

INDEPENDENT Auditors' Report



To the Stockholders and Board of Directors of El Puerto de Liverpool, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V., and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended and the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023, and its financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") and the ethical requirements of the Professional Code of Ethics of Mexican Institute of Public Accountants that are relevant to our audit of the consolidated financial statements in México. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Professional Code of Ethics of Mexican Institute of Public Accountants. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverable value of intangible assets with an indefinite life

As mentioned in Note 14 to the consolidated financial statements, the Company performs annual tests on the recoverable value of its intangible assets with an indefinite life (goodwill, brands and others).

These tests consist of comparing that the estimate of the projected cash flows for the Cash Generating Unit (CGU) to which the intangible assets are allocated is higher than the book value of said assets.

We focused on intangible assets with indefinite lives due to the importance of their balance (\$13,258 million pesos as of December 31, 2023) compared to the consolidated financial statements, since the estimation of projected cash flows involves the application of significant judgments by Management to determine the assumptions and premises used.

In particular, we concentrated our audit efforts on: 1) the methodology used to estimate the recoverable value, and 2) the significant assumptions used to estimate the projected cash flows, such as: the estimated rate of growth of sales, the projected EBITDA (Earnings Before Income Tax, Depreciation and Amortization), and the discount rate and the terminal value, which required the application of a greater judgment, when evaluating the impact on the projected results.

We evaluated the cash flow projections prepared by Management and the processes used to prepare them, comparing said projections to the historical results, including years prior to the pandemic and budgets approved by the Company's Board of Directors.

We compared the actual results of the current year with the respective budget to rule out the fact that any assumption included in the cash flow projections could be considered too optimistic.

With the support of our valuation experts, we compared:

- The methodology used to estimate the recoverable value to that commonly used in the market for this type of assets.
- The growth of sales, the terminal value and the EBITDA to the historical results of the business and to independent market sources of comparable entities of the industry to which the Company belongs.
- The discount rate used to discount future cash flows to an estimated market rate considering the Company's leverage level, the expectation of leverage in the short and medium terms, and the optimal level of the industry.

We discussed the sensitivity analysis with Management and assessed the degree to which the assumptions need to be modified for impairment to occur.

Additionally, we evaluated the consistency of the disclosures included in the notes to the financial statements with the information provided by Management.

Other Information

Management is responsible for the other information. The other information comprises the annual report presented to the National Banking and Securities Commission (CNBV by its Spanish acronym) and the annual information presented to shareholders, but does not include the consolidated financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of Management and those charged with Governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with Governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

We communicated with those charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, S. C.



Arturo Elizondo O.

Audit Partner

Mexico City, march 8, 2024

REPORT OF THE **Audit and Corporate Practices Committee**

Mexico City, February 23, 2023

To the Board of Directors of El Puerto de Liverpool, S. A. B. de C. V.

We, the undersigned, appointed as members of the Audit and Corporate Practices Committee of this company (the "Committee"), present this report on the activities carried out pursuant to article 43 of the Securities Market Act.

The Committee met four times during the year, addressing, among others, the following points:

- I. The General Shareholders' Meeting held March 16, 2023, appointed Mr. Javier Arrigunaga chairman of the Audit and Corporate Practices Committee for fiscal year 2023. Additionally, the Board of Directors appointed Messrs. Juan Miguel Gandoulf and José Cohen as Committee members.
- II. On audit matters:
 - a) We evaluated the external audit plan and proposal for professional services accepted by Management. Furthermore, pursuant to the "General provisions applicable to entities and issuers supervised by the National Banking and Securities Commission that engage external audit services for basic financial statements," we recommended to the Board of Directors that the firm PricewaterhouseCoopers be hired as external auditor, through its audit partner Arturo Elizondo Olascoaga, CPA, as External Independent Examiner, to audit the financial statements of the Company and its Subsidiaries for the fiscal year ended December 31, 2023. Additionally, the Committee learned of the additional services this firm supplies and the mechanisms for safeguarding its independence and avoiding self-review, concluding that such mechanisms are appropriate.
 - b) We evaluated and found that the Company has internal and external mechanisms that provide reasonable certainty of compliance with the Laws and Regulations applicable to it.
 - c) We were apprised of the Company's bookkeeping policies as well as their impact on the figures contained in the financial statements as of December 31, 2023 and 2022, ensuring that the financial information was duly presented.
 - d) We followed up on the organization and functions of the Company's Internal Audit Department; received its annual report of activities for the year 2023, the relevant findings, and its audit plan for the year 2024.
 - e) We ascertained that the company has operating systems, policies and procedures by which it may be considered to have an appropriate climate of internal control and bookkeeping.
 - f) We were apprised of the Company's degree of adherence to the Code of Best Corporate Practices, recommended by the Mexican Stock Exchange, per the report with information at December 31, 2022, filed on May 29, 2023.

- g) We were informed of any lawsuits and litigations in progress, as well as the results of those concluded during the period in question.
- h) We reviewed the consolidated financial statements as of December 31, 2023, and the notes thereto.
- i) We were apprised of the status of the reserves and estimates included in the financial statements at December 31, 2023.
- j) We were informed of the observations and recommendations of the External Auditors, related to their examination of the consolidated financial statements as of December 31, 2022.
- k) We reviewed the statistics on transactions reported to the authorities pursuant to anti-money laundering regulations.

III. On the matter of corporate practices:

- a) We consider the performance of senior management to have been appropriate and efficient, taking into account the circumstances under which they have discharged their responsibilities.
- b) We were informed of transactions with related parties, and found that the amounts thereof were not significant with respect to the Company's operations, and that they were conducted in accordance with market conditions.
- c) We performed an overall review of the criteria by which overall remuneration is determined for key Company's directors; we consider such remuneration to be reasonable and consistent with market conditions.

As a result of the activities carried out by this Committee, and having heard the opinion of the Company's Independent Auditors, we hereby recommend that the Board of Directors submit the financial statements of El Puerto de Liverpool, S.A.B. de C.V. and Subsidiaries as of December 31, 2023, in the terms in which such statements have been prepared and presented by Company management.

Sincerely,

The Audit and Corporate Practices Committee



Juan Miguel Gandoulf



Javier Arrigunaga



José Cohen

CONSOLIDATED STATEMENTS OF Financial Position

December 31, 2023 and 2022

Figures expressed in thousands of pesos

	Note	2023	2022
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	7	\$ 29,807,166	\$ 24,516,254
Short-term loan portfolio - Net	8	45,021,773	36,976,167
Value added tax recoverable		2,053,523	2,475,026
Other accounts receivable - Net	9	3,330,978	1,314,613
Inventory		28,238,590	28,140,676
Prepaid expenses		1,157,812	1,123,814
Derivative financial instruments	10	1,209,410	-
Other financial assets		302,227	-
Total current assets		111,121,479	94,546,550
NON - CURRENT ASSETS:			
Long-term loan portfolio - Net	8	11,951,637	9,336,078
Long-term other accounts receivable - Net	9	338,336	290,939
Derivative financial instruments	10	-	2,186,440
Investments in associates	11	11,117,785	10,011,058
Investment properties - Net	12	22,886,294	23,507,742
Property, furniture and equipment - Net	13	59,407,919	55,552,887
Intangible assets - Net	14	15,612,080	15,534,602
Financial asset at fair value through other comprehensive income	15	4,910,597	4,951,323
Right of use assets	19	12,537,638	12,353,928
Deferred income tax	22.2	9,270,406	7,603,411
Total assets		\$ 259,154,171	\$ 235,874,958
Liabilities			
CURRENT LIABILITIES:			
Suppliers		\$ 37,845,939	\$ 33,197,928
Creditors		13,922,242	12,137,003
Provisions	16	5,519,608	4,751,726
Short-term debt	17	5,749,055	674,124
Deferred income	8.1	2,917,793	2,738,667
Short-term lease liabilities	19	2,346,729	2,224,771
Short-term derivative financial instruments	10	639,650	-
Income tax payable		946,370	1,213,903
Total current liabilities		69,887,386	56,938,122
NON - CURRENT LIABILITIES:			
Long-term debt	17	21,906,594	29,030,916
Long-term derivative financial instruments	10	1,197,410	-
Long-term lease liabilities	19	11,776,558	11,394,267
Employee benefits - Net	18	3,650,540	3,084,540
Deferred income tax	22.2	3,235,964	2,972,597
Total liabilities		111,654,452	103,420,442
Stockholders' equity:			
Capital stock	21	3,374,282	3,374,282
Retained earnings		134,543,770	118,914,242
Capital reserves	21.2	9,294,300	9,894,258
Stockholders' investment in controlling interest		147,212,352	132,182,782
Non-controlling interests		287,367	271,734
Total stockholders' equity		147,499,719	132,454,516
Total liabilities and equity		\$ 259,154,171	\$ 235,874,958

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

CONSOLIDATED STATEMENTS OF Comprehensive Income

December 31, 2023 and 2022

Figures expressed in thousands of pesos, except earnings per share

	Note	2023	2022
Operating revenue:			
Net sales of merchandise		\$ 172,428,903	\$ 157,606,549
Interest earned from customers		16,268,496	13,199,946
Income from real estate		4,534,684	3,721,874
Services		1,580,198	1,134,990
Other income		1,179,342	370,361
Total revenue	2.22	195,991,623	176,033,720
Costs and expenses:			
Cost of sales		116,871,459	107,576,972
Provision for credit losses		2,889,335	1,791,024
Administrative expenses		46,625,041	41,150,345
Total costs and expenses	24	166,385,835	150,518,341
Operating income		29,605,788	25,515,379
Interest expense		(4,067,381)	(3,989,142)
Foreign exchange loss		(2,591,737)	(1,456,423)
Financing cost		(6,659,118)	(5,445,565)
Foreign exchange gain		1,629,570	980,772
Return on investments		1,915,389	1,766,647
Financial income		3,544,959	2,747,419
Equity in the results of associates	11.2	507,668	376,918
Profit before income tax		26,999,297	23,194,151
Income tax	22	(7,498,083)	(5,796,912)
Consolidated net income		19,501,214	17,397,239
Other comprehensive income:			
Components to be subsequently reclassified to income:			
Cash flow hedges		(104,787)	(995,380)
Translation effect of investment in associates - Net of income tax		(506,965)	(476,923)
Components not to be subsequently reclassified to income:			
Changes in the fair value of equity investments at fair value through other comprehensive income - Net of income tax	15	(28,508)	(694,407)
Remeasurement of the liability for defined benefits - Net of income tax		(311,358)	(420,058)
Consolidated comprehensive income		\$ 18,549,596	\$ 14,810,471
Net income attributable to:			
Controlling interest		\$ 19,486,518	\$ 17,384,903
Non-controlling interests		14,696	12,336
		\$ 19,501,214	\$ 17,397,239
Basic and diluted earnings per share	21.4	\$ 14.52	\$ 12.96
Comprehensive income attributable to:			
Controlling interest		\$ 18,533,963	\$ 14,798,231
Non-controlling interests		15,633	12,240
		\$ 18,549,596	\$ 14,810,471
Basic and diluted comprehensive earnings per share		\$ 13.82	\$ 11.03

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

CONSOLIDATED STATEMENTS OF Changes in Stockholders' Equity

December 31, 2023 and 2022

Figures expressed in thousands of pesos, except dividends paid per share

	Note	Capital stock	Retained earnings
Balance at January 1, 2022		\$ 3,374,282	\$ 106,879,767
Changes in accounting policies on investment in associates		-	45,674
Comprehensive income:			
Net income		-	17,384,903
Financial asset at fair value through other comprehensive income - net of income tax		-	(694,407)
Remeasurement of the liability for defined benefits - net of income tax		-	(419,962)
Translation effect of investment in associates - net of income tax		-	-
Cash flow hedges		-	-
Total comprehensive income		-	16,270,534
Transaction with owners:			
Increase in reserve of repurchase of shares	21.2	-	(2,000,000)
Repurchase of shares - net	21.2	-	-
Dividends paid (\$1.70 pesos per share)		-	(2,281,733)
Total transactions with stockholders		-	(4,281,733)
Balance at December 31, 2022		3,374,282	118,914,242
Changes in accounting policies on investment in associates		-	20,943
Comprehensive income:			
Net income		-	19,486,518
Financial asset at fair value through other comprehensive income - net of income tax		-	(28,508)
Remeasurement of the liability for defined benefits - net of income tax		-	(312,295)
Translation effect of investment in associates - net of income tax		-	-
Cash flow hedges		-	-
Total comprehensive income		-	19,145,715
Transaction with owners:			
Increase in reserve of repurchase of shares	21.2	-	(33,998)
Repurchase of shares - net	21.2	-	-
Dividends paid (\$2.61 pesos per share)		-	(3,503,132)
Total transactions with stockholders		-	(3,537,130)
Balance at December 31, 2023		\$ 3,374,282	\$ 134,543,770

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

	Capital reserves	Total stockholder's investment in controlling interest	Non-controlling interest	Total stockholder's equity
\$	9,373,976	\$ 119,628,025	\$ 259,494	\$ 119,887,519
	-	45,674	-	45,674
	-	17,384,903	12,336	17,397,239
	-	(694,407)	-	(694,407)
	-	(419,962)	(96)	(420,058)
	(476,923)	(476,923)	-	(476,923)
	(995,380)	(995,380)	-	(995,380)
	(1,472,303)	14,798,231	12,240	14,810,471
	2,000,000	-	-	-
	(7,415)	(7,415)	-	(7,415)
	-	(2,281,733)	-	(2,281,733)
	1,992,585	(2,289,148)	-	(2,289,148)
	9,894,258	132,182,782	271,734	132,454,516
	-	20,943	-	20,943
	-	19,486,518	14,696	19,501,214
	-	(28,508)	-	(28,508)
	-	(312,295)	937	(311,358)
	(506,965)	(506,965)	-	(506,965)
	(104,787)	(104,787)	-	(104,787)
	(611,752)	18,533,963	15,633	18,549,596
	33,998	-	-	-
	(22,204)	(22,204)	-	(22,204)
	-	(3,503,132)	-	(3,503,132)
	11,794	(3,525,336)	-	(3,525,336)
\$	9,294,300	\$ 147,212,352	\$ 287,367	\$ 147,499,719

CONSOLIDATED Cash Flow Statements

December 31, 2023 and 2022

Figures expressed in thousands of pesos

	Note	2023	2022
Operating activities			
Profit before income tax		\$ 26,999,297	\$ 23,194,151
Adjustments from items not implying cash flows:			
Depreciation and amortization		5,385,905	5,171,085
Provision for impairment of the loan portfolio	8	2,889,335	1,791,024
Lease concessions	19	-	(7,186)
Other dividend income	15	(209,482)	(58,957)
Inventory reserve		1,255,149	1,264,374
Equity in the results of associates	11.2	(507,668)	(376,918)
(Profit) loss on sale of property, furniture and equipment and investment property		(621,911)	296,121
Net cost for the period of employee benefits	18	544,467	461,855
Trading derivative financial instruments		653,031	535,116
Interest earned		(9,829,929)	(7,792,624)
Interest expense		4,067,381	3,989,142
		3,626,278	5,273,032
(Increase) decrease in:			
Interest earned from customers		9,710,201	7,794,101
Loan portfolio		(13,430,772)	(9,764,046)
Inventory		(1,353,063)	(6,284,742)
Value added tax recoverable		303,134	292,820
Other accounts receivable		(685,393)	(180,005)
Prepaid expenses		(33,998)	212,163
Other assets	2.8	(302,227)	-
Increase (decrease) in:			
Suppliers		4,648,011	3,619,968
Provisions		767,882	986,332
Deferred income		179,126	390,927
Creditors		2,071,865	1,443,627
Employee benefits paid		(290,762)	(344,499)
Taxes paid		(8,848,980)	(7,956,667)
Net cash inflow from operating activities		23,360,599	18,677,162
Investment activities			
Capital increase in associates	11.2	(736,769)	(1,088,677)
Invest in financial assets at fair value through other comprehensive income	15	-	(5,943,333)
Dividends received from financial asset at fair value	15	209,482	58,957
Dividends received from associates	11.2	196,000	-
Acquisition of property, furniture and equipment	13	(7,662,431)	(5,798,479)
Acquisition of investment property	12	(153,563)	(1,540,699)
Sale of property, furniture and equipment and investment property		180,934	74,942
Investment in intangibles of definitive useful life	14	(803,256)	(532,262)
Net cash outflows from investing activities		(8,769,603)	(14,769,551)
Cash to be applied in financing activities		14,590,996	3,907,611
Financing activities			
Dividends paid	21.1	(3,502,229)	(3,287,730)
Interest paid	17	(2,813,277)	(2,885,150)
Debt paid	17	-	(3,400,000)
Principal of lease payments	19	(1,263,701)	(1,098,207)
Interest of lease payments	19	(1,247,223)	(1,137,980)
Sale of own shares	21.2	2,738,852	930,659
Repurchase of shares	21.2	(2,761,056)	(938,074)
Net cash flows used in financing activities		(8,848,634)	(11,816,482)
Increase (decrease) in cash and cash equivalents		5,742,362	(7,908,871)
Cash and cash equivalents at the beginning of the year		24,516,254	32,494,873
Effects of exchange rate changes on cash and cash equivalents		(451,450)	(69,748)
Cash and cash equivalents at the end of the year		\$ 29,807,166	\$ 24,516,254

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