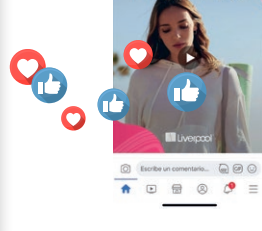
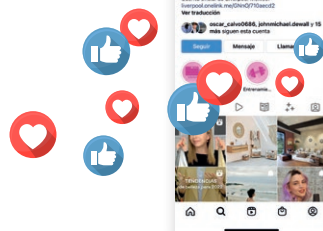
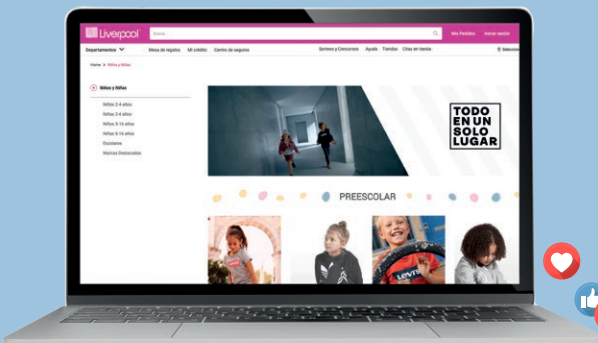
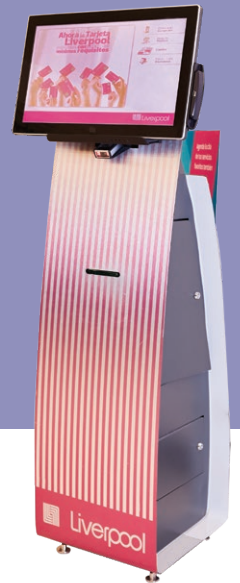


El Puerto de Liverpool

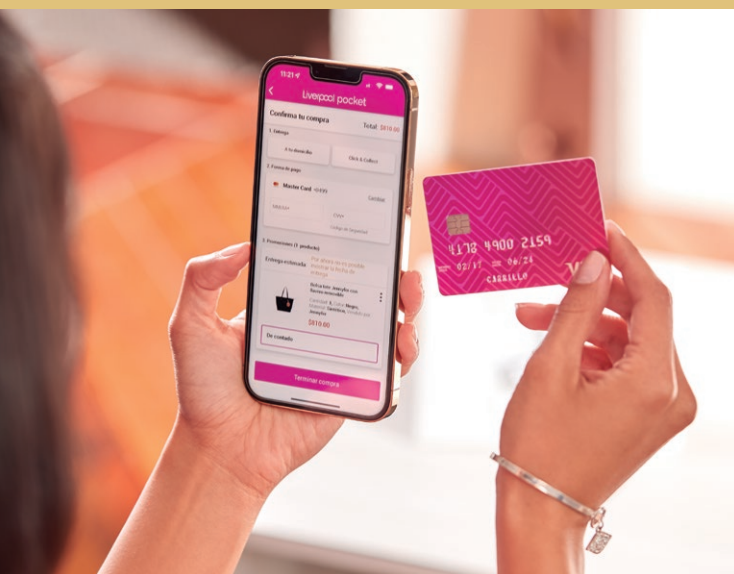


2021 INTEGRATED ANNUAL REPORT



80%

of suppliers assessed as low or very low risk (Responsible Sourcing Program).



151,022

billion pesos in total revenues.



28.3%

of electricity from renewable sources.



61%

of women in our workforce.

Data Highlights

SASB CG-MR-000.A, FN-CF-000.B

8%

of store brand revenues from products classified with sustainable features.



72,719
employees.

12,868
billion pesos in net income.

Operations	2021	% Var.	2020	2019	2018
Number of Liverpool stores	122	0.0%	122	123 ⁽³⁾	136
Number of Suburbia stores	164	1.8%	165	157	131
Number of Galerías shopping centers	28	0.0%	28	28	27
Store brand credit cards	6,052,762	6.3%	5,692,357	5,570,058 ⁽¹⁾	5,055,293
Results					
Total revenues	151,021,745	30.8%	115,472,547	144,233,507	135,534,751
Retail revenues	136,793,173	35.5%	100,939,628	127,322,604	120,276,234
Credit revenues	11,138,534	-6.8%	11,953,744	13,357,448	11,786,071
Real-estate revenues	3,090,038	19.8%	2,579,175	3,553,455	3,472,446
Operating income ⁽²⁾	18,733,360	391.4%	3,812,100	19,171,201	16,925,369
Majority net income	12,868,176	1615.5%	750,115	12,383,120	11,704,347
EBITDA ⁽²⁾	23,908,737	165.5%	9,006,327	23,876,638 ⁽²⁾	20,236,643
EBITDA margin ⁽²⁾	15.8%	8.03pp	7.8%	16.6%	14.9%
Earnings per share	9.57	1615.5%	0.56	9.23	8.72

(1) Includes Suburbia cards.

(2) Including IFRS 9 and 16 starting 2019.

(3) Includes transformation of Fábricas de Francia to Suburbia stores.

Figures in thousands of pesos, except for EBITDA margin and earnings per share.



23,909
billion pesos in EBITDA.

Report from the Chief Executive Officer

GRI 2-22



A year of rebirth

The year 2020 was a defining moment for all of us. A series of profound crises emerged from the global pandemic, but amid all the problems, it was also a year in which we had to change, innovate, and reinvent ourselves to be able to survive, and we learned to be swifter and lighter. In 2021 our goal was to keep up our pace despite the changes; to continue renewing and reinventing ourselves in our various areas. To maintain and build the momentum we've learned to live with.

We designed and put in place many projects aimed at building capacities we didn't have before, always guided by the desire to improve our customers' experience. We began an artificial-intelligence-based planning, supply and distribution project that will enter the production phase in 2022 and will help us be quicker and more efficient in the purchase and delivery of products. We also began changing our order management system, from one focused on stocking our department stores and other retail sites to a more agile, flexible system that enables us to adapt to the new needs of every customer in every purchase; this system will also start up in 2022.

Work continues on our new logistics center at Arco Norte, which will open its doors in the first quarter of 2022. Our evolution in environmental, social and governance (ESG) aspects remains underway and will ultimately improve El Puerto de Liverpool's Footprint in society. This year we've committed ourselves to meeting the very ambitious goals we set regarding our environmental impact by the year 2040. In September, we made the largest change ever in the history of our website and in Liverpool Pocket: we replaced the search engine and category tree and introduced personalization, so that each client sees different products on the page depending on their preferences; we introduced geolocation to serve customers more quickly, and we improved online login and payment processes, among many other changes. We fully reorganized our technological resources to focus on three main "tracks": Persons, Processes and Technology. All of this was done in parallel with changes in the way we innovate and make products, adopting and improving an agile, cell-based system. These included adjusting to comply with various legal provisions, like the labor reform and the tax authorities' introduction of a new waybill law, which required considerable resources and time on our part.

In the midst of this transformation, and although many of our stores were closed throughout the month of January and half of February, results were well above what we expected when the year began. Our total revenues were 4.7% higher than in 2019 (before the pandemic), our net income was 3.9% higher than the year before the pandemic, and our EBITDA was 0.1% above the 2019 level, which meant that we recouped our EBITDA margin at least one year earlier than planned.

The Liverpool brand outperformed all the others, yielding results well above what we'd obtained in any year in our history. At Suburbia, although sales were higher than those of 2019, we still have a long way to go in terms of margins and profits for the next couple of years. In credits we offered to our cus-

We began an **artificial-intelligence-based planning, supply and distribution project** that will enter the production phase in 2022.



Work continues on our new **logistics center at Arco Norte**, which will open its doors in the first quarter of 2022.

tomers, we closed the year with the lowest non-performing loan rate of the past 20 years. In our shopping centers, we remodeled and expanded Galerías Insurgentes and Galerías Monterrey, while the percentage of locales rented improved over the course of the year, closing at 91.1%, still a few percentage points lower than our pre-pandemic level. One of our biggest achievements was in inventory management. The crisis taught us to live with a little less inventory and to be more efficient, and that helped our margin. Faced with possible supply-chain disruptions in various categories at the start of this new year, these lessons are invaluable. Our balance sheet looks stronger than ever: thanks to strong cash flow in 2021, we ended the year with more cash than cost-bearing debt (negative net debt), which puts us on very solid footing to continue our transformation.

Our changes will continue in 2022, with a steady focus on the omnichannel experience of each customer. We will direct our investments primarily to logistic, technology and digital media. We believe we are well positioned to enhance our customers' preference and add more customers every day, whom we will have the pleasure of serving and assisting in all the options that El Puerto de Liverpool has for them.

Thank you,

Graciano F. Guichard G.

Chief Executive Officer

December 31, 2021



About El Puerto de Liverpool

GRI 2-1, 2-2, 2-6

We are **present in Mexico** through our retail brands **Liverpool, Suburbia, Boutiques, Galerías** shopping centers and **online channels**.



We are an omnichannel retail group that has transformed itself into an integrated ecosystem to serve our customers anytime, from anywhere. Our operations extend to the retail, financial and real-estate industries.

From our various divisions, we focus on our customers' needs with the capacity to respond to changes in their habits in both the products and services they require.

Mission

We serve the customer, everywhere, every day, for a lifetime.

Vision

To be the most attractive option for service, selection and value.

Values

- Productivity
- Teamwork
- Innovation
- Integrity

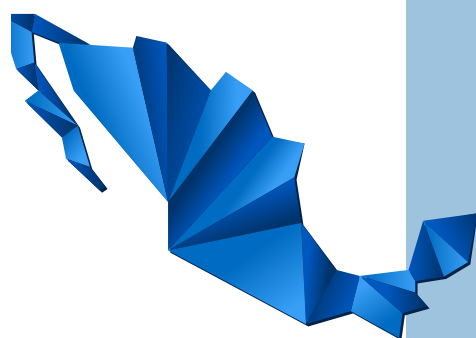
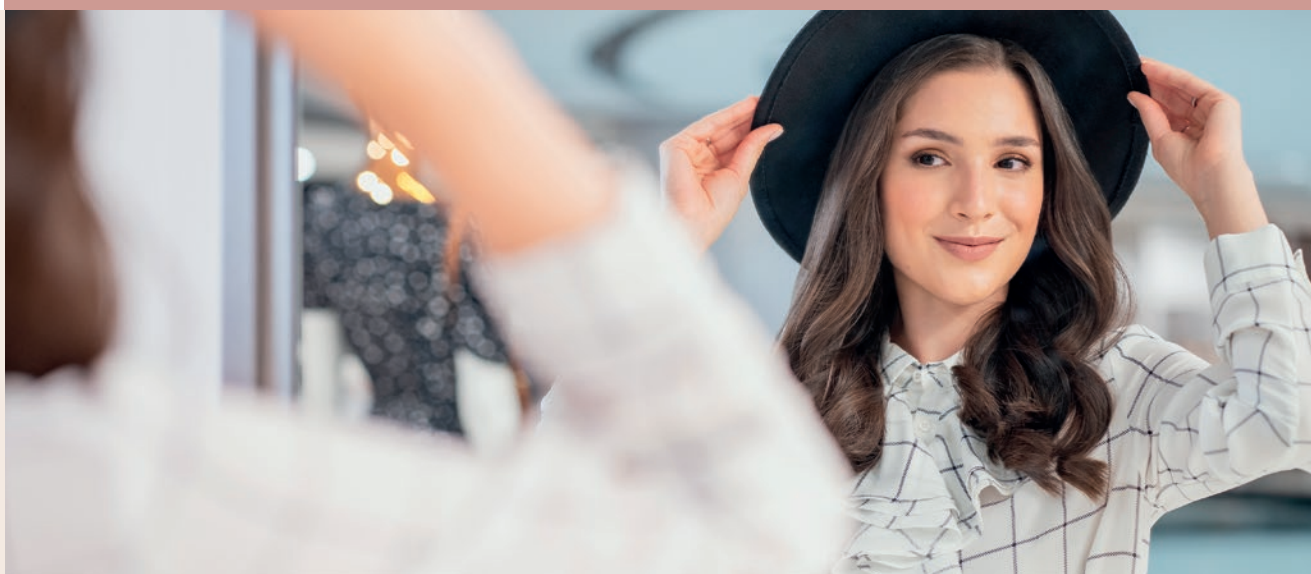
We focus on our **customers' needs**.

Retail	Financial	Real-Estate	Services
<ul style="list-style-type: none"> • Liverpool • Suburbia • Sfera • Williams Sonoma • Cosmetics 	<ul style="list-style-type: none"> • Financial businesses (Liverpool and Suburbia) • Insurance Center 	<ul style="list-style-type: none"> • Galerías 	<ul style="list-style-type: none"> • Complementary to retail activity
<ul style="list-style-type: none"> • Department stores • Stores 	<ul style="list-style-type: none"> • Department store credit cards • Premium Cards • Digital wallets • Digital wallets Insurance: comprehensive family protection, car and cell phone purchases, 	<ul style="list-style-type: none"> • Operation and leasing of shopping centers 	<ul style="list-style-type: none"> • Travel • Gourmet experience • Extended guarantee • Market place (commissions) • Rate plans and airtime • Miscellaneous: food, flowers



El Puerto de Liverpool, S.A.B. de C.V. is listed on the Mexican Stock Exchange (BMV) under the ticker symbol LIVEPOL and it operates in Mexico. It also holds a 50% stake in Unicomer, a company that has retail chains in 27 countries of Latin America.

We represent leading international brands through various formats, including boutiques and a presence in Liverpool, and operation of the travel business.



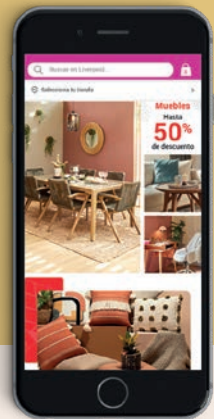
We are present in
every state of Mexico.

Strategic priorities

Omnichannel
experience



Digital
development





Subsidiary expansion



Logistical efficiency (PLAN)



Profitability



Sustainability



Report of the Board of Directors to the Shareholders' meeting

GRI 2-22, SASB CG-EC-000.A

El Puerto de Liverpool remains focused on its strategy: omnichannel service, selective growth in Liverpool department stores, rapid expansion of Suburbia stores and lending through new functionalities. We plan to become the omnichannel leader of the e-commerce market, tripling our digital sales in the next five years.

Thanks to the progress of the El Puerto de Liverpool ecosystem, **we promote profitable development** of the business and its financial strength—both key goals for our company.

To develop this strategy, we intend to offer the best assortment of products in each category, according to the customer's needs; to differentiate our offering through value-added services; to maximize the scope of our ecosystem; to expand our offering of financial services; to develop a robust loyalty and rewards program; and to provide the best advice and inspiration to our customers.

We work by leveraging our technology, supply chain and logistics, data analysis and artificial intelligence, and above all, the talent and commitment of our people, to provide a memorable and different experience to our customers in all points of contact.

Thanks to the progress of the El Puerto de Liverpool ecosystem, we promote profitable development of the business and its financial strength—both key goals for our company.

We began 2021 amid a second wave of closures of department stores, shopping centers and other retail facilities as the authorities changed the color-coded "stoplight" system for monitoring COVID-19 contagion to "red" in certain areas of Mexico, particularly in the central region. Our stores were able to reopen between late January and mid-February, with restrictions on shopper traffic, closings certain days of the week and strict sanitary measures. During the rest of the year there were constant changes in the stoplight code throughout the country, which obligated us to adjust our operations accordingly. The priority at all times was to protect the health of our customers, employees and vendors.

Our consolidated revenues were 30.8% higher than in 2020, totaling 151.02 billion pesos. To put this in perspective, revenues showed a 4.7% advance over the 2019 level.

In the retail segment, our revenues grew to a total of 136.79 billion pesos, a 7.4% increase over 2019 and 35.5% higher than in 2020. In same-store terms, Liverpool grew 35.5% over the previous year, while Suburbia reported a 49.1% increase. The department stores affiliated with ANTAD reported a 28.9% increase.



Our consolidated revenues were **30.8%** higher than in 2020.





The digital customer base
grew by close to

20%

In the first half of the year there was a surge in demand for major household goods, particularly electronics, furniture, appliances and home exercise equipment. Toward the second half of the year consumer goods demand picked up, including clothing sales. These categories, together with housewares, contributed most of the growth. By geographic region, Western Mexico, the Gulf, Southeast and Northeast regions all reported above-average growth.

The Puerto de Liverpool ecosystem intensified its focus on the customer and on sales. We made substantial progress in modernizing and expanding our e-commerce platform, which was installed at Suburbia as both a website and mobile app. Our apps continued to incorporate various services, like the Digital Wallet or bill payment, so they made up the lion's share of our digital sales. The Personalization project, which incorporated the "Carrousel" format, displayed suggested merchandise in line with customer preferences, resulting in a fourfold rise in sales. The digital customer base grew by close to 20%. In our Omnichannel strategy, we mounted an offering of online sales with same-day pickup at Liverpool stores, or 24-hour delivery to the customer's home. In credit, we released a consumer credit management platform at Suburbia where clients can purchase goods with a down payment, fixed interest rate and immediate delivery. In Logistics, we started up the new transportation management



system (TMS) and began modernizing the delivery order management system (OMS). A new version of the warehouse and store shelf stocking platform was launched, covering the processes of collection, packing and shipment.

Alongside our physical stores, digital operations added to the omnichannel nature of El Puerto de Liverpool, which continued posting solid performance. Digital sales grew 4.7% over the previous year and were 2.7 times the 2019 level, accounting for 22.6% of sales in 2021. This was sustained primarily by Marketplace, which saw a tenfold jump in sales compared to 2019. Suburbia followed close behind with a sixfold rise in sales over 2019.

During the year, Logistics met its on-time delivery promise 94% of the time—a 4-point improvement of the year before. Our goal is to reach 99% by 2025. In-store stocking strengthened our competitive advantage, increasing its weight in the total by 2.6 times. Click & Collect operations played a crucial role in servicing our customers, accounting for close to 30% of digital sales by the end of the year.

Development of the Arco Norte Logistical Center (called PLAN, for its initials in Spanish) continued on schedule, and is expected to start big-ticket processes in the first half of 2022. A second phase incorporating Soft Lines is planned for 2024. This new logistical node will be the main enabler of unified commerce capacities in our supply chain, designed to provide the best customer experience, sustainably.

Our Financial Business division reported a 6.8% decline in revenues, because of increased caution over lending. Our credit risk management brought the loan delinquency rate to record low levels, ending the year at 2.2%, which in turn meant a significant 64% reduction in the provision for uncollectable accounts. The ratio of reserves coverage closed at 5.7 times. In keeping with our growth strategy, there were more than a million Suburbia credit card accounts at the end of the fiscal year.



Click & Collect operations played a crucial role in servicing our customers, accounting for close to 30% of digital sales.



Our Real-Estate division ended the year with an **occupancy rate of 91.1%**, slightly higher than the close of the preceding year.

Our Real-Estate division ended the year with an occupancy rate of 91.1%, slightly higher than the close of the preceding year. Revenues improved by 19.8% and the remodeling and expansion work was completed at our Perisur, Galerías Monterrey and Insurgentes shopping centers.

The gross retail margin was 31.3% at year-end, 50 basis points lower than in 2019, attributed to changes in the product mix. Solid inventory control minimized the need for discount sales. Proper planning on merchandise imports gave us the inventory we needed, at the right time.

Expense control continued to play an outstanding role in an uncertain environment. Operating expenses before depreciation and the provision for uncollectible accounts rose by only 5.7% over 2019.

EBITDA for 2021 totaled 23.91 billion pesos, a significant recovery from the 9.01 billion reported for 2020, and back to its 2019 level of 23.88 billion pesos. The EBITDA margin was 15.8%, just about in line with where it was before the pandemic began.

Net income totaled 12.87 billion pesos, 3.9% above the 2019 figure.

At the close of the year, we had a cash position of 32.49 billion pesos. During the year we paid off some of the outstanding 2016 bond for 252.4 million dollars, in order to improve our maturity curve. We were able to do so because of strong sales performance.

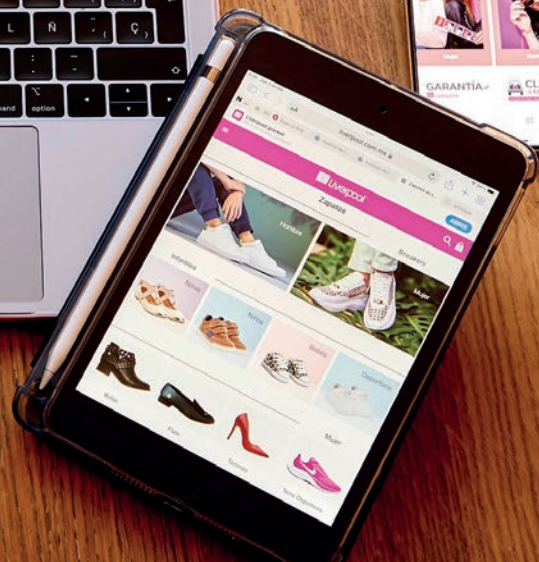
We invested a total of 5.97 billion pesos in 2021, 32% of which went to logistics projects, 23% to store openings and 19% to computer engineering processes.

We opened a Liverpool La Perla in the city of Guadalajara, Jalisco, along with seven new Suburbia stores.

Grupo Unicomer, a company that deals in furniture, electronics, housewares, motorcycles, eyewear and consumer credit in 27 countries of Latin America and the Caribbean,



We made **substantial progress** in modernizing and expanding our **e-commerce platform**.





reported profits of 34.7 million dollars for the year, better than expected, due primarily to a reduction in the provision for uncollectible accounts compared to 2020. Unicomer has 1,165 retail outlets and more than 13,000 employees.

Education is a very high priority for the group, so last year we once again made the course offerings of Liverpool Virtual University available to employees, family and friends. These programs include primary, high school and college education (official diplomas). During the year more than 4,200 employees took advantage of these programs. 488 earned their college diplomas and 137 earned primary and high school equivalency degrees.

The efforts made by this company, and our commitment to ESG principles, earned us first place in the Corporate Integrity 2021 rating, published in Expansión magazine last year. Furthermore, in recognition of our processes, policies and initiatives, we received Top Employer certification for 2022.

Our Ordinary Shareholders' meeting on March 18, 2021, declared a dividend of 2.01 billion pesos on the 1,342,196,100 shares representing the company's capital stock. The Board of Directors set the payment dates for October 29, 2021 and January 28, 2022.

We opened a
Liverpool La Perla in the
city of Guadalajara, Jalisco,
along with seven new
Suburbia stores.



This year we are reporting for the first time with a sustainability approach. The documents and information are aligned with international standards developed by organizations like GRI and SASB. This reflects the commitment held by El Puerto de Liverpool through its “Footprint” strategy, and our stated goal of becoming a zero-emissions company by the year 2040.

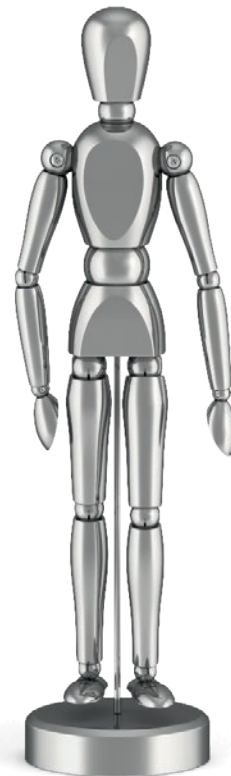
In 2021 we were favored by a climate of recovery, and through continuous improvement in our operations we were able to satisfy our customers through any channel and selected payment method, preserving their own health and that of our employees and vendors.

Now is the time to thank our shareholders, customers, vendors, tenants and employees for their confidence during this year of building the ecosystem at El Puerto de Liverpool.

Sincerely,

The Board of Directors

Mexico City, December 31, 2021



+4,200
employees participated
in Liverpool Virtual
University programs.



The Footprint of El Puerto de Liverpool

GRI 3-3





Opportunities for the customer

As part of our mission, we try to improve the quality of life for our customers with a complete value proposition of products and services, and a shopping experience that exceeds their expectations.

We serve Mexican families with respect to all forms of diversity, and we want to strengthen a shared culture of sustainable development.

Our priorities are inclusion and responsible consumption.

The following are our main initiatives.

Inclusion

- **Accessible facilities.** We offer wheelchairs to clients with reduced mobility and began a comprehensive intervention plan at all our stores, beginning with an accessibility diagnosis of each of them and of our workplaces.
- Through **credit**, we facilitate access to products for our customers, with clear and above-board information about the terms. Our portfolio of store cards is complemented by a range of cards that can be used outside our stores, and accessible opportunities whatever the customers' specific circumstances may be. We also have insurance centers that facilitate and promote prevention and care for family wealth and personal property.
- We provide **financial education** through content in the Liverpool and Suburbia YouTube channels, to help reduce the knowledge gap.





Responsible consumption

- We expanded our **offering of products with sustainable features**, which is constantly growing. We began with Liverpool and textile products, prioritizing cotton apparel that has the international Better Cotton Initiative label. We try to communicate to customers the importance of each certification and to contribute to environmental efforts with their shopping decisions.
- These efforts are augmented by the **development of store-brand products** that meet the highest standards of sustainability, as explained in the chapter on commercial partner management.
- To ensure sustainability is present throughout the Liverpool store experience and to involve customers as active participants in this effort, in 2022 we launched **products with a cause** in our restaurants and gourmet shops, which donate to various social causes.

Human capital management

El Puerto de Liverpool is a place of professional opportunity for our employees, and we are concerned about their welfare.

Faced with the challenges of the pandemic, last year we reacted swiftly to guarantee their health and their jobs and 2021 we redoubled our efforts. We updated COVID-19 response protocols and encouraged vaccination. At the same time, we organized a flu vaccine campaign. Our medical team was available to employees at all times, as was our psychological help line.

Our culture of prevention and care among employees was crucial, including the efforts of staff who acted as Wellness Ambassadors and Contagion Control Supervisors. We set out awareness-raising message throughout the year.



We expanded our **offering of textile products with sustainable features** that have the international Better Cotton Initiative label.





We continue to advance in our basic strategy lines aimed at talent development: diversity, training and development and wellbeing in its broadest sense.

Diversity

We promote a culture of diversity and inclusion in hiring and promotion within our teams, in keeping with our Code of Ethics.

That is why we believe it is fundamental to **train and build employee awareness**, which we do through talks on sexual diversity and gender.

We want to continue to strengthen ability to offer women options for **professional development**. At Suburbia, we offered leadership training to women in coordination, management and under-management positions, building a train of management succession. We will extend the scope of this program in 2022.

We have also brought in the first generation of trainees with disabilities, under an alliance with organizations specializing in effective integration.

Based on these efforts, in 2022 we will be working toward **certification** of the first set of workplaces by Mexican standard NMX-R-025-SCFI-2015, which addresses job equality and non-discrimination.

We continue to support **women's professional development**. Suburbia provides leadership training to women in executive positions.





Liverpool Virtual University offers primary, middle-school, high-school, technical, college and master's level education.



Training and development

GRI 404-2

We facilitate and assist our employees with their professional and personal advancement.

- **Liverpool Virtual University** offers primary, middle-school, high-school, technical, college and master's level education, giving employees an opportunity to acquire stronger job skills.
- We added specialized **technical training programs** for the different positions in our teams.

To attract talent and promote professional opportunities for youth, we have **internship programs**, which we reinforced through eight additional agreements with universities and other educational institutions in 2021.

Wellness

GRI 401-2

In addition to the abovementioned measures in response to the COVID-19 pandemic, we continued our efforts to ensure the health, safety and satisfaction of our employees.

During the year our **holistic wellness program** called “Creating a better me” publicized best financial health practices along with physical and emotional health talks. We also held our annual run, conducted virtually and joined by 2,558 employees.

Thanks to this holistic focus, we once again excelled in the working conditions. We came in 15th among the Super Workspaces in the 2021 Top Companies ranking, and Top Employer 2022 for our benchmark human resource practices in 2021.

Relations with commercial partners

Our commitment to best environmental, social and governance practices (ESG) extends to our suppliers as well. We try to support them in managing their businesses sustainability, reducing the risk of supply-chain impacts.

We encourage innovation focused on sustainable development, both in their management models and in their products and services, always guaranteeing the highest quality, for the safety of our customers.

Our priorities include vendor evaluations, sustainable product development and diligence about quality.

Responsible sourcing

GRI 308-2, 404-2

- We request a Social Responsibility audit of all suppliers and installations, consistent with internationally recognized principles and codes like ETI®, BSCI, SEDEX, WRAP, and others, which examine auditing labor practices like fair wages, the absence of child labor, and working conditions in our suppliers' factories. We also assess their environmental performance.
- The process is structured in phases: the first covers 520 suppliers and the second covers another 296. This assessment has already been applied to suppliers of all the Suburbia and Liverpool store brands, to suppliers with



Our **commitment to best ESG practices** (environmental, social and governance practices) extends to our suppliers as well.



We promote the **consumption of products** with containers or packaging that incorporate components that **lessen their environmental impact**.

orders totaling more than 500,000 pesos, and suppliers of goods not for sale. This program helps us to avoid negative impacts .

- To encourage governance and a culture consistent with high ethical standards, this year we published a Supplier Code of Ethics, which we distributed for their signature, beginning with those who are evaluated in the Responsible Sourcing Program. At the close of 2021, 100% of Suburbia suppliers, 62% of Liverpool suppliers and 40% of goods-not-for-sale suppliers had signed this code.

Product development

GRI 306-1, 306-2, SASB CG-EC-410a.2; CG-MR-410a.3

- In store-branded merchandise, we made further progress on incorporating recycled, recyclable or environmentally friendly packaging and containers. For instance, our hangers now contain 50% recycled polystyrene. In our shoe boxes, currently 100% of the Suburbia and Liverpool store brands use Forest Stewardship Council (FSC)-certified cardboard, which guarantees it comes from sustainably managed forests.
- With regard to product composition, also in our proprietary brands, we focus on textile produces and require that all our cotton be sustainably sourced (certified by the Better Cotton Initiative), and use recycled fiber in their manufacture.
- We try to convey these management efforts to our suppliers' culture, and during the year we began developing a sustainability training program, which will be launched in 2022.

Quality

GRI 416-1

- We comply strictly with all commercial labeling laws so that customers are able to make the best purchasing decision based on their needs.

- We also ask suppliers to provide quality certifications based on independent audits, so we can ensure they are also in compliance
- Because we offer a selection of foods in our restaurants and gourmet shops, we have H Distinction certification in all our establishments. This includes the measures and trainings necessary to ensure food safety and handling.

Ethics and compliance

El Puerto de Liverpool encourages an organizational culture based on ethical management and compliance with internal and external policies and codes. Relations between our employees and other stakeholders are guided by company's **Code of Ethics and Code of Conduct and Integrity**.

The following are further details on our working framework and progress during the year.



We have **H Distinction certification** in all our food establishments.





We make our **Línea Ética** ethics hotline available to all of our employees and the general public and have campaigns to encourage people to learn about and use it.

Business ethics and compliance

GRI 205-1, 415-1, 2-26, 205-1, 415-1

- Our employees receive **training** through a broad-based program covering issues such as guaranteeing free competition in procurement, among others. It is available online for our entire workforce.
- We make our **Línea Ética** ethics hotline available to all of our employees and the general public. We launched several campaigns last year to encourage people to learn about and use it, and also to remind them of the importance of following our policies and codes. The Compliance area is in charge of monitoring adherence to the codes, although the cooperation of all our teams and employees is also essential. All reports received are handled with absolute respect for all parties, a process involving the Ethics Committee.
- Liverpool does not receive financial aid or assistance from the government of any kind, nor does it make political contributions.





Security and use of information

SASB CG-EC-230a.1; CG-MR-230a.1; FN-CF-230a.3

Operations at El Puerto de Liverpool are sustained by technology, which makes it possible to offer our value proposal, ensure process efficiency and learn about changes in our customer's purchasing habits in the digital environment.

- The Group has a solid structure for responding to the type of cybersecurity risk we are seeing today around the world. This includes a Cybersecurity Operation Center (SOC), responsible for actively monitoring and responding to possible threats.
- In our continuous monitoring we conduct access testing and evaluate platforms against benchmark standards. We have a certificate of compliance with International Security Standard PCI-DSS 3.2.1 for the use of credit and debit cards as payment methods.
- We also know that building employee awareness about security and use of information is a key aspect, so we conduct frequent campaigns throughout the year to ensure they exercise due care in all their activities.
- We are also very careful about how we use the data our customers supply us. We abide by the law and avoid any practice that might harm them. Our customers are able to exercise their rights to access, rectification, cancellation and opposition (ARCO) regarding the handling of their personal information.



The Group has a **solid structure for responding to the cybersecurity risks** we are seeing today around the world.



Environmental performance

In order to operate with increasing respect for the environment, we have been working on our processes, incorporating the criteria of circular economy and eco-efficiency and reducing emissions of the greenhouse gases (GHG) that contribute to climate change.

Our roadmap incorporates initiatives designed to maximize our impact through collaboration between various areas and teams. The progress we made last year supported a statement of medium-term commitments, which reflect the priority that El Puerto de Liverpool places on the environment.

Our commitments for the year 2040 are:

- ✓ To be a Net Zero company in the GHG emissions we manage directly, reducing them by close to 268,000 metric tons of CO₂ equivalent.
- ✓ Set emission reduction goals based on international methodologies, specifically goals aligned with the Science Based Targets initiative (SBTi).
- ✓ Recycle 100% of the eligible waste, equivalent to around 26,000 metric tons a year.
- ✓ Progress on our water balance, with the following specific targets: 1) reduce freshwater consumption by at least 1,070,000 m³; 2) treat approximately 885,000 m³ of the water we use; 3) continue increasing our rainwater capture.

Environmental culture

As part of our sustainability training program for employees, we have developed content on environmental management, which includes specialized topics like waste storage.

We also distribute our Environmental Policy on a regular basis, encouraging all employees to align with these principles.



We work on processes to **improve our environmental performance**, incorporating the criteria of circular economy and eco-efficiency and reducing greenhouse gas (GHG) emissions.





Energy and emissions

SASB CG-EC-410a.2

We manage these from two positions:

- 1. Reduction of energy consumption** through efficiency initiatives. During the year we conducted an exhaustive analysis of technologies and systems in order to continue our progress, and completed phase 2, the most important in this process– the change of lighting fixtures to LED technology.
- 2. Increased use of renewable energies.** We combined third-party supply under supply agreements with self-generation through solar panels on our buildings. In 2021 we also began incorporating the first hybrid and electric trucks for distribution of merchandise to customers, and we set up charging stations. This is the first step in a much broader commitment.

Additionally, we calculated our Scope 1 and 2 GHG emissions, which are reported in the ESG Annex. With this, we track them throughout the year and monitor the efficacy of the energy measures indicated.

We combined third-party supply under supply agreements with self-generation through **solar panels** on our buildings.





The Arco Norte Logistical Platform (PLAN, by its initials in Spanish) is the first El Puerto de Liverpool facility designed with a commitment to sustainability. Besides having LEED certification, it operates on a water-neutral, CO₂-neutral and waste-neutral basis.

- **Scope 1** - direct emissions resulting from our activities: consumption of fuel in our locations, emissions of refrigerant gases leaked from air conditioning equipment and consumption of fuel in the group's own logistics fleet.
- **Scope 2** - electrical energy consumed from non-renewable sources.

Water and waste

GRI 306-1, 306-2

Our strategy for water use efficiency is structured along the following axes: acquisition of technologically advanced equipment, rainwater capture in our buildings and reinforcement of monitoring and maintenance to immediately address any discrepancies in consumption.

Also, we have wastewater treatment plants at 24 locations, in which we reuse water for sanitary facilities and watering.

To manage the waste generated in our facilities, we acted to optimize its use and give it a second life. The key lies in correct separation through the availability of appropriate spaces and training of our employees, along with the hiring of companies that specialize in waste treatment. We address the specific aspects of each kind of waste: for example, we use biodigesters to treat the organic waste generated in our restaurants.



Circularity in processes and products

SASB CG-EC-410a.2; CG-MR-410a.3

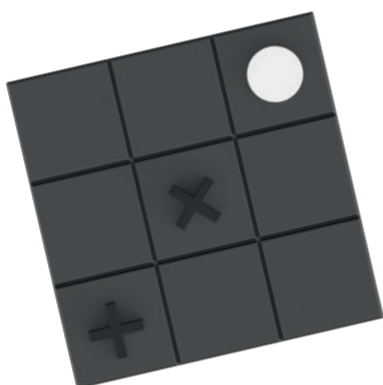
We incorporated the circular economy approach to our processes, seeking to optimize resource utilization and taking advantage of waste, as outlined previously.

A fundamental part of this is our Comprehensive Sustainable Packaging System, which we describe in the chapter on Relations with Commercial Partners.

Arco Norte Logistical Platform: committed to sustainable operations

The Arco Norte Logistical Platform (PLAN, by its initials in Spanish) is the first El Puerto de Liverpool facility designed with a commitment to sustainability. Besides having LEED certification, it operates on a water-neutral, CO₂-neutral and waste-neutral basis. To achieve this, PLAN incorporates the following measures in its operations:

- **Water:** We have rainwater capture systems covering all of our operating needs, primarily cleaning and watering. There is also a wastewater treatment plant with the capacity to handle 215,000 m³ per year, so that the water can be returned to Xhitey creek.
- **GHG emissions:** We have planted 20 hectares of green areas with resilient species endemic to the region, which will attract more than 85,000 kg of CO₂ per year, offsetting what we generate in our operations by 1.2 times. We also substituted LP gas for electrical energy, which enabled us to avoid generating 1,190 metric tons a year of CO₂.
- **Waste:** Our management system involves separating out waste that can be reused or recycled, to contribute to our goal of sending zero waste to landfills. We estimate that 3,100 metric tons of our cardboard are recycled each year, among other waste products. Also, the first PLAN biodigester plant will have the capacity to process 545 kg of waste per day.



We incorporated the **circular economy approach** to our processes, seeking to optimize resource utilization and taking advantage of waste.



Social commitment

As a group, we want to support education, which is the engine of opportunity for society. We adopt a holistic approach for our contributions, supporting better infrastructure and quality of life, which benefit both students and teachers.

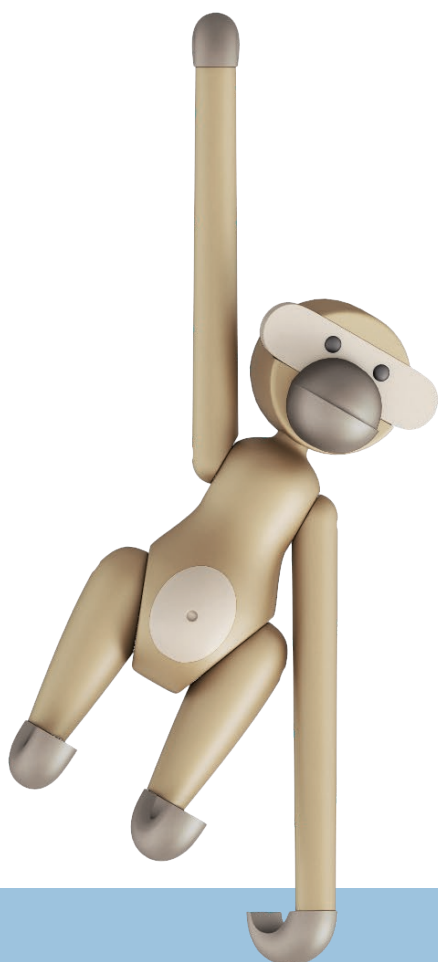
Holistic education program

We develop various lines of action with our allies, with whom we share a purpose. We work to promote education in our communities, for students from 3 to 18 years of age and their families, and key educational agents. To this end, we pursue the following actions:

1. Strengthening Liverpool Virtual University as a platform open to all of society. Its course offering is structured into programs for professional development and in 2021 we added parenting courses and personal wellness topics. During the year, 3,504 students participated in these academic programs.

We also introduced the open digital high-school equivalency program through the same platform—focused especially on youth—developed by El Puerto de Liverpool together with our allies. The program will begin in 2022.

2. Improving our educational infrastructure and the capacities of teachers and administrators. We have made progress identifying the schools to sponsor in 2022, considering the areas of influence around our locations.
3. Developing an open course offering for teachers and administrators, where we have already structured programs for launch, aimed at school principals, vice principals, administrators and teachers.
4. Strengthening technical training including technical high-school degrees that connect the company's talent attraction needs with opportunities in our value chain.



We strengthened
Liverpool Virtual University
as a platform open to
all of society.

The “Successful Careers” program identifies positions within the professional qualifications at el Puerto de Liverpool and then generates ties with related high school programs that have the models for implementing professional internships.

During the year we signed various agreements and made particular progress in our program for the food and beverages team, starting by the position of cook.

Other social initiatives

Our commercial activities allow to organize toy drives during the holiday season through online donations to a digital gift registry and containers in our headquarters. For the first time, we also placed collection bins in stores in our Puebla and Tlaxcala shopping centers. We are proud to have the unfailing support of our customers, which made this campaign a great success. This year, we presented 1,364 toys to disadvantaged children through specialized organizations.

In all of these actions, the involvement of our employees was crucial. Although we had to scale back volunteer activities and channel them through digital media in 2020, in 2021 we resumed face-to-face activity, with a focus on education and the environment. The following are two of the most important of these:

- We approached academic institutions facing a scarcity of resources and offered to restore sports facilities and leisure areas in their premises. We worked with schools in Mexico City and Mexico State with the participation of more than 90 volunteers, who donated a total of 368 hours of time.
- To benefit the environment, we took part in the reforestation of 300 endemic tree species in the municipality of Huixquilucan, thanks to the altruistic work of 45 volunteers from El Puerto de Liverpool.



Corporate governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-17, 2-19, 2-20

Our corporate governance follows international best practices and is supported by informed decision-making guided by a long-term strategy.



53%
of Board members
are independent.

Our **General Shareholders' Meeting** is responsible for approving the group's annual results, which are presented by the Board of Directors. It also approves the appointment of Board members, which the board itself proposes.

The **Board of Directors** of El Puerto de Liverpool appoints the Chief Executive Officer, defines company strategy, approves the annual budget, reviews the performance and operations results that are the responsibility of the management team, and ensures the company remains in compliance with the applicable laws and regulations.

The Board is made up of professionals recognized for their extensive business careers. It consists of 15 regular members, seven related and the remainder independent (53% of the total). There are no alternates. Because we are committed to continuing to advance diversity in all of our governance bodies, 13% of our board members are women.

Board members serve for annual terms and may be reelected without a limitation on the number of terms they serve, although there is an age limit for remaining in the position. The current seniority of our board members is 21 years.

The Board meets quarterly, in ordinary sessions, and may also meet for extraordinary sessions when necessary. The average attendance this past year was 97%.

The Chairman of the Board, vice chairpersons and secretary are nominated by the board members and approved by the Shareholders' Meeting. Every year they receive training in different key aspects for strategic decision-making.

The **Audit and Corporate Practices Committee** supports the Board in monitoring compliance with the audit function, ensuring the internal and external audits are carried out with





This year saw the first meetings of the **El Puerto de Liverpool Footprint Desk**, led by the CEO, to advance the Group's sustainability strategy and commitment to ESG issues.

the utmost objectivity and efficacy. It also checks to ensure the financial information is reliable and evaluates compliance within the company with self-regulation and external regulation. All of its members are independent.

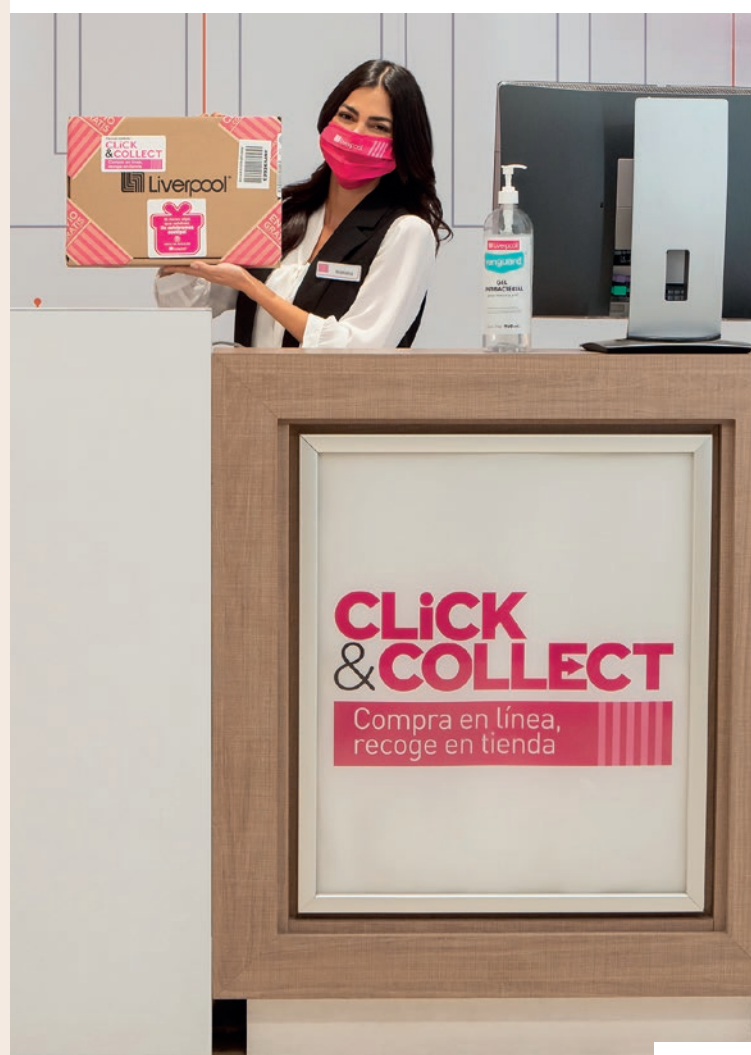
In 2021 a new group began its meetings: The **El Puerto de Liverpool Footprint Desk**, a top-level team that addresses the progress of our sustainability strategy in quarterly meetings. This task force, led by the CEO, is a sign of the Group's profound commitment to adopting ESG factors in decision-making at all levels.

The Board of Directors also has the support of the Patrimony Board, which issues specific recommendations and consists of four members.

The Group's **senior management** is comprised of professionals with considerable experience and a strong commitment, led by the Chief Executive officer, who is in turn appointed by the Board of Directors.

Compensation for Board Members is determined on the basis of their attendance at board meetings and is approved by the Shareholders' Meeting. In the case of senior management, the Board sets the compensation for the Chief Executive Officer, who in turn sets the compensation for the other company officers. Compensation is made up of a fixed portion and bonuses associated with the achievement of annual targets which, depending on the case, may include ESG aspects and the Group's operating results.

Risk management in the organization is carried out in each area, which facilitates in-depth analysis and specific awareness of factors. The efficacy of prevention and mitigation measures is monitored by the Audit and Corporate Practices committee, which in turn reports to the Board of Directors.



Board of Directors

Max David¹

Chairman
40 years*

Madeleine Brémond S.¹

CEO of Orion Tours, S.A. de C.V.
29 years*

Enrique Brémond S.¹

Administrator, Victium, S.A. de C.V.
25 years*

Carlos Danel²

Chairman of the Board of Gentera,
S.A.B. de C.V.
1 year*

Juan David¹

Corporate Director, Banco Invex,
S.A. de C.V.
29 years*

Graciano F. Guichard G.¹

Chairman of the Board of El Puerto de
Liverpool, S.A.B. de C.V.
1 year*

Juan Miguel Gandoulf^{2,3}

Director of Sagnes Constructores,
S.A. de C.V.
24 years*

Armando Garza Sada²

Chairman of the Board of Alfa,
S.A.B. de C.V.
26 years*

Graciano Guichard M.¹

Chairman of the Board, M. Lambert
y Cía. Suc., S.A. de C.V.
40 years*

Guillermo Simán²

Vice Chairman of Grupo Unicomer
11 years*

Maximino Michel G.¹

Chairman of the Board and CEO
of 3H Capital
28 years*

Javier Arrigunaga^{2,3}

Chairman of the Board of Grupo
Aeroméxico, S.A.B. de C.V.
3 years*

Andrea Hernández Velasco²

President of Fundación Legorreta
Hernández, A.C.
2 years*

José Cohen Sitton²

Adjunct CEO, BabyCreysi
2 years*

Alejandro Ramírez Magaña²

CEO, Cinépolis de México, S.A. de C.V.
2 years

Ignacio Pesqueira

Secretary
Partner, Galicia Abogados, S.C.

Norberto Aranzábal

Secretary Pro Tem
Partner in Aranzábal Rivera Abogados, S.C

Honorary Chairman

Enrique Brémond P.

Honorary Board Members

José Calderón
Ricardo Guajardo
Miguel Guichard
Esteban Malpica
Jorge Salgado
Luis Tamés
Pedro Velasco

- ¹ Related Board Member
- ² Independent Board Member
- ³ Audit Committee Member

* Years on the Board

Patrimony Board

Enrique Brémond P.

Chairman

Juan David

Member

Miguel Guichard

Member

Magdalena Michel

Member

Madeleine Brémond

Alternate Member

Monique David

Alternate Member

Magdalena Guichard

Alternate Member

Bertha Michel

Alternate Member

Alejandro Duclaud

Secretary

Senior Management

Graciano F. Guichard G.

CEO, El Puerto de Liverpool
19 years*

Santiago de Abiega

Chief Financial Services
23 years*

Jacobo Apichoto

Chief Legal Officer
24 years*

Zahíe Edid

Chief Organizational Development Officer
18 years*

Juan Ernesto Gómez Enciso

Chief Internal Auditor
13 years*

Enrique Güijosa

Chief Finance and Administration Officer
13 years*

Carlos Marín

CEO, Liverpool
8 years*

Alejandro Melgar

CEO, Suburbia
15 years*

Ernesto Ynestrillas

CEO, Real-Estate Division
30 years*

* Years with the Group



Annexes

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ANNEX 1

Sustainability approach

I.1. Stakeholder engagement

GRI 2-28, 2-29

All of our stakeholders are key to our operations. We try to create value for each of these groups, maximizing our positive impacts through our ESG performance.

We want to move forward together, with a shared commitment to sustainable development.

We identified our stakeholders based on our various teams' internal and external relations. We maintain close dialogue so that they are not only kept informed of our performance but can play an active role in it. We also work to remove any barriers to understanding and involvement.

At the industry level, we are members of the National Association of Supermarkets and Department Stores (ANTAD)

Our integrated report is an essential component in our communication with them.

Stakeholder group	 Customers/visitors	 Employees	 Suppliers	 Community
Channels	<ul style="list-style-type: none"> E-commerce and online financial services platforms Store and shopping center operations Campaigns and other forms of marketing Focus groups on innovations and customer experience and/or product and service portfolio Social media 	<ul style="list-style-type: none"> Workplace environment evaluation Línea ética Mi Puerto (Intranet) and internal communication campaigns General and area meetings Training sessions, including the Universidad Virtual Liverpool (UVL) platform 	<ul style="list-style-type: none"> Evaluation in responsible sourcing program Order and order tracking Assistance in external certification of suppliers Training sessions 	<ul style="list-style-type: none"> Volunteer activities UVL open to the community Support for local organizations
Stakeholder group	 Competition	 Investors	 Authorities	 Media
Channels	<ul style="list-style-type: none"> Involvement in industry and business associations 	<ul style="list-style-type: none"> Shareholders' Meeting Special section of our website Reports to Shareholders (quarterly, annual) Responding to requests for information from capital suppliers, including ESG performance evaluation Roadshows Liverpool Day 	<ul style="list-style-type: none"> Required reports and documentation Monitoring of regulatory agencies 	<ul style="list-style-type: none"> Press conferences and releases

I.2 Materiality analysis

GRI 3-1, 3-2

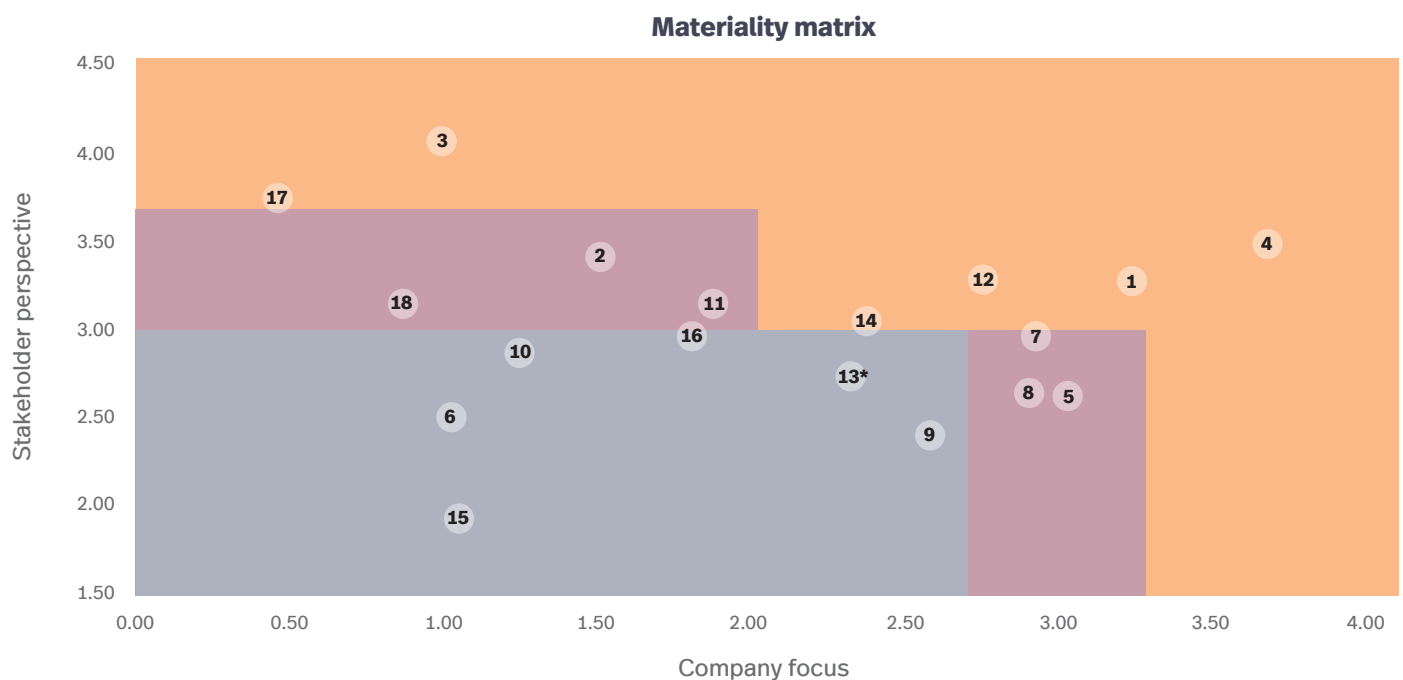
Our goal was to identify critical Environmental, Social and Governance (ESG) issues from the perspective of our stakeholders (employees, customers, suppliers, investors, authorities and media) and the company's strategic vision.

We conduct this exercise on a regular basis, most recently in 2020. We sought to understand how our stakeholders' expectations changed as a result of the COVID-19 pandemic, and how this event impacted our business strategy given the explosion of trends like e-commerce with all the risks and opportunities these entail.

We identified changes in our stakeholders' priorities through surveys and interviews with the main executives who engage with each of the groups. We complemented this approach through interviews with senior management on the company's strategic vision.

On the basis of this process, we updated our prior materiality matrix. The issues were grouped as follows:

- **Material:** Those that are a priority for our management, which are used as the basis for building our Sustainability Strategy.
- **Emerging:** Those to which we will watch closely to see if they evolve to Material, due to significant changes in our operating context and/or activities.
- **Non-priority (non-material) issues:** Those that are less significant to our stakeholders and corporate strategy, because of the nature of our activities and where we operate. We manage these on an ongoing basis.



Breakdown of issues:

Material	Emerging (potentially significant in the short term)	Non-priority issues
1 Ethics and codes of conduct	2 Corporate governance	6 Environmental management system
3 E-commerce and cybersecurity	5 Climate change strategy	9 Corporate citizenship and social responsibility
4 Supply chain and responsible sourcing	7 Operating eco-efficiency	10 Human rights
12 Education and human capital development	8 Packaging	13 Environmental and social impact of our products and services
14 Diversity and inclusion	11 Employer brand	15 Biodiversity
17 Innovation	18 Transparency	16 Employability and empowerment
	13 Environmental and social impact of our products and services*	

* Although this was classified as a non-priority issue, we incorporated it as an emerging issue due to its importance to the business.

I.3. Human rights due diligence

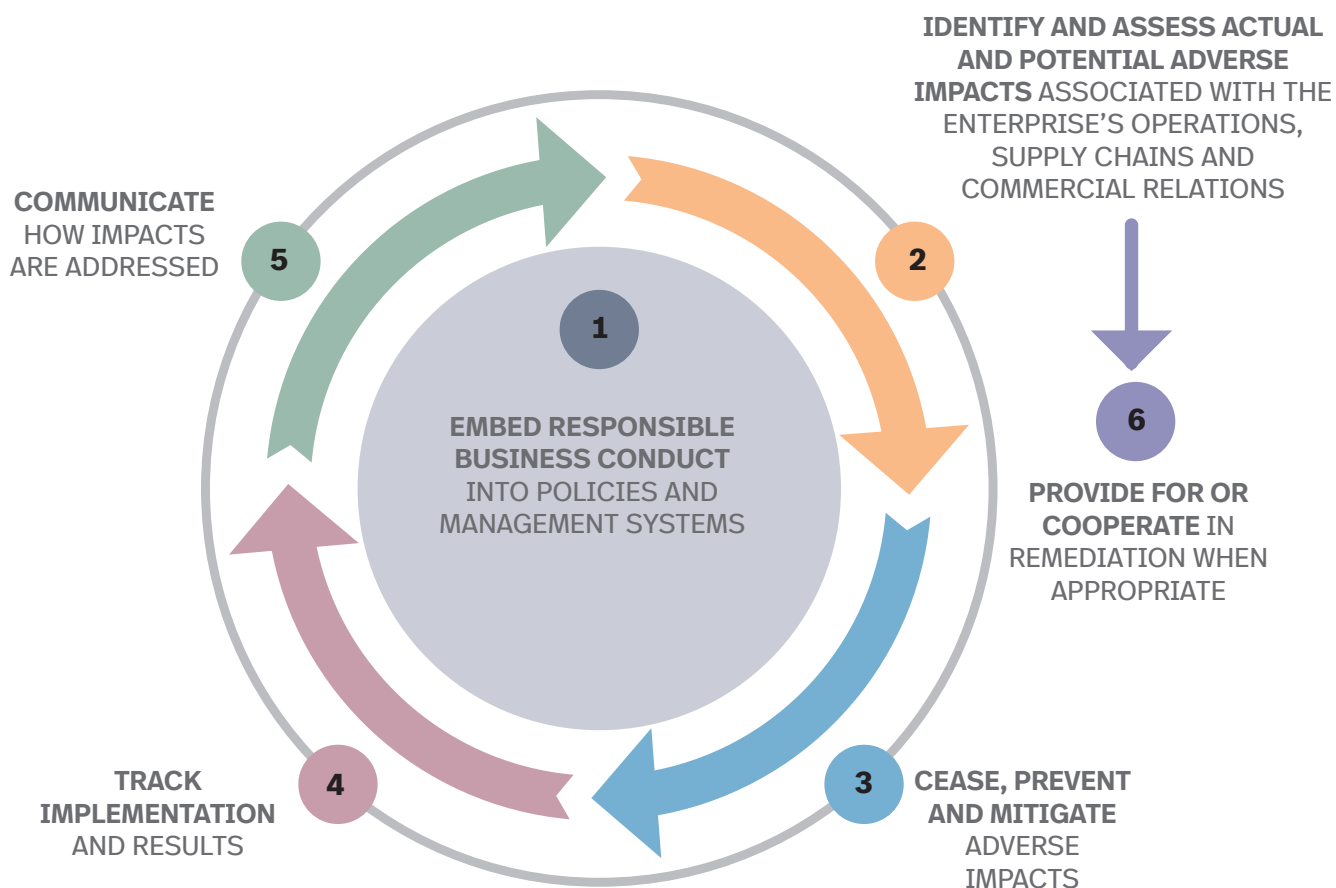
GRI 2-23, 2-24, 2-25, 2-26

El Puerto de Liverpool is committed to Responsible Business Conduct, and we abide by the leading international frameworks. We are especially committed to the OECD Guidelines for Multinational Companies, because even though our activities are limited to Mexico, our supply chains are global.

We strictly fulfill our responsibility to respect human rights, regularly identifying such risks in our operations and developing prevention and mitigation measures, much of which are included in our Sustainability Strategy. We are guided in all cases by the United Nations Guiding Principles on Business and Human Rights.

We recognize the human rights consigned in the UN Universal Declaration and in successive international agreements on women's rights, rights of the child, rights of disabled persons, and of workers.

In operating our retail, financial and real-estate businesses, we face different risks and we manage them comprehensively through due diligence, taking the following steps:



Source: OECD Due Diligence Guidance for Responsible Business Conduct

PROCESS	PERFORMANCE			
	Customer relations	Employee safety, health and welfare	Diversity, equal opportunity and non-discrimination	Supply chain labor practices
1. Embed responsible business conduct into policies and management systems	Active dissemination of our ethical guidelines: Code of Ethics , Code of Conduct and Integrity , and regular updates to keep up with the needs of our operating evolution and our environments.			
	Application of policies focused on regulating, controlling and overseeing lawful treatment of personal data .	Application of health and safety protocols , updated as necessary to deal with the pandemic.	Review and update of gender gap policies and processes , to obtain Mexican standard certification NMX R 025 SCFI 2015 in Labor Equality and Non-Discrimination (in progress).	We developed a specific Code of Ethics and Conduct for suppliers. We have a Responsible Sourcing Policy to encourage better working conditions and respect for the environment in our supply chain.
2. Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services	We receive reports on possible noncompliance with our policies through Línea Ética . We also apply control, oversight and auditing systems , to identify and actively respond: Control and internal and external audit team, supervision by the Audit and Corporate Practices Committee. Performance of the compliance office .			
	We evaluate the accessibility of our stores and shopping centers to work on the necessary corrective measures. Through our Línea Ética our customers can notify us of possible incidents of discrimination by our employees.	Continuing the work plan for applying Official Mexican Standard NOM-035-STPS-2018 , identification of psychosocial risk factors at work.	We conduct an organizational climate survey that helps us identify areas to focus on.	We have Responsible Sourcing programs by which we evaluate ESG practices (environmental, social and governance) among store brand and strategic suppliers.

PROCESS	PERFORMANCE			
	Customer relations	Employee safety, health and welfare	Diversity, equal opportunity and non-discrimination	Supply chain labor practices
3. Cease, prevent and mitigate adverse impacts	We provide regular training and onboarding to employees on compliance and integrity, in efforts coordinated by the Compliance Office.			
	<p>To protect our customers' safety:</p> <ul style="list-style-type: none"> - We reinforce the safety of our store brands for customers through external laboratory testing. - We obtain H Distinction for our restaurants and gourmet experiences, recognizing hygienic food handling practices. <p>We work to keep our facilities accessible. We have made progress in all our Mexico City Liverpool stores and will continue with the rest of the territory.</p> <p>In our credit business, we want to help customers avoid limitations on solutions to improve their quality of life; we always provide financial education along with the credit.</p> <p>We have due diligence processes to ensure appropriate treatment and safekeeping of customer data.</p>	<p>Continuing COVID protocols.</p> <p>Monitoring the health of vulnerable employees through in-house medical staff.</p> <p>Holistic wellness program: "Creating a Better Me."</p> <p>Flu vaccine campaign.</p>	<p>Employee training and awareness-building:</p> <p>Forum on Gender Equity, Forum on Diversity and Inclusion.</p> <p>Incorporation of diversity culture in onboarding.</p> <p>Suburbia's Internal promotion program for women's development (Top Talent).</p> <p>Inclusive hiring: first generation of trainees to include persons with disabilities.</p>	<p>We require suppliers to sign the Code of Ethics and Conduct.</p> <p>We seek out sustainability certifications for our own products, which include how labor aspects are managed in the supply chain (e.g. Better Cotton Initiative, or BCI).</p> <p>We will be providing sustainability training to domestic suppliers starting in 2022, including social performance and human rights protection.</p>

PROCESS	PERFORMANCE			
	Customer relations	Employee safety, health and welfare	Diversity, equal opportunity and non-discrimination	Supply chain labor practices
4. Track implementation and results	<p>The indicated initiatives are included in the El Puerto de Liverpool Sustainability Strategy and are monitored for specific desks with varying frequency (depending on the focus of the strategy in which they are included).</p> <p>The Sustainability Strategy is also evaluated every quarter.</p>			
5. Communicate how impacts are addressed	<p>For the first time, we prepared an integrated report, which includes information on our Environmental, Social and Governance (ESG) performance.</p> <p>We also prepared this Annex, which brings together all the information on our due diligence exercise regarding human rights.</p>			
6. Provide for or cooperate in remediation when appropriate	<p>We encourage preventive management through policies and codes, along with the above-mentioned measures, to prevent possible risks to the human rights of our employees, customers, and in our supply chain.</p>			

I.4 Contribution to the Sustainable Development Goals

El Puerto de Liverpool contributes to sustainable development through its various businesses. To this same end, we have incorporated ESG criteria into the decisions we make on all levels. We have also supported various key initiatives that make up La Huella (Footprint in English) de El Puerto de Liverpool's Sustainability Strategy.

We promote a culture of sustainability among our employees, who are the ones that make our progress in this regard possible. We extend this culture to our customers, encouraging them to take it into account in their shopping decisions; and to our suppliers, whom we require to have responsible social and environmental practices and to act in an ethical manner.

We identified the Sustainable Development Goals to which we can make the most significant contribution, given our type of activities and context. These are the ones that most closely relate to the priorities of our Sustainability Strategy.



Health and Wellness



Quality Education



Gender Equality

	GOALS 3.3	GOALS 4.1, 4.3, 4.4, 4.5; 4a, 4c	GOALS 5.1, 5.2, 5.5
CONTRIBUTION	<p>COVID prevention and response protocols for our employees, including antigen testing.</p> <p>Appointment of employees to serve as change agents: Wellness Ambassadors and Contagion Control Supervisors.</p> <p>Monitoring the health of vulnerable employees through our Medical and Nurse's Office; remote work for corporate teams.</p> <p>"Creating a Better Me" program to promote self-care and reduce the risks to physical, emotional and financial health.</p>	<p>Universidad Virtual Liverpool (UVL) so that employees can complete their studies.</p> <p>Development programs in Leadership and Customer Experience.</p> <p>For the general public:</p> <ol style="list-style-type: none"> 1) Pilot opening of UVL with first content. 2) Development of an educational support program that includes infrastructure improvement, teacher training, and support for high school students with company internship. 	<p>"Women who Inspire" program, to provide leadership training for women in executive positions. Already under way at Suburbia, in 2022 it will be extended to the entire group.</p> <p>Diversity and Inclusion Month, with various activities and awareness-raising exercises to promote this culture among employees.</p>
INDICATORS	<p>Lost Time Injury Frequency Rate (LTIFR): 15.49</p>	<p>625 UVL graduates*</p> <p>16.11 hours average training/employee</p> <p><small>*finished their certification or degree</small></p>	<p>4,800 employees participated in Diversity and Inclusion Month:</p> <p>In our workforce:</p> <p>40.6% of women in executive positions</p> <p>54.0% women in middle management</p>



Affordable, clean energy



Decent work and economic growth



Industry, innovation and infrastructure

	GOALS 7.2, 7.3	GOALS 8.5, 8.6, 8.7, 8.8	GOALS 9.4
CONTRIBUTION	<p>Agreements on renewable energy supply.</p> <p>Our Arco Norte Logistical platform, the logistical lungs of this company, was designed for a reduced environmental impact, including installation of an intelligent system for monitoring electricity consumption.</p>	<p>Inclusion of employees with disability, with the first generation of inclusion trainees.</p> <p>Internship program for youth, including those enrolled in dual formation programs.</p> <p>Responsible Sourcing Program, which evaluates suppliers for social and environmental practices as well as labor conditions.</p>	<p>Environmental assessment of suppliers within the Responsible Sourcing Program, promoting good practices.</p> <p>Incorporation of sustainable cotton (BCI) in store-brand products; incorporation of recycled materials as well.</p>
INDICATORS	<p>28.3% of energy from renewable sources (from total consumption).</p> <p>Energy consumption intensity 97.83 kWh/m²</p>	<p>122 students in various internship/work-study programs</p> <p>80% of suppliers audited were found to have low or very low risk</p>	<p>\$337,002,923 MXN in BCI-certified products (sales)</p> <p>\$84,193,217 MXN in products with other certifications (sales)</p>



Reduced inequalities



Responsible production and consumption



Climate action

	GOALS 10.2	GOALS 12.4, 12.5, 12.8	GOALS 13.2
CONTRIBUTION	<p>Work on making our facilities more accessible through signage and elimination of barriers. Pilot program for comprehensive store intervention.</p> <p>Availability of credit and promotion of online credit card applications. Complemented with financial education initiatives.</p> <p>Development of broad-based educational initiatives (general public) including the opening of Universidad Virtual Liverpool (UVL) programs to the general public.</p>	<p>Training employees to encourage responsible consumption in customers.</p> <p>Development of portfolio of products that include sustainability features, informing the customer.</p> <p>Circularity strategy to encourage reuse and/or recycling of eligible waste.</p> <p>Incorporation of recyclable containers and packaging in store-brand products; already done for shoe boxes and hangers.</p>	<p>Implemented a strategy to meet our commitment to become a Net Zero company by 2040 (Scope 1 and 2 Emissions).</p> <p>We incorporated electric vehicles to our distribution fleet.</p>
INDICATORS	<p>16% of credit granted to first-time borrowers</p> <p>16,727 visits to our online financial education content</p> <p>3,896 UVL students from outside the organization</p>	<p>8% of store-brand revenues come from products classified with sustainable features (certification, recycled content)</p> <p>27.22% of waste is reused or recycled</p>	<p>71 hybrid and electric vehicles</p> <p>Emissions intensity (S1+S2) 35.16 kgCO₂e/m²</p>



Peace, justice and solid institutions

	GOALS 16.5, 16.6, 16.7
CONTRIBUTION	<p>Created of a Supplier Code of Conduct and encouraged suppliers to sign their commitment to apply it.</p>
INDICATORS	<p>62% of active suppliers signed the Code of Conduct at Liverpool, 97% at Suburbia.</p>

ANNEX

ESG at El Puerto de Liverpool

1. Environmental

1.1. Energy

GRI 302-1, 302-3, 302-4, SASB CG-EC-130a.1; CG-MR-130a.1

FUEL CONSUMPTION – 2021 BREAKDOWN

Fuel	Source	Partial (liters)	Total (liters)	Total (GJ)	Total kWh
Gasoline	Mobile	5,014,328	5,024,274	118,000	32,777,936
Gasoline	Fixed	9,946			
Diesel	Mobile	5,078,094	5,546,959	204,473	56,798,490
Diesel	Fixed	468,866			
LP Gas	Fixed	1,711,652	1,711,652	30,332	8,425,620
Natural Gas	Fixed	366,406	366,406	613	170,414
TOTAL	Consolidated	12,649,292	12,649,292	353,418	98,172,460

FUEL CONSUMPTION: YEAR-TO-YEAR CHANGES

	2021		Δ21-20	2020	2019
Total (liters)	Total (GJ)	Total kWh		Total (kWh)	Total (kWh)
12,649,292	353,418	98,172,460	-10%	108,551,370	117,402,740

ELECTRICITY CONSUMPTION – 2021 BREAKDOWN

Source	Total (kWh)	Total (GJ)
Energy mix (non-renewable)	389,944,337	1,403,800
Renewable acquired	152,015,893	547,257
<i>Wind</i>	127,371,557	458,538
<i>Solar</i>	16,466,184	59,278
<i>Hydraulic</i>	8,178,152	29,441
Renewable self-generated (solar)	2,234,072	8,043
TOTAL renewal	154,249,965	555,300
TOTAL	544,194,302	1,959,099

% renewable energy	28.3
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ELECTRICITY CONSUMPTION – YEAR-TO-YEAR CHANGES

	2021		2020		Δ21-20	2019	
Source	Total (kWh)	Total (GJ)	Total (kWh)	Total (GJ)		Total (kWh)	Total (GJ)
Energy mix (non-renewable)	389,944,337	1,403,800	300,328,831	1,081,184	30%	498,531,511	1,794,713
TOTAL renewable	154,249,965	555,300	156,416,157	563,098	-1%	167,389,383	602,602
TOTAL	544,194,302	1,959,099	456,744,988	1,644,282	19%	665,920,893	2,397,315

% renewable energy	28.3	34.2	-590 pb	25.1
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ELECTRICITY INTENSITY kWh/m² BY FORMAT - 2021

Warehouse/Distribution Centers	16.10
Shopping Centers	31.63
Boutiques	203.83
Liverpool	152.48
Offices	29.62
Suburbia	98.20

Note: Based on Net Constructed Area (NCA).

ENERGY CONSUMPTION INTENSITY

	2021		2020		Δ21-20		2019	
	kWh/m²	kWh/M MXN	kWh/m²	kWh/M MXN	kWh/m²	kWh/M MXN	kWh/m²	kWh/M MXN
Electricity	82.88	3.60	71.49	3.96	16%	-9%	104.45	4.62
Fuel	14.95	0.65	16.99	0.94	-12%	-31%	18.38	0.81
Total energy	97.83	4.25	88.48	4.90	11%	-13%	122.83	5.43

Notes:

– Based on Net Constructed Area (NCA).

– The denominator in revenue indicators is expressed in thousands of pesos (MXN).

1.2. GHG Emissions

GRI 305-1, 305-2, 305-4, 305-5, SASB CG-EC-410a.1

TOTAL GHG EMISSIONS BY FORMAT - 2021 (TONCO₂E)

	Scope 1	Scope 2	Total
Warehouse/Distribution Centers	1,227	6,310	7,538
Shopping Centers	8,291	22,430	30,721
Boutiques	3	3,922	3,925
Liverpool	6,347	128,636	134,983
Offices	6,995	1,917	8,912
Suburbia	2,515	25,075	27,590
Logistics	17,214	0	17,214
Total	42,591	188,291	230,882

GREENHOUSE GAS (GHG) EMISSIONS (TONCO₂E) - TOTAL OPERATIONS

	2021	2020	Δ21-20	2019
Scope 1	42,591	39,904	7%	37,179
Scope 2	188,291	148,339	27%	251,758
Total	230,882	188,243	23%	288,938

Note: Based on emission factor of national electrical system in 2020.

GHG EMISSIONS INTENSITY KGCO₂E/M² BY FORMAT - 2021

Warehouse/Distribution Centers	8.4
Shopping Centers	13.4
Boutiques	66.0
Liverpool	57.0
Offices	68.0
Suburbia	33.7

Note: Based on Net Constructed Area (NCA).

GHG EMISSIONS INTENSITY - TOTAL OPERATIONS

	2021		2020		Δ21-20		2019	
	kgCO ₂ e/m ²	kgCO ₂ e/M MXN	kgCO ₂ e/m ²	kgCO ₂ e/M MXN	kgCO ₂ e/m ²	kgCO ₂ e/M MXN	kgCO ₂ e/m ²	kgCO ₂ e/M MXN
Scope 1	6.49	0.30	6.25	0.35	4%	-15%	5.83	0.26
Scope 2	28.68	1.31	23.22	1.28	24%	2%	39.41	1.75
Total (A1+A2)	35.16	1.60	29.46	1.63	19%	-2%	45.24	2.00

Notas:

- Based on Net Constructed Area (NCA).
- Based on emission factor of national electrical system in 2020.
- The denominator in revenue indicators is expressed in thousands of pesos (MXN).

We have the goal of reducing emissions by 268,000 metric tons of CO₂ equivalent in scopes 1 and 2 by 2040.

LOW-EMISSION VEHICLES ACQUIRED (PROPRIETARY TRANSPORT)

Type	2021	2020
Hybrid vehicles	33	0
Electric vehicles	38	0

This initiative began in 2021 within the framework of La Huella de El Puerto de Liverpool's Sustainability Strategy. It covers vehicles at Liverpool; expect to extend this to Suburbia vehicles as well.

1.3. Waste

GRI 306-3, 306-4, 306-5

WASTE GENERATED BY TYPE AND DESTINATION 2021		
Category	Type of waste	Total (metric tons)
Solid urban waste	Non-recyclable	19,469
	Recyclable	7,713
Solid urban waste	ORCA	44
Special handling waste	Non-recyclable	1,174
	Recyclable	16
Hazardous waste	Hazardous/non-recyclable waste	183
Total		28,600

WASTE – YEAR-OVER-YEAR CHANGE				
	2021	2020	Δ21-20	2019
Total generated (metric tons)	28,600	38,107	-25%	10,941
% reused or recycled	27.2	5.7	1%	0.8

We have pledged to recycle approximately 26,000 metric tons by 2040 (considered equivalent to 100% of recyclable waste)

We treat solid urban waste in biodigesters:

WASTE TREATED IN BIODIGESTERS				
	2021	2020	Δ21-20	2019
Solid urban waste (ORCA)	44	67	-34%	84

1.4. Water

GRI 303-3, 303-4, SASB CG-EC-130a.2

WATER INTAKE AND DISCHARGE (MILLIONS OF m³)					
Source	2021	2021 (grouped)	2020	Δ21-20	2019
Municipal supply	1.5				
Water tankers	0.3				
Treated water for consumption	0.3	2.4	2.0	20%	2.6
Outside suppliers	0.2				
Well water	0.1	0.1	0.1	=	0
Total intake	2.5	2.5	2.1	19%	2.6
Total wastewater treated	0.4	0.4	0.1	208%	NA
Wastewater treated in company facilities	0.4				
% treated water reused EPL	22				

WATER INTAKE INTENSITY – TOTAL OPERATIONS

2021		2020		Δ21-20		2019	
m ³ /m ²	m ³ /M MXN	m ³ /m ²	m ³ /M MXN	m ³ /m ²	m ³ /M MXN	m ³ /m ²	m ³ /M MXN
0.43	0.02	0.33	0.02	32%	=	NA	NA

Considers Net Construction Area (NCA).

NA: Not available.

We have set ourselves the target of reducing water extraction by 1.07 million m³ by 2040, by recycling and reusing water.

2. Social: labor

2.1. Labor demographics

GRI 2-7, 401-1, 405-1, 405-2, SASB CG-EC-330a.2, CG-EC-330a.3; CG-MR-310a.2; CG-MR-330a.1

DEMOGRAPHICS: GENDER BY PROFESSIONAL CATEGORY

	2021	2020	Δ21-20
Senior management	1,134	1,128	6
% women	40.6	39.8	76 pb
Director	247	241	6
Men	178	178	0
Women	69	63	6
Subdirector	144	147	-3
Men	100	99	1
Women	44	48	-4
Manager	743	740	3
Men	396	402	-6
Women	347	338	9
Middle management	9,889	9,782	107
% women	54.0	53.5	49 pb
Coordinator	665	658	7
Men	358	359	-1
Women	307	299	8
Executive	9,224	9,124	100
Men	4,189	4,187	2
Women	5,035	4,937	98
Others	61,696	61,639	57
% women	62.3	61.6	74 pb
Salespersons	29,496	30,822	-1,326
Men	8,563	9,263	-700
Women	20,933	21,559	-626
General staff	32,200	30,817	1,383
Men	14,680	14,412	268
Women	17,520	16,405	1,115
TOTAL	72,719	72,549	
% women	60.9	60.2	69 pb

BREAKDOWN OF WORKFORCE BY GENERATION (PERCENTAGE OF EMPLOYEES)

	2021	2020	Δ21-20
Millenials	59.9	60.8	-90 pb
Gen X	37.1	37.0	10 pb
Gen Z	2.3	1.1	120 pb
Baby boomers	0.8	1.1	-30 pb

SPECIFIC POSITIONS

	2021	2020	Δ21-20
STEM	2,859	2,780	79
Men	1,449	1,393	56
Women	1,410	1,387	23
% Women	49.3	49.9	-0.6 pb
SALES POSITIONS	524	533	-9
Men	201	207	-6
Women	323	326	-3
% Women	61.4	61.2	20 pb

Notes:

- STEM: Includes Digital, Finance and Administration, Computer Engineering, Real-Estate (Engineering), Financial Businesses (excluding operating staff), Construction, Suburbia Real Estate, Suburbia Financial Services, Transformation and Innovation*.
- Sales positions: includes purchasing areas (Hardline and Softline).

*The Transformation and Innovation area did not exist in 2020.

At El Puerto de Liverpool, all of our unionized employees are supported by a collective bargaining contract by which they negotiate their working conditions, wages and benefits, as established by the Federal Labor Law.

HIRING AND TURNOVER – BREAKDOWN 2021

	2021
New hires	13,854
Men (%)	46
Women (%)	54
Voluntary turnover (%)	62.0
Total turnover	24.6
Breakdown of total turnover by employee category	
Men	11.8
Women	12.7
Millenials	72.6
Gen X	19.1
Gen Z	6.9
Baby Boomers	1.2
Department store: Liverpool	21
Store: Suburbia	35
Boutique: Sfera	27
Boutiques	30
Logistics	39
Financial services	31
Real-estate services	12
Central/shared services	17
% of vacancies filled internally*	73

Note:

*Only positions from coordinator and higher were monitored and reported.

YEAR-TO-YEAR TURNOVER RATES

	2021	2020	Δ21-20	2019
Turnover (%)	25	19	600 pb	40
Voluntary turnover (%)	62	56	600 pb	60

BASE SALARY WOMEN/MEN 2020

BREAKDOWN OF WORKFORCE BY LEVEL

Executives	95%	0.3%
Managers	91%	1.2%
Professionals	98%	13.5%
General staff	98%	85.0%

BASE SALARY WOMEN/MEN 2020

BREAKDOWN OF WORKFORCE BY LEVEL

Executives	97%	0.3%
Managers	92%	1.2%
Professionals	97%	13.6%
General staff	96%	84.8%

Note: breakdown of the categories presented on this chart:

Executives: Director and Senior Director

Managers: Managers and Deputy Managers

Professionals: Coordinators, Consultants and Specialists

General staff: General and Sales person

	2021	2020	Δ21-20	2019
Salary and compensation expense (MXNmn)	18,094.81	15,632.46	11%	16,168.70
HC ROI	2.04	1.24	65%	2.19

HC ROI = Revenues – (operating expense – salaries and benefits)/salaries and benefits.

2.2. Training and career development

GRI 404-1, 404-2, 404-3

TRAINING

	2021	2020
Average hours of training/employees	16.11	19.9
Total investment (MXN mn)	22.28	20.55
Average investment (MXN/employee)	462.45	361.87

DEVELOPMENT PROGRAMS

Liverpool Virtual University provides specialized training to our employees, focused on the different needs and job descriptions in the workforce.

It provides training programs organized into the following blocks:

- 1) Courses that help employees do their jobs better;
- 2) Courses to help them complete their high school degrees;
- 3) Courses for completing college and master's degrees relating to El Puerto de Liverpool operations and thus to continue advancing in their careers.

UVL GRADUATES: EMPLOYEES – BREAKDOWN 2021

Educational level	Number of employees
Primary	4
Secondary	22
High school	111
Técnico Superior Universitario en Optometría (TSUO)	11
Undergraduate	344
Masters	77
Language Center	56
Total	625

UVL GRADUATES: EMPLOYEES – YEAR-TO-YEAR COMPARISON

	2021	2020	Δ21-20
Total graduates	625	469	33.26%

Note: Includes all employees who completed their study plans, i.e., graduated.

PERFORMANCE EVALUATIONS

	2021	2020	Δ21-20
Goal-based (% of employees)	100	100	=
Multidimensional (% of employees)	6.53	6.31	-220 pb
Comparative rankings	0	0	=

Note: All employees that meet the required seniority are evaluated. Fractions that represent the employees on each professional category covered by each type of evaluation over the total workforce are presented.

Multidimensional evaluation: coordinators, managers, under-directors and directors

2.3. Health, safety and wellness

GRI 403-9

OCCUPATIONAL HEALTH AND SAFETY

	2021	2020	2019
Fatalities – employees	0	1	1
Fatalities – contractors	1	0	2
Accident frequency rate with days lost – employees	15.49	8.95	22.94

3. Social: communities

INTERN PROGRAMS FOR STUDENTS AT EL PUERTO DE LIVERPOOL

	2021	2020
Interns	71	37
Dual model	19	17
Scholarship recipients	18	22
Social service	14	5
TOTAL	122	81

PARTICIPANTS IN EXTERNAL PROGRAMS THROUGH UNIVERSIDAD VIRTUAL LIVERPOOL

	2021	2020
Youth Building the Future	421	287
Leaders in Movement	117	63
Growing with El Puerto de Liverpool	3,358	1,032
TOTAL	3,896	1,382

COMMUNITY CONTRIBUTIONS

	2021	2020	Δ21-20	2019
Employee volunteer time (work-hours)	1,195	680	76%	ND
Monetary value of volunteer hours (MXN)	68,321	56,440	21%	ND
Reverse logistics donation program (MXN mn)	145	188	-23%	180

4. Value chain sustainability

GRI 2-6

Responsible Sourcing Program:

- In 2021, the universe of merchandise suppliers involved in the sourcing program, according to the criteria indicated, was 2,445.
- We evaluated 736 suppliers in phases I and II of the program, which also included 1,203 factories; of these, 80% of suppliers were found to have low or very low risk.
- We also evaluated 145 suppliers included in this scope who already have a sustainability program.

Domestic suppliers accounted for 88.39% of the total in 2021.

SUSTAINABILITY TRAINING FOR SUPPLIERS

In 2021, we developed a Sustainability Guidelines Training Program aimed at strategic domestic suppliers and manufacturers, seeking to expand their knowledge and build awareness about benchmark ESG practices, primarily in their design and product manufacture processes. The program will be launched in 2022.

Nevertheless, internally we have already begun training through a webinar on El Puerto de Liverpool's Footprint Strategy and its importance, as well as for specific teams: 1,540 employees received training in 2021.

With this, we also help spread our culture of sustainability to our customers.

5. Sustainability and inclusion for clients

306-2, 412-2, FS7, FS16, SASB CG-MR-410a.1; CG-MR-410a.3

STRATEGY FOR REDUCING WASTE GENERATION FROM PACKAGING

We are working in various areas:

1. Incorporation of containers and packaging with recycled and/or recyclable components in our store brand merchandise—we have already achieved some outstanding results, see the chapter on Relations with Commercial Partners.
2. Reduced use of containers and packaging, especially when shipping online purchases. The first steps have been taken in this regard.
3. Eliminate single-use plastics, complying with the Mexico City Environmental Agency (SEDEMA) regarding circularity criteria that must be met by regulated containers (as with other state authorities).
4. Raise customer awareness, particularly regarding reuse of bags.

SUSTAINABLE PRODUCTS

	2021
SKUs (number) - AOPS	14,992
Revenues (MXN) (softline) - Liverpool	421,196,140
Better Cotton Initiative (BCI) - Liverpool	337,002,923
Sustainable (other certifications) - Liverpool	84,193,217
% of store-brand products with BCI certification	6
% of store-brand products with recycled content	2
% of total revenues from store-brand products	8

AWARENESS-RAISING AND PROMOTION OF SUSTAINABILITY WITH CUSTOMERS

At El Puerto de Liverpool we have created a communication identity for our Sustainability Strategy (The Footprint of Liverpool), centering around the concept of “leaving our mark,” which will promote communication and dissemination of results for all our business units.

We introduced a new concept, “We want life to stay pink” to communicate our various sustainability actions. Under this umbrella concept, we:

1. Launched a section of our webpage containing important information on Liverpool’s sustainability strategy and initiatives.
2. Promoted the sale of sustainable products in our stores through special labeling and digital and in-store communication.

FINANCIAL INCLUSION

	2021
No. of customers who obtained credit for the first time	128,690
% of customers who obtained credit for the first time	16
Value of total credit to these customers (MXN)	845,117,986
% of total credit extended to these customers	3.72

FINANCIAL EDUCATION

	2021
Effective welcome/financial culture calls (new customers) (number)	104,239
Financial culture content (capsules) (number)	11
Website views of financial education content (number)	16,727

PHYSICAL ACCESSIBILITY IN STORES: ASSISTANCE AND ELIMINATION OF OBSTACLES

Liverpool Santa Fe was the site of the pilot test for the 100% implementation of our signage project, which incorporated accessibility standards for people with motor disabilities.

On the basis of this test, we expanded the program's scope to all of Mexico City and the metropolitan area, and will continue with the rest of our stores after that.

EMPLOYEES TRAINED IN DIVERSITY AND INCLUSION

	2021
Diversity and Inclusion Month	4,800
Employees trained during Onboarding	525

6. Governance and ethics

GRI 2-16, 205-3, 406-1, 418-1, SASB CG-EC-230a.2; CG-MR-230a.2; FN-CF-220a.2, FN-CF-230a.1

ACCEPTED REPORTS THROUGH LÍNEA ÉTICA

	2021	2020	2019
Number of reports received through Línea Ética and addressed*		286	523
Labor issues (harassment, bullying, discrimination) (%)	78	66	81
% operating issues (negligence, misuse of assets, conflicts of interest)	14	22	8
% corruption, fraud, theft	8	12	11

*Not including reports that were dismissed or had to do with COVID-19; repeated reports are considered only once when referring to the same case.

ETHICS – 2021 BREAKDOWN

	2021
Number of employees trained	56,366
% of total workforce	78.12
Total hours of training	117,672
% of suppliers who signed Code of Ethics	(by business)
	Liverpool 62
	Suburbia 97
	Procurement 60
Contributions to industry organizations (MXN)*	18,980,000

Notes:

* Asociación Nacional De Tiendas De Autoservicio y Departamentales (ANTAD).

- In 2021 we updated the Supplier Code of Ethics and began a new signing process, which is why the percentage of active suppliers declined from the 100% that had signed it previously (2020).

According to data from the information Security Office, there were no recorded cybersecurity incidents that compromised our customer information in 2021.

GRI Content Index

UNIVERSAL STANDARDS

GRI: FOUNDATION 2021

Guide to application of GRI standards throughout the report

GRI 2: GENERAL DISCLOSURES 2021

SECTION	CONTENT	REASON FOR OMISSION	SDG AND TARGETS	PAGE
The organization and its reporting practices	GRI 2-1			4
	GRI 2-2			4; see financial statements
	GRI 2-3			Inside back cover
	GRI 2-4			Inside back cover
	GRI 2-5			Inside back cover
Activities and workers	GRI 2-6			4, 53
	GRI 2-7		8.5, 8.6	49
	GRI 2-8	Not applicable; El Puerto de Liverpool hires through the companies that make up its various businesses; it is an outstanding source of jobs.		N/A
Governance	GRI 2-9		16.6	32
	GRI 2-10		16.6	32
	GRI 2-11		16.6	32
	GRI 2-12		16.6	32
	GRI 2-13		16.6	32
	GRI 2-14		16.6	Inside back cover
	GRI 2-15		16.6	32
	GRI 2-16		16.6	32, 55
	GRI 2-17		16.6	32
	GRI 2-18	Not available; part of the evolution of corporate governance management	16.6	N/A
	GRI 2-19		16.6	32
	GRI 2-20		16.6	32
Strategy, policies and practices	GRI 2-21	Confidential due to internal company guidelines	16.6	N/A
	GRI 2-22			3, 9
	GRI 2-23			39
	GRI 2-24			39
	GRI 2-25			39
	GRI 2-26			24, 39
	GRI 2-27	Not available; accounting is working on open processes that can exist for the set of ESG issues		N/A
	GRI 2-28			37
	GRI 2-29			37
		Confidential due to internal company guidelines		N/A
GRI 3: MATERIAL TOPICS 2021				
Stakeholder engagement	GRI 3-1			38
	GRI 3-2			38
	GRI 3-3			See table of GRI content by material issue

GRI CONTENT BY MATERIAL ISSUE – SPECIFIC INDUSTRY AND TOPIC STANDARDS

	TOPIC	GRI STANDARD	GRI CONTENT	SUSTAINABLE DEVELOPMENT GOAL	PAGE(S)
MATERIALES	Supply chain and responsible sourcing	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 308: Supplier Environmental Assessment 2016	308-2	13.3	21
		GRI 414: Supplier Social Assessment 2016	414-2	5.2, 8.8, 16.1	21
	E-commerce and cybersecurity	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 418: Customer Privacy 2016	418-1	16.3, 16.10	
	Diversity and inclusion	GRI 3: Material topics 2021	GRI 3-3		17
		Diversity and Equal Opportunity 2016	405-1	5.1, 5.5, 8.5	49
				5.1, 8.5, 10.3	49
		GRI 406: Non-discrimination 2016	406-1	5.1, 8.8	55
	Education and human capital development	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 403: Occupational Health and Safety 2024	403-9	3.3, 3.9, 8.15	
		GRI 404: Training and Education 2016	404-1	4.3, 4.4, 4.5, 5.1, 8.2, 8.5, 10.3	
			404-2	8.2, 8.5	20
			404-3	5.1, 8.5, 10.3	
	Innovation	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 205: Anti-corruption 2016	205-1	16.5	22
			205-3	16.5	55
	Innovación	GRI 3: Material topics 2021	GRI 3-3		17

GRI CONTENT BY MATERIAL ISSUE – SPECIFIC INDUSTRY AND TOPIC STANDARDS

	TOPIC	GRI STANDARD	GRI CON- TENT	SUSTAINABLE DEVELOPMENT GOAL	PAGE(S)
EMERGENTES	Corporate governance	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 3: Material topics 2021	GRI 3-3		17
			305-1	3.9, 12.4, 13.1, 14.3, 15.2	46
	Climate change strategy	GRI 305: Emissions 2016	305-2	3.9, 12.4, 13.1, 14.3, 15.2	46
			305-4	13.1, 14.3, 15.2	46
			305-5	13.1, 14.3, 15.2	46
	Operating eco-efficiency	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 302: Energy 2016	302-1	7.2, 7.3, 8.4, 12.2, 13.1	45
			302-3	7.3, 8.4, 12.2, 13.1	45
			302-4	7.3, 8.4, 12.2, 13.1	45
		GRI 303: Water and Effluents 2018	303-3	6.4	46
			303-4	6.3, 6.4	46
	Packaging	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 306: Waste 2020	306-1	3.9, 12.4, 12.5	22
			306-2	3.9, 6.3, 11.6, 12.4, 12.5	22, 54
			306-3	3.9, 12.4, 12.5	46
			306-4	3.9, 11.6, 12.4, 12.5	46
			306-5	3.9, 11.6, 12.4, 12.6	46
	Environmental and so- cial impact of products and services	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 412: Human rights assess- ment 2016	412-2	4.7, 5.1	54
		GRI 416: Customer Health and Safety 2016	416-1		22
		Financial Services Sector sup- plement	FS7	1.4, 8.3, 8.10, 9.3, 10.2, 11.1	54
			FS16	1.4	54
	Employer brand	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 401: Employment 2016	401-1	5.1, 8.5, 8.6, 10.3	49
	Transparency	GRI 3: Material topics 2021	GRI 3-3		17
		GRI 415: Public Policy 2016	415-1	16.5	22

SASB metrics index

E-COMMERCE STANDARD – 2018

SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASUREMENT	OMISSIONS AND/OR MODIFICATIONS	PAGE(S)
ACTIVITY METRICS					
(Activity metric)	CG-EC-000.A	Entity-defined measure of user activity	Number		9
(Activity metric)	CG-EC-000.B	Data processing capacity, percentage outsourced	Measure typically tracked by the entity	Not available	N/A
(Activity metric)	CG-EC-000.C	Number of shipments	Number	Not available	N/A
ACCOUNTING METRICS					
Hardware, Infrastructure, Energy & Water Management	CG-EC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)		45
Hardware, Infrastructure, Energy & Water Management	CG-EC-130a.2	(1) Total water withdrawn, (2) Total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousands of cubic meters (m ³), Percentage (%)	Available data include volume of water intake as well as discharges from our treatment plants; no available data on total water discharged or therefore consumption (difference between intake and discharge). Breakout of water stress regions not available.	48
Hardware, Infrastructure, Energy & Water Management	CG-EC-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	N/A	Not applicable; data center is owned by independent specialist	N/A
Data Privacy & Advertising Standards	CG-EC-220a.1	Number of users whose information is used for secondary purposes	Number	Not available	N/A
Data Privacy & Advertising Standards	CG-EC-220a.2	Description of policies and practices relating to behavioral advertising and user privacy	N/A	Not available	N/A

E-COMMERCE STANDARD – 2018

SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASUREMENT	OMISSIONS AND/OR MODIFICATIONS	PAGE(S)
ACCOUNTING METRICS					
Data Security	CG-EC-230a.1	Description of approach to identifying and addressing data security risks	N/A		25
Data Security	CG-EC-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Number, Percentage (%)		55
Employee Recruitment, Inclusion & Performance	CG-EC-330a.1	Employee engagement as a percentage	Percentage (%)	Not available. Workplace environment survey taken in 2021: recognitions obtained as an employer also reflect satisfaction of employees and their commitment	N/A
Employee Recruitment, Inclusion & Performance	CG-EC-330a.2	1) voluntary and (2) involuntary employee turnover	Ratio	Figures show voluntary and total turnover (for overall work force and type of operation)	49
Employee Recruitment, Inclusion & Performance	CG-EC-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Percentage (%)		49
Employee Recruitment, Inclusion & Performance	CG-EC-330a.4	Percentage of technical employees who are H1B visa holders	Percentage (%)	Not significant for El Puerto de Liverpool. The company applies the e-commerce good practice standard due to growing sales through digital channels, but it is not a native digital company, so this metric is not significant; nor do we operate in the United States	N/A
Product Packaging & Distribution	CG-EC-410a.1	Total greenhouse gas (GHG) footprint of product shipments	Metric tons (t) CO ₂ -e	Report includes Scope 1 emissions corresponding to warehouse and distribution center operations, including proprietary distribution vehicles	46
Product Packaging & Distribution	CG-EC-410a.2	Discussion of strategies to reduce the environmental impact of product delivery	N/A		22, 27, 29

MULTILINE AND SPECIALTY RETAILERS AND DISTRIBUTORS STANDARD – 2018

SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASUREMENT	OMISSIONS AND/OR MODIFICATIONS	PAGE(S)
ACTIVITY METRICS					
(Activity metric)	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	Number		1
(Activity metric)	CG-MR-000.B	Total area of: (1) retail space and (2) distribution centers	Square meters (m ²)		N/A
ACCOUNTING METRICS					
Energy management in retail & distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)		45
Data security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	N/A		25
Data security	CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)		55
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Reporting currency, Percentage (%)	Not available	N/A
Labor Practices	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Rate	Report shows total turnover, specifically for store employees	49
Labor Practices	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Reporting currency	No significant sanctions to report.	N/A
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Percentage (%)		49
Workforce Diversity & Inclusion	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Reporting currency	No significant sanctions to report.	N/A
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	Reporting currency		54
Product Sourcing, Packaging & Marketing	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	N/A	Not available	N/A
Product Sourcing, Packaging & Marketing	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	N/A		22, 29

CONSUMER FINANCE STANDARD – 2018					
SASB TOPIC	CODE	DESCRIPTION	UNIT OF MEASUREMENT	OMISSIONS AND/OR MODIFICATIONS	PAGE(S)
ACTIVITY METRICS					
(Activity metric)	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Number	Not available	N/A
(Activity metric)	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	Number		1
ACCOUNTING METRICS					
Customer privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Number	Not available	N/A
Customer privacy	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Reporting currency		55
Data security	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Number, Percentage (%)		55
Data security	FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Reporting currency	Not available	N/A
Data security	FN-CF-230a.3	Description of approach to identifying and addressing data security risks	N/A		25
Selling practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Percentage (%)	Not available	N/A
Selling practices	FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Percentage (%)	Not available	N/A
Selling practices	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	Reporting currency, Percentage (%), Months, Number, Reporting currency	Not available	N/A
Selling practices	FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	Number, Percentage (%)	Not available	N/A
Selling practices	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Reporting currency	No significant sanctions to report.	N/A

INDEPENDENT Auditors' Report



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

Opinion

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statements of comprehensive income, of changes in equity and of cash flows for the year then ended and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2021, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for opinion

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

Key audit matters

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

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T: (55) 5362 6000, www.pwc.com/mx*

Recoverable value of intangible assets with indefinite life

As mentioned in Notes 1 and 14 to the consolidated financial statements, the Company performs annual tests on the recoverable value of its intangible assets with indefinite life (goodwill, brands and others).

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

We focused on intangible assets with indefinite lives due to the importance of their balance (\$13,258 million as of December 31, 2021) compared to the consolidated financial statements, since the estimation of projected cash flows involves the application of significant judgments by Management to determine the assumptions and premises used.

In particular, we concentrated our audit efforts on: 1) the process followed by Management to identify CGU; 2) the significant assumptions used to estimate the projected cash flows, such as: the estimated rate of growth of sales, the projected EBITDA (Earnings Before Income Tax, Depreciation and Amortization), the discount rate and the terminal value, and the potential effects on the Company's activities due to COVID-19, which required the application of a greater judgment, when evaluating the impact on the projected results for each of the scenarios used.

We evaluated the analysis carried out by Management in which Suburbia was identified as the only CGU and to which goodwill, brands and other intangible assets of indefinite life were assigned.

We evaluated the cash flow projections prepared by Management in several scenarios used (base, optimistic and pessimistic), as well as the weighting that was given to each of them, and the processes used to prepare them, comparing said projections with the historical results, budgets approved by the Company's Board of Directors and market data.

We compared the actual results of the current year with the respective budget, to identify if any assumptions included in the cash flow projections could be considered overly optimistic, and external indicators regarding the future economic recovery derived from COVID-19.

We compared the key assumptions used to estimate the projected cash flows such as: the estimated sales growth rate, the projected EBITDA, the discount rate and the terminal value, in the various scenarios used when considering the potential effects on the Company's activities because of COVID-19.

With the support of our valuation experts, we compared:

- The methodology used to estimate the recoverable value with that commonly used in the market for this type of assets.
- The discount rate used to discount future cash flows, with an estimated market rate considering the Company's leverage level, the expectation of leverage in the short and medium term, and the optimal level of the industry.

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S. C.



José Luis Guzmán

Audit Partner

Mexico City, March 7, 2022

REPORT OF THE

Audit and Corporate Practices Committee

Mexico City, February 17, 2022

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

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

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

I. The General Shareholders' Meeting held March 18, 2021, appointed Mr. Javier Arrigunaga chairman of the Audit and Corporate Practices Committee for fiscal year 2021.

II. On audit matters:

- a) We evaluated the external audit plan and proposal for professional services accepted by Management. Furthermore, pursuant to the "General Provisions Applicable to the Entities and Issuers Supervised by the National Banking and Securities Commission that Engage Services of an Independent Audit of their Basic Financial Statements", we recommended to the Board of Directors that the firm PricewaterhouseCoopers be hired as external auditor, through its audit partner José Luis, Guzmán Ortiz, CPA, as External Independent Examiner, to audit the financial statements of the Company and its Subsidiaries for the fiscal year ended December 31, 2021. The Committee also learned of the additional services this firm supplies and mechanisms for safeguarding its independence and avoiding self-review, and concluded that these mechanisms are appropriate.
- b) We evaluated and found that the Company has internal and external mechanisms that provide reasonable certainty of compliance with the Laws and Regulations applicable to it.
- c) We were apprised of the Company's bookkeeping policies as well as their impact on the figures contained in the financial statements as of December 31, 2021 and 2020, ensuring that the financial information was duly presented.
- d) We followed up on the organization and functions of the Company's Internal Audit Department; received its annual report of activities for the year 2021, the relevant findings, and its audit plan for the year 2022.
- e) We ascertained that the company has operating systems, policies and procedures by which it may be considered to have an appropriate climate of internal control and bookkeeping.
- f) We were apprised of the Company's degree of adherence to the Code of Best Corporate Practices, recommended by the Mexican Stock Exchange, per the report based on information as of December 31, 2020, filed on May 28, 2021.
- g) We were informed of any lawsuits and litigations in progress, as well as the results of those concluded during the period in question.
- h) We reviewed the audited consolidated financial statements as of December 31, 2021 and the notes thereto.

- i) We were apprised of the status of the reserves and estimates included in the financial statements as of December 31, 2021.
- j) We were informed of the observations and recommendations of the External Auditors, related to their examination of the consolidated financial statements as of December 31, 2020.
- k) We reviewed the statistics on transactions reported to the authorities in pursuant to anti-money laundering regulations.

III. On the matter of corporate practices:

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

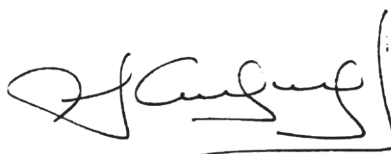
As a result of the activities carried out by this Committee, and having heard the opinion of the Company's Independent Auditors, we hereby recommend that the Board of Directors submit the financial statements of El Puerto de Liverpool, S.A.B. de C.V. and Subsidiaries as of December 31, 2021, in the terms in which such statements have been prepared and presented by Company management, to the General Shareholders' Meeting for its approval.

Sincerely,

The Audit and Corporate Practices Committee



Juan Miguel Gandoulf



Javier Arrigunaga



José Cohen

CONSOLIDATED STATEMENTS OF

Financial Position

Figures expressed in thousands of pesos

	Note	2021	December 31 2020
Assets			
CURRENT ASSETS:			
Cash and cash equivalents	7	\$ 32,494,873	\$ 26,195,936
Short-term loan portfolio - Net	8	31,514,923	25,315,337
Value added tax recoverable		2,767,846	2,841,763
Income tax recoverable		-	1,352,277
Other accounts receivable - Net	9	1,111,685	2,265,152
Inventory		23,120,308	21,475,001
Prepaid expenses		1,335,977	1,474,576
Total current assets		\$ 92,345,612	\$ 80,920,042
NON - CURRENT ASSETS:			
Long-term loan portfolio - Net	8	6,825,777	7,524,492
Long-term other accounts receivable - Net	9	261,849	254,334
Derivative financial instruments	10	4,516,211	2,913,181
Investments in associates	11	9,152,496	8,103,937
Investment properties - Net	12	22,431,079	22,129,016
Property, furniture and equipment - Net	13	52,573,640	50,684,928
Intangible assets - Net	14	15,880,069	15,900,027
Right of use assets	18	11,513,536	11,657,953
Deferred income tax	21.2	6,470,404	4,755,459
Total assets		\$ 221,970,673	\$ 204,843,369
Liabilities			
CURRENT LIABILITIES:			
Suppliers		\$ 29,577,960	\$ 24,379,789
Creditors		10,658,765	8,268,588
Provisions	15	3,765,394	2,895,211
Short-term debt	16	4,108,112	749,891
Deferred income	8	2,347,740	2,190,202
Short term lease liabilities	18	2,004,445	1,973,296
Dividends payable	20.1	1,011,602	2,016,713
Short-term derivative financial instruments	10	5,082	59,882
Income tax payable		2,116,123	-
Total current liabilities		\$ 55,595,223	\$ 42,533,572
NON - CURRENT LIABILITIES:			
Long-term debt	16	\$ 29,825,109	\$ 37,804,135
Long-term lease liabilities	18	10,555,645	10,437,714
Long-term derivative financial instruments	10	-	66,229
Employee benefits - Net	17	2,739,046	2,729,902
Deferred income tax	21.2	3,368,131	3,451,786
Total liabilities		\$ 102,083,154	\$ 97,023,338
STOCKHOLDERS' EQUITY:			
Capital stock	20	\$ 3,374,282	\$ 3,374,282
Retained earnings		106,879,767	95,670,435
Capital reserves	20.2	9,373,976	8,531,932
Stockholders' equity attributable to parent company		119,628,025	107,576,649
Non-controlling interests		259,494	243,382
Total stockholders' equity		119,887,519	107,820,031
Total liabilities and equity		\$ 221,970,673	\$ 204,843,369

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

CONSOLIDATED STATEMENTS OF Comprehensive Income

Figures expressed in thousands of pesos, except earnings per share

	Note	Year ended on December 31,	
		2021	2020
Operating revenue:			
Net sales of merchandise		\$ 135,700,434	\$ 100,016,923
Interest earned from customers		11,138,534	11,953,744
Leasing income		3,090,038	2,579,175
Services		780,745	509,044
Other income		311,994	413,661
Total revenue	2.22	151,021,745	115,472,547
Costs and expenses:			
Cost of sales		93,950,314	73,599,463
Provision for impairment of the loan portfolio		1,859,558	5,182,681
Administrative expenses		36,478,513	32,878,303
Total costs and expenses	23	132,288,385	111,660,447
Operating income		18,733,360	3,812,100
Interest expense		(4,649,854)	(4,210,487)
Foreign exchange loss		(1,033,370)	(2,883,367)
Financing cost		(5,683,224)	(7,093,854)
Foreign exchange gain		1,324,545	2,666,153
Return on investments		1,276,461	1,510,777
Financial income		2,601,006	4,176,930
Equity in the results of associates	11.2	737,292	(523,773)
Profit before income tax		16,388,434	371,403
Income tax	21	(3,510,175)	382,321
Consolidated net income		12,878,259	753,724
Other comprehensive income, net of taxes:			
Components to be subsequently reclassified to income:			
Cash flow hedges- Net of income tax		857,445	(30,510)
Translation effect of investment in associates		197,076	146,762
Components to not to be subsequently reclassified to income:			
Remeasurement of the liability for defined benefits - Net of income tax		(84,837)	(7,210)
Consolidated comprehensive income		\$ 13,847,943	\$ 862,766
Net income attributable to:			
Controlling interest		\$ 12,868,176	\$ 750,115
Non-controlling interests		10,083	3,609
		12,878,259	\$ 753,724
Basic and diluted earnings per share	20.4	\$ 9.57	\$ 0.56
Comprehensive income attributable to:			
Controlling interest		\$ 13,831,831	\$ 859,070
Non-controlling interests		16,112	3,696
		13,847,943	862,766
Basic and diluted earnings per share		\$ 10.29	\$ 0.64

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

CONSOLIDATED STATEMENTS OF

Changes in Stockholders' Equity

December 31, 2021 and 2020

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

	Note	Capital stock	Retained earnings
Balance at January 1, 2020		\$ 3,374,282	\$ 97,320,175
Changes in accounting policies on investment in associates		-	(83,684)
Comprehensive income:			
Net income		-	750,115
Remeasurement of the liability for defined benefits - net of income tax		-	(7,297)
Translation effect of investment in associates		-	-
Cash flow hedges		-	-
Total comprehensive income		-	742,818
Transaction with owners:			
Increase in reserve of repurchase of shares	20.2	-	(295,580)
Repurchase of shares	20.2	-	-
Dividends paid (\$1.50 and \$0.90 pesos per share)		-	(2,013,294)
Total transactions with stockholders		-	(2,308,874)
Balance at December 31, 2020		3,374,282	95,670,435
Changes in accounting policies on investment in associates		-	25,919
Comprehensive income:			
Net income		-	12,868,176
Remeasurement of the liability for defined benefits - net of income tax		-	(90,866)
Translation effect of investment in associates		-	-
Cash flow hedges		-	-
Total comprehensive income		-	12,777,310
Transaction with owners:			
Decrease in reserve of repurchase of shares	20.2	-	419,397
Repurchase of shares	20.2	-	-
Dividends paid (\$1.50 pesos per share)		-	(2,013,294)
Total transactions with stockholders		-	(1,593,897)
Balance at December 31, 2021		\$ 3,374,282	\$ 106,879,767

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

	Capital reserves	Total stockholder's equity attributable to the controlling shareholders	Non - controlling interest	Total stockholder's equity
\$	8,140,395	\$ 108,834,852	\$ 239,686	\$ 109,074,538
	-	(83,684)	-	(83,684)
	-	750,115	3,609	753,724
	-	(7,297)	87	(7,210)
	146,762	146,762	-	146,762
	(30,510)	(30,510)	-	(30,510)
	116,252	859,070	3,696	862,766
	295,580	-	-	-
	(20,295)	(20,295)	-	(20,295)
	-	(2,013,294)	-	(2,013,294)
	275,285	(2,033,589)	-	(2,033,589)
	8,531,932	107,576,649	243,382	107,820,031
	-	25,919	-	25,919
	-	12,868,176	10,083	12,878,259
	-	(90,866)	6,029	(84,837)
	197,076	197,076	-	197,076
	857,445	857,445	-	857,445
	1,054,521	13,831,831	16,112	13,847,943
	(419,397)	-	-	-
	206,920	206,920	-	206,920
	-	(2,013,294)	-	(2,013,294)
	(212,477)	(1,806,374)	-	(1,806,374)
\$	9,373,976	\$ 119,628,025	\$ 259,494	\$ 119,887,519

CONSOLIDATED

Cash Flow Statements

Figures expressed in thousands of pesos

		Year ended on December 31,	
	Note	2021	2020
Operating activities			
Profit before income tax		\$ 16,388,434	\$ 371,403
Adjustment from items not implying cash flows:			
Depreciation and amortization		5,175,344	5,194,182
Provision for impairment of the loan portfolio	8	1,859,558	5,182,681
Lease concessions	18	(44,334)	(233,232)
Inventory reserve		1,042,621	922,727
Equity in the results of associates	11.2	(737,292)	523,773
(Income) cost on sale of property, furniture and equipment		(54,393)	708,280
Net cost for the period of employee benefits	17	374,102	445,754
Trading derivative financial instruments		(382,378)	-
Interest earned		(6,183,850)	(7,322,875)
Interest expense		4,649,854	4,210,487
		5,699,232	9,631,777
(Increase) decrease in:			
Interest earned from customers		6,297,609	7,211,422
Loan portfolio		(7,474,188)	224,196
Inventory		(2,687,928)	942,693
Value added tax recoverable		73,917	(489,483)
Other accounts receivable		1,145,952	(317,492)
Prepaid expenses		138,599	330,301
Increase (decrease) in:			
Suppliers		5,198,171	1,709,550
Provisions		870,183	704,412
Deferred income		157,538	(134,066)
Creditors		2,504,273	(1,010,748)
Employee benefits paid		(494,911)	(196,036)
Taxes paid		(1,693,951)	(3,955,677)
Net cash inflow from operating activities		26,122,930	15,022,252
Investment activities			
Capital increase in associates		(226,281)	(129,672)
Dividends received from associates		80,081	-
Acquisition of property, furniture and equipment	13	(4,442,720)	(3,697,145)
Acquisition of investment property	12	(641,313)	(148,515)
Sale of property, furniture and equipment		53,143	52,296
Investment in new information technology developments	14	(891,411)	(668,503)
Net cash outflows from investing activities		(6,068,501)	(4,591,539)
Cash to be applied in financing activities		20,054,429	10,430,713
Financing activities			
Dividends paid	20.1	(3,018,405)	(8)
Interest paid	16	(3,594,599)	(2,961,220)
Contracted debt		-	8,500,000
Debt paid	16	(5,102,565)	(6,500,000)
Principal of lease payments	18	(1,031,671)	(776,716)
Interest of lease payments	18	(1,097,033)	(1,111,336)
Sale of shares	20.2	206,920	546,493
Repurchase of shares	20.2	-	(566,788)
Net cash flows from financing activities		(13,637,353)	(2,869,575)
Increase in cash and cash equivalents		6,417,076	7,561,138
Cash and cash equivalents at the beginning of the year		26,195,936	18,959,340
Effects of exchange rate changes on cash and cash equivalents		(118,139)	(324,542)
Cash and cash equivalents at end of year		\$ 32,494,873	\$ 26,195,936

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

NOTES TO THE Consolidated Financial Statements

December 31, 2021 and 2020
Thousands of pesos, unless otherwise specified

Note 1 - General information:

El Puerto de Liverpool, S. A. B. de C. V. and subsidiaries (the Company or the Group) operate a chain of department stores, founded in 1847, engaged in selling a broad variety of products such as clothes and accessories for men, women and children, household goods, furniture, cosmetics and other consumer products. The Company is registered on the Mexican Stock Exchange and has an important presence in all Mexican Republic. As of December 31, 2021, the Company operated a total of 122 department stores under the Liverpool name; 116 specialty boutiques and 164 stores with the Suburbia name. In 2021, 7 department stores began operations under the name of Suburbia (Ciudad Juárez, Chihuahua; Villahermosa, Tabasco; Los Reyes Tepozán, Estado de México; Puerta Aragón, Ciudad de México; Ecatepec, Estado de México; Naucalpan de Juárez, Estado de México; Tenaria, Ciudad de México), and 1 department store with the Liverpool format (La Perla Zapopan, Jalisco). In 2020, 9 stores began operations, with the name of Suburbia (Tláhuac, Ciudad de México; Tlalnepantla, Estado de México; Guadalajara, Jalisco; San Miguel Cuautitlán, Estado de México; Tizayuca, Hidalgo; Zitácuaro, Michoacán; Rosarito, Tijuana Baja California; Saltillo, Coahuila; Culiacán, Sinaloa).

The Company grants its customers financing through the following cards: 1) "Liverpool", with which customers can buy exclusively at Company's stores; 2) "Liverpool Premium Card (LPC)", with which cardholders can purchase goods and services both in the chain's stores and boutiques and any of the establishment affiliated with the VISA system worldwide; 3) "Suburbia" for exclusive use in stores under the Suburbia format, and 4) "Suburbia VISA", with which cardholders can purchase goods and services in chain stores as well as in any of the establishments affiliated with the VISA system worldwide.

Additionally, at 31 December 2021 and 2020, the Company is a partner, stockholder or co-owner of shopping malls and holds an interest in 28 different malls, through which it leases commercial space to tenants engaged in a broad number of businesses.

The Company's headquarters and main place of business is:

Mario Pani 200
Santa Fe, Cuajimalpa
México City
05348

Impacts of COVID-19

As disclosed in Note 2, the preparation of the consolidated financial statements in accordance with IFRS requires Management to make estimates and assumptions about the amounts of assets and liabilities at the date of the consolidated financial statements.

The COVID-19 pandemic results in greater uncertainty regarding the accounting estimates and assumptions used, increasing the need to apply judgment when assessing the economic and market environment, as well as its impact on significant estimates. This particularly affects the estimates and assumptions related to the provision for credit losses and intangibles assets impairment.

Provision for credit losses

The uncertainty created by the COVID-19 pandemic has increased the level of judgment applied in estimating the reserve for credit losses.

As mentioned in Note 3.3.2, in 2020 the Company offered its cardholders certain support programs in response to the COVID-19 pandemic.

Intangible assets impairment

Given the disruption in economic and market activities caused by the COVID-19 pandemic, the Company required the application of greater judgment to perform the annual impairment test for the Suburbia CGU, due to the uncertainty regarding the impact on results projected in the medium and long term.

Implicit in our economic outlook is the assumption that the way governments have responded to waves of the virus, and the dissemination of an effective mass-produced vaccine, which has enabled economies to continue to partially recover in 2021, and to be able to return in 2022 as levels of the economic to pre-COVID and in 2023 with levels of pre-COVID unemployment. See more detail in Note 14.

Reform on labor outsourcing

On April 23, 2021, various provisions were issued in the Federal Labor Law, Social Security Law, Law of the Institute of the National Housing Fund for Workers, Federal Tax Code, Income Tax Law and Value Added Tax Law in order to regulate the outsourcing of personnel.

In general terms, the main aspects are: a) prohibiting the subcontracting of personnel; b) incorporating rules into current legislation that allow legal entities and individuals to contract only specialized services or the execution of specialized works, as long as they are not part of the corporate purpose or the predominant economic activity of the beneficiary thereof; c) establish maximum amounts for the payment of PTU, and d) creation of the Registry of Specialized Services and Specialized Works Providers (REPSE by its Spanish acronym) of the Ministry of Labor and Social Welfare (STPS by its Spanish acronym). These entered into force the day after their publication, except for the obligations indicated in tax matters which entered into force on August 1, 2021 and those of the regulations of Section B), of the Federal Workers' Law to the State Service that will come into force in 2022.

The Company carried out an analysis on the application of these new provisions and the following activities were carried out for their adoption:

- i. Transfer of employees between subsidiaries of the group and hiring of employees who provided services in stores (demonstrators).
- ii. Adequacy and updating of labor benefits, including actuarial calculations of long-term benefits of hired and transferred employees.
- iii. Change in the corporate purpose of the subsidiaries that will provide services classified as specialized and processing of their registration in the REPSE register.
- iv. Review of regulatory compliance with the provisions with suppliers that provide services classified as specialized.

These activities had an impact on results of the year 2021 for \$581,669, which were recorded in the different items of the income statement. See Notes 17 and 23.

Note 2 - Summary of significant accounting policies:

These policies have been consistently applied to all the years presented, unless otherwise stated. The following is a summary of the main accounting policies applied in preparing the consolidated financial statements:

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their Interpretations (IFRIC) issued by the International Accounting Standards Board (IASB). In accordance with the changes to the Rules for Public Companies traded on the Mexican Stock Exchange, as issued by the National Banking and Securities Commission on January 27, 2009, the Company is required to prepare its financial statements using IFRS as the regulatory framework for accounting purposes.

The consolidated financial statements have been prepared on a historical cost basis, except for cash flow hedging financial instruments, trading derivatives and investments in government securities that are measured at fair value.

Preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The areas involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 4.

2.1.1 New standards and changes adopted by the Company

As of January 1, 2021, the Company applied the standards and interpretations mentioned below:

- Lease concessions related to COVID-19: amendments to IFRS 16 (See Note 2.25.1.), and
- Reference interest rate reform - Phase 2: amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16. (See Note 3.2.2)

The modifications listed above had no impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.1.2 New standards and interpretations not yet adopted

A number of new standards, modifications and interpretations have been published which are not effective for reporting periods at December 31, 2021 and have not been early adopted by the Company. These standards, amendments and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.1.3 Going concern

The Company meets its working capital needs through reinvestment of a significant portion of its annual profits, as well as by contracting short and long-term credit lines, while respecting the debt ceiling approved by the Board of Directors. Despite the health contingency due to COVID-19, the financial structure of the Company has allowed it to operate with liquidity derived from the reopening of stores in early 2021, allocating part of the cash flow in capital goods investments to expand the sales floor, through the opening of new stores and shopping centers. Interest payments are covered one time by operating income, which is an objective established by the Board of Directors. Considering the possible variations in operating performance, the Company believes its budget and projections allow it to operate with its current level of financing and meet all debt obligations. The Company is currently in compliance with its payment obligations and all debt covenants.

Management expects the Company to secure the resources necessary to continue operating as a going concern in the foreseeable future. Consequently, the consolidated financial statements were prepared on a going concern basis.

2.2 Consolidation

a. Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The balances and unrealized profits or losses in intercompany operations are eliminated in the consolidation process. When necessary, accounting policies have been modified in subsidiary entities in order to be consistency with the policies adopted by the Company. The following is a summary of the Company's interest in subsidiaries at December 31, 2021 and 2020:

Company	Shareholding	Activity
Operadora Liverpool, S. A. de C. V.	99.99%	Sub-holding of Distribuidora Liverpool, S. A. de C. V. and other companies that operate the department stores.
Bodegas Liverpool, S. A. de C. V. and Almacénadora Liverpool, S. A. de C.V.	99.99%	Storage and distribution of merchandise.
Servicios Liverpool, S. A. de C. V.	99.99%	Advisory and administrative services provided to the Company's subsidiaries.
Banlieue, S. A. de C. V.	99.99%	Holding of Suburbia, S. de R. L. de C. V. and other companies that administrative services and real estate.
Ten real estate companies	99.93%	Development of real estate projects, mainly shopping malls.

b. Associates

Associates are all those entities over which the Company exercises significant influence, but not control. Usually, associates are those of which the Company holds between 20% and 50% of the voting rights. Investments in associates are recorded by the equity method and are initially recognized at cost. The Company's investment in associates includes goodwill (net of any accumulated impairment loss, if any) identified at the time of the acquisition. The Company's equity in the profits or losses following acquisition of associates is recognized in the statement of income and its equity in the comprehensive results of an associated company, following its acquisition, is recognized in the Company's "Other comprehensive results". Post-acquisition accrued movements are adjusted against the book value of the investment. When the Company's equity in the losses of an entity equals or exceeds its interest in the entity, including any unsecured account receivable, the Company does not recognize a greater loss, unless it has incurred obligations or has made payments on behalf of the associated. The associated companies' accounting policies have been modified when necessary, for consistency with the policies adopted by the Company.

2.3 Segment information

Segment information is presented to be consistent with the internal reports provided to the Financial Review Committee, which is the body responsible for making operating decisions, of assigning the resources and evaluating the operating segments' yield. See Note 22.

2.4 Foreign currency transactions**a. Functional and presentation currency**

The items included in each of the subsidiaries' financial statements are stated in the currency of the primary economic environment in which the entity operates (the functional currency).

The currency in which the consolidated financial statements of the Company are presented is the Mexican peso, which in turn is also the functional currency.

b. Transactions and balances

Foreign currency transactions are converted to the functional currency using the exchange rates in effect on the transaction or valuation dates, when the items are re-measured. The profits and losses resulting from such transactions and from other conversion at the exchange rates in effect at the year-end close of all monetary assets and liabilities denominated in foreign currency are recognized as exchange fluctuations under foreign exchange loss or gain in the statement of comprehensive income.

2.5 Financial assets**2.5.1 Classification**

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value, and
- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the statement income. See Note 2.7. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2.5.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2.5.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through profit or loss are recorded in the statement income.

The subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its financial assets according to the following category:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement income and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of income.

2.6. Impairment of financial assets

2.6.1 Assets carried at amortized cost

The Company prospectively assesses the expected credit losses associated with its financial assets at amortized cost, considering the results of the portfolio performance evaluation and the objective evidence of impairment. Increases to this provision are recorded in expenses and presented separately in the income statement. See Note 3.3.2.

2.7 Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized at fair value on the date the derivative financial instrument contract is concluded and subsequently measured at fair value. The method to recognize the utility or loss of changes in the fair values of derivative financial instruments depends on whether they are designated as hedging instruments, and if so, the nature of the item being hedged. The Company only has financial instruments derived from cash flow and trading hedges.

The Company documents at the beginning of the transaction the relationship between the hedging instruments and the items hedged, as well as its objectives and the Risk Management strategy that support its hedging transactions. The Company periodically documents whether the derivative financial instruments used in hedging transactions are highly effective in covering the cash flows of the hedged items.

The fair values of derivative financial instruments used as hedging and trading instruments are disclosed in Note 10. The total fair value of derivative financial instruments used as hedging instruments is classified as non-current assets or liabilities when the maturity of the Remaining of the hedged item is greater than 12 months and is classified as current assets or liabilities when the maturity of the remainder of the hedged item is less than 12 months. Trading derivative financial instruments are classified as current assets or liabilities.

When a hedging instrument matures or is sold, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time is recognized in the consolidated statement of comprehensive income in financial costs (income).

The effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges is applied to other comprehensive income.

Derivative instruments designated as hedges cover, in a proportion of one to one and on the same dates, the flows of interest and principal of the loans covered, so that their correlation is exactly 1 and therefore their effectiveness of coverage is 100%.

2.8 Cash and cash equivalents

For purposes of presentation in the statement of cash flows, cash and cash equivalents include cash in hand, demand deposits in financial institutions, other short-term investments, highly liquid with original maturities of three months or less that are easily convertible into cash and that are subject to insignificant risks of changes in value, and bank overdrafts. See Note 7. The cash equivalents are represented by investments in government instruments.

Cash and cash equivalents include amounts generated by credit, debit card and digital media sales transactions that are settled at the beginning of the following month in the amount of \$551,404 and \$334,496 as of December 31, 2021 and 2020. These cash equivalents are not subject to credit risk.

2.9 Inventories

Inventories are recorded at cost or net realizable value whichever is less. The cost includes the cost of the merchandise plus the costs of importation, freight, maneuvering, shipping, storage in customs and distribution centers, decreased in the value of the respective returns. The net realizable value is the estimated sale price in the normal course of operations minus the estimated costs to make the sale. The cost is determined using the average cost method.

Physical inventory counts are conducted periodically at the stores, boutiques and distribution centers and inventory records are adjusted to the results of physical inventory counts. Historically, due to the Company’s loss prevention programs and control procedures, it has been immaterial.

2.10 Investment properties

Investment properties are real property (land and buildings) held to obtain economic benefits through collection of rent or for the capital gains, and are initially valued at cost, including transaction costs. After their initial recognition, investment properties continue to be valued at cost, less accumulated depreciation and impairment losses, if any.

The Company owns shopping malls that house their department stores, as well as commercial space it leases to third parties. In such cases, only the portion leased to third parties is considered as investment property and the Company’s stores are recorded as property, furniture and equipment, in the statement of financial position. See Note 12.

Depreciation is calculated by the straight-line method to distribute the cost at its residual value over their remaining useful lives, as follows:

Buildings:

Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years

2.11 Property, furniture and equipment

The items comprising property, furniture and equipment are recognized at their historical cost, less depreciation and impairment losses. The historical cost includes expenses directly attributable to the acquisition of these assets and all expenses related to the location of assets at the site and in the conditions necessary for them to operate as expected by Management.

For qualified assets, the cost includes the cost of loans capitalized in accordance with the Company’s policies. (See Note 2.12).

Expansion, remodeling and improvement costs represent an increase in capacity and so they are recognized as an extension of the useful life of goods are capitalized. Maintenance and repair expenses are charged to income for the period in which they are incurred. The carrying amount of replaced assets is derecognized when they are replaced, recording the entire amount in the consolidated statement of income.

Works in progress represent stores under construction and includes investments and costs directly attributable to the startup of operations. These investments are capitalized upon opening the store and depreciation is computed from that point.

Land is not depreciated. Depreciation of other assets recognized in administrative expenses is calculated based on the straight-line method to distribute its cost at its residual value during its estimated useful lives, as follows:

Buildings:

Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years

Other assets:

Operating, communications and security equipment	10 years
Furniture and equipment	10 years
Computer equipment	3 years
Transportation equipment	4 years
Leasehold improvements	Over the term of the lease agreement

The Company assigns the amount initially recorded with respect to an element of property, furniture and equipment, in its different significant parts (components) and depreciates separately each of those components.

The residual values and useful life of the Company's assets are reviewed and adjusted, if necessary, at the date of each consolidated statement of financial position. See Note 13.

The book value of an asset is written off at its recovery value if the book value of the asset is greater than its estimated recovery value. See Note 2.14.

Gains and losses from the sale of assets are due to the difference between income from the transaction and the book value of the assets. They are included in the statement of income as other income.

2.12 Borrowings costs

Borrowing costs directly attributable to the acquisition and construction of qualified assets, which constitute assets requiring a substantial period of time up until they are ready for use or sale are added to the cost during that time, until such time as they are ready for use or sale.

Income obtained from the temporary investment of specific loans not yet used on qualified assets is deducted from the cost of loans eligible for capitalization.

As of December 31, 2021, and 2020 there was no capitalization of financing costs because during these periods there were no assets that, in accordance with the Company's policies, qualified by requiring a construction period of more than a year.

2.13 Intangible assets

i. Goodwill

Goodwill in acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but goodwill impairment reviews are carried out annually or more frequently if events or changes in circumstances indicate a possible impairment and are recorded at cost less accumulated impairment losses. Gains and losses on the disposal of a Company include the carrying value of the goodwill related to the Company sold.

In order to verify impairment, the goodwill acquired in a business combination is assigned to each of the Cash Generating Units (CGU), which is expected to benefit from the synergies of the combination. Each unit to which the goodwill has been assigned represents the lowest level within the entity to which goodwill is controlled for internal management purposes. Goodwill is controlled at the operating segment level.

ii. Brands

The brands acquired individually are shown at historical cost, while those acquired through business combinations are recognized at their fair value at the date of acquisition. Brands are not amortized and subject to impairment tests annually. To date, no factors limiting the useful life of these assets have been identified. The brands are considered to have an indefinite useful life due to the positioning they have in the market, some of them, for more than 40 years and because the Company's experience and market evidence indicate that they will continue to generate cash flows for the Company in indefinite form. Additionally, the Company estimates that there are no legal, regulatory or contractual considerations that limit the useful lives of such brands.

iii. Development of computer systems and programs

Activities involved in the development of computer systems and programs include the plan or design and production of a new or substantially improved software or computer system. Expenses pertaining to the development of computer programs are only capitalized when they meet the criteria as shown in the next page.

- Management intends to complete the computer program and use it;
- It is technically possible to complete the computer program so that it is available for use;
- The Company has the capacity to use the computer program;
- It can be proven that the computer program will generate future economic benefits;

- The Company has the technical, financial and other resources necessary to conclude the development of the program for its use, and
- Expenses related to the development of the computer program can be reliably measured.

The licenses acquired for use of programs, software and other systems are capitalized at the value of the costs incurred for their acquisition and preparation for their use. Other development costs failing to meet these criteria and research expenses, as well as maintenance expenses are recognized and expensed as they are incurred. Development costs previously recognized as expenses are not recognized as assets in subsequent periods.

The costs incurred in the development of software recognized as assets are amortized over their estimated useful lives, recognized in administrative expense, which fluctuate between five (licenses and fees) and ten years (new IT developments). See Note 14.

iv. Other intangibles

As a result of the acquisition of Suburbia, the Company recognized an intangible derived from the knowledge of the operative process of purchases, commercial planning, product design and commercialization (CATMex). This intangible asset was recognized at fair value at the date of acquisition and was considered indefinite based on the expectation of generating future economic benefits, and is subject to annual impairment tests.

2.14 Impairment of non-financial assets

Non-financial assets subject to depreciation are subject to impairment testing. Impairment losses correspond to the amount at which the book value of the asset exceeds its recovery value. The recovery value of assets is the greater of the fair value of the asset less costs incurred for its sale and its value in use. For the purposes of impairment assessment, assets are grouped at the lowest levels at which they generate identifiable cash flows (cash-generating units). Non-financial assets subject to write-offs due to impairment are valued at each reporting date to identify possible reversals of the impairment.

Goodwill and intangible assets with an indefinite useful life are not subject to amortization and are subjected annually to impairment tests, or more frequently if there are events or circumstances that indicate that they could be affected. Other assets are subject to impairment tests when events or changes in circumstances indicate that the carrying amount may not be recovered. An impairment loss is recognized for the book value of the asset that exceeds its recoverable value. Recoverable value is the higher of the fair value of an asset less its disposal costs and its value in use. For purposes of assessing impairment, assets are grouped into the lowest levels for which there are separately identifiable cash flows, which are largely independent of the cash flows of other assets or groups of assets (cash generating units). Impaired non-financial assets other than goodwill are reviewed to determine the possible reversal of impairment at the end of each reporting period.

2.15 Accounts payable

Accounts payable are obligations of goods or services acquired from vendors in the normal course of operations. Accounts payable are classified as current liabilities if the payment is to be made within a year or less. Otherwise, they are shown as non-current liabilities.

The Company has established financing programs for suppliers, through which they can discount their documents with different financial institutions. The balance payable derived from these programs is recognized within suppliers in the consolidated statement of financial position. The balance payable discounted by suppliers as of December 31, 2021 and 2020 amounts to \$4,524,078 and \$3,276,373, respectively.

Accounts payable are initially recognized at fair value and subsequently re-measured at their amortized cost, using the effective interest rate method.

2.16 Loans from financial institutions, issues of stock certificates and senior notes.

Loans from financial institutions, issues of stock certificates and senior notes are initially recognized at fair value, net of costs incurred in the transaction. This financing is subsequently recorded at its amortized cost. Differences, if any, between the funds received (net of transaction costs) and the redemption value are recognized in the statement of income during the period of the financing, using the effective interest rate method.

2.17 Cancellation of financial liabilities

The Company cancels financial liabilities if, and only if, the Company's obligations are met, cancelled or matured.

2.18 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of cash flows to settle the obligation and the amount can be estimated reliably required. The amount recognized as a provision is the best estimate on the reporting period, the expenditure required to settle the present obligation, the payment is made by the amount assessed rationally, the Company has to pay to settle the obligation to end of the reporting period under review, or to transfer it to a third party at that time. See Note 15.

2.19 Income tax

The income tax comprises currently payable and deferred taxes. The tax is recognized in the statement of income, except when it relates to items applied directly to other comprehensive income or losses or to stockholders' equity. In this case, the tax is also recognized in other items pertaining to comprehensive income or directly to stockholders' equity, respectively.

Deferred income tax is recognized on temporary differences arising from comparing the book and tax values of all assets and liabilities of the Group. However, deferred tax liabilities are not recognized if it arises from initial recognition of goodwill; nor deferred income tax is recognized if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit. The deferred asset that is generated by the temporary differences of IFRS 16, is recognized net of rights for assets of use and liability for lease. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the end of the year and are expected to apply when the deferred income tax asset is realized, or the deferred income tax liability is settled.

The charge corresponding to taxes on profits currently payable is calculated according to the tax laws approved as of the consolidated statement of financial position date in Mexico and in the countries in which the Company's associates operate and generate a taxable base. Management periodically evaluates their tax positions with respect to tax refunds as tax laws are subject to interpretation. According to this assessment as of December 31, 2021 and 2020, there are no uncertain positions.

The deferred tax asset, tax-on-profits, is only recognized to the extent future tax benefits are likely to be achieved and can be applied against any temporary differences in liabilities. The deferred tax on profits is generated on the basis of the temporary differences between investments in subsidiaries and associates, except when the Company can control when those temporary differences will be reinvested, and the temporary difference is unlikely to be reinvested in the foreseeable future.

The balances of deferred asset and liabilities, tax-on-profits, are offset when there is a legal right to offset current tax assets against current tax liabilities and when the deferred tax-on-profit assets and liabilities relate to the same tax entity, or different tax entities where the balances are to be settled on a net basis. See Note 21.

2.20 Employee benefits

a. Pensions and seniority premium

The Company's subsidiaries operate pension plans and seniority premiums that are usually funded through payments to trust funds, based on annual actuarial calculations. The Company also has defined benefit plans and a defined benefit pension plan which is a plan that determines the amount of the pension benefits to be received by an employee upon retirement, which usually depends on one or more factors, such as the employee's age, years of service and compensation.

The liability or asset recognized in the consolidated statement of financial position with respect to defined benefit pension plans is the present value of the defined benefit obligation at the consolidated statement of financial position date, less the fair value of the plan assets, along with the adjustments arising from unrecognized actuarial profits or losses and the costs of past services. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of defined benefit obligations is determined, discounting estimated cash flows at the interest rates of government bonds denominated in the same currency in which the benefits will be paid, and have expiration terms that approximate the terms of pension obligations.

Actuarial remeasurements arising from adjustments based on the experience and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive-income items in the period in which they arise.

The plans in Mexico generally expose the Company to actuarial risks, including investment risk, interest rate risk, longevity risk and risk of salary, according to the following:

Investment risk: The rate of return expected for the funds is equivalent to the discount rate, which is calculated using a discount rate determined by reference to long-term government bonds; if the return on assets is less than the fee, this will create a deficit in the plan. Currently the plan has a balanced investment in fixed income instruments and actions. Due to the long-term nature of the plan, the Company considers it appropriate that a reasonable portion of the plan assets are invested in equities to leverage the yield generated by the fund, taking at least an investment in government instruments 30% stipulated in the Income Tax Law.

Interest rate risk: A decrease in the interest rate increase plan liabilities; volatility in rates depends exclusively on the economic environment.

Longevity risk: The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in life expectancy of plan participants increased liabilities.

Risk salary: The present value of the defined benefit obligation is calculated by reference to future wages of participants. Therefore, an increase in expectation of salary increases participants plan liabilities.

b. Annual bonus for retaining executives

Some of the Company's executives receive an annual retainer bonus, calculated as a percentage of their annual compensation and depending on the completion of certain goals established for each officer at the beginning of the year. The Company has set up a reserve of \$278,882 at December 31, 2021 (\$237,813 at December 31, 2020), that is included in Note 15 within the provision of bonuses and compensation to employees.

c. Employees' statutory profit sharing and bonuses

The Company recognizes a liability and a bonus expense and employees' statutory profit sharing based on a calculation that considers the tax profit after certain adjustments. In the case of the PTU derived from the reform on labor, a maximum limit of three months of the worker's salary or the average of the PTU received in the last three years was established, whichever is the lesser. The Company recognizes a provision when it is contractually obligated or when there is a past practice that generates an assumed obligation.

d. Other employees benefits by voluntary separation or dismissal

The Company grants certain benefits to employees that leave the Company either by termination or voluntary decision after 20 years of service. In accordance with IAS 19 "Employee benefits", this practice constitutes an assumed obligation of the Company with its employees, which is recorded based on annual actuarial studies prepared by independent actuaries. See Note 17.

e. Benefits paid to employees for severance required by the law

The Company recognizes and pays compensation in the first of the following dates: a) the Company may not withdraw the offer of those benefits, and b) when the Company recognizes the costs of restructuring that is within the scope of IAS 37 and involves payment termination benefits.

2.21 Capital stock

Common shares are classified as capital.

2.22 Revenue recognition

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

The Company uses the IFRS 15 methodology for revenue recognition based on the following steps:

- Identification of the contract with the client;
- Identification of the performance obligations;
- Determination of the transaction price;
- Assignment of the transaction price to performance obligations;
- Recognize income as performance obligations are met.

a. Sale of merchandise

Revenue from merchandise sales is recognized when the customer buys in stores, over the phone or on the internet and takes possession of the good at the time the merchandise is delivered. The Company does not consider the sale of merchandise and its delivery as separate performance obligations, because customers obtain control of the goods at the time of delivery. For promotions of merchandise sales to months without interest less than one year, as a practical solution, the Company does not adjust the amount of said sales, in accordance with the provisions of IFRS 15. For sales to months without interest exceeding one year, the Company has assessed that the amount of the discount for such sales is not significant.

The Company considers as merchandise sales of the period those in which the customer has obtained control of a product in a post-billing delivery agreement, when all the following criteria are met:

- The reason for the post-billing delivery agreement is requested by the customer;
- The product is identified separately as belonging to the customer;
- The product is currently ready for physical transfer to the customer, and
- The Company may not have the ability to use the product or redirect it to another customer.

The Company's policy is to allow the return of certain items sold. Customer returns usually involve a change of size, color, etc.; however, in cases in which the customer definitively wishes to return the product, the Company allows customers to credit the value of the merchandise to their account, if the purchase was made with the Company's own cards, or to return the amount of the purchase in an electronic cash card or a credit to the customer's bank credit card, if the purchase was made in cash or with external cards, respectively.

b. E-wallets and gift certificates

E-wallets

The Company offers promotions, some of which involve benefits granted to its customers represented by e-wallets, the value of which is referred to a percentage of the selling price. E-wallets can be used by customers to settle future purchases at the Company's department stores. Upon the time the electronic wallets are granted, they are recognized in the deferred income account in the consolidated financial position. The Company deducts the amount granted to its customers in e-wallets from revenue. In the Company's historical experience, the likelihood of customers using e-wallets accounts that have been inactive for 24 months is very low. Therefore, e-wallets showing these characteristics are cancelled, with a credit to sales.

Gift certificates

The Company offers its customers gift certificates with no specific expiration date. Upon their sale, gift certificates are recognized in the deferred revenue account in the statement of consolidated financial position. This account is cancelled when the customer redeems the gift certificate; whether partially or entirely, through the acquisition of merchandise, recognizing revenue in the same amount. In the Company's historical experience, the likelihood of customers using gift certificates that have been inactive for 24 months being is remote. Therefore, certificates with these characteristics are cancelled against service income and other.

c. Interest income from the customers

In accordance with IAS 9 “Financial instruments”, interest income is recognized by the effective interest rate method. Late payment of interest is recorded as income as it is collected.

d. Lease revenue

The Company’s policy for recognition of operating lease revenue is described in Note 2.25.2

e. Services and other

- Income from service agreements is determined as follows:

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

2.23 Deferred income

The Company records deferred income arising from different transactions in which cash was received, and in which the conditions for revenue recognition described in paragraph 2.22, b) have not been met. Deferred revenue is shown separately in the consolidated statement of financial position.

2.24 Other accounts receivable

The Company classifies as other accounts receivable all loans or advance payments made to employees and other parties or companies other than the general public. If collection rights or recovery of this amount is realized within 12 months from the period close, they are classified as short term; otherwise, they are shown as long term. In the case of other accounts receivable, the simplified approach of IFRS 9 has been applied to measure the expected credit losses over the life of the instrument.

2.25 Leases

2.25.1 Lessee

Leases are recognized as a right-of-use asset and a liability corresponding to the date the leased asset is available for use by the Company.

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

- Fixed payments (including if they are substantial), less lease incentives receivable;
- Variable lease payments that are based on an index or rate; initially measured using the index or rate on the start date;
- The amounts expected to be payable by the Company in guarantee of residual value;
- Price of exercising a purchase option if the Company has reasonable certainty of exercising this option, and
- Penalty payments for the termination of the lease agreement, if the terms of the lease reflect that the Company will exercise this option.

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

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

To determine the incremental financing rate, the Company:

- It uses a risk-free interest rate plus the credit risk curve associated with the rating determined for the Company and applies specific adjustments to the lease, for example, term and currency type.

The Company is exposed to possible future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted to the right to use asset.

Lease payments are allocated between the principal and the financial cost. The financial cost is charged to income during the lease period in order to produce a constant periodic interest rate on the remaining balance of the liability for each period.

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

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

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

The Company applied the practical file IFRS 16 "Rent concessions related to COVID-19" to recognize the forgiveness of leasing of buildings received as a result of the pandemic as of December 31, 2021 and 2020 for an amount of \$44,334 and \$233,232, respectively, this amount was recognized as variable income and is included in administration expenses.

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

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

2.25.2 Lessor

Revenue from operating leases in which the Company is a lessor is recognized in the statement income under the straight-line method during the term of the lease. The initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and are recognized as expenses during the term of the lease on the same basis as the income from the lease. The respective leased assets are included in the statement of financial position depending on their nature. Lease income at 2021 and 2020 for \$3,090,038 and \$2,579,175 respectively, includes non-lease components for \$992,850 and \$763,473, which are recognized in accordance with the income standard for contracts with customers.

As a result of the COVID-19 pandemic, the Company granted rent forgiveness to its tenants in the amount of \$178,856 and \$470,506, as of December 2021 and 2020, respectively. See Note 3.1.

The Company accounted for the modifications in operating leases as a new lease from the effective date of the modification, considering the anticipated or accumulated lease payments related to the original lease as part of the payments of the new lease, they continue to be recognized in straight line.

2.26 Earnings per share

Basic earnings per ordinary share are calculated by dividing the holding interest by the weighted average of ordinary shares outstanding during the period. Earnings per diluted share are determined by adjusting the holding interest and ordinary shares, under the assumption that the entity's commitments to issue or exchange the Company's own shares would be realized. Basic earnings are the same as diluted earnings due to the fact that there are no transactions that could dilute earnings. See Note 20.

2.27 Supplier rebates

The Company receives rebates from suppliers as reimbursement of discounts granted to customers. Supplier reimbursements related to discounts granted to customers with respect to merchandise sold are negotiated and documented by the purchasing areas and are credited to the cost of sales in the period in which they are received.

2.28 Prepaid payments

The Company recognizes prepaid payments for television advertisement and insurance premiums. Those amounts are recorded at the value that was contracted and are recorded in income when the advertisements are broadcasted and on a straight-line basis for insurance premiums. None of the insurance policies have a term exceeding twelve months.

Note 3 - Risk management:

The main risks to which the Company is exposed are:

3.1 Real estate risk**3.2 Market risks**

3.2.1. Exchange rate risk

3.2.2. Interest rate risk

3.3 Financial risks

3.3.1. Liquidity risk

3.3.2. Credit risk

3.1 Real estate risk

The Company owns department stores and either owns or co-owns 28 shopping malls. The Board of Directors is responsible for authorizing the purchase of land and buildings proposed by the Company's real estate area. For every real estate investment, sales are estimated per square meter and the return on the investment to be generated. The Company has no risk concentration in accounts receivable from lessees, as it has a diversified base and periodically evaluates their payment capacity, especially prior to renewing their lease agreements. Although the value of real property in Mexico is relatively stable, economic development and structural changes in the country are risk factors that could affect the supply and demand of real property and affect rent levels and the risk of vacant commercial space. Commonly, real property in Mexico is quoted in US dollars, and thus an excessive rise in the exchange rate of the peso to the dollar or in the prices of property available to the Company or in construction materials could limit the Company's plans to expand. The Company has insurance that duly covers its assets against the risk of fire, earthquake and other natural disasters. All insurance has been contracted with leading companies in the insurance market.

Derived from the health contingency, the Company granted support for the closure of the shopping centers during 2020, which began as of April 2020 of 50%, 40% and payment deferral for up to 6 months as of January 2021. In the case of the shopping centers located in Mexico City and the State of Mexico, they were closed from January to the first week of February 2021, for which the Company granted support of 60% in January and 25% in February. See Note 18.

3.2 Market risks

The Company contracts derivative financial instruments to reduce the uncertainty of the return on its projects. The derivative financial instruments contracted are assigned for hedge accounting purposes and are closely linked to the financing contracted by the Company.

The Company's internal control policies require that the representatives of the finance and legal areas conduct an analysis prior to contracting financing or to conducting operations with derivative financial instruments. In evaluating the use of derivatives, to cover the financing risks, sensitivity analysis is conducted of the different variables and effectiveness testing is conducted to determine the book treatment of the derivative financial instrument, once contracted.

3.2.1 Exchange rate risk

Except as mentioned in Note 16, the Company has not contracted financing in foreign currencies; however, the Company is exposed to risks related to movements in the exchange rate of the peso to the US dollar and the euro with respect to importations of merchandise mainly from Europe and Asia. As of December 31, 2021, and 2020, purchases of merchandise in a currency other than the Mexico peso represent approximately 21% and 23% of

total purchases, respectively.

At December 31, 2021 and 2020, the Company's exposure to exchange rate risks amounted to (US\$921,842), €(2,529) and (US\$1,061,321), €5,733, respectively. In the event of an 8% increase in the exchange rate of the peso to the US dollar, the Company's loss would approximate \$1,509,402 and \$1,679,190. The 8% represents the sensitivity rate used when the foreign exchange risk is reported internally to the Results Review Committee and represents the Administration's assessment of the possible variation in exchange rates. The sensitivity analysis includes only the monetary items pending settlement denominated in foreign currency at the end of the year.

Additionally, the Company maintains an investment in Grupo Unicomer Corp. (Unicomer), and the cash flows received are denominated in US dollars. The risk of conversion is the risk that the variations in exchange rates will cause volatility in the peso value of these cash flows. The Company has not hedged the cash flows that it receives from this investment.

The Company had the following foreign currency monetary assets and liabilities:

		December 31,	
		2021	2020
Thousands of US dollars			
Monetary assets	US\$	300,655	US\$ 82,504
Monetary liabilities		(1,222,497)	(1,143,825)
Short position	US\$	(921,842)	US\$ (1,061,321)
Equivalent in pesos	\$	(18,867,525)	\$ (21,129,521)
Thousands of Euros			
Monetary assets	€	2,739	€ 11,656
Monetary liabilities		(5,268)	(5,923)
(Short) long position	€	(2,529)	€ 5,733
Equivalent in pesos	\$	(58,863)	\$ 139,652

The exchange rates of the peso to the dollar, in effect at the date of the consolidated statement of financial position and the date of approval of the independent auditor's report, were as follows:

		February 18	December 31
		de 2022	de 2021
US dollar	\$	20.3063	\$ 20.4672
Euro	\$	23.0751	\$ 23.2753

3.2.2 Interest rate risk

The contracted financings are subject to both fixed and variable interest rates and expose the Company to the risk of variability in interest rates and, therefore, to its cash flows. The Company's policy is to cover the majority of its financing towards a fixed rate profile. The main objective of the use of derivative financial instruments is to know with certainty the effective flows that the Company will pay to comply with its obligations. With interest rate swaps, the Company agrees with other parties to deliver or receive monthly the difference between the interest amount of the variable rates agreed in the debt contracts and the amount of the interest of the fixed rates contracted in derivative financial instruments. As of December 31, 2021, and 2020, the fixed rate debt is at 91%. The Company continuously analyzes its exposure to interest rates. A number of different interest rate scenarios are evaluated such as, refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the corresponding impact on results or on its consolidated financial position.

The Company contracts interest rate swaps that have critical terms similar to the item covered, such as the reference rate, restart dates, payment dates, maturities and nominal amount. As all critical terms agreed during the year, there is an economic relationship.

The ineffectiveness of coverage for interest rate swaps is assessed using the same principles as for hedges of purchases in foreign currency. They can occur due to:

- Adjustment of the creditor value/debtor value in interest rate swaps that does not correspond to the loan, and
- The critical differences between interest rate swaps and loans.

There was no recognized ineffectiveness during 2021 or 2020 in relation to interest rate swaps.

Sensitivity analysis for interest rates

The following sensitivity analyses have been determined considering the current derivative financial instruments at December 31, 2021 and assuming the following:

If interest rates had been 10 basis points below and all the other variables remained constant. The other items comprising comprehensive income for the year ended December 31, 2021 and 2020 would have increased by \$53,056 and \$67,443 net of deferred taxes, mainly as a result of the changes in fair value of hedge derivative financial instruments contracted to hedge against exposure to changes in interest rates.

Reference interest rate reform

There is no direct contractual impact on the “Swaps” due to the fact that the current operations are agreed at fixed rates, and the swap contract itself foresees that it use the TIIE rate or the one that substitutes it. In the case of the valuation of swaps, there are little representative variations derived from the change in the discount curves used.

The information corresponding to the interest rate derivative financial instruments that have been contracted is shown in Note 10 of these consolidated financial statements.

3.3 Financial risks

3.3.1 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its fund requirements. Company’s Management has established policies, procedures and limits that govern the Treasury function. The Treasury is responsible for ensuring the Company’s liquidity and for managing its working capital to guaranty payments to vendors and fund the costs and expenses of the operation. The Company finances its operations through a combination of: 1) reinvestment of a significant portion of profits, and 2) contracting financing and leasing denominated in pesos.

In order to preserve liquidity during the health contingency due to COVID-19, the Company implemented the following measures during 2020: a) reduction of the capital expenditures budget by more than 50%, the opening of the two Liverpool stores scheduled for this year was postponed; and in the case of Suburbia, the openings plan was reduced from 23 to 9 stores; b) restriction of operating expenses to the minimum necessary; c) in order to maintain a healthy portfolio, credit solutions were implemented for clients and the granting of credit was reduced; d) cautious management of inventory levels and purchase orders; e) extension of the payment term to suppliers while offering financial tools such as factoring; f) deferral of the payment of dividends corresponding to the 2019 fiscal year; g) temporary suspension of the share buyback plan; h) contracting short-term credit lines for an amount of \$3,500,000 which were settled during the months of November and December 2020, and i) the placement of stock certificates for \$5,000,000.

In 2021, derived from the opening of stores and positive cash flows, the Company did the following: a) part of the cash flow was used to expand the sales floor, through the opening of new stores; b) due to the good performance of the portfolio, it was not necessary to grant facilities to cardholders for the deferral of payments; c) inventory levels and purchase orders returned to similar levels prior to the pandemic; d) payment terms were not extended to suppliers; e) the dividends corresponding to the results of 2020 were paid; e) the share repurchase plan was resumed, and f) during September and October, a portion of the senior notes maturing in 2026 for US\$252,377 equivalent to \$5,102,565 was prepaid.

The Company has short-term lines of credit available for approximately \$6,263,629; as well as overdraft lines to access debt instruments for \$7,562,500.

The following table shows the contractual maturities of the Company’s financial liabilities according to the expiration periods. This information has been prepared considering the cash flows without discounting, from the first date on which the Company will be required to pay and includes the contractual interests and the main cash flows:

	Between 1 month and 1 year		Between 1 and 5 years		More than 5 years
December 31, 2021					
Suppliers and creditors	\$	40,236,725	\$	-	\$ -
Senior notes and contractual interests		5,889,373		24,733,098	16,246,316
Lease liabilities		1,920,963		6,901,151	13,008,978
	\$	48,047,061	\$	31,634,249	\$ 29,255,294
December 31, 2020					
Suppliers and creditors	\$	32,648,377	\$	-	\$ -
Senior notes and contractual interests		3,049,984		20,154,551	33,288,243
Lease liabilities		1,994,892		6,504,171	13,916,994
	\$	37,693,253	\$	26,658,722	\$ 47,205,237

3.3.2 Credit risk

Credit risk is the risk of the Company suffering losses as a result of customers defaulting on payments, financial institutions in which it maintains investments or the counterparties with which derivative financial statements are contracted.

Loan portfolio

The Company's accounts receivable are comprised of loans granted to our customers through the use of credit cards issued by the Company to purchase merchandise, goods and services at our stores or at establishments affiliated to the VISA system.

Due to the fact that Company sales are made to the general public, there is no risk concentration on one particular customer or group of customers.

The Company has a risk management system for the loan portfolio, whose main components include: 1) the processes of granting credit, authorization of purchase transactions and collection management; 2) information security, technological infrastructure and processes and procedures in store and corporate; 3) the regulatory risk, which includes aspects related to compliance with the provisions issued by the Consumer Advocacy Agency, and 4) the risk of fraud.

Credit application forms are evaluated and approved through automated procedures using parameterized scorecards (grading factors) determined by the Company, both for applicants with credit experience in the credit bureau, and for those with none. Scorecard performance is reviewed periodically and, as required, evaluation of the credit application forms is complemented with a telephone check and visit to corroborate the veracity of the information provided by the applicant. Initial credit limits are also calculated individually and automatically by the Company's system and are periodically monitored by the corporate credit department to increase or decrease them based on the cardholder's record. The Company has a process in place for review of its customer's credit quality, for early identification of potential changes in payment capacity, prompt corrective decision taking and determination of current and potential losses.

Through automated systems, monthly account cutoffs are conducted and any accounts failing to show the requirement payment are detected.

Accounts not receiving payment are immediately blocked to prevent the balance from continuing to grow and the automated computation of late-payment interest begins. Based on the evaluation of certain variables, late-payment risks of the accounts in default and the actions to be taken on those accounts are determined. The following actions are taken on accounts in default: telephone calls to customers, sending of letters and home visits, among others. Accounts showing no payment after 150 days are automatically assigned to collection agencies to take over collection efforts, and accounts showing more than 240 days default are written off.

The Company continuously monitors recovery of its portfolio based on a broad range of tools and mathematical models, as well as considering a number of factors that include historical trends of portfolio aging, record of cancellations and future expectations of performance. In times of economic crisis and with high unemployment indexes, the Company restricts approval of applications and loans made, as well as restricting credit limits of current customers. Given the Company's line of business, there are no real guarantees related to accounts receivable. The best way to represent the maximum exposure to credit risk is the carrying value of accounts receivable.

As a result of the COVID-19 pandemic, the Company implemented various actions such as: 1) "Skip a Payment" support program, which was in effect in April, May and June 2020, to which almost two million cardholders subscribed, deferring the enforceability of their payments between one and up to four months; 2) the "My payment plan" program was incorporated, a financial option that allows the deferral of the balance in fixed payments; 3) the payment options for Suburbia cards were increased, by means of CIE, SPEI or debit card; 4) the credit granting model was modified, making the granting of new accounts, increases in credit limits, overdrafts and cash withdrawals more restrictive; 5) Preventive actions and strategies were established for the recovery of the collection. Additionally, the Company continues to increase the digitization of cardholders and reinforce risk management through the implementation of new credit granting models and new platforms for credit and collection management.

Accounting policy for the provision for credit losses

To calculate this provision, the Company recognizes future losses in the portfolio based on the level of impairment of credit risk. The key information for the measurement of the provision for expected credit losses (ECL) follows the following parameters:

- Probability of Default (PD);
- Significant Increased Risk (SICR);
- Loss Due to Default (LGD), and
- Exposure at Default (EAD).

The expected credit loss methodology uses information derived from statistical models using historical data.

To measure the expected credit losses, the loan portfolio has been grouped according to the credit risk characteristics ("Liverpool" and "LPC" credit cards), the days of non-compliance and the historical performance of the portfolio. In the case of the Suburbia and Suburbia VISA ("Suburbia") portfolio, the simplified approach is used, which considers a period of 3 years in accordance with the provisions of IFRS 9, as it is a recently created product, which causes there is not enough history for the generation of own models and the application of the general approach.

The Company estimates the LGD parameters based on the history of the recovery rate of claims against unpaid credits. The LGD model considers the recovery of cash. EAD represents the expected exposure at the time of payment default.

The EAD of a financial asset is the gross carrying amount at the time of default. Likewise, EAD also considers the portion of the undrawn line of credit that can potentially be exercised in the future.

The significant increase in risk is estimated with the change between the PD with which the account originated and the PD that it has at the time of calculating the provision, for this certain thresholds are determined for credits in stage 1, which if are passed, then the credits migrate to stage 2.

The Company prospectively assesses expected credit losses related to its financial assets carried at amortized cost.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. Once the Company has classified its financial assets according to credit risk, they are evaluated individually or collectively to identify signs of impairment and thus recognize the provision for impairment arising from credit risk.

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

The expected credit loss model is based on changes in credit quality from initial recognition and considers the following phases:

Stage 1

This stage includes loans that have not had a significant increase in credit risk and the basis for recognition of the provision considers expected losses for the next 12 months.

Stage 2

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

Stage 3

This stage includes loans with objective evidence of impairment at the date of each cutoff. Interest income is calculated on the net book value. And the recognition basis of the estimate is over the remaining life of the account.

Penalty

The portfolio is written off when there is no reasonable expectation of recovery. The indicator that there is no reasonable expectation of recovery is that the debtor does not propose a payment plan to the Company, after 150 days without payment, from that moment, the credits are automatically assigned to the dispatches of collection to continue the collection efforts, and when reaching 240 days without receiving payments they are canceled from the accounting. See Note 8.

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

For stage 1, the PD is determined by the probability that the loan may default in the next 12 months. In stage 2, the PD is the probability of default over the remaining life of the loan. Stage 3 PD is considered 100% probabilities that the credit will not recover.

Prospective information incorporated in the Expected Credit Loss (ECL)

The Company uses prospective information considering historical data and its experience in managing this type of data. Likewise, the Company carried out a historical analysis to identify the macroeconomic variables that affect expected credit losses, these being the Consumer Confidence Index (ICC5), Gross Domestic Product (GDP) and the Equilibrium Interbank Interest Rate (TIIE). Based on expected changes in these factors, the Company adjusts historical loss rates.

Support granted by COVID-19

Derived from the effects caused by COVID-19 and in particular the uncertainty generated about the recovery of the portfolio, it required the application of a greater judgment by Management and the preparation of scenarios to evaluate the impact on the calculation mechanics of the provision for credit losses. The methodology used by the Company required making some modifications to evaluate the impact on the calculation of the various support programs provided to clients in 2020, since authorizing payment deferrals does not naturally reflect a significant increase in the level of risk. In the modifications made to the model, the following elements were considered: a) worst default; b) the worst Behavior (Score); c) changes in risk level allocation (ECL), and d) the (LGD), to recognize in advance the possible fall in the recovery of the portfolio caused by COVID-19. In 2021, due to the partial recovery of the economy and the healthy behavior of the portfolio, no additional adjustments to the model used previously were required.

In the case of macroeconomic factors, since 2020 the Company has built a scenario stressing the variables that affect the model (GDP, TIIE and ICC5), in order to reflect the increase in risks with respect to historical changes related to the probability cardholder default. Additionally, the weighting of the scenarios (base, optimistic and pessimistic) was modified with the intention of reflecting the market risk derived from COVID-19 in the calculation of the ECL. See Note 8.

Financial institutions and counterparties in derivative operations

Cash surpluses are invested in credit institutions with a high credit rating such as in government instruments and counterparties in derivative operations are high credit quality financial institutions. It should be mentioned that none of the Company's derivative financial instruments require the Company to keep cash deposits in margin accounts to guarantee these operations.

3.4 Fair value estimate

The financial instruments in the statement of financial position are recorded at fair value based on the following hierarchy.

- Level 1 fair values are derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.
- Level 2 fair values are derived from indicators different from the quoted prices included in Level 1, but that include indicators that are observable directly to quoted prices or indirectly, that is to say, derived from these prices, and
- Level 3 fair values are derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

December 31, 2021	Book value		Level 1		Level 2	Level 3
Assets arising from hedge derivative financial instruments	\$	3,976,208	\$	-	\$ 3,976,208	\$ -
Assets arising from trading derivative		540,003		-	540,003	-
Cash and cash equivalents		30,248,299		30,248,299	-	-
Liabilities arising from hedge derivative financial instruments		(5,082)		-	(5,082)	-
Total	\$	34,759,428	\$	30,248,299	\$ 4,511,129	\$ -
December 31, 2020						
Assets arising from hedge derivative financial instruments	\$	2,913,181	\$	-	\$ 2,913,181	\$ -
Cash and cash equivalents		22,970,420		22,970,420	-	-
Liabilities arising from hedge derivative financial instruments		(66,229)		-	(66,229)	-
Liabilities arising from trading derivative		(59,882)		-	(59,882)	-
Total	\$	25,757,490	\$	22,970,420	\$ 2,787,070	\$ -

During the years ended December 31, 2021 and 2020, there were no transfers between levels 1 and 2. The carrying amount of short-term financial instruments is similar to its fair value due to materialize in the short term.

Financial derivative instruments that are classified at level 2, for determining fair value, the pricing model recognized in the financial sphere was used, (estimated future cash flows brought to present value) using available market information to the valuation date. The key assumptions of market inputs used were as follows: a) futures curve US Government bonds, and b) futures curve Mexican Government.

Note 4 - Key sources of uncertainty in the estimates:

In applying the Company's accounting policies, which are described in Note 2, Management makes judgments, estimates and assumptions on the book figures of assets and liabilities. The related estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates.

Estimates and underlying assumptions are analyzed on a regular basis. The reviews of book estimates are recognized in the review period or future periods, if the review affects both the current period and subsequent periods.

The following are the sources of key uncertainty in the estimates made at the date of the consolidated statement of financial position, and which have a significant risk of deriving in an adjustment to the book values of assets and liabilities during the following financial period.

4.1 Provision for impairment of loan portfolio

The methodology applied by the Company in determining the balance of this provision is described in Note 3.3.2, also see Note 8.

4.2 Estimated impairment of intangible assets with an indefinite useful life

The methodology applied by the Company to determine whether goodwill, rights to its brands and other intangibles have suffered any impairment in value is described in Note 14.

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

The brands acquired as part of Suburbia have demonstrated their longevity by having been successful in the market for several decades and are well recognized in Mexico. The knowledge of the operative process of procurement, commercial planning, product design and marketing (called CATMex) is unique in the Mexican market and has generated economic benefits for Suburbia for several decades. Based on our own experience, during 170 years of operating in Mexico, the Company believes that CATMex will continue to generate cash flows for the Company indefinitely.

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

Note 5 - Category of financial instruments:

December 31, 2021	Amortized cost (receivables)	Fair value through profit or loss	Derivates used for hedging	Total
Financial assets:				
Cash and bank deposits	\$ 2,246,574	\$ -	\$ -	\$ 2,246,574
Investments	30,248,299	-	-	30,248,299
Short and long-term loan portfolio	38,340,700	-	-	38,340,700
Other short and long-term accounts receivable	1,373,534	-	-	1,373,534
Long-term derivative financial instruments	-	-	4,516,211	4,516,211
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	\$ 33,933,221	\$ -	\$ -	\$ 33,933,221
Suppliers, creditors and provisions	44,002,119	-	-	44,002,119
Short-term derivative financial instruments	-	5,082	-	5,082
December 31, 2020	Amortized cost (receivables)	Fair value through profit or loss	Derivates used for hedging	Total
Financial assets:				
Cash and bank deposits	\$ 3,225,516	\$ -	\$ -	\$ 3,225,516
Investments	22,970,420	-	-	22,970,420
Short and long-term loan portfolio	32,839,829	-	-	32,839,829
Other short and long-term accounts receivable	2,519,486	-	-	2,519,486
Long-term derivative financial instruments	-	-	2,913,181	2,913,181
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	\$ 38,554,026	\$ -	\$ -	\$ 38,554,026
Suppliers, creditors and provisions	35,543,588	-	-	35,543,588
Short-term derivative financial instruments	-	59,982	-	59,982
Long-term derivative financial instruments	-	-	66,229	66,229

Note 6 - Credit quality of financial instruments:

		December 31,
Loan portfolio:	2021	2020
Counterparties without external risk ratings:		
Group 1 - Customers with Liverpool credit card	\$ 31,684,120	\$ 28,823,443
Group 2 - Customers with LPC credit card	9,214,588	8,579,247
Group 3 - Customers with Suburbia credit card	2,329,141	1,923,441
Total loan portfolio ⁽¹⁾	43,227,849	39,326,131

(1) Balances are included before the provision for credit losses.

Cash and short-term bank deposits ⁽¹⁾

AAA	32,457,764	26,164,380
AA	-	-
A	-	-
	32,457,764	26,164,380

Financial assets - derivative financial instruments ⁽²⁾

AAA	4,516,211	2,913,181
AA	-	-
	4,516,211	2,913,181
	\$ 80,201,824	\$ 68,403,692

Group 1 and 3 -For the Company, credits granted through the Liverpool and Suburbia credit cards (which mostly share the same characteristics) represent a lesser risk due to the fact that its use is sporadic and seasonal and is restricted to the products on sale at Company stores.

Group 2 and 3 -The LPC and Suburbia credit cards (which mostly share the same characteristics) operated by the Company imply a different risk level, due mainly to the fact that they can be used at a broad number of establishments, allow their holders to draw cash from ATMs and are intended for continuous use.

(1) The rest of cash equivalents in the statement of financial position correspond to petty cash.

(2) The Company does not consider there are risk factors arising from default on counterparty obligations, due to which, it has not been necessary to set up reserves in this regard at December 31, 2021 and 2020.

Note 7 - Cash and cash equivalents:

		December 31,
	2021	2020
Cash and bank deposits	\$ 2,246,574	\$ 3,225,516
Investments	30,248,299	22,970,420
Total	\$ 32,494,873	\$ 26,195,936

Note 8 - Loan portfolio and liabilities related to contracts with customers:

	December 31,	
	2021	2020
Credits related to customer contracts		
Liverpool	\$ 31,684,120	\$ 28,823,443
LPC	9,214,588	8,579,247
Suburbia	2,329,141	1,923,441
	43,227,849	39,326,131
Provision for impairment of loan portfolio		
Liverpool	(3,169,256)	(3,559,805)
LPC	(1,301,303)	(2,229,433)
Suburbia	(416,590)	(697,064)
	(4,887,149)	(6,486,302)
Total loan portfolio	\$ 38,340,700	\$ 32,839,829
Total short-term loan portfolio	\$ 31,514,923	\$ 25,315,337
Total long-term loan portfolio	\$ 6,825,777	\$ 7,524,492

The fair value of the short-term loan portfolio at December 31, 2021 and 2020 closely resembles their book value.

The fair value of the long-term loan portfolio until December 31, 2021 and 2020, as established in \$6,817,559 and \$7,164,323, will be considered level 3 and will be determined using the technique of effective yield at present value at a current discount rate according to the average term of the portfolio and the risk of it.

The provision for losses as of December 31, 2021 and 2020 was determined as follows for the loan portfolio:

Liverpool

Stage	December 31, 2021			December 31, 2020		
	Balance	Provision	%	Balance	Provision	%
1	\$ 28,583,205	\$ 1,653,441	5.78%	\$ 23,453,852	\$ 1,072,792	4.57%
2	2,522,586	1,054,077	41.79%	3,778,877	1,288,418	34.10%
3	578,329	461,738	79.84%	1,590,714	1,198,595	75.35%
	\$ 31,684,120	\$ 3,169,256		\$ 28,823,443	\$ 3,559,805	

LPC

1	\$ 7,385,681	\$ 471,871	6.39%	\$ 5,918,268	\$ 710,056	12.00%
2	1,559,782	593,569	38.05%	1,670,456	680,151	40.72%
3	269,125	235,863	87.64%	990,523	839,226	84.73%
	\$ 9,214,588	\$ 1,301,303		\$ 8,579,247	\$ 2,229,433	

Suburbia

	December 31, 2021				December 31, 2020			
	From 0 to 29 days	From 30 to 89 days expired	More than 90 days expired	Total	From 0 to 29 days	From 30 to 89 days expired	More than 90 days expired	Total
Expected loss rate								
Credit	14.23%	62.3%	90.2%		26.45%	63.8%	91.6%	
Portfolio	\$ 2,199,690	\$ 47,497	\$ 81,954	\$ 2,329,141	\$ 1,603,784	\$ 71,786	\$ 247,871	\$ 1,923,441
Provision for credit losses	\$ 313,063	\$ 29,591	\$ 73,936	\$ 416,590	\$ 424,218	\$ 45,780	\$ 227,066	\$ 697,064

As of December 31, 2021 and 2020, the movements in the allowance for impairment of accounts receivable are shown below:

Liverpool

	Stage 1
January 1, 2020	\$ 1,380,230
Remeasurement of financial assets that remain in the same stage	5,079
From stage 1 to stage 2	(255,301)
From stage 1 to stage 3	(63,727)
From stage 2 to stage 1	148,115
From stage 2 to stage 3	-
From stage 3 to stage 1	102,066
From stage 3 to stage 2	-
Financial assets granted during the period	150,556
Remeasurement of financial assets that changed stage in the period	(84,140)
Financial assets written off in the period	(310,086)
December 31, 2020	1,072,792
Remeasurement of financial assets that remain in the same stage	14,080
From stage 1 to stage 2	(54,209)
From stage 1 to stage 3	(16,096)
From stage 2 to stage 1	777,222
From stage 2 to stage 3	-
From stage 3 to stage 1	141,589
From stage 3 to stage 2	-
Financial assets granted during the period	249,080
Remeasurement of financial assets that changed stage in the period	(201,072)
Financial assets written off in the period	(329,945)
December 31, 2021	\$ 1,653,441

The financial assets written off during the period that are still subject to collection activities for their recovery amount to \$1,840,494 and \$1,634,404, as of December 31, 2021 and 2020, respectively.

LPC

	Stage 1
January 1, 2020	\$ 537,335
Remeasurement of financial assets that remain in the same stage	37,053
From stage 1 to stage 2	(90,299)
From stage 1 to stage 3	(33,459)
From stage 2 to stage 1	93,752
From stage 2 to stage 3	-
From stage 3 to stage 1	51,564
From stage 3 to stage 2	-
Financial assets granted during the period	43,932
Remeasurement of financial assets that changed stage in the period	217,134
Financial assets written off in the period	(146,956)
December 31, 2020	710,056
Remeasurement of financial assets that remain in the same stage	(116,407)
From stage 1 to stage 2	(79,553)
From stage 1 to stage 3	(8,120)
From stage 2 to stage 1	356,981
From stage 2 to stage 3	-
From stage 3 to stage 1	146,717
From stage 3 to stage 2	-
Financial assets granted during the period	53,919
Remeasurement of financial assets that changed stage in the period	(396,081)
Financial assets written off in the period	(195,641)
December 31, 2021	\$ 471,871

The financial assets written off during the period that are still subject to collection activities for their recovery amount to

Provision for credit losses				
	Stage 2		Stage 3	Total
\$	585,449	\$	869,022	\$ 2,834,701
	(8,029)		(156)	(3,106)
	255,301		-	-
	-		63,727	-
	(148,115)		-	-
	(44,321)		44,321	-
	-		(102,066)	-
	30,424		(30,424)	-
	21,942		23,011	195,509
	1,323,644		1,205,960	2,445,464
	(727,877)		(874,800)	(1,912,763)
	1,288,418		1,198,595	3,559,805
	32,623		(2,400)	44,303
	54,209		-	-
	-		16,096	-
	(777,222)		-	-
	(46,229)		46,229	-
	-		(141,589)	-
	34,357		(34,357)	-
	59,348		22,916	331,344
	917,447		511,470	1,227,845
	(508,874)		(1,155,222)	(1,994,041)
\$	1,054,077	\$	461,738	\$ 3,169,256

Provision for credit losses				
	Stage 2		Stage 3	Total
\$	400,877	\$	469,990	\$ 1,408,202
	(21,021)		(624)	15,408
	90,299		-	-
	-		33,459	-
	(93,752)		-	-
	(50,599)		50,599	-
	-		(51,564)	-
	13,069		(13,069)	-
	19,251		28,226	91,409
	670,927		947,521	1,835,582
	(348,900)		(625,312)	(1,121,168)
	680,151		839,226	2,229,433
	32,271		2,047	(82,089)
	79,553		-	-
	-		8,120	-
	(356,981)		-	-
	(19,975)		19,975	-
	-		(146,717)	-
	31,483		(31,483)	-
	50,261		11,162	115,342
	331,776		224,766	160,461
	(234,970)		(691,233)	(1,121,844)
\$	593,569	\$	235,863	\$ 1,301,303

\$967,674 and \$751,933, as of December 31, 2021 and 2020, respectively.

The balance of the provision for expected losses for the loan portfolio as of December 31, 2021 and 2020 is shown below:

		December 31,		December 31,
		2021		2020
As of December 31, 2020	\$	6,486,302	\$	4,422,345
Increased in provision for credit losses recognized in income during the year		1,859,558		5,182,681
Loan portfolio written of during the year as uncollectible		(3,458,711)		(3,118,724)
As of December 31, 2021	\$	4,887,149	\$	6,486,302

Sensitivity analysis for the provision for credit losses

If the Company were to change the prospective information adjustment factor by 10% up or down the macroeconomic paths, the provision for credit losses would increase by \$57,072 and decrease by \$58,416.

Deferred income

8.1 Liabilities related to customer contracts are shown below:

		December 31,		December 31,
		2021		2020
Contract liability - deferred income	\$	2,347,740	\$	2,190,202
Total current contract liabilities	\$	2,347,740	\$	2,190,202

The following table shows how much of the recognized income was included in the balance of the liability for contracts at the beginning of the period:

		December 31,		December 31,
		2021		2020
Deferred income (see Note 2.22.b)	\$	1,829,039	\$	2,005,149
Total current contract liabilities	\$	1,829,039	\$	2,005,149

Note 9 - Other accounts receivable - Net:

		December 31,		December 31,
		2021		2020
Short term accounts receivable:				
Other debtors ⁽¹⁾	\$	787,681	\$	1,729,990
Tenants- Net ⁽²⁾		120,122		321,282
Broxel, S. A. P. I. de C. V.		159,319		57,142
IB Enterprises, S. A. de C. V.- net ⁽³⁾		-		40,000
Short - term loans to employees		44,563		116,738
		1,111,685		2,265,152
Long - term loans to employees		261,849		254,334
Total	\$	1,373,534	\$	2,519,486

(1) Mainly includes accounts receivable from voucher issuing companies and other debtors other than merchandise.

(2) This amount includes the provision for credit losses for an amount of \$172,903 and \$71,891, as of December 31, 2021 and 2020, respectively.

(3) This amount includes the provision for credit losses as of December 31, 2020 for an amount of \$56,995 in 2020, in 2021 it was collected in full.

Note 10 - Derivative financial instruments:

The Company uses hedge Derivative Financial Instruments (DFI) to reduce the risk of adverse movements in the interest rates of its long-term debt and ensure the certainty in the cash flows that it will pay to comply with the obligations incurred, in addition, the Company uses negotiation instruments, forward exchange rate contracts, which aim to reduce the risk of exchange rate movements in the cost of acquiring the goods. The main instruments used are interest rate and currency swaps and the positions contracted at the end of each year are shown below:

Assets

Notional amount ⁽¹⁾		Contracting	Dates	Maturity	Interest rate		Fair value at December 31,	
					Contracted by DFI	Agreed in the debt	2021	2020
USD	300,000	October 2014		October 2024	6.81%	3.95%	\$ 2,778,317	\$ 2,548,794
USD	250,000	September 2016		October 2026 ⁽²⁾	8.88%	3.88%	540,003	73,569
USD	350,000	September 2016		October 2026	8.59%	3.88%	821,711	187,303
USD	50,000	October 2016		October 2026	8.87%	3.88%	119,757	27,950
USD	50,000	October 2016		October 2026	8.76%	3.88%	119,796	28,126
USD	50,000	October 2016		October 2026	8.84%	3.88%	136,627	47,439
Total							4,516,211	2,913,181
Less long-term portion							(4,516,211)	(2,913,181)
Current portion (short term)							\$ -	\$ -

Liabilities

Notional amount ⁽¹⁾		Contracting	Dates	Maturity	Interest rate		Fair value at December 31,	
					Contracted by DFI	Agreed in the debt	2021	2020
\$	1,500,000	September 2017		August 2022	7.84%	TIIE + 0.25%	\$ (5,082)	\$ (66,229)
USD	18,919	Several (2020)		Several (2021)	Several	N/A	-	(30,720)
USD	17,854	Several (2020)		Several (2021)	Several	N/A	-	(29,162)
Total							(5,082)	(126,111)
Less long-term portion							-	(66,229)
Current portion (short term)							\$ (5,082)	\$ (59,882)

(1) The notional amounts related to derivative financial instruments reflect the reference volume contracted; however, they do not reflect the amounts at risk as concerns future flows. Amounts at risk are generally limited to the unrealized profit or loss in from valuation to market of those instruments, which can vary depending on changes in the market value of the underlying item, its volatility and the credit rating of the counterparties.

(2) As of September 30, 2021, the derivative financial instrument no longer meets the requirements to be considered as a hedge, derived from this it is presented as a trading instrument, and the profit accumulated in the capital as of that date was recognized in the consolidated statement of comprehensive income within financial income for an amount of \$156,259.

Note 11 - Investments in associates:

Concept	Activity	Place of incorporation and operations	Proportion of shareholding and voting rights		December 31,	
			2021	2020	2021	2020
Investment in associates ^{(i), (ii)}	Sales	Mexico and Central America	50%	50%	\$ 7,663,171	\$ 6,797,012
Other investments in associates ⁽ⁱⁱⁱ⁾	Malls	Mexico	Several	Several	1,489,325	1,306,925
					\$ 9,152,496	\$ 8,103,937

(i) Unicomer

Unicomer is a private company that operates a chain of stores engaged in the sale of furniture and household appliances through a chain of more than 1,165 stores, with different formats in Central America, South America and the Caribbean. The Company has a 50% equity interest in Unicomer. This acquisition gave rise to goodwill of \$757,623, which is included as part of the investment value. The Company does not exercise joint control over Unicomer because the criteria for control is not met. Under IFRS it exercises significant influence over Unicomer, due to the fact that it owns 50% of the voting rights and is entitled to designate 2 members of the Board of Directors.

(ii) Moda Joven Sfera México, S. A. de C. V. (Sfera México)

In 2006, the Company incorporated an entity in association with El Corte Inglés, S. A. with 49% of the capital (the leading department store chain in Spain). This entity operates a chain of 51 stores in Mexico, specialized in family clothing and accessories under the commercial name Sfera.

(iii) Other investments

Malls

Mainly correspond to the Company's equity in the following malls: Angelópolis in the city of Puebla, Plaza Satélite in the state of México and Galerías Querétaro in the city of Querétaro.

11.1 Following is a summary of the combined financial information pertaining to the Company's associates:

		Unicomer December 31,		Sfera México December 31,	
		2021	2020	2021	2020
Summarized statement of financial position:					
Current assets:					
Cash and cash equivalents	\$	3,139,132	\$ 4,462,931	\$ 70,284	\$ 53,587
Other current assets		25,608,675	18,860,644	776,366	712,591
Total current assets		28,747,807	23,323,575	846,650	766,178
Non-current assets		17,961,011	17,503,352	1,754,793	1,794,161
Total assets	\$	46,708,818	\$ 40,826,927	\$ 2,601,443	\$ 2,560,339
Current liabilities:					
Suppliers		5,117,491	4,284,163	341,067	170,989
Other current liabilities		15,417,012	12,946,541	78,708	463,069
Total current liabilities		20,534,503	17,230,704	419,775	634,058
Non-current liabilities		13,406,896	12,336,208	1,116,653	1,090,161
Total liabilities		33,941,399	29,566,912	1,536,428	1,724,219
Net assets		12,767,419	11,260,015	1,065,015	836,120
Participation of the company in the net assets of associates	\$	6,383,710	\$ 5,630,005	\$ 521,838	\$ 409,384
Goodwill		757,623	757,623	-	-
Equity in net assets of associates	\$	7,141,333	\$ 6,387,628	\$ 521,838	\$ 409,384
Summarized statement of comprehensive income:					
Revenue	\$	24,133,251	\$ 21,502,251	\$ 1,903,589	\$ 1,372,329
Interest income		7,499,537	9,156,330	223	9
Depreciation and amortization		(1,729,739)	(1,377,771)	(198,663)	(205,335)
Interest expense		(1,553,670)	(1,759,666)	(112,464)	(130,078)
Income tax expense		(968,596)	(444,667)	(49,515)	67,529
Net income		1,354,022	(890,344)	122,689	(159,803)
Company's equity in profits of associates	\$	677,011	\$ (445,172)	\$ 60,281	\$ (78,601)

11.2 The reconciliation of movements in the investment in associates is as follow:

		Unicomer		Sfera México		Other		Total
Balance at January 1, 2020	\$	6,776,122	\$	491,158	\$	1,188,759	\$	8,456,039
Translation effect of investment in associates		176,258		-		-		176,258
Equity method		(445,172)		(78,601)		-		(523,773)
Capital increase in associates		-		-		129,672		129,672
Other - Net		(119,580)		(3,173)		(11,506)		(134,259)
Balance at December 31, 2020		6,387,628		409,384		1,306,925		8,103,937
Translation effect of investment in associates		124,845		-		-		124,845
Equity method		677,011		60,281		-		737,292
Dividends paid		(80,081)		-		-		(80,081)
Capital increase in associates		6,010		49,000		171,271		226,281
Other - Net		25,921		3,172		11,129		40,222
Balance at December 31, 2021	\$	7,141,334	\$	521,837	\$	1,489,325	\$	9,152,496

Note 12 - Investment properties - Net:

		Amount
Balance at January 1, 2020	\$	22,346,085
Acquisitions		148,515
Disposals		(40,849)
Depreciation		(324,735)
Balance at December 31, 2020		22,129,016
Acquisitions		641,313
Disposals		(174)
Depreciation		(339,076)
Balance at December 31, 2021	\$	22,431,079

Investment properties include shopping malls, works in progress and other land intended for construction of future shopping malls.

The fair value of investment properties of the Company at December 31, 2021, and 2020 amounts to \$26,783,082 and \$25,683,380, respectively, through discounted cash flows, the key assumptions used were the projected annual growth of business and projected cash flow, using an average discount rate of 12.90% (12.16% in 2020), classified as level 2. The operating costs directly related to the income from leasing investment properties is comprised as follows:

		December 31,	
		2021	2020
Repairs and maintenance	\$	683,053	\$ 621,616
Advertising		96,600	112,202
Personnel compensation and benefits		72,602	57,504
Real estate taxes and water		102,098	100,481
Hired services		26,509	27,142
Other expenses		7,363	7,179
Electrical power and utilities		5,127	14,885
Rent of equipment		-	3,028
Travel expenses		1,854	1,117
Total	\$	995,206	\$ 945,154

Note 13 - Property, furniture and equipment - Net:

	Land		Buildings		Furniture and equipment
At December 31, 2021					
Beginning balance	\$	6,915,106	\$	28,034,920	\$ 6,732,675
Acquisitions		-		11,417	180,540
Transfer		-		819,768	480,425
Disposals		-		(9,232)	(17,723)
Depreciation		-		(528,630)	(1,120,966)
Ending balance		6,915,106		28,328,243	6,254,951
At December 31, 2021					
Cost		6,915,106		34,784,854	17,863,902
Accumulated depreciation		-		(6,456,611)	(11,608,951)
Ending balance	\$	6,915,106	\$	28,328,243	\$ 6,254,951
At December 31, 2020					
Beginning balance	\$	6,895,805	\$	26,938,938	\$ 7,035,530
Acquisitions		5,513		549,310	68,566
Transfers		17,049		1,190,090	867,805
Disposals		(3,261)		(157,881)	(145,512)
Depreciation		-		(485,537)	(1,093,714)
Ending balance		6,915,106		28,034,920	6,732,675
At December 31, 2020					
Cost		6,915,106		33,962,901	17,220,661
Accumulated depreciation		-		(5,927,981)	(10,487,986)
Ending balance	\$	6,915,106	\$	28,034,920	\$ 6,732,675

(1) The balance of works in progress at the end of fiscal year 2021 corresponds to various projects where the Company is building a distribution center, some stores or shopping malls and remodeling some existing ones.

Note 14 - Intangible assets - Net:

	Indefinite useful life			
	Goodwill	Trademarks	Other intangible	
Balance at January 1, 2020	\$ 7,481,553	\$ 3,668,021	\$ 2,108,566	
Movements:				
Investments	-	-	-	
Disposals	-	-	-	
Amortization	-	-	-	
Balance at December 31, 2020	7,481,553	3,668,021	2,108,566	
Movements:				
Investments	-	-	-	
Disposals	-	-	-	
Amortization	-	-	-	
Balance at December 31, 2021	\$ 7,481,553	\$ 3,668,021	\$ 2,108,566	

	Leasehold improvements		Computer equipment		Transportation equipment		Works in progress ⁽¹⁾		Total
\$	4,293,613	\$	681,661	\$	303,742	\$	3,723,211	\$	50,684,928
	26,690		32,802		67,513		4,123,758		4,442,720
	349,115		233,735		1,409		(1,884,452)		-
	(14,734)		(2,121)		(3,180)		-		(46,990)
	(462,643)		(296,934)		(97,845)		-		(2,507,018)
	4,192,041		649,143		271,639		5,962,517		52,573,640
	8,828,835		4,045,388		858,203		5,962,517		79,258,805
	(4,636,794)		(3,396,245)		(586,564)		-		(26,685,165)
\$	4,192,041	\$	649,143	\$	271,639	\$	5,962,517	\$	52,573,640
\$	5,242,466	\$	644,948	\$	277,653	\$	3,220,263	\$	50,255,603
	1,532		27,711		98,066		2,946,447		3,697,145
	-		329,480		39,075		(2,443,499)		-
	(417,276)		(165)		(6,757)		-		(730,852)
	(533,109)		(320,313)		(104,295)		-		(2,536,968)
	4,293,613		681,661		303,742		3,723,211		50,684,928
	8,467,763		3,780,972		792,461		3,723,211		74,863,075
	(4,174,150)		(3,099,311)		(488,719)		-		(24,178,147)
\$	4,293,613	\$	681,661	\$	303,742	\$	3,723,211	\$	50,684,928

Definite useful life

	Licenses and fees		New IT developments		Total
\$	907,300	\$	2,009,598	\$	16,175,038
	256,464		412,039		668,503
	(30)		-		(30)
	(242,106)		(701,378)		(943,484)
	921,628		1,720,259		15,900,027
	328,000		563,411		891,411
	(720)		-		(720)
	(283,069)		(627,580)		(910,649)
\$	965,839	\$	1,656,090	\$	15,880,069

Impairment test of goodwill, brands and other intangibles

The Company conducts annual tests to determine whether the goodwill, brands and other intangibles, the rights of its brands and other intangible (CATMex) have suffered any impairment in their value. As of December 31, 2021, the Company performed the respective tests without determining any adjustment for impairment.

The Company identified the Suburbia commercial segment as the Cash Generating Unit (CGU), in which goodwill, trademarks and other intangibles with an indefinite life were assigned. The recoverable value of the CGUs is based on calculations of fair value less cost of disposal, which are prepared based on historical results and expectations about the development of the market in the future included in the business plan. Given the disruption in economic and market activities, the annual impairment test required the application of greater judgment in light of the uncertainty regarding the economic impact derived from the pandemic, particularly when assessing the impact on projected medium and long-term results. In 2021, a partial economic recovery was observed due to the spread of vaccines, so the Company expects to return to pre-pandemic levels of economic activity in 2022 and 2023, however, the recovery may be slower than expected due to the presence of new strains, among others. The recovery value calculation considers the cash flow projections based on financial budgets approved by Management, which consider various scenarios (base, optimistic and pessimistic), as well as the weighting given to each of them, with In order to incorporate the possible effects on cash flows and their recovery derived from the pandemic, these cash flows cover a period of eight years (maturity period of the stores) and a terminal period discounted at present value with an estimated discount rate considering the Company's level of leverage.

The 37% excess of fair value less cost of disposal over book value equivalent to \$6,405,159, the hierarchy level of the fair value used was level 3.

The determination of the fair value less cost of disposal requires the use of estimates that consider the assumptions mentioned below:

	2021 (%)	2020 (%)
Discount rat	10.90	10.62
EBITDA margin (average budgeted)	14.10	12.60
The expected growth rate of sales (average budgeted)	10.40	7.30
Terminal value growth rate	3.50	3.50

If the sales growth rate used in the calculation of fair value for the CGU had been 3 percentage points lower than the estimate of the Administration as of December 31, 2021, it would not result in an impairment.

If the EBITDA used to calculate the fair value as of December 31, 2021 and 2020 were 1 percentage point lower, no impairment would result.

If the terminal value in the year ended December 31, 2021 and 2020, were 1 percentage point higher, no impairment would result in both years.

Note 15 - Provisions:

	Bonuses and compensation paid to employees ⁽¹⁾		Other provisions ⁽²⁾		Total
At January 1, 2020	\$	1,471,331	\$	719,468	\$ 2,190,799
Charged to statement of income		2,986,240		2,952,911	5,939,151
Used during the year		(2,922,815)		(2,311,924)	(5,234,739)
At December 31, 2020		1,534,756		1,360,455	2,895,211
Charged to statement of income		4,483,559		3,080,211	7,563,770
Used during the year		(4,114,884)		(2,578,703)	(6,693,587)
At December 31, 2021	\$	1,903,431	\$	1,861,963	\$ 3,765,394

(1) Includes provisions for sales commissions, holiday and other fringe benefits.

(2) Other provisions include liabilities for services rendered by consultants and maintenance of stores and offices.

Note 16 - Debt:

In order to face the COVID-19 pandemic, the Company implemented certain measures aimed at preserving liquidity by contracting short-term bank loans, as mentioned below:

- On April 22, 2020, the Company signed a promissory note to Scotiabank in the amount of \$1,000,000 at a variable interest rate TIIE at 28 days + .70 points; settled on December 4, 2020.
- On April 29, 2020, the Company signed a promissory note with BBVA Bancomer, for an amount of \$1,000,000 at a variable interest rate TIIE at 28 days + 0.225 points; settled on November 27, 2020.
- On April 17, 2020, the Company disposed of \$1,500,000 from the credit line contracted with Santander, at a 28-day TIIE variable rate + 0.275 points; settled on December 14, 2020.

In 2021, due to the opening of the stores and positive cash flows, the Company made a prepayment of the senior notes due in 2026 for US\$252,377 equivalent to \$5,102,565 during September and October, see Note 16.2.

The Company's debt is comprised as follows:

		2021	December 31, 2020
Short-term debt:			
Interest payable	\$	708,112	\$ 749,891
Stock certificates		3,400,000	-
	\$	4,108,112	\$ 749,891
Long-term debt:			
Stock certificates	\$	13,500,000	\$ 16,900,000
Senior notes		16,325,109	20,904,135
	\$	29,825,109	\$ 37,804,135

16.1 Debt securities certificates:

Based on a Revolving Stock Certificates Program authorized by the National Banking and Securities Commission (CNBV by its acronym in Spanish), the Company may issue debt securities certificates up to the amount of \$30,000 million pesos for a term of up to 5 years as from July 21, 2017.

Currently, the Company has placed the following unsecured issues:

Maturity	Interest payable	Interest rate	2021	December 31, 2020
Mar 2022	Semiannually	Fixed at 7.64%	\$ 1,900,000	\$ 1,900,000
Aug 2022	Monthly	TIIE at 28 days plus 0.25 basis points	1,500,000	1,500,000
Aug 2027	Semiannually	Fixed at 7.94%	3,500,000	3,500,000
Nov 2029	Semiannually	Fixed at 7.96%	5,000,000	5,000,000
Nov 2030 ⁽¹⁾	Semiannually	Fixed at 8.03%	5,000,000	5,000,000
			16,900,000	16,900,000
Less - Issues of long-term stock certificates			(13,500,000)	(16,900,000)
More - Interest payable			708,112	749,891
Current portion			\$ 4,108,112	\$ 749,891

(1) On August 14, 2020, the Company issued stock certificates in the amount of \$5,000,000 pesos equivalent to 5,000 certificates with a 10-year term with a fixed rate of 8.03

Maturities pertaining to the long-term portion of this liability at December 31, 2021 are as follows:

Maturity	Amount
2027	\$ 3,500,000
2029	5,000,000
2030	5,000,000
	\$ 13,500,000

The issuances of debt securities certificates and other financing contracted by the Company do not establish the obligation to maintain certain proportions in its financial structure or compliance with financial ratios; however, they require that the Company and the significant subsidiaries defined in the respective contracts comply with certain restrictions for the payment of dividends, mergers, divisions, change of corporate purpose, issuance and sale of capital stock, capital investments and liens. As of December 31, 2021, and 2020, the Company complied with the aforementioned conditions.

The fair value of the issuance of stock certificates is as follows:

Maturity date	December 31,			
	2021		2020	
	Book Value	Fair value ⁽¹⁾	Book Value	Fair value
Mar 2022	\$ 1,900,000	\$ 1,893,426	\$ 1,900,000	\$ 1,948,013
Aug 2022	1,500,000	1,495,800	1,500,000	1,498,805
Aug 2027	3,500,000	3,364,165	3,500,000	3,845,849
Nov 2029	5,000,000	5,019,695	5,000,000	5,019,695
Nov 2030	5,000,000	4,582,100	5,000,000	5,138,380
	\$ 16,900,000	\$ 16,355,186	\$ 16,900,000	\$ 17,450,742

(1) The fair value of debt securities certificates is determined based on reference to price quotations published in an active market (classified as level 1 in the fair value hierarchy).

16.2 Senior Notes

Below are the details of the Senior Notes as of December 31, 2021 and 2020:

Maturity	Interest payable	Interest rate	December 31,	
			2021	2020
Oct. 2024 ⁽¹⁾	Semiannually	Fija de 3.95%	\$ 6,140,160	\$ 5,972,610
Oct. 2026 ⁽²⁾	Semiannually	Fija de 3.875%	10,184,949	14,931,525
			\$ 16,325,109	\$ 20,904,135

(1) In September 2014, the Company issued Senior Notes for an amount of US\$300 million, with an interest rate of 3.95% per annum and maturing in 2024. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (subsidiary).

(2) In September 2016, the Company issued Senior Notes for an amount of US\$750 million, with an interest rate of 3.875% per annum and maturing in 2026. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (Subsidiary). In 2021, due to the opening of stores and positive cash flows, the Company made a prepayment of US\$252,357 equivalent to \$5,102,565 and interest for \$545,446 during September and October.

The aforementioned securities were the subject of a private offering to institutional investors in the United States and other foreign markets under the Rule 144A and Regulation S under the Securities Act 1933 of the United States of America.

The fair value of issuances of Senior Notes is as follows:

Maturity date	December 31,			
	2021		2020	
	Book Value	Fair value ⁽¹⁾	Book Value	Fair value ⁽¹⁾
Oct. 2024	\$ 6,140,160	\$ 6,462,825	\$ 5,972,610	\$ 6,418,926
Oct. 2026	10,184,949	10,872,739	14,931,525	16,091,555
	\$ 16,325,109	\$ 17,335,564	\$ 20,904,135	\$ 22,510,481

(1) The fair value of Senior Notes is determined based on reference to price quotations published in an active market (classified as level 1 in the fair value hierarchy).

A reconciliation of debt as required by IAS 7 "Cash flow statement" is as follows:

	December 31,	
	2021	2020
Beginning balance of debt and interest	\$ 38,554,026	\$ 35,319,371
Issuance of debt	-	8,500,000
Repayments	(5,102,565)	(6,500,000)
Foreign exchange variation	523,538	1,096,724
Interest accrued	3,552,821	3,099,151
Interest paid	(3,594,599)	(2,961,220)
Closing balance of debt and interest	\$ 33,933,221	\$ 38,554,026

Note 17 - Employee benefits:

The value of employee benefit obligations at December 31, 2021 and 2020, amounted to \$3,042,949 and \$2,885,805 respectively, as follows:

	December 31,	
	2021	2020
Pension plans	\$ (1,534,484)	\$ (1,521,735)
Seniority premium	(775,408)	(642,248)
Other employee benefits	(733,057)	(721,822)
	\$ (3,042,949)	\$ (2,885,805)

The net cost for the period ended at December 31, 2021 and 2020 are as follows:

	December 31,	
	2021	2020
Pension plans	\$ 88,473	\$ 213,514
Seniority premium	134,139	101,748
Other employee benefits for voluntary separation or dismissal	151,490	130,492
	\$ 374,102	\$ 445,754

The amount included as a liability in the consolidated statements of financial position is integrated follows:

	December 31,	
	2021	2020
Defined benefit obligations	\$ (3,042,949)	\$ (2,885,805)
Fair value of plan assets	303,903	155,903
Liability in the consolidated balance sheet	\$ (2,739,046)	\$ (2,729,902)

The movement in the defined benefit obligation is as follows:

		December 31,
	2021	2020
Beginning balance at January 1	\$ (2,885,805)	\$ (2,611,648)
Service cost	(152,469)	(239,862)
Interest cost	(236,465)	(216,036)
Actuarial loss	(121,636)	2,871
Benefits paid	353,426	178,870
Ending balance at December 31	\$ (3,042,949)	\$ (2,885,805)

The movement in the liability is as follows:

		December 31,
	2021	2020
Beginning balance at January 1	\$ (2,729,902)	\$ (2,469,847)
Provision of the year	(374,102) *	(445,754)
Actuarial remeasurements	(139,694)	2,449
Company contributions	151,224	56,270
Benefits paid	353,426	126,980
Ending balance at December 31	\$ (2,739,046)	\$ (2,729,902)

- Derived from the reform on labor, the Company hired 2,731 employees respecting their seniority and benefits, which represented an increase in labor liabilities of \$37,249.

The movement in plan assets is as follows:

	2021	2020
Beginning balance at January 1	\$ 155,903	\$ 141,801
Return plan assets	(2,552)	9,721
Fund contributions	-	69,016
Transfer of assets	150,552	(12,746)
Benefits paid	-	(51,889)
Ending balance at December 31	\$ 303,903	\$ 155,903

Principal categories of plan assets at the end of the reporting period are as follows:

		Fair value of plan assets December 31,
	2021	2020
Debt instruments	\$ 75,976	\$ 116,927
Equity instruments	227,927	38,976
	\$ 303,903	\$ 155,903

The expected return on plan assets represents the weighted average expected return for the different categories of plan assets. The Company's assessment of expected yields is based on historical trends and analyst' predictions on the market of assets for the life of related obligations.

The significant actuarial assumptions are as follows:

	December 31,	
	2021	2020
Discount rate	9.25%	8.25%
Inflation rate	3.50%	3.50%
Salary growth rate	4.75%	4.75%
Pension increase rate	4.50%	4.50%

Assumptions concerning future mortality are established on the basis of the actuarial study as per statistics and the published experience of each territory. Those assumptions give rise to average life expectancy of an individual retiring at age 65.

Retiring at year-end:

	2021	2020
Men	17 years	17 years
Women	20 years	20 years

Sensitivity of the obligation for defined benefits resulting from changes in the weighted average of the main assumptions is as follows:

	Change in assumptions		Increase (decrease) in assumptions	
	2021	2020	2021	2020
Discount rate	0.5%	0.5%	\$ (95,436)	\$ (109,747)
Rate of salary increases	0.5%	0.5%	137,111	165,934
Pension increase rate	0.5%	0.5%	(6,870)	(5,945)
Life expectancy	1.0%	1.0%	(17,963)	(8,657)

The aforementioned sensitivity analyses are based on a change in one assumption, with all other assumptions remaining constant. In practice, this is unlikely and changes in other assumptions can be correlated. The same method (present value of defined benefit obligations calculated by the projected unit credit method at the end of the reporting period) was applied in calculating the sensitivity of the obligation for defined benefits to significant actuarial assumptions.

The methods and types of assumptions used in the sensitivity analysis were the same as those used in the preceding period.

Note 18 - Operating leases:

18.1. The Company as a lessee:

This note provides information for leases in which the Company is a lessee.

i. Amounts recognized in the consolidated statement of financial position

The status shows the following amounts related to leases:

	December 31,	
	2021	2020
Right of use assets:		
Buildings	\$ 10,873,441	\$ 10,774,333
Furniture and equipment	469,579	673,129
Vehicles	170,516	210,491
	\$ 11,513,536	\$ 11,657,953
Lease liabilities:		
Current	\$ 2,004,445	\$ 1,973,296
Non-current	10,555,645	10,437,714
	\$ 12,560,090	\$ 12,411,010

The additions and derecognition of assets for the right of use during 2021 were for an amount of \$1,627,591 and \$353,407, respectively (2020 for an amount of \$1,322,325 and \$120,480).

ii. Amounts recognized in the consolidated statement of income

The consolidated statement of income shows the following amounts related to leases:

		December 31,
	2021	2020
Depreciation charge of right of use assets:		
Buildings	\$ 1,112,140	\$ 1,032,002
Furniture and equipment	172,852	186,626
Vehicles	133,609	170,367
	\$ 1,418,601	\$ 1,388,995
Interest expense (included in finance cost)	1,097,033	1,111,336
Expense relating to short-term leases (included in cost of sales and administrative expenses)	298,675	271,518
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	130,051	131,907
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	377,238	125,048

The Company applied the practical expedient provided by the IASB in May 2020 and extended in March 2021 IFRS 16 "Rental concessions related to COVID-19". Building lease forgiveness received as a result of the pandemic as of December 31, 2021 and 2020 amount of \$44,334 and \$233,232, respectively. These amounts were recognized as variable income and are included in administrative expenses.

The total cash flow for the leases in 2021 and 2020 was \$2,128,704 and \$1,888,052, respectively. The building lease concessions did not generate cash outflow in 2021 and 2020 the amount of \$44,334 and \$233,232, respectively.

iii. Leasing activities of the Company and how they are accounted for

The Company rents real estate, furniture and equipment, and vehicles. Rental contracts are usually made for fixed periods of 12 months to 15 years but may have options for extension of time as described in subsection v. below. Contracts may contain lease and non-lease components. The Company assigns the consideration in the contract to the lease and non-lease components based on their relative independent prices.

The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease agreements do not impose any covenant apart from the guarantee on leased assets that are maintained by the lessor. Leased assets cannot be used as collateral for loan purposes.

iv. Variable lease payments

Some of the property leases contain variable payment terms that are linked to the sales generated in a store. For individual stores, up to 100% of lease payments are based on variable payment terms with a percentage range of 2% to 3% of sales. Variable payment terms are used for a variety of reasons, including minimization of the fixed cost base for newly established stores. Variable lease payments that depend on sales are recognized in the statement income in the period in which the condition that triggers such payments occurs.

v. Extension and termination option

Extension and termination options are included in a series of leases of real estate, furniture and equipment throughout the Company. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations. Most extension and termination options are held by the Company and not the lessor.

Following is the reconciliation of the lease liability required by IAS 7 “Statement of cash flows”

	December 31,	
	2021	2020
Beginning balance of lease liabilities	\$ 12,411,010	\$ 12,219,113
Acquisitions	1,627,591	1,322,325
Disposals	(402,506)	(120,480)
Lease concessions	(44,334)	(233,232)
Accrued interest	1,097,033	1,111,336
Principal payment	(1,031,671)	(776,716)
Interest paid	(1,097,033)	(1,111,336)
Closing balance of lease liabilities	\$ 12,560,090	\$ 12,411,010

18.2 The Company as lessor

Operating leases are related to commercial leases. Lease periods are from one to five years. All operating leases over five years contain clauses for review of market income every two years. The contracts do not establish the option for tenants to buy the leased premises at the expiration date of the lease periods.

As a result of the COVID-19 pandemic in 2021 and 2020, the Company granted rental concessions to its tenants for an amount of \$178,856 and \$470,506, respectively.

Below is an analysis of lease revenue:

	December 31,	
	2021	2020
Fixed rent	\$ 2,896,945	\$ 1,720,218
Variable rent	124,266	95,484
Total of lease revenue	\$ 3,021,211	\$ 1,815,702

Following is an analysis of the minimum annual payments agreed with the lessees in the lease agreements entered into at terms of over one year:

	December 31,	
	2021	2020
Up to 1 year	\$ 2,896,945	\$ 1,720,937
From 1 to 5 years	11,587,782	6,360,584
Over 5 years	14,484,728	12,721,167
Total minimum payments agreed	\$ 28,969,455	\$ 20,802,688

Nota 19 - Balances and transactions with related parties:

During 2021 and 2020, Grupo Financiero Invex, S. A. de C. V. (Invex) provided the Company with pension plan and workers' savings fund administration services, as well as with fiduciary services. Invex and the Company share some stockholders. Fees paid to Invex for these services totaled \$8,225 and \$7,195 in 2021 and 2020, respectively. At December 31, 2021 and 2020 there were no outstanding balances for these items. During 2021 and 2020, the Company contracted corporate travel services for its employees with Orion Tours, S. A. de C. V. (Orion), whose General Director is Vice-Chairman of the Company's Board of Directors. These services were contracted using market conditions. Fees paid to Orion for these services totaled \$20,644 and \$15,401 in 2021 and 2020, respectively. At December 31, 2021 and 2020 there were no balances pending to be paid for these items.

Compensation for directors and other key members of management during the year was as follows:

	2021	2020
Total short term	\$ 64,322	\$ 67,405

Compensation paid to directors and key executives is determined by the Financial Review Committee, based on their performance and market trends.

Note 20 - Stockholders' equity:

20.1 Capital stock at December 31, 2021 and 2020, is comprised of the follows:

		Minimum fixed capital
1,009,318,128 Series "1" shares, are duly represented, constituting 88.1693% of the 1,144,750,000 Series "1" shares without expression of nominal value, subscribed and paid 197,446,100 common and registered shares and Series "C-1" without expression of nominal value, subscribed and paid	\$	269,112
Cumulative inflation increase at December 31, 1997		3,105,170
Total	\$	3,374,282

The Board of Directors approved on March 18, 2021 the payment of dividends from the Net Fiscal Income Account (CUFIN by its Spanish acronym) for the amount of \$2,013,294. On October 29, 2021, \$1,006,526 was paid and in January 2022, \$1,006,525 was settled.

The Board of Directors approved on March 12, 2020 the payment of dividends from the income tax earnings (CUFIN) in the amount of \$ 2,013,294. At the Extraordinary General Shareholders' Meeting, held on May 14, 2020, the shareholders agreed to defer the payment for fiscal year 2021. On January 14, 2020, \$8 was paid. On January 22, 2021, \$1,005,354 was paid and in March 2021, \$1,006,525 were settled.

In accordance with IAS 29 "Hyperinflation", an entity must recognize the effects of inflation in the financial information when an economy accumulates 100% inflation in a three-year period. Mexico was considered a hyperinflationary economy until 1997, and for that reason the Company recognized all the cumulative inflation effects up to that year.

The companies and trusts mentioned below hold a share of approximately 87% of Series 1 of the Company's share capital as of December 31, 2021 and 2020, as mentioned below:

Shareholder	Number of shares of common stock	Percentage ownership of common stock (%)
Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 15228-3	278,691,361	20.8
Banco INVEX, S.A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0327	221,455,612	16.5
Banco Nacional de México, S. A., Institución de Banca Múltiple, Grupo Financiero Banamex-Trust No. 504288-5	109,114,664	8.1
Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero-Trust No. 0387	101,492,311	7.6
UBS Casa de Bolsa, S. A. de C. V.	96,234,447	7.2
Banco INVEX, S. A., Institución de Banca Múltiple, INVEX Grupo Financiero- Trust No. 4165	67,460,443	5.0
Pictec and Cie	59,617,452	4.4
Scotiabank Inverlat S. A., Institución de Banca Múltiple-Trust No. 11033735	36,839,656	2.7
GBM Fondo de Inversión Total, S. A. de C. V., SIRV (GBMAGR.)	966,622	0.1
Other	370,323,532	27.6
Total	1,342,196,100	100

20.2 Capital reserves

Capital reserves are comprised as follows.

	December 31,	
	2021	2020
Reserve for translation effects	\$ 1,462,674	\$ 1,265,598
Legal reserve	582,500	582,500
Reserve for repurchase of shares ^{(1) and (2)}	6,000,000	6,212,477
Investment reserve	94,319	94,319
Reserve for valuation of derivative financial instruments	1,234,483	377,038
	\$ 9,373,976	\$ 8,531,932

(1) During the first quarter of 2021, the Company sold 3,114,053 series C-1 shares in the market at prices ranging between \$61.68 and \$70.60. The total of the sale was \$206,920 to which was added \$206 of transaction costs before taxes.

During fiscal year 2020, the Company purchased 6,563,810 series C-1 shares on the market at prices ranging between \$64.76 and \$88.63. The total cost of the repurchase was \$566,788, to which was added \$566 of transaction costs before taxes. Additionally, the Company sold 8,409,009 series C-1 shares in the market. The total sale was \$546,493 to which was added \$546 of transaction costs before taxes.

(2) At the ordinary General Shareholders' Meeting, held on March 18, 2021, the shareholders agreed to increase the reserve for the acquisition of own shares to \$6,000,000.

At the ordinary General Shareholders' Meeting, held on March 12, 2020, the shareholders agreed to increase the reserve for the acquisition of own shares up to the amount of \$ 6,000,000. Derived from the contingency due to COVID-19, the Company temporarily suspended the share buyback plan from April to December 2020.

The reserve for repurchase of shares represents the reserve authorized by the Stockholders in order for the Company to be able to acquire its own shares, provided the criteria set out in the bylaws and in the Securities Market, Law are met.

The balance of the reserve for the acquisition of own shares as of December 31, 2021 and 2020, is \$6,000,000 and \$6,212,477, respectively.

20.3 The reconciliation of the reserve for valuation of derivative financial instruments is as follows

At January 1, 2020	\$ 407,548
Swap settlement ⁽²⁾	(359,011)
Valuation effect	328,501
At December 31, 2020	377,038
Swap reclassification ⁽¹⁾	156,259
Valuation effect	701,186
At December 31, 2021	\$ 1,234,483

(1) As of September 30, 2021, the derivative financial instrument no longer meets the requirements to be recorded as a hedge, derived from this it is presented as a negotiation instrument, and the profit accumulated in the capital as of that date was recognized in the consolidated statement of comprehensive income within financial income for an amount of \$156,259.

(2) On May 19, 2020, the Company settled the cross-currency swap for a notional amount of \$750,000, the effect of this instrument was recognized in the statement of income within the comprehensive financing result and in the statement of cash flows within the financial activities.

The income of the year is subject to the legal provision that requires at least 5% of the income of each year be used to increase the legal reserve until it is equal to one fifth of the amount of paid-in capital.

20.4 The balances of the tax accounts of stockholders' equity are:

	December 31,	
	2021	2020
Capital contributions account	\$ 112,519,076	\$ 97,952,256
After-tax earnings account (CUFIN)	159,579,878	136,510,700
Reinvested after tax earnings account (CUFINRE)	170,461	158,790
Total	\$ 272,269,415	\$ 234,621,746
Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2021 and 2020	\$ 1,346,254,191	\$ 1,338,501,759

20.5 Tax provisions related to stockholders' equity:

Dividends to be paid will be free from income tax if they come from Net Tax Profit Account (CUFIN, by its Spanish acronym). Any dividends paid in excess of CUFIN and reinvested CUFIN (CUFINRE) will cause a tax equivalent to 42.86%. The current tax is payable by the Company and may be credited against its current income tax of the year or the year on which it is paid. The remaining amount may be credited in the following two fiscal years against the tax of the year or against the provisional payments. Dividends paid coming from profit previously taxed by income tax will not be subject to tax withholding or additional tax payment. Income tax law sets the obligation of keeping CUFIN with profit generated up to December 31, 2013 and starting another CUFIN with profit generated from January 1, 2014.

Nota 21 - Income Tax::

21.1 The income tax for the period is calculated by applying a 30% rate on the taxable profit. The income tax are integrated as follows:

	December 31,	
	2021	2020
Income tax	\$ 5,219,069	\$ 2,179,985
Deferred income tax	(1,708,894)	(2,562,306)
	\$ 3,510,175	\$ (382,321)

Movements in deferred tax were as follows:

	December 31,	
	2021	2020
At January 1	\$ 1,276,091	\$ (1,272,301)
Effect on the statement of income	1,708,894	2,562,306
Effect on the other comprehensive income	89,706	(13,914)
At December 31	\$ 3,074,691	\$ 1,276,091

21.2 The deferred tax balance is composed as follows:

	December 31,	
	2021	2020
Deferred income tax asset:		
Tax loss carryforward	\$ 1,659,002	\$ 988,471
Lease liabilities - Net	388,090	295,762
Provision for impairment of loan portfolio	1,749,761	2,306,670
Provisions	2,940,340	2,324,744
Inventories	218,657	252,827
Cash flows hedges	51,966	54,955
Investment in share of associates	191,588	155,438
Other items	287,623	226,656
	7,487,027	6,605,523
Deferred income tax liability:		
Real estate and property, furniture and equipment	2,450,199	3,183,111
Intangible assets	1,548,174	1,736,983
Prepayments	240,958	295,494
Supplies	35,351	53,348
Other items	137,654	60,496
	4,412,336	5,329,432
Deferred income tax	3,074,691	1,276,091
Asset tax recoverable	27,582	27,582
Total deferred income tax asset	\$ 3,102,273	\$ 1,303,673

Net movements of deferred tax assets and liabilities during the year are explained below:

	Tax loss carryforward		Provision for impairment of portfolio		Provisions		Lease liability - Net	
At January 1, 2020	\$	109,919	\$	1,733,874	\$	2,001,320	\$	159,699
Charged / credited to								
the statement of income		878,552		572,796		323,424		136,063
Other comprehensive income		-		-		-		-
At December 31, 2020		988,471		2,306,670		2,324,744		295,762
Charged / credited to								
the statement of income		670,531		(556,909)		615,596		92,328
Other comprehensive income		-		-		-		-
At December 31, 2021	\$	1,659,002	\$	1,749,761	\$	2,940,340	\$	388,090

The deferred tax due to the existence of undistributed earnings in the subsidiaries has not been recognized because the Company is able to control the timing of the reversal of the temporary differences associated with the investments or such gains are not subject to income tax payment come from the CUFIN.

At December 31, 2021, the Company has unamortized tax loss carryforwards for income tax purposes, to be indexed in the year in which they are applied, for a restated amount of:

Year	Amortizable tax loss
2023	\$ 86
2026	57,118
2029	56,222
2030	3,415,584
2031	2,000,997
	\$ 5,530,007

In determining deferred income tax at December 31, 2021 and 2020, the Company applied to temporary differences, the applicable rates according to their estimated date of reversal.

	Investment properties, furniture and equipment		Investment in shares of associates		Inventories		Intangibles		Others		Total
	\$ (3,335,594)	\$	1,325	\$	181,529	\$	(2,013,862)	\$	(110,511)	\$	(1,272,301)
	152,483		171,115		71,298		276,879		(20,304)		2,562,306
	-		(17,002)		-		-		3,088		(13,914)
	(3,183,111)		155,438		252,827		(1,736,983)		(127,727)		1,276,091
	732,912		36,150		(34,170)		188,809		(36,353)		1,708,894
	-		-		-		-		89,706		89,706
	\$ (2,450,199)	\$	191,588	\$	218,657	\$	(1,548,174)	\$	(74,374)	\$	3,074,691

21.3 The reconciliation of the legal income tax rate and the effective rate, stated as a percentage of the profit before income tax, is as follows.

	December 31,	
	2021	2020
Profit before income tax	\$ 16,388,434	\$ 371,403
Statutory rate	30%	30%
Income tax at statutory rate	\$ 4,916,530	\$ 111,421
Plus (less) effects of taxes of the following items:		
Non-deductible expenses	296,580	305,125
Non-taxable income	(27,247)	(45,666)
Annual inflation adjustment taxable	68,685	47,625
Share of profit of associates	221,188	(157,132)
Investment property, furniture and equipment	(1,643,786)	(489,830)
Cost of sales update	(141,176)	(98,183)
Update of tax losses	(90,959)	(17,612)
Other permanent items	(89,640)	(38,069)
Income tax	\$ 3,510,175	\$ (382,321)
Effective income tax rate	21%	103%

Note 22 - Segment information:

Segment information is reported based on the information used by the Financial Review Committee in making strategic and operating decisions. An operating segment is defined as a component of an entity in which there is separate financial information which is evaluated on a regular basis.

IFRS 8 requires disclosure of assets and liabilities pertaining to one segment, if measurement is regularly provided to the decision-making body; however, with respect to the Company, the Financial Review Committee only evaluates the performance of the operating segments based on an analysis of income and operating profit, but not of each segment's assets and liabilities.

Impacts of COVID-19

As a result of the contingency due to COVID-19, the Company closed all of its commercial locations as of March 30, 2020 and began a gradual reopening of its activities in warehouses, stores, boutiques and shopping centers as of July 2020. All this in strict adherence to the instructions and restrictions of the federal and local authorities. As of December 19, 2020, the warehouses, stores, boutiques and shopping centers located in Mexico City and the State of Mexico closed; however, the Company continued to operate through its digital channel and, as of March 1 of 2021, the reopening was carried out.

By the end of the fourth quarter of 2021, 100% of the 122 Liverpool stores, 164 Suburbia stores and 28 Shopping Centers were in operation, although with restrictions in terms of capacity, hours and, in certain cases, limitation of opening at the end of weekend.

Derived from the closing of stores, the income generated from the digital segment increased significantly at the end of 2020. In 2021, since all the stores were open, most of the income was generated in the stores, reaching the income that they had before the pandemic.

The Company continues to use the "Safe Space" for Liverpool, Suburbia, Boutiques and Shopping Centers, which considers all the sanitary protocols required for their reopening.

The Click & Collect operation recovered progressively according to the reopening of the stores, reaching a 25% share of the total volume of online orders at the end of the period. "Curbside pick up" spaces were enabled in the parking lots, an initiative that reinforces the Click & Collect modules, which allows customers to pick up their merchandise without having to get out of their car.

Liverpool commercial segment

Includes the sale of clothing and accessories for men, women and children, household goods, furniture, cosmetics and other consumer products through department stores that operate under the name Liverpool, “Liverpool Duty Free and boutiques such as “Banana Republic”, “GAP”, “Pottery Barn”, “West Elm” and “Williams-Sonoma”. It also includes the operations of our website www.liverpool.com.mx, Liverpool pocket, marketplace and phone sales. The store formats of this segment are mainly focused on the income population A, B and C +, according to the National Statistical and Geography Institute (INEGI) criteria.

Suburbia commercial segment

Includes the Suburbia stores and the operative division of purchases, commercial planning, product design and commercialization (CATMex). Suburbia offers a wide selection of products but mainly its own brands such as Weekend, Non Stop, Contempo, La Mode, Metropolis and Gianfranco Dunna in the stores and our website www.suburbia.com.mx, focused on the population of income C and D +, according to the INEGI criteria.

Real estate segment

The real estate segment is an important complement for the Liverpool commercial segment. The Company operates shopping centers known as “Galerías”, through which it leases commercial spaces to tenants dedicated to a wide variety of businesses that provide a greater number of potential customers for departmental warehouses.

Credit segment

The credit segment is an important complement for the Liverpool and Suburbia commercial segment. The Company finances its clients in the form of “Liverpool and Suburbia” departmental credit cards, with which customers can buy exclusively at Company stores. Additionally, the Company operates the “LPC” and “Suburbia” credit cards, the former can be used to acquire goods and services both in the chain's stores and boutiques and in any store throughout the world operating with VISA cards.

22.1 Income and results per segment

The Company reports its results for each operating segment at the income, costs and expenses, and operating profit level. The other income statement items are not assigned, as they are managed on a corporate level.

The following is an analysis of income and results per segment to be reported:

At December 31, 2021	Comercial			
		Liverpool		Suburbia
Net income	\$	118,610,795	\$	18,182,378
Cost and expenses		(109,342,396)		(17,229,806)
Operating income	\$	9,268,399	\$	952,572
Timing of revenue recognition				
Over time	\$	118,610,795	\$	18,182,378

At December 31, 2020	Comercial			
		Liverpool		Suburbia
Net income	\$	88,889,562	\$	12,050,066
Cost and expenses		(89,118,405)		(12,934,514)
Operating income	\$	(228,843)	\$	(884,448)
Timing of revenue recognition				
Over time	\$	88,889,562	\$	12,050,066

The information disclosed in each segment is shown net of eliminations corresponding to transactions conducted between Group companies. Inter-segment results and transactions are eliminated at the consolidated level, forming part of the Group's final consolidation. This form of presentation is the same as that used by Management in its periodic review processes of the Company's performance.

Taxes and financing costs are viewed at the Group level and not within the reporting segments. As a result, this information is not shown in each reporting segment. Operating income is the key performance metric for management, which is reported on a monthly basis to the Company's Corporate Governance.

22.2 Geographic information

The information by geographic segments of the Company is reported the commercial and credit segment using the following zones:

	December 31,			
		2021		2020
Ciudad de México and Estado de México	\$	42,496,373	\$	30,429,934
Hidalgo, Puebla, Morelos, Guerrero, Veracruz and Tlaxcala		22,278,619		15,386,656
Nuevo León, Tamaulipas, Chihuahua, Coahuila, Sinaloa, Sonora and Durango		23,551,596		16,612,850
Jalisco, Michoacán, Colima and Nayarit		16,051,694		12,977,246
Chiapas, Tabasco, Quintana Roo, Yucatán, Campeche and Oaxaca		12,557,592		10,547,347
Guanajuato, Querétaro, Aguascalientes, Zacatecas and San Luis		13,614,330		11,515,570
Other		17,381,503		15,423,769
Total	\$	147,931,707	\$	112,893,372

	Credit		Real Estate		Consolidated
\$	11,138,534	\$	3,090,038	\$	151,021,745
	(4,209,322)		(1,506,861)		(132,288,385)
\$	6,929,212	\$	1,583,177	\$	18,733,360
\$	11,138,534	\$	3,090,038	\$	151,021,745

	Credit		Real Estate		Consolidated
\$	11,953,744	\$	2,579,175	\$	115,472,547
	(8,088,016)		(1,519,512)		(111,660,447)
\$	3,865,728	\$	1,059,663	\$	3,812,100
\$	11,953,744	\$	2,579,175	\$	115,472,547

Note 23 - Costs and expenses by nature:

The cost of sales and administration expenses are comprised as shown below:

	December 31,	
	2021	2020
Cost of merchandise	\$ 88,455,441	\$ 68,280,260
Cost of distribution and logistics	4,452,252	4,396,476
Inventory reserve	1,042,621	922,727
	93,950,314	73,599,463
Personnel compensation and benefits	18,094,806	15,632,459
Services contracted	4,258,094	3,409,514
Depreciation and amortization	5,175,344	5,194,182
Provision for impairment of loan portfolio	1,859,558	5,182,681
Leases	179,415	97,190
Repairs and maintenance	2,017,195	1,850,792
Electrical power	1,092,768	962,399
Supplies	1,467,450	1,281,355
Advertising	1,762,748	2,082,313
Other ⁽¹⁾	2,430,693	2,368,099
Total	\$ 132,288,385	\$ 111,660,447

(1) Includes, among others, insurance premiums, travel expenses and property tax.

Personnel compensation benefits are comprised as follows::

	December 31,	
	2021	2020
Salary and bonds ⁽¹⁾	\$ 15,392,211	\$ 13,784,548
Commissions paid to sales staff	2,225,128	1,427,513
Other payments	477,467	420,398
	\$ 18,094,806	\$ 15,632,459

(1) The Company had store personnel services (demonstrators) and as part of the reform on labor, 2,731 employees were hired, which generated an increase in salaries and bonuses of \$37,791, as well as an increase in expenses for settlements and additional PTU for an amount of \$229,362 and \$314,516, respectively.

Note 24 - Contingencies and commitments:**24.1 Contingencies**

The Company is involved in various lawsuits and claims arising from the normal course of its operations, none of which is of importance, both individually and in aggregate, so it is expected that they will not have an important effect on your financial situation and future consolidated operating results.

24.2 Commitments

During the year 2018, the Company signed with a subsidiary of Infraestructura Energética Nova, S. A. B. de C. V. (lenova), an agreement for a period of 15 years of sale of electricity, said power plant will be located in Sonora.

In 2019, another agreement was signed with lenova for a period of 15 years for the purchase and sale of electric power, said power plant is located in Chihuahua. In December 2020, the Company signed a power purchase agreement with Energeo Los Molinos, S. A. P. I. de C. V. for a period of 15 years and considers 54 load centers.

During fiscal year 2020, the Company signed an agreement within the Wholesale Electricity Market with the company Iberdrola, S. A. de C. V., starting the supply in December of the same year. This agreement includes 21 load centers with a duration of 5 years.

In January 2021, a second agreement was signed within the Wholesale Electricity Market with the company Iberdrola Clientes, S. A. de C. V., to supply three load centers in the country's peninsula. The duration of this agreement is 5 years.

Note 25 - Authorization of issuance of consolidated financial statements:

The consolidated financial statements were authorized for issuance on February 18, 2022 by the Board of Directors and are subject to approval by the stockholders meeting.

About this report

GRI 2-2, 2-3, 2-4, 2-5, 2-14

At El Puerto de Liverpool, we are committed to sustainability. We have a strategy called “The Footprint” (La Huella) through which we create value for all our stakeholders.

To communicate our progress on this aspect to the public, we have prepared our first integrated report. It covers our performance in 2021, including the consolidated results of El Puerto de Liverpool¹, except when a more specific scope is mentioned.

For the first time, we are applying international benchmark standards on critical issues, the result of a double materiality study².

Details on the socio-environmental materiality update

For our financial materiality, which reflects those ESG issues that have a specific impact on our financial stability, we included the topics established by the Sustainability Accounting Standards Board (SASB) for the industries in which we are involved (according to their classification): multiline and specialty retailers and distributors, e-commerce and consumer finance.

- We have also prepared this report in accordance with the standards of the Global Reporting Initiative (GRI), also considering the GRI supplement for the financial services industry.
- Additionally, we are reporting in accordance with the Sustainability Accounting Standards Board (SASB) for the abovementioned industries.
- Finally, we are reporting on our contribution to the United Nations Sustainable Development Goals (SDG).

The content of this report has been checked by El Puerto de Liverpool's The Footprint Desk, the group that manages our sustainability with the involvement of senior management. For this first report we have not requested external assurance.

¹ The breakdown of the subsidiaries covered by this report is available in the Annual Report presented to the Mexican Stock Exchange

² There is no restatement of information from prior reports.

Information for shareholders

GRI 2-3

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This 2021 annual report may include certain expectations regarding the results of El Puerto de Liverpool, S.A.B. de C.V. and its subsidiaries. These projections are based on Management's assessments and on current information known to the company; however, expectations may vary depending on events and circumstances beyond the control of El Puerto de Liverpool, S.A.B. de C.V. and its subsidiaries.

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Plataforma Logística Arco Norte (PLAN), Big Ticket 226,000 sq.m total area.



El Puerto de Liverpool