

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

A. *Directors and Senior Management*

Not applicable

B. *Advisers*

Not applicable

C. *Auditors*

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. *Reserved*

B. *Capitalization and Indebtedness*

Not applicable.

C. *Reasons for the Offer and Use of Proceeds*

Not applicable.

D. *Risk Factors*

You should carefully consider the risks described below, together with all of the other information included in this annual report, in evaluating us, the Éxito common shares, Éxito ADSs and Éxito BDRs. The following risk factors could adversely affect our business, financial condition, results of operations and the price of the Éxito common shares, Éxito ADSs and Éxito BDRs. Additional risks, uncertainties, and other facts that are not currently known to us or that we believe are not currently material may also adversely affect our business, financial condition, operating results or cash flows. In any of these cases, you may lose all or part of your investment in us.

Risks Relating to Our Industry and Us

Our traditional supermarkets and retail stores face increasing competition from internet sales, which may negatively affect sales of traditional channels, and our digital transformation strategy might not be an effective response to this emerging competition.

In recent years, retail sales of food, clothing and home appliances products over the internet have increased significantly in Colombia and in other Latin American countries where we have operations. We expect this trend to continue as more traditional retailers enter into the online retail field or expand their existing infrastructure related to internet sales. Growth in the internet retail business of our competitors would likely harm not only our retail operations but also our internet retail operations. Internet retailers are able to sell directly to consumers, reducing the importance of traditional distribution channels such as supermarkets and retail stores. Certain internet food retailers have significantly lower operating costs than traditional hypermarkets and supermarkets because they do not rely on an expensive network of retail points of sale or a large workforce. As a result, internet food retailers are able to offer their products at lower costs than we do and in certain cases are able to bypass retail intermediaries and deliver particularly high-quality, fresh products to consumers. We believe that our customers are increasingly using the internet to shop electronically for food and other retail goods, and that this trend is likely to continue.

Additionally, technology employed in retail sales of food and home appliances evolves constantly as part of a modern digital culture. We may not be able to adapt to these changes quickly enough to meet our customers' demands and preferences, as well as the standards of the industry in which we operate.

If internet sales in our countries of operation continue to grow, consumers' reliance on traditional distribution channels such as our supermarkets and retail stores could be materially diminished, which could have a material adverse effect on our financial condition and results of operations.

We are increasingly dependent on credit card sales. Any changes in the policies of merchant acquirers may adversely affect us.

We are increasingly dependent on credit card sales. In our Colombia segment, sales to customers using credit cards, including Tuya credit card, accounted for 32.7%, 33.1% and 32.2% of our consolidated revenue from contracts with customers in the years ended December 31, 2023, 2022 and 2021, respectively. In our Uruguay segment, customers using credit cards accounted for 31.2%, 30.2% and 29.1% of our consolidated revenue from contracts with customers in the years ended December 31, 2023, 2022 and 2021, respectively. In our Argentina segment, credit card sales accounted for 35.0%, 38.1% and 40.1% of our consolidated revenue from contracts with customers in the years ended December 31, 2023, 2022 and 2021, respectively. In order to offer credit card sales to our customers, we depend on the policies of merchant acquirers, including fees charged by acquirers. Any change in the policies of acquirers, including, for example, their merchant discount rates, may adversely affect us.

Our business depends on strong brands. We may not be able to maintain and enhance our brands, or we may receive unfavorable customer complaints or negative publicity, which could adversely affect our brands.

We believe that our Éxito, Carulla, Surtimax, Super Inter, Surtimayorista, Devoto, Disco, Geant and Libertad brands contribute significantly to the success of our business. We also believe that maintaining and enhancing those brands is critical to expanding our base of customers, which depends largely on our ability to continue to create the best customer experience, based on our competitive pricing and our large assortment of products. However, our brand portfolio composition may be subject to change as part of a constant revision of the Company's store conversion strategy, which aims to adapt our stores to the evolving requirements of our customer base.

Customer complaints or negative publicity about our product offerings or services could harm our reputation and diminish consumer confidence in us. A reduction in the strength of our brands and reputation could adversely affect our business, financial condition and operating results.

Pandemics or disease outbreaks, such as the COVID-19 pandemic and associated responses, may disrupt our business, including among other things, by increasing our costs, impacting our supply chain, causing labor shortages and driving change in customer and consumer demand for our products, and could have a material adverse impact on our business.

Public health crises, pandemics and epidemics, such as the COVID-19 pandemic, and responses thereto, may impact our business directly and may in the future impact our business by, among other things, increasing our costs, impacting our supply chain and driving change in customer and consumer demand for our products, which could have an adverse effect on our business, financial condition or results of operations.

While our operations have stabilized since the peak of the COVID-19 pandemic, we cannot predict with certainty the extent to which our operations or the operations of our business partners, suppliers and customers may be impacted by the effects of any future pandemics. However, any adverse effect on these parties could materially and adversely impact us. To the extent that any pandemics affect the global economy and our business, they may also heighten other risks described in this section.

We may not be able to protect our intellectual property rights.

Our future success depends significantly on our ability to protect our current and future brands and to defend our intellectual property rights, including trademarks, copyrights, domain names, trade secrets and know-how. We have been granted numerous trademark registrations covering our brands and products and have filed, and expect to continue to file, and trademark applications seeking to protect newly developed brands and products. We cannot ensure that trademark registrations will be issued with respect to any of our applications. There is also a risk that we could inadvertently fail to renew a trademark on a timely basis or that our competitors will challenge, invalidate or circumvent any existing or future trademarks, or licensed by us. We cannot be certain that the steps we have taken to protect our portfolio of intellectual property rights (including trademark registration and domain names) such as nondisclosure and other contractual provisions, and technical measures to protect many of our products, services and intangible assets will be sufficient or that third parties will not infringe upon or misappropriate our proprietary rights. Any failure in our ability to protect our proprietary rights against infringement or misappropriation could adversely affect our business, results of operations, cash flows or financial condition, and in particular, on our ability to develop our business.

Our proprietary rights may be invalidated, circumvented or challenged. We may need to take legal actions to enforce our intellectual property rights, to protect our trade secrets, or to determine the validity or scope of our proprietary rights of others. Legal proceedings are inherently uncertain, and the outcome of such proceedings may be unfavorable to us. Any legal action regardless of outcome might result in substantial costs and diversion of resources and management attention. We use reasonable efforts to protect our proprietary and confidential information and trade secrets through confidentiality and non-disclosure agreements and other measures.

Our sales depend on the effectiveness of our advertisement and marketing campaigns, which may adversely affect our revenues and profitability.

To promote increased traffic of customers and attract them to our stores, we dedicate substantial resources to our advertisement and marketing campaigns. Our revenues and profitability depend on our ability to, among other things, identify our target consumers and decide on the marketing message and communication method to reach them most effectively. If we do not conceive, plan or execute our advertisement and marketing activities in order to successfully and efficiently increase revenues and market share, our profitability and financial position may be adversely affected.

We may not be able to renew or maintain our stores' lease agreements on acceptable terms, or at all, and we may be unable to obtain or renew the operational licenses of our stores or distribution centers in a timely manner.

Most of our stores are leased. The strategic location of our stores is key to the development of our business strategy and, as a result, we may be adversely affected if a significant number of our lease agreements is terminated and we fail to renew these lease agreements on acceptable terms, or at all. In addition, in accordance with applicable laws, landlords may increase rent periodically, usually every year. A significant increase in the rent of our leased properties may adversely affect our financial position and results of operations.

Our stores and distribution centers are also subject to certain operational licenses. Our inability to obtain or renew these operational licenses may result in the imposition of fines and, as the case may be, in the closing of stores or distribution centers. Given that smooth and uninterrupted operations in our stores and distribution centers are a critical factor for the success of our business strategy, we may be negatively affected in the case of their closure as a result of our inability to obtain or renew the necessary operational licenses. Additionally, the real estate properties currently employed by us and our stores and distribution centers for our operation are subject to zoning regulations for properties located in Colombia. Those regulations include the zoning and planning law issued by the municipality and zoning license, which shall fulfill the zoning and planning law requirements. Any failure by us to comply with zoning requirements (zoning law and permits) regarding the facilities operated can imply monetary fines or the shutdown of the facilities and consequently an adverse effect on financial condition, and results of operations.

Our product distribution is dependent on a limited number of distribution centers and we depend on the transportation systems and infrastructure in the geographies where we operate to deliver our products, and any disruption at one of our distribution centers or delay related to transportation and infrastructure could adversely affect our supply needs and our ability to distribute products to our stores and customers.

In Colombia, in the years ended December 31, 2023, and 2022, approximately 72% and 71%, respectively, of our products were distributed through our distribution centers and warehouses and logistics platforms. As of December 31, 2023, we had 10 distribution centers and warehouses and 3 logistics platforms in Colombia. In Argentina, in the years ended December 31, 2023, and 2022 approximately 50% and 59%, respectively, of our products were distributed through our distribution center located in the central region of the country. In Uruguay, in the years ended December 31, 2023, and 2022 approximately 41% and 34%, respectively, of our products were distributed through our distribution centers and warehouses. As of December 31, 2023, we had six distribution centers and warehouses in Uruguay. The transportation system and infrastructure in Colombia, Argentina and Uruguay are underdeveloped and need significant investment to work efficiently and to meet our business needs.

Any significant interruption or reduction in the use or operation of transportation infrastructure in the cities where our distribution centers are located or in operations at one of our distribution centers, as a result of natural disasters, fire, accidents, systemic failures, strikes or other unexpected causes, may delay or affect our ability to distribute products to our stores and may decrease our sales, which may have a material adverse effect on us.

Our growth strategy includes the opening of new stores which may require the opening of new distribution centers or the expansion of the existing ones to supply and meet the demand of additional stores. Our operations may be negatively affected if we are not able to open new distribution centers or expand our existing distribution centers in order to meet the supply needs of these new stores.

Our systems are subject to cyberattacks and security and privacy breaches, which could cause a material adverse effect on our business and reputation.

We, like all business organizations in the digital world, are subject to a broad range of cyber threats, including attacks, with varying levels of sophistication. These cyber threats are related to the confidentiality, availability and integrity of our systems and data, including our customers' confidential, classified or personal information.

We cannot assure you that our technical security controls, policy enforcement mechanisms, monitoring systems and management oversight to address these threats will be sufficient to ensure that certain types of attacks, including cyberattacks, may occur.

Furthermore, some of our suppliers and service providers have significant access to confidential and strategic data collected by our systems, including confidential information regarding our customers.

Any unauthorized access to, or release or violation of our systems and data or those of our customers, suppliers or service providers could affect our operations, particularly our digital retail operations, cause information losses and cause us to incur significant costs, including the cost of retrieving lost information, which could have a material adverse effect on our business and reputation.

Our information systems may suffer interruptions due to factors beyond our control, such as natural disasters, hacking, energy interruptions, failures in telecommunication and computer viruses, among other factors. Any of these types of interruption may adversely affect our operations, thereby impacting our cash generation and our financial condition.

Failure to protect our database, which contains the personal data of our clients and employees, and developments in data protection and privacy laws, could have an adverse effect on our business, financial condition or results of operations.

We maintain a database of information about our suppliers, employees and customers, which mainly includes, but is not limited to, data collected when customers sign up for our loyalty programs. If we experience a breach in our security procedures that affect the integrity of our database, including unauthorized access to any personal information of our customers, employees or suppliers, we may be subject to new legal proceedings that could result in damages, fines and harm to our reputation.

In the event of non-compliance with Colombian, Uruguayan and Argentinian laws or any other applicable law related to personal data, or in the event of a personal data breach, we may be subject to legal proceedings, fines (including the suspension of activities related to personal data management) and damage to our reputation, which may materially and adversely affect us.

Unfavorable decisions in legal or administrative proceedings could have a material adverse effect on us.

We are and may be party to legal and administrative proceedings related to civil, regulatory, tax, civil liability (extracontractual) caused by a criminal conduct, and labor matters, which we cannot assure that will be decided in our favor. Our management makes provisions for proceedings according to consultation with external legal advisors. These provisions may not be sufficient to cover the total cost arising from unfavorable decisions in legal or administrative proceedings. If all or a significant number of these legal and administrative proceedings have an outcome unfavorable to us, our business, financial condition and results of operations may be materially and adversely affected. In addition to financial provisions and the cost of legal fees associated with the proceedings, we may be required to provide guarantees in court in connection with the proceedings, which may adversely affect our financial condition. See “Item 4. Information on the Company—B. Business Overview—Legal Proceedings” and note 22 to our audited consolidated financial statements, included elsewhere in this annual report, for a description of our material litigation contingencies.

Our market risk management procedures may not be able to reduce our exposure to such risks, which could adversely affect our business and results of operations.

We are subject to market risks, which include credit, interest rate, exchange rate, liquidity and share price variation risks. As of the date of this annual report, we do not have a formal market risk management policy. In addition, we use asset protection instruments that only aim to mitigate exchange rate risk without formal and objective risk management parameters.

The absence of a formal market risk management policy and objective risk management parameters may increase our exposure to such risks and reduce the effectiveness of the mitigation actions adopted. If we are unable to develop, implement, monitor and, where necessary, update our market risk management procedures to address current or developing risks, we may not be able to prevent or reduce our exposure, which could result in unforeseen losses and have an adverse effect on our financial condition and results of operations.

We may be unable to attract or retain key personnel.

In order to support and develop our operations, we must attract and retain personnel with specific skills and knowledge. We face various challenges inherent to the administration of a large number of employees over a wide geographical area. Key personnel may leave us for a variety of reasons and the impact of these departures is difficult to predict, which may hinder the implementation of our strategic plans and adversely affect our results and operations.

Our ability to access the credit markets as well as the debt and equity capital markets on favorable terms to obtain funding to finance our operations or refinance our debt maturities may be limited due to the deterioration of these markets.

Our and our subsidiaries’ ability to access international and local capital markets and finance our operations and potentially refinance our debt maturities on terms acceptable to us could be adversely affected due to the volatility in the global and local economies, the escalation of the military conflict between Ukraine and Russia, the potential impacts on demand of further lockdowns of potential pandemics and endemics, the discovery of corruption by governments and private companies in emerging markets and further geopolitical disruptions in the world, which could involve developed countries, and in turn could worsen risk perception with respect to the emerging markets, or the occurrence of any of the risks described in these section. These conditions, along with significant write-offs in the financial services sector and the re-pricing of credit risk, can make it difficult for us to obtain funding for our capital needs on favorable terms.

Access to credit and capital markets depends on a number of factors, many of which we cannot control, including changes in: interest rates, the structured and commercial financial markets, tax rates due to new or changes to existing tax laws, foreign exchange and investment controls and restrictions, market perceptions of the industries in which we operate, which are mainly determined by our financial and operational strength. As a result of these factors, we may be forced to revise the timing and scope of our growth projects, therefore negatively affecting our results and financial condition.

We cannot guarantee that our service providers or suppliers do not engage in irregular practices.

Given the decentralization and outsourcing of our service providers' operations and our suppliers' production chains, we cannot guarantee that they will not have issues regarding working conditions, sustainability, outsourcing the provision or production chain and improper safety conditions, or that they will not engage in these irregular practices to lower service or product costs. If a significant number of our service providers or suppliers engage in these practices, our reputation may be harmed and, as a consequence, our customers' perception of our products may be adversely affected, causing a reduction in sales and results of operations as well as in the trading price of the Éxito common shares, ADSs and BDRs.

Some categories of products that we sell are mainly acquired from a few suppliers and over-concentration could affect the availability of these products.

Some categories of products that we sell are mainly acquired from a few suppliers. If any supplier is not able to supply the products in the quantity and at the frequency that we normally acquire them, and we are not able to replace the supplier on acceptable terms or at all, we may be unable to maintain our usual level of sales in the affected category of product, which may have a material adverse effect on our business and operations and, consequently, on our results of operations.

We may be held responsible for consumer incidents involving adverse reactions after consumption of products sold by us.

Products sold in our stores may cause consumers to suffer adverse reactions. Incidents involving these products may have a material adverse effect on our operations, financial condition, results of operations and reputation. Legal or administrative proceedings related to these incidents may be initiated against us, with allegations, among others, that our products were defective, damaged, adulterated, contaminated, do not contain the properties advertised or do not contain adequate information about possible side effects or interactions with other chemical substances. Any actual or possible health risk associated with these products, including negative publicity related to these risks, may lead to a loss of confidence among our customers regarding the safety, efficacy and quality of the products sold in our stores, especially our private label products. Any allegation of this nature made against our brands or products sold in our stores may have a material adverse effect on our operations, financial condition, results of operations and reputation.

We face significant competition and pressure to adapt to changing consumer habits and preferences, which may adversely affect our market share and net income.

We operate mainly in the food retail industry in Colombia, Uruguay and Argentina, including the home appliances segment, which are highly competitive. We compete with other retailers based on price, product mix, store location and layout and services. Consumer habits are constantly changing, and we may not be able to anticipate and quickly respond to these changes. We face intense competition from other store formats and sub-segments within the food retail industry, especially the cash-and-carry and hard-discount sector, which has in recent years imposed significant competitive pressure on our hypermarket stores. We also face competition from small and regional retailers, mainly in the retail segment, and especially from those that operate in the informal segment of the Colombian economies. Acquisitions or consolidations within the industry may also increase competition and adversely affect our market share and net income.

If we are unable to compete successfully in our target markets (including adapting our store format mix or layout, identifying locations and opening stores in preferred areas, and quickly adjusting our product mix or prices under each of our brands and segments) or otherwise adjust to changing consumer habits and preferences, such as shopping on mobile devices, we may lose market share, which would adversely affect our financial condition and results of operations.

The food retail industry in the markets that we operate is sensitive to decreases in consumer purchasing power and unfavorable economic cycles.

Historically, the food retail industry in the markets that we operate, including Colombia, Uruguay and Argentina, has experienced periods of economic slowdown that led to declines in consumer expenditures. The success of operations in the food retail and home appliances sectors depends on various factors related to consumer expenditures and consumer income, including general business conditions, interest rates, inflation, consumer credit availability, taxation, consumer confidence in future economic conditions, employment and salary levels. Reductions in credit availability and more stringent credit policies adopted by us and credit card companies may negatively affect our sales, especially for home appliances. Unfavorable economic conditions in Colombia or in other Latin American countries where we operate, or unfavorable economic conditions worldwide reflected in the Colombian economy and in those other countries where we operate, may significantly reduce consumer expenditure and available income, particularly for lower income classes, who have less access to credit than higher income classes, more limited debt refinancing conditions and more susceptibility to be affected by increases in the unemployment rate. These conditions may have a material adverse effect on our financial condition and results of operation.

According to DANE, in the year ended December 31, 2023, the Colombian GDP increased 0.6% when compared to the year ended December 31, 2022, while GDP increased 7.5% in the year ended December 31, 2022 when compared to the year ended December 31, 2021. The Colombian retail and wholesale industry as a whole decreased 4.0% in the year ended December 31, 2023, and increase 8.8% and 11.8% during the years ended December 31, 2022 and 2021, respectively.

Our results of operations and financial condition have been, and will continue to be, affected by the weak GDP of the countries where we operate. Developments in the economy of the Latin American countries where we operate, principally Colombia, may affect these countries' growth rates and, consequently, the use of our products and services, which may adversely affect the trading price of Éxito common shares, ADSs and BDRs.

Because the retail industry is usually perceived as essentially growth-oriented, we are dependent on the growth rate of Colombia's urban population and different income levels. Any decrease or slowdown in these metrics in Colombia, Uruguay or Argentina, may adversely affect our sales and our results of operations.

We could be materially adversely affected by violations of the U.S. Foreign Corrupt Practices Act, Colombian Law No. 2195 of 2022 and similar anti-corruption laws.

We are subject to a number of anti-corruption laws, including, without limitation, the U.S. Foreign Corrupt Practices Act (the "FCPA") and Colombian Law No. 2195 of 2022.

The FCPA and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials or other persons for the purpose of obtaining or retaining business. Recent years have seen a substantial increase in anti-corruption law enforcement activity, with more frequent and aggressive investigations and enforcement proceedings by both the U.S. Department of Justice and the SEC increased enforcement activity by non-U.S. regulators, and increases in criminal and civil proceedings brought against companies and individuals.

In Colombia, Law No. 1778 of 2016, as amended by Law No. 2195 of 2022, created a new case of liability for companies in case any of their controlling shareholders, employees, contractors or administrators or of any of their subsidiaries, carry out foreign bribery offences. The sanctions include fines (up to 200,000x the current minimum monthly wage), among other administrative sanctions, civil liability (extracontractual) caused by a criminal conduct, and a prohibition to contract with the Colombian Government. Likewise, Colombian law contemplates among its criteria for limiting corporate liability the existence, execution and effectiveness of transparency and business ethics programs or anti-corruption mechanisms within the company.

Failure to comply with anti-corruption laws in any of the countries where we have operations or to which we are subject or any investigations of misconduct, or enforcement actions could subject us to fines, loss of operating licenses, disbarment from entering into contracts, and reputational harm as well as other penalties, including individual arrests, which may materially and adversely affect us, our reputation, and the trading price of Éxito common shares, ADSs and BDRs.

We are subject to environmental laws and regulations and any non-compliance may adversely affect our reputation and financial position.

We are subject to a number of different federal, state, environmental, health, and municipal safety laws and regulations relating to in each of the jurisdictions in which we operate. These laws and regulations govern, among other things, air emissions, wastewater discharges, the use, handling, and disposal of hazardous substances and wastes, soil and groundwater contamination, noise, outdoor advertisement, waste post-consumption obligations as generator, storage of dangerous goods and health and safety, and in general the preservation and protection of the environment, especially in relation to our stores and our gas stations. Among other obligations, these laws and regulations establish environmental licensing requirements and standards for the release of effluents, gaseous emissions, management of solid waste and protected areas. We incur expenses for the prevention, control, reduction or elimination of releases into the air, ground and water at our gas stations and stores, as well as in the disposal and handling of wastes at our stores and distribution centers. Any failure to comply with those laws and regulations may subject us to administrative and criminal sanctions (including the suspension of activities by environmental governmental authorities), in addition to the obligation to remediate or indemnify others for the damages caused. We cannot ensure that these laws and regulations will not become stricter. If they do, we may be required to increase, perhaps significantly, our capital expenditures and costs to comply with these environmental laws and regulations. Unforeseen environmental investments may reduce available funds for other investments and could materially and adversely affect us.

We are subject to various regulations, including antitrust and competition laws, regulations applicable to the conduct of our operations and export and import controls, and our failure to comply with these regulations may have a material adverse effect on us.

We are subject to various regulations, and our failure to comply with these regulations may have a material adverse effect on us. For example, our ability to complete mergers, acquisitions and/or to develop our business may be limited by applicable antitrust and competition laws and any non-compliance may adversely affect our reputation and financial position. These laws include a general prohibition against all types of practices, procedures, or systems that tend to limit free competition, or to maintain or determine inequitable prices. Any failure to comply with these laws may result in the imposition of fines and material sanctions. We are also subject to regulations in respect to the manufacture, importation, distribution and marketing of our products and any change regulations could adversely affect us. The activities described above are subject to surveillance of competent authorities with sufficient authority to impose warnings, fines, sanctions, including temporary or permanent closing of operations, upon breaches, which could have a material adverse effect on us. Moreover, we are subject to governmental export and import controls that could impair our ability to compete in international markets and subject us to liability if we are not in compliance with applicable laws. We could be subject to possible loss of export or import privileges, fines and material sanctions, which could have a material adverse effect on us. In addition, our business may be subject to U.S. and foreign trade control laws and regulations, including economic sanctions programs such as those administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury. Violations of trade control laws and sanctions regulations are punishable by severe criminal or civil sanctions, which could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to the Countries Where We Operate

The political and economic conditions of the countries in which we operate and where our securities trade may adversely affect us.

We are vulnerable to international economic crises and declining per capita income in the countries in which we operate. A decrease in consumption in these markets could adversely affect our sales.

We face risks related to the international markets in which we operate, primarily including:

- interference by local governments in economic policies;
- unstable exchange rates and devaluation of local currencies;
- deterioration of economic conditions;
- inflation and interest rates;
- highly regulated environment;
- wage increases and price controls;
- foreign exchange controls and restrictions on remittances abroad, including remittance of dividends;
- fiscal policy and tax regime;
- foreign trade policy, including taxes and tariffs;
- liquidity in the financial, capital and credit markets;
- other political, social, and economic risks that affect the markets in which we operate; and
- the outbreaks of infectious diseases, or the risk of an outbreak (e.g. pandemics, epidemics, including a potential new wave of COVID-19), its effects and the manner in which such events may continue to impact us are highly uncertain and unpredictable and may result in further adverse effects on our business and may impact our ability to continue operating our business.

The occurrence of any of these factors, as well as any other factor affecting economic, political and social conditions in the markets in which we operate or intend to operate, may prevent us from fulfilling our strategic goals in these countries or in our international operations as a whole, and may adversely affect us.

Economic and political conditions in Colombia may adversely affect our business, results of operations and the trading price of the Éxito common shares, ADSs and BDRs.

Economic and political conditions in Colombia may adversely affect our business, results of operations and the trading price of the Éxito common shares, ADSs and BDRs, as our operations in Colombia represented 75.0% and 74.1% of our consolidated revenue from contracts with customers in the years ended December 31, 2023 and 2022, respectively. Economic growth or contractions, inflation, changes in law, regulation, policy or future judicial rulings and interpretations of policies involving exchange controls and other matters such as (but not limited to) currency depreciation, inflation, interest rates, taxation, banking laws and regulations and other political or economic developments in or affecting Colombia may affect the overall business environment and may, in turn, adversely affect us.

President Gustavo Petro, who took office in August 2022, inherited high government spending levels, and measures to meet fiscal targets led to protests around the country, paralyzing activities in the main cities in Colombia for days. Furthermore, although throughout recent history elected governments and members of the Colombian congress have pursued free market economic policies with almost no economic interventions, we cannot predict which policies, if any, will be adopted by the current government and/or congress and whether those policies would have a negative impact on the Colombian economy or our business and financial performance. On August 8, 2022, the Ministry of Finance of Colombia submitted a tax reform bill to the Colombian congress proposing several changes to the current Colombian tax regime. The tax reform bill was approved by the Colombian congress on November 17, 2022, and was sanctioned by President Gustavo Petro on December 13, 2022 as Law No. 2277 of 2022. The tax reform is effective as of January 1, 2023. The tax reform includes, among others: (1) a new permanent equity tax applicable to Colombian individuals and non-residents; (2) an increase in the dividend tax rate for local and foreign shareholders (in the case of foreign shareholders the rate increased from 10% to 20%); (3) an increase in the long-term capital gains tax rate, from 10% to 15%; (4) the elimination of specific tax benefits and exemptions such as the rule that exempted the taxing of capital gains from the sale of publicly listed shares (currently applicable to sale of less than 10% of the total shares in circulation, which would be limited to 3% of the total shares in circulation as from 2023); (5) an income tax surtax for companies engaged in the extraction of crude oil and coal ranging from 0% to 15% and based on international prices; and (6) the introduction of a minimum tax based on effective tax rate on accounting profits (with adjustments). See “Item 10. Additional Information—E. Taxation—Material Colombian Tax Consequences”.

Additionally, the Colombian Government presented other relevant bills, which are currently being discussed by the Colombian congress. One of them is the bill for a pension reform, which restructures the pension system into a “pillar system” which manages and assigns funds in accordance with age, the condition of the affiliates, among others, as well as changes to pension schemes applicable to women. Another relevant bill presented by the Colombian Government is the bill of the labor reform, which includes an 18-point reform to individual and collective labor legislation. The labor reform bill was shelved, but the Colombian Government decided to present the bill again before the Colombian congress with some amendments; nevertheless, the bill keeps the principal aspects promoted in the first bill, covering several areas such as: outsourcing/subcontracting, employment stability and hiring modalities; regulations regarding the use of service contracts; apprenticeship contracts; workday length; work through digital platforms; informal and migrant work, surcharges and termination severance; among others. In connection with overtime dispositions, employees would be entitled to high work surcharges for an extra two hours daily, and work performed on work rest days would be compensated with an additional 25%. Other key elements of the labor reform bill include higher severance payments for unilateral termination and new regulations for apprenticeship contracts that would involve all labor costs. Additionally, gradual decrease in the maximum legal workweek from 48 to 42 hours is currently underway, with no salary reduction allowed for employees. This decrease is expected to be fully implemented by July 2026.

The Colombian Government has also presented a bill which proposes amendments to the health insurance regulation in Colombia, by trying to put in place a public health system in the country. The National Development Plan bill was approved by the Colombian congress on May 5, 2023 and sanctioned by the president on May 19, 2023.

We may be adversely affected by changes in government or fiscal policies, and other political, diplomatic, social and economic developments that may affect Colombia. We cannot predict what policies will be adopted by the Colombian Government and whether those policies would adversely affect the Colombian economy and, consequently, us.

In May 2021, S&P Global Ratings (“S&P”) downgraded Colombia’s long-term foreign currency sovereign credit rating “BBB” to “BB+” after protests forced the country’s government to withdraw a fiscal reform proposal that aimed to finance transitory and structural higher spending. In July 2021, Fitch Ratings (“Fitch”) also downgraded Colombia’s credit rating from “BBB-” to “BB+” due to deterioration of public finances with large fiscal deficits and a rising government debt level. In October 2021, Moody’s Investors Service (“Moody’s”) affirmed Baa2 rating and changed outlook on Colombia’s rating to stable from negative, supported by the government’s track record of prudent macroeconomic management and capacity to build consensus and promote policies that foster economic growth and support fiscal metrics. The stable outlook reflects Moody’s expectation that the fiscal measures approved by the government and the post-pandemic economic recovery will support debt stabilization. In January 2023 and December 2022 S&P and Fitch, respectively, affirmed Colombia’s credit rating. Any further downgrade of Colombia’s credit rating could adversely affect the Colombian economy and us.

In January 2024, S&P maintained Colombia's long-term foreign currency sovereign credit rating in "BB+", however, it downgraded the outlook on Colombian's rating from stable to negative due to low economic growth and its effects on public finances. In December 2023 Fitch affirmed Colombia's credit rating at "BB+" and its outlook on stable.

In June 2023, Fitch Ratings upgraded Uruguay's rating from "BBB-" to "BBB" and revised the credit rating outlook to stable. The revision reflects Uruguay's fiscal resilience through the pandemic and ongoing improvement on the structural fiscal position. The "BBB" rating is supported by relatively high per capita GDP, and strong governance indicators and institutional strength. It is constrained by weak medium-term economic growth prospects and competitiveness challenges, high public debt and its large foreign currency component, a record of high inflation, and policy flexibility that its weak in the context of prevalent dollarization, indexation and shallow financial debt. Any downgrade of Uruguay's credit rating could adversely affect the Uruguayan economy and us.

In June 2023, Fitch Ratings upgraded Argentina's Long-Term Foreign Currency (FC) Issuer Default Rating (IDR) rating from "C" to "CC", reflecting that no longer has a perception that a default-like process has commenced in the country. Argentina's debt repayment record is one of the weakest among rated sovereigns. Any downgrade of Argentina's credit rating could adversely affect the Argentinian economy and us. On December 2023 Javier Milei took place as president of Argentina bringing huge economic proposals to address longstanding macroeconomic disfunction and stagnation. However, it cannot be assured whether such changes will occur or their timing, nor can be estimated the impact they may have on Argentine economic, political and regulatory conditions and in our business.

High rates of inflation in the countries where we operate may have an adverse impact on us.

The average annual rate of inflation in Colombia for the past ten years has been 5.69%. As reported by the Colombian Central Bank, the annual consumer price index, the measure of inflation, for the year ended December 31, 2023 and the years ended December 31, 2022 and 2021 was 9.3%, 13.1% and 5.6%, respectively. The decrease in inflation in 2023 was mainly due to: (1) lower growth in food prices; (2) clear signals from monetary policy to reduce short term inflation expectations; and (3) valuation of the Colombian peso against the other currencies. However, inflation is still above the goal of 3.0% set by the Colombian Central Bank. Inflation impacts the prices of goods, raw materials and local interest rates as a result of government measures to control inflation. In Uruguay, the rate of inflation was 5.1%, 8.3% and 8.0% for the years ended December 31, 2023, 2022, and 2021, respectively. In Argentina, the rate of inflation was 211.4%, 94.8%, and 50.9% for the years ended December 31, 2023, 2022, and 2021 respectively. For the year ended December 31, 2023, the internal wholesale price index was 276.4%.

The measures taken by the central banks in the countries where we operate, often include maintaining a tight monetary policy with high interest rates, restricting the availability of credit and negatively affecting the rate of economic growth. We cannot assure that the measures taken by the central banks in the countries where we operate will be effective in curbing inflation.

High rates of inflation have impacted our business historically and may continue to do so in the future, as increased good prices may result in reduced consumer spending, which could reduce our revenues and/or our margins. For more information, see "Item 5. Operating and Financial Review and Prospects-A. Operating Results-Macroeconomic Environment and Factors Affecting Our Results of Operations-Macroeconomic Environment." Inflation is also likely to increase some of our costs and expenses. More than 96% of our costs and expenses are denominated in local currency as of December 31, 2023, and we cannot guarantee that we will be able to pass on price increases to our customers, in the event of further inflation hikes, which could have a material adverse effect on us. Inflation has impacted our margins negatively for the year ended December 31, 2023 compared to the year ended December 31, 2022. We estimate that during this period, approximately COP 416,000 million of additional expenses, mainly related to labor costs, utilities, cleaning, security, supplies and rent costs were due to inflation. See also, "Item 5. Operating and Financial Review and Prospects-A. Operating Results-Current Conditions and Trends in our Industry-Inflation."

Developments and the perception of risk in other countries may adversely affect the price of our securities.

The market value of securities of Colombian issuers is affected to varying degrees by economic and market conditions in other countries, including developed countries such as the United States and certain European and emerging market countries. Investors' reactions to developments in these countries may adversely affect the market value of securities of Colombian issuers, including the Éxito common shares, ADSs and BDRs. Trading prices on BVC, for example, have been historically affected by fluctuation in interest rates applicable in the United States and variation in the main U.S. stock indices. Any increase in interest rates in other countries, especially the United States, may decrease global liquidity and the interest of investors in the Colombian capital markets, adversely affecting the Éxito common shares, ADSs and BDRs. Moreover, crises or significant developments in other countries and capital markets may diminish investors' interest in securities of Colombian issuers, including the Éxito common shares, ADSs and BDRs, and their trading price, limiting or preventing our access to capital markets and to funds to finance our future operations at acceptable terms.

Disruption or volatility in global financial and credit markets could have a material adverse effect on us.

The global financial and credit markets have from time-to-time experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates and uncertainty about economic stability. Such volatility and uncertainty in global financial and credit markets have also generally led to an increase in the cost of funding for Colombian and international issuers and borrowers. Also, the closures of Silicon Valley Bank and Signature Bank and their placement into receivership with the Federal Deposit Insurance Corporation and the liquidity crises experienced by First Republic Bank and Credit Suisse in March 2023 created bank-specific and broader financial institution liquidity risk and concerns. Uncertainty remains over liquidity concerns in the financial services industry and potential impacts on the broader global economy, and our business, our business partners, and/or industry as a whole may be adversely impacted in ways that we cannot predict at this time. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition. In addition, if any of our customers, suppliers or other parties with whom we conduct business are unable to access funds, such parties' ability to pay or perform their obligations to us or to enter into new commercial arrangements requiring additional payments to us or additional funding could be adversely affected. Moreover, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on acceptable terms or at all. Any material decline in available funding could have a material adverse effect on us.

The outbreak of communicable diseases around the world, including COVID-19, may lead to higher volatility in the global capital markets and recessionary pressure on the Colombian economy. Any outbreak in Colombia could directly affect our operations, each of which may materially and adversely affect our business, financial condition and results of operations.

The outbreak of communicable diseases on a global scale may affect investment sentiment and result in higher volatility in global capital markets and may have a recessionary effect on the Colombian economies. In 2020, the COVID-19 outbreak compelled governments around the world, including in Colombia, to adopt temporary measures to contain the spread of COVID-19 by means such as lockdowns of cities, restrictions on travel and public transportation, business and store closures, and emergency quarantines, among others, all of which have caused significant disruptions to the global economy and ordinary course of business operations across a growing list of sectors and countries. The measures adopted to combat the COVID-19 outbreak adversely affected and may continue to adversely affect business confidence and consumer sentiment. They have been, and may continue to be, accompanied by significant volatility in financial and commodity markets as well as stock exchanges worldwide.

Any material change in the Colombian and international financial markets or the economies of countries where we operate as a result of these events or any developments may materially and adversely affect our business, financial condition and results of operations.

Exchange rate volatility may adversely affect the economies of countries where we operate and us.

The Colombian *peso* has historically experienced frequent and substantial variations in relation to the U.S. dollar and other foreign currencies. The Colombian *peso* depreciated against the U.S. dollar by 16.0% in 2021 and 20.8% in 2022, and it appreciated in 20.5% in 2023. The appreciation of the Colombian *peso* was promoted in the final quarter of the year by the market expectations about the FED reducing the U.S. interest rate. This appreciation of the Colombian *peso* helped the country lowering inflationary pressures but was not enough to maintain low interest rates. Fluctuations of the Colombian *peso* against the U.S. dollar would also affect the U.S. dollar value of distributions and dividends. Our sales in each of our countries of operations are also priced in local currencies. The effect of exchange rate fluctuations is mitigated by the fact that most of our operating costs and expenses are denominated in local currency and a significant part of our indebtedness is denominated in Colombian *pesos*.

The Uruguayan *peso* depreciated against the U.S. dollar by 5.6% in 2021 and appreciated by 10.3% in 2022 and 2.6% in 2023. The effectiveness of monetary policy in the country may be a concern given the heavily dollarized economy.

The Argentinian *peso* depreciated against the U.S. dollar by 22.1% in 2021, 72.5% in 2022 and 356.3% in 2023. The last depreciation of the Argentinian *peso* was promoted by the government of Javier Milei, seeking to reduce the public spend on maintaining the value of the currency against the U.S. dollar.

The Colombian Government and the Colombian Central Bank exercise significant influence on the Colombian economy. Political and economic conditions may have an impact on our business, financial condition and results of operations.

The Colombian Government and the Colombian Central Bank can intervene in Colombia's economy and make significant changes in monetary, fiscal and regulatory policy, which could result in currency devaluation and the changes in international reserves. Our business, financial condition and results of operations may be adversely affected by changes in government or fiscal policies, and other political, diplomatic, social and economic developments that may affect Colombia or the international markets. Possible developments include fluctuations in exchange rates, inflation, instability of prices, changes in interest rates, liquidity of domestic capital and debt markets, exchange controls, deposit requirements on foreign borrowings, controls on capital flows, and limits on foreign trade.

Although the Colombian Government has not imposed foreign exchange restrictions since 1990, Colombia's foreign currency markets have historically been extremely regulated. Colombian law permits the Colombian Central Bank to impose foreign exchange controls to regulate the remittance of dividends and/or foreign investments in the event that the foreign currency reserves of the Colombian Central Bank fall below a level equal to the value of three months of imports of goods and services into Colombia. An intervention that precludes us from possessing, utilizing or remitting dollars would impair our financial condition and results of operations, and would impair our ability to convert any payments to U.S. dollars.

The Colombian Government has considerable power to shape the Colombian economy and, consequently, affect the operations and financial performance of businesses. The Colombian Central Bank and the Colombian Government may seek to implement new policies aimed at controlling further fluctuation of the Colombian *peso* against the U.S. dollar and fostering domestic price stability. The president of Colombia has considerable power to determine governmental policies and actions relating to the economy and may adopt policies that are inconsistent with those of the prior government or that may negatively affect us.

In Argentina we are subject to new exchange controls and restrictions on capital inflows and outflows could limit the availability of international credit and could threaten the financial system, adversely affecting the Argentine economy and, as a result, our business.

The Argentine government and the Argentine Central Bank have implemented certain measures that control and restrict the ability of companies and individuals to access the foreign exchange market to purchase foreign currencies and to transfer such currencies abroad. Those measures include restricting access to the Argentine foreign exchange market for the payment of dividends to non-residents stakeholders, restrictions on the acquisition of any foreign currency to be held as cash in Argentina, requiring exporters to repatriate and settle in Argentine pesos in the local exchange market, limitations on the transfer of securities into and from Argentina, establishing certain mandatory refinancing of debt maturities, restrictions to make intercompany debt service payments, restrictions on the ability of Argentine companies to make import payments, the implementation of taxes on certain transactions involving the acquisition of foreign currency, among others.

In response to the re-imposed foreign exchange restrictions, an unofficial U.S. dollar trading market developed again in which the Argentine *peso*-U.S. dollar exchange rate differed substantially from the official Argentine *peso* -U.S. dollar exchange rate in the foreign exchange market. In addition, access to foreign currency and its transfer out of Argentina can also be obtained through capital markets transactions denominated “blue-chip swap” subject to certain restrictions, which is significantly more expensive than acquiring foreign currency in the foreign exchange.

In the past, the Argentine government also imposed informal restrictions on the ability of entities and individuals to purchase foreign currency, consisting in de facto measures as those described in the first paragraph. Notwithstanding the measures adopted by the Argentine government in the recent years, in the future the Argentine government could reinstate further exchange controls, transfer restrictions, restrictions on the free movement of capital, and may implement other measures in response to capital flight or a significant depreciation of the Argentine *peso*, which could further limit our ability to receive dividends, distributions, or the proceeds from any sale of shares from our investments in Argentina. Such measures could lead to renewed political and social tensions, and could undermine the Argentine government’s public finances, which could adversely affect Argentina’s economy and prospects for economic growth and, consequently, adversely affect our business and results of operations.

If the United States imposes sanctions on Colombia in the future, our business may be adversely affected.

Colombia is among several nations whose eligibility to receive foreign aid from the United States is dependent on its progress in stemming the production and transit of illegal drugs, which is subject to an annual review by the President of the United States. Although Colombia is currently eligible for such aid, Colombia may not remain eligible in the future. A finding by the President of the United States that Colombia has failed demonstrably to meet its obligations under international counter-narcotic agreements may result in the imposition of economic and trade sanctions on Colombia which could result in adverse economic consequences in Colombia including potentially threatening our ability to obtain necessary financing to develop our business and could further heighten the political and economic risks associated with our operations. In 2023, Colombia issued its official drug policy for 2023-2033, aiming for the transformation of affected regions, public health, regulation of substances and the prosecution of large criminal organizations. In September 2023, the U.S. government certified Colombia for its fight against narcotics by means of a presidential memorandum regarding the main drug transit countries or main illicit drug producing countries for fiscal year 2024.

Developments in other emerging markets may adversely affect the market value of the Éxito common shares, ADSs and BDRs.

Emerging markets are subject to greater risks than more developed markets, and financial turmoil in any emerging market could disrupt business in Colombia and adversely affect the price of the Éxito common shares, ADSs and BDRs. Moreover, financial turmoil in any important emerging market country may adversely affect prices in stock markets and prices for capital securities of issuers in other emerging market countries as investors move their money to more stable, developed markets. An increase in the perceived risks associated with investing in emerging markets could dampen capital flows to Colombia and adversely affect the Colombian economy in general, and the interest of investors in our common shares and our Éxito ADSs in particular. We cannot assure you that the value of Éxito common shares, ADSs and BDRs will not be negatively affected by events in other emerging markets or the global economy in general.

Political conditions in the other emerging markets and the United States may adversely affect our results of operations and financial condition.

The Colombian economy and the market value of securities issued by Colombian issuers and issuers with operations in Colombia may be, to varying degrees, affected by economic and market conditions in other emerging market countries and in the United States. Furthermore, economic conditions in Colombia are correlated with economic conditions in the United States as a result, among other things, of the United States-Colombia Free Trade Agreement (“USCOFTA”), and increased economic activity between the two countries.

Adverse economic conditions in the United States, the termination or re-negotiation of free trade agreements, or other related events could have an adverse effect on the Colombian economy. Although economic conditions in other emerging market countries and in the United States may differ significantly from economic conditions in Colombia, investors’ reactions to developments in other countries may have an adverse effect on the market value of securities of Colombian assets. There can be no assurance that future developments in other emerging market countries and in the United States, over which we have no control, including the re-negotiation of free-trade agreements such as the USCOFTA, will not have a material adverse effect on our ability to service our debt, which could impair our ability to make dividend payments and could adversely affect the market price of the Éxito common shares, ADSs and BDRs.

Historically, Colombia has experienced several periods of violence and instability. Future violence and instability in Colombia may adversely affect the Colombian economy and our operations.

Colombia has experienced several periods of violence over the past five decades, primarily due to the activities of guerrillas, paramilitary groups, drug cartels and criminal bands known as *Bacrim*. In response, the Colombian Government has implemented various security policies and has strengthened its military and police forces, including the creation of specialized units.

Despite the peace treaty between the Colombian Government and the Revolutionary Armed Forces of Colombia (“*Fuerzas Armadas Revolucionarias de Colombia*”) (“FARC”), a lasting decrease in violence or drug-related crime in Colombia or the successful integration of former guerilla members into Colombian society, may not be achieved. In 2018, the Colombian Government suspended the peace negotiations with the National Liberation Army (*Ejército de Liberación Nacional*) (“ELN”) and in 2019, a minority group of dissidents within FARC announced their return to illegal activities. During 2019, ELN perpetrated different terrorist attacks in Colombia, including a car bomb in a police academy in Bogotá, which resulted in 21 people dead, and many other injured. During 2023, ELN has perpetrated attacks against the police and military forces, as well as attacks to energy and oil infrastructure. Other criminal bands have also increased activities throughout the country. An escalation of violence or drug-related crime may have a negative impact on the Colombian economy and on us.

In addition, the peace agreement reached with FARC may be modified by future governments, including the current president. If there are deviations from the peace agreement, there can be no assurance that criminal actions will not escalate in Colombia. Although the Colombian congress has approved certain regulations to implement the final peace agreement such as the law governing the Special Peace Justice System (*Jurisdicción Especial para la Paz*), laws enacted by the Colombian congress in this regard may differ from the provisions of the peace agreement.

During 2022 and 2023, the ELN and FARC dissidents, together with other splinter criminal groups, continued to operate in Colombia and while the security situation has improved dramatically in recent years, there can be no guarantee that the situation will not again deteriorate. Any increase in kidnapping or terrorist activity in Colombia or in the areas of our projects generally may disrupt supply chains and discourage qualified individuals from being involved with our operations.

During his presidential campaign, the President of Colombia, Mr. Gustavo Petro expressed his support for the reinstatement of negotiations with ELN. In October 2022, the government of President Gustavo Petro announced the reinstatement of such negotiations. On December 31, 2022, President Gustavo Petro announced a bilateral ceasefire, starting on January 1, 2023 until June 30, 2023, which was extended in August 3, 2023 for 180 days until January 29, 2024 in consideration of current negotiations with illegal armed organizations. In March 2023, the second round of the dialogue between the Colombian Government and the ELN ended. The third round took place in Havana, Cuba and the fourth round was developed in Caracas, Venezuela reaching some partial agreements on the ceasefire and its verification. Furthermore, also in March 2023, President Gustavo Petro announced the start of a peace process with the FARC dissidents, who did not align to the peace agreement signed in 2016. To this date, we may not be able to anticipate the outcome, or consequences of such negotiations, and how they may affect our business.

Moreover, the Latin American region has experienced a wave of protests and violence calling for demanding social reforms to pension and retirement regimes, access to health care, access to education, environmental protection, and taking measures against inequality, among others experienced strikes and other demonstrations relating to political unrest in the region. Such protests also occurred in Colombia, and the Colombian Government has failed to reach an agreement with the leaders of the protests.

All of the above may impact the perception that matters have not improved in Colombia and may hinder our ability to access capital in a timely or cost-effective manner. There can be no assurance that continuing attempts to reduce or prevent guerilla, drug trafficking or criminal activity will be successful or that guerilla, drug trafficking and/or criminal activity will not disrupt our operations in the future.

A failed implementation of the peace agreements with the FARC may affect Colombia's security and our operations.

Since the beginning of the negotiations of the peace agreements executed between the Colombian Government and the FARC on November 24, 2016, guerrilla actions against maintenance related activities in our sector have diminished. Nonetheless, the process of implementation entails some risks that may affect our operations in the future, such as the emergence of new criminal structures composed of dissident members of the FARC and the resulting increase in criminal activity, especially in urban areas, new requests for restitution of land stripped during the conflict, areas with high presence of antipersonnel mines, the formation of a new political party composed by ex-guerrilla, along with the emergence of new political forces throughout regions in which we operate, and the strengthening of social pressure groups. In addition, depending on actions of President Petro, the implementation of the peace treaties could produce uncertain political results. Should any of these risks materialize, the development of new projects could be slowed or discontinued, and/or could lead to a scenario of socio-political instability, which may increase demands of social and economic investment to the companies operating in Colombia.

The peace agreement signed with FARC may result in the enactment of new laws and regulations, the impact of which on our operations is unpredictable.

The implementation of the peace agreement with the FARC has required and may continue to require the enactment of new laws and regulations, which may impact our activity in ways we cannot anticipate. Legislation has been enacted in connection with the implementation of the Rural Reform (*Reforma Rural Integral*) as provided under the peace agreement. Such legislation included the creation of a Land Fund for the Rural Reform (*Fondo de Tierras para la Reforma Rural Integral*) and set forth certain parameters to grant land to certain benefited populations and which properties are subject to be granted. In addition, the Colombian congress approved laws governing the Special Peace Justice System (*Jurisdicción Especial para la Paz*), which has been advancing in accordance with the peace agreement. The impact of such new legislation is still unknown, and further regulations may be required for such legislation to be implemented. Also, laws enacted by the Colombian congress may differ from the provisions of the peace agreement and lead to an escalation of criminal and terrorist acts by the FARC or other groups in Colombia. New laws or regulations enacted in connection with the implementation of the peace agreement may impact our activity and may have a negative effect on our financial condition and results of operations and the market price of the Éxito common shares, ADSs and BDRs.

The Colombian Government could seize or expropriate our assets under certain circumstances.

Pursuant to Articles 58 and 59 of the Colombian constitution, the Colombian Government can exercise its eminent domain powers in respect of our assets if any such action is deemed by the Colombian Government to be required in order to protect public interests. Eminent domain powers may be exercised through: (i) an ordinary judicial expropriation proceeding (*expropiación judicial*), (ii) an administrative expropriation proceeding (*expropiación administrativa*) or (iii) an expropriation for war reasons (*expropiación en caso de guerra*). In all cases, we would be entitled to a compensation (*indemnización previa*) for the expropriated assets. Also, as a general rule, compensation must be paid before the asset is effectively expropriated (except in the case of expropriation for reasons of war, in which case compensation may be quantified and paid later). However, the compensation may be lower than the price for which the expropriated asset could be sold in a free-market sale or the value of the asset as part of an ongoing business. Any seizure or expropriation by the Colombian Government could adversely affect our business, results of operations and financial condition and the market price of the Éxito common shares, ADSs and BDRs.

Work stoppages or strikes could adversely affect our business.

Our employees are affiliated with six labor unions in Colombia. We have conducted successful negotiations with three unions, which have resulted in collective bargaining agreements currently in force. In addition to those collective bargaining agreements, there are two arbitration awards and a collective agreement with non-unionized that have increased our operational costs, as they imply complementary labor payments. Work stoppages or strikes may occur in the future and could adversely affect our operations.

We are subject to new and higher taxes resulting from changes in tax regulations or the interpretation thereof in Colombia.

New tax laws and regulations, and uncertainties in the interpretation with respect to existing and future tax policies may affect us. In recent years, the Colombian congress have imposed additional taxes and enacted modifications to existing taxes related to financial transactions, income, value added tax ("VAT"), and taxes on net worth. Changes in tax-related laws and regulations, and interpretations thereof, can create additional tax burdens on us and our businesses by increasing tax rates and fees, creating new taxes, limiting tax deductions, and/or eliminating tax-based incentives and non-taxed income. In addition, tax authorities and competent courts may interpret tax regulations differently than us, which could result in tax litigation and associated costs, interest and penalties in part due to the novelty and complexity of new regulation.

On August 8, 2022, the Ministry of Finance of Colombia submitted a tax reform bill to the Colombian congress proposing several changes to the current Colombian tax regime. The tax reform bill was approved by the Colombian congress on November 17, 2022, and was sanctioned by President Gustavo Petro on December 13, 2022 as Law No. 2277 of 2022. Such measures introduced by the tax reforms became effective as of January 1, 2023. The tax reform includes, among others: (1) a new permanent equity tax applicable to Colombian individuals and non-residents; (2) an increase in the dividend tax rate for local and foreign shareholders (in the case of foreign shareholders the rate increased from 10% to 20%); (3) an increase in the long-term capital gains tax rate, from 10% to 15%; (4) the elimination of specific tax benefits and exemptions such as the rule that exempted the taxing of capital gains from the sale of publicly listed shares (which was applicable to sale of less than 10% of the total shares in circulation, which is limited to 3% of the total shares in circulation as from 2023); (5) an income tax surtax for companies engaged in the extraction of crude oil and coal ranging from 0% to 15% and based on international prices; and (6) the introduction of a minimum tax based on effective tax rate on accounting profits (with adjustments). See "Item 10. Additional Information—E. Taxation—Material Colombian Tax Consequences".

Risks Relating to the Ownership of Éxito Common Shares, ADSs and BDRs

We cannot assure you that an active trading market will be sustained for the Éxito common shares, Éxito ADSs or Éxito BDRs. The trading volume of the Éxito common shares, ADSs and BDRs may be volatile.

The Éxito common shares are currently listed on the Colombian Stock Exchange, and, since August 23, 2023, the Éxito ADSs and BDRs have been listed on the NYSE and the B3, respectively. The listing of the Éxito common shares, ADSs and BDRs does not guarantee that a liquid market for the Éxito common shares, ADSs or BDRs will be sustained or that we will be able to maintain our listing on the Colombian Stock Exchange, NYSE or the B3. No assurance can be provided as to the demand for or trading price of the Éxito common shares, Éxito ADSs or Éxito BDRs.

The development and continued existence of a market and favorable price for the Éxito common shares, ADSs and BDRs will depend on a number of conditions, including:

- the risk factors described in this annual report;
- low float due to a high participation of a controlling share holder;

- general economic conditions internationally and in Colombia, Uruguay and Argentina specifically, including changes in interest and exchange rates;
- actual or anticipated fluctuations in our quarterly and annual results and those of our competitors;
- our businesses, operations, results and prospects;
- future mergers and strategic alliances;
- changes in government regulation, taxes, legal proceedings or other developments;
- shortfalls in our operating results from levels forecasted by securities analysts;
- investor sentiment toward the stock of companies in our industry in general;
- announcements concerning us or our competitors;
- maintenance of acceptable credit ratings or credit quality; and
- the general state of the securities markets.

Any of these factors may impair the development or sustainability of a liquid market for the Éxito common shares, ADSs and BDRs and the ability of investors to sell the Éxito common shares, ADSs or BDRs at an attractive price. These factors also could cause the market price and demand for the Éxito common shares, ADSs or BDRs to fluctuate substantially, which may negatively affect the price and liquidity of the Éxito common shares, ADSs and BDRs. Many of these factors and conditions are beyond our or our shareholders' control.

The volatility and illiquidity of the Colombian securities markets and of our common shares may substantially limit your ability to sell the Éxito common shares underlying the Éxito ADSs and Éxito BDRs at the price and time you desire.

Investing in securities that are traded in emerging markets, including in Colombia, often involves greater risk and are generally considered to be more speculative in nature than investing in securities traded in the securities markets of more developed countries. These investments are subject to certain economic and political risks, including: (1) changes in the regulatory, tax, economic and political environment that may affect the ability of investors to obtain a total or partial return on their investments; and (2) restrictions on foreign investment and return of capital invested.

The Colombian securities market is substantially smaller, less liquid, more volatile and more concentrated than major international securities markets, including the securities market of the United States. Furthermore, the regulations of Colombian Stock Exchange may differ from what foreign investors are accustomed to seeing in other international exchanges. The characteristics of the Colombian securities market may substantially limit the ability of holders of the common shares underlying the Éxito ADSs and Éxito BDRs to sell them at the time and price they desire and, consequently, may adversely affect the market price of our common shares. If a liquid and active trading market is not maintained, the trading price of our common shares may be negatively affected.

Investing in securities trades in Brazil may involve greater risks.

Investing in securities traded in emerging markets such as Brazil often involves greater risk than in other markets where the political and economic scenarios are more stable, and these investments are generally considered more speculative in nature.

The Brazilian securities market is substantially smaller, less liquid, more volatile and more concentrated than large international securities markets such as those in the United States. These market characteristics may substantially limit the ability of holders of the Éxito BDRs to sell them at the price and time they wish, and this may adversely affect the market price of the Éxito BDRs. If there is a lack of liquidity on the B3 or if an active trading market is not developed or maintained, the ability of BDR holders to sell the Éxito BDRs at the time and price desired may be substantially limited and the trading price of the Éxito BDRs may be affected.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about us or our businesses, the price and trading volume of Éxito common shares, ADSs and BDRs could decline.

The trading market for the Éxito common shares, ADSs and BDRs depends in part on the research and reports that securities or industry analysts publish about us or our businesses. In the event that additional securities or industry analysts do not initiate coverage or if one or more of the analysts who cover us downgrade our securities or publish inaccurate or unfavorable research about our businesses, the price of the Éxito common shares, ADSs and BDRs would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for the Éxito common shares, ADSs and BDRs could decrease, which might cause the price and trading volume of the Éxito common shares, ADSs and BDRs to decline.

Future sales, or the perception of future sales, of substantial amounts of the Éxito common shares on the BVC, the Éxito ADSs on the NYSE or the Éxito BDRs on the B3, or the anticipation of these sales, could adversely affect the market price of the Éxito common shares, ADSs and BDRs prevailing from time to time or their liquidity and could impair our ability to raise capital through the sale of equity securities.

The market price of the Éxito common shares, ADSs and BDRs could decline significantly as a result of sales (or anticipated sales), of a large number of shares of the Éxito common shares, ADSs or BDRs. The perception that these sales might occur could depress the market price of the Éxito common shares, ADSs or BDRs prevailing from time to time or adversely affect their liquidity. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. For more information about our principal shareholders, see "Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders."

We may need to raise additional funds to finance our future capital needs, which may dilute the value of the Éxito common shares, ADSs and BDRs or prevent us from growing our business.

We may need to raise additional funds to finance our existing and future capital needs. If we raise additional funds through the sale of equity securities, these transactions may dilute the value of the Éxito common shares, ADSs and BDRs. We may also decide to issue securities, including debt securities that have rights, preferences and privileges senior to the Éxito common shares, ADSs and BDRs. Any debt financing would increase our level of indebtedness and could negatively affect our liquidity and restrict our operations. We also can provide no assurances that the funds we raise will be sufficient to finance our existing indebtedness. We may be unable to raise additional funds on terms favorable to us or at all. If financing is not available or is not available on acceptable terms, we may be unable to fund our future needs. This may prevent us from increasing our market share, capitalizing on new business opportunities or remaining competitive in our industry.

Your right to participate in any future offerings may be limited, which may result in the dilution of your interest in our capital stock.

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register both the rights and the securities to which the rights relate under the Securities Act or an exemption from the registration requirements is available. In particular, holders of our common shares, including our common shares underlying the Éxito ADSs benefit from certain preemptive rights in connection with future issuances by us of our common shares or securities convertible into our common shares. Holders of our common shares, including in the form of ADSs, will be unable to exercise the preemptive rights relating to our common shares unless a registration statement under the Securities Act is effective with respect to those preemptive rights or an exemption from registration requirement under the Securities Act is otherwise available.

In addition, under the Éxito ADS Deposit Agreement, the Éxito ADS Depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to holders of Éxito ADSs are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act.

Also, even if Éxito can make the rights available to you directly in Colombia, these rights would require you to open a brokerage account with a local broker and to comply with certain procedures of investment registration before the Colombian Central Bank.

Accordingly, you may be unable to participate in our rights offerings or additional offerings of our common shares in the future and may experience dilution in your holdings.

We may issue new securities to satisfy any options to be granted under a stock option program, which may result in the dilution of your interest in our capital stock.

We may approve a stock option plan in the future, under which options would be granted to our directors and officers. Beneficiaries of any such options may decide to exercise their rights, which may dilute our investors' interest in our capital stock, since these options would be calculated without taking into account expectations of our market value.

We are required to comply with various rules and regulations as a public company listed on the Colombian Stock Exchange, the NYSE and the B3.

As a public company listed in Colombia, the United States and Brazil, we are subject to various corporate governance and compliance rules and regulations. Accordingly, we will incur significant legal, accounting and other expenses. The Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley"), as well as rules subsequently adopted by the SEC and the NYSE, have imposed various requirements on public companies, including setting forth rules regarding corporate governance practices. For example, Sarbanes-Oxley requires, among other things, that we maintain and periodically evaluate our internal control over financial reporting and disclosure controls and procedures. In particular, we and our managers will have to perform system and process evaluation and testing of our and their internal control over financial reporting to allow management and our independent registered public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of Sarbanes-Oxley. We currently test our internal control over financial reporting on a regular basis. Effectively designing, implementing, operating and testing our internal controls as a standalone entity may require our management and other personnel to devote a substantial amount of time to comply with these requirements and also increase our legal and financial compliance costs. Compliance with Section 404 of Sarbanes-Oxley as a standalone entity will require a substantial accounting expense and significant management efforts. Our controls could not be considered effective and our internal control over financial reporting may not satisfy the regulatory requirements. For more information about internal control over financial reporting see "Item 5. Operating And Financial Review And Prospects – A. Operating Results - Internal Controls over Financial Reporting" and "Item 15. Controls and Procedures–B. Management's Annual Report on Internal Control over Financial Reporting".

Furthermore, the listing of our securities on the BVC, the NYSE and the B3 require us to comply with the listing, reporting and other regulations for each exchange. Compliance with two sets of regulations, which may have different standards and requirements, require more time and effort from management.

The Éxito BDR Depositary will not be held responsible if it considers it illegal or incompatible with Brazilian law to extend rights or any other prerogatives to any BDR holder. Éxito has no obligation to register BDRs, shares, rights or other securities under Brazilian law, other than to register any BDR offering, the BDR Program and the Company with the CVM and the B3.

Holders of Éxito ADSs may upon payment of certain applicable fees, charges and taxes in accordance with the Éxito ADS Deposit Agreement, cancel their Éxito ADSs and receive the underlying Éxito common shares in Colombia. In addition, such Éxito common shares may be further deposited with the Éxito BDR Depositary, who will issue Éxito BDRs in Brazil in accordance with the Éxito BDR Deposit Agreement, as further described under "Description of American Depositary Shares and Brazilian Depositary Receipts–Description of Brazilian Depositary Receipts."

Under the Éxito BDR Deposit Agreement, holders of Éxito BDRs are not offered rights or any other prerogatives that are illegal under applicable Brazilian law or whose distribution to holders of Éxito BDRs is impractical. Although it is not possible to determine in advance all the situations that could be considered illegal or with impractical distribution, should the illegality or impossibility be verified in a particular case, which could involve, for example, a payment of proceeds using resources originating from prohibited or illicit activities, a subscription for new securities issued by us that would require a public offering in Brazil, the registration for which has not been obtained, or, furthermore, a situation that cannot be made due to operational limitations in the B3, the investor may not receive such payments or be prevented from exercising the rights arising from such transactions.

You may not receive any dividends. In addition, the distribution of available dividends to ADS holders may be subject to foreign exchange restrictions.

According to Colombian law, we must pay our shareholders, unless otherwise decided by a plural number of shareholders representing at least seventy-eight percent (78%) of the shares represented in the meeting, at least fifty percent (50%) of the net income after the payment of the due withholdings. The minimum distribution percentage may be increased to seventy percent (70%) if the amount of the legal reserves exceeds the value of the share capital. This adjusted income may be used to absorb losses or otherwise be appropriated as permitted by Colombian corporate law and may not be available to be paid as dividends. We may not pay dividends to our shareholders in any particular fiscal year if our board of directors determines that such distributions would be inadvisable in view of our financial condition, and the shareholders approve retaining all profits with the favorable vote of a plural number of shareholders representing at least seventy-eight percent (78%) of the shares represented in the meeting.

In addition, Colombia's foreign currency markets have historically been extremely regulated. Colombian law permits the Colombian Central Bank to impose foreign exchange controls to regulate the remittance of dividends and/or foreign investments in the event that the foreign currency reserves of the Colombian Central Bank fall below a level equal to the value of three months of imports of goods and services into Colombia. An intervention that precludes us, the Éxito ADS Custodian, or the Éxito ADS Depositary from remitting or converting Colombian Pesos to U.S. dollars would impair the possibility of converting payments to U.S. dollars for purposes of payment of dividends to ADS holders.

Holders of Éxito ADSs and BDRs are not entitled to attend shareholders' meetings and may only vote through the Éxito ADS Depositary or the Éxito BDR Depositary, in accordance with Éxito ADS Deposit Agreement relating to the Éxito ADS or the Éxito BDR Deposit Agreement relating to the Éxito BDRs, as the case may be.

Under Colombian law, only shareholders registered in Éxito's corporate books may attend shareholders' meetings. The common shares underlying the Éxito ADSs and Éxito BDRs are registered in the name of the Éxito ADS Depositary and the Éxito BDR Depositary, respectively, and consequently, holders of Éxito ADSs and Éxito BDRs are not entitled to attend the Éxito Group's shareholders' meetings. The voting rights of holders of Éxito ADSs and Éxito BDRs may be exercised only in accordance with the Éxito ADS Deposit Agreement relating to the Éxito ADS or the Éxito BDR Deposit Agreement relating to the Éxito BDRs, as the case may be. Therefore, there are practical limitations upon the ability of holders of Éxito ADSs or Éxito BDRs to exercise their voting rights due to the additional steps involved in communicating with holders of Éxito ADSs and Éxito BDRs.

To the extent that holders of Éxito common shares are entitled to vote at a shareholders' meeting, they will be able to exercise their voting rights by attending the meeting in person or by appointing a proxy to attend the meeting and vote such holder's shares. By contrast, holders of Éxito ADSs will receive notice of a shareholders' meeting by mail from the Éxito ADS Depositary and, in the case of Éxito BDRs, the notice of the shareholders' meeting will be published on CVM's system and on Éxito's investor relations website. To exercise their voting rights, holders of Éxito ADSs and Éxito BDRs must instruct the Éxito ADS Depositary and the Éxito BDR Depositary, as the case may be, on a timely basis and according to the procedures informed by Éxito and subject to the terms of the applicable deposit agreement. This voting process may take longer for holders of Éxito ADSs and Éxito BDRs than for holders of Éxito common shares. If the Éxito ADS Depositary fails to receive timely voting instructions for all or part of the Éxito ADSs, the Éxito ADS Depositary will not vote the Éxito common shares underlying the Éxito ADSs for which it did not receive timely instructions, however it may cause the common shares underlying the ADS to be counted for purposes of establishing a quorum at a meeting of shareholders, subject to the terms of the Éxito ADS Deposit Agreement. If the Éxito BDR Depositary fails to receive timely voting instructions for all or part of the Éxito BDRs, the Éxito BDR Depositary may not exercise the voting rights, although it may use at the request of Éxito and if allowed by CVM, all shares representing the Éxito BDRs (whether or not voting instructions have been received in respect of such BDRs) for the sole purpose of establishing quorum at a meeting of shareholders, as far as permitted under the applicable regulations.

Éxito ADSs that are subject to restrictions on transfer under U.S. securities laws, which will include Éxito ADSs that are issued to holders who are “affiliates” (as defined in Rule 144 of the Securities Act) of the Company, will be issued in restricted form and subject to a separate restricted issuance agreement by and between the Company, the Éxito ADS Depositary and holders and beneficial owners of restricted Éxito ADSs from time to time, which provides that, subject to the terms and conditions of the restricted issuance agreement, holders of restricted Éxito ADSs may either request the Éxito ADS Depositary to appoint the holder as its proxy to attend the shareholders’ meeting and vote the common shares represented by the holder’s restricted Éxito ADSs directly or provide voting instructions to the Éxito ADS Depositary.

We cannot assure you that holders of Éxito ADSs or Éxito BDRs will receive the voting materials in time to ensure that such holders can send their voting instructions to the Éxito ADS Depositary or the Éxito BDR Depositary, as the case may be, or, with respect to holders of restricted Éxito ADSs only, timely request that such holder be granted a proxy to attend the shareholders’ meeting to vote the Éxito common shares underlying the holder’s restricted ADRs directly. In addition, the Éxito ADS Depositary, the Éxito BDR Depositary and their respective agents are not responsible for failing to carry out voting instructions of the holders of Éxito ADSs or Éxito BDRs, as the case may be, for the manner of carrying out those voting instructions or for failing to grant a proxy to restricted ADR holders to attend and vote at shareholders’ meetings. Accordingly, holders of Éxito ADSs (including those held in restricted form) or Éxito BDRs may not be able to exercise voting rights, and they will have no recourse if their votes are not counted as requested.

Holders of Éxito ADSs and BDRs may not be able to participate in tender offers in Colombia.

Holders of Éxito common shares may be entitled to participate in tender offers in Colombia. We cannot assure that holders of Éxito ADSs or Éxito BDRs will be able to participate in the tender offers, as it would require them, among others, to receive notice of such corporate events and convert the ADSs or BDRs in Éxito common shares in the time provided for under applicable Colombian regulations, in accordance with the procedures defined in the Éxito ADS Deposit Agreement relating to the Éxito ADS or the Éxito BDR Deposit Agreement relating to the Éxito BDRs, as the case may be. Furthermore, the exercise of such rights may require holders of ADSs or BDRs to open a brokerage account in Colombia and to comply with certain registration requirements, including the registration of the investment before the Colombian Central Bank.

We and the Éxito ADS Depositary are entitled to amend the Éxito ADS Deposit Agreement and to change the rights of ADS holders under the terms of such agreement, and we may terminate the Éxito ADS Deposit Agreement, without the consent of the ADS holders.

We and the Éxito ADS Depositary are entitled to amend the Éxito ADS Deposit Agreement and to change the rights of the ADS holders under the terms of such agreement, without the consent of the ADS holders. We and the Éxito ADS Depositary may agree to amend the Éxito ADS Deposit Agreement in any way we decide is necessary or advantageous to us. Amendments may reflect, among other things, operational changes in the ADS program, legal developments affecting ADSs or changes in the terms of our business relationship with the Éxito ADS Depositary. In the event that the terms of an amendment are disadvantageous to ADS holders, ADS holders will only receive 30 days’ advance notice of the amendment, and no consent of the ADS holders is required under the Éxito ADS Deposit Agreement. Furthermore, we may decide to terminate the ADS facility at any time for any reason. For example, terminations may occur when we decide to list our shares on a non-U.S. securities exchange and determine not to continue to sponsor an ADS facility or when we become the subject of a takeover or a going-private transaction. If the ADS facility is to be terminated, ADS holders will receive at least 30 days’ prior notice, but no consent is required from them. In the event that we decide to make an amendment to the Éxito ADS Deposit Agreement that is disadvantageous to ADS holders or terminate the Éxito ADS Deposit Agreement, the ADS holders may choose to sell their ADSs or surrender their ADSs and become direct holders of our underlying common shares, but will have no right to any compensation whatsoever.

We may, in accordance with the Brazilian legislation, modify the Éxito BDR Deposit Agreement in relation to the Éxito BDRs and the rights of the holders of Éxito BDRs through an agreement with the Éxito BDR Depositary and without the consent of the holders of BDRs.

We may, under Brazilian law, alter the Éxito BDR Deposit Agreement and the rights of BDR holders by means of an agreement with the Éxito BDR Depositary and without the consent of Éxito BDR holders. In this case, even if the alteration or change is materially adverse to the rights of Éxito BDR holders, Éxito BDR holders may not challenge this alteration.

The Éxito ADS Deposit Agreement provides, subject to limited exceptions, that the United States District Court for the Southern District of New York will be the sole and exclusive forum for certain claims brought by Éxito ADSs holders under the Éxito ADS Deposit Agreement, which may discourage claims.

The Éxito ADS Deposit Agreement will provide that holders of Éxito ADSs irrevocably agree that any legal suit, action or proceeding against or involving us or the Éxito ADS Depositary brought by Éxito ADS holders arising out of or based upon the Éxito ADS Deposit Agreement, the Éxito ADSs or the transactions contemplated thereby, including, without limitation, claims under the Securities Act or the Exchange Act, may be only instituted in the United States District Court for the Southern District of New York (or in the state courts of New York County in New York if either (i) the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute or (ii) the designation of the United States District Court for the Southern District of New York as the exclusive forum for any particular dispute is, or becomes, invalid, illegal or unenforceable).

While this exclusive forum provision does not restrict the ability of Éxito ADS holders to bring claims, including claims under U.S. federal securities laws, it may increase litigation costs or limit their ability to bring a claim in the judicial forum that they find favorable, which may discourage the filing of claims under the Éxito ADS Deposit Agreement against us or the Éxito ADS Depositary.

Additionally, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, there is uncertainty as to whether a court would enforce the exclusive forum provision of the Éxito ADS Deposit Agreement. In light of this uncertainty, investors bringing a claim may face certain additional risks, including increased costs and uncertainty of litigation outcomes. If a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business and financial condition.

Holders of Éxito ADSs may not be entitled to a jury trial with respect to claims arising under the Éxito ADS Deposit Agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The Éxito ADS Deposit Agreement will provide that holders of Éxito ADSs irrevocably waive, to the fullest extent permitted by applicable law, the right to a jury trial with respect to any claim that they may have against us or the Éxito ADS Depositary arising out of or relating to the Éxito common shares, the Éxito ADSs or the Éxito ADS Deposit Agreement, including any claim under the U.S. federal securities laws.

If we or the Éxito ADS Depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with the applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court and, therefore, there is uncertainty as to whether a court would enforce a contractual pre-dispute jury trial waiver provision. If a court were to find the waiver of jury trial provision of the Éxito ADS Deposit Agreement unenforceable, we may incur additional costs associated with resolving such matter, which could adversely affect our business and financial condition. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the state of New York, which govern the Éxito ADS Deposit Agreement, by a federal or state court in the City of New York, which has exclusive jurisdiction over matters arising under the Éxito ADS Deposit Agreement with respect to any legal suit, action or proceeding brought by the holders of Éxito ADSs against or involving us or the Éxito ADS Depositary. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the Éxito ADS Deposit Agreement and the Éxito ADSs. It is advisable that you consult your legal counsel regarding the jury waiver provision before becoming a holder of Éxito ADSs.

If you or any other holders or beneficial owners of Éxito ADSs bring a claim against us or the Éxito ADS Depositary in connection with matters arising under the Éxito ADS Deposit Agreement or the Éxito ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of increasing litigation costs or otherwise limiting or discouraging lawsuits against us or the Éxito ADS Depositary. If a lawsuit is brought against us or the Éxito ADS Depositary under the Éxito ADS Deposit Agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not permitted by applicable law, an action could proceed under the terms of the Éxito ADS Deposit Agreement with a jury trial. No condition, stipulation or provision of the Éxito ADS Deposit Agreement or the Éxito ADSs serves as a waiver by any holder or beneficial owner of Éxito ADSs or by us or the Éxito ADS Depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

Our status as a foreign private issuer exempts us from certain of the corporate governance standards of the NYSE, limiting the protections afforded to investors.

We are a “foreign private issuer” within the meaning of the NYSE corporate governance standards. Under the NYSE listing rules, a foreign private issuer may elect to comply with the practice of its home country and not to comply with certain NYSE corporate governance requirements, including the requirements that (i) a majority of the board of directors consist of independent directors, (ii) a nominating and corporate governance committee be established that is composed entirely of independent directors and has a written charter addressing the committee’s purpose and responsibilities, (iii) a compensation committee be established that is composed entirely of independent directors and has a written charter addressing the committee’s purpose and responsibilities, and (iv) an annual performance evaluation of the nominating and corporate governance and compensation committees be undertaken. Therefore, holders of Éxito ADSs do not have the same protections afforded to shareholders of companies that are subject to all NYSE corporate governance requirements.

As a foreign private issuer and “controlled company” within the meaning of the NYSE corporate governance rules, we are permitted to, and we do, rely on exemptions from certain of the NYSE corporate governance standards, including the requirement that a majority of our board of directors consist of independent directors. Our reliance on such exemptions may afford less protection to holders of our ADSs.

The corporate governance rules of the NYSE require listed companies to have, among other things, a majority of independent directors and independent director oversight of executive compensation, nomination of directors and corporate governance matters. As a foreign private issuer, we are permitted to, and we do, follow home country practice in lieu of the above requirements. As long as we rely on the foreign private issuer exemption to certain of the NYSE corporate governance standards, a majority of the directors on our board of directors are not required to be independent directors, our compensation committee is not required to be composed entirely of independent directors and director nominations are not required to be made, or recommended to our full board of directors, by a nominations committee that consists entirely of independent directors. Therefore, our board of directors’ approach to governance may be different from that of a board of directors consisting of a majority of independent directors, and, as a result, the management oversight of our Company may be more limited than if we were subject to all of the NYSE corporate governance standards. We are also subject to certain reduced disclosure obligations as a result of being a foreign private issuer. As such, investors will not have access to the same information as for similar companies that are not foreign private issuers.

In the event we no longer qualify as a foreign private issuer, we intend to rely on the “controlled company” exemption under the NYSE corporate governance rules. A “controlled company” under the NYSE corporate governance rules is a company of which more than 50% of the voting power is held by an individual, group or another company. Grupo Calleja controls a majority of the combined voting power of our outstanding shares, making us a “controlled company” within the meaning of the NYSE corporate governance rules. As a controlled company, we would be eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to, elect not to comply with certain requirements of the NYSE corporate governance standards, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement that we have a compensation committee that is composed entirely of independent directors and (iii) the requirement that our director nominations be made, or recommended to our full board of directors, by a nominations committee that consists entirely of independent directors.

Accordingly, our ADS holders will not have the same protection afforded to shareholders of companies that are subject to all of the NYSE corporate governance standards, and the ability of our independent directors to influence our business policies and affairs may be reduced.

We may lose our foreign private issuer status in the future, which could result in significant additional costs and expenses.

As discussed above, we are a foreign private issuer, and therefore, we are not required to comply with all of the periodic disclosure and current reporting requirements of the Exchange Act and certain other requirements of the Sarbanes-Oxley Act. In order to maintain our current status as a foreign private issuer, either (a) more than 50% of our common shares, including common shares underlying the Éxito ADSs, must be either directly or indirectly owned of record by non-residents of the United States or (b)(i) a majority of our executive officers or directors must not be U.S. citizens or residents, (ii) more than 50% of our assets cannot be located in the United States and (iii) our business must be administered principally outside the United States. If we lose this status, we would be required to comply with the Exchange Act reporting and other requirements applicable to U.S. domestic issuers, which are more detailed and extensive than the requirements for foreign private issuers. We may also be required to make changes in our corporate governance practices in accordance with various SEC and NYSE rules. The regulatory and compliance costs to us under U.S. securities laws if we are required to comply with the reporting requirements applicable to a U.S. domestic issuer may be significantly higher than the costs we will incur as a foreign private issuer.

U.S. securities laws do not require us to disclose as much information to investors as a U.S. issuer is required to disclose, and you may receive less information about us than you might otherwise receive from a comparable U.S. company.

The corporate disclosure requirements applicable to us may not be equivalent to the requirements applicable to a U.S. company and, as a result, you may receive less information about us than you might otherwise receive in connection with a comparable U.S. company. We are subject to the periodic reporting requirements of the Exchange Act that apply to “foreign private issuers.” The periodic disclosure required of foreign private issuers under the Exchange Act is more limited than the periodic disclosure required of U.S. issuers. For example, we are required only to file an annual report on Form 20-F, but we are not required to file any quarterly reports. A U.S. registrant must file an annual report on Form 10-K and three quarterly reports on Form 10-Q. In addition, we are required to file current reports on Form 6-K, but the information that we must disclose in those reports is governed primarily by Colombian law disclosure requirements and may differ from Form 8-K’s current reporting requirements imposed on a U.S. issuer. Finally, we are not subject to the proxy requirements of Section 14 of the Exchange Act and our officers, directors and principal shareholders are not subject to the short swing insider trading reporting and recovery requirements under Section 16 of the Exchange Act.

It may be difficult or impossible to enforce judgments of courts of the United States and other jurisdictions against us or any of their directors, officers and controlling persons.

We are organized under the laws of Colombia. As of December 31, 2023, most of our directors and executive officers resided in Colombia. Furthermore, most of our assets are located in Colombia. As such, it may be difficult or impossible for you to effect service of process on, or to enforce judgments of U.S. courts against us and/or against our directors and officers based on the civil liability provisions of the U.S. federal securities laws.

Colombia and the United States are parties of the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters, commonly referred to as the Hague Service Convention (the "Convention"). In order to effect service of process within the United States upon us, the rules of the Convention must be followed. Such rules establish the following mechanisms to transmit a judicial document for service abroad: (i) a formal request conforming to the model of the Convention, (ii) directly through its diplomatic or consular agents, or (iii) alternative methods, such as postal channels or directly through judicial officers, officials or other competent persons of the country of destination.

Colombian courts will enforce a U.S. judgment predicated on the U.S. securities laws through a procedural system known under Colombian law as *exequatur*. Colombian courts will enforce a foreign judgment, without reconsideration of the merits, only if the judgment satisfies the requirements set out in Articles 605 through 607 of Law No. 1564 of 2012, also known as the Colombian General Code of Procedure (*Código General del Proceso*), which provides that the foreign judgment will be enforced if certain conditions are met.

Investors that elect to cancel their Éxito ADSs and deposit the underlying Éxito common shares to form Éxito BDRs may encounter more difficulties in protecting their interests than a shareholder of a corporation in Brazil, particularly since Brazilian Corporation Law does not apply to us.

Holders of Éxito ADSs, may upon payment of certain applicable fees, charges and taxes in accordance with the Éxito ADS Deposit Agreement, cancel their Éxito ADSs and receive the underlying Éxito common shares in Colombia. In addition, such Éxito common shares may be further deposited with the Éxito BDR Depositary, who will issue Éxito BDRs in Brazil in accordance with the Éxito BDR Deposit Agreement, as further described under "Description of American Depositary Shares and Brazilian Depositary Receipts—Description of Brazilian Depositary Receipts."

Éxito's business is governed by its bylaws, as well as other applicable laws and regulations, including certain securities laws of Colombia, the United States and regulations of the Colombian Stock Exchange and NYSE, where Éxito's securities are currently listed for trading. The rights of Éxito's shareholders and the responsibilities of its directors and executive officers under the laws of Colombia are different from those applicable to a company incorporated in Brazil. Éxito's bylaws provide for provisions different from those of Brazilian law, and the Brazilian Corporation Law does not apply to Éxito. Accordingly, capital increases, rights and obligations of shareholders, including voting rights, the right to withdraw from the company, preemptive rights, dividend distributions, attendance at general meetings, the election of members of management, conflicts of interest, among others, are governed by the laws and regulations of Colombia, which differ from Brazilian corporate legislation and regulations.

The rights of shareholders to take legal action against Éxito's directors, the actions of minority shareholders and the fiduciary responsibilities of Éxito's directors under the laws of Colombia are largely governed by the Colombian Commercial Code of 1971. As a result, holders of Éxito's BDRs may find it more difficult to protect their interests by taking action against Éxito, Éxito's management or principal shareholders than they would have as shareholders of a Brazilian company incorporated in Brazil and whose managers, directors and/or principal shareholders are also located in Brazil.

For this reason, to the extent that investors shall elect to hold their investment in the form of BDRs, subject to rights and obligations set forth in Éxito BDR Deposit Agreement, holders of Éxito BDRs may find it more difficult to protect their interests with respect to actions taken by directors and officers of Éxito and its principal shareholders than they would have as shareholders of a Brazilian company.

In addition, it may be difficult to obtain or enforce judgments against Éxito, its directors and officers in Brazil. Éxito is headquartered in Colombia and most of its assets are located outside Brazil. In addition, most of its directors and executive officers reside outside Brazil. As a result, it may be difficult to effect delivery of judicial notices within Brazil to such persons or to enforce judgments outside Brazil obtained against Éxito or such persons in Brazilian courts, including judgments in actions based on violations of securities laws and regulations. It may be more complicated or difficult for a Brazilian investor to bring an action in a court outside Brazil against Éxito or these persons based on violations of Brazilian securities laws and regulations than it would be if Éxito were Brazilian.

The requirements associated with being a foreign issuer of BDRs in Brazil will require significant resources from us and attention from our management.

As a foreign issuer in Brazil, we are subject to certain rules under the laws and regulations applicable to publicly traded companies in Brazil, including rules and regulations issued by the CVM and the B3. These rules and regulations may increase our legal, accounting and financial compliance costs and may make certain activities more time-consuming and expensive. For example, as a foreign issuer of BDRs in Brazil, we are required to appoint a legal representative in Brazil, prepare and annually disclose certain forms, as well as disclose a Portuguese-language version of all material information disclosed by us in Colombia and in the United States, including financial statements, material facts and other filings. Any new rules and regulations relating to disclosure, reporting, financial controls and corporate governance that are adopted by the CVM, B3 or other regulatory or self-regulatory bodies may result in a significant increase in our costs, which could adversely affect our business, financial condition and results of operations. Existing and any new obligations will also require substantial attention from our management and may divert management's attention from our business. Such cost increases and detour of management's attention could materially and adversely affect our business, financial condition and results of operations.

We may decide to withdraw the Éxito BDRs from the B3.

We may decide to withdraw the Éxito BDRs from the B3. Voluntary discontinuance of the BDR program will depend, among other obligations, on compliance with the procedures for eventual discontinuance of the program established by the B3 in its Issuer Manual. Unlike the deregistration of Brazilian public companies for trading in regulated securities markets, there is currently no requirement for a tender offer as a condition for the discontinuation of the BDR program. Thus, holders of the Éxito BDRs will not be able to prevent us from cancelling our registration with the CVM and withdrawing the Éxito BDRs from the B3.

We may decide to delist the Éxito ADSs from the NYSE.

We may decide to voluntarily delist the ADSs from the NYSE. Voluntary delisting of the ADS program would depend on, among other obligations, compliance with the procedures for eventual delisting of the program established by the NYSE in its Delisting Regulations. If delisting occurs, we may also deregister the ADSs with the SEC and seek to suspend or terminate our reporting obligations. In order to deregister with the SEC, among other things, at the time of deregistration (i) the Company must have maintained a listing of the ADSs for at least 12 months, (ii) the Company must have had a reporting obligation under the Exchange Act for at least 12 months and have filed at least one annual report and (iii) the ADSs must represent less than 5% of the overall (BVC, B3 and NYSE) average trading volume of the Company's common shares over the 12-month period.

Our controlling shareholder may influence us and may have a strategic view for our development that differs from that of our minority shareholders.

Grupo Calleja, our controlling shareholder, owns a beneficial interest of 86.84% of our share capital as of the date of this filing. Grupo Calleja has the power to determine the outcome of all material matters that require a simple majority of shareholders' votes, such as the election of most of the seats on our board, and, subject to contractual and legal restrictions, the adoption of our dividend policy, as well as all material matters that require the approval of two-thirds of the shareholders' votes. Grupo Calleja also exercises significant influence over our business strategy and operations. However, in some cases, its interests may differ from those of our minority shareholders. Certain conflicts of interest affecting Grupo Calleja in these matters may be resolved in a manner that is different from the interests of our company or our minority shareholders.

Following the tender offer by Cama, our public float has been reduced and has negatively affected the liquidity and market for our shares, BDRs and ADSs.

Following the tender offer by Cama, the number of shares of our common stock, BDRs and ADSs remaining in public circulation decreased and resulted in less liquidity and a less active public trading market for our shares, BDRs and ADSs. The low liquidity of the markets for our shares, BDRs and ADSs may impair shareholders' ability to sell their shares or holders of BDRs or ADSs to sell their BDRs or ADSs or the underlying shares of our common stock in the public markets in the amount and at the desired price and time, which could unfavorably affect the price of our common stock, BDRs and ADSs.

The current B3 rules do not allow foreign companies, such as Éxito, to adhere to the B3's special listing segments and, therefore, holders of the Éxito BDRs may not benefit from corporate governance practices that must be adopted by companies that are part of B3's special listing segments.

Éxito is registered in Colombia and therefore cannot adhere to the current special listing segments of the B3. For this reason, investors in Éxito may be assured less protection than those guaranteed to investors in companies listed on the special listing segments of the B3, which are required to adopt corporate governance practices and disclosure requirements in addition to those already imposed by Brazilian laws and regulations.

We may be classified as a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. holders of the Éxito ADSs.

A non-U.S. corporation generally will be classified as a passive foreign investment company ("PFIC"), for U.S. federal income tax purposes for any taxable year in which the corporation satisfies either of the following requirements:

- at least 75% of its gross income is "passive income"; or
- at least 50% of the average fair market value of its assets is attributable to assets that produce "passive income" or are held for the production of "passive income."

Passive income for this purpose generally includes dividends, interest, royalties, rents and net gains from commodities and securities transactions.

Based upon the composition of our gross income and gross assets, the market value of our assets and the nature of our business, we do not believe that we were treated as a PFIC for the taxable year ending on December 31, 2023 and do not expect to be treated as a PFIC for the taxable year ending on December 31, 2024. However, a company's PFIC status is a factual determination that is made on an annual basis and depends on the composition of a company's income and assets and, in general, the market value of its assets from time to time. If we were considered to be a PFIC for any taxable year during which a U.S. Holder (as defined in "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences." and "—Material Colombian Tax Consequences") owned our common shares or our Éxito ADSs, such U.S. Holder could be subject to significant adverse tax consequences, including increased tax liability on gains from dispositions of our common shares or Éxito ADSs and certain distributions on our common shares or Éxito ADSs and a requirement to file annual reports with the Internal Revenue Service. See "Item 10. Additional Information—E. Taxation—Material U.S. Federal Income Tax Consequences." and "—Material Colombian Tax Consequences" for more information. U.S. Holders should consult their tax advisers regarding the application of the PFIC rules to their investment in our common shares or our Éxito ADSs.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

General Corporate Information

Almacenes Éxito S.A. is a (*sociedad anónima*) domiciled in Envigado, Colombia and operates under Colombian laws and regulations. Éxito was incorporated under the laws of Colombia on March 24, 1950. The life span of Éxito continues until December 31, 2150. Éxito's agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor, New York, New York 10168.

Éxito's principal place of business is at Carrera 48 No. 32B Sur - 139, Envigado, Colombia. The telephone number at this address is +(57) 604 9696. Our corporate website address <https://www.grupoexito.com.co/en>. The information contained on, or that can be accessed through, our website is not a part of, and shall not be incorporated by reference into, this annual report. We have included our website address as inactive textual reference only.

History

Éxito was founded in 1949 when its founder, Gustavo Toro Quintero, opened a 16 m² store in downtown Medellín, Colombia, that sold textiles and bedsheets. In 1970, we opened the first Éxito store with 8,556 m². In 1972, we complemented our apparel and textiles with groceries, becoming the first company in Colombia to offer different types of products under the same roof under a hypermarket format. In 1975, Almacenes Éxito S.A. was established as a corporation and by 1989, we totaled three stores in Medellín and opened our first store in Bogotá. In 1994, the Company issued shares and was listed on the Colombian Stock Exchange.

In 1999, the Casino Group, a French retailer, acquired 25% of our shares and we began our expansion plan through local acquisitions that led to our position as the largest retail company in Colombia. In 2001, we merged with Cadenalco, which owned the Pomona and Ley stores, the later one the oldest operating supermarket in the country. In November 2005, we entered an alliance with Sufinanciamiento, which developed to Tuya, a consumer financial institution co-owned by us and Bancolombia S.A. ("Bancolombia"), the largest commercial bank in Colombia in terms of assets, according to the SFC, that currently has over 2.8 million active credit cards.

During 2007 three important corporate events occurred:

- (1) between February and May 2007, we acquired approximately 77% share of Carulla Vivero, the second largest retailer in Colombia founded in 1905;
- (2) the Casino Group acquired a majority stake in Almacenes Éxito S.A.; and
- (3) Éxito offered 50 million Restricted GDSs to qualified institutional buyers under Rule 144A in the USA and Regulation S in Europe, successfully entering the international capital markets.

By 2008, we completed the operational integration with Carulla Vivero and in 2009, Éxito purchased all outstanding preferred shares, which gave us over 99% ownership of Carulla Vivero, and in 2010, we acquired all remaining outstanding shares and received full approval by Colombian regulators to finalize the merger.

In 2008, we entered into partnerships with Suramericana and Avianca to offer insurance and travel services, respectively. Our low-cost format Surtimax and the direct operation of Éxito gas stations also began to operate during 2008.

In 2009, we signed a business collaboration agreement with Caja de Compensación Familiar ("CAFAM"), the owner of several supermarkets in Colombia, to operate their existing supermarkets under the Éxito brand, taking advantage of our knowledge and strength in operating hypermarkets and supermarkets and CAFAM's experience in operating pharmacies.

During 2010, we received antitrust approval from the Superintendency of Industry and Commerce for: (i) the integration of the former 31 CAFAM stores, and (ii) the merger with Carulla Vivero after the acquisition of the remaining 22.5% stake in Carulla Vivero. In this same year we issued common shares in the local market.