Almacenes Éxito S.A.

Consolidated financial statements

At December 31, 2022 and 2021

Almacenes Éxito S.A.
Consolidated statements of financial position
At December 31, 2022 and 2021
(Amounts expressed in millions of Colombian pesos)

	Notes	At December 31, 2022	2021
Current assets			
Cash and cash equivalents	7	1,733,673	2,541,579
Trade receivables and other receivables	8	779,355	625,931
Prepayments	9	39,774	36,515
Related parties	10	47,122	56,475
Inventories, net	11	2,770,443	2,104,303
Financial assets	12	45,812	14,331
Tax assets	24	509,884	429,625
Assets held for sale	41	21,800	24,601
Total current assets		**5,947,863**	**5,833,360**
Non-current assets			
Trade receivables and other receivables	8	50,521	58,120
Prepayments	9	6,365	9,195
Receivables with related parties	10	35,000	24,500
Financial assets	12	32,572	40,630
Deferred tax assets	24	142,589	205,161
Rights of use asset, net	13	1,443,469	1,370,512
Other intangible assets, net	14	424,680	363,987
Investment property, net	15	1,841,228	1,656,245
Property, plant and equipment, net	16	4,474,280	4,024,697
Goodwill	17	3,484,303	3,024,983
Investments accounted for using the equity method	18	300,021	289,391
Other assets		398	398
Total non-current assets		**12,235,426**	**11,067,819**
Total assets		**18,183,289**	**16,901,179**
Current liabilities			
Loans and borrowings	20	915,604	674,927
Employee benefits	21	4,555	2,482
Provisions	22	27,123	24,175
Payable to related parties	10	79,189	65,646
Trade payables and other payable	23	5,651,303	5,136,626
Lease liabilities	13	263,175	234,178
Tax liabilities	24	109,726	81,519
Derivative instruments and collections on behalf of third parties	25	136,223	81,544
Other liabilities	26	228,496	217,303
Total current liabilities		**7,415,394**	**6,518,400**
Non-current liabilities			
Loans and borrowings	20	539,980	742,084
Employee benefits	21	32,090	17,896
Provisions	22	15,254	11,086
Trade payables and other payable	23	70,472	49,929
Lease liabilities	13	1,392,780	1,360,465
Deferred tax liabilities	24	277,713	166,751
Tax liabilities	24	2,749	3,924
Other liabilities	26	2,411	2,167
Total non-current liabilities		**2,333,449**	**2,354,302**
Total liabilities		**9,748,843**	**8,872,702**
Shareholders' equity			
Share capital		4,482	4,482
Reserves		1,541,586	1,306,445
Other equity components		5,680,013	5,570,478
Equity attributable to non-controlling interest		1,208,365	1,147,072
Total shareholders' equity		**8,434,446**	**8,028,477**
Total liabilities and shareholders' equity		**18,183,289**	**16,901,179**

The accompanying notes are an integral part of the consolidated financial statements.

Almacenes Éxito S.A.
Consolidated statements of profit or loss
For the years ended December 31, 2022 and 2021
(Amounts expressed in millions of Colombian pesos)

	Notes	Year ended December 31, 2022	2021
Continuing operations			
Revenue from contracts with customers	28	20,619,673	16,922,385
Cost of sales	11	(15,380,090)	(12,488,856)
Gross profit		**5,239,583**	**4,433,529**
Distribution, administrative and selling expenses	29	(4,231,887)	(3,489,920)
Other operating expenses, net	31	(17,562)	(24,201)
Operating profit		**990,134**	**919,408**
Financial income	32	219,909	173,819
Financial cost	32	(600,383)	(369,574)
Share of profit in associates and joint ventures		(34,720)	7,234
Profit before income tax from continuing operations		**574,940**	**730,887**
Income tax expense	24	(325,702)	(137,670)
Profit for the year from continuing operations		**249,238**	**593,217**
Net loss from discontinued operations		-	(280)
Profit for the year		**249,238**	**592,937**
Net profit attributable to:			
Equity holders of the Parent		99,072	474,681
Non-controlling interests		150,166	118,256
Profit for the year		**249,238**	**592,937**
Earnings per share (*)			
Basic and diluted earnings per share (*):			
Basic and diluted earnings per share attributable to the shareholders of the Parent	33	76.33	365.74
Basic and diluted earnings per share from continuing operations attributable to the shareholders of the Parent	33	76.33	365.96
Basic and diluted (losses) earnings per share from discontinued operations attributable to the shareholders of the Parent	33	-	(0.22)

(*) Amounts expressed in Colombian pesos.

The accompanying notes are an integral part of the consolidated financial statements.

Almacenes Éxito S.A.
Consolidated statements of other comprehensive income
For the years ended December 31, 2022 and 2021
(Amounts expressed in millions of Colombian pesos)

	Notes	Year ended December 31, 2022	2021
Profit for the year		**249,238**	**592,937**
Other comprehensive income			
Components of other comprehensive income that will not be reclassified to profit and loss, net of taxes	27		
Remeasurement gain (loss) on defined benefit plans		2,123	1,812
(Loss) gain from financial instruments designated at fair value through other comprehensive income		(4,003)	(932)
Total other comprehensive income that will not be reclassified to period results, net of taxes		**(1,880)**	**880**
Components of other comprehensive income that may be reclassified to profit and loss, net of taxes			
Gain (loss) from translation exchange differences (1)	27	266,807	111,657
Net loss on hedge of a net investment in a foreign operation	27	2,473	(5,755)
Gain (loss) from cash flows hedges	27	4,495	4,909
Total other comprehensive income that may be reclassified to profit or loss, net of taxes		**273,775**	**110,811**
Total other comprehensive income		**271,895**	**111,691**
Total comprehensive income		**521,133**	**704,628**
Comprehensive income attributable to:			
Equity holders of the Parent		372,327	585,186
Non-controlling interests		148,806	119,442

(1) Represents exchange differences arising from the translation of assets, liabilities, equity and results of foreign operations into the reporting currency.

The accompanying notes are an integral part of the consolidated financial statements.

Almacenes Éxito S.A.
Consolidated statements of changes in equity
For the years ended December 31, 2022 and 2021
(Amounts expressed in millions of Colombian pesos)

	Attributable to the equity holders of the parent														
	Issued share capital	**Premium on the issue of shares**	**Treasury shares**	Legal reserve	Occasional reserve	Reserves for acquisition of treasury shares	Reserve for future dividends distribution	Other reserves	**Total reserves**	**Other comprehensive income**	**Retained earnings**	**Hyperinflation and other equity components**	**Total**	**Non-controlling interests**	**Total shareholders' equity**
	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27	Note 27				
Balance at December 31, 2020	**4,482**	**4,843,466**	**(2,734)**	7,857	734,782	22,000	155,412	337,664	**1,257,715**	**(1,350,662)**	**643,306**	**808,290**	**6,203,863**	**1,200,410**	**7,404,273**
Cash dividend declared	-	-	-	-	(49,609)	-	-	-	(49,609)	-	(123,614)	-	(173,223)	(127,773)	(300,996)
Net income	-	-	-	-	-	-	-	-	-	-	474,681	-	474,681	118,256	592,937
Other comprehensive income	-	-	-	-	-	-	-	-	-	110,505	-	-	110,505	1,186	111,691
Appropriation to reserves	-	-	-	-	107,258	-	-	-	107,258	-	(107,258)	-	-	-	-
Changes in interest in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(5,506)	(5,506)	3,419	(2,087)
Inflationary effect of subsidiary Libertad S.A.	-	-	-	-	-	-	-	-	-	-	-	278,474	278,474	-	278,474
Changes in fair value of put option on non-controlling interests and other movements	-	-	-	-	(784)	-	-	(8,135)	(8,919)	-	1,530	-	(7,389)	(48,426)	(55,815)
Balance at December 31, 2021	**4,482**	**4,843,466**	**(2,734)**	7,857	791,647	22,000	155,412	329,529	**1,306,445**	**(1,240,157)**	**888,645**	**1,081,258**	**6,881,405**	**1,147,072**	**8,028,477**
Cash dividend declared	-	-	-	-	(12,330)	-	-	-	(12,330)	-	(225,348)	-	(237,678)	(156,808)	(394,486)
Net income	-	-	-	-	-	-	-	-	-	-	99,072	-	99,072	150,166	249,238
Other comprehensive income	-	-	-	-	-	-	-	-	-	273,255	-	-	273,255	(1,360)	271,895
Acquisition of treasury shares	-	-	(316,756)	-	-	-	-	-	-	-	-	-	(316,756)	-	(316,756)
Appropriation to reserves	-	-	-	-	(147,108)	396,442	-	-	249,334	-	(249,334)	-	-	-	-
Changes in interest in the ownership of subsidiaries that do not result in loss of control	-	-	-	-	-	-	-	-	-	-	-	(14,072)	(14,072)	(6,426)	(20,498)
Inflationary effect of subsidiary Libertad S.A.	-	-	-	-	-	-	-	-	-	-	-	581,478	581,478	-	581,478
Changes in fair value of put option on non-controlling interests and other movements	-	-	-	-	(1,863)	-	-	-	(1,863)	-	2,529	(41,289)	(40,623)	75,721	35,098
Balance at December 31, 2022	**4,482**	**4,843,466**	**(319,490)**	7,857	630,346	418,442	155,412	329,529	**1,541,586**	**(966,902)**	**515,564**	**1,607,375**	**7,226,081**	**1,208,365**	**8,434,446**

The accompanying notes are an integral part of the consolidated financial statements.

Almacenes Éxito S.A.
Consolidated statements of cash flows
For the years ended December 31, 2022 and 2021
(Amounts expressed in millions of Colombian pesos)

	Notes	Year ended December 31, 2022	2021
Operating activities			
Profit for the year		**249,238**	**592,937**
Adjustments to reconcile profit for the year			
Current income tax	24	192,268	122,096
Deferred income tax	24	133,434	15,574
Interest, loans and lease expenses	32	210,558	147,148
(Gain) from changes in fair value of derivative financial instruments	32	(13,213)	(26,780)
Impairment of receivables, net	8.1	4,709	8,027
Impairment (reversal) losses of inventories, net	11.1	1,813	(5,844)
Impairment of property, plant and equipment, investment properties and right of use asset	13; 14; 15	2,201	4,527
Employee benefit provisions	21	19,411	2,463
Provisions	22	26,562	30,735
Depreciation of property, plant and equipment, investment property and right of use asset	13; 14; 15	556,686	510,498
Amortization of intangible assets	14	27,216	17,693
Share of profit in associates and joint ventures accounted for using the equity method	18	34,720	(7,234)
Loss from the disposal of non-current assets	31	(11,100)	17,971
Loss from reclassification of assets held for sale	31	230	-
Interest income	32	(27,040)	(17,277)
Other adjustments from items other than cash		62,326	4,531
Operating income before changes in working capital		**1,470,019**	**1,417,065**
Increase in trade receivables and other accounts receivable		(120,532)	(169,941)
Decrease in prepayments		849	2,603
Decrease (increase) in receivables from related parties		9,275	(17,015)
Increase in inventories		(586,328)	(150,859)
Increase in tax assets		(6,195)	(11,940)
Decrease in employee benefits		(2,784)	(2,660)
Decrease in other provisions		(18,556)	(38,135)
Increase in trade payables and other accounts payable		322,166	375,684
Increase in accounts payable to related parties		16,588	15,627
Increase in tax liabilities		19,099	7,594
(Decrease) increase in other liabilities		(368)	52,518
Income tax paid		(201,804)	(136,915)
Net cash flows provided by operating activities		**901,429**	**1,343,626**
Investing activities			
Advances to joint ventures		(55,850)	(24,500)
Acquisition of property, plant and equipment	13.1	(380,815)	(330,450)
Acquisition of other assets	15	(7,002)	(708)
Acquisition of investment property	15	(81,838)	(86,149)
Acquisition of intangible assets	14	(27,519)	(42,774)
Proceeds of the sale of property, plant and equipment and intangible assets.		23,095	4,396
Net cash flows used in investing activities		**(529,929)**	**(480,185)**
Financing activities			
Proceeds from financial assets		3,462	23,625
Proceeds from derivative instruments and collections on behalf of third parties		49,242	11,679
Proceeds from loans and borrowings	20	876,798	370,620
Repayment of loans and borrowings	20	(995,865)	(500,834)
Payments of interest of loans and borrowings	20	(98,872)	(54,178)
Lease liabilities paid	13.2	(266,357)	(220,830)
Interest on lease liabilities paid	13.2	(96,959)	(94,909)
Dividends paid	37	(397,022)	(303,483)
Interest received	32	27,040	17,277
Payments share buy-back		(316,756)	-
(Payment) proceeds from transactions with non-controlling interest		(20,532)	(3,178)
Other		-	1,137
Net cash flows used in financing activities		**(1,235,821)**	**(753,074)**
Net (decrease) increase in cash and cash equivalents		**(864,321)**	**110,367**
Effects of the variation in exchange rates		**56,415**	**21,821**
Cash and cash equivalents at the beginning of period	7	**2,541,579**	**2,409,391**
Cash and cash equivalents at the end of period	7	**1,733,673**	**2,541,579**

The accompanying notes are an integral part of the consolidated financial statements.

Note 1. General information

Almacenes Éxito S.A. was incorporated pursuant to Colombian laws on March 24, 1950; its headquarter is located Carrera 48 No. 32B Sur - 139, Envigado, Colombia. The life span of the Almacenes Éxito S.A. goes to December 31, 2150. Here and after Almacenes Éxito S.A. and its subsidiaries are referred to as the "Éxito Group".

Almacenes Éxito S.A. is listed on the Colombia Stock Exchange (BVC) since 1994 and is under the supervision of the Financial Superintendence of Colombia.

The consolidated financial statements for the year ended December 31, 2022 was authorized for issue in accordance with resolution of directors of Almacenes Éxito S.A. on February 27, 2023.

Éxito Group´s corporate purpose is to:

- Acquire, store, transform and, in general, distribute and sell under any trading figure, including funding thereof, all kinds of goods and products, produced either locally or abroad, on a wholesale or retail basis, physically or online.
- Provide ancillary services, namely grant credit facilities for the acquisition of goods, grant insurance coverage, carry out money transfers and remittances, provide mobile phone services, trade tourist package trips and tickets, repair and maintain furnishings, complete paperwork and energy trade.
- Give or receive in lease trade premises, receive or give, in lease or under occupancy, spaces or points of sale or commerce within its trade establishments intended for the exploitation of businesses of distribution of goods or products, and the provision of ancillary services.
- Incorporate, fund or promote with other individuals or legal entities, enterprises or businesses intended for the manufacturing of objects, goods, articles or the provision of services related with the exploitation of trade establishments.
- Acquire property, build commercial premises intended for establishing stores, malls or other locations suitable for the distribution of goods, without prejudice to the possibility of disposing of entire floors or commercial premises, give them in lease or use them in any convenient manner with a rational exploitation of land approach, as well as invest in property, promote and develop all kinds of real estate projects.
- Invest resources to acquire shares, bonds, trade papers and other securities of free movement in the market to take advantage of tax incentives established by law, as well as make temporary investments in highly liquid securities with a purpose of short-term productive exploitation; enter into firm *factoring* agreements using its own resources; encumber its chattels or property and enter into financial transactions that enable it to acquire funds or other assets.
- In the capacity as wholesaler and retailer, distribute oil-based liquid fuels through service stations, alcohols, biofuels, natural gas for vehicles and any other fuels used in the automotive, industrial, fluvial, maritime and air transport sectors, of all kinds.

The immediate holding company, or controlling entity of Almacenes Éxito S.A. is Companhia Brasileira de Distribuição (hereinafter CBD), which owns 91.52% at December 31, 2022 (at December 31, 2021 - 91.57%) of its ordinary shares. CBD is controlled by Casino, Guichard-Perrachon S.A., which is ultimately controlled by Mr. Jean-Charles Henri Naouri.

Almacenes Éxito S.A. is registered in the Camara de Comercio Aburrá Sur.

Note 1.1. Stock ownership in subsidiaries included in the consolidated financial statements

Below is a detail of the stock ownership in subsidiaries included in the consolidated financial statements at December 31, 2022, which was substantially the same as in 2021.

			Stock ownership 2022		
Name	**Segment**	**Country**	**Direct**	**Indirect**	**Total**
Almacenes Éxito Inversiones S.A.S.	Colombia	Colombia	100.00%	0.00%	100.00%
Logística, Transporte y Servicios Asociados S.A.S.	Colombia	Colombia	100.00%	0.00%	100.00%
Marketplace Internacional Éxito y Servicios S.A.S.	Colombia	Colombia	100.00%	0.00%	100.00%
Depósitos y Soluciones Logísticas S.A.S.	Colombia	Colombia	100.00%	0.00%	100.00%
Marketplace Internacional Éxito S.L.	Colombia	Spain	100.00%	0.00%	100.00%
Fideicomiso Lote Girardot	Colombia	Colombia	100.00%	0.00%	100.00%
Transacciones Energéticas S.A.S. E.S.P.	Colombia	Colombia	100.00%	0.00%	100.00%
Éxito Industrias S.A.S.	Colombia	Colombia	94.53%	3.42%	97.95%
Éxito Viajes y Turismo S.A.S.	Colombia	Colombia	51.00%	0.00%	51.00%
Gestión Logística S.A.	Colombia	Panama	100.00%	0.00%	100.00%
Patrimonio Autónomo Viva Malls	Colombia	Colombia	51.00%	0.00%	51.00%
Patrimonio Autónomo Iwana	Colombia	Colombia	51.00%	0.00%	51.00%
Patrimonio Autónomo Centro Comercial Viva Barranquilla	Colombia	Colombia	0.00%	45.90%	45.90%
Patrimonio Autónomo Viva Laureles	Colombia	Colombia	0.00%	40.80%	40.80%
Patrimonio Autónomo Viva Sincelejo	Colombia	Colombia	0.00%	26.01%	26.01%
Patrimonio Autónomo Viva Villavicencio	Colombia	Colombia	0.00%	26.01%	26.01%
Patrimonio Autónomo San Pedro Etapa I	Colombia	Colombia	0.00%	26.01%	26.01%
Patrimonio Autónomo Centro Comercial	Colombia	Colombia	0.00%	26.01%	26.01%
Patrimonio Autónomo Viva Palmas	Colombia	Colombia	0.00%	26.01%	26.01%
Spice Investment Mercosur S.A.	Uruguay	Uruguay	100.00%	0.00%	100.00%
Devoto Hermanos S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Mercados Devoto S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Larenco S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Geant Inversiones S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Lanin S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
5 Hermanos Ltda.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Sumelar S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Tipsel S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Tedocan S.A.	Uruguay	Uruguay	0.00%	100.00%	100.00%
Supermercados Disco del Uruguay S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%

Name	Segment	Country	Stock ownership 2022 Direct	Indirect	Total
Grupo Disco del Uruguay S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Ameluz S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Fandale S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Odaler S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
La Cabaña S.R.L.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Ludi S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Semin S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Randicor S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Setara S.A.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Hiper Ahorro S.R.L.	Uruguay	Uruguay	0.00%	62.49%	62.49%
Ciudad del Ferrol S.C.	Uruguay	Uruguay	0.00%	61.24%	61.24%
Mablicor S.A.	Uruguay	Uruguay	0.00%	31.87%	31.87%
Maostar S.A.	Uruguay	Uruguay	0.00%	31.25%	31.25%
Onper Investment 2015 S.L.	Argentina	Spain	100.00%	0.00%	100.00%
Vía Artika S. A.	Argentina	Uruguay	0.00%	100.00%	100.00%
Spice España de Valores Americanos S.L.	Argentina	Spain	0.00%	100.00%	100.00%
Libertad S.A.	Argentina	Argentina	0.00%	100.00%	100.00%
Gelase S. A.	Argentina	Belgium	0.00%	100.00%	100.00%

Note 1.2. Subsidiaries with material non-controlling interests

At December 31, 2022 and 2021 the following subsidiaries have material non-controlling interests:

	Country	Percentage of equity interest held by non-controlling interests Year ended December 31, 2022	2021
Patrimonio Autónomo Viva Palmas	Colombia	73.99%	73.99%
Patrimonio Autónomo Viva Sincelejo	Colombia	73.99%	73.99%
Patrimonio Autónomo Viva Villavicencio	Colombia	73.99%	73.99%
Patrimonio Autónomo San Pedro Etapa I	Colombia	73.99%	73.99%
Patrimonio Autónomo Centro Comercial	Colombia	73.99%	73.99%
Patrimonio Autónomo Viva Laureles	Colombia	59.20%	59.20%
Patrimonio Autónomo Centro Comercial Viva Barranquilla	Colombia	54.10%	54.10%
Patrimonio Autónomo Iwana	Colombia	49.00%	49.00%
Éxito Viajes y Turismo S.A.S.	Colombia	49.00%	49.00%
Patrimonio Autónomo Viva Malls	Colombia	49.00%	49.00%
Grupo Disco del Uruguay S.A.	Uruguay	37.51%	37.51%

Below is a summary of financial information relevant to the assets, liabilities, profit or loss and cash flows of subsidiaries, as reporting entities, that hold material non-controlling interests, that have been included in the consolidated financial statements. Balances are shown before the eliminations required as part of the consolidation process.

	Statement of financial position							Comprehensive income				
Company	**Current assets**	**Non-current assets**	**Current liabilities**	**Non-current liabilities**	**Equity**	**Controlling interest**	**Non-controlling interest**	**Revenue from ordinary activities**	**Income from continuing operations**	**Total comprehensive income**	**Controlling interest**	**Non-controlling interest**
							At December 31, 2022					
Grupo Disco del Uruguay S.A.	565,381	1,114,329	641,985	94,249	943,476	2,068,902	353,898	2,247,060	140,290	140,290	86,467	52,623
Éxito Viajes y Turismo S.A.S.	44,592	4,263	38,387	583	9,885	5,176	4,844	31,342	8,682	8,682	4,342	4,254
Patrimonio Autónomo Viva Malls	81,805	1,816,209	19,288	-	1,878,726	1,021,744	920,576	211,186	148,294	148,294	77,613	72,664
Patrimonio Autónomo Viva Sincelejo	3,687	76,948	3,337	-	77,298	39,422	37,876	8,764	2,784	2,784	1,420	1,364
Patrimonio Autónomo Viva Villavicencio	4,676	211,370	6,346	-	209,700	104,322	102,753	28,654	17,770	17,770	9,146	8,707
Patrimonio Autónomo San Pedro Etapa I	918	31,542	975	-	31,485	16,057	15,428	4,533	2,863	2,863	1,460	1,403
Patrimonio Autónomo Centro Comercial	3,351	103,912	2,463	-	104,800	52,657	51,352	14,390	9,195	9,195	4,715	4,506
Patrimonio Autónomo Iwana	67	5,520	66	-	5,521	3,025	2,705	336	(161)	(161)	(103)	(79)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	12,693	308,084	7,783	-	312,994	281,695	153,367	54,414	18,596	18,596	16,737	9,112
Patrimonio Autónomo Viva Laureles	3,167	102,237	2,931	-	102,473	81,978	20,495	18,943	10,690	10,690	8,552	2,138
Patrimonio Autónomo Viva Palmas	951	32,896	3,299	-	30,548	15,579	14,969	4,289	(2,260)	(2,260)	(1,153)	(1,107)
							At December 31, 2021					
Grupo Disco del Uruguay S.A.	449,087	799,024	412,180	60,200	775,731	1,603,860	290,977	1,679,924	112,768	112,768	69,461	42,299
Éxito Viajes y Turismo S.A.S.	39,518	3,049	33,683	406	8,478	4,545	4,154	20,669	4,626	4,626	2,160	2,266
Patrimonio Autónomo Viva Malls	60,916	1,787,039	43,692	-	1,804,263	974,979	884,089	179,919	116,412	116,412	67,853	57,042
Patrimonio Autónomo Viva Sincelejo	3,381	75,766	3,613	-	75,534	38,522	37,012	7,068	2,194	2,194	1,119	1,075
Patrimonio Autónomo Viva Villavicencio	8,032	209,021	3,989	-	213,064	105,954	104,401	21,627	11,419	11,419	6,069	5,595
Patrimonio Autónomo San Pedro Etapa I	1,327	32,095	1,209	-	32,213	16,428	15,784	3,709	2,315	2,315	1,181	1,134
Patrimonio Autónomo Centro Comercial	5,967	107,038	1,964	-	111,041	55,814	54,410	11,629	7,019	7,019	3,605	3,439
Patrimonio Autónomo Iwana	68	5,668	43	-	5,693	3,134	2,790	333	(125)	(125)	(64)	(61)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	19,930	313,447	6,828	-	326,549	293,895	32,665	45,001	12,793	12,793	11,513	1,283
Patrimonio Autónomo Viva Laureles	5,523	102,638	2,389	-	105,772	84,618	21,154	16,261	9,345	9,345	7,476	1,869
Patrimonio Autónomo Viva Palmas	1,907	32,237	3,340	-	30,804	15,710	15,094	3,883	1,854	1,854	946	908

	Cash flows for the year ended December 31, 2022				Cash flows for the year ended December 31, 2021			
Company	**Operating activities**	**Investment activities**	**Financing activities**	**Net increase (decrease) in cash**	**Operating activities**	**Investment activities**	**Financing activities**	**Net increase (decrease) in cash**
Grupo Disco del Uruguay S.A.	213,384	(51,151)	(235,941)	(73,708)	118,443	(34,913)	(103,090)	(19,560)
Éxito Viajes y Turismo S.A.S.	8,476	(118)	(4,930)	3,428	10,275	(67)	(5,605)	4,603
Patrimonio Autónomo Viva Malls	142,499	(23,218)	(100,955)	18,326	117,111	5,190	(142,839)	(20,538)
Patrimonio Autónomo Viva Sincelejo	3,937	(2,766)	(1,094)	77	3,540	(4,368)	956	128
Patrimonio Autónomo Viva Villavicencio	24,201	(8,727)	(19,166)	(3,692)	18,922	(876)	(17,138)	908
Patrimonio Autónomo San Pedro Etapa I	3,879	(775)	(3,407)	(303)	3,286	(806)	(2,777)	(297)
Patrimonio Autónomo Centro Comercial	11,775	(48)	(15,103)	(3,376)	10,554	(245)	(8,381)	1,928
Patrimonio Autónomo Iwana	38	-	(11)	27	(22)	-	(4)	(26)
Patrimonio Autónomo Centro Comercial Viva Barranquilla	28,221	(2,642)	(31,079)	(5,500)	23,347	(1,329)	(12,463)	9,555
Patrimonio Autónomo Viva Laureles	13,302	(2,019)	(13,742)	(2,459)	11,993	(350)	(9,795)	1,848
Patrimonio Autónomo Viva Palmas	(2,431)	(500)	2,023	(908)	868	(492)	436	812

Note 1.3. Restrictions on the transfer of funds

At December 31, 2022 and 2021, there are no restrictions on the ability of subsidiaries to transfer funds to Almacenes Éxito S.A. in the form of cash dividends, or loan repayments or advance payments.

Note 2. Basis of preparation and other significant accounting policies

The consolidated financial statements for the years ended December 31, 2022 and 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments measured at fair value.

The Exito Group has prepared the financial statements on the basis that it will continue to operate as a going concern.

Note 3. Basis for consolidation

All significant transactions and material balances among subsidiaries have been eliminated upon consolidation; non-controlling interests represented by third parties' ownership interests in subsidiaries have been recognized and separately included in the consolidated shareholders' equity.

These consolidated financial statements include the financial statements of Almacenes Éxito S.A. and all of its subsidiaries. Subsidiaries (including special-purpose vehicles) are entities over which have direct or indirect control. Special-purpose vehicles are stand-alone trust funds (*Patrimonios Autónomos*, in Spanish) established with a defined purpose or limited term. A listing of subsidiaries is included in Note 1.

"Control" is the power to govern relevant activities, such as the financial and operating policies of a controlled company (subsidiary). Control is when have power over an investee, is exposed to variable returns from its involvement and have the ability to use its power over the investee to affect its returns. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Exito Group has less than a majority of the voting or similar rights of an investee, the Exito Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

At the time of assessing whether Almacenes Éxito S.A. has control over a subsidiary, analysis is made of the existence and effect of currently exercisable potential voting rights. Subsidiaries are consolidated as of the date on which control is gained until ceases the control of the subsidiary.

Transactions involving a change in ownership percentage without loss of control are recognized in shareholders' equity. Cash flows provided or paid to non-controlling interests which represent a change in ownership interests not resulting in a loss of control are classified as financing activities in the statement of cash flows.

In transactions involving a loss of control, the entire ownership interest in the subsidiary is derecognized, including the relevant items of the other comprehensive income, and the retained interest is recognized at fair value. Any gain or loss arising from the transaction is recognized in profit or loss. Cash flows from the acquisition or loss of control over a subsidiary are classified as investing activities in the statement of cash flows.

Whenever a subsidiary is made available for sale or its operation is discontinued, but control over it is still maintained, its assets and liabilities are classified as assets held for sale and presented in a single line item in the statement of financial position. Results from discontinued operations are presented separately in the consolidated statement of profit or loss.

Income for the period and each component in other comprehensive income are attributed to the owners of the parent and to non-controlling interests.

In consolidating the financial statements, all subsidiaries apply the same policies and accounting principles implemented by Almacenes Éxito S.A.

Subsidiaries' assets and liabilities, revenue and expenses, as well as Almacenes Éxito's S.A. revenue and expenses in foreign currency have been translated into Colombian pesos at observable market exchange rates on each reporting date and at period average, as follows:

	Closing rates (*)		Average rates (*)	
	Year ended December 31,			
	2022	2021	2022	2021
US Dollar	4,810.20	3,981.16	4,255.44	3,743.09
Uruguayan peso	120.97	89.06	103.69	85.91
Argentine peso	27.16	38.77	32.99	39.39
Euro	5,133.73	4,527.39	4,471.09	4,424.86

(*) Expressed in Colombian pesos.

Note 4. Significant accounting policies

The accompanying consolidated financial statements at December 31, 2022 have been prepared using the same accounting policies, measurements and bases used to present the consolidated financial statements for the year ended December 31, 2021.

The significant accounting policies applied in the preparation of the consolidated financial statements are the following:

Significant accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements requires Management to make judgments, estimates and assumptions that impact the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the year; however, uncertainty about these assumptions and estimates could result in outcomes that would require material adjustments to the carrying amount of the asset or liability impacted in future periods.

Estimates and relevant assumptions are reviewed regularly, and their results are recorded in the period in which the estimate is reviewed and in future periods affected.

In the process of applying the Exito Group's accounting policies, Management has made the following judgments and estimates, which have the most significant impact on the amounts recognized in the consolidated financial statements:

- The assumptions used to estimate the fair value of financial instruments (Note 35),
- The estimation of expected credit losses on trade receivables (Note 8),
- The estimation of useful lives of property, plant and equipment, and the amortization period of intangible assets (Notes 16 and 14),
- Assumptions used to assess the recoverable amount of non-financial assets and define the indicators of impairment of non-financial assets (Note 34),
- Assumptions used to assess and determine inventory losses and obsolescence (Note 11),
- The estimation of the discount rate used to measure lease liabilities (Note 13),
- Actuarial assumptions used to estimate retirement benefits and long-term employee benefit liabilities, such as inflation rate, death rate, discount rate, and the possibility of future salary increases. (Note 21),
- The estimation of the probability and amount of loss to recognize provisions related with lawsuits and restructurings (Notes 22) and,
- The estimation of future taxable profits to recognize deferred tax assets (Note 24).

Such estimations are based on the best information available regarding the facts analyzed at the date of preparation of the consolidated financial statements, which may give rise to future changes by virtue of potential situations that may occur and would result in prospective recognition thereof; this situation would be treated as a change in accounting estimate in future financial statements.

Classification between current or non-current

The Exito Group presents assets and liabilities in the statement of financial position based on current and nom current classification.

An asset is current when it is realized or will become available in a term not to exceed one year from the reporting date. All other assets are classified as non-current.

A liability is current when it is expected to be settled within twelve months from the end of the reporting periods. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as "non-current" and presented net when appropriate in accordance with the provisions of IAS 12 – *Income Tax*.

Presentation and functional currency

The Exito Group's consolidated financial statements are presented in millions of Colombian pesos, except otherwise stated, which is also Almacenes Éxito S.A. functional currency. For each entity, the Exito Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Hyperinflation

Argentina's accumulated inflation rate over the past three years at December 31, 2022 calculated using different consumer price index combinations has exceeded 100%, and therefore is considered to be hyperinflationary.

Financial statements related to the subsidiary in Argentina have been adjusted for hyperinflation pursuant to IAS 29 - Financial Reporting in Hyperinflationary Economies.

Foreign operations

The financial statements of subsidiaries that are carried in a functional currency other than the Colombian peso have been translated into Colombian pesos. Transactions and balances are translated as follows, except for subsidiaries located in hyperinflationary economies in which case all balances and transactions are translated at closing rates:

- Assets and liabilities are translated into Colombian pesos at the period closing exchange rate,
- Income-related items are translated into Colombian pesos using the period's average exchange rate,
- Equity transactions in foreign currency are translated into Colombian pesos at the exchange rate on the date of each transaction.

Exchange differences arising from the translation are directly recognized in a separate component of equity and are reclassified to the statement of profit or loss upon loss of control in the subsidiary.

Foreign currency transactions

Transactions in foreign currency are defined as those denominated in a currency other than the functional currency.

Monetary balances at reporting date expressed in a currency other than the functional currency are updated based on the exchange rate at the end of the reporting period, and the resulting exchange differences are recognized as part of the net financial results in the statement of profit or loss. For this purpose, monetary balances are translated into the functional currency using the market spot rate (*).

Non-monetary items are not translated at period closing exchange rate but are measured at historical cost (at the exchange rates on the date of each transaction), except for non-monetary items measured at fair value such as forward and swap financial instruments, which are translated using the exchange rates on the date of measurement of the fair value thereof and by items such as equity instruments whose exchange differences resultants from updating are recognized in the statement of other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

(*) Market Representative Exchange Rate means the average of all market rates negotiated during the closing day (closing exchange rate), equivalent to the international "spot rate", as also defined by IAS 21 - Effects of Changes in Foreign Exchange Rates, as the spot exchange rate in force at the closing of the reporting period.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Fair value measurement

The fair value is the price to be received upon the sale of an asset or paid out upon transferring a liability under an orderly transaction carried out by market participants on the date of measurement.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Éxito Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities,
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable,
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Éxito Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Investments in associates and joint arrangements

An associate is an entity over which is in a position of exercising significant influence, but not control or joint control, through the power of participating in decisions regarding operating and financial policies of the associate. In general, significant influence is presumed where has an ownership interest higher than 20%.

A joint arrangement is an agreement by means of which two or more parties maintain joint control. Joint arrangements can be joint operations or joint ventures. There is joint control only when decisions on significant activities require the unanimous consent of the parties that share control. Acquisitions of such arrangements are recorded using the principles applicable to business combinations set out by IFRS 3.

A joint venture is a joint arrangement by which the parties having joint control over the arrangement are entitled to the net assets of the arrangement. Such parties are known as participants in a joint venture.

A joint operation is a joint arrangement by means of which the parties having joint control over the arrangement are entitled to the assets and liability-related obligations associated with the arrangement. Such parties are known as joint operators.

Investments in associates or joint ventures are accounted for using the equity method.

Under the equity method, investment in associates and joint ventures is recorded at cost upon initial recognition and subsequently the carrying amount of the investment is adjusted to recognize changes in the Exito Group's share of net assets of the associate or joint venture since the acquisition date. Such changes are recognized in profit or loss or in other comprehensive income, as appropriate. The dividends received from an investee are deducted from the carrying value of the investment.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Éxito Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Éxito Group.

Unrealized gains or losses from transactions between Éxito Group and associates and joint ventures are eliminated in the proportion interest in such entities upon application of the equity method.

After application of the equity method, the Éxito Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Éxito Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Éxito Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss within 'Share of profit of an associate and joint ventures' in the statement of profit or loss.

Transactions involving a loss of significant influence over an associate or joint venture are booked recognizing any ownership interest retained at its fair value, and the gain or loss arising from the transaction is recognized in profit or loss including the relevant items of other comprehensive income.

Wherever the share of the losses of an associate or joint venture equals to or exceeds its interest therein, ceases to recognize its share of additional losses. A provision is recognized once the interest comes to zero, only in as much as have incurred legal or constructive liabilities.

Dividends are recognized when the right to receive payment for investments classified as financial instruments arise; dividends received from associates and joint ventures, that were measure using the equity method, are recognized as a financial income against a decrease in the carrying amount of the investment in these associates or joint ventures.

Goodwill

Goodwill is recognized as the excess of the fair value of the consideration transferred over the fair value of net assets acquired. After initial recognition, goodwill is carried at cost less any accumulated impairment losses. For purposes of impairment testing, from the date of the acquisition, goodwill is allocated to the cash-generating unit or group of cash-generating units that are expected to benefit from the business combination.

Put options on the holders of non-controlling interests

Shares held by non-controlling interests that are subject to a put option held by the Éxito Group are accounted for as acquired and therefore as a liability. Changes in the fair value of the liability are recognized directly in equity.

Intangible assets

Intangible assets acquired separately are initially recognized at cost.

Internally-generated trademarks are not recognized in the statement of financial position.

The cost of intangible assets includes acquisition cost, import duties, indirect not-recoverable taxes and costs directly incurred to bring the asset to the place and use conditions foreseen by Éxito Group's management, after trade discounts and rebates, if any.

Intangible assets having indefinite useful lives are not amortized, but are subject to impairment testing, on an annual basis or whenever there is indication of impairment.

Intangible assets having a defined useful life are amortized using the straight-line method over their estimated useful lives. Estimated useful lives are:

Acquired software	Between 3 and 5 years
ERP-like acquired software	Between 5 and 8 years

Amortization expense and impairment losses are recognized in the statement of profit or loss.

An intangible asset is derecognized upon disposal or when no future economic benefit is expected from its use or disposal. The gain or loss from derecognition of an asset is calculated as the difference between the net proceeds of sale and the carrying amount of the asset and is included in profit or loss.

Useful lives and amortization methods are reviewed at each reporting date and changes, if any, are applied prospectively.

Property, plant and equipment

Property, plant and equipment are initially measured at cost; subsequently they are measured at cost less accumulated depreciation and less accumulated impairment losses.

The cost of property, plant and equipment items includes acquisition cost, import duties, non-recoverable indirect taxes, future dismantling costs, if any, borrowing costs directly attributable to the acquisition of a qualifying asset and the costs directly attributable to place the asset in the site and usage conditions foreseen by Éxito Group's management, net of trade discounts and rebates.

Costs incurred for expansion, modernization and improvements that increase productivity, capacity or efficiency, or an increase in the useful lives thereof, are capitalized. Maintenance and repair costs from which no future benefit is foreseen are expensed.

Land and buildings are deemed to be individual assets, whenever they are material and physical separation is feasible from a technical viewpoint, even if they have been jointly acquired.

Assets under construction are transferred to operating assets upon completion of the construction or commencement of operation and depreciated as of that moment.

The useful life of land is unlimited and consequently it is not depreciated. All other items of property, plant and equipment are depreciated using the straight-line method over their estimated useful lives.

The categories of property, plant and equipment and relevant useful lives are as follows:

Computers	5 years
Vehicles	5 years
Machinery and equipment	From 10 to 20 years
Furniture and office equipment	From 10 to 12 years
Other transportation equipment	From 5 to 20 years
Surveillance team armament	10 years
Other property, plant and equipment	From 10 to 20 years
Installations	From 40 to 50 years
Buildings	From 40 to 50 years
Improvements to third-party properties	40 years or the term of the lease agreement or the remaining of the lease term, whichever is less

Residual values, useful lives and depreciation methods are reviewed at the end of each year, and changes, if any, are applied prospectively.

An item of property, plant and equipment is derecognized (a) upon its sale or (b) whenever no future economic benefit is expected from use or it is disposed. The gain or loss from derecognition of an asset is the difference between the net proceeds of sale and the carrying amount of the asset. Such effect is recognized in profit or loss.

The Éxito Group estimate depreciation by components, which means applying individual depreciation to the components of an asset with useful lives that are different from the asset as a whole and has a material cost in relation to the entire fixed asset. Cost is deemed material when the component exceeds 50% of the total asset value, or when it can be individually identified, based on an individual cost of the component of 32 Minimum Legal Monthly Wages in force (SMMLV) (December 31, 2022, the monthly legal minimum wage was $1,000,000).

Investment property

This category includes the shopping malls and other property owned by the Éxito Group.

Investment properties are initially measured at cost, including transaction costs. Following initial recognition, they are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Investment property is depreciated using the straight-line method over the estimated useful life. The useful life estimated to depreciate buildings classified as investment property is from 40 to 50 years.

Transfers are made from investment properties to other assets and from other assets to investment properties only whenever there is a change in the use of the asset. For transfers from investment property to property, plant and equipment or to inventories, the cost taken into consideration for subsequent accounting is the carrying amount on the date the use is changed. If a property, plant and equipment item would become investment property, it will be recorded at carrying amount on the date it changes.

Investment property is derecognized upon its sale or whenever no future economic benefit is expected from the use or disposition thereof.

The gain or loss from derecognition of investment properties is the difference between the net proceeds of sale and the carrying amount of the asset and recognized in profit or loss.

The fair values of investment property are updated on an annual basis for the purposes of disclosure in the financial statements.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The criteria for classification as held for sale is regarded as met whenever an asset or group of assets are available for immediate sale, under current condition, and the sale is highly probable to occur. In order for the sale to be highly probable, the management must be committed to a plan to sell the asset (or assets or disposal groups) and the sale is expected within the year following the classification date.

Non-current assets and disposal groups are measured at the lower of carrying amount or fair value, less costs to sell, and are not depreciated or amortized as of the date they are classified as held for sale. Such assets or disposal groups are presented separately as current items in the statement of financial position.

In the statement of profit or loss for the current period and for that of the comparative previous period, revenue, costs and expenses from a discontinued operation are presented separately from those from continuing activities, in one single line item as profit or loss after tax from discontinued operations. An operation is deemed to be discontinued whenever it represents a business line or geographical area of operations that are material to Éxito Group.

Leases

The Exito Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Éxito Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Éxito Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right of use asset

The Éxito Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Éxito Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Éxito Group and payments of penalties for terminating the lease, if the lease term reflects the Éxito Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs

In calculating the present value of lease payments, the Éxito Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Éxito Group as a lessor

Leases in which the Éxito Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Short term leases and leases of low value assets

The Éxito Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value, such as furniture and office equipment, computers, machinery and equipment and intangibles. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or manufacturing of a qualifying asset, in other words an asset that necessarily takes a substantial period (generally more than six months) to become ready for its intended use or sale, are capitalized as part of the cost of the respective asset. Other borrowing costs are accounted for as expenses during the period they are incurred. Borrowing costs consist of interest and other costs incurred in connection with the borrowing of funds.

Impairment of non-financial assets

The Éxito Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Éxito Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

To assess impairment losses, assets are grouped at the level of cash-generating units, and estimation is made of the recoverable amount. The Éxito Group has defined each store or each shop as an individual cash-generating unit.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

To determine the fair value less the costs of disposal, a pricing model is used in accordance with the cash-generating unit or groups of cash-generating units, if it can be established.

To assess the value in use:
- Estimation is made of future cash flows of the cash-generating unit over a period not to exceed five years. Cash flows beyond a 3-year period are estimated by applying a steady or declining growth rate.
- The terminal value is estimated by applying a perpetual growth rate, according to the forecasted cash flow at the end of the five-year period.
- The cash flows and terminal value are discounted to present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Éxito Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

Impairment losses are accounted in profit or loss in the amount of the excess of the carrying amount of the asset over recoverable amount thereof; first, reducing the carrying amount of the goodwill allocated to the cash-generating unit or group of cash-generating units; and second, if there would be a remaining balance, by reducing all other assets of the cash-generating unit or group of units as a function of the carrying amount of each asset until such carrying amount reaches zero.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

Inventories

Inventories include goods acquired with the purpose of being sold in the ordinary course of business, goods in process of manufacturing or construction with a view to such sale, and goods to be consumed in the process of production or provision of services.

Inventories in transit are recognized upon receipt of all substantial risks and benefits attached to the asset, according to performance obligations satisfied by the seller, as appropriate under procurement conditions.

Inventories also include real estate property where construction or development of a real estate project has been initiated with a view to future selling.

Inventories purchased are recorded at cost, including warehouse and handling costs, to the extent that these costs are necessary to bring inventories to their present location and condition, that is to say, upon completion of the production process or receipt at the store. Inventories are measured using the first-in-first-out (FIFO) method. Logistics costs and supplier discounts are capitalized as part of the inventories and recognized in cost of goods sold upon sale. Unrealized bonuses are presented as a reduction to inventories at each reporting date.

Inventories are measurable for at the lower of cost or net realizable value.

Net realizable value is the selling price in the ordinary course of business, less the estimated costs to sell.

Inventories are reduced for losses and damages, which are periodically reviewed and evaluated as appropriate.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

<u>Financial assets</u>

Financial assets are recognized in the statement of financial position when the Éxito Group becomes party to the contractual provisions of the instrument. Financial assets are classified at initial recognition, as subsequently measured at:
- Fair value through profit or loss,
- Amortized cost, and
- Fair value through other comprehensive income.

The classification depends on the business model used to manage financial assets and on the characteristics of the cash flows from the financial asset; such classification is defined upon initial recognition. Financial assets are classified as current assets, if they mature in less than one year; otherwise they are classified as non-current assets.

a. Financial assets measured at fair value through profit or loss

Includes financial assets incurred mainly seeking to manage liquidity through frequent sales of the instrument. These instruments carried in the statement of financial position at fair value with net changes in fair value are recognized in the statement of profit or loss.

b. Financial assets measured at amortized cost

These are non-derivative financial assets with known payments and fixed maturity dates, for which there is an intention and capability of collecting the cash flows from the instrument under a contract.

These Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. The amortized cost is estimated by adding or deducting any premium or discount, revenue or incremental cost, during the remaining life of the instrument. Gains and losses are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

c. Financial assets at fair value through other comprehensive income

They represent variable-income investments not held for trading nor deemed an acquirer's contingent consideration in a business combination. Éxito made an irrevocable election at initial recognition for these investments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

In case these assets are derecognized, the gains and losses previously recognized in other comprehensive income are reclassified to retained earnings.

d. Loans and accounts receivable

Loans and accounts receivable are financial assets issued or acquired in exchange for cash, goods or services delivered to a debtor.

Accounts receivable from sales transactions are measured at invoice values less allowance for expected credit losses. These accounts receivable are recognized when all risks and benefits have been transferred to a third party and all performance obligations agreed upon with the customer have been met or are in the process of being met.

Long-term loans (more than one year of issuance date) are measured at amortized cost using the effective interest method. Expected credit losses are recognized in the statement of profit or loss.

These instruments are included as current assets, except for those maturing after 12 months of the reporting date, which are classified as non-current assets. Accounts receivable expected to be settled over a period of more than 12 months and include payments during the first 12 months, are shown as non-current portion and current portion, respectively.

e. Effective interest method

Is the method to estimate the amortized cost of a financial asset and the allocation of interest revenue during the entire relevant period. The effective interest rate is the rate that exactly discounts the estimated net future cash flows receivable (including all charges received that are an integral part of the effective interest rate, transaction costs and other rewards or discounts), during the expected life of a financial asset.

f. Impairment of financial assets

Given that trade accounts receivable and other accounts receivable are deemed to be short-term receivables of less than 12 months as of the date of issue and do not contain a significant financial component, impairment thereof is estimated from initial recognition and on each presentation date as the expected loss for the following 12 months.

For financial assets other than those measured at fair value, expected losses are measured over the life of the relevant asset. For this purpose, determination is made of whether the credit risk arising from the asset assessed on an individual basis has significantly increased, by comparing the risk of default on the date of presentation against that on the date of initial recognition; if so, an impairment loss is recognized in profit or loss in the amount of the credit losses expected over the following 12 months.

g. Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the Exito Group transfers the contractual rights to receive the cash flows of the financial asset.

Financial liabilities

Financial liabilities are recognized in the statement of financial position when the Éxito Group becomes party pursuant to the instrument´s terms and conditions. Financial liabilities are classified and subsequently measured at fair value through profit or loss or amortized cost.

a. Financial liabilities measured at fair value through profit or loss.

Financial liabilities are classified under this category when held for trading or when upon initial recognition they are designated at fair value through profit or loss.

b. Financial liabilities measured at amortized cost.

Include loans and bonds issued, which are initially measured at the actual amount received net of transaction costs and subsequently measured at amortized cost using the effective interest method.

c. Effective interest method

The effective interest method is the method to calculate the amortized cost of a financial liability and the allocation of interest expenses over the relevant period. The effective interest rate is the rate that accurately discounts estimated future cash flows payable during the expected life of a financial liability, or, as appropriate, a shorter period whenever a prepayment option is associated to the liability and it is likely to be exercised.

d. Derecognition

A financial liability or a part thereof is derecognized upon settlement or expiry of the contractual obligation.

Interest income

Interest income is recognized using the effective interest method.

Cash and cash equivalents

Include cash at hand and in banks, and highly liquid investments. To be classified as cash equivalents, investments should meet the following criteria:
(a) Short-term investments, in other words, with terms less than or equal to three months as of acquisition date,
(b) Highly liquid investments,
(c) Readily convertible into a known amount of cash, and
(d) Subject to an insignificant risk of change in value.

In the statement of financial position, overdraft accounts with financial institutions are classified as financial liabilities. In the statement of cash flows such overdrafts are shown as a component of cash and cash equivalents, provided they are an integral part of Éxito Group's cash management system.

Derivative financial instruments

The Exito Group uses derivative financial instruments to mitigate the exposure to variation in interest and exchange rates. These derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at the end of each reporting period. They are presented as non-current assets or non-current liabilities whenever the remaining maturity of the hedged item exceeds 12 months, otherwise they are presented as current assets and current liabilities.

Gains or losses arising from changes in the fair value of derivatives are recognized as financial income or expenses. Derivative financial instruments that meet hedge accounting requirements are accounted for pursuant to the hedge accounting policy, described below.

Hedge accounting

The Éxito Group uses hedge instruments to mitigate the risks associated with changes in the exchange rates related to its investments in foreign operations and in the exchange and interest rates related to its financial liabilities.

A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:
- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Exito Group actually hedges and the quantity of the hedging instrument that the Éxito Group actually uses to hedge that quantity of hedged item.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Éxito Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined).

Hedges are classified and booked as follows, upon compliance with hedge accounting criteria:

- Cash flow hedges include hedges covering the exposure to the variation in cash flows arising from a particular risk associated to a recognized asset or liability or to a foreseen transaction whose occurrence is highly probable and may have an impact on period results.

  Derivative instruments are recorded as cash flow hedge, using the following principles:

  - The effective portion of the gain or loss on the hedge instrument is recognized directly in stockholders' equity in other comprehensive income. In case the hedge relationship no longer meets the hedging ratio but the objective of management risk remains unchanged, the Exito Group should "rebalance" the hedge ratio to meet the eligibility criteria.

- Any remaining gain or loss on the hedge instrument (including arising from the "rebalancing" of the hedge ratio) is ineffective, and therefore should be recognized in profit or loss.

- Amounts recorded in other comprehensive income are immediately transferred to the profit or loss together with the hedged transaction, for example, when the hedged financial income or expense is recognized or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts recorded in equity are transferred to the initial carrying amount of the non-financial asset or liability.

- The Éxito Group should prospectively discontinue hedge accounting only when the hedge relationship no longer meets the qualification criteria (after taking into account any rebalancing of the hedge relationship).

- If the expected transaction or firm commitment is no longer expected, amounts previously recognized in OCI are transferred to the Statements of Income If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its hedge classification is revoked, gains or losses previously recognized in comprehensive income remain deferred in equity in other comprehensive income until the expected transaction or firm commitment affect profit or loss

- Fair-value hedges: this category includes hedges covering the exposure to changes in the fair value of recognized assets or liabilities or unrecognized firm commitments.

  A change in the fair value of a derivative that is a fair-value hedging instrument is recognized in the statement of profit or loss as financial expense or income. A change in the fair value of a hedged item attributable to the hedged risk is booked as part of the carrying amount of the hedged item and is also recognized in the statement of profit or loss as financial expense or revenue.

  Whenever an unrecognized firm commitment is identified as a hedged item, the subsequent accrued change in the fair value of the firm commitment attributable to the hedged risk will be recognized as an asset or liability and the relevant gain or loss will be recognized in profit or loss. For the years ended 2022 and 2021, the Éxito Group has not designated any derivative financial instrument as fair value hedge.

- Net investment hedges in a foreign operation: this category includes hedges covering exposure to the variation in exchange rates arising from the translation of foreign businesses to Almacenes Éxito's S.A. reporting currency.

  The effective portion of the changes in the fair value of derivative instruments defined as instruments to hedge a net investment in a foreign operation is recognized in other comprehensive income. The gain or loss related to the non-effective portion is recognized in the statement of profit or loss.

  If the Éxito Group would dispose of a foreign business, in whole or in part, the accrued value of the effective portion recorded to other comprehensive income is reclassified to the statement of profit or loss.

Employee benefits

a. Post-employment: defined contribution plans

   Post-employment benefit plans under which there is an obligation to make certain predetermined contributions to a separate entity (a retirement fund or insurance company) and there is no further legal or constructive obligation to pay additional contributions. Such contributions are recognized as expenses in the statement of profit or loss, in as much as the relevant contributions are enforceable.

b. Post-employment: defined benefit plans

   Post-employment defined benefit plans are those under which there is an obligation to directly provide retirement pension payments and retroactive severance pay, pursuant to Colombian legal requirements. the Éxito Group has no specific assets intended for guaranteeing the defined benefit plans.

   Post-employment defined benefit plan liabilities are estimated for each plan, with the support of independent third parties, applying the projected credit unit's actuarial valuation method, using actuarial assumptions on the date of the period reported, such as discount rate, salary increase expectations, average time of employment, life expectancy and personnel turnover. Actuarial gains or losses are recognized in other comprehensive income. Interest expense on post-employment benefits plans, as well as settlements and plan reductions, are recognized in profit or loss as financial costs.

c. Long-term employee benefits

   These are benefits not expected to be fully settled within twelve months following the reporting date regarding which employees render their services. These benefits relate to time-of-service bonuses and similar benefits. The Éxito Group has no specific assets intended for guaranteeing long-term benefits.

   The liability for long-term benefits is determined separately for each plan with the support of independent third parties, following the actuarial valuation of the forecasted credit unit method, using actuarial assumptions on the date of the reporting period. The cost of current service, cost of past service, cost for interest, actuarial gains and losses, as well as settlements or reductions in the plan are recognized in the statement of profit or loss.

d. Short-term employee benefits

These are benefits expected to be fully settled within twelve months and after the reporting date regarding which the employees render their services. Such benefits include a share of profits payable to employees based on performance. Short-term benefit liabilities are measured based on the best estimation of disbursements required to settle the obligations on the reporting date.

e. Employee termination benefits

The Éxito Group pays employees certain benefits upon termination, whenever decision is made to terminate a labor contract earlier than on the ordinary retirement date, or whenever an employee accepts a benefit offer in exchange for termination of his labor contract.

Termination benefits are classified as short-term employee benefits and are recognized in profit or loss when they are expected to be fully settled within 12 months of the end of the reporting period; and are classified as long-term employee benefits when they are expected to be settled after 12 months of the end of the reporting period.

Provisions, contingent assets and liabilities

The Éxito Group recognizes a provision for all present obligations resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and can be reliably estimated.

Provisions are recognized at the present value of the best estimation of cash outflows required to settle the liability. In those cases where there is expectation that the provision will be reimbursed, in full or in part, the reimbursement is recognized as a separate asset only if virtually certain.

The provisions are revised periodically and estimated based on the best information available on the reporting date.

Provisions for onerous contracts are recognized whenever unavoidable costs to be incurred in performing under the contract exceed the economic benefits expected to be received.

A restructuring provision is recognized whenever there is a constructive obligation to conduct a reorganization, when a formal and detailed restructuring plan has been prepared and has raised a valid expectation in those affected and announced prior to the reporting date.

Contingent liabilities are obligations arising from past events, whose existence is subject to the occurrence or non-occurrence of future events not entirely under the control of the Éxito Group; or current obligations arising from past events, from which the amount of the obligation cannot be reliably measured or it is not probable that an outflow of resources will be required to settle the obligation. Contingent liabilities are not recognized; instead they are disclosed in notes to the financial statements, unless the possibility of any outflow is remote.

A contingent asset is a possible asset that arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of future events not entirely under the control of the Éxito Group. Contingent assets are not recognized in the statement of financial position unless realization is virtually certain. Instead, they are disclosed in the notes to the financial statements when an inflow of economic benefit is probable.

Taxes

Taxes include the following income and non-income taxes:

<u>Colombia:</u>
- Income tax,
- Real estate tax, and
- Industry and trade tax.

<u>Argentina:</u>
- Income tax,
- Province taxes,
- Tax on personal property - substitute responsible party, and
- Municipal trade and industry tax.

<u>Uruguay:</u>
- Income tax (*Impuesto a las Rentas de Industria y Comercio* -IRIC, in Spanish),
- Tax on equity,
- Real property tax,
- Industry and trade tax,
- Tax on Control of Stock Corporations (*Impuesto de Control a las Sociedades Anónimas* – ICOSA, in Spanish),
- National tax on wine production, and
- Tax on the Disposal or Transfer of Agricultural and Livestock Assets (*Impuesto a la Enajenación de Bienes Agropecuarios* – IMEBA, in Spanish)

<u>Current income tax</u>

Current income tax in Colombia is assessed on the taxable net income at the official rate applicable annually on each closing of presentation of financial statements.

For subsidiaries in Uruguay and Argentina, current income tax is assessed at enacted tax rates.

Exito Group permanently evaluates the positions assumed in the tax declarations with respect to situations in which certain interpretations may exist in the tax laws to adequately record the amounts that are expected to be paid.

Current tax assets and liabilities are offset for presentation purposes if there is a legally enforceable right, they have been incurred with the same tax authority and the intention is to settle them at net value or realize the asset and settle the liability simultaneously.

Deferred income tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax arises from temporary differences that give rise to differences between the accounting base and the taxable base of assets and liabilities.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting period.

Deferred income tax assets are only recognized if it is probable that there will be future taxable income against which such deductible temporary differences may be offset. Deferred income tax liabilities are always recognized.

The effects of the deferred tax are recognized in income for the period or in other comprehensive income depending on where the originating profits or losses were booked, and they are shown in the statement of financial position as non-current items.

For presentation purposes, deferred tax assets and liabilities are offset if there is a legally enforceable right and they have been incurred with the same tax authority.

No deferred tax liabilities are carried for the total of the differences that may arise between the accounting balances and the taxable balances of investments in associates and joint ventures, since the exemption contained in IAS 12 is applied when recording such deferred income tax liabilities.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or to be received, net of trade rebates, cash discounts and volume discounts; value added tax is excluded.

Retail sales

Revenue from retail sales is recognized at the point in time when control of the asset is transferred to the customer, upon delivery of the goods.

- Loyalty programs

  Under their loyalty programs, certain subsidiaries award customer points on purchases, which may be exchanged in future for benefits such as prizes or goods available at the stores, means of payment or discounts, redemption with allies and continuity programs, among other. Points are measured at fair value, which is the value of each point received by the customer, taking the various redemption strategies into consideration. The fair value of each point is estimated at the end of each accounting period.

  The obligation of awarding such points is recorded in the liability side as a deferred revenue that represents the portion of unredeemed benefits at fair value, considering for such effect the redemption rate and the estimated portion of points expected not to be redeemed by the customers.

Revenue from services

Revenue from the provision of services is recognized at a point in time, when the performance obligations agreed upon with the customer have been satisfied.

Lease income

Lease income on investment properties is recognized on a straight-line basis over the term of the agreement.

Other revenue

Royalties are recognized upon fulfilment of the conditions set out in the agreements.

Principal or agent

Contracts to provide goods or services to customers on behalf of other parties are analyzed on the grounds of specific criteria to determine when the Éxito Group acts as principal and when as a commission agent.

When another party is involved in providing goods or services to a customer, Éxito Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (principal) or to arrange for those goods or services to be provided by the other party (agent).

Earnings per share

Basic earnings per share are calculated by dividing the profit for the period attributable to Éxito Group by the weighted average of common shares outstanding during the year, excluding, if any, common shares acquired by Éxito and held as treasury shares.

For the purpose of calculating diluted earnings per share, profit or loss attributable to equity holders of the parent entity, and the weighted average number of shares outstanding, are adjusted for the effects of all dilutive potential ordinary shares, if any.

There were no dilutive potential ordinary shares outstanding at the end of the reporting period.

Costs and Expenses

Costs and expenses are recognized in period results upon (a) a decrease in economic benefits, associated with a decrease in assets or an increase in liabilities, and the value thereof may be reliably measured and (b) a disbursement does not generate future economic benefits or when it does not meet the necessary requirements for its registration as an asset.

Note 5. New and modified Standards and Interpretations

Note 5.1. Standards issued during the annual period ended December 31, 2022

During the annual period ended December 31, 2022, the International Accounting Standards Board IASB issued the following new standards and amendments:

- Amendment to IAS 1, applicable as of January 2024 with early adoption permitted,
- Amendment to IFRS 16, applicable as of January 2024.

Amendment to IAS 1 – Non-current Liabilities with Covenants (issued in October 2022)

This amendment, which amends IAS 1– Presentation of Financial Statements, aims to improve the information companies provide on long-term covenanted debt by enabling investors to understand the risk of early repayment of debt.

IAS 1 requires a company to classify debt as non-current only if the company can avoid settling the debt within 12 months of the reporting date. However, a company's ability to do so is often contingent on compliance with covenants. For example, a business might have long-term debt that could be repayable within 12 months if the business defaults in that 12-month period. The amendment requires a company to disclose information about these covenants in the notes to the financial statements.

No material effects are expected from the application of this Amendment.

Amendment to IFRS 16 – Lease Liability in a Sale and Leaseback (issued in September 2022)

This Amendment, which amends IFRS 16 – Leases, guides at the subsequent measurement that a company must apply when it sells an asset and subsequently leases the same asset to the new owner for a period.

IFRS 16 includes requirements on how to account for a sale with leaseback on the date the transaction takes place. However, this standard had not specified how to measure the transaction after that date. These amendments will not change the accounting for leases other than those arising in a sale-leaseback transaction.

No material effects are expected from the application of this Amendment.

Note 5.2. Standards applied as of 2022, issued prior to January 1, 2022

The following standards started to be applied as of January 1, 2022, according to the adoption date set by the IASB:

- Amendment to IAS 1,
- Amendment to IFRS 3,
- Amendment to IFRS 16,
- Amendment to IAS 37,
- Annual Improvements to IFRSs 2018-2020 Cycle

Note 5.3. Standards not yet in force at December 31, 2022, issued prior to January 1, 2022

The following Standards are not yet effective at December 31, 2022:

- IFRS 17 - Insurance Contracts, to be applied as of January 2023 pursuant to the Amendment thereto.
- Amendment to IAS 1, applicable as of January 2023.
- Amendment to IAS 8, applicable as of January 2023.
- Amendment to IAS 12, applicable as of January 2023 with early adoption permitted.
- Amendment to IFRS 17, applicable as of January 2023.

Note 5.4. Standards issued during the annual period ended December 31, 2021

During the annual period ended December 31, 2021, the International Accounting Standards Board IASB issued the following new standards and amendments:

- Amendment to IAS 1, applicable as of January 2023,
- Amendment to IAS 8, applicable as of January 2023,
- Amendment to IFRS 16, applicable as of April 1, 2021,
- Amendment to IAS 12, to be applied as of January 1, 2023 with early adoption permitted,
- Amendment to IFRS 17, applicable as of January 1, 2023.

Amendment to IAS 1 - Disclosure of Accounting Policies and Practice Statement (issued in February 2021)

This Amendment, which amends IAS 1 - Presentation of Financial Statements, guides companies in deciding what information about accounting policies should be disclosed to provide more useful information to investors and other primary users of financial statements. The Amendment requires companies to disclose material information about accounting policies by applying the concept of materiality in their disclosures.

No material effects are expected from the application of this Amendment.

Amendment to IAS 8 - Definition of Accounting Estimates (issued in February 2021)

This Amendment, which amends IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, modified the definition of accounting estimates and included other amendments to assist entities in distinguishing changes in accounting estimates from changes in accounting policies. This distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are applied retrospectively to past transactions and other past events.

No material effects are expected from the application of this Amendment.

Amendment to IFRS 16 – Covid 19 – Related Rent Concessions (issued in March 2021)

The basic principles introduced when the Council first issued the Amendment in May 2020 are not affected. The Amendment is designed to extend by one year the period of application of the Covid-19 related lease concessions to assist lessees in accounting for their leases. Relief was extended to cover lease concessions for lease payments originally due on or before June 30, 2022.

No material effects are expected from the application of this Amendment.

Amendment to IAS 12 - Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)

This Amendment, which amends IAS 12 Income Tax, details how companies must recognize deferred tax on transactions such as leases and decommissioning liabilities.

Under certain circumstances, companies are exempt from recognizing deferred taxes when they first recognize assets or liabilities. Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which companies recognize both an asset and a liability.

The amendments clarify that companies are required to recognize deferred tax on such transactions. The purpose of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning liabilities.

It is estimated that there will be no significant impact on the application of this Amendment as the Company adequately accrues the deferred tax on assets and liabilities arising from the application of IFRS 16 on lease transactions.

Amendment to IFRS 17 - Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued December 2021)

This Amendment, which modifies IFRS 17 - Insurance contracts, applies to entities that apply IFRS 17 and IFRS 9 simultaneously. Considering that these standards have different transition requirements, it is possible that temporary accounting imbalances arise between financial assets and liabilities related with the insurance contract in the comparative information shown in the financial statements upon applying such standards for the first time. The Amendment will help insurance companies to avoid such imbalances, and, consequently, will improve the usefulness of comparative information for investors. For this purpose, it provides insurance companies with an option to present comparative information regarding financial assets.

No material effects are expected from the application of this Amendment given that Exito Group and its subsidiaries do not apply IFRS 17.

Note 5.5. Standards applied as of 2021, issued prior to January 1, 2021

The following standards started to be applied as of January 1, 2021 according to the adoption date set by the IASB:

- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - IBOR Reform and its Effects on Financial Reporting - Phase 2 (issued in August 2020).

No material effects resulted from application of this Amendment.

Note 6. Relevant facts

Receipt of claim indemnity monies.

On January 10, 2022 the insurance company that was in charge of covering the losses arising from damages caused by the acts carried out against the infrastructure of Éxito stores in different cities of the country paid $1,494 as part of the compensation for damages.

Extraordinary meeting of the General Meeting of Shareholders

Éxito's General Meeting of Shareholders was held on March 24, 2022, to resolve on the approval of a share payback process and its respective regulation.

Share payback process

On June 9, 2022, the process that have been approved by Éxito's General Meeting of Shareholders finished. As of result of that, Éxito payback 14.982.863 owned shares.

Extraordinary meeting of the General Meeting of Shareholders

Éxito's General Meeting of Shareholders was held on October 25, 2022, to resolve on the approval of a share´s split process.

The split process is as follow:

a. On September 30, 2022 Éxito´s subscribed and paid-in capital is the amounts $4,482,401,510 (*) represented in 448.240.151 common shares with a nominal value of $10 (*) each; the number of outstanding shares is 432.621.453 and the number of treasuries shares reacquired is 15.618.698; the authorized capital is represented in 530,000,000 common shares.

b. The share´s split for subscribed and paid-in capital was made in a proportion of 3x1, increasing the common shares to 1.344.720.453 and decreasing its nominal value to $3.3333 (*).

   The new shares subscribed, and paid-in capital is calculated as follows: actual shares * proportion of share´s split:
   448.240.151 x 3 = 1.344.720.453.

   The new nominal value for each share is calculated in two ways:

   - Subscribed and paid-in capital / number of shares:
     $4,482,401,510 (*) / 1.344.720.453 = $3.3333 (*) per share.

   - Last nominal value / proportion of share´s split:
     $10 (*) / 3 = $3.3333 (*) per share.

c. As of split result, the number of outstanding shares is 1.297.864.359 and the number of treasuries share reacquired is 46.856.094.

d. Finally, authorized capital share is also subject to split.

   The new shares authorized in capital is calculated as follows: actual shares * proportion of share´s split:
   530.000.000 x 3 = 1.590.000.000.

Note 7. Cash and cash equivalents

The balance of cash and cash equivalents is shown below:

	Year ended December 31,	
	2022	**2022**
Cash at banks and on hand	1,700,987	2,472,151
Fiduciary rights – money market like	30,652	68,716
Restricted funds (1)	1,139	-
Term deposit certificates	870	681
Other cash equivalents	25	31
Total cash and cash equivalents	**1,733,673**	**2,541,579**

(1) Represents the Collective Investment Fund with Fiduciaria Corficolombiana created to guarantee the payment of the lease fee on the Éxito Poblado and Cedi Avenida 68 properties. These funds must be maintained until March 2027, when the guaranteed contracts expire.

At December 31, 2022, the Éxito Group recognized interest income from cash at banks and on hand and cash equivalents in the amount of $27,040 (December 31, 2021 - $17,277), which were recognized as financial income as detailed in Note 32.

At December 31, 2022 and 2021, cash and cash equivalents were not restricted or levied in any way as to limit availability thereof.

Note 8. Trade receivables and other accounts receivable

The balance of trade receivables and other accounts receivable is shown below:

	Year ended December 31, 2022	2021
Trade receivables (Note 8.1)	506,342	387,353
Other accounts receivable (Note 8.2)	323,534	296,698
Total trade receivables and other accounts receivable	**829,876**	**684,051**
Current	**779,355**	**625,931**
Non-Current	**50,521**	**58,120**

Note 8.1. Trade receivables

The balance of trade receivables is shown below:

	Year ended December 31, 2022	2021
Trade accounts	385,766	272,920
Sale of real-estate project inventories	66,831	67,434
Rentals and dealers	64,260	62,426
Employee funds and lending	12,367	9,841
Allowance for expected credit loss	(22,882)	(25,268)
Trade receivables	**506,342**	**387,353**

The allowance for expected credit loss is recognized as expense in profit or loss. During the year ended December 31, 2022, the net effect of the allowance for expected credit loss on the statement of profit or loss represents expense of $4,709 ($8,027 - expense for the year ended December 31, 2021).

The movement in the allowance for expected credit losses during the periods was as follows:

Balance at December 31, 2020	**27,560**
Additions	39,615
Reversal of allowance for expected credit losses	(31,588)
Write-off of receivables	(10,049)
Effect of exchange difference from translation into presentation currency	(270)
Balance at December 31, 2021	**25,268**
Additions	30,802
Reversal of allowance for expected credit losses	(26,093)
Write-off of receivables	(4,976)
Effect of exchange difference from translation into presentation currency	(2,119)
Balance at December 31, 2022	**22,882**

An analysis is performed at each reporting date to estimate expected credit losses. The allowance rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., product type and customer rating). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events and current conditions. Generally, trade receivables and other accounts receivable are written-off if past due for more than one year.

Note 8.2. Other accounts receivable

	Year ended December 31, 2022	2021
Recoverable taxes	106,631	32,474
Loans or advances to employees	84,885	78,088
Business agreements	57,989	84,973
Money transfer services	20,370	63,811
Money remittances	16,347	8,205
Sale of fixed assets, intangible assets and other assets	6,278	673
Maintenance fees	4,074	4,737
Long-term receivable	2,895	1,720
Factoring of trade receivables	272	4,503
Tax claims	-	1,360
Other	23,793	16,154
Total other accounts receivable	**323,534**	**296,698**

Note 8.3. Trade receivables and other accounts receivable by age

The detail by age of trade accounts receivable and other accounts receivable, without considering impairment, is shown below:

Period	Total	Less than 30 days	From 31 to 60 days	From 61 to 90 days	More than 90 days
December 31, 2022	852,758	740,340	13,667	5,778	92,973
December 31, 2021	709,319	603,596	16,150	5,201	84,372

Note 9. Prepayments

	Year ended December 31,	
	2022	**2021**
Insurance	20,161	19,359
Lease payments made before commencement date	9,645	10,658
Advertising	6,060	3,730
Maintenance	5,811	5,304
Other prepayments	4,462	6,659
Total prepayments	**46,139**	**45,710**
Current	**39,774**	**36,515**
Non-current	**6,365**	**9,195**

Note 10. Related parties

Note 10.1. Significant agreements

Transactions with related parties refer mainly to transactions between the Group Éxito and its associates, joint ventures and other related entities and were substantially accounted for in accordance with the prices, terms and conditions agreed upon between the parties. The agreements are detailed as follows:

- Casino Group:

  (a) Casino international, International Retail Trade and Services IG and Distribution Casino France: Commercial agreement to regulate the terms pursuant to which Casino International renders international retail and trade services to Éxito Group (e.g., negotiation of commercial services with international suppliers, prospecting global suppliers and intermediating the purchases provided by Casino, purchase and importation of products and reimbursement for promotions realized in stores).

  (b) Intermediation of renewals of certain insurance policies

  (c) Euris, Casino Services y Casino Guichard Perrachon S.A: Cost reimbursement agreements to encourage the exchange of knowledge and experience in certain areas of operation, as well as the reimbursement of expenses related to expatriates.

- Greenyellow Energía de Colombia S.A.S.: Service agreement will provide oversight and monitoring services relating to energy efficiency.

- Puntos Colombia S.A.S.: Agreement providing for the terms and conditions for the redemption of points collected under their loyalty program, among other services.

- Compañía de financiamiento TuyaS.A.: Partnership agreements to promote (i) the sale of products and services offered by Éxito Group through credit cards, (ii) the use of these credit cards in and out of the Éxito Group stores and (iii) the use of other financial services agreed between the parties inside Éxito Groupstores.

- Companhia Brasileira de Distribuição (CBD): Cost reimbursement agreement related to the sharing of know-how and experience of CBD on certain areas (strategy, finance, human resources, legal, communication and investors relations). The Company also entered into an agreement for the reimbursement of expenses related to the relocation of employees among the Éxito Group.

Note 10.2. Transactions with related parties

Transactions with related parties relate to revenue from retail sales and other services, as well as to costs and expenses related to risk management and technical assistance support, purchase of goods and services received.

The amount of revenue, costs and expenses arising from transactions with related parties is as follows:

Revenue

	Year ended December 31,	
	2022	**2021**
Joint ventures (1)	72,748	132,530
Casino Group companies (2)	4,606	7,972
Total revenue	**77,354**	**140,502**

Costs and expenses

	Year ended December 31, 2022	2021
Joint ventures (1)	110,665	89,299
Casino Group companies (2)	62,311	60,700
Controlling entity (3)	12,248	9,777
Members of the Board	2,666	1,593
Total revenue	**187,890**	**161,369**

(1) The amount of revenue and costs and expenses with each joint venture is as follows:

Revenue:

	Compañía de Financiamiento Tuya S.A.		Puntos Colombia S.A.S.	
	Year ended December 31,			
Description	**2022**	**2021**	**2022**	**2021**
Commercial activation recovery	53,398	52,047	-	-
Yield on bonus, coupons and energy	11,638	14,224	-	-
Lease of real estate	4,520	4,886	-	-
Services	1,837	923	1,355	1,401
Corporate collaboration agreement	-	59,049	-	-
Total revenue	**71,393**	**131,129**	**1,355**	**1,401**

Costs and expenses:

	Compañía de Financiamiento Tuya S.A.		Puntos Colombia S.A.S.	
	Year ended December 31,			
Description	**2022**	**2021**	**2022**	**2021**
Cost of customer loyalty program	-	-	100,301	83,649
Commissions on means of payment	10,364	5,650	-	-
Total costs and expenses	**10,364**	**5,650**	**100,301**	**83,649**

(2) Revenue mainly relates to the provision of services and success fees from suppliers. Costs and expenses accrued mainly arise from energy optimization services received and intermediation in the import of goods, procurement of goods and consultancy services.

Revenue by each company is as follows:

	Year ended December 31, 2022	2021
Greenyellow Energía de Colombia S.A.S.	1,901	442
Casino International	1,175	6,783
Relevan C Colombia S.A.S.	701	-
Distribution Casino France	534	48
International Retail and Trade Services IG.	295	699
Total revenue	**4,606**	**7,972**

Costs and expenses by each company are as follows:

	Year ended December 31, 2022	2021
Greenyellow Energía de Colombia S.A.S.	40,841	36,152
Casino Guichard Perrachon S.A.	14,229	12,975
Distribution Casino France	6,404	5,329
Relevan C Colombia S.A.S.	595	-
Casino Services	229	2,778
Cdiscount S.A.	13	43
Euris	-	1,742
International Retail and Trade Services IG.	-	1,681
Total costs and expenses	**62,311**	**60,700**

(3) Costs and expenses related to consulting services provided by Companhia Brasileira de Distribuição – CBD.

Note 10.3. Other information on related party transactions

Financial assets measured at fair value through other comprehensive income

Éxito Group has 659,383 shares in Cnova NV in the amount of $9,222.

Financial assets measured at amortized cost

According to Note 12, Éxito Group has investment in bonds issued by Compañía de Financiamiento Tuya S.A., which has the intention and capability of holding to obtain contractual cash flows until maturity in amount of $- (December 31, 2021 - $5,046). The interests on these bonds are at market terms and conditions.

Note 10.4. Receivable from related parties

	Receivable		Other non-financial assets	
	Year ended December 31,		Year ended December 31,	
	2022	2021	2022	2021
Joint ventures (1)	41,909	47,739	35,000	24,500
Casino Group companies (2)	4,925	8,448	-	-
Controlling entity (3)	288	288	-	-
Total	**47,122**	**56,475**	**35,000**	**24,500**
Current	**47,122**	**56,475**	**-**	**-**
Non-Current	**-**	**-**	**35,000**	**24,500**

(1) Balances relate to the following joint ventures and the following detail:

- The balance of receivables by joint ventures is shown below:

	Compañía de Financiamiento Tuya S.A.		Puntos Colombia S.A.S.		Sara ANV S.A.	
	Year ended December 31,		Year ended December 31,		Year ended December 31,	
Description	2022	2021	2022	2021	2022	2021
Reimbursement of shared expenses, collection of coupons and other	5,407	4,403	-	-	-	-
Corporate collaboration agreement (a)	-	10,494	-	-	-	-
Redemption of points	-	-	33,805	30,356	-	-
Other services	2,329	2,229	-	257	368	-
Total receivable	**7,736**	**17,126**	**33,805**	**30,613**	**368**	**-**

(a) The decrease in the results of Compañía de Financiamiento Tuya S.A. it has generated a loss on this joint venture, recognized using the equity method and, additionally, it has not income from the participation in the collaboration agreement.

- Other non-financial assets:

The balance of $35,000 at December 31, 2022 and $24,500 at December 31, 2021, relates to payments made to Compañía de Financiamiento Tuya S.A. for the future subscription of shares. Given that prior to December 31, 2022 and December 31, 2021, Compañía de Financiamiento Tuya S.A. had not received authorization from the Colombian Financial Superintendence to register a capital increase, amounts disbursed were not recognized as an investment in such company. During the year ended December 31, 2022, Compañía de Financiamiento Tuya S.A effectively subscribed and issued shares for the amount of $44,493 representing an increase in such investment.

(2) Receivable from Casino Group companies represents reimbursement for payments to expats, supplier agreements and energy efficiency solutions.

	Year ended December 31,	
	2022	2021
Casino International	3,893	7,341
International Retail and Trade Services	344	725
Distribution Casino France	232	49
Relevan C Colombia S.A.S.	193	-
Casino Services	7	7
Greenyellow Energía de Colombia S.A.S.	2	113
Other	254	213
Total Casino Group companies	**4,925**	**8,448**

(3) Represents the balance of personnel expenses receivable from Companhia Brasileira de Distribuição - CBD.

Note 10.5. Payables to related parties

The balance of payables to related parties is shown below:

	Year ended December 31, 2022	2021
Joint ventures (1)	62,772	42,619
Casino Group companies (2)	16,374	23,027
Members of the Board	43	-
Total	**79,189**	**65,646**

(1) Mainly represents the balance outstanding in favor of Puntos Colombia S.A.S. arising from points (accumulations) issued.

(2) Payables to Casino Group companies such as energy efficiency solutions received, intermediation in the import of goods, and consulting and technical assistance services.

	Year ended December 31, 2022	2021
Casino Guichard Perrachon S.A.	14,659	11,415
Distribution Casino France	934	224
Relevan C Colombia S.A.S.	508	-
Greenyellow Energía de Colombia S.A.S.	125	9,456
Casino Services	100	1,637
International Retail and Trade Services IG	-	164
Other	48	131
Total Casino Group companies	**16,374**	**23,027**

Note 10.6. Other financial liabilities with related parties

	Year ended December 31, 2022	2021
Joint ventures (1)	26,218	17,461
Total	**26,218**	**17,461**

(1) Mainly represents collections received from customers related to the Tarjeta Éxito cards owned by Tuya.

Note 10.7. Key management personnel compensation

Transactions between the Éxito Group and key management personnel, including legal representatives and/or administrators, mainly relate to labor agreements executed by and between the parties.

Compensation of key management personnel is as follows:

	Year ended December 31, 2022	2021
Short-term employee benefits	96,078	89,817
Post-employment benefits	2,318	2,427
Total key management personnel compensation	**98,396**	**92,244**

Note 11. Inventories, net and cost of sales

Note 11.1. Inventories, net

	Year ended December 31, 2022	2021
Inventories (1)	2,640,995	1,973,452
Inventories in transit	73,066	65,884
Raw materials	29,105	10,668
Materials, spares, accessories and consumable packaging	18,941	11,536
Production in process	5,123	25,244
Real estate project inventories	3,213	17,519
Total inventories (2)	**2,770,443**	**2,104,303**

(1) The movement of the allowance for losses on inventory obsolescence and damages during the reporting periods is shown below:

Balance at December 31, 2020	**18,316**
Allowance recognized during the period	5,251
Allowance reversal	(11,095)
Effect of exchange difference from translation into presentation currency	(113)
Balance at December 31, 2021	**12,359**
Allowance recognized during the period	2,313
Allowance reversal	(500)
Effect of exchange difference from translation into presentation currency	(1,022)
Balance at December 31, 2022	**13,150**

(2) Includes $21,901 of products sold in 2021, which do not affect the reasonableness of cost of sales for 2022.

At December 31, 2022, there are no restrictions or liens on the sale of inventories.

Note 11.2. Cost of sales

The following is the information related with the cost of sales, allowance for losses on inventory obsolescence and damages, and allowance reversal on inventories:

	Year ended December 31,	
	2022	**2021**
Cost of goods sold (1)	17,086,294	13,794,658
Logistics costs (2)	579,791	493,630
Damage and loss	202,573	171,747
(Reversal) allowance for inventory losses, net	1,813	(5,844)
Trade discounts and purchase rebates	(2,490,381)	(1,965,335)
Total cost of sales	**15,380,090**	**12,488,856**

(1) At December 31, 2022 includes $98,259 of depreciation and amortization cost (December 31, 2021 - $82,311).

(2) At December 31, 2022 includes $308,614 of employee benefits (December 31, 2021 - $274,557).

Note 12. Financial assets

The balance of financial assets is shown below:

	Year ended December 31,	
	2022	**2021**
Financial assets measured at fair value through other comprehensive income	29,043	29,392
Derivative financial instruments (1)	27,300	11,057
Derivative financial instruments designated as hedge instruments (2)	14,480	6,023
Financial assets measured at amortized cost (3)	6,939	6,896
Financial assets measured at fair value through profit or loss	622	1,593
Total financial assets	**78,384**	**54,961**
Current	**45,812**	**14,331**
Non-current	**32,572**	**40,630**

(1) Relates to forward and swap contracts used to hedge the variation in the exchange rates and interest rates of financial liabilities in foreign currency. The fair value of these instruments is estimated based on valuation models who use variables other than quoted prices, directly or indirectly observable for financial assets or liabilities.

The detail of maturities of these instruments at December 31, 2022 was as follows:

	Less than 1 month	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 12 months**	**Total**
Forward	-	24,382	2,918	-	-	27,300

The detail of maturities of these instruments at December 31, 2021 was as follows:

	Less than 1 month	**From 1 to 3 months**	**From 3 to 6 months**	**From 6 to 12 months**	**More than 12 months**	**Total**
Forward	3,016	4,587	3,454	-	-	11,057

(2) Derivative instruments designated as hedging instrument relates to interest and exchange rate swaps. The fair value of these instruments is determined based on valuation models.

At December 31, 2022, relates to the following transactions:

	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Loans and borrowings	IBR 3M e IBR 1M	9.0120% y 3.9%	14,480

The detail of maturities of these hedge instruments at December 31, 2022 is shown below:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	3,980-	4,725	4,149	1,626	14,480

At December 31, 2021, relates to the following transactions:

	Nature of risk hedged	Hedged item	Range of rates for hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Loans and borrowings	IBR 3M	2.0545% - 2.145%	6,023

The detail of maturities of these hedge instruments at December 31, 2021 is shown below:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	(262)	-	483	2,470	3,332	6,023

(3) Financial assets measured at amortized cost represented:

	Year ended December 31,	
	2022	2021
Term deposit	5,461	-
National Treasury bonds	1,478	1,850
Investment in bonds (a)	-	5,046
Total financial assets measured at amortized cost	**6,939**	**6,896**

(a) Investment in bonds issued by Tuya and for which Éxito had the intention and capability of holding to obtain contractual cash flows until maturity. These investments were part of Tarjeta Éxito corporate collaboration agreement. At December 31, 2022 the nominal value amounts to $- (December 31, 2021 - $5,000) and the maturity ranged from 1 to 10 years and yields CPI + 6%.

In 2021, the decrease arised from the maturity of the investment.

At December 31, 2022 and 2021, there are no restrictions or liens on financial assets that restrict their sale, except for (a) the investment in bonds of Compañía de Financiamiento Tuya S.A. which were issued as part of the business collaboration agreement on Tarjeta Éxito, and (b) judicial deposits relevant to the subsidiary Libertad S.A.

None of the assets were impaired at December 31, 2022 and 2021.

Note 13. Leases

Note 13.1 Right of use asset, net

	Year ended December 31,	
	2022	2021
Right of use asset	2,826,607	2,553,975
Accumulated depreciation	(1,377,029)	(1,183,463)
Impairment	(6,109)	-
Total right of use asset, net	**1,443,469**	**1,370,512**

The movement of right of use asset and depreciation thereof, during the reporting periods, is shown below:

Cost

Balance at December 31, 2020	**2,301,890**
Increase from new contracts	97,446
Remeasurements from existing contracts (1)	170,764
Derecognition, reversal and disposal (2)	(43,987)
Effect of exchange differences on translation into presentation currency	27,862
Balance at December 31, 2021	**2,553,975**
Increase from new contracts	174,190
Increase from new contracts, prepaid	7,002
Remeasurements from existing contracts (1)	137,047
Derecognition, reversal and disposal (2)	(166,587)
Hyperinflation adjustments	2,149
Effect of exchange differences on the translation into presentation currency	118,831
Balance at December 31, 2022	**2,826,607**

Accumulated depreciation

Balance at December 31, 2020	**984,345**
Depreciation	214,930
Remeasurements from existing contracts (1)	(320)
Derecognition and disposal (2)	(27,746)
Effect of exchange differences on the translation into presentation currency	12,254
Balance at December 31, 2021	**1,183,463**
Depreciation	242,119
Remeasurements from existing contracts (1)	(1,190)
Derecognition and disposal (2)	(105,459)
Hyperinflation adjustments	517
Effect of exchange differences on the translation into presentation currency	57,579
Balance at December 31, 2022	**1,377,029**

Impairment

Balance at December 31, 2021	**-**
Impairment loss (3)	5,236
Effect of exchange differences on the translation into presentation currency	873
Balance at December 31, 2022	**6,109**

(1) Mainly results from the extension of contract terms, indexation or lease modifications.

(2) Mainly results from the early termination of lease contracts.

(3) Mainly results from the impairment of lease contracts of the subsidiary Grupo Disco del Uruguay S.A..

The cost of right of use asset by class of underlying asset is shown below:

	Year ended December 31,	
	2022	**2021**
Lands	9,128	6,373
Buildings	2,782,432	2,512,434
Vehicles	24,771	26,876
Equipment	10,276	8,292
Total	**2,826,607**	**2,553,975**

Accumulated of depreciation of right of use assets by class of underlying asset is shown below:

	Year ended December 31,	
	2022	**2021**
Lands	4,754	2,958
Buildings	1,357,351	1,163,200
Vehicles	10,182	14,947
Equipment	4,742	2,358
Total	**1,377,029**	**1,183,463**

Depreciation expense by class of underlying asset is shown below:

	Year ended December 31, 2022	2021
Lands	631	429
Buildings	234,907	206,666
Vehicles	4,876	5,903
Equipment	1,705	1,932
Total depreciation	**242,119**	**214,930**

The Éxito Group is not exposed to the future cash outflows for extension options and termination options. Additionally, there are no residual value guarantees, and there are no restrictions or covenants related to these leases.

As at December 31, 2022, the average remaining term of lease contracts is 8.8 years (9.2 years as at December 31, 2021), which is also the average remaining period over which the right of use asset is depreciated.

Note 13.2 Lease liability

	Year ended December 31, 2022	2021
Lease liabilities	1,655,955	1,594,643
Current	**263,175**	**234,178**
Non-current	**1,392,780**	**1,360,465**

Balance at December 31, 2020	**1,542,895**
Additions	96,738
Accrued interest	94,555
Remeasurements	171,083
Terminations	(15,406)
Payments of lease liabilities including interests	(315,739)
Effect of exchange differences on translation into presentation currency	20,601
Other	(84)
Balance at December 31, 2021	**1,594,643**
Additions	174,190
Accrued interest	99,324
Remeasurements	138,237
Terminations	(66,937)
Payments of lease liabilities including interests	(363,316)
Effect of exchange differences on the translation into presentation currency	79,950
Other	(136)
Balance at December 31, 2022	**1,655,955**

Below are the future lease liability payments at December 31, 2022:

Up to one year	337,809
From 1 to 5 years	991,809
More than 5 years	782,572
Minimum lease liability payments	**2,112,190**
Future financing (expenses)	(456,235)
Total minimum net lease liability payments	**1,655,955**

The Éxito Group is not exposed to the future cash outflows for extension options or termination options. Additionally, there are no residual value guarantees, and there are no restrictions nor covenants imposed by leases.

Note 13.3. Short term leases and leases of low value assets of the Éxito Group as a lessee

Leases of low value assets are for items such as furniture and fixtures, computers, machinery and equipment and office equipment; lease contracts regarding all underlying assets with terms of less than one year, and lease contracts on intangible assets, and whose lease contracts which its payment is variable.

Variable lease payments apply to some of the Éxito Group's property leases and are detailed below:

	Year ended December 31, 2022	2021
Variable lease payments	54,711	39,768
Short term leases	11,288	9,896
Total	**65,999**	**49,664**

Note 13.4. Operating leases of the Éxito Group as a lessor

The Éxito Group has executed operating lease agreements on investment properties. Total future minimum instalments under non-cancellable operating lease agreements at the reporting dates are:

	Year ended December 31,	
	2022	**2021**
Up to one year	227,423	204,750
From 1 to 5 years	270,281	244,942
More than 5 years	163,414	153,603
Total minimum instalments under non-cancellable operating leases	**661,118**	**603,295**

Operating lease agreements cannot be cancelled during their term. Prior agreement of the parties is needed to terminate and a minimum cancellation payment is required ranging from 1 to 12 monthly instalments, or a fixed percentage on the remaining term.

For the year ended December 31, 2022 lease rental income was $409,009 (December 31, 2021 - $302,262) mostly comprised of investment property rental income for $340,746 (December 31, 2021 - $300,541). Income from variable lease payments was $225,506 (December 31, 2021 - $162,172).

Note 14. Intangible

The net balance of intangible, net is shown below:

	Year ended December 31,	
	2022	**2021**
Trademarks	299,688	242,170
Computer software	274,480	249,324
Rights	24,703	22,538
Other	147	114
Total cost of other intangible assets	**599,018**	**514,146**
Accumulated amortization	(174,338)	(150,159)
Total other intangible assets, net	**424,680**	**363,987**

The movement of the cost of intangible and of accumulated depreciation is shown below:

Cost	**Trademarks (1)**	**Computer software**	**Rights (2)**	**Other**	**Total**
Balance at December 31, 2020	**213,325**	**208,148**	**28,118**	**86**	**449,677**
Additions	-	40,003	2,771	-	42,774
Disposals and derecognition	-	(2,140)	(9,266)	-	(11,406)
Effect of exchange differences on translation into presentation currency	6,386	1,823	(57)	(3)	8,149
Hyperinflation adjustments	22,459	-	972	31	23,462
Transfers	-	470	-	-	470
Other	-	1,020	-	-	1,020
Balance at December 31, 2021	**242,170**	**249,324**	**22,538**	**114**	**514,146**
Additions	-	27,519	-	-	27,519
Disposals and derecognition	-	(10,191)	-	-	(10,191)
Effect of exchange differences on translation into presentation currency	13,804	8,275	(613)	(27)	21,439
Hyperinflation adjustments	43,714	-	2,778	60	46,552
Transfers	-	(410)	-	-	(410)
Other	-	(37)	-	-	(37)
Balance at December 31, 2022	**299,688**	**274,480**	**24,703**	**147**	**599,018**

Accumulated amortization	**Computer software**	**Rights (2)**	**Other**	**Total**
Balance at December 31, 2020	**132,380**	**183**	**51**	**132,614**
Amortization	17,684	6	3	17,693
Effect of exchange differences on translation into presentation currency	1,503	(9)	(3)	1,491
Hyperinflation adjustments	-	506	37	543
Disposals and derecognition	(1,941)	-	-	(1,941)
Other	(235)	(6)	-	(241)
Balance at December 31, 2021	**149,391**	**680**	**88**	**150,159**
Amortization	26,737	479	-	27,216
Effect of exchange differences on translation into presentation currency	6,692	(203)	(26)	6,463
Hyperinflation adjustments	-	1,105	63	1,168
Disposals and derecognition	(10,190)	-	-	(10,190)
Other	-	(479)	1	(478)
Balance at December 31, 2022	**172,630**	**1,582**	**126**	**174,338**

(1) The balance relates to the following trademarks:

Operating segment	Brand	Useful life	Year ended December 31, 2022	2021
Uruguay	Miscellaneous	Indefinite	128,103	94,319
Low cost and other (Colombia)	Súper Ínter	Indefinite	63,704	63,704
Argentina	Libertad	Indefinite	90,454	66,720
Low cost and other (Colombia)	Surtimax	Indefinite	17,427	17,427
			299,688	**242,170**

The trademarks have an indefinite useful life. The Éxito Group estimates that there is no foreseeable time limit over which these assets are expected to generate net cash inflows, and consequently they are not amortized.

(2) Recognition of contracts executed in December 2021 in amount of $2,771, December 2017 in amount of $2,226, December 2016 in amount of $11,522 and September 2016 in amount of $13,238 for the acquisition of rights to exploit commercial premises and recognition in 2020 of impairment of the rights to exploit trade premises in amount of $9,266.

The rights have an indefinite useful life. The Éxito Group estimates that there is no foreseeable time limit over which these assets are expected to generate net cash inflows, and consequently these are not amortized, except for rights of Libertad S.A.

For asset impairment testing purposes, the rights acquired in 2021 in amount of $2,771 were allocated to Carulla.

Information about impairment testing is disclosed in Note 34.

At December 31, 2022 and 2021, intangible are not limited or subject to lien that would restrict their sale. In addition, there are no commitments to acquire or develop other intangible assets.

Note 15. Investment property, net

Éxito Group's investment properties are business premises and land held to generate income from operating leases or future appreciation of their value.

The net balance of investment properties is shown below:

	Year ended December 31, 2022	2021
Land	312,399	281,119
Buildings	1,744,190	1,597,106
Constructions in progress	109,563	29,059
Total cost of investment property	**2,166,152**	**1,907,284**
Accumulated depreciation	(317,665)	(241,348)
Impairment	(7,259)	(9,691)
Total investment property, net	**1,841,228**	**1,656,245**

The movement of the cost of investment property, accumulated depreciation and impairment loss during the reporting periods is shown below:

Cost	**Land**	**Buildings**	**Constructions in progress**	**Total**
Balance at December 31, 2020	**287,392**	**1,467,363**	**12,072**	**1,766,827**
Additions	629	63,445	22,075	86,149
(Decrease) from transfers (to) property, plant and equipment	(19,657)	(31,809)	(3,385)	(54,851)
(Decrease) from transfers (to) real estate project inventories	(776)	-	-	(776)
Disposals and derecognition	-	(6,276)	-	(6,276)
Effect of exchange differences on the translation into presentation currency	3,589	(8,769)	(29)	(5,209)
Hyperinflation adjustments	10,366	113,108	220	123,694
Other	(424)	44	(1,894)	(2,274)
Balance at December 31, 2021	**281,119**	**1,597,106**	**29,059**	**1,907,284**
Additions	-	1,618	80,220	81,838
Increase from transfers from property, plant and equipment	1,643	11,128	2,860	15,631
Increase (decrease) from movements between investment properties accounts	-	2,756	(2,756)	-
Disposals and derecognition	(39)	(1,844)	-	(1,883)
Increases from transfers from non-current assets	1,229	1,844	-	3,073
Effect of exchange differences on the translation into presentation currency	8,852	(88,535)	(262)	(79,945)
Hyperinflation adjustments	20,175	220,592	569	241,336
Other	(580)	(475)	(127)	(1,182)
Balance at December 31, 2022	**312,399**	**1,744,190**	**109,563**	**2,166,152**

Accumulated depreciation	Buildings
Balance at December 31, 2020	**179,820**
Depreciation expenses	30,180
Increase arising from transfers from property, plant and equipment accounts	16
Disposals and derecognition	(71)
Effect of exchange differences on the translation into presentation currency	(1,741)
Hyperinflation adjustments	33,365
Other	(221)
Balance at December 31, 2021	**241,348**
Depreciation expenses	31,174
Decrease arising from transfers (to) property, plant and equipment accounts	(526)
Disposals and derecognition	(189)
Increases from transfers from non-current assets	870
Effect of exchange differences on the translation into presentation currency	(21,452)
Hyperinflation adjustments	66,589
Other	(149)
Balance at December 31, 2022	**317,665**

Impairment	Land	Buildings	Total
Balance at December 31, 2020	**1,668**	**6,593**	**8,261**
Impairment loss	336	7,538	7,874
Reversal of Impairment loss	(192)	(868)	(1,060)
Disposals and derecognition	-	(5,384)	(5,384)
Balance at December 31, 2021	**1,812**	**7,879**	**9,691**
Impairment loss	-	556	556
Reversal of Impairment loss	(173)	(2,259)	(2,432)
Disposals and derecognition	-	(556)	(556)
Balance at December 31, 2022	**1639**	**5,620**	**7,259**

At December 31, 2022 and 2021, there are no limitations or liens imposed on investment property that restrict realization or tradability thereof.

At December 31, 2022 and 2021, the Éxito Group is not committed to acquire, build or develop new investment property.

Information about impairment testing is disclosed in Note 34. Note 35 discloses the fair value of investment property, based on the appraisal carried out by an independent third party.

During the years ended December 31, 2022 and 2021 the results at the Éxito Group from the investment property are as follows:

	Year ended December 31,	
	2022	**2021**
Lease rental income	340,746	300,541
Operating expense related to leased investment properties	(75,031)	(75,210)
Operating expense related to investment properties that are not leased	(81,306)	(71,138)
Net gain from investment property	**184,409**	**154,193**

Note 16. Property, plant and equipment, net

	Year ended December 31,	
	2022	**2021**
Land	1,278,822	1,137,865
Buildings	2,348,627	2,115,633
Machinery and equipment	1,176,246	1,033,499
Furniture and fixtures	789,622	655,019
Assets under construction	50,305	45,009
Installations	197,097	132,928
Improvements to third-party properties	776,293	635,377
Vehicles	28,712	23,873
Computers	404,938	346,091
Other property, plant and equipment	16,050	16,050
Total property, plant and equipment, gross	**7,066,712**	**6,141,344**
Accumulated depreciation	(2,587,996)	(2,111,908)
Impairment	(4,436)	(4,739)
Total property, plant and equipment, net	**4,474,280**	**4,024,697**

The movement of the cost of property, plant and equipment, accumulated depreciation and impairment loss during the reporting periods is shown below:

Cost	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Installations	Improvements to third party properties	Vehicles	Computers	Other property, plant and equipment	Total
Balance at December 31, 2020	**1,036,406**	**1,953,328**	**941,022**	**588,683**	**64,137**	**111,435**	**542,153**	**19,659**	**232,345**	**16,050**	**5,505,218**
Additions	1,506	39,396	113,128	59,137	28,519	3,296	45,476	525	130,303	-	421,286
(Decrease) increase from movements between property, plant and equipment accounts	-	(22,546)	2,499	6,202	(34,331)	6,477	40,500	433	766	-	-
Increase (decrease) from transfers from (to) investment property	19,657	40,682	259	-	(5,747)	-	-	-	-	-	54,851
Disposals and derecognition	-	(3,896)	(25,585)	(13,343)	(716)	(15)	(12,489)	(1,713)	(12,487)	-	(70,244)
Effect of exchange differences on translation into presentation currency	9,904	21,306	7,910	10,098	1,087	11,735	20,779	(278)	2,824	-	85,365
Increase (decrease) from transfers to (from) other balance sheet accounts	424	1,191	(17,846)	(6,610)	(10,496)	-	(1,042)	1,890	(20,257)	-	(52,746)
Hyperinflation adjustments	69,968	86,172	12,112	10,852	2,556	-	-	3,357	12,597	-	197,614
Balance at December 31, 2021	**1,137,865**	**2,115,633**	**1,033,499**	**655,019**	**45,009**	**132,928**	**635,377**	**23,873**	**346,091**	**16,050**	**6,141,344**
Additions	8,922	28,881	138,155	82,438	70,190	2,377	65,911	1,879	44,697	-	**443,450**
Increase (decrease) from movements between property, plant and equipment accounts	-	4,165	3,745	19,713	(49,114)	12,771	8,713	-	7	-	-
(Decrease) from transfers from (to) investment property	(1,643)	(1,756)	-	-	(12,232)	-	-	-	-	-	**(15,631)**
(Decrease) assets by transfers to non current assets held for sale	(446)				(647)						**(1,093)**
Disposals and derecognition	(466)	(2,436)	(29,871)	(11,784)	(627)	(957)	(20,755)	(226)	(9,613)	-	**(76,735)**
Effect of exchange differences on translation into presentation currency	6,219	36,390	27,542	38,182	2,496	49,978	89,656	(2,633)	5,065	-	**252,895**
(Decrease) Increase from transfers to (from) other balance sheet accounts	(929)	(741)	(18,610)	(11,548)	(266)	-	(2,609)	143	(5,078)	-	**(39,638)**
Hyperinflation adjustments	129,300	168,491	21,786	17,602	(4,504)	-	-	5,676	23,769	-	**362,120**
Balance at December 31, 2022	**1,278,822**	**2,348,627**	**1,176,246**	**789,622**	**50,305**	**197,097**	**776,293**	**28,712**	**404,938**	**16,050**	**7,066,712**

Accumulated depreciation	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Installations	Improvements to third party properties	Vehicles	Computers	Other property, plant and equipment	Total
Balance at December 31, 2020		**392,003**	**483,306**	**378,479**		**63,572**	**275,384**	**15,072**	**177,537**	**4,797**	**1,790,150**
Depreciation		49,909	86,118	56,701		8,152	30,637	1,675	31,408	788	265,388
Disposals and derecognition		(1,178)	(18,607)	(9,535)		(5)	(6,254)	(1,582)	(11,815)	-	(48,976)
(Decrease) from transfers (to) investment property		(16)	-	-		-	-	-	-	-	(16)
Effect of exchange differences on translation into presentation Currency		5,102	5,460	8,889		6,790	8,541	(231)	2,289	-	36,840
Other		(278)	(489)	-		-	-	(5)	6	-	(766)
Hyperinflation adjustments		34,532	10,057	9,068		-	-	3,048	12,583	-	69,288
Balance at December 31, 2021		**480,074**	**565,845**	**443,602**		**78,509**	**308,308**	**17,977**	**212,008**	**5,585**	**2,111,908**
Depreciation		51,704	88,988	58,975		9,933	36,580	2,097	34,328	788	283,393
Disposals and derecognition		(669)	(23,868)	(9,317)		(509)	(16,858)	(193)	(9,562)	-	(60,976)
Increase from transfers (to) investment property		526	-	-		-	-	-	-	-	526
(Decrease) assets by transfers to non current assets held for sale		(436)									(436)
Effect of exchange differences on translation into presentation Currency		5,988	18,227	32,472		29,690	34,381	(2,339)	3,806	-	122,225
Other		32	(7)	-		-	-	(333)	1,307	-	999
Hyperinflation adjustments		67,528	18,408	15,673		-	-	5,585	23,163	-	130,357
Balance at December 31, 2022		**604,747**	**667,593**	**541,405**		**117,623**	**362,411**	**22,794**	**265,050**	**6,373**	**2,587,996**

Impairment	Land	Buildings	Machinery and equipment	Furniture and fixtures	Assets under construction	Installations	Improvements to third party properties	Vehicles	Computers	Other property, plant and equipment	Total
Balance at December 31, 2020	**1,921**	**2,984**	**-**	**-**		**-**	**2,561**	**-**	**-**	**-**	**7,466**
Impairment loss	-	756	-	-		-	1,735	-	-	-	2,491
Reversal of Impairment loss	(1,921)	(2,857)	-	-		-	-	-	-	-	(4,778)
Disposals and derecognition	-	(756)	-	-		-	-	-	-	-	(756)
Effect of exchange differences on translation into presentation currency	-	-	-	-		-	316	-	-	-	316
Balance at December 31, 2021	**-**	**127**	**-**	**-**		**-**	**4,612**	**-**	**-**	**-**	**4,739**
Impairment loss	-	241	-	-	-	-	1,403	-	-	-	1,644
Reversal of Impairment loss	-	(17)	-	-	-	-	(2,786)	-	-	-	(2,803)
Disposals and derecognition	-	(241)	-	-	-	-	(239)	-	-	-	(480)
Effect of exchange differences on translation into presentation currency	-	-	-	-	-	-	1,336	-	-	-	1,336
Balance at December 31, 2022	**-**	**110**	**-**	**-**	**-**	**-**	**4,326**	**-**	**-**	**-**	**4,436**

Assets under construction are represented by those assets in process of construction and process of assembly not ready for their intended use as expected by Éxito Group management, and on which costs directly attributable to the construction process continue to be capitalized if they are qualifying assets.

The cost of property, plant and equipment does not include the balance of estimated dismantling and similar costs, based on the assessment and analysis made by the Éxito Group which concluded that there are no contractual or legal obligations at acquisition.

At December 31, 2022 and 2021 no restrictions or liens have been imposed on items of property, plant and equipment that limit their sale, and there are no commitments to acquire, build or develop property, plant and equipment.

Information about impairment testing is disclosed in Note 34.

Note 16.1 Additions to property, plant and equipment for cash flow presentation purposes

	Year ended December 31,	
	2022	**2021**
Additions	443,450	421,286
Additions to trade payables for deferred purchases of property, plant and equipment	(546,817)	(411,044)
Payments for deferred purchases of property, plant and equipment	484,182	320,208
Acquisition of property, plant and equipment in cash	**380,815**	**330,450**

Note 17. Goodwill

Changes in goodwill are shown below:

	Cost	Impairment	Net
Balance at December 31, 2020	**2,854,552**	**(1,017)**	**2,853,535**
Effect of exchange differences on the translation into presentation currency	86,805	-	86,805
Hyperinflation adjustments	84,643	-	84,643
Balance at December 31, 2021	**3,026,000**	**(1,017)**	**3,024,983**
Effect of exchange differences on the translation into presentation currency	294,578	-	294,578
Hyperinflation adjustments	164,742	-	164,742
Balance at December 31, 2022	**3,485,320**	**(1,017)**	**3,484,303**

Goodwill was not impaired at December 31, 2022 and 2021.

Information about impairment testing is disclosed in Note 34.

Note 18. Investments accounted for using the equity method

The balance of investments accounted for using the equity method includes:

		Year ended December 31,	
Company	**Classification**	**2022**	**2021**
Compañía de Financiamiento Tuya S.A.	Joint venture	287,657	279,790
Puntos Colombia S.A.S.	Joint venture	11,514	9,601
Sara ANV S.A-	Joint venture	850	-
Total investments accounted for using the equity method		**300,021**	**289,391**

Note 18.1. Non-financial information

Information regarding country of domicile, functional currency, main economic activity, ownership percentage and shares held in investments accounted for using the equity method is shown below:

Company	**Country**	**Functional currency**	**Primary economic activity**	**Ownership percentage**		**Number of shares**	
					Year ended December 31,		
				2022	**2021**	**2022**	**2021**
Compañía de Financiamiento Tuya S.A.	Colombia	Colombian peso	Credit	50%	50%	13.097.457.027	11.084.732.098
Puntos Colombia S.A.S.	Colombia	Colombian peso	Services	50%	50%	9.000.000	9.000.000
Sara ANV S.A.	Colombia	Colombian peso	Services	50%	-	850.000	-

Note 18.2. Financial information

Financial information regarding investments accounted for using the equity method at December 31, 2022:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue from ordinary activities	Income from continuing operations	Total other comprehensive income
Compañía de Financiamiento Tuya S.A.	4,968,085	133,262	2,160,570	2,400,687	540,090	1,530,333	(73,266)	(73,266)
Puntos Colombia S.A.S.	196,826	37,789	199,105	12,483	23,027	320,137	3,826	3,826
Sara ANV S.A.	850	1,230	380	-	1,700	-	-	-

Companies	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Revenue from interest	Interest expense	Depreciation and amortization	Income tax expense
Compañía de Financiamiento Tuya S.A.	523,859	2,036,426	2,382,673	1,412	(13,010)	(28,508)	(13,828)
Puntos Colombia S.A.S.	39,496	64,500	1,288	3,011	(23)	(747)	(3,034)
Sara ANV S.A.	850	380	-	-	-	-	-

Financial information regarding investments accounted for using the equity method at December 31, 2021:

Companies	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Revenue from ordinary activities	Income from continuing operations	Total other comprehensive income
Compañía de Financiamiento Tuya S.A.	3,851,907	113,490	1,956,776	1,484,265	524,356	1,074,933	10,681	10,681
Puntos Colombia S.A.S.	167,340	11,320	151,408	8,051	19,201	259,482	3,787	3,787

Companies	Cash and cash equivalents	Current financial liabilities	Non-current financial liabilities	Revenue from interest	Interest expense	Depreciation and amortization	Income tax expense
Compañía de Financiamiento Tuya S.A.	353,348	1,807,287	1,465,860	365	(5,957)	(21,113)	(13,828)
Puntos Colombia S.A.S.	61,229	47,442	88	1,195	(49)	(911)	(1,876)

Note 18.3. Corporate purpose

Compañía de Financiamiento Tuya S.A.

A joint venture, joint control over which was acquired on October 31, 2016. It is a private entity, authorized by the Colombian Financial Superintendence, incorporated by means of public deed No. 7418 granted on November 30, 1971 before the Notary First of Bogotá, having its main place of business in Medellín. The company's main corporate purpose is attracting resources using term-deposits with the primary purpose of engaging in credit active operations, to ease the trading of goods and services, without affecting operations and investments that it may carry out in compliance with the conditions or limitations set out by the legal regime applicable to financing companies.

Puntos Colombia S.A.S.

A joint venture established on April 19, 2017 under Colombian law. Its main corporate purpose is the purchase and sale of loyalty points, and the design, development, implementation, operation and administration of a loyalty program for the development of loyalty strategies applicable to the customers of alliance partners, through the recognition, accumulation, issue and redemption of loyalty points, as well as the purchase and sale of loyalty points. Its main place of business is at Carrera 48 No. 32B Sur 139, Envigado, Colombia. The company's life span is indefinite.

Sara ANV S.A.

Joint venture established by public feed No. 776 of June 17, 2022, of public deed 3 of Envigado. Its main corporate purpose of the company is the performance of all operations, businesses, acts, services, or activities that, by of the applicable financial regulation, result from acquirer activities, whether carried out directly or through third parties. Its main address is located at Carrera 48 number 32B Sur – 139, Envigado, Colombia. The term of duration of the company is until June 16, 2122.

Note 18.4. Other information

The reconciliation of summarized financial information reported to the carrying amount of associates and joint ventures in the consolidated financial statements is shown below:

	December 31, 2022			
Companies	**Net assets**	**Ownership percentage**	**Proportionate share of net assets**	**Carrying amount (1)**
Compañía de Financiamiento Tuya S.A.	540,090	50%	270,045	287,611
Puntos Colombia S.A.S.	23,027	50%	11,514	11,514
Sara ANV S.A.	1,700	50%	850	799

	December 31, 2021			
Companies	**Net assets**	**Ownership percentage**	**Proportionate share of net assets**	**Carrying amount (1)**
Compañía de Financiamiento Tuya S.A.	524,356	50.00%	262,178	279,753
Puntos Colombia S.A.S.	19,201	50.00%	9,601	9,601

(1) Amount of investment and goodwill.

No dividends were received from joint ventures during the years ended December 31, 2022 and December 31, 2021.

There are no restrictions on the capability of joint ventures to transfer funds in the form of cash dividends, or loan repayments or advance payments.

There are not contingent liabilities incurred related to its participation therein.

There are no constructive obligations acquired on behalf of joint ventures arising from losses exceeding the interest held in them.

These investments have no restrictions or liens that affect the interest held in them.

Note 19. Non-cash transactions

During 2022 and 2021, the Éxito Group had non-cash additions to property, plant and equipment, and to right of use assets, that were not included in the statement of cash flow, presented in Note 13 and 15, respectively.

Note 20. Loans and borrowing

The balance of loans and borrowing is shown below:

	Year ended December 31,	
	2022	**2021**
Bank loans	791,098	898,267
Put option on non-controlling interests (1)	651,899	509,870
Letters of credit	12,587	8,874
Total loans and borrowing	**1,455,584**	**1,417,011**
Current	**915,604**	**674,927**
Non-current	**539,980**	**742,084**

(1) The Éxito Group has an exercisable put option on the shares held by the non-controlling shareholders of Group Disco del Uruguay S.A. Such put option is exercisable at any time, based on a formula that uses data such as net income, EBITDA - earnings before interest, taxes, depreciation and amortization - and net debt.

The movement in loans and borrowing during the reporting periods is shown below:

Balance at December 31, 2020	**1,455,662**
Proceeds from loans and borrowing	370,620
Changes in the fair value of the put option recognized in equity	92,485
Interest accrued	52,593
Exchange difference	725
Translation difference	(62)
Repayments of loans and borrowings	(500,834)
Repayments of interest on loans and borrowings	(54,178)
Balance at December 31, 2021	**1,417,011**
Proceeds from loans and borrowing	876,798
Changes in the fair value of the put option recognized in equity	142,028
Interest accrued	111,234
Translation difference	3,250
Repayments of loans and borrowings	(995,865)
Repayments of interest on loans and borrowings	(98,872)
Balance at December 31, 2022	**1,455,584**

Below is a detail of maturities for non-current loans and borrowings outstanding at December 31, 2022, discounted at present value:

Year	Total
2024	318,791
2025	114,935
2026	60,183
>2027	46,071
	539,980

Éxito Group has available unused credit lines to minimize liquidity risks, as follows:

	As at December 31, 2022
Banco Davivienda S.A.	500,000
Bancolombia S.A.	500,000
Total	**1,000,000**

Covenants

As long as Éxito Group has payment obligations arising from the contracts executed on March 27, 2020, Éxito Group is committed to maintain a leverage financial ratio of less than 2.8x. Such ratio will be measured annually on April 30 or, if not a working day, the next working day, based on the audited separate financial statements for each annual period.

As at December 31, 2022 and 2021, Éxito Group complied with its covenants.

Note 21. Employee benefits

The balance of employee benefits is shown below:

	Year ended December 31,	
	2022	2021
Defined benefit plans	35,091	18,794
Long-term benefit plan	1,554	1,584
Total employee benefits	**36,645**	**20,378**
Current	**4,555**	**2,482**
Non-Current	**32,090**	**17,896**

Note 21.1. Defined benefit plans

The Éxito Group has the following defined benefit plans:

a. Retirement pension plan

Under the plan, each employees will receive, upon retirement, a monthly pension payment, pension adjustments pursuant to legal regulations, survivor's pension, assistance with funeral expenses and June and December bonuses established by law. Such amount depends on factors such as: employee age, time of service and salary.

Éxito Group is responsible for the payment of retirement pensions to employees who meet the following requirements: (a) employees who at January 1, 1967 had served more than 20 years (full liability), and (b) employees and former employees who at January 1, 1967 had served more than 10 years but less than 20 years (partial liability).

b. Retroactive severance pay plan

Retroactivity of severance pay is estimated for those employees whom labor laws applicable are those prior to Law 50 of 1990, and who did not move to the new severance pay system. Under the plan, will be paid employees upon retirement a retroactive amount as severance pay, after deduction of advance payments. This social benefit is calculated over the entire time of service, based on the latest salary earned.

Such benefits are estimated on an annual basis or whenever there are material changes, using the projected credit unit. During the years ended December 31, 2022 and 2021, there were no material changes in the methods or nature of assumptions applied when preparing the estimates and sensitivity analyses.

Balances and movement:

The following are balances and movement of defined benefit plans:

	Retirement Pensions	Retroactive severance pay	Total
Balance at December 31, 2020	**20,542**	**583**	**21,125**
Cost of current service	-	15	15
Cost of past service	1,227	-	1,227
Interest expense	1,146	24	1,170
Actuarial loss (gain) from changes in experience	675	(57)	618
Actuarial gain from financial assumptions	(2,915)	(32)	(2,947)
Benefits paid	(2,242)	(172)	(2,414)
Balance at December 31, 2021	**18,433**	**361**	**18,794**
Cost of current service	16,419	11	16,430
Interest expense	2,655	26	2,681
Actuarial loss from changes in experience	118	40	158
Actuarial gain (losses) from financial assumptions	(3,290)	18	(3,272)
Benefits paid	(2,401)	(53)	(2,454)
Effect of exchange differences on translation	2,754	-	2,754
Balance at December 31, 2022	**34,688**	**403**	**35,091**

Actuarial assumptions used for calculation:

Discount rates, salary increase rates, inflation rates and death dates are as follows:

	Year ended December 31,			
	2022		2021	
	Retirement pensions	Retroactive severance pay	Retirement pensions	Retroactive severance pay
Discount rate	13.7%	13.60%	8.50%	7.80%
Annual salary increase rate	5.5%	5.5%	3.50%	3.50%
Future annuities increase rate	4.5%	0.00%	3.50%	-
Annual inflation rate	5.5%	5.5%	3.50%	3.50%
Mortality rate - men (years)	60-62	60-62	60-62	60-62
Mortality rate - women (years)	55-57	55-57	55-57	55-57
Mortality rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%	0.001117% - 0.034032%
Mortality rate - women	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%	0.000627% - 0.019177%

Employee turnover, disability and early retirement rates:

	Year ended December 31,	
Years of service	**2022**	**2021**
From 0 to less than 5	20.56%	25.70%
From 5 to less than 10	10.01%	12.51%
From 10 to less than 15	5.89%	7.37%
From 15 to less than 20	4.39%	5.49%
From 20 to less than 25	3.37%	4.22%
25 and more	2.54%	3.18%

Sensitivity analysis:

A quantitative sensitivity analysis regarding a change in a relevant actuarial assumption, would affect in the following variation over defined benefit plans net liability, using for that sensitive analysis the assumptions for changes in discount rate and annual salary increase rate:

	Year ended December 31,			
	2022		2021	
Variation expressed in basis points	**Retirement Pensions**	**Retroactive severance pay**	**Retirement Pensions**	**Retroactive severance pay**
Discount rate + 25	(187)	(3)	(283)	(4)
Discount rate – 25	192	3	292	4
Discount rate + 50	(370)	(6)	(558)	(7)
Discount rate – 50	389	6	594	7
Discount rate + 100	(722)	(11)	(1,083)	(14)
Discount rate – 100	799	12	1,225	15
Annual salary increase rate + 25	N/A	5	N/A	7
Annual salary increase rate - 25	N/A	(5)	N/A	(7)
Annual salary increase rate + 50	N/A	10	N/A	13
Annual salary increase rate - 50	N/A	(10)	N/A	(13)
Annual salary increase rate + 100	N/A	20	N/A	27
Annual salary increase rate - 100	N/A	(19)	N/A	(26)

Contributions for the next years funded with Éxito Group's own resources are foreseen as follows:

	Year ended December 31,			
	2022		2021	
Year	**Retirement pensions**	**Retroactive severance pay**	**Retirement pensions**	**Retroactive severance pay**
2022	-	-	2,256	5
2023	2,427	59	2,249	49
2024	2,437	4	2,218	4
2025	2,419	185	2,172	163
>2026	38,126	385	29,626	285
Total	**45,409**	**633**	**38,521**	**506**

Other considerations:

The average duration of the liability for defined benefit plans at December 31, 2022 is 5.5 years (December 31, 2021 - 6.8 years).

The Éxito Group has no specific assets intended for guaranteeing the defined benefit plans.

The defined contribution plan expense at December 31, 2022 amounted to $127,618 (December 31, 2021 - $101,042).

Note 21.2. Long-term benefit plans

The long-term benefit plans involve a time-of-service bonus associated to years of service payable to the employees of Almacenes Éxito S.A. and to the employees of subsidiaries Logística, Transporte y Servicios Asociados S.A.S.

Such benefit is estimated on an annual basis or whenever there are material changes, using the projected credit unit. During the years ended December 31, 2022 and December 31, 2021, there were no material changes in the methods or nature assumptions applied when preparing the estimates and sensitivity analyses.

During 2015 Almacenes Éxito S.A. reached agreement with several employees who voluntarily decided to replace the time-of-service bonus with a special single one-time bonus.

Balances and movement:

The following are balances and movement of the long-term defined benefit plan:

Balance at December 31, 2020	**1,779**
Cost of current service	74
Interest expense	89
Actuarial loss from change in experience	75
Benefits paid	(246)
Actuarial gain from financial assumptions	(187)
Balance at December 31, 2021	**1,584**
Cost of current service	78
Past service Cost	(13)
Interest expense	115
Actuarial loss from change in experience	200
Benefits paid	(93)
Actuarial gain from financial assumptions	(317)
Balance at December 31, 2022	**1,554**

Actuarial assumptions used to make the calculations:

Discount rates, salary increase rates, inflation rates and death dates are as follows:

	Year ended December 31,	
	2022	**2021**
Discount rate	13.60%	8.10%
Annual salary increase rate	5.5%	3.50%
Annual inflation rate	5.5%	3.50%
Mortality rate - men	0.001117% - 0.034032%	0.001117% - 0.034032%
Mortality rate - women	0.000627% - 0.019177%	0.000627% - 0.019177%

Employee turnover, disability and early retirement rates are as follows:

	Year ended December 31,	
Years of service	**2022**	**2021**
From 0 to less than 5	20.56%	25.70%
From 5 to less than 10	10.01%	12.51%
From 10 to less than 15	5.89%	7.37%
From 15 to less than 20	4.39%	5.49%
From 20 to less than 25	3.37%	4.22%
25 and more	2.54%	3.18%

Sensitivity analysis:

A quantitative sensitivity analysis regarding a change in a relevant actuarial assumption, would affect in the following variation over long-term benefit plans net liability, using for that sensitive analysis the assumptions for changes in discount rate and annual salary increase rate:

	Year ended December 31,	
Variation expressed in basis points	**2022**	**2021**
Discount rate + 25	(15)	(18)
Discount rate - 25	16	19
Discount rate + 50	(31)	(37)
Discount rate - 50	32	38
Discount rate + 100	(60)	(72)
Discount rate - 100	65	78
Annual salary increase rate + 25	17	16
Annual salary increase rate - 25	(17)	(16)
Annual salary increase rate + 50	34	32
Annual salary increase rate - 50	(33)	(31)
Annual salary increase rate + 100	70	65
Annual salary increase rate - 100	(65)	(61)

Contributions for the next years funded with Éxito Group's own resources are foreseen as follows:

	Year ended December 31,	
Year	**2022**	**2021**
2022	-	221
2023	207	169
2024	343	300
2025	373	319
>2026	2,009	1,498
Total	**2,932**	**2,507**

Other considerations:

The average duration of the liability for long-term benefits at December 31, 2022 is 4.3 years (December 31, 2021 - 5.1 years).

The Éxito Group has not devoted specific assets to guarantee payment of the time-of-service bonus.

The effect on the statement of profit or loss from the long-term benefit plan at December 31, 2022 was recognized as an income in the amount of $82 (December 31, 2021 was recognized as a expense in the amount of $129).

Note 22. Provisions

The balance of provisions is shown below:

	Year ended December 31,	
	2022	**2021**
Legal proceedings (1)	19,101	17,595
Restructuring	10,517	2,708
Taxes other than income tax	4,473	3,549
Other	8,286	11,409
Total provisions	**42,377**	**35,261**
Current	**27,123**	**24,175**
Non-current	**15,254**	**11,086**

At December 31, 2022 and 2021, there are no provisions for onerous contracts.

(1) Provisions for lawsuits are recognized to cover estimated potential losses arising from lawsuits brought against the Éxito Group, related to labor, civil, administrative and regulatory matters, which are assessed based on the best estimation of cash outflows required to settle a liability on the date of preparation of the financial statements. The balance is comprised of:

	Year ended December 31,	
	2022	**2021**
Labor legal proceedings	10,902	10,418
Civil legal proceedings	5,516	5,371
Administrative and regulatory proceedings	2,683	1,806
Total legal proceedings	**19,101**	**17,595**

Balances and movement of provisions during the reporting periods are as follows:

	Legal proceedings	Taxes other than income tax	Restructuring	Other	Total
Balance at December 31, 2020	**15,648**	**6,828**	**4,323**	**17,875**	**44,674**
Increase	14,597	-	13,801	11,225	39,623
Uses	(9)	-	(12)	-	(21)
Payments	(9,093)	-	(12,059)	(16,962)	(38,114)
Reversals (not used)	(3,801)	(3,273)	(1,103)	(711)	(8,888)
Other reclassifications	72	-	(2,086)	17	(1,997)
Effect of exchange differences on the translation into presentation currency	181	(6)	(156)	(35)	(16)
Balance at December 31, 2021	**17,595**	**3,549**	**2,708**	**11,409**	**35,261**
Increase	8,141	967	15,211	7,672	31,991
Uses	(787)	-	-	-	(787)
Payments	(2,838)	-	(5,448)	(9,483)	(17,769)
Reversals (not used)	(3,462)	-	(920)	(1,047)	(5,429)
Other reclassifications	-	-	(485)	-	(485)
Effect of exchange differences on the translation into presentation currency	452	(43)	(549)	(265)	(405)
Balance at December 31, 2022	**19,101**	**4,473**	**10,517**	**8,286**	**42,377**

Note 23. Trade payables and other payable

	Year ended December 31, 2022	2021
Payables to suppliers of goods	3,080,264	2,418,848
Payables and other payable - agreements (1)	1,485,905	1,866,092
Payables to other suppliers	406,595	323,333
Employee benefits	354,431	278,325
Purchase of assets	186,421	120,748
Tax payable	149,557	120,188
Dividends payable	10,886	22,487
Other	47,716	36,534
Total trade payables and other payable	**5,721,775**	**5,186,555**
Current	**5,651,303**	**5,136,626**
Non-current	**70,472**	**49,929**

(1) The detail of payables and other payable - agreements is shown below:

	Year ended December 31, 2022	2021
Payables to suppliers of goods	1,439,118	1,771,857
Payables to other suppliers	46,787	93,921
Purchase of assets	-	314
Total payables and other payable - agreements	**1,485,905**	**1,866,092**

In Colombia, receivable anticipation transactions are initiated by suppliers who, at their sole discretion, choose the banks that will advance financial resources before invoice due dates, according to terms and conditions negotiated with the Exito Group. The Group cannot direct a preferred or financially related bank to the supplier or refuse to carry out transactions, as local legislation ensures the supplier's right to freely transfer the title/receivable to any bank through endorsement. Therefore, there is no direct agreement between the Group and a bank or financial agent with the objective of structuring operations involving purchases or payments with its suppliers.

Exito Group has entered into agreements with some financial institutions in Colombia, which grant an additional payment period, without interest charges, so that the Group can reconcile information on receivables anticipated by suppliers and process other operational and administrative aspects given the significant volume of transactions, as well as allowing its Colombian suppliers to use lines of credit and anticipate their receivables arising from the sale of goods and services to the Exito Group. The granting of additional time is a market practice in Colombia and is indiscriminately obtained by other retailers and players in other business segments in the country.

Note 24. Income tax

Note 24.1. Tax regulations applicable to Almacenes Éxito S.A. and to its Colombian subsidiaries

Income tax rate applicable to Almacenes Éxito S.A. and its Colombian subsidiaries

a. For taxable 2022 the income tax rate for legal entities is 35%. For taxable 2021 the income tax rate for legal entities is 31%.

b. For 2021, the base to assess the income tax under the presumptive income model is 0% of the net equity held on the last day of the immediately preceding taxable period (0.5% in 2020).

Law 2277 of December 13, 2022 – Tax reform for equality and social justice

The Congress of the Republic of Colombia approved on December 13, 2022 Law 2277 through which a tax reform for equality and social justice is adopted and other provisions are issued.

In relation to income tax, the following are the main modifications applicable to Almacenes Éxito S.A. and its Colombian subsidiaries that will come into effect as of 2023:

a. Income tax and complementary:
   - The minimum tax rate calculated on financial profit may not be less than 15%, if so, it will increase by the percentage points required to reach the indicated effective rate;
   - 100% of the industry and commerce, notices and boards tax is deductible;
   - The benefits and tax incentives may not exceed 3% per year of ordinary net income;
   - The rate on occasional earnings for companies, national and foreign entities is 15%.

b. Others:
   - Profits from the sale of shares listed on the stock market do not constitute income or occasional gain as long as said sale does not exceed 3% of the outstanding shares, during the same taxable year;
   - The tax on dividends distributed to natural persons residing in Colombia is 7.5%, for national companies it is 10% and for natural persons not residing in Colombia and foreign companies it is 20%, when such dividends have been taxed. at the head of the companies that distribute it;
   - The reacquisition of shares, participations or quotas of social interest by the companies that issue them constitutes ordinary liquid income for the partners, shareholders or participants.

Tax credits of Almacenes Éxito S.A. and its Colombian subsidiaries

Pursuant to tax regulations in force as of 2017, the time limit to offset tax losses is 12 years following the year in which the loss was incurred.

Excess presumptive income over ordinary income may be offset against ordinary net income assessed within the following five years.

Company losses are not transferrable to shareholders. In no event tax losses arising from revenue other than income and occasional gains, and from costs and deductions not related with the generation of taxable income, will be offset against the taxpayer's net income.

(a) Tax credits of Almacenes Éxito S.A.

At December 31, 2022 Almacenes Éxito S.A. has accrued $211,190 (at December 31, 2021 - $346,559) excess presumptive income over net income.

The movement of Alamacenes Éxito's S.A. excess presumptive income over net income during the reporting year is shown below:

Balance at December 31, 2020	**518,013**
Offsetting of presumptive income against net income for the period	(171,454)
Balance at December 31, 2021	**346,559**
Offsetting of presumptive income against net income for the period	(135,369)
Balance at December 31, 2022	**211,190**

At December 31, 2022, Almacenes Éxito S.A. has accrued tax losses amounting to $740,337 (at December 31, 2021 - $738,261).

The movement of tax losses at Almacenes Éxito S.A. during the reporting year is shown below:

Balance at December 31, 2020	**738,261**
Adjustment to tax losses from prior periods	-
Balance at December 31, 2021	**738,261**
Adjustment to tax losses from prior periods	2,076
Balance at December 31, 2022	**740,337**

(b) Movement of tax losses for Colombian subsidiaries for the reporting years is shown below

Balance at December 31, 2020	**26,773**
Transacciones Energéticas S.A.S. E.S.P. (i)	33,380
Depósitos y Soluciones Logísticas S.A.S.	78
Éxito Industrias S.A.S.	(26,324)
Marketplace Internacional Éxito y Servicios S.A.S.	(283)
Balance at December 31, 2021	**33,624**
Transacciones Energéticas S.A.S. E.S.P. (i)	158
Depósitos y Soluciones Logísticas S.A.S.	(220)
Balance at December 31, 2022	**33,562**

(i) No deferred tax has been calculated for this tax losses due there is not certain about the recoverability with future taxable income.

(c) The movement of the offsetting of tax credits from Almacenes Éxito S.A. and Colombian subsidiaries is as follows:

	Year ended December 31,	
	2022	**2021**
Offsetting of presumptive income against net income for the period of Almacenes Éxito S.A.	(135,369)	(171,454)
Offsetting of tax losses from the period of Depósitos y Soluciones Logísticas S.A.S	(220)	-
Offsetting of presumptive income against net income for the period Depósitos y Soluciones Logísticas S.A.S	(27)	-
Offsetting of tax losses from the period of Éxito Industrias S.A.S.	-	(18,795)
Offsetting of tax losses from the period of Marketplace Internacional Éxito y Servicios S.A.S.	-	(278)
Offsetting of presumptive income against net income for the period of Marketplace Internacional Éxito y Servicios S.A.S.	-	(16)
Total	**(135,616)**	**(190,543)**

Note 24.2. Tax rates applicable to foreign subsidiaries

Income tax rates applicable to foreign subsidiaries are:
- Uruguay applies a 25% income tax rate in 2022 (25% in 2021);
- Argentina applies a 30% income tax rate in 2022 (35% in 2021).

Note 24.3. Current tax assets and liabilities

The balances of current tax assets and liabilities recognized in the statement of financial position are:

<u>Current tax assets:</u>

	Year ended December 31,	
	2022	**2021**
Income tax balance receivable by Almacenes Éxito S.A. and its Colombian subsidiaries	282,659	228,040
Tax discounts applied by Almacenes Éxito S.A. and its Colombian subsidiaries	111,440	88,369
Industry and trade tax advances and withholdings of Almacenes Éxito S.A. and its Colombian subsidiaries	63,408	56,231
Tax discounts of Éxito from taxes paid abroad	24,631	23,899
Other current tax assets of subsidiary Spice Investment Mercosur S.A.	18,268	14,605
Current income tax assets of subsidiary Spice Investments Mercosur S.A.	8,007	3,008
Current income tax assets of subsidiary Onper Investment 2015 S.L.	1,024	15,364
Other current tax assets of subsidiary Onper Investment 2015 S.L.	447	109
Total current tax assets	**509,884**	**429,625**

<u>Current tax liabilities</u>

	Year ended December 31,	
	2022	**2021**
Industry and trade tax payable of Almacenes Éxito S.A. and its Colombian subsidiaries	92,815	77,284
Current income tax liabilities of some Colombian subsidiaries	10,976	-
Taxes of subsidiary Onper Investment 2015 S.L. other than income tax	3,743	3,490
Tax on real estate of Almacenes Éxito S.A. and its Colombian subsidiaries	1,762	516
Taxes of subsidiary Spice Investments Mercosur S.A. other than income tax	430	229
Total current tax liabilities	**109,726**	**81,519**

Note 24.4. Income tax

The components of the income tax expense recognized in the statement of profit or loss were:

	Year ended December 31,	
	2022	2021
Current income tax (expense)	(183,105)	(122,096)
Adjustment in respect of current income tax of prior periods	(9,164)	(526)
Changes in tax rates	(78,382)	34,012
Deferred income tax (expense) (Note 24.5)	(55,051)	(49,060)
Total income tax (expense)	**(325,702)**	**(137,670)**

The reconciliation of average effective tax rate to applicable tax rate is shown below:

	Year ended December 31,			
	2022	Rate	2021	Rate
Profit before income tax from continuing operations	**574,940**		**730,887**	
Tax expense at enacted tax rate in Colombia	(201,229)	(35%)	(226,575)	(31%)
Unrecognition deferred tax from prior periods	3,407		(11,638)	
Adjustment to current taxes from prior periods	(9,164)		(526)	
Tax impact of readjustment to carry forward losses	727		-	
Non-deductible / Non taxable domestic operation	(27,410)		2,556	
Equity method in joint venture domestic operations	(12,152)		2,243	
Tax rates differences from foreign operations	22,362		11,228	
Accounting effects of NCI domestic operations without tax impact	31,991		22,408	
Non-deductible/ Non taxable foreign operation	(55,852)		28,622	
Changes in tax rates	(78,382)		34,012	
Total income tax expense	**(325,702)**	**(57%)**	**(137,670)**	**(19%)**

Note 24.5. Deferred tax

	Year ended December 31,			
	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax losses	259,118	-	258,710	-
Excess presumptive income	73,917	-	121,296	-
Tax credits	62,943	-	82,257	-
Other provisions	10,893	-	24,188	-
Investment property	-	(148,031)	-	(123,114)
Goodwill	-	(218,308)	-	(144,997)
Property, plant and equipment	59,162	(341,631)	80,113	(328,311)
Leases	641,886	(553,947)	656,222	(581,055)
Other	103,215	(84,341)	28,264	(35,163)
Total	**1,211,134**	**(1,346,258)**	**1,251,050**	**(1,212,640)**

The breakdown of deferred tax assets and liabilities for the three jurisdictions in which the Éxito Group operates are grouped as follows:

	Year ended December 31,			
	2022		2021	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Colombia	98,372	-	150,888	-
Uruguay	44,217	-	54,273	-
Argentina	-	(277,713)	-	(166,751)
Total	**142,589**	**(277,713)**	**205,161**	**(166,751)**

The movement of net deferred tax to the statement of profit or loss and the statement of comprehensive income is shown below:

	Year ended December 31, 2022	2021
(Expense) benefit from deferred tax recognized in income	(55,051)	(49,060)
Adjustment with respect to the current income tax of previous periods	(9,164)	(526)
Changes in tax rates	(78,382)	34,012
Expense from deferred tax recognized in other comprehensive income	(206)	(5,982)
Effect of the translation of the deferred tax recognized in other comprehensive income (1)	(30,731)	(56,024)
Total movement of net deferred tax	**(173,534)**	**(77,580)**

(1) Such effect resulting from the translation at the closing rate of deferred tax assets and liabilities of foreign subsidiaries is included in the line item "Exchange difference from translation" in Other comprehensive income (Note 27).

Temporary differences related to investments in associates and joint ventures, for which no deferred tax liabilities have been recognized at December 31, 2022 amounted to $32,279 (at December 31, 2021 - $66,999).

Note 24.6. Effects of the distribution of dividends on the income tax

There are no income tax consequences attached to the payment of dividends in either 2022 or 2021 by the Éxito Group to its shareholders.

Note 24.7. Non-Current tax liabilities

The $2,749 balance at December 31, 2022 (at December 31, 2021 - $3,924) relates to taxes payable of subsidiary Libertad S.A. for federal taxes and incentive program by instalments.

Note 25. Derivative instruments and collections on behalf of third parties

	Year ended December 31, 2022	2021
Collections on behalf of third parties (1)	130,819	80,710
Derivative financial instruments (2)	5,404	592
Derivative financial instruments designated as hedge instruments (3)	-	242
Total	**136,223**	**81,544**

(1) Collections on behalf of third parties includes amounts received for services where the Éxito Group acts as an agent, such as travel agency sales, and payments and banking services provided to customers.

(2) The detail of maturities of these instruments at December 31, 2022 is shown below:

Derivative	Less than 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	3,149	2,255	-	-	5,404

The detail of maturities of these instruments at December 31, 2021 is shown below:

Derivative	Less than 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Forward	309	283	-	-	592

(3) Derivative instruments under hedge accounting are as follows:

At December 31, 2022 and 2021, swap transactions was used to hedge exchange and/or interest risks of financial liabilities taken to acquire property, plant and equipment.

The Éxito Group documents the hedge relationship and conduct effectiveness testing from initial recognition and over the time of the hedge relationship until its derecognition. No ineffectiveness has been identified during the reporting periods.

At December 31, 2021:

Hedge instrument	Nature of risk Hedged	Hedged item	Nature of the hedge	Range of rates for the hedged item	Range of rates for hedge instruments	Fair value
Swap	Interest rate	Loans and borrowings	Cash-flow hedge	IBR 3M	2.0545% - 2.145%	242

The detail of maturities of these hedge instruments is shown below:

	Less than 1 month	From 1 to 3 months	From 3 to 6 months	From 6 to 12 months	More than 12 months	Total
Swap	-	242	-	-	-	**242**

Note 26. Other liabilities

The balance of other liabilities is shown below:

	Year ended December 31, 2022	2021
Deferred revenues (1)	154,265	174,395
Customer loyalty programs	56,165	37,015
Advance on contract covering assets held for sale	14,360	2,046
Advance payments under lease agreements and other projects	4,891	5,655
Repurchase coupon	942	99
Instalments received under "plan resérvalo"	284	260
Total other liabilities	**230,907**	**219,470**
Current	**228,496**	**217,303**
Non-Current	**2,411**	**2,167**

(1) Mainly relates to payments received for the future sale of products through means of payment, property leases and strategic alliances.

The movement of deferred revenue and customer loyalty programs, and the related revenue recognized during the reporting years, is shown below:

	Deferred revenue	Customer loyalty programs
Balance at December 31, 2020	**130,974**	**29,180**
Additions	1,174,455	14,608
Revenue recognized	(1,130,709)	(10,075)
Others	-	258
Effect of exchange difference from translation into presentation currency	(325)	3,044
Balance at December 31, 2021	**174,395**	**37,015**
Additions	1,290,023	19,053
Revenue recognized	(1,309,193)	(13,736)
Others	-	407
Effect of exchange difference from translation into presentation currency	(960)	13,426
Balance at December 31, 2022	**154,265**	**56,165**

Note 27. Shareholders' equity

At December 31, 2022 Almacenes Éxito S.A. authorized capital is represented in 1.590,000,000 common shares with a nominal value of $3.3333 colombian pesos each. At December 31, 2021 Almacenes Éxito S.A. authorized capital is represented in 530,000,000 common shares with a nominal value of $10 colombian pesos each.

The number of outstanding shares is 1.344.720.453 and the number of treasury shares reacquired is 46.856.094. Share were adjusted because of share's split process (Note 6).

The rights attached to the shares are speaking and voting rights per each share. No privileges have been granted on the shares, nor are the shares restricted in any way. Further, there are no option contracts on Almacenes Éxito S.A. shares.

The premium on placement of shares represents the surplus paid over the par value of the shares. Pursuant to Colombian legal regulations, this balance may be distributed as profits upon winding-up of the company, or upon capitalization of this value. Capitalization means the transfer of a portion of such premium to a capital account as result of the issue of a share-based dividend.

Reserves

Reserves are appropriations made by Almacenes Éxito's S.A. General Meeting of Shareholders on the results of prior periods. In addition to the legal reserve, there is an occasional reserve, a reserve for acquisition of treasury shares and a reserve for future dividend distribution.

Other accumulated comprehensive income

The tax effect on the components of other comprehensive income is shown below:

	Year ended December 31,					
	2022			2021		
	Gross value	Tax effect	Net value	Gross value	Tax effect	Net value
Loss from financial instruments designated at fair value through other comprehensive Income	(16,202)	-	(16,202)	(12,199)	-	(12,199)
Remeasurement loss on defined benefit plans	(536)	334	(202)	(3,582)	1,257	(2,325)
Translation exchange differences	(997,445)	-	(997,445)	(1,264,252)	-	(1,264,252)
Gain (loss) from cash-flow hedges	12,939	(4,529)	8,410	6,023	(2,108)	3,915
Loss on hedge of net investment in foreign operations	(18,977)	-	(18,977)	(18,312)	(3,138)	(21,450)
Total other accumulated comprehensive income	**(1,020,221)**	**(4,195)**	**(1,024,416)**	**(1,292,322)**	**(3,989)**	**(1,296,311)**
Other accumulated comprehensive income of non-controlling interests			(57,514)			(56,154)
Other accumulated comprehensive income of the parent			**(966,902)**			**(1,240,157)**

Note 28. Revenue from contracts with customers

The amount of revenue from contracts with customers is as shown:

	Year ended December 31,	
	2022	2021
Retail sales (1) (Note 40)	19,754,076	16,105,756
Service revenue (2)	741,246	609,303
Other revenue (3)	124,351	207,326
Total revenue from contracts with customers	**20,619,673**	**16,922,385**

(1) Retail sales represent the sale of goods and real estate projects net of returns and sales rebates. This amount includes the following items:

	Year ended December 31,	
	2022	2021
Retail sales, net of sales returns and rebates	19,725,311	16,048,995
Sale of real estate project inventories (a)	28,765	56,761
Total retail sales	**19,754,076**	**16,105,756**

(a) At December 31, 2022, represents the sale of a percentage of the Montevideo real estate project inventory in the amount of $26,620 and the sale of a percentage of La Secreta real estate project inventory in the amount of $2,505. At December 31, 2021, represents the sale of a percentage of the Montevideo real estate project inventory in the amount of $56,306 and the sale of a percentage of La Secreta real estate project inventory in the amount of $455.

(2) Revenues from services and rental income comprise:

	Year ended December 31,	
	2022	2021
Leases and real estate related income	409,009	302,262
Advertising	94,802	80,300
Distributors	84,424	94,988
Telephone services	34,811	30,517
Transport	29,837	31,449
Commissions	27,354	25,931
Banking services	19,082	16,392
Other	41,927	27,464
Total service revenue	**741,246**	**609,303**

(3) Other revenue relates to:

	Year ended December 31,	
	2022	2021
Real estate projects (a)	63,203	87,174
Marketing events	19,402	18,305
Royalty revenue	7,158	14,682
Collaboration agreements (b)	4,809	63,742
Other	29,779	23,423
Total other revenue	**124,351**	**207,326**

(a) For 2022, it corresponds mainly to the bonus received for operating results generated in real estate projects for $32,948, to the bonus received to ensure the permanence in a leased property for $6,000 and to income from compliance with commercial alliance goals for $4,422. For 2021, it corresponds mainly to income from fees for the development and construction of real estate projects for $74,938.

(b) Represents revenue from the following collaboration agreements:

	Year ended December 31,	
	2022	2021
Compañía de Financiamiento Tuya S.A.	-	59,050
Kiire	3,656	3,106
Éxito Media	1,153	1,586
Total revenue from collaboration agreements	**4,809**	**63,742**

Note 29. Distribution, administrative and selling expenses

The amount of distribution, administrative and selling expenses by nature is:

	Year ended December 31,	
	2022	2021
Employee benefits (Note 30)	1,577,911	1,285,924
Depreciation and amortization	505,068	465,073
Taxes other than income tax	343,794	266,605
Services	290,308	234,801
Fuels and power	251,046	192,001
Repairs and maintenance	242,659	202,209
Advertising	165,589	143,073
Commissions on debit and credit cards	139,288	102,285
Professional fees	100,002	85,281
Leases	61,234	46,502
Packaging and marking materials	55,874	41,085
Insurance	48,036	42,934
Transport	44,904	47,359
Administration of trade premises	43,382	37,421
Other	362,792	297,367
Total distribution, administrative and selling expenses	**4,231,887**	**3,489,920**
Distribution expenses	**2,253,239**	**1,856,544**
Administrative and selling expenses	**400,737**	**347,452**
Employee benefit expenses	**1,577,911**	**1,285,924**

Note 30. Employee benefit expenses

The amount of employee benefit expenses incurred by each significant category is as follows:

	Year ended December 31,	
	2022	2021
Wages and salaries	1,284,582	1,062,505
Contributions to the social security system	45,453	35,160
Other short-term employee benefits	54,695	52,968
Total short-term employee benefit expenses	**1,384,730**	**1,150,633**
Post-employment benefit expenses, defined contribution plans	127,618	101,042
Post-employment benefit expenses, defined benefit plans	16,472	1,174
Total post-employment benefit expenses	**144,090**	**102,216**
Termination benefit expenses	14,506	6,702
Other personnel expenses	34,667	26,502
Other long-term employee benefits	(82)	(129)
Total employee benefit expenses	**1,577,911**	**1,285,924**

The cost of employee benefit include in cost of sales is shown in Note 11.2.

Note 31. Other operating expenses, net

	Year ended December 31,	
	2022	2021
Reversal of allowance for expected credit loss on trade receivables	26,093	31,588
Tax on wealth expense	(21,239)	(15,981)
Restructuring expenses, net	(14,291)	(12,698)
Write-off of assets	(13,507)	(20,524)
Impairment loss on assets	(2,201)	(4,527)
(Loss) gain from the early termination of lease contracts	5,809	(835)
Gain from the sale of assets	19,597	4,266
Other	(17,823)	(5,490)
Total other operating expenses, net	**(17,562)**	**(24,201)**

Note 32. Financial income and cost

The amount of financial income and cost is as follows:

	Year ended December 31,	
	2022	2021
Gain from derivative financial instruments	74,864	25,287
Gain from exchange differences	51,006	52,167
Gain from fair value changes in derivative financial instruments	28,824	28,261
Interest income on cash and cash equivalents (Note 7)	27,040	17,277
Net monetary position results, effect of the statement of profit or loss (1)	21,993	-
Other financial income	16,182	50,827
Total financial income	**219,909**	**173,819**
Loss from exchange differences	(181,719)	(89,890)
Net monetary position expense, effect of the statement of financial position	(111,754)	(6,191)
Interest expense on loan and borrowings	(111,234)	(52,593)
Interest expense on lease liabilities	(99,324)	(94,555)
Net monetary position results, effect of the statement of profit or loss (1)	-	(62,100)
Factoring expenses	(51,537)	(34,048)
Loss from fair value changes in derivative financial instruments	(15,611)	(1,481)
Loss from derivative financial instruments	(12,846)	(14,862)
Other financial expenses	(11,224)	(8,739)
Commission expenses	(5,134)	(5,115)
Total financial cost	**(600,383)**	**(369,574)**
Net financial result	**(380,474)**	**(195,755)**

(1) The indicator used to adjust for inflation in the financial statements of Libertad S.A. is Internal Wholesales Price Index (IPIM) published by Instituto Nacional de Estadística y Censos de la República Argentina (INDEC). Indicators and corresponding conversion coefficients are presented below:

	Índice de precios	Factor de conversión (veces)
December 31, 2015	100.00	10.000
January 1, 2020	446.28	2.241
December 31, 2020	595.19	1.680
December 31, 2021	900.78	1.110
December 31, 2022	1,754.58	0.570

Note 33. Earnings per share

Basic earnings per share are calculated based on the weighted average number of outstanding shares of each category during the year. There were no dilutive potential ordinary shares outstanding at the end of the reporting period.

The calculation of basic earnings per share for all periods presented has been adjusted retrospectively for the effects of the share split (Note 6).

	Year ended December 31, 2022	2021
Net profit attributable to shareholders of the parent	**99,072**	**474,681**
Ordinary shares attributable to basic earnings per share (basic and diluted)	1.297.864.359	1,297,864,359
Basic and diluted earnings per share attributable to the shareholders of the parent (in Colombian pesos)	**76.33**	**365.74**

	Year ended December 31, 2022	2021
Net profit from continuing operations	**249,238**	**593,217**
Less: net income from continuing operations attributable to non-controlling interests	150,166	118,256
Net profit from continuing operations attributable to the shareholders of the parent	**99,072**	**474,961**
Ordinary shares attributable to basic earnings per share (basic and diluted)	1.297.864.359	1,297,864,359
Basic and diluted earnings per share from continuing operations attributable to the shareholders of the parent (in Colombian pesos)	**76.33**	**365.96**

	Year ended December 31, 2022	2021
Net (loss) from discontinued operations	**-**	**(280)**
Less: net income from discontinued operations attributable to non-controlling interests	-	-
Net (loss) from discontinued operations attributable to the shareholders of the parent	**-**	**(280)**
Ordinary shares attributable to basic earnings per share (basic and diluted)	1,297,864,359	1,297,864,359
Basic and diluted (loss) per share from discontinued operations attributable to the shareholders of the parent (in Colombian pesos)	**-**	**(0.22)**

Note 34. Impairment of assets

Note 34.1. Financial assets

No impairment losses on financial assets were identified at December 31, 2022 and 2021, except on trade receivables and other accounts receivable (Note 8).

Note 34.2. Non-financial assets

December 31, 2022

The carrying amount of the groups of cash-generating units is made of property, plant and equipment, investment properties, other intangible assets other than goodwill, net working capital items and the goodwill and intangible assets acquired through business combinations.

For the purposes of impairment testing, the goodwill obtained through business combinations, trademarks and the rights to exploit trade premises with indefinite useful lives were allocated to the following groups of cash-generating units:

	Groups of cash-generating units							
	Éxito	**Carulla**	**Surtimax**	**Súper Ínter**	**Surtimayorista**	**Uruguay**	**Argentina**	**Total**
Goodwill (Note 17)	90,674	856,495	37,402	464,332	4,174	1,690,339	340,887	**3,484,303**
Trademarks with indefinite useful life (Note 14)	-	-	17,427	63,704	-	128,103	90,454	**299,688**
Rights with indefinite useful life (Note 14)	17,720	2,771	-	-	-	-	4,212	**24,703**

Even if trade establishments allocated to Surtimayorista cash-generating unit do not have goodwill acquired through business combinations, this value allocated for the purpose of impairment testing results from the change of stores in the Surtimax format to this new format; goodwill allocated to trade establishments of the Surtimax cash-generating unit comes from the business combination in 2007 under the merger with Carulla Vivero S.A. as disclosed in Note 14.

The method used for testing the impairment of cash generating units was the value in use given the difficulty of finding an active market that enables establishing the fair value of such intangible assets.

The recoverable amount of the cash generating units in Colombia and Uruguay was determined as their value in use.

The value in use was estimated based on the expected cash flows as forecasted by Company management over a five-year period, on the grounds of the price growth rate in Colombia and Uruguay (Consumer Price Index - CPI), trend analyses based on past results, expansion plans, strategic projects to increase sales, and optimization plans.

Cash flows beyond the five-year period were determined using a real growth rate of 0%. For the Éxito Group, this is a conservative approach that reflects the ordinary growth expected for the industry in absence of unexpected factors that might have an effect on growth.

The tax rate included in the forecast of cash flows is the rate at which Almacenes Éxito S.A. expects to pay its taxes during the next years. The tax rate used in the projection of cash flows of the Éxito, Carulla, Surtimax, Súper Ínter and Surtimayorista cash-generating units was 35% for 2023 onwards, which is the enacted rate in Colombia as at December 31, 2022.

For goodwill allocated to the Uruguayan cash-generating unit, the tax rate used was 25%.

Expected cash flows were discounted at the weighted average cost of capital (WACC) using a market indebtedness structure for the type of industry where Éxito Group operates, which was 7.40% for 2023 onwards.

The WACC used to discount the cash flows of the Uruguayan cash-generating unit was 8.55% for 2023 onwards.

The variables that have the greater impact on the determination of the value in use of the cash-generating units are the discount rate and the perpetual growth rate. These variables are defined as follows:

(a) Growth rate in perpetuity: Nominal growth rates in perpetuity are the long-term inflation expectations for the relevant country, i.e. a real growth rate of zero. A decrease in real growth rates to below zero is not considered reasonably possible given cash flows are expected to increase at least in line with inflation, and up to 4% above inflation.

(b) Discount rate: The estimation of the discount rate is based on an analysis of the market indebtedness for Almacenes Éxito S.A.; a change is deemed reasonable if the discount rate would increase by 1%, in which event no impairment in the value of the groups of cash-generating units would arise.

The impairment loss of property, plant and equipment is the book value that exceeds the recoverable value; in turn, the recoverable value is the higher of the value in use and the fair value less costs to sell. Assets are grouped into stores, which generate independent cash flows. The method used to calculate the recoverable value was the income approach (value in use) given its adequate approximation to the recoverable value of these assets.

As a result of the observation of signs of impairment loss and the application of the test, impairment was identified in part of Viva Calle 80 in the amount of $241 and at subsidiary Grupo Disco del Uruguay S.A. of $1,403 and recovery of impairment loss of Mercados Devoto S.A. in the amount of $2,786 and Carulla Palmas of $17. The impairment loss was recognized in profit or loss.

The method used to test the impairment loss of investment properties owned by Éxito and its subsidiaries was the revenue approach given its proximity to the fair value of such real-estate property.

As result of the testing, there was impairment loss of local premises of Centro Comercial Viva Suba of $530 and recovery of impairment loss of Viva Sincelejo in the amount of $1,546 and Viva Palmas in the amount of $860. The impairment loss was recognized in profit or loss.

The recoverable amount of the Argentina group of cash generating units was determined as the fair value less costs of disposal of its retail estate portfolio. This was estimated based on the appraisals performed by an independent appraiser on all the properties owned by the subsidiary in Argentina, minus the total liabilities, plus cash of Libertad S.A. as of December 31, 2022 excluding non-monetary and intercompany items. The cost of disposal is an estimated brokerage commission on the sale of real estate equivalent to 3% of the total amount of the property values. The main variables used in the appraisals are the real estate index in Argentina and the exposure to foreign exchange (USD more specifically). A decrease of 2% in the fair value less costs to sell would trigger an impairment charge.

Assets are grouped into stores, which generate independent cash flows.

The recoverable amount of investment properties owned by the Éxito Group was determined as their value in use.

Except for the above, no impairment in the carrying amounts of cash-generating units was identified.

December 31, 2021

The carrying amount of the groups of cash-generating units is made of property, plant and equipment, investment properties, other intangible assets other than goodwill, net working capital items and the goodwill and intangible assets acquired through business combinations.

For the purposes of impairment testing, the goodwill obtained through business combinations, trademarks and the rights to exploit trade premises with indefinite useful lives were allocated to the following groups of cash-generating units:

	Groups of cash-generating units							
	Éxito	**Carulla**	**Surtimax**	**Súper Ínter**	**Surtimayorista**	**Uruguay**	**Argentina**	**Total**
Goodwill (Note 17)	90,674	856,495	37,402	464,332	4,174	1,320,465	251,441	**3,024,983**
Trademarks with indefinite useful life (Note 14)	-	-	17,427	63,704	-	94,319	66,720	**242,170**
Rights with indefinite useful life (Note 14)	17,720	2,771	-	-	-	-	2,047	**22,538**

The recoverable amount of the cash generating units in Colombia and Uruguay was determined as their value in use.

The value in use was estimated based on the expected cash flows as forecasted by Company management over a five-year period, on the grounds of the price growth rate in Colombia and Uruguay (Consumer Price Index - CPI), trend analyses based on past results, expansion plans, strategic projects to increase sales, and optimization plans.

Cash flows beyond the five-year period were determined using a real growth rate of 0%. For the Éxito Group, this is a conservative approach that reflects the ordinary growth expected for the industry in absence of unexpected factors that might have an effect on growth.

The tax rate included in the forecast of cash flows is the rate at which Éxito expects to pay its taxes during the next years. The tax rate used in the projection of cash flows of the Éxito, Carulla, Surtimax, Súper Ínter and Surtimayorista cash-generating units was 35% for 2022 onwards, which is the enacted rate in Colombia as at December 31, 2021.

For goodwill allocated to the Uruguayan cash-generating unit, the tax rate used was 25%.

Expected cash flows were discounted at the weighted average cost of capital (WACC) using a market indebtedness structure for the type of industry where Éxito operates, which was 7.40% for 2022 onwards.

The WACC used to discount the cash flows of the Uruguayan cash-generating unit was 8.55% for 2022 onwards.

The variables that have the greater impact on the determination of the value in use of the cash-generating units are the discount rate and the perpetual growth rate. These variables are defined as follows:

(a) Growth rate in perpetuity: Nominal growth rates in perpetuity are the long-term inflation expectations for the relevant country, i.e. a real growth rate of zero. A decrease in real growth rates to below zero is not considered reasonably possible given cash flows are expected to increase at least in line with inflation, and up to 4% above inflation.

(b) Discount rate: The estimation of the discount rate is based on an analysis of the market indebtedness for Éxito; a change is deemed reasonable if the discount rate would increase by 1%, in which event no impairment in the value of the groups of cash-generating units would arise.

The recoverable amount of the Argentina group of cash generating units was determined as the fair value less costs of disposal of its retail estate portfolio. This was estimated based on the appraisals performed by an independent appraiser on all the properties owned by the subsidiary in Argentina, minus the total liabilities, plus cash of Libertad S.A. as of December 31, 2021 excluding non-monetary and intercompany items. The cost of disposal is an estimated brokerage commission on the sale of real estate equivalent to 3% of the total amount of the property values. The main variables used in the appraisals are the real estate index in Argentina and the exposure to foreign exchange (USD more specifically). A decrease of 2% in the fair value less costs to sell would trigger an impairment charge.

Assets are grouped into stores, which generate independent cash flows. The recoverable amount was the value in use of the stores.

The recoverable amount of investment properties owned by the Éxito Group was determined as their value in use.

Note 35. Fair value measurement

Below is a comparison, by class, of the carrying amounts and fair values of investment property, property, plant and equipment and financial instruments, other than those with carrying amounts that are a reasonable approximation of fair values.

	Year ended December 31,			
	2022		2021	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Investments in private equity funds	426	426	1,476	1,476
Forward contracts measured at fair value through income (Note 12)	27,300	27,300	11,057	11,057
Derivative swap contracts denominated as hedge instruments (Note 12)	14,480	14,480	6,023	6,023
Investment in bonds (Note 12)	6,939	6,939	6,896	6,828
Investment in bonds through other comprehensive income	18,367	18,367	18,716	18,716
Equity investments	10,676	10,676	10,676	10,676
Non-financial assets				
Investment property (Note 15)	1,841,228	3,968,389	1,656,245	2,797,335
Property, plant and equipment, and investment property held for sale (Note 41)	21,800	29,261	24,601	29,981
Financial liabilities				
Loans and borrowings (Note 20)	803,685	793,624	907,141	895,472
Put option (Note 20)	651,899	651,899	509,870	509,870
Swap contracts denominated as hedge instruments (Note 25)	-	-	242	242
Forward contracts measured at fair value through income (Note 25)	5,404	5,404	592	592
Non-financial liabilities				
Customer loyalty liability (Note 26)	56,165	56,165	37,015	37,015

The following methods and assumptions were used to estimate the fair values:

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Assets				
Loans at amortized cost	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity days.	Commercial rate of banking institutions for consumption receivables without credit card for similar term horizons. Commercial rate for housing loans for similar term horizons.
Investments in private equity funds	Level 2	Unit value	The value of the fund unit is given by the preclosing value for the day, divided by the total number of fund units at the closing of operations for the day. The fund administrator appraises the assets daily.	N/A
Forward contracts measured at fair value through income	Level 2	Colombian Peso-US Dollar forward	The difference is measured between the forward agreed- upon rate and the forward rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero-coupon interest rate. The forward rate is based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the forward contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar forward market on the date of valuation. Number of days between valuation date and maturity date. Zero-coupon interest rate.
Swap contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses swap cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the swap net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero-coupon curve. Swap LIBOR curve. Treasury Bond curve. 12-month CPI
Derivative swap contracts denominated as hedge instruments	Level 2	Operating cash flows forecast model	The method uses swap cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the swap net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero-coupon curve. Swap LIBOR curve. Treasury Bond curve. 12-month CPI
Investment in bonds	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for investments under similar conditions on the date of measurement in accordance with maturity days.	CPI 12 months + Basis points negotiated
Investment property	Level 2	Comparison or market method	This technique involves establishing the fair value of goods from a survey of recent offers or transactions for goods that are similar and comparable to those being appraised.	N/A
Investment property	Level 3	Discounted cash flows method	This technique provides the opportunity to identify the increase in revenue over a previously defined period of the investment. Property value is equivalent to the discounted value of future benefits. Such benefits represent annual cash flows (both, positive and negative) over a	Discount rate (10% - 14%) Vacancy rate (0% - 54.45%) Terminal capitalization rate (7.5% - 8.5%)

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Assets				
			period, plus the net gain arising from the hypothetical sale of the property at the end of the investment period.	
Investment property	Level 3	Realizable-value method	This technique is used whenever the property is suitable for urban movement, applied from an estimation of total sales of a project under construction, pursuant to urban legal regulations in force and in accordance with the final saleable asset market.	Realizable value
Investment property	Level 3	Replacement cost method	The valuation method consists in calculating the value of a brand-new property, built at the date of the report, having the same quality and comforts as that under evaluation. Such value is called replacement value; then an analysis is made of property impairment arising from the passing of time and the careful or careless maintenance the property has received, which is called depreciation.	Physical value of building and land.
Non-current assets classified as held for trading	Level 2	Realizable-value method	This technique is used whenever the property is suitable for urban development, applied from an estimation of total sales of a project under construction, pursuant to urban legal regulations in force and in accordance with the final saleable asset market.	Realizable Value

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data
Liabilities				
Financial liabilities measured at amortized cost	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for loans under similar conditions on the date of measurement in accordance with maturity days.	Reference Banking Index (RBI) + Negotiated basis points. LIBOR rate + Negotiated basis points.
Swap contracts measured at fair value through income	Level 2	Operating cash flows forecast model	The method uses swap cash flows, forecasted using treasury security curves of the State that issues the currency in which each flow has been expressed, for further discount at present value, using swap market rates disclosed by the relevant authorities of each country. The difference between cash inflows and cash outflows represents the swap net value at the closing under analysis.	Reference Banking Index Curve (RBI) 3 months. Zero-coupon curve. Swap LIBOR curve. Treasury Bond curve. 12-month CPI
Derivative instruments measured at fair value through income	Level 2	Colombian Peso-US Dollar forward	The difference is measured between the forward agreed upon rate and the forward rate on the date of valuation relevant to the remaining term of the derivative financial instrument and discounted at present value using a zero-coupon interest rate. The forward rate is based on the average price quoted for the two-way closing price ("bid" and "ask").	Peso/US Dollar exchange rate set out in the forward contract. Market representative exchange rate on the date of valuation. Forward points of the Peso-US Dollar forward market on the date of valuation. Number of days between valuation date and maturity date. Zero-coupon interest rate.
Derivative swap contracts denominated as hedge instruments	Level 2	Discounted cash flows method	The fair value is calculated based on forecasted future cash flows provided by the operation upon market curves and discounting them at present value, using swap market rates.	Swap curves calculated by Forex Finance Market Representative Exchange Rate (TRM)
Customer loyalty liability	Level 3	Market value	The customer loyalty liability is updated in accordance with the point average market value for the last 12 months and the effect of the expected redemption rate, determined on each customer transaction.	Number of points redeemed, expired and issued. Point value. Expected redemption rate.
Bonds issued	Level 2	Discounted cash flows method	Future cash flows are discounted at present value using the market rate for bonds in similar conditions on the date of measurement in accordance with maturity days.	12-month CPI
Lease liabilities	Level 2	Discounted cash flows method	Future cash flows of lease contracts are discounted using the market rate for loans in similar conditions on contract start date in accordance with the non-cancellable minimum term.	Reference Banking Index (RBI) + basis points in accordance with risk profile.
Put option	Level 3	Given formula	Measured at fair value using a given formula under an agreement executed with non-controlling interests of Grupo Disco, using level 3 input data.	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2022 and 2021. US Dollar-Uruguayan peso exchange rate on the date of valuation US Dollar-Colombian peso exchange rate on the date of valuation Total shares Supermercados Disco del Uruguay S.A.

	Hierarchy level	Valuation technique	Description of the valuation technique	Significant input data

Material non-observable input data and a valuation sensitivity analysis on the valuation of the "put option contract" refer to:

	Material non-observable input data	Range (weighted average)	Sensitivity of the input data on the estimation of the fair value
Put option	Net income of Supermercados Disco del Uruguay S.A. at December 31, 2022	$168,684	The Put option value is defined as the greater of (i) the fixed price of the contract in US dollars updated at 5% per year, (ii) a multiple of EBITDA minus the net debt of the Disco Group, or (iii) a multiple of the net income of the Disco Group. On December 31, 2022, the value of the put option is recognized based on the fixed contract price. Grupo Disco's EBITDA should increase by approx. 27% to arrive at a value greater than the recognized value. Grupo Disco's net income should increase by approx. 9% to reach a value greater than the recognized value An exchange rate appreciation of 15% would increase the value of the put option by $97,038.
	Ebitda of Supermercados Disco del Uruguay S.A., consolidated over 12 months	$265,114	
	Net financial debt of Supermercados Disco del Uruguay S.A., consolidated over 6 months	($196,684)	
	Fixed contract price	$672,638	
	US Dollar-Uruguayan peso exchange rate on the date of valuation	$40.07	
	US Dollar-Colombian peso exchange rate on the date of valuation	$4,810.20	
	Total shares Supermercados Disco del Uruguay S.A.	443,071,575	

Changes in hierarchies may occur if new information is available, certain information used for valuation is no longer available, there are changes resulting in the improvement of valuation techniques or changes in market conditions.

There were no transfers between level 1 and level 2 hierarchies during the year ended December 31, 2022.

Note 36. Contingent liabilities

Contingent liabilities at December 31, 2022 and 2021 are:

(a) The following proceedings are underway, seeking that the Éxito Group be exempted from paying the amounts claimed by the complainant entity:

- Administrative discussion with DIAN (Colombia national directorate of customs) amounting $35,705 (December 31, 2021 - $32,225) relating to Almacenes Éxito S.A. 2015 income tax return.

- Resolutions issued by the District Tax Direction of Bogotá, relating to alleged inaccuracy in payments made in 2011, in the amount of $11,830 (December 31, 2021 - $11,830).

- Nullity of resolution-fine dated September 2020 ordering reimbursement of the balance receivable assessed in the income tax for taxable 2015 in amount of $2,211 (December 31, 2021 - $-).

- Claim on the grounds of failure to comply with contract conditions, asking for damages arising from the purchase-sale of a property in the amount of $2,600 (December 31, 2021 - $2,600).

- Administrative discussion with the Cali Municipality regarding the notice of special requirement 4275 of April 8, 2021 whereby the Almacenes Éxito S.A. is invited to correct the codes and rates reported in the Industry and Trade Tax for 2018 in amount of $2,535 (December 31, 2021 - $-).

(b) Guarantees:

- Since June 1, 2017, Almacenes Éxito S.A. granted a collateral on behalf its subsidiary Almacenes Éxito Inversiones S.A.S. to cover a potential default of its obligations. On August 11, 2021 the amount was updated to $2,935.

- Almacenes Éxito S.A. acts as the principal of a bank guarantee in the amount of $- (December 31, 2021 - $95).

- Subsidiary Éxito Viajes y Turismo S.A.S. granted a collateral in favor of Aerovías del Continente Americano S.A. in the amount of $264 (December 31, 2021 - $325) para garantizar el cumplimiento de los pagos asociados al contrato de venta de tiquetes aéreos.

- Subsidiary Éxito Viajes y Turismo S.A.S. is defendant in a consumer protection action under Section 4 of Decree 557 of the Ministry of Commerce, Industry and Tourism, with scope from the state of sanitary emergency declared on March 12, 2020 in the amount of $1,113 (December 31, 2021 - $915) covering 246 proceedings.

- Subsidiary Transacciones Energéticas S.A.S. E.S.P. granted guarantees in favor of XM Compañía de expertos en mercados S.A. E.S.P. in amount of $1,000, ENEL Colombia S.A. E.S.P. in amount of $1,867, AIR-E S.A. E.S.P. in amount of $215 y Caribemar de la costa S.A.S. E.S.P. in amount of $166 to cover the payment of charges for use of the energy transmission system.

- As required by some insurance companies and as a requirement for the issuance of compliance bonds, during 2022 some subsidiaries and Almacenes Éxito S.A., as joint and several debtor of some of its subsidiaries, have granted certain guarantees to these third parties. Below a detail of guarantees granted:

Type of guarantee	Description and detail of the guarantee	Insurance company
Unlimited promissory note	Compliance bond Éxito acts as joint and several debtors of Patrimonio Autónomo Viva Barranquilla	Seguros Generales Suramericana S.A.
Unlimited promissory note	Compliance bond granted by Éxito Industrias S.A.S.	Seguros Generales Suramericana S.A.
Unlimited promissory note	Compliance bond granted by Éxito Viajes y Turismo S.A.	Berkley International Seguros Colombia S.A.
Unlimited promissory note	Compliance bond granted by Éxito Viajes y Turismo S.A.	Seguros Generales Suramericana S.A.

These contingent liabilities, whose nature is that of potential liabilities, are not recognized in the statement of financial position; instead, they are disclosed in the notes to the financial statements.

Note 37. Dividends declared and paid

At December 31, 2022

Almacenes Éxito S.A. General Meeting of Shareholders held on March 24, 2022, declared a dividend of $237,678, equivalent to an annual dividend of $531 Colombian pesos per share, payable in one single payment on March 31, 2022.

Dividends paid during the year ended December 31, 2022 amounted to $237,580.

Dividends declared and paid to the owners of non-controlling interests in subsidiaries during the year ended December 31, 2022 are as follows:

	Dividends declared	Dividends paid
Grupo Disco del Uruguay S.A.	98,278	87,528
Patrimonio Autónomo Viva Malls	34,988	48,799
Patrimonio Autónomo Viva Villavicencio	8,706	8,491
Patrimonio Autónomo Centro Comercial	4,506	4,371
Éxito Viajes y Turismo S.A.S.	3,565	3,565
Patrimonio Autónomo Viva Laureles	2,138	2,102
Patrimonio Autónomo Centro Comercial Viva Barranquilla	1,860	1,772
Patrimonio Autónomo San Pedro Etapa I	1,403	1,329
Patrimonio Autónomo Viva Sincelejo	1,364	1,485
Total	**156,808**	**159,442**

At December 31, 2021

Almacenes Éxito S.A. General Meeting of Shareholders held on March 25, 2021, declared a dividend of $173,223, equivalent to an annual dividend of $387 Colombian pesos per share, payable as follows:

a. Non-controlling interests in one single payment on April 5, 2021, and
b. Owner of Éxito in two instalments: 33% payable on April 5, 2021 and 67% payable on September 1, 2021.

Dividends paid during the year ended December 31, 2021 amounted to $173,174.

Dividends declared and paid to the owners of non-controlling interests in subsidiaries during the year ended December 31, 2021 are as follows:

	Dividends declared	Dividends paid
Patrimonio Autónomo Viva Malls	63,487	69,550
Grupo Disco del Uruguay S.A.	44,205	42,758
Patrimonio Autónomo Viva Villavicencio	6,414	5,639
Patrimonio Autónomo Centro Comercial	3,825	3,193
Éxito Viajes y Turismo S.A.S.	3,463	3,463
Patrimonio Autónomo Viva Laureles	1,869	1,829
Patrimonio Autónomo Centro Comercial Viva Barranquilla	1,279	1,251
Patrimonio Autónomo San Pedro Etapa I	1,247	1,058
Patrimonio Autónomo Viva Sincelejo	1,075	1,568
Patrimonio Autónomo Viva Palmas	909	-
Total	**127,773**	**130,309**

Note 38. Seasonality of transactions

Éxito Group's operation cycles indicate certain seasonality in operating and financial results; (a) Almacene Éxito S:A. and its Colombian subsidiaries, there is a concentration during the last quarter of the year, mainly because of Christmas and "Special Price Days", which is the second most important promotional event of the year; (b) for foreign subsidiaries there is a concentration during the first half of the year, mainly arising from carnivals and Easter, and during the last quarter of the year, because of Christmas.

Note 39. Financial risk management policy

At December 31, 2022 and 2021 Éxito Group's financial instruments were comprised of:

	Year ended December 31, 2022	2021
Financial assets		
Cash and cash equivalents (Note 7)	1,733,673	2,541,579
Trade receivables and other accounts receivable (Note 8)	829,876	684,051
Accounts receivable from related parties (Note 10) (1)	47,122	56,475
Financial assets (Note 12)	78,384	54,961
Total financial assets	**2,689,055**	**3,337,066**
Financial liabilities		
Accounts payable to related parties (Note 10) (1)	79,189	65,646
Trade payables and other accounts payable (Note 23)	5,721,775	5,186,555
Loans and borrowings (Note 20)	1,455,584	1,417,011
Lease liabilities (Note 13)	1,655,955	1,594,643
Derivative instruments and collections on behalf of third parties (Note 25)	136,223	81,544
Total financial liabilities	**9,048,726**	**8,345,399**
Net (liability) exposure	**(6,359,671)**	**(5,008,333)**

(1) Transactions with related parties refer to transactions between Éxito and its associates, joint ventures and other related parties, and are carried in accordance with market general prices, terms and conditions.

Capital risk management

Éxito Group manages its equity structure and makes the required adjustments as a function of changes in economic conditions and requirements under financial clauses. To maintain and adjust its capital structure, Éxito may also modify the payment of dividends to shareholders, reimburse capital contributions or issue new shares.

Financial risk management

Besides derivative instruments, the most significant of Éxito Group's financial liabilities include debt, lease liabilities and interest-bearing loans, trade accounts payable and other accounts payable. The main purpose of such liabilities is financing Éxito Group's operations and maintaining proper levels of working capital and net financial debt.

The most significant of Éxito Group's financial assets include loans, trade debtors and other accounts receivable, cash and short-term placements directly resulting from day-to-day transactions. The Éxito Group also has other investments classified as financial assets measured at fair value, which, according to the business model, have effects in income for the period or in other comprehensive income. Further, other rights may arise from transactions with derivative instruments and will be carried as financial assets.

The Éxito Group is exposed to market, credit and liquidity risks. Éxito Group management monitor the manner in which such risks are managed, through the relevant bodies of the organization designed for such purpose. The scope of the Board of Directors' activities includes a financial committee that oversees such financial risks and the financial risk management corporate framework that is most appropriate. The financial committee supports Éxito Group management in that financial risk assumption activities fall within the approved corporate policies and procedures framework, and that such financial risks are identified, measured and managed pursuant to such corporate policies.

Financial risk management activities related to all transactions with derivative instruments are carried out by teams of specialists with the required skills and experience, who are supervised by the organizational structure. Pursuant to Éxito Group's corporate policies, no transactions with derivative instruments may be carried out solely for speculation. Even if hedge accounting models not always are applied, derivatives are negotiated based on an underlying element that in fact requires such hedging in accordance with internal analyses.

The Board of Directors reviews and agrees on the policies applicable to manage each of these risks, which are summarized below:

a. Credit risk

A credit risk is the risk that a counterparty fails to comply with their obligations on a financial instrument or trade agreement, resulting in a financial loss. The Éxito Group is exposed to credit risk arising from their operating activities (particularly from trade debtors) and from their financial activities, including deposits in banks and financial institutions and other financial instruments. The carrying amount of financial assets represents the maximum exposure to credit risks.

Cash and cash equivalents

The credit risk arising from balances with banks and financial entities is managed pursuant to corporate policies defined for such purpose. Surplus funds are only invested with counterparties approved by the Board of Directors and within previously established jurisdictions. On an ongoing basis, management reviews the general financial conditions of counterparties, assessing the most significant financial ratios and market ratings.

Trade receivables and other accounts receivable

The credit risk associated with trade receivables is low given that most of the Éxito Group's sales are cash sales (cash and credit cards) and financing activities are conducted under trade agreements that reduce Éxito Group's exposure to risk. In addition, there are administrative collections departments that permanently monitor ratios, figures, payment behaviors and risk models by each third party. There are no trade receivables that individually are equivalent to or exceed 5% of accounts receivable or sales, respectively.

Collaterals

The Éxito Group does not grant guarantees, collaterals or letters of credit, or issues filled-in or blank securities, or other liens or contingent rights in favor of third parties. Exceptionally, the Éxito Group may impose liens, depending on the relevancy of the business, the amount of the contingent liability and the benefit. In addition, there are certain promissory notes used in the regular course of the operation with banks and treasury. As of December 31, 2022, Almacenes Éxito S.A. was a guarantor in favor of its subsidiary Almacenes Éxito Inversiones S.A.S. in the amount of $2,935 to cover potential default of its obligations, acts as joint and several debtor of subsidiary Patrimonio Autónomo Centro Comercial Viva Barranquilla at the request of some insurance companies and as a requirement for the issuance of compliance bonds. Éxito Viajes y Turismo S.A.S. granted a collateral in favor of Aerovías del Continente Americano S.A. in the amount of $264. Subsidiaries Exito Industrias S.A.S. and Éxito Viajes y Turismo S.A.S. granted some guarantees to insurance companies and as a requirement for the issuance of compliance bonds. La subsidiaria Transacciones Energéticas S.A.S. E.S.P. otorgó garantías a favor de terceros por $3,248 para amparar el pago de los cargos por uso del sistema de transmisión de energía.

b. Market risk

Market risk is the risk that changes in market prices, namely changes in exchange rates, interest rates or stock prices, have a negative effect on Éxito Group's revenue or on the value of the financial instruments it holds. The purpose of market risk management is to manage and control exposure to this risk within reasonable parameters while optimizing profitability.

Interest rate risk

Interest rate risk is the risk that the fair value of financial assets and liabilities, or the future cash flows of financial instruments, fluctuate due to changes in market interest rates. Éxito Group's exposure to interest rate risk is mainly related to debt obligations incurred at variable interest rates or indexed to an index beyond the control of the Éxito Group.

Most of Éxito Group's financial liabilities are indexed to market variable rates. To manage the risk, the Éxito Group performs financial exchange transactions via derivative financial instruments (interest rate swaps) with previously approved financial institutions, under which they agree on exchanging, at specific intervals, the difference between the amounts of fixed interest rates and variable interest rates estimated over an agreed upon nominal principal amount, which turns variable rates into fixed rates and cash flows may then be determined.

Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments fluctuate due to changes in exchange rates. Éxito Group's exposure to exchange rate risk is attached to passive transactions in foreign currency associated with long-term debt liabilities and with Éxito Group's operating activities (whenever revenue and expenses are denominated in a currency other than the functional currency), as well as with Éxito Group's net investments abroad.

The Éxito Group manages its exchange rate risk via derivative financial instruments (namely forwards and swaps) whenever such instruments are efficient to mitigate volatility.

When exposed to unprotected currency risk, Éxito Group's policy is to contract derivative instruments that correlate with the terms of the underlying elements that are unprotected. Not all financial derivatives are classified as hedging transactions; however, Éxito Group's policy is not to carry out transactions for speculation.

At December 31, 2022 and 2021, Éxito Group had hedged almost 100% of their purchases and liabilities in foreign currency.

c. Liquidity risk

Liquidity risk is the risk that the Éxito Group faces difficulties to fulfil its obligations associated with financial liabilities, which are settled by delivery of cash or other financial assets. Éxito Group's approach to manage liquidity is to ensure, in as much as possible, that it will always have the necessary liquidity to meet its obligations without incurring unacceptable losses or reputational risk.

The Éxito Group manages liquidity risks by daily monitoring its cash flows and maturities of financial assets and liabilities, and by maintaining proper relations with the relevant financial institutions.

The Éxito Group maintains a balance between business continuity and the use of financing sources through short-term and long-term bank loans according to requirements, unused credit lines available from financial institutions, among other mechanisms. At December 31, 2022 approximately 33% of Éxito Group's debt will mature in less than one year (December 31, 2021 - 18%) considering the carrying amount of borrowings included in the accompanying financial statements.

The Éxito Group's liquidity risk is considered to be low as there is no significant restriction for the payment of financial liabilities settling within twelve months from the reporting date. The Éxito Group has access to unused lines of credit.

The following table shows a profile of maturities of Éxito Group's financial liabilities based on non-discounted contractual payments arising from the relevant agreements.

At December 31, 2022	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Lease liabilities	337,809	991,809	782,572	2,112,190
Other relevant contractual liabilities	278,196	666,882	50,960	996,038
Total	**616,005**	**1,658,691**	**833,532**	**3,108,228**

At December 31, 2021	**Less than 1 year**	**From 1 to 5 years**	**More than 5 years**	**Total**
Lease liabilities	284,621	906,480	681,837	1,872,938
Other relevant contractual liabilities	160,436	772,052	83,445	1,015,933
Total	**445,057**	**1,678,532**	**765,282**	**2,888,871**

Sensitivity analysis for 2022 balances

The Éxito Group assessed the potential changes in interest rates of financial liabilities and other significant contract liabilities.

Assuming complete normality and considering 10% variation in interest rates, three scenarios have been assessed:
- Scenario I: Latest interest rates known at the end of 2022.
- Scenario II: An increase of 1.1660% was assumed for the Banking Reference Rate. This increase was on the latest published interest rate.
- Scenario III: A decrease of 1.1660% was assumed for the Banking Reference Rate. This reduction was on the latest published interest rate.

The sensitivity analysis did not result in significant variance among the three scenarios. Potential changes are as follows:

Operations	**Risk**	**Balance at December 31, 2022**	**Market forecast**		
			Scenario I	**Scenario II**	**Scenario III**
Borrowings	Changes in interest rates	803,685	807,799	820,573	795,026

d. Derivative financial instruments

The Éxito Group uses derivative financial instruments to hedge risk exposure, with the main purpose of hedging exposure to interest rate risk and exchange rate risk, fixing the interest and exchange rates of the financial debt.

At December 31, 2022, the reference value of these contracts amounted to COP $355.458 million (interest rate swaps), USD 125.5 million y EUR 14.11 million (December 31, 2021 – COP $302.710 million, USD 104.5 million and EUR 6.83 million). Such transactions are generally contracted under identical conditions regarding amounts, terms and transaction costs and, preferably, with the same financial institutions, always in compliance with Éxito Group's limits and policies.

The Éxito Group has designed and implemented internal controls to ensure that these transactions are carried out in compliance with its policies.

e. Fair value of derivative financial instruments

The fair value of derivative financial instruments is estimated under the operating cash flow forecast model, using government treasury security curves in each country and discounting them at present value, using market rates for swaps as disclosed by the relevant authorities in such countries.

Swap market values were obtained by applying market exchange rates valid on the date of the financial information available, and the rates are forecasted by the market based on currency discount curves. A convention of 365 consecutive days was used to calculate the coupon of foreign currency indexed positions.

f. Insurance policies

At December 31, 2021, Éxito and its subsidiaries have acquired the following insurance policies to mitigate the risks associated with the entire operation:

Insurance lines of coverage	Coverage limits	Coverage
All risk, damages and loss of profits	In accordance with replacement and reconstruction amounts, with a maximum limit of liability for each policy.	Losses or sudden and unforeseen damage and incidental damage sustained by covered property, directly arising from any event not expressly excluded. Covers buildings, furniture and fixtures, machinery and equipment, goods, electronic equipment, facility improvements, loss of profits and other property of the insured party.
Transport of goods and money	In accordance with the statement of transported values and a maximum limit per dispatch. Differential limits and sub-limits apply by coverage.	Property and goods owned by the insured that are in transit, including those on which it has an insurable interest.
Third party liability	Differential limits and sub-limits apply by coverage.	Covers damages to third parties in development of the operation.
Director's and officers' third party liability insurance	Differential limits and sub-limits apply by coverage.	Covers claims against directors and officers arising from error or omission while in office.
Deception and financial risks	Differential limits and sub-limits apply by coverage.	Loss of money or securities in premises or in transit. Willful misconduct of employees that result in financial loss.
Group life insurance and personal accident insurance	The insured amount relates to the number of wages defined by the Company.	Death and total and permanent disability arising from natural or accidental events.
Vehicles	There is a defined ceiling per each coverage	Third party liability. Total and partial loss - Damages. Total and partial loss - Theft Earthquake Other coverages as described in the policy.
Cyber risk	Differential limits and sub-limits apply by coverage.	Direct losses arising from malicious access to the network and indirect losses from third party liability whose personal data have been affected by an event covered by the policy.

Note 40. Operating segments

The Éxito Group’s three reportable segments all meet the definition of operating segments, are as follows:

Colombia:

- Éxito: Revenues from retailing activities, with stores under the banner Éxito.
- Carulla: Revenues from retailing activities, with stores under the banner Carulla.
- Low cost and other: Revenues from retailing and other activities, with stores under the banners Surtimax, Súper Inter, Surti Mayorista and B2B format.

Argentina:

- Revenues and services from retailing activities in Argentina, with stores under the banners Libertad and Mini Libertad.

Uruguay:

- Revenues and services from retailing activities in Uruguay, with stores under the banners Disco, Devoto and Géant.

Éxito discloses information by segment pursuant to IFRS 8 - Operating segments, which are defined as a component of an entity whose operating results are regularly reviewed by the chief operating decision maker (Board of Directors) for decision making purposes about resources to be allocated.

Retail sales by each of the segments are as follows:

Operating segment	Banner	Year ended December 31, 2022	2021
Colombia	Éxito	10,120,848	8,581,274
	Carulla	2,133,700	1,782,355
	Low cost and other	2,262,847	1,920,768
Argentina		1,683,717	1,178,166
Uruguay		3,553,925	2,643,858
Total sales		**19,755,037**	**16,106,421**
Eliminations		(961)	(665)
Total consolidated		**19,754,076**	**16,105,756**

Below is additional information by operating segment:

	For the year ended December 31, 2022					
	Colombia	**Argentina (1)**	**Uruguay (1)**	**Total**	**Eliminations (2)**	**Total**
Retail sales	14,517,395	1,683,717	3,553,925	19,755,037	(961)	19,754,076
Service revenue	648,806	66,658	25,782	741,246	-	741,246
Other revenue	113,466	341	10,816	124,623	(272)	124,351
Gross profit	3,385,817	604,403	1,249,056	5,239,276	307	5,239,583
Operating profit	663,984	68,703	257,140	989,827	307	990,134
Depreciation and amortization	(506,716)	(24,426)	(72,185)	(603,327)	-	(603,327)
Net finance expenses	(263,785)	(97,014)	(19,368)	(380,167)	(307)	(380,474)
Income tax	(218,901)	(65,262)	(41,539)	(325,702)	-	(325,702)
Non-current assets other than financial instruments and deferred tax assets	7,793,835	1,342,002	2,832,144	11,967,981	-	11,967,981

	For the year ended December 31, 2021					
	Colombia	**Argentina (1)**	**Uruguay (1)**	**Total**	**Eliminations (2)**	**Total**
Retail sales	12,284,397	1,178,166	2,643,858	16,106,421	(665)	16,105,756
Service revenue	550,284	39,477	19,542	609,303	-	609,303
Other revenue	198,142	826	8,993	207,961	(635)	207,326
Gross profit	3,099,453	412,465	921,140	4,433,058	471	4,433,529
Operating profit	701,974	16,152	200,809	918,935	473	919,408
Depreciation and amortization	(466,959)	(24,873)	(55,552)	(547,384)	-	(547,384)
Net finance expenses	(161,533)	(20,079)	(13,670)	(195,282)	(473)	(195,755)
Income tax	(120,671)	12,769	(29,768)	(137,670)	-	(137,670)
Non-current assets other than financial instruments and deferred tax assets	7,729,171	1,008,084	2,052,676	10,789,931	(59,718)	10,730,213

(1) For information reporting purposes, non-operating companies (holding companies that hold interests in the operating companies) are allocated by segments to the geographic area to which the operating companies belong. Should the holding company hold interests in various operating companies, it is allocated to the most significant operating company.

(2) Relates to the balances of transactions carried out between segments, which are eliminated in the process of consolidation of financial statements.

Total assets and liabilities by segment are not reported internally for management purposes and consequently they are not disclosed.

Note 41. Assets held for sale and discontinued operations

Assets held for sale

Éxito Group management started a plan to sell certain property seeking to structure projects that allow using such real estate property, increase the potential future selling price and generate resources to Éxito Group. Consequently, certain property, plant and equipment and certain investment property were classified as assets held for sale.

The balance of assets held for sale, included in the statement of financial position, is shown below:

	Year ended December 31,	
	2022	**2021**
Property, plant and equipment	17,875	16,340
Investment property	3,925	8,261
Total	**21,800**	**24,601**

Note 42. Subsequent events

No events have occurred subsequent to the date of the reporting period that entail significant changes in the financial position and the operations of Éxito Group due to their relevance, are required to be disclosed in the financial statements: