive income	-	-	-	-	-	-	-	-	-	283,686	283,686
At December 31, 2022	1,631,732	1,761,398	2,672,227	4,082,711	(3,703,586)	(1,507,354)	425,032	252,430	(1,377,826)	279,374	4,606,567
Charged / credited to the statement of income	74,640	234,107	310,550	149,274	(52,621)	340,323	162,830	(8,093)	70,880	(192,857)	1,089,033
Other comprehensive income	-	-	-	-	-	-	-	-	-	330,163	330,163
At December 31, 2023	$ 1,706,372	$ 1,995,505	$ 2,982,777	$ 4,231,985	$ (3,756,207)	$ (1,167,031)	$ 587,862	$ 244,337	$ (1,306,946)	$ 416,680	$ 6,025,763

The deferred tax due to the existence of undistributed earnings in the subsidiaries has not been recognized because the Company is able to control the timing of the reversal of the temporary differences associated with the investments or such gains are not subject to income tax payment come from the CUFIN.

At December 31, 2023, the Company has unamortized tax loss carryforwards for income tax purposes, to be indexed in the year in which they are applied, for a restated amount of:

Year	Tax loss carryforward
2026	$ 3,994
2031	3,790,160
2032	1,740,334
2033	153,178
	$ 5,687,666

In determining deferred income tax at December 31, 2022 and 2023, the Company applied to temporary differences, the applicable rates according to their estimated date of reversal.

22.3 The reconciliation of the legal income tax rate and the effective rate, stated as a percentage of the profit before income tax, is as follows.

	Year ended December 31,		
	2021	2022	2023
Profit before income tax	$ 16,388,434	$ 23,194,151	$ 26,999,297
Statutory rate	30%	30%	30%
Income tax at statutory rate	$ 4,916,530	$ 6,958,245	$ 8,099,789

Plus (less) effects of taxes of the following items:

Non-deductible expenses	296,580	376,244	419,073
Non-taxable income	(27,247)	(9,963)	(188,410)
Annual inflation adjustment taxable deductible	68,685	(17,702)	(129,029)
Equity in the results of associates	221,188	48,574	34,011
Investment property, furniture and equipment	(1,643,786)	(1,480,727)	(919,272)
Cost of sales update	(141,176)	(115,340)	(129,335)
Dividends received from abroad		-	104,213
Update of tax losses	(90,959)	(87,782)	(72,181)
Other permanent items	(89,640)	125,363	279,224
Income tax	$ 3,510,175	$ 5,796,912	$ 7,498,083
Effective income tax rate	21%	25%	28%

Note 23 - Segment information:

Segment information is reported based on the information used by the Financial Review Committee in making strategic and operating decisions. An operating segment is defined as a component of an entity in which there is separate financial information that is evaluated regularly.

IFRS 8 requires disclosure of assets and liabilities pertaining to one segment, if measurement is regularly provided to the decision-making body; however, with respect to the Company, the Financial Review Committee only evaluates the performance of the operating segments based on an analysis of income and operating profit, but not of each segment's assets and liabilities.

Impacts of COVID-19

By the end of the fourth quarter of 2021, 100% of the 122 Liverpool stores, 164 Suburbia stores and 28 Shopping Centers were in operation, although with restrictions in terms of capacity, hours and, in certain cases, limitation of opening at the end of the weekend. Derived from stores closing, the income generated from the digital segment increased significantly at the end of 2020.

In 2022, since all the stores were open, most of the income was generated in the stores, reaching the income that they had before the pandemic.

The Company continues to use the “Safe Space” for Liverpool, Suburbia, Boutiques and Shopping Centers, which considers all the sanitary protocols required for their reopening.

The Click & Collect operation recovered progressively according to the reopening of the stores, reaching a 25% share of the total volume of online orders at the end of the period. “Curbside pick up” spaces were enabled in the parking lots, an initiative that reinforces the Click & Collect modules, which allows customers to pick up their merchandise without having to get out of their car.

Liverpool commercial segment

Includes the sale of clothing and accessories for men, women and children, household goods, furniture, cosmetics and other consumer products through department stores that operate under the name Liverpool, “Liverpool Duty-Free and boutiques such as “Banana Republic”, “GAP”, “Pottery Barn”, “West

Elm" and "Williams-Sonoma". It also includes the operations of our website www.liverpool.com.mx, Liverpool pocket, marketplace and phone sales. The store formats of this segment are mainly focused on the income population A, B and C +, according to the National Statistical and Geography Institute (INEGI) criteria.

Suburbia commercial segment

Includes the Suburbia stores and the operative division of purchases, commercial planning, product design and commercialization (CATMex). Suburbia offers a wide selection of products but mainly its own brands such as Weekend, Non-Stop, Contempo, La Mode, Metropolis and Gianfranco Dunna in the stores and our website www.suburbia.com.mx, focused on the population of income C and D +, according to the INEGI criteria.

Real estate segment

The real estate segment is an important complement for the Liverpool commercial segment. The Company operates shopping centers known as "Galerías", through which it leases commercial spaces to tenants dedicated to a wide variety of businesses that provide a greater number of potential customers for departmental warehouses.

Credit segment

The credit segment is an important complement to the Liverpool and Suburbia commercial segment. The Company finances its clients in the form of "Liverpool and Suburbia" departmental credit cards, which customers can buy exclusively at Company stores. Additionally, the Company operates the "LPC" and "Suburbia" credit cards, the former can be used to acquire goods and services both in the chain's stores and boutiques and in any store throughout the world operating with VISA cards.

23.1 Income and results per segment

The Company reports its results for each operating segment at the income, costs and expenses, and operating profit level. The other income statement items are not assigned, as they are managed on a corporate level.

The following is an analysis of income and results per segment to be reported:

	Commercial				
	Liverpool	**Suburbia**	**Credit**	**Real Estate**	**Consolidated**
Year ended at December 31, 2021:					
Net income	$ 118,610,795	$ 18,182,378	$ 11,138,534	$ 3,090,038	$ 151,021,745
Cost and expenses	(109,342,396)	(17,229,806)	(4,209,322)	(1,506,862)	(132,288,385)
Operating income	$ 9,268,399	$ 952,572	$ 6,929,212	$ 1,583,177	$ 18,733,360
Timing of revenue recognition:					
Over time	$ 118,610,795	$ 18,182,378	$ 11,138,534	$ 3,090,038	$ 151,021,745
Year ended at December 31, 2022:					
Net income	$ 138,862,181	$ 20,249,719	$ 13,199,946	$ 3,721,874	$ 176,033,720
Cost and expenses	(124,453,111)	(19,135,263)	(5,149,407)	(1,780,560)	(150,518,341)
Operating income	$ 14,409,070	$ 1,114,456	$ 8,050,539	$ 1,941,314	$ 25,515,379

Timing of revenue recognition:					
Over time	$ 138,862,181	$ 20,249,719	$ 13,199,946	$ 3,721,874	$ 176,033,720
Year ended					
at December 31, 2023:					
Net income	$ 153,606,381	$ 21,582,062	$ 16,268,496	$ 4,534,684	$ 195,991,623
Cost and expenses	(137,084,235)	(20,314,410)	(6,865,446)	(2,121,744)	(166,385,835)
Operating income	$ 16,522,146	$ 1,267,652	$ 9,403,050	$ 2,412,940	$ 29,605,788
Timing of revenue recognition:					
Over time	$ 153,606,381	$ 21,582,062	$ 16,268,496	$ 4,534,684	$ 195,991,623

The information disclosed in each segment is shown net of eliminations corresponding to transactions conducted between Group companies. Inter-segment results and transactions are eliminated at the consolidated level, forming part of the Group's final consolidation. This form of presentation is the same as that used by Management in its periodic review processes of the Company's performance.

Taxes and financing costs are viewed at the Group level and not within the reporting segments. As a result, this information is not shown in each reporting segment. Operating income is the key performance metric for management, which is reported on a monthly basis to the Company's Corporate Governance.

23.2 Geographic information

The information by geographic segments of the Company is reported including the commercial and credit segment, using the following zones:

	Year ended December 31,		
	2021	**2022**	**2023**
Ciudad de México and Estado de México	$ 42,496,373	$ 49,591,064	$ 50,785,032
Hidalgo, Puebla, Morelos, Guerrero, Veracruz and Tlaxcala	22,278,619	25,989,819	33,619,675
Nuevo León, Tamaulipas, Chihuahua, Coahuila, Sinaloa, Sonora and Durango	23,551,596	28,424,885	30,660,287
Jalisco, Michoacán, Colima and Nayarit	16,051,694	19,106,944	20,337,889
Chiapas, Tabasco, Quintana Roo, Yucatán, Campeche and Oaxaca	12,557,592	15,469,228	16,640,533
Guanajuato, Querétaro, Aguascalientes, Zacatecas and San Luis	13,614,330	15,530,725	16,915,433
Other	17,381,503	18,199,181	22,498,090
Total	$ 147,931,707	$ 172,311,846	$ 191,456,939

Note 24 - Costs and expenses by nature:

The cost of sales and administration expenses are comprised as shown below:

	Year ended December 31,		
	2021	**2022**	**2023**
Cost of merchandise	$ 88,455,441	$ 101,159,387	$ 109,813,339
Cost of distribution and logistics	4,452,252	5,153,211	5,802,971
Inventory reserve	1,042,621	1,264,374	1,255,149
	93,950,314	107,576,972	116,871,459
Personnel compensation and benefits	18,094,806	21,083,453	23,908,219
Services contracted	4,258,094	5,100,840	5,570,536
Depreciation and amortization	5,175,344	5,171,085	5,396,894
Provision for impairment of loan portfolio	1,859,558	1,791,024	2,889,335
Leases	179,415	226,902	164,708
Repairs and maintenance	2,017,195	2,472,391	2,842,652
Electrical power	1,092,768	1,193,506	1,340,782
Supplies	1,467,450	1,676,341	1,721,316
Advertising	1,762,748	2,006,489	2,347,414
Other [1]	2,430,693	2,219,338	3,332,520
Total	$ 132,288,385	$ 150,518,341	$ 166,385,835

(1) Includes, among others, insurance premiums, travel expenses and property tax.

Personnel compensation benefits are comprised as follows:

	Year ended December 31,		
	2021	**2022**	**2023**
Salary and bonds	$ 15,392,211	$ 17,794,307	$ 20,096,326
Commissions paid to sales staff	2,225,128	2,710,341	3,064,543
Other payments	477,467	578,805	747,350
	$ 18,094,806	$ 21,083,453	$ 23,908,219

Note 25 - Contingencies and commitments:

25.1 Contingencies

The Company is involved in various lawsuits and claims arising from the normal course of its operations, none of which is of importance, both individually and in aggregate, so it is expected that they will not have an important effect on your financial situation and future consolidated operating results.

25.2 Commitments

During the year 2018, the Company signed with a subsidiary of Infraestructura Energética Nova, S. A. B. de C. V. (IEnova), an agreement for a period of 15 years of sale of electricity, said power plant is located in Sonora.

In 2019, another agreement was signed with IEnova for a period of 15 years for the purchase and sale of electric power, said power plant is located in Chihuahua. In December 2020, the Company signed a power purchase agreement with Energeo Los Molinos, S. A. P. I. de C. V. for a period of 15 years and considers 54 load centers. On August 8, 2022, said agreement was terminated.

During the fiscal year 2020, the Company signed an agreement with Iberdrola, S. A. de C. V., starting the supply in December of the same year. This agreement includes 21 load centers with a duration of 5 years.

In January 2021, a second agreement was signed with Iberdrola Clientes, S. A. de C. V., to supply three load centers in the country's peninsula of Yucatán. The duration of this agreement is 5 years.

Note 26 - Authorization of issuance of consolidated financial statements:

The consolidated financial statements were authorized for issuance on February 23, 2024, by the Board of Directors and are subject to approval by the stockholders' meeting.

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Unaudited Condensed Consolidated Interim Financial Statements
As of September 30, 2024, December 31, 2023, and for the three and nine-month periods ended September 30, 2024, and 2023

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

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As of September 30, 2024 and December 31, 2023

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El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Unaudited Condensed Consolidated Interim Statements of Financial Position
As of September 30, 2024 and December 31, 2023

Figures expressed in thousands of pesos

	Note	As of September 30, 2024	As of December 31, 2023
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	6	$ 18,158,505	$ 29,807,166
Short-term loan portfolio – Net	7	39,009,562	45,021,773
Value added tax recoverable		3,477,370	2,053,523
Other accounts receivable - Net		2,702,762	3,330,978
Inventory		42,021,213	28,238,590
Prepaid expenses		1,970,188	1,157,812
Derivative financial instruments		1,942,275	1,209,410
Other financial assets		-	302,227
Total current assets		109,281,875	111,121,479
NON - CURRENT ASSETS:			
Long-term loan portfolio - Net	7	12,978,674	11,951,637
Long-term other accounts receivable - Net		339,236	338,336
Derivative financial instruments		21,080	-
Investments in associates	8	12,188,661	11,117,785
Investment properties - Net	9	24,647,305	22,886,294
Property, furniture and equipment - Net	10	62,109,807	59,407,919
Intangible assets - Net	11	16,113,904	15,612,080
Financial asset at fair value through other comprehensive income	12	6,955,142	4,910,597
Right of use assets	14	12,459,420	12,537,638
Deferred income tax		8,028,385	9,270,406
Total assets		$265,123,489	$259,154,171
Liabilities			
CURRENT LIABILITIES:			
Suppliers		$ 32,064,496	$ 37,845,939
Creditors		14,717,134	13,922,242
Provisions		5,649,676	5,519,608
Short-term debt	13	6,818,590	5,749,055
Deferred income		2,899,952	2,917,793
Short-term lease liabilities	14	2,499,661	2,346,729
Short-term derivative financial instruments		43,846	639,650
Income tax payable		200,618	946,370
Total current liabilities		64,893,973	69,887,386
NON - CURRENT LIABILITIES:			
Long-term debt	13	23,267,842	21,906,594
Long-term derivative financial instruments		32,424	1,197,410
Long-term lease liabilities		11,786,870	11,776,558
Employee benefits - Net		3,683,321	3,650,540
Deferred income tax		2,504,038	3,235,964
Total liabilities		106,168,468	111,654,452
STOCKHOLDERS' EQUITY:			
Capital stock		3,374,282	3,374,282
Retained earnings		143,483,364	134,543,770
Capital reserves		11,796,931	9,294,300
Stockholders' investment in controlling interest		158,654,577	147,212,352
Non-controlling interests		300,444	287,367
Total stockholders' equity		158,955,021	147,499,719
Total liabilities and equity		$265,123,489	$259,154,171

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Unaudited Condensed Consolidated Interim Statements of Comprehensive Income

For the three-month and nine-month periods ended September 30, 2024 and 2023

Figures expressed in thousands of pesos, except earnings per share

	Note	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
		2024	2023	2024	2023
Operating revenue:					
Net sales of merchandise		$ 39,472,800	$ 35,967,217	$ 120,133,137	$ 110,482,581
Interest earned from customers		4,686,749	4,029,402	13,797,765	11,615,692
Income from real estate		1,223,758	1,093,782	3,567,829	3,408,985
Services		400,623	265,653	1,281,437	626,756
Other income		271,385	345,697	732,955	724,377
Total revenue	19	46,055,315	41,701,751	139,513,123	126,858,391
Costs and expenses:					
Cost of sales		26,814,609	24,340,850	81,730,919	75,454,915
Provision for credit losses	7	1,041,932	663,810	3,012,961	1,950,466
Administrative expenses		12,153,914	11,049,816	36,295,507	32,541,845
Total costs and expenses	16	40,010,455	36,054,476	121,039,387	109,947,226
Operating income		6,044,860	5,647,275	18,473,736	16,911,165
Interest expense		(1,008,530)	(1,008,158)	(3,035,460)	(3,031,854)
Foreign exchange loss		(1,347,048)	(488,312)	(2,990,574)	(2,053,348)
Financing cost		(2,355,578)	(1,496,470)	(6,026,034)	(5,085,202)
Foreign exchange gain		2,111,039	635,715	4,852,454	1,283,010
Return on investments		388,373	406,400	1,361,025	1,376,191
Financial income		2,499,412	1,042,115	6,213,479	2,659,201
Equity in the results of associates		(6,671)	260,154	140,979	462,544
Profit before income tax		6,182,023	5,453,074	18,802,160	14,947,708
Income tax		1,790,255	1,482,142	5,296,507	4,126,353
Consolidated net income		4,391,768	3,970,932	13,505,653	10,821,355
Other comprehensive income:					
Components to be subsequently reclassified to income:					
Cash flow hedges		(91,235)	(103,276)	(269,468)	(337,654)
Translation effect of investment in associates - Net of income tax		806,929	(363,016)	771,004	(703,088)
Components not to be subsequently reclassified to income:					
Changes in the fair value of equity investments at fair value through other comprehensive income - Net of income tax	12	604,317	(947,381)	1,431,181	(544,843)
Remeasurement of the liability for defined benefits - Net of income tax		-	-	-	-
Consolidated comprehensive income		$ 5,711,779	$ 2,557,259	$ 15,438,370	$ 9,235,770
Net income attributable to:					
Controlling interest		$ 4,415,199	$ 3,966,833	$ 13,493,370	$ 10,811,637
Non-controlling interests		(23,431)	4,098	12,283	9,718
		$ 4,391,768	$ 3,970,931	$ 13,505,653	$ 10,821,355
Basic and diluted earnings per share		$ 3.27	$ 2.96	$ 10.06	$ 8.06
Comprehensive income attributable to:					
Controlling interest		$ 5,735,210	$ 2,553,161	$ 15,426,087	$ 9,226,052
Non-controlling interests		(23,431)	4,098	12,283	9718
		$ 5,711,779	$ 2,557,259	$ 15,438,370	$ 9,235,770
Basic and diluted comprehensive earnings per share		$ 4.26	$ 1.91	$ 11.50	$ 6.88

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Unaudited Condensed Consolidated Interim Statements of Changes in Stockholders' Equity
For the nine-month periods ended September 30, 2024 and 2023

Figures expressed in thousands of pesos, except dividends paid per share

	Note	Capital stock	Retained earnings	Capital reserves	Total stockholder's investment in controlling interest	Non-controlling interest	Total stockholder's equity
Balance at January 1, 2023		$ 3,374,282	$ 118,914,242	$ 9,894,258	$ 132,182,782	$ 271,734	$ 132,454,516
Changes in accounting policies on investment in associates		-	17,869	-	17,869	-	17,869
Comprehensive income:							
Net income		-	10,811,637	-	10,811,637	9,718	10,821,355
Financial asset at fair value through other comprehensive income - net of income tax	12	-	(544,843)	-	(544,843)	-	(544,843)
Remeasurement of the liability for defined benefits - net of income tax		-	-	-	-	965	965
Translation effect of investment in associates - net of income tax		-	-	(703,088)	(703,088)	-	(703,088)
Cash flow hedges		-	-	(337,654)	(337,654)	-	(337,654)
Total comprehensive income		-	10,266,794	(1,040,742)	9,226,052	10,683	9,236,735
Transaction with owners:							
Increase in reserve of repurchase of shares		-	(33,995)	33,995	-	-	-
Repurchase of shares - net		-	-	(30,541)	(30,541)	-	(30,541)
Dividends paid ($1.70 pesos per share)		-	(3,503,132)	-	(3,503,132)	-	(3,503,132)
Total transactions with stockholders		-	(3,537,127)	3,454	(3,533,673)	-	(3,533,673)
Balance at September 30, 2023		3,374,282	125,661,778	8,856,970	137,893,030	282,417	138,175,447
Balance at January 1, 2024		3,374,282	134,543,770	9,294,300	147,212,352	287,367	147,499,719
Changes in accounting policies on investment in associates		-	(25,479)	-	(25,479)	-	(25,479)
Comprehensive income:							
Net income		-	13,493,370	-	13,493,370	12,283	13,505,653
Financial asset at fair value through other comprehensive income - net of income tax	12	-	1,431,181	-	1,431,181	-	1,431,181
Remeasurement of the liability for defined benefits - net of income tax		-	-	-	-	794	794
Translation effect of investment in associates - net of income tax		-	-	771,004	771,004	-	771,004
Cash flow hedges		-	-	(269,468)	(269,468)	-	(269,468)
Total comprehensive income		-	14,924,551	501,536	15,426,087	13,077	15,439,164
Transaction with owners:							
Increase in reserve of repurchase of shares		-	(2,000,000)	2,000,000	-	-	-
Repurchase of shares - net		-	-	1,095	1,095	-	1,095
Dividends paid ($2.61 pesos per share)	18	-	(3,959,478)	-	(3,959,478)	-	(3,959,478)
Total transactions with stockholders		-	(5,959,478)	2,001,095	(3,958,383)	-	(3,958,383)
Balance at September 30, 2024		$ 3,374,282	$ 143,483,364	$ 11,796,931	$ 158,654,577	$ 300,444	$ 158,955,021

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries

Unaudited Condensed Consolidated Interim Cash Flow Statements
For the three-month and nine-month periods ended September 30, 2024 and 2023

Figures expressed in thousands of pesos

	Note	For the nine-month periods ended September 30,	
		2024	2023
Operating activities			
Profit before income tax		$ 18,802,160	$ 14,947,707
Adjustments from items not implying cash flows:			
Depreciation and amortization		4,217,632	3,966,138
Provision for impairment of the loan portfolio	7	3,012,964	1,950,466
Other dividend income		(159,774)	(157,489)
Inventory reserve		1,063,465	998,272
Equity in the results of associates		(140,979)	(462,544)
(Profit) loss on sale of property, furniture and equipment and investment property		(290,426)	44,189
Net cost for the period of employee benefits		-	461,854
Trading derivative financial instruments		(602,306)	554,414
Interest earned		(8,621,166)	(7,128,520)
Interest expense		3,035,460	3,031,854
		1,514,870	3,258,634
(Increase) decrease in:			
Interest earned from customers		8,348,419	6,939,207
Loan portfolio		2,244,957	4,144
Inventory		(14,846,088)	(7,875,683)
Value added tax recoverable		(1,423,846)	(126,379)
Other accounts receivable		628,215	(518,997)
Prepaid expenses		(510,151)	(568,937)
Other assets		(899)	4,339
Increase (decrease) in:			
Suppliers		(5,781,443)	(5,651,292)
Provisions		130,068	191,635
Deferred income		(17,841)	(35,336)
Creditors		(496,175)	(1,500,476)
Employee benefits paid		32,781	(263,270)
Taxes paid		(6,758,612)	(6,952,561)
Net cash inflow from operating activities		1,866,415	1,852,735
Investment activities			
Capital increase in associates		(421,098)	(128,264)
Dividends received from financial asset at fair value	12	159,774	157,489
Dividends received from associates		358,815	196,000
Acquisition of property, furniture and equipment	10	(4,972,651)	(4,424,096)
Acquisition of investment property	9	(2,048,802)	(1,200,909)
Sale of property, furniture and equipment and investment property		426,467	27,512
Investment in intangibles of definite useful life		(837,862)	(301,730)
Net cash outflows from investing activities		(7,335,357)	(5,673,998)
Cash to be applied in financing activities		(5,468,942)	(3,821,263)
Financing activities			
Dividends paid		(2,374,767)	(2,106,576)
Interest paid	13	(1,803,214)	(1,845,880)
Principal of lease payments	14	(1,019,472)	(932,083)
Interest of lease payments	14	(983,361)	(929,379)
Sale of own shares		2,357,073	1,909,481
Repurchase of shares		(2,355,978)	(1,906,027)
Net cash flows used in financing activities		(6,179,719)	(5,810,464)
(Decrease) in cash and cash equivalents		(11,648,661)	(9,631,727)
Cash and cash equivalents at the beginning of the year		29,807,166	24,516,254
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		$ 18,158,505	$ 14,884,527

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial statements.

Thousands of pesos, unless otherwise specified

Note 1 - General information:

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries (the Company or the Group) operate a chain of department stores, founded in 1847, engaged in selling a broad variety of products such as clothes and accessories for men, women and children, household goods, furniture, cosmetics and other consumer products. The Company is registered on the Mexican Stock Exchange and has an important presence in all Mexican Republic. As of September 30, 2024, the Company operated a total of 124 department stores under the Liverpool name: 119 specialty boutiques and 188 stores with the Suburbia name.

The Company grants its customers financing through the following cards: 1) “Liverpool”, with which customers can buy exclusively at Company's stores; 2) “Liverpool Premium Card (LPC”), with which cardholders can purchase goods and services both in the chain's stores and boutiques and any of the establishments affiliated with the VISA system worldwide; 3) “Suburbia”, made up of two cards, the first with which customers can purchase exclusively in stores under the Suburbia commercial segment and the second (“Suburbia VISA”) with which cardholders can purchase goods and services in stores in the Suburbia chain as in any of the establishments affiliated worldwide to said system.

Additionally, at September 30, 2024, the Company is a partner, stockholder or co-owner of shopping malls and holds an interest in 29 different malls, through which it leases commercial space to tenants engaged in a broad number of businesses.

The Company’s headquarters and main place of business is:

Mario Pani 200
Santa Fe, Cuajimalpa
Mexico City
05348

Note 2 - Summary of material accounting policies:

2.1 Basis of preparation

These condensed consolidated interim financial statements as of September 30, 2024, December 31, 2023, and for the three and nine-month periods ended September 30, 2024 and 2023 have been prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements as of December 31, 2023, and any public announcements made by the Company during the interim reporting period. The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those utilized in the annual consolidated financial statements.

2.2 New and amended standards adopted by the Company

The accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments apply for the first time in 2024, but do not have an impact on the interim condensed consolidated financial statements of the Company.

Application of new and revised International Financial Reporting Standards that are mandatorily effective for 2024

In 2024, the Company adopted a series of amendments, issued by the International Accounting Standards Board (IASB) that are effective for annual periods that begin on or after January 1, 2024, which is the date as of these amendments were adopted. The conclusions related to their adoption are described below.

- **Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants** (1)

The amendments specify the requirements for classifying liabilities as current or non-current with covenants and clarify what is meant by to defer settlement, that a right to defer settlement must exist at the end of the reporting period, that the classification is unaffected by the likelihood that an entity will exercise its deferral right, that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification and the disclosures to be included.

The amendments also clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments must be applied prospectively for annual periods beginning on or after January 1, 2024.

The amendment had impact on the Company's disclosures related to classification of liabilities as current or non-current and non-current liabilities with covenants, see note 13.1.

- **Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements** (1)

The amendments specify that arrangements that are solely credit enhancements for the entity or instruments used by the entity to settle directly with a supplier the amounts owed are not supplier finance arrangements.

In addition, the amendments require that entities disclose information that enables users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it. The amendment must be applied to annual periods beginning on or after January 1, 2024.

The amendment had impact on the Company's disclosures related to supplier finance arrangements and the Company will disclose the additional related information in the annual consolidated financial statements.

- **Amendment to IFRS 16 - Leases Liability in a sale and leaseback** (1)

The amendment to International Financial Reporting Standards (IFRS) 16 Leases specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application A seller-lessee applies the amendment to annual reporting periods beginning on or after January 1, 2024.

The amendment has had no impact on the Company's in the interim condensed consolidated financial statements since it does not have sale and leaseback transactions.

- **IFRIC agenda decision on segment reporting**

In July 2024, the IASB published IFRIC agenda decision on segment reporting clarifying certain requirements for segment disclosures.

The Company is assessing this agenda decision and will amend its segment disclosures in the annual financial statements, if any.

New and revised IFRS issued but not yet effective

Amendments to IAS 21	Lack of exchangeability (2)
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments (3)
Amendments to IFRS 18	Presentation and Disclosure in Financial Statements (4)
Amendments to IFRS 19	Subsidiaries without Public Accounting Accountability: Disclosures (4)

(1) Effective for annual periods beginning January 1, 2024
(2) Effective for annual periods beginning January 1, 2025
(3) Effective for annual periods beginning January 1, 2026
(4) Effective for annual periods beginning January 1, 2027

2.3 Seasonality

The Company's operation is seasonal, with a high proportion of revenues and operating cash flows generated during the fourth fiscal quarter, which includes the fall and year-end holiday selling seasons. In addition, sales volumes in our department stores are higher in May, June, November and December due to Mother's Day, Father's Day, the "Buen Fin" (a weekend in Mid-November where various commercial businesses offer sales and discounts to encourage consumer spending in Mexico), and year-end holidays.

Note 3 - Risk management:

The main risks to which the Company is exposed are:

3.1 Real estate risk

3.2 Market risks

3.2.1. Exchange rate risk

3.2.2. Interest rate risk

3.3 Financial risks

3.3.1. Liquidity risk

3.3.2. Credit risk

3.4 Fair value estimation

3.5 Climate change risk

3.1 Real estate risk

The Company owns department stores and either owns or co-owns 29 shopping malls. The Board of Directors is responsible for authorizing the purchase of land and buildings proposed by the Company's real estate area. For every real estate investment, sales are estimated per square meter and the return on the investment is to be generated. The Company has no risk concentration in accounts receivable from lessees, as it has a diversified base and periodically evaluates their payment capacity, especially prior to renewing their lease agreements. Although the value of real property in Mexico is relatively stable, economic development and structural changes in the country are risk factors that could affect the supply and demand of real property and affect rent levels and the risk of vacant commercial space. Commonly, real property in Mexico is quoted in US dollars, and thus an excessive rise in the exchange rate of the peso to the dollar or in the prices of property available to the Company or construction materials could limit the Company's plans to expand. The Company has insurance that duly covers its assets against the risk of fire, earthquake and other natural disasters. All insurance has been contracted with leading companies in the insurance market.

3.2 Market risk

The Company contracts derivative financial instruments to reduce the uncertainty of the return on its projects. The derivative financial instruments contracted are assigned for hedge accounting purposes and are closely linked to the financing contracted by the Company.

The Company's internal control policies require that the representatives of the finance and legal areas conduct an analysis prior to contracting financing or conducting operations with derivative financial instruments. In evaluating the use of derivatives, to cover the financing risks, sensitivity analysis is conducted of the different variables and effectiveness testing is conducted to determine the book treatment of the derivative financial instrument, once contracted.

3.2.1 Exchange rate risk

Except as mentioned in Note 13, the Company has not contracted financing in foreign currencies; however, the Company is exposed to risks related to movements in the exchange rate of the peso to the US dollar and the euro with respect to importations of merchandise mainly from Europe and Asia. As of September 30, 2024, and 2023, purchases of merchandise in a currency other than the Mexican peso represent approximately 11% and 12% of total purchases, respectively.

At September 30, 2024 and December 31, 2023, the Company's exposure to exchange rate risks amounted to US$42,802, €10,395 and US($133,954), € 15,158, respectively. In the event of an 8% increase in the exchange rate of the peso to the US dollar, the Company's loss would approximate $181,036 and $22,664. The 8% represents the sensitivity rate used when the foreign exchange risk is reported internally to the Results Review Committee and represents the Administration's assessment of the possible variation in exchange rates. The sensitivity analysis includes only the monetary items pending settlement denominated in foreign currency at the end of the year.

The Company maintains an investment in Grupo Unicomer Corp. (Unicomer), and the cash flows received are denominated in US dollars. The risk of conversion is the risk that the variations in exchange rates will cause volatility in the peso value of these cash flows. The Company has not hedged the cash flows it receives from this investment.

Additionally, the Company maintains an investment in shares of Nordstrom, Inc., said transaction was funded with US dollars. Conversion risk is the risk that changes in the exchange rate cause volatility in the value in pesos.

The Company had the following foreign currency monetary assets and liabilities:

	September 30, 2024	December 31, 2023
Thousands of US dollars:		
Monetary assets	US$ 928,653	US$ 743,205
Monetary liabilities	(971,455)	(877,159)
Short position	US$ (42,802)	US$ (133,954)
Equivalent in pesos	$ (840,160)	$ (2,262,952)
Thousands of Euros:		
Monetary assets	€ 23,467	€ 35,838
Monetary liabilities	(33,862)	(20,680)
Long (short) position	€ (10,395)	€ 15,158
Equivalent in pesos	$ (228,268)	$ 283,297

The exchange rates of the peso to the dollar, in effect at the date of the consolidated statement of financial position and the date of approval of the unaudited condensed consolidated interim financial statements, were as follows:

	October 11, 2024	December 31, 2023
US dollar	$ 19.6290	$ 16.8935
Euro	$ 21.9593	$ 18.6896

3.2.2 Interest rate risk

The contracted financings are subject to fixed and variable interest rates and expose the Company to the risk of variability in interest rates and, therefore, to its cash flows. The Company's policy is to cover most of its financing towards a fixed rate profile. The main objective of the use of derivative financial instruments is to know with certainty the effective flows that the Company will pay to comply with its obligations. With interest rate swaps, the Company agrees with other parties to deliver or receive monthly the difference between the interest amount of the variable rates agreed in the debt contracts and the amount of the interest of the fixed rates contracted in derivative financial instruments. In both years 100% of the debt is agreed at a fixed rate. The Company continuously analyzes its exposure to interest rates. A number of different interest rate scenarios are evaluated such as, refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the corresponding impact on results or its consolidated financial position.

The Company contracts interest rate swaps that have critical terms similar to the item covered, such as the reference rate, restart dates, payment dates, maturities and nominal amount. As all critical terms agreed upon during the year, there is an economic relationship.

The ineffectiveness of coverage for interest rate swaps is assessed using the same principles as for hedges of purchases in foreign currency. They can occur due to the following:

- Adjustment of the creditor value/debtor value in interest rate swaps that do not correspond to the loan, and
- The critical differences between interest rate swaps and loans.

There was no recognized ineffectiveness during 2024 or 2023 in relation to interest rate swaps.

Sensitivity analysis for interest rates

The following sensitivity analyses have been determined considering the current derivative financial instruments at September 30, 2024 and December 31, 2023 and assuming the following:

If interest rates had been 10 basis points below and all the other variables remained constant. The other items comprising comprehensive income for the three and nine - month periods ended September 30, 2024, and for the year ended December 31, 2023 would have increased by $44,858 and $36,981 net of deferred taxes, mainly as a result of the changes in fair value of hedge derivative financial instruments contracted to hedge against exposure to changes in interest rates.

Reference interest rate reform

There is no direct contractual impact on the “Swaps” due to the fact that the current operations are agreed at fixed rates, and the swap contract itself foresees that it uses the TIIE rate or the one that substitutes it. In the case of the valuation of swaps, there are little representative variations derived from the change in the discount curves used.

3.3 Financial risks

3.3.1 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its fund requirements. Company’s Management has established policies, procedures and limits that govern the Treasury function. The Treasury is responsible for ensuring the Company’s liquidity and for managing its working capital to guarantee payments to vendors, capital investments and fund the costs and expenses of the operation. The Company finances its operations through a combination of: 1) using cash available, 2) reinvestment of a significant portion of profits, and 3) contracting financing and leasing denominated in pesos.

For September 2024, the favorable results in revenue generation and collection increased the Company excess of cash flows.

The Company has established financing programs for suppliers, through which suppliers can discount their documents with different financial institutions. The balance payable from these programs is recognized in the account of suppliers, since the terms of the accounts payable do not change, in the consolidated statement of financial position. If the Company were to have any difficulty in fulfilling its obligations, such concentration would not increase the risk that the Company could have to pay a significant amount, at any given time, to a single counterparty. Management has assessed that the Company does not depend on extended payment terms and suppliers have generally not become accustomed to or do not depend on early payment under the financing agreement. If the financial institution were to withdraw the agreement, such withdrawal would not affect the Company's ability to settle the liabilities when they fall due.

Some financial institutions may require deposits as collateral or margin calls based on derivative financial instrument contracts if the market value of our derivatives that hedge exchange rate risks exceeds a previously agreed contractual limit, for which we are subject to respond to these margin calls which require covering a substantial amount of cash and may reduce funds available for our operations or other capital needs, however the Company has available short-term lines of credit of approximately $15,699,172; as well as overdraft lines to immediately access debt instruments for $7,860,000. As of September 30, 2024, there were requirements to make these deposits as collateral. As of December 31, 2023, it was not required to make these deposits.

The following table shows the contractual maturities of the Company's financial liabilities according to the expiration periods. This information has been prepared considering the cash flows without discounting, from the first date on which the Company will be required to pay and includes the contractual interests and the main cash flows:

	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
September 30, 2024:			
Suppliers and creditors	$46,781,630	$ -	$ -
Senior notes and contractual interests	7,824,726	17,856,029	10,375,547
Lease liabilities	2,740,382	8,157,413	13,594,382
	$57,346,738	$26,013,442	$23,969,929

	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
December 31, 2023:			
Suppliers and creditors	$51,768,181	$ -	$ -
Senior notes and contractual interests	7,143,553	22,868,928	5,240,900
Lease liabilities	2,451,242	7,759,314	13,925,696
	$61,362,976	$30,628,242	$19,166,596

3.3.2 Credit risk

Credit risk is when the Company suffers losses as a result of customers defaulting on payments, financial institutions in which it maintains investments or the counterparties with which derivative financial statements are contracted.

Loan portfolio

The Company's accounts receivable are comprised of loans granted to our customers through the use of credit cards issued by the Company to purchase merchandise, goods and services at our stores or establishments affiliated to with VISA system.

The Company has a robust risk management system for the loan portfolio, whose main components include: 1) credit granting processes, portfolio administration and management, and collection management; 2) information security, technological infrastructure and processes and procedures in store and corporate; 3) the regulatory risk, which includes aspects related to compliance with the provisions issued by the Consumer Advocacy Agency, and 4) the risk of fraud.

Credit application forms are evaluated and approved through automated procedures using parameterized scorecards (grading factors) designed by the Company. For managing the initial lines of credit, limits are also evaluated automatically by the Company's system and are periodically monitored by the risk department to increase or decrease them based on the cardholder's record. The Company has the infrastructure to manage credit line growth strategies, with risk rating models (scorecards) that allow risk predictability. Additionally, there are processes and policies for early identification of potential changes in payment capacity, prompt corrective decision making and determination of current and potential losses.

The Company continuously monitors the recovery of its portfolio based on a broad range of tools and mathematical models, as well as considering a number of factors that include historical trends of portfolio aging, a record of cancellations and future expectations of performance. In times of economic crisis and with high unemployment indexes, the Company restricts approval of applications and loans made, as well as restricting credit limits of current customers. Given the Company's line of business, there are no real guarantees related to accounts receivable. The best way to represent the maximum exposure to credit risk is the carrying value of accounts receivable.

For managing delinquent accounts, the Company has policies, processes, analytical tools and infrastructure to manage the recovery of the portfolio. Collection management is segmented by risk level and delinquency level through specialized internal and external offices. Through automated systems, monthly account cutoffs are conducted and any accounts failing to show the requirement payment are detected. Accounts not receiving payment are immediately blocked to prevent the balance from continuing to grow and the automated computation of late-payment interest begins. Based on the evaluation of certain variables, late-payment risks of the accounts in default and the actions to be taken on those accounts are determined. The following actions are taken on accounts in default: telephone calls to customers, sending of letters and home visits, among others. Accounts showing no payment after 150 days are automatically assigned to collection agencies to take over collection efforts, and accounts showing more than 240 days default are written off.

Accounting policy for the provision for credit losses

To calculate this provision, the Company recognizes future losses in the portfolio based on the level of impairment of credit risk. The key information used to measure the provision for expected credit losses (ECL) includes the following parameters:

- Probability of Default (PD);
- Significant Increase in Credit Risk (SICR);
- Loss Given Default (LGD), and
- Exposure at Default (EAD).

The expected credit loss methodology uses information derived from statistical models using historical data.

3.4 Fair value estimate

The financial instruments in the statement of financial position are recorded at fair value based on the following hierarchy.

- Level 1 fair values are derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.

- Level 2 fair values are derived from indicators different from the quoted prices included in Level 1, but that include indicators that are observable directly to quoted prices or indirectly, that is to say, derived from these prices, and

- Level 3 fair values are derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

	Book value	Level 1	Level 2	Level 3
September 30, 2024:				
Assets arising from hedge derivative financial instruments	$ 1,942,275	$ -	$ 1,942,275	$ -
Liabilities arising from trading derivative financial instruments	(43,846)	-	(43,846)	-
Liabilities arising from hedge derivative financial instruments	(32,424)	-	(32,424)	-
Asset at fair value through other comprehensive income	6,955,142	6,955,142	-	-
Investment as cash equivalents	3,035,664	3,035,664	-	-
Total	$ 11,856,811	$ 9,990,806	$ 1,866,005	$ -
December 31, 2023:				
Assets arising from hedge derivative financial instruments	$ 1,209,410	$ -	$ 1,209,410	$ -
Liabilities arising from trading derivative financial instruments	(639,650)	-	(639,650)	-
Liabilities arising from hedge derivative financial instruments	(1,197,410)	-	(1,197,410)	-
Asset at fair value through other comprehensive income	4,910,597	4,910,597	-	-
Investment as cash equivalents	18,192,891	18,192,891	-	-
Total	$ 22,475,838	$ 23,103,488	$ (627,650)	$ -

During the period of September 30 of 2024 and December 31 of 2023, there were no transfers between levels 1 and 2. The carrying amount of short-term financial instruments is similar to its fair value due to materializing in the short term.

Derivative financial instruments that are classified at level 2, for determining fair value, the pricing model recognized in the financial sphere was used, (estimated future cash flows brought to present value) using available market information to the valuation date. The key assumptions of market inputs used were: a) Futures curve US Government bonds, b) Futures curve Mexican Government and c) Quotation at market value.

3.5 Climate change risk

Our risk management processes consider the environmental, social, and corporate governance (ESG) factors that may impact a company's finances, assets, or reputation. During the first approach, the risks to which the Group is exposed as a result of climate change are transition risks (e.g., regulatory changes and risks to the reputation) and physical risks (even if the risk of physical damage is low due to the Group's activities and geographic location). Within the physical dangers, extreme climate conditions may occur, such as greater intensity of rains, higher occurrence of hurricanes, extended droughts, extended periods of warm temperatures during the winter, or cold weather during the summer. These may affect consumers' economies, reduce the demand for some of our inventory, produce interruptions or delays in the production and delivery of materials and products in our supply chain, and cause a shortage of personnel in our stores.

The Group is committed to operating more respectfully towards the environment each time, by working on the processes, incorporating criteria of circular economy, eco-efficiency, and reduction of greenhouse gas (GHG) emissions, which contribute to climate change. By 2040, the Group's objective is to be a Net Zero company as to direct GHG emissions, through investments in: a) recycling 100% of possible residue, b) reducing consumption of drinking water, and c) reducing energy consumption through efficiency initiatives and an increase in the use of renewable sources of energy. There are ongoing projects related to self-generated energy using solar panels at our location and incorporating the first hybrid and electric units for product distribution to clients, for which we have established charging stations. Likewise, there are projects to implement an integral system of sustainable packaging and facilities, such as distribution centers with neutrality in water consumption, GHG emissions, and waste management. Consult the Environmental performance section in the Group's Integrated Annual Report produced by the management to obtain more information regarding the climate risk and the commitments undertaken by the Group to tackle it.

The Group maintains insurance policies for earthquakes, floods, and other similar circumstances, including property, accident, and business interruption insurance, and established plans to operate in emergencies such as the ones previously described.

As of September 30, 2024 and December 31, 2023, the Group has not identified risks associated with climate change that may negatively or materially affect the financial situation of the Group. Nevertheless, the management constantly evaluates the impact of climate-related matters. The Group's financial statements consider climate-related issues when these are material and applicable. In particular, the Group's commitments to reduce GHG emissions were considered when making cash flow projections to conduct the impairment tests and evaluate the useful life of its long-term assets. Assumptions might change in the future as a response to extreme climate conditions, future environmental regulations, new commitments made, and the consumers' changing demand. Even when trying to foresee the climate change effects, these could have an impact on the cash flows, performance, and future financial situation of the Group.

Note 4 - Key sources of uncertainty in the estimates and critical judgments:

In applying the Company's accounting policies, which are described in Note 2 and are consistent with the annual information, Management makes judgments, estimates and assumptions on the book figures of assets and liabilities. The related estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are analyzed on a regular basis. The reviews of book estimates are recognized in the review period or future periods, if the review affects both the current period and subsequent periods.

The following are the sources of key uncertainty in the estimates made at the date of the consolidated statement of financial position, and which have a significant risk of deriving an adjustment to the book values of assets and liabilities during the following financial period.

4.1 Estimated impairment of intangible assets with an indefinite useful life

The methodology applied by the Company to determine whether goodwill, rights to its brands and other intangibles have suffered any impairment in value.

4.2 Estimation of useful lives of brands and other intangible assets with an indefinite life

The brands acquired as part of Suburbia have demonstrated their stability by having had permanence in the market for several decades and are well-recognized in Mexico. The knowledge of the operative process of procurement, commercial planning, product design and marketing (called CATMex) is unique in the Mexican market. It has generated economic benefits for Suburbia for several decades. Based on our own experience, during 175 years of operating in Mexico, the Company believes that CATMex will continue to generate cash flows for the Company indefinitely.

To date, no factors limiting the useful life of the aforementioned intangible assets have been identified and there are no legal, regulatory or contractual considerations that limit them, so in the opinion of the Company's Management, it was determined to appoint the brands of Suburbia and CATMex as having an indefinite useful life.

Note 5 - Category of financial instruments:

	Amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through other comprehensive income	Total
September 30, 2024:				
Financial assets:				
Cash and bank deposits	$15,122,841	$ -	$ -	$15,122,841
Investments	3,035,664	-	-	3,035,664
Short-term derivate financial instruments	-	-	1,942,275	1,942,275
Long-term derivate financial instruments	-	-	21,080	21,080
Short and long-term loan portfolio	51,988,236	-		51,988,236
Other short and long-term accounts receivable	3,041,997	-	-	3,041,997
Financial asset at fair value through other Comprehensive income	-	-	6,955,142	6,955,142
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$30,086,432	$ -	$ -	$30,086,432
Suppliers, creditors and provisions	52,431,306	-	-	52,431,306
Short-term derivate financial instruments	-	43,846	-	43,846
Long-term derivate financial instruments	-	-	32,424	32,424
December 31, 2023:				
Financial assets:				
Cash and bank deposits	$11,614,275	$ -	$ -	$11,614,275
Investments	18,192,891	-	-	18,192,891
Short-term derivate financial instruments	-	-	1,209,410	1,209,410
Other financial assets	-	-	302,227	302,227
Short and long-term loan portfolio	56,973,410	-	-	56,973,410
Other short and long-term accounts receivable	3,669,314	-	-	3,669,314
Financial asset at fair value through other Comprehensive income	-	-	4,910,597	4,910,597
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$27,655,649	$ -	$ -	$27,655,649
Suppliers, creditors and provisions	57,287,789	-	-	57,287,789
Short-term derivate financial instruments	-	639,650	-	639,650
Long-term derivate financial instruments	-	-	1,197,410	1,197,410

Note 6 - Cash and cash equivalents:

	September 30, 2024	December 31, 2023
Cash and bank deposits	$15,122,841	$11,614,275
Investments	3,035,664	18,192,891
Total	$18,158,505	$29,807,166

Note 7 - Loan portfolio and liabilities related to contracts with customers:

	September 30, 2024	December 31, 2023
Credits related to customer contracts:		
Liverpool	$ 40,716,464	$ 44,852,688
LPC	13,730,395	13,780,847
Suburbia	3,390,620	3,619,825
	57,837,479	62,253,360
Provision for impairment of loan portfolio:		
Liverpool	(3,814,329)	(3,426,063)
LPC	(1,496,100)	(1,405,788)
Suburbia	(538,814)	(448,099)
	(5,849,243)	(5,279,950)
Total loan portfolio	$ 51,988,236	$ 56,973,410
Total short-term loan portfolio	$ 39,009,562	$ 45,021,773
Total long-term loan portfolio	$ 12,978,674	$ 11,951,637

7.1 Movements in provision for impairment of loan portfolio:

The balance of the provision for expected losses for the loan portfolio is shown below:

	September 30, 2024	December 31, 2023
At January 1	$ 5,279,950	$ 4,924,048
Increased in provision for credit losses recognized in income during the year	3,012,964	2,889,335
Loan portfolio written off during the year as uncollectible	(2,443,671)	(2,533,433)
	$ 5,849,243	$ 5,279,950

Note 8 - Investments in associates:

Concept	Activity	Place of incorporation and operations	Proportion of shareholding and voting rights			
			September 30, 2024	December 31, 2023	September 30, 2024	December 31, 2023
Investment in associates [(i), (ii)]	Sales	Mexico and Central America	50%	50%	$ 8,621,701	$ 7,938,160
Other investments in associates [(iii)]	Malls	Mexico	Several	Several	3,566,960	3,179,625
					$ 12,188,661	$11,117,785

(i) Unicomer

Unicomer is a private company that operates a chain of stores engaged in the sale of furniture and household appliances through a chain of more than 1,270 stores, with different formats in Central America, South America and the Caribbean. The Company has a 50% equity interest in Unicomer. This acquisition gave rise to the goodwill of $757,623, which is included as part of the investment value. The Company does not exercise joint control over Unicomer because the criteria for control is not met. Under IFRS, it exercises significant influence over Unicomer, because it owns 50% of the voting rights and is entitled to designate two members of the Board of Directors.

(ii) Moda Joven Sfera México, S. A. de C. V. (Sfera México)

In 2006, the Company incorporated an entity in association with El Corte Inglés, S. A. with 49% of the capital (the leading department store chain in Spain). This entity operates a chain of 53 stores in Mexico, specializing in family clothing and accessories under the commercial name Sfera.

(iii) Other investments

Malls

Mainly correspond to the Company's equity in the following malls: Angelópolis in the city of Puebla, Plaza Satélite in the Estado de Mexico, Galerías Querétaro in the city of Querétaro, Parque Tepeyac in Mexico City and Galerias Metepec in the Estado de Mexico.

Note 9 - Investment properties - Net:

	Amount
Balance at January 1, 2023	$ 23,507,742
Acquisitions	153,563
Transfer of property, furniture and equipment - net	874,991
Disposals [1]	(1,277,696)
Depreciation	(372,306)
Balance at December 31, 2023	$ 22,886,294
Balance at January 1, 2023	
Cost	$ 27,647,022
Accumulated depreciation	(4,760,728)
Balance at December 31, 2023	$ 22,886,294
Acquisitions [2]	$ 2,048,802
Transfer of property, furniture and equipment - net	-
Disposals	(7,482)
Depreciation	(280,309)
Balance at September 30, 2024	$ 24,647,305
Balance at January 1, 2024	
Cost	$ 29,688,343
Accumulated depreciation	(5,041,038)
Balance at September 30, 2024	$ 24,647,305

[1] Includes a contribution to the Metepec Shopping Center for $687,500.

[2] Includes the acquisition of Altama City Center.

Investment properties include shopping malls, works in progress and other land intended to construct future shopping malls.

The operating costs directly related to the income from leasing investment properties are comprised as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Repairs and maintenance	$ 264,623	$ 237,514	$ 771,288	$ 679,494
Advertising	39,845	33,868	136,188	127,246
Real estate taxes and water	41,734	34,016	108,104	101,654
Personnel compensation and benefits	26,748	22,147	75,821	62,177
Hired services	16,297	10,331	40,458	74,720
Other expenses	13,353	1,754	18,105	5,747
Travel expenses	1,585	1,192	4,219	3,179
Electrical power and utilities	763	711	3,378	4,841
Total	$ 404,948	$ 341,533	$ 1,157,561	$ 1,059,058

Note 10 - Property, furniture and equipment - Net:

	Land	Buildings	Furniture and equipment	Leasehold improvements	Computer equipment	Transportation equipment	Works in progress [1]	Total
At December 31, 2023:								
Beginning balance	$ 6,922,075	$ 31,825,080	$ 6,551,888	$ 4,586,676	$ 691,344	$ 346,339	$ 4,629,485	$ 55,552,887
Acquisitions	-	18,574	528,053	21,023	58,074	72,394	6,964,313	7,662,431
Transfers	80,678	3,608,422	1,817,944	785,757	449,580	213,198	(6,955,579)	-
Transfer to investment properties - net [2]	(83,251)	(770,347)	(21,393)	-	-	-	-	(874,991)
Disposals	-	(161,987)	(46,512)	(6,457)	(19,799)	(13,668)	-	(248,423)
Depreciation	-	(593,012)	(1,180,138)	(482,816)	(337,611)	(90,408)	-	(2,683,985)
Ending balance	6,919,502	33,926,730	7,649,842	4,904,183	841,588	527,855	4,638,219	59,407,919
At December 31, 2023:								
Cost	6,919,502	41,521,510	21,589,085	10,469,548	4,889,406	1,289,036	4,638,219	91,316,306
Accumulated depreciation	-	(7,594,780)	(13,939,243)	(5,565,365)	(4,047,818)	(761,181)	-	(31,908,387)
Ending balance	$ 6,919,502	$ 33,926,730	$ 7,649,842	$ 4,904,183	$ 841,588	$ 527,855	$ 4,638,219	$ 59,407,919
At September 30, 2024:								
Beginning balance	$ 6,919,502	$ 33,926,730	$ 7,649,842	$ 4,904,183	$ 841,588	$ 527,855	$ 4,638,219	$ 59,407,919
Acquisitions	-	8,426	95,088	60,800	51,131	6,846	4,750,360	4,972,651
Transfers	3,900	374,683	1,040,785	433,092	221,156	110,424	(2,184,040)	-
Disposals	-	(2,552)	(3,438)	(1,649)	(3,008)	(115,789)	-	(126,436)
Depreciation	-	(473,127)	(996,733)	(346,238)	(270,884)	(87,345)	-	(2,144,361)
Ending balance	6,923,402	33,834,160	7,815,544	5,050,188	839,983	441,991	7,204,539	62,109,807
At September 30, 2024:								
Cost	6,923,402	41,902,067	22,721,555	10,961,791	5,158,686	1,290,517	7,204,539	96,162,557
Accumulated depreciation	-	(8,067,907)	(14,906,011)	(5,911,603)	(4,318,703)	(848,526)	-	(34,052,750)
Ending balance	$ 6,923,402	$ 33,834,162	$ 7,815,544	$ 5,050,188	$ 839,983	$ 441,991	$ 7,204,539	$ 62,109,807

[1] The balance of works in progress as of September 30, 2024 and at the end of the fiscal year 2023 corresponds to various projects where the Company is building a distribution center, some stores or shopping malls and remodeling some existing ones.

[2] This transfer did not involve cash flow.

Note 11 - Intangible assets - Net:

	Indefinite useful life			Definite useful life		
	Goodwill	Trademarks	Other intangible	Licenses and fees	IT developments	Total
Balance at January 1, 2023	$ 7,481,553	$ 3,668,021	$ 2,108,566	$ 688,891	$ 1,587,571	$ 15,534,602
Movements:						
Investments	-	-	-	169,048	634,208	803,256
Disposals	-	-	-	(180)	(2,622)	(2,802)
Amortization	-	-	-	(259,639)	(463,337)	(722,976)
Balance at December 31, 2023	7,481,553	3,668,021	2,108,566	598,120	1,755,820	15,612,080
Movements:						
Investments	197,925	25,000	-	110,540	702,322	1,035,787
Disposals	-	-	-	(2,619)	(4,256)	(6,875)
Amortization	-	(5,000)	-	(252,905)	(269,183)	(527,088)
Balance at September 30, 2024	$ 7,679,478	$ 3,688,021	$2,108,566	$ 453,136	$ 2,184,703	$ 16,113,904

Impairment test of goodwill, brands and other intangibles

The Company conducts annual tests to determine whether the goodwill, brands and other intangibles, the rights of its brands and other intangibles (CATMex) have suffered any impairment in their value. As of September 30, 2024 and December 31, 2023, the Company performed the respective tests without determining any adjustment for impairment.

The Company identified the Suburbia commercial segment as the Cash Generating Unit (CGU), in which goodwill, trademarks and other intangibles with an indefinite life were assigned. The recoverable value of the CGUs is based on calculations of fair value less cost of disposal, which is prepared based on historical results and expectations about the development of the market in the future included in the business plan. The recovery value calculation considers the cash flow projections based on financial budgets approved by Management, and their recovery derived from the pandemic, these cash flows cover a period of eight years (maturity period of the stores) and a terminal period discounted at present value with an estimated discount rate considering the Company's level of leverage.

Note 12 - Financial asset at fair value through other comprehensive income:

	September 30, 2024	December 31, 2023
Listed securities of Nordstrom, Inc.	$ 6,995,142	$ 4,910,597

On September 15, 2022, the Company acquired 15,755,000 shares of Nordstrom, Inc., for $295 million dollars equivalent to $5,943 million pesos, said amount represents 9.65% of the total outstanding shares.

As of September 30, 2024, and December 31, 2023, the valuation of these shares generated (gains)/losses recognized in other comprehensive income for $(2,044,544) and $40,725 [($1,431,181) and $28,508, net of taxes], respectively.

The dividends received as of September 30, 2024, and December 31, 2023, for said listed shares amounted to $159,774 and $209,482, respectively, which were recognized in other income.

Note 13 - Debt:

The Company's debt is comprised as follows:

	September 30, 2024	December 31, 2023
Short-term debt:		
Interest payable	$ 929,890	$ 681,005
Senior notes	5,888,700	5,068,050
	$ 6,818,590	$ 5,749,055
Long-term debt:		
Debt securities certificates	$13,500,000	$13,500,000
Senior notes	9,767,842	8,406,594
	$23,267,842	$21,906,594

13.1 Debt securities certificates:

Currently, the Company has placed the following unsecured issues:

Maturity	Interest payable	Interest rate	September 30, 2024	December 31, 2023
Aug 2027	Semiannually	Fixed at 7.94%	$ 3,500,000	$ 3,500,000
Nov 2029	Semiannually	Fixed at 7.96%	5,000,000	5,000,000
Aug 2030	Semiannually	Fixed at 8.03%	5,000,000	5,000,000
			13,500,000	13,500,000
Less – Issues of long-term debt securities certificates			(13,500,000)	(13,500,000)
More - Interest payable			929,890	681,005
Current portion			$ 929,890	$ 681,005

Maturities pertaining to the long-term portion of this liability at September 30, 2024 are as follows:

Maturity	Amount
2027	$ 3,500,000
2029	5,000,000
2030	5,000,000
	$ 13,500,000

The issuances of debt securities certificates and other financing contracted by the Company do not establish the obligation to maintain certain proportions in its financial structure or compliance with financial ratios; however, they require that the Company and the significant subsidiaries defined in the respective contracts comply with certain restrictions for the payment of dividends, mergers, divisions, change of corporate purpose, issuance and sale of capital stock, capital investments and liens. These obligations are reviewed every quarter. As of September 30, 2024, and December 31, 2023, the Company complied with the conditions above. Management has assessed and there are no facts and circumstances that indicate a possible default in the foreseeable future.

The fair value of the debt securities certificates is as follows:

	September 30, 2024		December 31, 2023	
Maturity date	Book Value	Fair value	Book Value	Fair value [1]
Aug 2027	$ 3,500,000	$ 3,282,685	$ 3,500,000	$ 3,237,465
Nov 2029	5,000,000	5,019,695	5,000,000	5,019,695
Aug 2030	5,000,000	4,440,200	5,000,000	4,511,550
	$13,500,000	$12,742,580	$13,500,000	$12,768,710

(1) The fair value of debt securities certificates is determined based on reference to price quotations published in an active market (classified as level 1 in the fair value hierarchy).

13.2 Senior notes

Below are the details of the Senior Notes as of September 30, 2024 and December 31, 2023:

Maturity	Interest payable	Interest rate	September 30, 2024	December 31, 2023
Oct 2024 [1]	Semiannually	Fixed at 3.95%	$ 5,888,700	$ 5,068,050
Oct 2026 [2]	Semiannually	Fixed at 3.875%	9,767,842	8,406,594
			$15,656,542	$13,474,644

(1) In September 2014, the Company issued Senior Notes for an amount of US$300 million, with an interest rate of 3.95% per annum and maturing in 2024. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (subsidiary). See Note 21b.

(2) In September 2016, the Company issued Senior Notes for an amount of US$750 million, with an interest rate of 3.875% per annum and maturing in 2026. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (subsidiary).

The securities above were subject of a private offering to qualified institutional buyers in the United States and other foreign markets under Rule 144A and Regulation S under the Securities Act 1933 of the United States of America.

The fair value of issuances of Senior Notes is as follows:

	September 30, 2024		December 31, 2023	
Maturity date	**Book Value**	**Fair value[1]**	**Book Value**	**Fair value [1]**
Oct 2024	$ 5,888,700	$ 5,883,871	$ 5,068,050	$ 4,996,692
Oct 2026	9,767,842	9,658,540	8,406,594	8,082,016
	$15,656,542	$15,542,411	$13,474,644	$13,078,708

1 The fair value of Senior Notes is determined based on price quotations published in an active market (classified as level 1 in the fair value hierarchy).

A reconciliation of debt as required by IAS 7 “Cash flow statement” is as follows:

	September 30, 2024	**December 31, 2023**
Beginning balance of debt and interest	$27,655,649	$29,705,040
Repayments	-	-
Foreign exchange variation	2,181,898	(2,056,272)
Interest accrued	2,052,099	2,820,158
Interest paid	(1,803,214)	(2,813,277)
Closing balance of debt and interest	$30,086,432	$27,655,649

Note 14 - Leases:

14.1. The Company as a lessee:

This note provides information for leases in which the Company is a lessee.

i. Amounts recognized in the consolidated statement of financial position

The status shows the following amounts related to leases:

	September 30, 2024	December 31, 2023
Right-of-use assets:		
Buildings	$12,003,757	$12,035,294
Furniture and equipment	103,803	193,264
Vehicles	351,860	309,080
	$12,459,420	$12,537,638
Lease liabilities:		
Current	$ 2,499,661	$ 2,346,729
Non-current	11,786,870	11,776,558
	$14,286,531	$14,123,287

The additions and derecognition of right-of-use assets during 2024 amounted to $1,235,777 and $48,078, respectively, and in 2023 they amounted to $2,016,910 and $226,562, respectively.

ii. Amounts recognized in the consolidated statement of income

The consolidated statement of income shows the following amounts related to leases:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Depreciation charge of the right-of-use assets:				
Buildings	$ 337,670	$ 318,767	$ 1,009,471	$ 944,375
Furniture and equipment	29,978	35,059	90,279	109,780
Vehicles	58,473	48,734	166,166	138,061
	$ 426,121	$ 402,560	$ 1,265,916	$ 1,192,216

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Interest expense (included in finance cost)	$ 328,581	$ 309,767	$ 983,361	$ 929,379
Expenses relating to short-term leases (included in the cost of sales and administrative expenses)	264,515	151,146	557,899	423,073
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	24,774	52,072	53,613	146,201
Expense relating to variable lease payments not included in lease liabilities (included in the cost of sales and administrative expenses)	125,319	72,320	272,498	235,403

The total cash flow for the leases in 2024 and 2023 was $2,002,833 and $1,861,462, respectively.

iii. Leasing activities of the Company and how they are accounted for

The Company rents real estate, furniture and equipment, and vehicles. Rental contracts are usually made for fixed periods of 12 months to 15 years but may have options for extension of time as described in subsection v. below.

Contracts may contain lease and non-lease components. The Company assigns the consideration in the contract to the lease and non-lease components based on their relative independent prices.

The lease terms are negotiated individually and contain a wide range of different terms and conditions. Lease agreements do not impose any covenant apart from the guarantee on leased assets that the lessor maintains. Leased assets cannot be used as collateral for loan purposes.

iv. Variable lease payments

Some of the property leases contain variable payment terms that are linked to the sales generated in a store. For individual stores, up to 100% of lease payments are based on variable payment terms with a percentage range of 2% to 3% of sales. Variable payment terms are used for various reasons, including minimization of the fixed cost base for newly established stores. Variable lease payments that depend on sales are recognized in the statement income in the period when the condition triggers such payments occurs.

v. Extension and termination option

Extension and termination options are included in a series of leases of real estate, furniture and equipment throughout the Company. These are used to maximize operational flexibility in managing the assets used in the Company's operations. Most extension and termination options are held by the Company and not the lessor.

Following is the reconciliation of the lease liability required by IAS 7 “Statement of cash flows”:

	September 30, 2024	December 31, 2023
Beginning balance of lease liabilities	$14,123,287	$13,619,038
Acquisitions	1,235,777	2,016,910
Disposals	(52,828)	(248,960)
Accrued interest	983,361	1,247,223
Translation effect	(233)	-
Principal payment	(1,019,472)	(1,263,701)
Interest paid	(983,361)	(1,247,223)
Closing balance of lease liabilities	$14,286,531	$14,123,287

14.2 The Company as lessor

Operating leases are related to commercial leases. Lease periods are from one to more than five years. All operating leases over five years contain clauses for review of market income every two years. The contracts do not establish the option for tenants to buy the leased premises at the expiration date of the lease periods.

Below is an analysis of lease revenue:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Fixed rent	$ 636,896	$ 686,799	$ 2,233,230	$ 2,002,941
Variable rent	68,780	171,705	195,678	187,218
Total lease revenue	$ 705,676	$ 858,504	$ 2,428,908	$ 2,190,159

Following is an analysis of the minimum annual payments agreed with the lessees in the lease agreements entered into at terms of over one year:

	September 30, 2024	December 31, 2023
Up to 1 year	$ 2,263,404	$ 2,980,800
From 1 to 5 years	9,995,924	13,378,506
Over 5 years	14,915,347	20,543,220
Total minimum payments agreed	$27,174,675	$36,902,526

Note 15 - Balances and transactions with related parties:

During 2024 and 2023, Grupo Financiero Invex, S. A. de C. V. (Invex) provided the Company with a pension plan and workers' savings fund administration services, as well as with fiduciary services. Invex and the Company share some stockholders. Fees paid to Invex for these services totaled $4,187 and $6,306 in 2024 and 2023, respectively. At September 30, 2024 and December 31, 2023 there were no outstanding balances for these items. During 2024 and 2023, the Company contracted corporate travel services for its employees with Orión Tours, S. A. de C. V. (Orión), whose General Director is Vice-Chairman of the Company's Board of Directors. Fees paid in 2023 and 2022 to Orión amounted to $94,982 and $94,377, respectively. Likewise, 2024 and 2023 the Company contracted car insurance services with Qualitas Controladora, S. A. B. de C.V. (Qualitas) whose Board member is Vice-Chairman of the Company's Board of Directors. Fees paid in 2024 and 2023 to Qualitas amounted to $36,651 and $44,320, respectively. These services and fees were contracted using market conditions. At September 30, 2024 and December 31, 2023, no balances were pending to be paid for these items.

Compensation for directors and other key members of management during the year was as following:

	September 30, 2024	December 31, 2023
Total short term	$ 100,269	$89,290

Compensation paid to directors and key executives is determined by the Financial Review Committee, based on their performance and market trends.

Note 16 - Costs and expenses by nature:

The cost of sales and administration expenses are comprised as shown below:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Cost of merchandise	$ 24,833,899	$ 22,578,980	$ 76,087,643	$ 70,286,918
Cost of distribution and logistics	1,626,688	1,441,381	4,579,811	4,169,725
Inventory reserve	354,022	320,489	1,063,465	998,272
	26,814,609	24,340,850	81,730,919	75,454,915
Personnel compensation and benefits	6,462,806	5,732,496	19,132,329	16,931,879
Services contracted	1,526,017	1,237,015	4,685,473	4,147,706
Depreciation and amortization	1,448,087	1,338,254	4,217,632	3,966,138
Provision for impairment of loan portfolio	1,041,932	663,810	3,012,961	1,950,466
Repairs and maintenance	741,141	661,664	2,284,223	2,014,016
Electrical power	357,854	386,864	980,194	987,557
Supplies	401,910	392,339	1,120,784	1,192,093
Advertising	467,706	413,415	1,640,261	1,399,883
Other [(1)]	748,393	887,769	2,234,611	1,902,573
Total	$ 40,010,455	$ 36,054,476	$ 121,039,387	$ 109,947,226

(1) Includes, among others, insurance premiums, travel expenses and property tax.

Personnel compensation benefits are comprised as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Salary and bonds	$ 5,756,159	$ 4,916,826	$ 16,384,237	$ 14,463,538
Commissions paid to sales staff	704,679	672,536	2,155,421	1,999,525
Other payments	181,968	143,134	592,671	468,817
	$ 6,642,806	$ 5,732,496	$ 19,132,329	$ 16,931,880

Note 17 - Income tax:

Income tax expense is recognized based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. In addition, there were no enacted or substantially enacted tax rates to recognize the remeasurement of deferred tax balances in the interim periods. The estimated average annual tax rate used for 2024 was 28%. The estimated tax rate for the nine months ended September 30, 2024, was 28%.

Note 18 - Stockholders' equity:

Capital stock as of September 30, 2024, and December 31, 2023, are without changes.

At the General Stockholders' Meeting held on March 12, 2024, a resolution was passed to declare dividends in the maximum amount of Ps 3,959,478 equivalent to Ps 2.95 per share, from retained earnings. They were paid in May and October 2024. See Note 21c.

Note 19 - Segment and revenue information:

Segment information is reported based on the information used by the Financial Review Committee in making strategic and operating decisions. An operating segment is defined as a component of an entity in which there is separate financial information that is evaluated regularly.

IFRS 8 requires disclosure of assets and liabilities pertaining to one segment, if measurement is regularly provided to the decision-making body; however, with respect to the Company, the Financial Review Committee only evaluates the performance of the operating segments based on an analysis of income and operating profit, but not of each segment's assets and liabilities.

Liverpool commercial segment

Includes the sale of clothing and accessories for men, women and children, household goods, furniture, cosmetics and other consumer products through department stores that operate under the name Liverpool, "Liverpool Duty-Free and boutiques such as "Banana Republic", "GAP", "Pottery Barn", "West Elm" and "Williams-Sonoma".

It also includes the operations of our website www.liverpool.com.mx, Liverpool pocket, marketplace and phone sales. The store formats of this segment are mainly focused on the income population A, B and C +, according to the National Statistical and Geography Institute (INEGI) criteria.

Suburbia commercial segment

Includes the Suburbia stores and the operative division of purchases, commercial planning, product design and commercialization (CATMex). Suburbia offers a wide selection of products but mainly its own brands such as Weekend, Non-Stop, Contempo, La Mode, Metropolis and Gianfranco Dunna in the stores and our website www.suburbia.com.mx, focused on the population of income C and D +, according to the INEGI criteria.

Real estate segment

The real estate segment is an important complement for the Liverpool commercial segment. The Company operates shopping centers known as “Galerías”, through which it leases commercial spaces to tenants dedicated to a wide variety of businesses that provide a greater number of potential customers for departmental warehouses.

Credit segment

The credit segment is an important complement to the Liverpool and Suburbia commercial segment. The Company finances its clients in the form of “Liverpool and Suburbia” departmental credit cards, which customers can buy exclusively at Company stores. Additionally, the Company operates the “LPC” and “Suburbia” credit cards, the former can be used to acquire goods and services both in the chain's stores and boutiques and in any store throughout the world operating with VISA cards.

19.1 Income and results per segment

The Company controls its results for each operating segment at the income, costs and expenses, and operating profit level. The other income statement items are not assigned, as they are managed on a corporate level.

The following is an analysis of income and results per segment to be reported:

	Commercial				
	Liverpool	**Suburbia**	**Credit**	**Real Estate**	**Consolidated**
Nine months ended September 30, 2024:					
Net income	$ 107,468,500	$ 14,679,030	$ 13,797,765	$ 3,567,829	$ 139,513,123
Cost and expenses	(98,746,828)	(14,459,923)	(6,201,378)	(1,631,259)	(121,039,387)
Operating income	$ 8,721,672	$ 219,107	$ 7,596,387	$ 1,936,570	$ 18,473,736
Timing of revenue recognition:					
At a point in time	$ 107,468,500	$ 14,679,030	$ 13,797,765	$ 3,567,829	$ 139,513,123

	Commercial				
	Liverpool	**Suburbia**	**Credit**	**Real Estate**	**Consolidated**
Three months ended September 30, 2024:					
Net income	$ 35,174,175	$ 4,970,633	$ 4,686,749	$ 1,223,758	$ 46,055,315
Cost and expenses	(32,514,611)	(4,800,465)	(2,127,878)	(567,501)	(40,010,455)
Operating income	$ 2,659,564	$ 170,168	$ 2,558,871	$ 656,257	$ 6,044,860
Timing of revenue recognition:					
At a point in time	$ 35,174,175	$ 4,970,633	$ 4,686,749	$ 1,223,758	$ 46,055,315

	Commercial				
	Liverpool	**Suburbia**	**Credit**	**Real Estate**	**Consolidated**
Nine months ended September 30, 2023:					
Net income	$ 98,618,852	$ 13,214,862	$ 11,615,692	$ 3,408,985	$ 126,858,391
Cost and expenses	(90,258,655)	(13,346,939)	(4,812,512)	(1,529,120)	(109,947,226)
Operating income	$ 8,360,197	$ (132,077)	$ 6,803,180	$ 1,879,865	$ 16,911,165
Timing of revenue recognition:					
At a point in time	$ 98,618,852	$ 13,214,862	$ 11,615,692	$ 3,408,985	$ 126,858,391

	Commercial				
	Liverpool	**Suburbia**	**Credit**	**Real Estate**	**Consolidated**
Three months ended September 30, 2023:					
Net income	$ 32,088,265	$ 4,490,303	$ 4,029,402	$ 1,093,782	$ 41,701,751
Cost and expenses	(29,421,831)	(4,497,847)	(1,636,953)	(497,845)	(36,054,476)
Operating income	$ 2,666,434	$ (7,544)	$ 2,392,449	$ 595,937	$ 5,647,275
Timing of revenue recognition:					
At a point in time	$ 32,088,265	$ 4,490,303	$ 4,029,402	$ 1,093,782	$ 41,701,751

The information disclosed in each segment is shown net of eliminations corresponding to transactions conducted between Group companies. Inter-segment results and transactions are eliminated at the consolidated level, forming part of the Group's final consolidation. This form of presentation is the same as that used by Management in its periodic review processes of the Company's performance.

Taxes and financing costs are viewed at the Group level and not within the reporting segments. As a result, this information is not shown in each reporting segment. Operating income is the key performance metric for management, which is reported on a monthly basis to the Company's Corporate Governance.

19.2 Geographic information

The information by geographic segments of the Company is reported including the commercial and credit segment, using the following zones:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2024	2023	2024	2023
Ciudad de México and Estado de México	$ 12,965,741	$ 11,505,980	$ 39,613,797	$ 35,435,008
Hidalgo, Puebla, Morelos, Guerrero, Veracruz and Tlaxcala	6,580,527	5,837,308	19,698,282	17,695,525
Nuevo León, Tamaulipas, Chihuahua, Coahuila, Sinaloa, Sonora and Durango	6,178,916	5,795,717	19,029,056	18,006,947
Jalisco, Michoacán, Colima and Nayarit	4,836,779	4,566,485	14,722,947	14,109,551
Chiapas, Tabasco, Quintana Roo, Yucatán, Campeche and Oaxaca	4,906,722	4,358,070	14,680,009	13,092,948
Guanajuato, Querétaro, Aguascalientes, Zacatecas and San Luis	4,001,612	3,745,567	12,326,354	11,643,804
Other	5,361,260	4,798,842	15,874,849	13,465,623
Total	$ 44,831,557	$ 40,607,969	$ 135,945,294	$ 123,449,406

Note 20 - Contingencies and commitments:

20.1 Contingencies

The Company is involved in various lawsuits and claims arising from the normal course of its operations, none of which is of importance, both individually and in aggregate, so it is expected that they will not have an important effect on your financial situation and future consolidated operating results.

20.2 Commitments

In April 2024, a third amendment contract was signed to the Electric Power Supply Contract signed on December 28, 2017 with EURUS, S.A.P.I. de C.V., which considers the renewal of the contract for two years and includes 42 load centers.

In August 2024, a new agreement was signed with Ammper Energía, S.A.P.I. de C.V., for the supply of 24 charging centers, the duration of this agreement is 5 years.

Note 21 - Subsequent events:

a. Additional investment in Nordstrom Inc.

On December 22, 2024, Liverpool executed a definitive agreement with members of the Nordstrom Family to jointly acquire all the shares representing the capital stock of Nordstrom, that are not owned by either party, at a price of US$24.25 per share (the Acquisition). Upon completion of the Acquisition, Liverpool will indirectly own 49.9% of Nordstrom's capital stock, while the Nordstrom

Family will indirectly own 50.1%. The Acquisition is subject to the usual conditions for transactions of this type, including regulatory approvals in the United States, approval by Nordstrom's shareholder assembly, and compliance with applicable legislation in the United States of America. Approval by the Assembly will require the affirmative vote of the majority of shares representing the capital stock, excluding shares owned by the Nordstrom Family, Liverpool, and their respective related parties.

The Acquisition represents a new investment by Liverpool of up to US$1,712 billion, which will be partially financed with cash on hand and external financing. The transaction also includes securing financing at the Nordstrom level and cash on hand at Nordstrom. The Acquisition was approved by the Board of Directors of Liverpool on December 22, 2024 and does not require approval by the shareholder assembly of Liverpool.

b. Repayment of Senior Notes

In October 2024, the Company repaid $5,888,700 corresponding to the 3.95% Senior Notes issued in 2014.

c. Payment of dividends

On May 24 and October 11, 2024, the Company repaid the dividends declared on the stockholders' assembly of March 12, 2024. As of September 30, 2024, the dividends payable were recorded in other accounts payable.

As of the date of issuance of the condensed consolidated interim financial statements, the Company has not identified any other subsequent event that has materially affected its financial position, results of operation and cash flows.

Note 22 - Authorization of issuance of condensed consolidated interim financial statements:

The unaudited condensed consolidated interim financial statements and their accompanying notes were authorized for issuance on January 13, 2025, by the Company's management.

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US$500,000,000
6.255% Senior Notes due 2032
US$500,000,000
6.658% Senior Notes due 2037



El Puerto de Liverpool, S.A.B. de C.V.
Guaranteed by Distribuidora Liverpool, S.A. de C.V.

OFFERING MEMORANDUM

Global Coordinator and Joint Book-Running Manager

J.P. Morgan

Joint Book-Running Managers

BBVA **BofA Securities** **Santander**

February 5, 2025