Excelling
IN ADVERSITY

2020 ANNUAL REPORT

CONTENTS

Our
FORMATS

laComer

Supermarket with the largest sqm that includes perishables, groceries and general merchandise departments. Features specialty sections such as cafeteria and fresh juices.

32 stores	213,242 m² Sqm	35 thousand SKUS

city market LA COMER

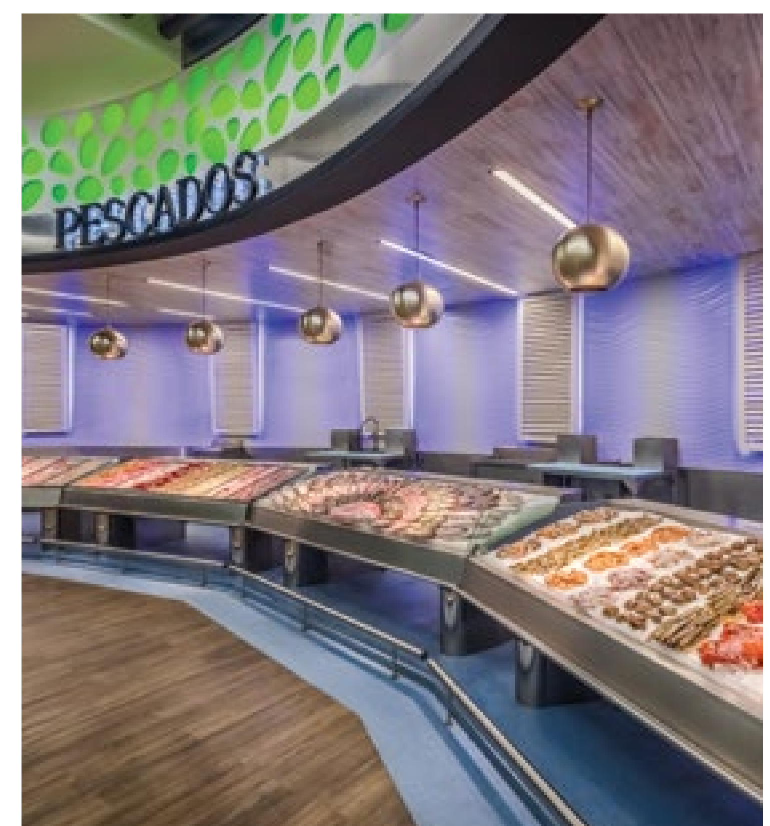
Gourmet supermarket with specialized in-store consumption areas such as *Pintxos*, a tapas bar, *Bar do Mar* for seafood, and an Italian food bar, all in a unique atmosphere. Wine tastings and exclusive seasonal products are also available. City Market offers premium, gourmet and organic products in all its departments.

12 stores	38,967 m² Sqm	25 thousand SKUS

fresko LA COMER

Fresko supermarkets focus on selling high-quality perishables, dry goods and housewares. The stores also have specialized coffee shops and fresh juice departments.

15 stores	46,350 m² Sqm	25 thousand SKUS



sumesa

A small-format supermarket ideal for quick shopping trips for stocking up on perishables and dry goods.

13 stores	10,303 m² Sqm	15 thousand SKUS

* All our stores have specialized pharmacy, tortilla and bakery departments. Some of our stores may be located in shopping centers.

General
INFORMATION

72 SUPERMARKETS with a sqm of **308,862** m²

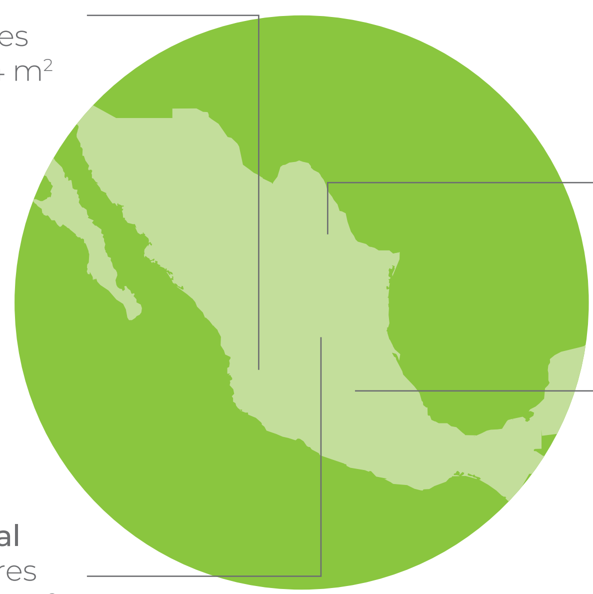
GEOGRAPHIC FOOTPRINT

2 Distribution centers

Cedis Vallejo
16,000 m²

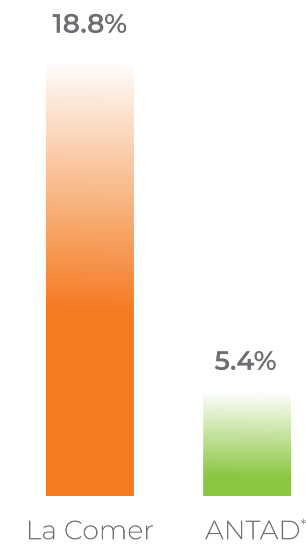
Cedis Occidente
1,770 m²

381 Commercial premises



Metropolitan	Central	West	North and Northwest
39 stores	**21** stores	**8** stores	**4** stores

SAME-STORE SALES



* National Association of Supermarkets and Department Stores

2020 FINANCIAL HIGHLIGHTS

	2020	2019	Var.
Net revenues	27,021	21,591	25.1%
Gross income	7,382	5,893	25.3%
Gross margin	27.3%	27.3%	
Operating income	1,734	1,117	55.2%
Operating margin	6.4%	5.2%	
EBITDA	2,748	1,978	38.9%
EBITDA margin	10.2%	9.2%	
Operating flow[1]	2,529	1,783	41.8%
Operating flow margin	9.4%	8.3%	
Net income	1,467	1,036	41.6%
Net margin	5.4%	4.8%	

Millions of Mexican pesos.
[1] Operating flow refers to EBITDA without flow for rent payments.
EBITDA without IFRS 16.

Basic
PRINCIPLES

OUR PHILOSOPHY IS BASED ON A SERIES OF PRINCIPLES THAT GUIDE OUR ACTIONS CONCERNING OUR DIVERSE STAKEHOLDERS.

MEXICO
Ensure that our activities contribute to the progress of the country. We are permanently seeking to make a social, environmental, and economic contribution to the development of Mexico.

OUR CUSTOMERS
Provide them with the best service and best-quality merchandise at the best price. Our reason for being is serving our customers by maintaining an optimum ratio between price, quality, care and supply. We are aware we play a role in society, which is to represent our shoppers in the market. Because we understand their needs, we are in a unique position to provide them with the right products and services at the right time and place, in the best way possible.

OUR ASSOCIATES
Offer them the compensation and benefits they expect, in an environment of cordiality, harmony and development. We seek to provide our people with an opportunity for full personal advancement, understood as not just improving their technical training but supporting everything that contributes to their development.

OUR SUPPLIERS
Offer them a relationship based on fairness, respect and honesty to ensure that our customers get the best benefits. We aim to be an honest and respectful customer for our suppliers.

OUR SHAREHOLDERS
Provide them with adequate returns, growth and security to its investment in order to generate real profits consistent with the policies, goals and strategies set by the Board of Directors.

Impact
OF COVID 19

LA COMER ADAPTED ITS OPERATIONS TO MEET THE NEW NEEDS PRESENTED BY COVID-19.

2020 was strongly affected by the impact of the COVID-19 pandemic in multiple areas of our lives. The virus spread worldwide with an unexpected increase in the number of positive cases, reaching Mexico in a more decisive way in March. This affected both the population and the companies and caused radical changes in purchasing behavior and operating hours; it also triggered a lock-down situation, and home-based work. As a result of this scenario, La Comer was forced to respond to the arising needs and adapted its operations to meet them.

During the year and due to the situation, the company implemented extraordinary operational and hygienic measures with three clear objectives:

1. Preserving the health of employees.
2. Preserving the health of customers
3. Ensuring the continuity of store operations.

IMPLEMENTED ACTIONS

- Disinfectant gel
- Three-layer cloth mouth covers, KN95 face masks, three-layer disposable mouth covers
- Latex gloves for collaborators
- Protective eyewear
- Protective face shields for food, pharmacy, and checkout lines
- Ammonium quaternary liquid
- Atomizers
- Spray pumps for sanitizing products in the receiving area
- Protective shields
- Hand-washing sinks at the receiving area
- Waste bins in sales floor
- Nebulizers in branches, corporate offices and at CEDIS
- Infrared thermometers for staff entrance and receiving area
- Five doctors' offices in five Mexico City branch offices
- Oximeters
- Poly paper gloves for customers
- Thermographic cameras to check customers' temperatures
- Sanitizing mats at personnel entrance, receipt, and customer entrance
- Single files

The best experience of the day

The company created a Contingency Committee tasked with defining and implementing containment measures against COVID-19. The measures defined were updated as necessary in accordance with the evolution of the situation and the medical and technical developments, allowing a more effective response to COVID-19.

LA COMER IMPLEMENTED EXTRAORDINARY SAFETY AND HYGIENE MEASURES.

Among the preventive actions taken by La Comer is an internal communication campaign that constantly reminds employees not to come to work if there is a risk or sign of infection, as well as recommendations to minimize the possibility of infection, both in offices and stores. In addition, diverse personal hygiene, and safety tips to be followed both at home and in the workplace were shared during the year.

For customers shopping at our stores, La Comer installed disinfectant gel dispensers at the entrance and at high traffic points. We provided shopping carts with disinfected handles (sanitized by store personnel) and implemented special hygiene measures for all store employees. The hygiene and containment protocol that our customers had to follow when visiting our stores was communicated throughout the year to our customers through our points of contact (e-mail, Facebook, and Twitter), and through in-store advertising material. All throughout the pandemic we have encouraged our customers to cooperate with us in this effort.

In preparation for this scenario since the beginning of January the company prepared to meet the exceptional demand for basic products by substantially increasing its purchase orders and maintaining an additional supply of products in stock. During this period, priority was given to continuous and efficient supply in all stores to avoid product shortages. The company has an experienced logistics team that has managed to successfully deal with the crisis.

Due to the COVID-19 crisis, we expedited the implementation of streamlined ways of working to transform and adapt to the new situation while maintaining the excellence that has always been our hallmark.

La Comer
EN TU CASA

THE STORY OF OUR HOME DELIVERY SERVICE STARTED MANY YEARS AGO WITH A CALL CENTER.

Our home delivery service began many years ago when we started operating a call center where customers would contact us by phone to place their orders. Through this call center and later on through a digital platform, we gained the necessary experience to perfect our quality service.

From the initial call center to the operation of the past three years, the difference was already noticeable; however, the year 2020 marked a "before and after" in terms of the digitalization process in our company. As of March 2020, the dynamics of everyone's life changed; the company rethought its activities, such as working together remotely and the way we serve our customers. In addition, new sanitary protocols were implemented. In just a few weeks, the new expectations and requirements of our customers were the major catalyst for the increase in share of sales of our eCommerce business, ***La Comer en tu Casa***, to levels that would have taken us years to achieve.

During the early months of the pandemic, ***La Comer en tu Casa*** faced significant operational challenges. The immediate challenge was to increase the capacity of the entire system to serve the greatest number of customers, as well as to implement initiatives to ensure the supply of products available in La Comer's physical stores. Keeping our customers' health in mind, another important aspect was to launch our "sanitized delivery," during which our deliverers used special collection equipment and aerosol sprays to sanitize the delivery area; but more than anything else, our new ***La Comer en tu Casa*** cardboard boxes allowed us to make fast, efficient and safe deliveries, clearly differentiating us from our competitors.

Haz La Comer desde donde estés / Como te gusta, te llega...

The campaign Haz ***La Comer desde donde estés / Como te gusta, te llega...*** highlights the quality of our products and services through ***La Comer en tu Casa.***

Our registered users at ***La Comer en tu Casa*** grew 2.6 times from 2019 to 2020.

La Comer en tu Casa represented 7.4% of the Company's total annual sales.

THE GOAL OF *LA COMER EN TU CASA* IS TO BE THE HIGHEST QUALITY HOME DELIVERY SERVICE IN THE MARKET.

lacomer.com

It became evident that as of the first quarter of 2020 it was necessary to continue increasing our capacity and enabling greater delivery flexibility; thus, we decided to extend the ***La Comer en tu Casa*** service to 100% of the chain, including stores that did not yet have home delivery. To enhance our Omnichannel offering, we launched an in-store pick-up service so that our customers could pick up their orders more safely. Our "Pick up" service is available throughout the chain on the sales floor and in more than 80% of the parking lots in our stores. Another important initiative that sought to meet customers' need to receive home delivery of ready-made dishes was enabling the City Market bar menu through our "Express Delivery" service, guaranteeing a 60-minute delivery.

The operational challenge of ***La Comer en tu Casa*** has been daunting but working in coordination with our entire store operation has been the key to our success, boosting sales in peak weeks by up to eight times compared to the same period last year.

On the technological side, there were also major advances. The first and most noticeable was managing to handle much higher traffic on our website and mobile application. In 2020, our users were able to consult and make their purchases in a reliable manner even though the volume of visitors increased up to five times more than what was observed in the same period of the previous year. We are proud of the fact that we did not only manage to scale our capacity in a very efficient manner, but we also did it with higher quality and better service. Seeking to improve our customers' experience (User Experience, UX), during 2020, both our website and our mobile app were updated several times. These improvements are reflected in the feedback from our users as, both in the App Store (IOS) and Google Play, they give our app ratings above 4.5 stars. We must also highlight that our Web + App orders have gone from 64% usage at the beginning of 2019, to 92% in 2020, and how our registered users in ***La Comer en tu Casa*** grew 2.6 times from 2019 to 2020.

OUR WEB + APP ORDERS INCREASED FROM 64% IN 2019 TO 92% IN 2020.

As a result of these operational and technological advances, we are increasingly satisfied with the service provided by ***La Comer en tu Casa.*** It is clear to us that our home delivery service is consistent with La Comer's differentiation strategy; that is, ***La Comer en tu Casa*** aspires to be the highest quality home delivery service in the market. We can take pride in the fact that the satisfaction surveys that customers provide for each of their orders show a very favorable trend, even in a year with so many challenges such as those we faced in 2020. Based on the confidence gained during the year, we launched the campaign Haz ***La Comer desde donde estés / Como te gusta, te llega***, which highlights the quality of our products and services through ***La Comer en tu Casa.***

Of course, there is always room for improvement. At ***La Comer en tu Casa***, we will continue to work and will not be satisfied with our current operation, least of all if we want to consolidate our position as the operator with the highest quality and best service in the market. During this year, ***La Comer en tu Casa*** accounted for 7.4% of the company's total sales, with a 3.9 times higher share than in 2019.

Letter
FROM THE CHAIRMAN OF THE BOARD

REPORT ON TRANSACTIONS AND ACTIVITIES INVOLVING THE BOARD OF DIRECTORS DURING FISCAL YEAR 2020

Mexico City, March 29, 2021

To the General Shareholders' Meeting of
La Comer, S.A.B. de C.V.

Dear shareholders:

Pursuant to article 28, section IV, paragraph e) of the Securities Market Law, you are hereby informed that during the period from January 1st to December 31, 2020, the Board of Directors met in a number of plenary sessions in which it exercised the authority vested in it by Clause Twenty-Second of the corporate bylaws of La Comer, S.A.B. de C.V., in addition to the activities of the various Committees that it incorporates. The matters addressed in these meetings are recorded in minutes that have been approved by board members of the meetings held on the following dates:

January 21, 2020
February 25, 2020
March 31, 2020
April 28, 2020
July 21, 2020
October 20, 2020

I am pleased to present the annual report of the company's situation, and to review the most important events of the year.

2020 was an unprecedented year for La Comer, for Mexico, and for the world due to the effects of the global pandemic caused by the COVID 19 virus. However, for the company, it was a year of extraordinarily positive results in all its formats. Thanks to the company's strategy and successful operation during this difficult situation, sales growth was higher than that reported by the National Association of Supermarkets and Department Stores (ANTAD).

I would like to begin by thanking all our employees who during the year fulfilled their responsibilities under adverse circumstances, carrying out the operation of each of our stores in the best possible way, and attended our customers with the same service and enthusiasm as always. May they continue to fulfill their duties and responsibilities in the excellent manner they did during the year, and at the same time take the necessary measures to preserve their health and safety, while also caring for the needs of their families.

It should be mentioned that we took all possible measures in our stores and offices to prevent the spread of COVID 19. We fully complied with, and in many cases exceeded, the guidelines established by the authorities for controlling the pandemic. Preserving the health of employees and customers was our number one priority during the year.

WE MANAGED TO OBTAIN POSITIVE RESULTS THANKS TO THE STRATEGY AND GOOD OPERATION OF THE COMPANY.

Our unique formats and our digital platform ***La Comer en tu Casa***, have made La Comer a leader in providing its customers with an excellent and safe shopping experience. Despite the circumstances, during this year we opened two new stores, thus achieving a greater presence with new formats in different cities of the country. This year we opened a ***La Comer*** store in the city of Aguascalientes and a ***Fresko*** format store in the city of Querétaro. We also remodeled two ***La Comer*** stores to preserve the impeccable image of our stores. As a result, in 2020, we once again created shareholder value and contributed to the economic development of the areas in which we operate.

We continue to believe in Mexico; thus, we will continue our growth with the opening of strategically planned new stores located in different regions of the country to generate positive results.

As a result of the change in buying behavior of our customers due to the lockdown, this year our digital platform ***La Comer en tu Casa***, underwent extraordinary progress to adapt and grow. Despite the difficult circumstances at the beginning of the pandemic, we adapted and improved in order to provide the best services through our digital platform.

Our ***Temporada Naranja*** campaign, which offers special promotions during the summer season was adapted to the special circumstances by offering specific promotions to support our customers during the pandemic. Furthermore, our ***Miércoles de Plaza*** campaign, through which we offer the best fruits and vegetables in the middle of the week, continued to be very well received by our customers.

WE CONTINUE TO BELIEVE IN MEXICO AND WILL CONTINUE TO GROW WITH STRATEGIC OPENINGS.

Regarding our business focus, we remain committed to differentiating all our operations, fostering the creativity and innovation that will allow us to add value for the increased satisfaction of our customers. During this year of extraordinary operations, we continued to give special attention to upholding the company's vision while providing exceptional operational and hygiene measures in order to preserve the health of our associates and customers, as well as to ensure the continuous operation of our stores.

As part of our corporate governance practices, we have established active committees and developed processes that seek to ensure benefits for all those involved, always respecting the rights and interests of our different stakeholders.

Our Social Responsibility and Sustainability practices are an integral part of who we are as a company. They are reflected in our principles and are laid out in our internal policies.

In 2020, we supported various non-profit food distribution foundations society with food donations, donated to charity institutions, supported rural development foundations, and participated in the Tienda Rosa campaign against breast cancer, among other social responsibility activities. We also provided financial support for approximately 1,800 elderly baggers and kept all our employees in vulnerable health situations at home throughout the Pandemic. We have also focused on making efficient use of natural, economic, and social resources in accordance with our commitment to sustainability.

I would especially like to thank all our customers for their support and continuous preference; our more than 13,000 associates, who every day make it possible for us to continue to fulfill our company mission; our suppliers, who are our commercial and strategic allies; and our shareholders, who place their trust on us.

Finally, I wish to reiterate our commitment to all our stakeholders, to whom we are beholden as a company and for whose progress we strive daily.

Carlos González Zabalegui
Chairman of the Board of Directors
La Comer, S.A.B. de C.V.

La Comer 2020

CORPORATE GOVERNANCE PROTOCOL

Board of Directors' composition
The bylaws of La Comer establish that the Board of Directors is responsible for the Company's management and direction. The Board is comprised of 11 proprietary (of which three are independent) and six alternate directors. All were appointed and ratified at the General Ordinary Shareholders' Meeting held on April 29, 2020.

The Company is committed to a policy of diversity of the members of the Board of Directors, whereby equality in terms of gender, race, ethnicity, country of origin, nationality or cultural background is an important factor in the Company's diversity policy. 36% of the members of the Board of Directors are independent directors, in compliance with the provisions of the Mexican Securities Market Law.

The Board of Directors oversees the management and administration of the Company. In order to achieve an adequate fulfillment of its functions, the Board is supported by three Committees, which operate as intermediate bodies:

I) CAudit Committee
II) Corporate Practices Committee
III) Planning Committee

The Board of Directors has the Company's legal representation and enjoys the broadest power and authority to perform all operations inherent to the corporate purpose, except those expressly entrusted to the General Shareholders' Meeting. Additionally, it has the functions, duties and powers established in the Securities Market Law in force in the country and any other legal provision applicable to the case.

IN 2020, THE BOARD OF DIRECTORS MET SIX TIMES

Intermediate Bodies of Control
Conforme lo establece el artículo 25 de la Ley del Mercado de Valores, cada uno de los Comités se encuentra integrado por tres consejeros independientes, designados por el Consejo de Administración y ratificados por la Asamblea de Accionistas.

WE HAVE A DIVERSITY POLICY FOR OUR BOARD MEMBERS.

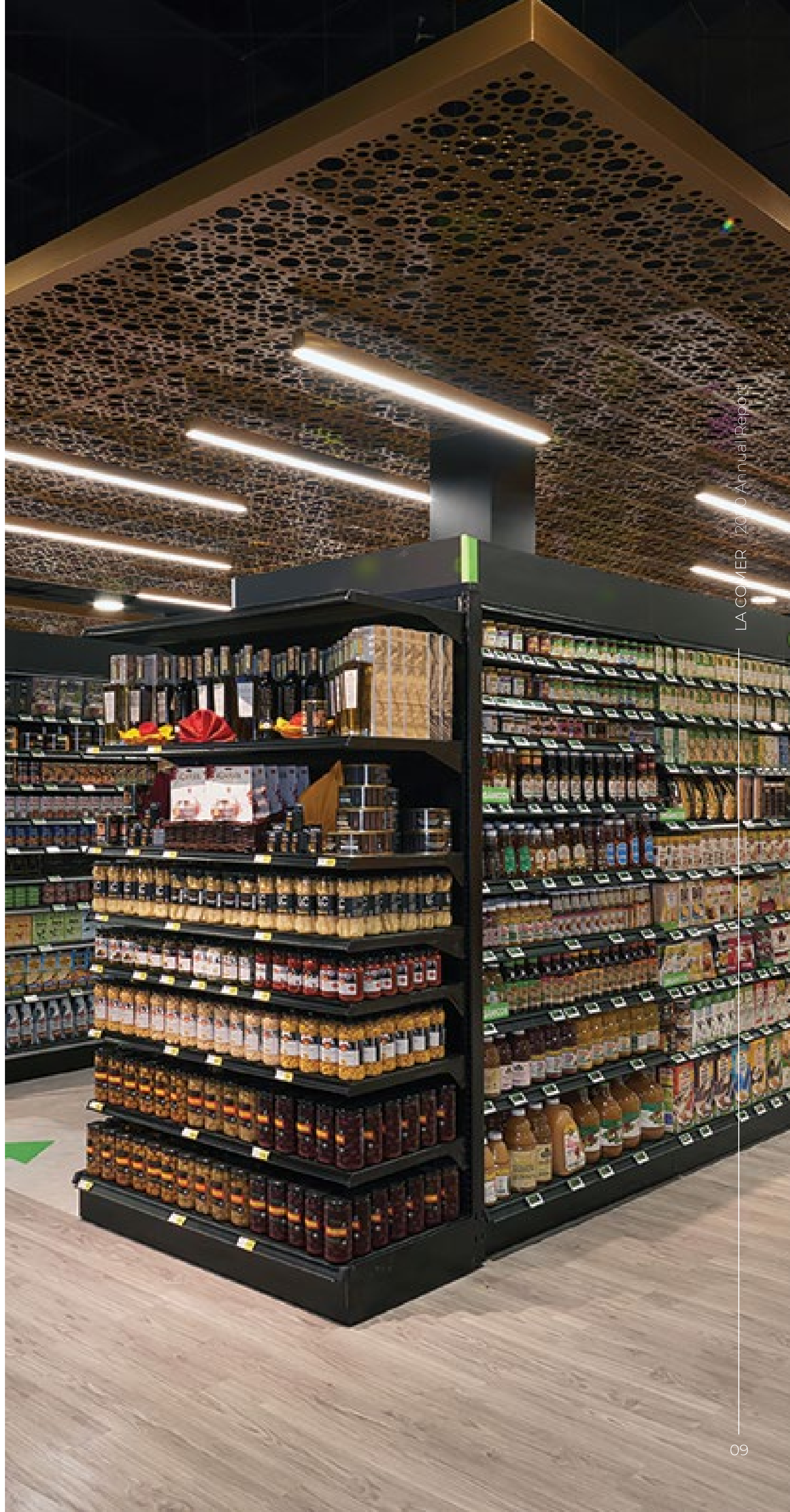
Currently, the chairman of the Audit Committee is Mr. José Calvillo Golzarri, who is a financial expert. Among the duties of the Audit Committee are providing an opinion to the Board of Directors on the policies and criteria used in preparing and publishing financial information; verifying that there are the necessary mechanisms in place that offer reasonable assurance that the company is in compliance with the various legal provisions governing it; evaluating external
auditors' performance and confirming the appropriate adherence to our Code of Ethics.

The Committee reinforces corporate best practices by enforcing compliance with the Company's Regulatory and Standards Compliance, in principle, through the Code of Ethics.

During the year we updated our Code of Ethics to align it with current regulatory demands and comply with the obligations established in the framework of reference established therein. The purpose of the Code of Ethics is to promote ethical and responsible relationships among our employees, among themselves, with our customers, with our suppliers, with society and with the State, in accordance with the values and actions set forth in the Code of Ethics.

The chairman of the Corporate Practices Committee is Mr. Alberto G. Saavedra Olavarrieta, an expert in such matters. The duties of the Corporate Practices Committee include reviewing and approving compensation plans for senior management, evaluating the performance of key executives, and reviewing the Group's organizational structure.

All the members of the Audit and Corporate Practices Committee are independent directors. The Audit Committee met six times during 2020, while the Corporate Practices Committee met five times. Their responsibilities and obligations are duly established in the specific statutes that have been developed for each of them, in strict compliance with the provisions of the Securities Market Law.



THE CORPORATE GOVERNANCE PROTOCOL SEEKS TO PROMOTE THE SOUNDNESS OF THE COMPANY.

In order to define the Board of Directors' functions, the Company continuously adopts the best Corporate Governance practices and principles, such as:

a) Ensuring responsible announcement and communication of information, as well as transparency in management.
b) Providing certainty and trust to shareholders, investors and third parties interested in the honest and responsible management of the company's business.
c) Making sure that the intermediate bodies report to the Board of Directors about their activities at least once every quarter.
d) Ensuring that the Board Members dedicate the necessary time and attention by attending at least 80% of the meetings called during the year.
e) Separating the roles of the Chief Executive Officer and the Chairman of the Board of Directors, giving the latter the capacity to exercise independent judgment on the different corporate matters.

Specific actions related to the Corporate Governance Protocol

The review and updating of La Comer's Code of Ethics is one of the first tasks in the development of the Company's Corporate Governance Protocol. Based on this protocol, we have been developing the necessary regulatory compliance policies in accordance with the best business practices, the regulatory guidelines of the United Nations and other international organizations, the provisions on prevention of money laundering, anti-corruption, discriminatory practices, and handling and confidentiality of information, among others. These policies will be implemented throughout the year with the goal of aligning the behavior of our employees with all of the above, as part of the general compliance policies within the Company.

The Corporate Governance Protocol seeks to promote the soundness of the Company from the standpoint of regulatory compliance and risk assessment through internal compliance and process auditing in line with a philosophy of continuous improvement.

2020 Board

OF DIRECTORS

POSITION	PROPRIETARY DIRECTORS	
Honorary Chairman	Guillermo González Nova	1
Chairman	Carlos González Zabalegui	1
Director and Vice-president	Alejandro González Zabalegui	1
Director	Luis Felipe González Zabalegui	1
Director	Pablo José González Guerra	1
Director	Antonino Benito González Guerra	1
Director	Santiago García García	2
Independent Director	Manuel García Braña	3
Independent Director	José Calvillo Golzarri	3
Independent Director	José Ignacio Llano Gutiérrez	3
Independent Director	Alberto G. Saavedra Olavarrieta	3

PLANNING COMMITTEE
Guillermo González Nova
Carlos González Zabalegui
Alejandro González Zabalegui
Luis Felipe González Zabalegui
Antonino Benito González Guerra
Pablo José González Guerra

ALTERNATE DIRECTORS	
Gustavo González Fernández	1
Rodrigo Alvarez González	1
Sebastián González Oertel	1
Santiago Alverde González	1
Nicolás González Oertel	1
Bernardo Aguado Ortiz	3

AUDIT COMMITTEE		
Chairman	José Calvillo Golzarri	3
Member	Alberto G. Saavedra Olavarrieta	3
Member	José Ignacio Llano Gutiérrez	3

CORPORATE PRACTICES COMMITTEE		
Chairman	Alberto G. Saavedra Olavarrieta	3
Member	José Calvillo Golzarri	3
Member	José Ignacio Llano Gutiérrez	3

COMPANY SECRETARY

Rodolfo García Gómez de Parada

1 Proprietary Director
2 Related Director
3 Independent Director

Stakeholders

Customers

THE PANDEMIC LED TO CHANGES IN CUSTOMER PATTERNS AND BEHAVIOR IN OUR STORES TO WHICH WE RESPONDED SWIFTLY TO ENSURE THEIR CONTINUED PREFERENCE.

In 2020 our customers significantly changed their purchasing pattern. Firstly, visits to our stores decreased; secondly, their average purchase increased by approximately 40%, which completely offset the decrease in traffic. Finally, *La Comer en tu Casa's* e-commerce transactions experienced a significant increase of 3.9 times compared to the previous year.

LA COMER EN TU CASA INCREASED **3.9 TIMES** COMPARED TO 2019

From the onset of the first cases of COVID-19 in the country, our stores received more than 60 million customers who were able to experience the different safety and hygiene measures that we implemented in our stores. This is in line with our vision of quality customer relations, which should be defined by superior customer care and service, demonstrating, once again, a clear differentiation. The measures included sanitation protocols aimed at both customers and our employees.

Starting in March, through the different channels available to us –including mass and digital media–, we communicated the protective measures we implemented. During the first lockdown of the pandemic, we decided to silence all our commercial communication and transmit a message that would benefit the entire community. Therefore, we created the campaign *QUÉDATE EN CASA Y SOLO SI ES ABSOLUTAMENTE NECESARIO... VE AL SÚPER O A LA COMER.* This message set a historic milestone in our 2002 slogan... *VAS AL SÚPER O A LA COMER.*

One of the main points of contact is our call center (01-800 3777333), where we receive and resolve all major comments and/or complaints. This center has a protocol for dealing with critical situations, based on their nature or urgency. The call center also provides *La Comer en Tu Casa's* home delivery service.

974,594 MONEDEROS NARANJA WERE SECURED IN 2020

A total of 570,000 calls and/or e-mails (lacomer@callcentermexico.com.mx) were received by the call center. Of these, approximately 7.5% were complaints, 48% were related to customer service and comments, and the remaining 44.5% were requests for *La Comer en tu Casa* home delivery service.

In accordance with our *La Comer en tu Casa* strategy, at the beginning of 2020 we determined to continue with the expansion of the digital platform. In response to the pandemic, during implementation the platform significantly evolved in duration and design. Our sites grew to a total of 21.9 million visits, of which 92% were to our e-commerce site and 8% to our information sites. Special importance was given to *La Comer en tu Casa* in order to enable our customers to find a digital platform on both the Web and the Mobile App in line with the high demand for this service. It is important to mention that we have achieved a high conversion rate of visitors to the site into customers at our stores.

Our social networks have become increasingly more active and show significant growth in the number of customers who follow us on Facebook, Twitter, Instagram, and You Tube. All these platforms are used to publish relevant information about our commercial programs, and customers participate by commenting or forwarding information to their contacts. The subject matter of the posts includes suggestions on a variety of topics related to the services and products we offer. These networks became more relevant during the pandemic, as we used them to inform of the safety, sanitation, cleaning, and other types of programs implemented as a result of the challenging conditions that we faced this year. The number of followers by platform is: Facebook: 471,641; Twitter: 32,782 and Instagram: 28,005.

In 2020, the *Monedero Naranja* achieved an outstanding consolidation reaching 974,504 *monederos*, achieving high levels of use among customers, and strengthening loyalty to all our formats. In combination with three collections of exclusive items very well received by customers, this resulted in the consolidation of our *Monedero Naranja* program in 2020. It is important to mention that the *Monedero Naranja* was also digitized and now there are both physical and digital in line with customers' preference or purchase patterns. At the same time, we continued our efforts to protect our customers' data; in 2020 we strengthened the platforms, procedures and steps previously taken to guarantee the protection and confidentiality of our customers' data, especially in relation to the *Monedero Naranja* loyalty program. We remain in compliance with the provisions of the Federal Law for the Protection of Personal Data in Possession of Private Parties.

FOLLOWER COMMUNITY

Facebook	Twitter	Instagram
471,641	32,782	28,005

CALL CENTER

570,000
Calls and/or emails

7.5%
Related to complaints

48.0%
Related to customer service and comments

44.5%
Related to *La Comer en tu Casa* service

For more information on our privacy policy, please visit: https://vasalsuperoalacomer.com/comer/aviso-de-privacidad.

In 2020 we had a unique *Temporada Naranja* designed to adapt to the "new normalcy" and that offered our customers bargains of practical value during the pandemic. We offered special promotions for all items, categories, or product lines, making sure that the time limit of the promotions was extended to avoid store overcrowding.

La Comer's three promotional pillars: *Miércoles de Plaza*, *Temporada Naranja* and *Monedero Naranja* underpinned the company's strong results in 2020. In particular, *Miércoles de Plaza* received a commercial structure overhaul, including a new campaign focused on the quality of the perishables offered that has been a trademark of Grupo La Comer for many years. The campaign was launched in August and, in addition to achieving positive results in terms of recall and impact, it managed to generate an increase in sales of fruits and vegetables, perishables, and in general, total store sales. All of the above, combined with the ideal mix of variety and freshness and the right price, resulted in a very positive growth of this promotion.

Customer Satisfaction

Every year, we carry out a customer satisfaction survey. The information is statistically valid by geographic area, city, and store. It is focused on all the dimensions related to this topic, such as: basic (quality, variety, price, and freshness), practicality and convenience (cleanliness, proximity, friendliness and payment efficiency) and physical (facilities, environment, and shopping experience). Based on the results, adjustments and improvements are made to continue to improve the quality, service, and attention to our customers.

Suppliers and logistics

One of the greatest strengths of our value chain has been the excellent relationship we have had with our suppliers. They have been a key factor in the achievement of the Company's good results, and the extraordinary relationships we have developed with them have led to positive conditions for both parties. As of today, we have more than 1,800 suppliers, 97% of which are national.

We operate with a broad base of different types of suppliers, so there is no dependence on any one supplier in terms of products, and we do not identify any supplier as critical. Several of our suppliers have been NSF and ASC certified for seafood products, TIF certified for meat products, and SAGARPA certified for organic and free-range products. In 2020, 1.5% of our products in several categories were organic, offering our customers the best quality.

We keep in touch with our suppliers through our web portal Provecomer.com which responds to requests and provides information on invoices, procedures, transactions, forums and complaints.

Throughout this year and in order to ensure the required care at our Distribution Centers, we implemented COVID-19 protocols with specific measures to be taken to prevent infections. We implemented measures such as the installation of a sanitization tent where each person who enters the center is checked and sanitized, the placement of informative banners, the issuance of masks and protective eyewear, the sanitization of personnel areas twice a day and of the warehouse on a weekly basis, training via zoom to the entire workforce with an instructor certified by STPS, 24-hour video screening of preventive measures, and the use of a checklist every two hours to verify that all the measures are being followed correctly and reliably. COVID-19 tests requested by the Federal Government were also scheduled.

We consider our centralized supply chain to be a strength of the company due to our reliable and flexible distribution processes, which are subject to continuous improvement and are supported by a state-of-the-art digital technology that integrates us efficiently and promptly with our pool of 1,800 suppliers and their more than 35,000 SKUs.

WE HAVE MORE THAN **1,800** SUPPLIERS; 97% ARE DOMESTIC.

Our logistics network currently consists of two distribution centers. One is in Mexico City and the second in Guadalajara, both with multi-temperature facilities. In 2020, 78% of the products we offer were distributed to our stores from these centers.

Every year we incorporate modifications to our Logistics Management System that improve the warehouse receipt, assortment, shipping, and inventory processes with very positive operational and efficiency results such as increased quality of service to stores, increased productivity of operating and transportation personnel, greater profitability due to lower expenses, and increased installed capacity. We currently have sufficient capacity to service between 90 and 95 branches. This year we have worked together with our suppliers to avoid the use of plastic and replace it with cardboard, which is more sustainable.

We have developed practices for distribution in state-of-the-art facilities, equipment and systems that allow for efficient and competitive operations. In addition, we have processes supported by computer platforms that provide accurate and timely information and allow the coordinated operation of all participants (commercial department, supplier and to stores distribution centers) in the end-to-end supply chain process. In addition, our operational processes of merchandise reception, classification and order preparation incorporate state-of-the-art practices and technology, such as picking through voice terminals, RFID, and systematized control.

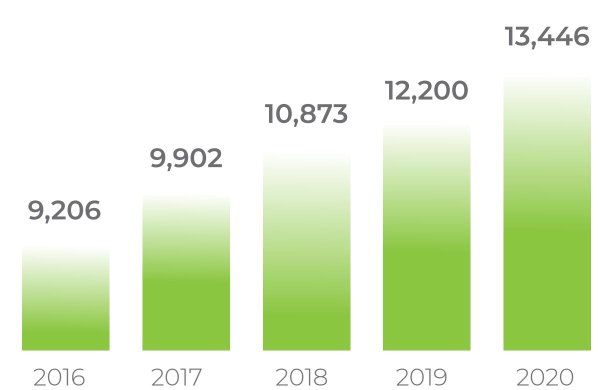
The process of shipment and transportation of merchandise is supported by an internally developed system that allows "guaranteed delivery" to stores; that is, it monitors the critical aspects during loading, transport, and delivery of merchandise (merchandise, times, temperature, etc.) so that the stores can carry out a "blind receipt".

Employees

2020 was a unique and unusual year; it demanded a major effort, both at a personal and business level. In the latter sense, despite the extreme conditions, we were able to sustain our quality and service standards, and we took strict measures to ensure the health of all our employees and customers. Teamwork was the key to our success in overcoming the difficult conditions that arose during the year.

THIS YEAR WE ARE ESPECIALLY GRATEFUL TO OUR MORE THAN **13,400** EMPLOYEES, WHO, THROUGH HARD WORK AND DEDICATION, ENABLED THE COMPANY TO ACHIEVE POSITIVE RESULTS IN SPITE OF THE PANDEMIC.

NUMBER OF EMPLOYEES



One of the major concerns for the Company this year was safeguarding the health of all our employees. This was achieved through strict sanitation controls in all areas, the issuance of special masks and face protection, the installation of dividing screens in several store departments, the requirement to wear gloves, and the constant sanitization of all stores. We made every effort to protect our employees, who did a great job in dealing with this situation in the best possible way and while providing excellent service. In this respect, the company would like to recognize everyone for keeping up a high spirit.

1.6 MILLION TRAINING HOURS WERE INVESTED IN 2020.

Training and Development
Our training system is based on four fundamental principles:

1. **Commercial.** Expertise in the features of products and their relation to customer care and service quality.
2. **Operational.** Identification of the processes for entering, storing, displaying, and selling the products in each store.
3. **Administrative.** Proper handling of the tools that enable planning, organizing, and controlling merchandise.
4. **Human.** Development of attitudes and skills that enable employees to develop appropriate relationships with their subordinates, colleagues, superiors and the company itself.

All company employees receive continuous training to ensure an excellent shopping experience for the customers in our stores. Furthermore, we carry out specialized training on product expertise so they can provide service excellence and add value to our customers' shopping experience.

In 2020 we implemented the necessary initiatives to ensure proper training of our employees. Thus, during the year, 24,276 of them attended at least one type of training or course; that is, each employee received an average of two types of training and/or education. The programs and courses ranged from entry-level training, specialization courses and training programs for managers and assistant managers, corporate and operational areas, and information security. In total, 1.6 million training hours were invested in the year.

The Company is committed to personal growth; therefore, we have created a strategy that allows our employees to achieve sustained growth in the expertise, skills, and attitudes necessary to achieve the goals established, from induction courses and operational initiation to strategic programs from the private institute.

Health, Safety and Hygiene

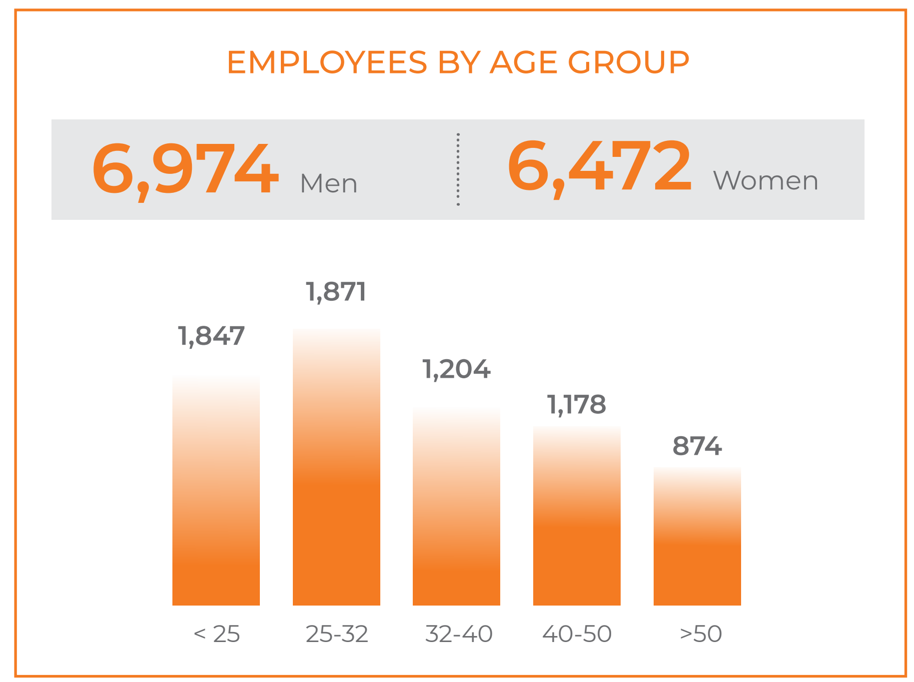
Our internal work guidelines are based on the regulations of the Ministry of Labor and Social Planning and comply with the Comprehensive Risk Management and Civil Protection Law. In accordance with the Program Development Guidelines, in 2020 we carried out internal Civil Protection programs in each store, to establish the necessary preventive actions to mitigate risk and assist in emergencies, so that all our establishments can safeguard the physical integrity of their employees, visitors, suppliers and any others who might visit the premises. These guidelines are defined by the Safety Department and the active participation of every person.

As part of our occupational health policies, we carry out training and counseling for employees to avoid workplace-related accidents and illnesses.

Additionally, the company promotes talks and workshops on several health-related topics to inform and instruct our employees. For example, we actively participate in the breast cancer program. Furthermore, this year we focused on diabetes, its causes and consequences, and organized diverse forums to raise awareness and foster prevention.

Equal Opportunity

The company's workforce consists of people of diverse ages, beliefs, nationalities, professions, and capacities. From the moment we publish vacancies on recruitment pages we do not make distinctions related to race, gender, age, civil status, religion, political affiliation, nationality, and physical or social status. We are committed to offering equal employment opportunities consistent with each person's capacities in accordance with labor laws and regulations and fair labor practices.



The Audit Committee is responsible for supervising compliance with our equal opportunities policy, which is included in the company's Code of Ethics.

Employment and Quality of Life

recognizing the human side of work, respecting their rights, and offering adequate working conditions. We have established internal communication mechanisms to facilitate information exchange at all levels.

We have a policy that respects our employees' right to vacations and holidays, workdays, and schedules, and provides adequate working conditions for all of them. Moreover, we try to minimize employee turnover and create a suitable working environment, improve quality of life, combat absenteeism and promote a sense of belonging while preserving physical and mental health through preventive measures.

In addition to the benefits provided by law, the Company grants its employees additional benefits to improve their well-being, such as tools to promote savings, insurance for improved protection, and discounts to help with their finances, among other benefits.

Regarding Human Rights, we act in accordance with the Universal Declaration of Human Rights, recognizing the dignity of people, respecting their freedom and privacy in accordance with applicable laws.

Our employees are treated with dignity and paid fairly and equitably. The Company has implemented occupational health and safety projects, and workplaces are in good conditions and are designed to allow employees to perform their duties efficiently and safely.

We acknowledge the importance of fostering an environment of values and principles that is reflected in the appropriate behavior of our investors, board members, executives, suppliers, contractors, and employees. We have therefore established a confidential whistleblower system in order to provide an adequate and secure communication channel so that any irregular act or violation of the guidelines contained in the Code of Ethics and/or applicable regulations, whether internal or external, can be reported personally or anonymously, without fear of retaliation. The Internal Audit Committee oversees reviewing and evaluating each of the reports for strict follow-up and control.

The whistleblower system is available to the public on a 24/7 basis, every day of the year through any of the following channels:

- Through our internal communication system: www.intracomer.com.mx or www.provecomer.com.mx.
- By telephone: 55 52709990
- By e-mail: auditor@lacomer.com.mx

We have continued to publish our internal magazine *"Esencia"*, a corporate publication that addresses key matters for the company and our *Éntrale* program (http://entrale.org.mx), through which we employ people with different capacities who have become a fundamental part of our workforce.

Social

RESPONSIBILITY

THE COMPANY ACTIVELY AND VOLUNTARILY CONTRIBUTES TO SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPROVEMENT.

Despite the difficult year, and through work and effort of all, the Company was able to move forward. This gave us the opportunity to carry out diverse actions around social responsibility. In addition, La Comer generated initiatives and projects to help improve the quality of life of our community during the pandemic.

During the year, La Comer created more than 1,000 new jobs which represented 10% more employees across the Company. This increase was due both to the growth of our La Comer en tu Casa service resulting from the opening of new stores during the year, as well as to the extra personnel hired to support vulnerable positions. During this period, when confinement and restrictions have caused the loss of many jobs in the country, the creation of jobs is a key element to overcome the situation and achieve social development and inclusion, especially necessary this year.

LA COMER CREATED MORE THAN 1,000 NEW JOBS REPRESENTING 10% MORE EMPLOYEES ACROSS THE COMPANY.

In order to deal with the health contingency and thus minimize the risk of COVID-19 infection, La Comer gave the at-risk personnel the opportunity to stay at home without any loss of pay. All these jobs were temporarily covered by additional personnel.

We also supported the group of senior citizens who worked as volunteer baggers, providing them with weekly compensation throughout the year. In this way, the benefit was granted to more than 1,800 baggers.

5,000 *DESPENSAS*
Donated to the children of the Santa María Children Soup Kitchen

60,000 *DESPENSAS VERDES* distributed through the Food Bank Foundation.

92 TONS
of food delivered to the neediest.

As in previous years, the Company supported the Santa María Children Soup Kitchen. More than 5,000 *despensas* (basic food baskets) were donated in benefit of the children attending the soup kitchens. During 2020, the *despensas* were delivered to the children's homes, thus safeguarding the health of all the children.

Some of the Company's other initiatives during the year included the donation of *Despensas Verdes* (Green food baskets) as aid for the neediest; for every *despensa* donated by customers, the Company donated two more. La Comer distributed 60,000 *Despensas Verdes* through the Food Bank foundation.

Moreover, we created the *Despensa Rosa* initiative, supporting breast cancer aid chains through the sale of more than 28,000 despensas at cost. We also donated 1,000 *despensas* to the *Sistema Nacional de Desarrollo Integral de la Familia* (DIF) in Mexico City. In total, the Company donated more than 92 tons of food during the year to the neediest people.

We supported businesses at our shopping centers with special considerations due to the temporary suspension of essential activities that affected their sales, negotiating with them so that they could face the difficult situation of total or temporary closures of their businesses.

We also provided our SME suppliers with financing at preferential rates in order to help them through the difficult quarantine period that the country experienced for most of the year.

During 2020, together with *Un Kilo de Ayuda* (UKA), we implemented several initiatives that favor Early Childhood Development (ECD) for 79 children and 69 families, through the promotion of a variety of products. In addition, we donated more than $227,000 pesos from the proceeds of the sale of their products in our stores. In addition, to mitigate the risks of COVID-19 in visits to communities, an emergency plan was developed in strict compliance with the safety and hygiene measures recommended by the World Health Organization (WHO).

WE DEVELOPED AN EMERGENCY PLAN TO MITIGATE COVID-19 RISKS IN ALL VISITS TO COMMUNITIES.

Once again, La Comer, with the support of the Breast Cancer Foundation (FUCAM), joined the campaign against this disease, offering participating products that donate a percentage of their profits.

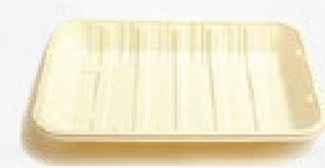
In October, our stores turn pink to raise awareness and promote the importance of breast cancer prevention. This year, more than 7,000 items were placed in one of our sales floor aisles designated the *Pasillo Rosa* (Pink Aisle), where suppliers directly donate a percentage of the sale's proceeds to help in the fight against breast cancer.

79 boys and girls and 69 families benefitted by *Un Kilo de Ayuda*

7,000 items in the *Pasillo Rosa*

Environmental
PROTECTION

THE PANDEMIC CAUSED BY COVID-19 HAS MADE CLEAR THE CHALLENGE WE FACE IN ACHIEVING SUSTAINABLE AND ENVIRONMENTALLY FRIENDLY DEVELOPMENT. THIS REQUIRES THE NEED TO TRANSITION FROM A MERE CONCEPT TO AN ENVIRONMENTALLY FRIENDLY WAY OF OPERATING THE COMPANY.



Sustainable Packaging Initiatives

During the year we used environmentally friendly packaging; we replaced plastic packaging with PET packaging. This allowed us entering a circular economy in which packaging contains a percentage of recycled material and that same packaging is 100% recyclable. During 2020, 87% of our packaging is already fully sustainable and we expect next year to have sustainable options for hot food, and thus use only fully environmentally friendly packaging.

Moreover, the trays in which meat and other perishable products are offered changed in terms of their presentation; the styrofoam trays for the display and sale of meat, chicken, pork, fish, and cheese were replaced by compostable trays. This is a very important change, since styrofoam is a highly polluting material that is very difficult to break down.

Kraft paper bags and cardboard boxes, all of them made of recyclable material, but sufficiently resistant to maintain the quality of the shipment, were used to provide a better service in home delivery.

Sustainable Procurement

The Company operates with a broad base of suppliers of varying sizes, so it is not dependent on any one supplier for products and does not identify any one supplier as critical. Several of our suppliers hold certifications such as NSF and ASC, in seafood products, as well as some certifications in organic and free-range products. In 2020, 1.5% of our products in various categories were organic, offering our customers more options with the best quality.

Cardboard and Polyethylene Collection

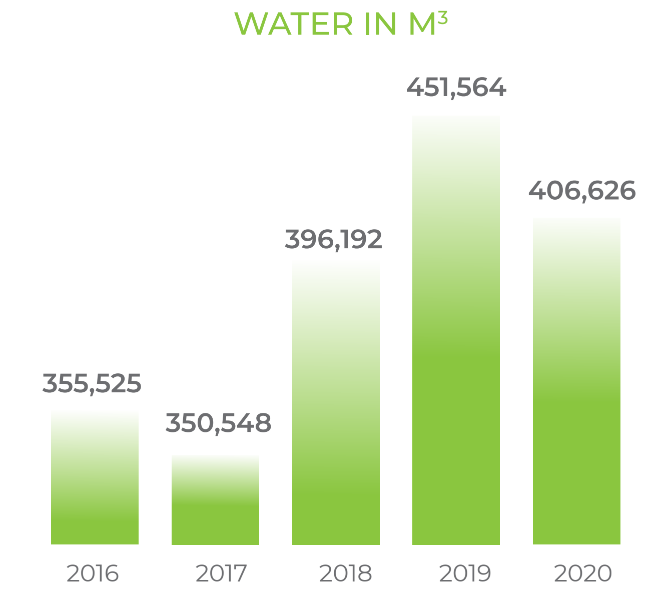
Together with the company Biopappel we continued to collect our cardboard and polyethylene waste so that it could be reused without destroying forests. During 2020, we collected more than 5,600 tons of cardboard and 392 tons of polyethylene.

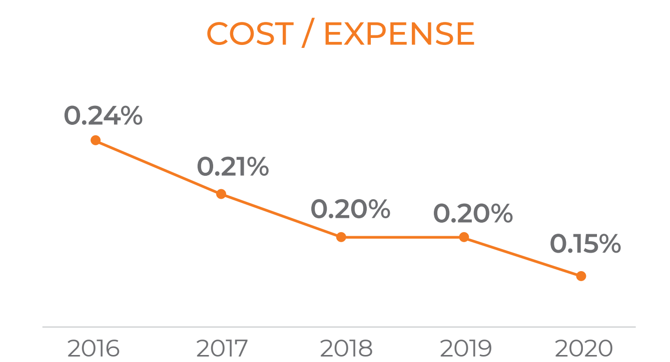
Efficient use of water and energy resources

La Comer is committed to the efficient use of its resources and thus has a responsible business philosophy that fosters the implementation of water and energy saving programs and the use of innovative energy technologies for the generation of economic, social, and environmental benefits.

Water

- During 2020, total water consumption in our branches was 406 thousand cubic meters, a significant reduction of 10% compared to the previous year.
- 17 of our branches have water treatment plants that allow us to eliminate pollutants and reuse this resource.
- All our treatment plants deliver water of a quality that complies with the NOM-003-Semarnat-1997 norm, which requires specific parameters for reuse in gardening, area cleaning, and sanitation.
- We have rainwater collection systems at several stores that reuse rain for gardening.





Electrical Energy

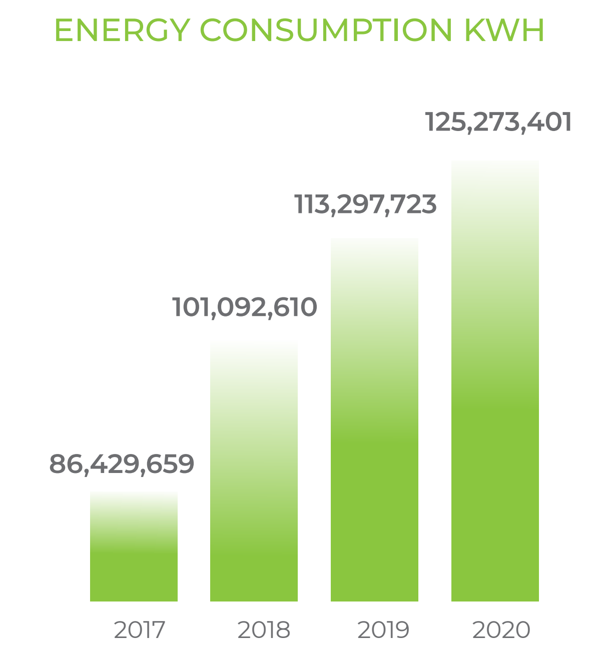
Providing our branches with electricity through clean, renewable, and sustainable energy sources is a significant element of La Comer's commitment to the environment.

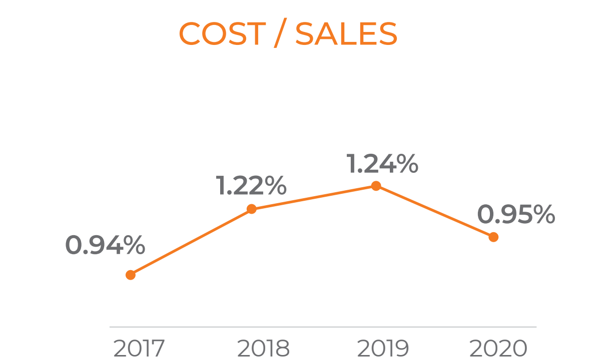
In 2020, electricity consumption of our branches totaled 125 million kilowatt-hours, 51% of which is being supplied as follows:

17 branches powered by wind energy	**30** branches powered by a combined cycle

By 2021, we plan to supply up to 87% of our total electricity consumption in our branches with sustainable energy sources.

BY 2021, 87% OF OUR TOTAL ELECTRICITY CONSUMPTION WILL COME FROM RENEWABLE ENERGY SOURCES.





Use of chemical products

Environmental awareness and care are an important factor of La Comer's social and environmental commitment; one of the keys to this is the conservation of our environment and the opportunity to do our bit to care for and preserve our planet; this is reflected in the use of environmentally friendly cleaning chemicals in the perishable and food areas.

The use of this type of products provides a major value for employees and customers, due to the use of quality and environmentally friendly products. In this way, biodegradable products are present in our daily life and are part of our working life.

In addition to this commitment, we work with fumigation companies that hold the Bayer Distinctive. This helps to reduce the environmental impact since chemical fumigation products endorsed by the WHO, CICOPLAFEST, COFEPRIS, EPA, FCA and USDA are used in each of the branches.

Waste management

The Company has set itself the goal of responsibly managing the waste produced at its branches; most of it is sorted to facilitate reuse and help reduce waste. Separation is carried out within the branches in containers for organic waste, inorganic waste, cardboard, plastic, burned oil, tallow and bone. We acknowledge that recycling has significant benefits, but it is more important to reduce the use of materials such as plastics, as this material is one of the main pollutants affecting the planet.

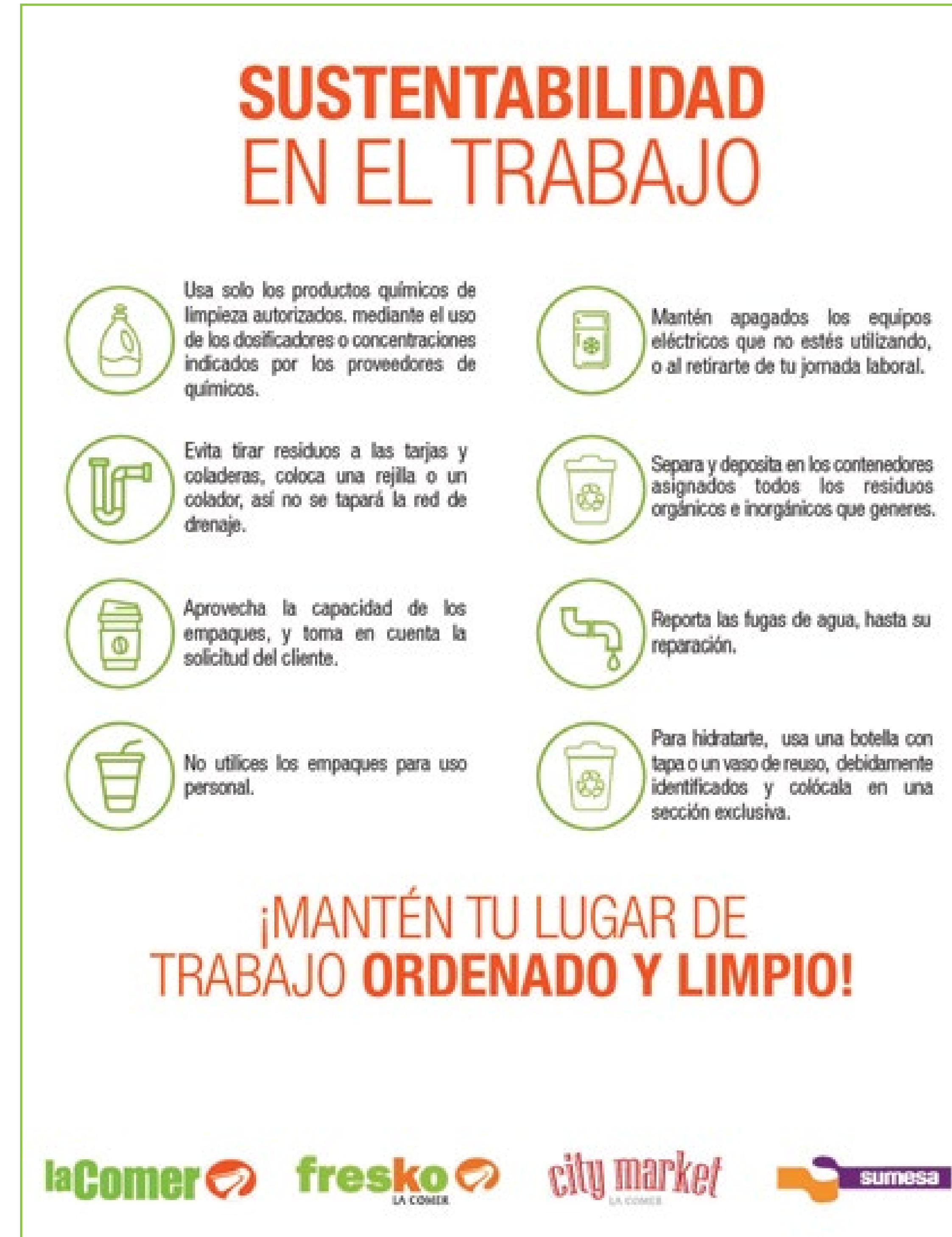
LA COMER STRIVES TO RAISE ENVIRONMENTAL AWARENESS AND IS COMMITTED TO THE PROTECTION OF THE PLANET.

Recovery of burned oil and other organics

One of our goals is to recover organic waste, minimizing its impact on the environment and allowing it to be returned to the environmental cycle. As in previous years, we worked together with some of our service providers to collect oil at all our branches. The purpose of this program is to collect burned oil generated by the food, fish, sausage, and bakery departments. The burned oil is stored in 20-liter drums and 200-liter containers with lids and rims. After collection, the product undergoes a heating process and is then decanted and sent in pipes to the energy, soap, and animal feed industries. In addition, in most of our branches we have collected the tallow and bone generated by the meat department for subsequent use in the animal feed industry. During the year, we recovered 10,122 liters of burned oil for recycling to prevent environmental contamination, as each liter of oil can contaminate a thousand liters of water.

Coolants

In 2020, we continued our refrigeration equipment upgrade program by introducing high-tech refrigerators in our stores which use more environmentally friendly systems that use less electricity and coolants.



Financial
INFORMATION

Report from our
CHIEF EXECUTIVE OFFICER

Mexico City March 29, 2021

Board of Directors
La Comer, S.A.B. de C.V.

Dear members of the Board of Directors:

Pursuant to Articles 44 section XI of the Securities Market Act and 172 of the General Business Corporations Act, I hereby submit to your approval this report on the performance and activities of La Comer, S.A.B. de C.V. during the fiscal year ended December 31, 2020. This report includes an explanation of relevant events during the year, highlights the most notable actions of the period and refers to the most important current projects and main policies followed by the management team I lead.

2020 was characterized by the global pandemic caused by the COVID-19 virus. It did not only affect economic growth and employment, but also dramatically altered our lives. Against this backdrop, our strategy focused on continuing our differentiation-focused service, but this time to deal with a totally unexpected situation. Exceeding the recommendations and indications of the health authorities, we maintained our operating and hygiene guidelines to offer our customers the safest possible environment when shopping. We also focused on offering excellent service on our digital platform ***La Comer en tu Casa*** so that our customers could shop safely and effectively.

Mexico's economy registered a historic contraction, due to the slowdown in productive activity as result of the COVID-19 pandemic in the country. By the end of 2020, Mexico's Gross Domestic Product (GDP) showed a decrease in real terms of 8.5% with respect to the previous year and an annual inflation rate of 3.15%. Within the overall economic environment, the self-service commerce sector was the best performer. With respect to consumption in the national retail sector and based on data from the National Association of Supermarkets and Department Stores (ANTAD), there was an increase in same-store sales of 5.4% for the self-service sector in 2020 within the pandemic situation.

To counter the effects of COVID-19 in Mexico, La Comer implemented exceptional operational and hygiene measures in mid-March, focused on offering customers a sanitized environment and prioritizing supply to avoid product shortages. In addition, a Contingency Committee was created within the company to define and implement COVID-19 containment measures. The measures defined were updated as necessary and in accordance with the evolution of the situation, as well as medical and technical developments to ensure the highest level of safety for our customers and employees.

During this year, the company presented an increase in same store sales of 18.8%, a figure higher than that reported by ANTAD. This was the result of superior sanitary measures, excellent customer service, a fully stocked inventory of all our stores, and the outstanding service provided by our digital platform ***La Comer en tu Casa***. We remain committed to a strategy of differentiation by offering a very good shopping experience in the market based on quality, attention, and service despite the pandemic situation. Our employees have the training necessary to provide excellent service, thereby ensuring that our customers receive specialized advice so that their purchases are made in a more effective manner. We have sustained an unmatched supply of basic products, high-end products, imported products and novelties which offer excellent quality and a clear differentiation.

Regarding growth, despite the limitations imposed by the pandemic, we were very pleased to announce during the year the opening of two stores in the ***La Comer*** and ***Fresko*** formats: we opened a ***La Comer*** store in the city of Aguascalientes and a ***Fresko*** in the city of Querétaro. Also during the year, we also remodeled two ***La Comer*** stores in the cities of San Miguel de Allende and Manzanillo. CAPEX investment in 2020 amounted to approximately $2.046 million pesos, an amount allocated mainly to openings and remodeling.

As for the operating results for 2020, total sales reached $27,021 million pesos, with a 25.1% increase in sales compared to 2019. Thus, providing greater health and sanitation controls in all our operations, departments, and areas, as well as differentiated products, has allowed us to clearly stand out from the rest of the participants, delivering greater benefits to all our customers and attracting new customers.

We launched our seasonal ***Temporada Naranja*** campaign based on offering customers special promotions on products from different departments and rotating them throughout the season, adapting them to the new conditions and needs presented by the COVID19 pandemic.

Sales from our digital platform ***La Comer en tu Casa*** increased significantly during the year due to the lockdown conditions throughout the country, closing the year with a 7.4% share of the company's total sales for the year.

Our gross profit margin was 27.3%; gross profit increased by 25.3% compared to 2019. This expansion in gross profit occurred despite adverse effects caused by the COVID-19 pandemic, such as the decrease in real estate revenues, additional costs in the operation of the distribution centers, and the sharp decrease in sales in the prepared foods and bakery section. Some operating expenses that increased during the year were: extraordinary expenses for cleaning and sanitation due to the COVID-19 health emergency that were necessary to ensure that our stores remain in optimal conditions and to offer our employees and customers a sanitized environment; expenses related to our e-commerce system ***La Comer en tu Casa***, needed to improve the shopping experience and cover the increase in demand; and the increase in packaging expenses required to preserve food hygiene.

EBITDA margin for the year as a percentage of sales was 10.2%, yielding an annual EBITDA of $2.748 billion pesos.

Cash reached $3,040 million pesos at the end of 2020. The company's stockholders' equity increased year over year by 4.9%, mainly due to the increase in the company's retained earnings.

Throughout 2020 we continued to engage in diverse Social Responsibility and Sustainability practices. Notwithstanding, this year we reinforced our social assistance by providing more than 100,000 food *despensas* and donating 92 tons of food. We supported our most vulnerable employees by allowing them to stay at home for their protection while continuing to receive their full salary. Since April, we have provided financial support to elderly baggers allowing them to stay at home. We carried out campaigns to support small and medium-sized companies, negotiated mutually beneficial situations with our tenants, as some of them had to close their businesses due to the pandemic. We donated cash and products to non-profit and charitable institutions and continued with our social aid programs ***Un kilo de ayuda*** and the ***Tienda Rosa*** campaign in support of women with cancer.

Regarding sustainability, several actions and measures were developed in our stores to use resources in an environmentally friendly manner. These included the collection of waste products, paper and cardboard for recycling or reuse, among other actions.

I herewith wish to acknowledge all our employees whose dedication, attention, service and teamwork have enabled us to deal with an unprecedented situation with extraordinary results. I also want to express my most sincere gratitude to each one of them for having positioned us this year as the best self-service chain in the country.

The advances achieved, along with the positioning and differentiation of the company, constitute the best foundation upon which to continue the path of consolidation and growth. We expect to continue opening more stores in the coming years to replicate the shopping experience we offer.

Lastly, I submit for your consideration the Consolidated Financial Statements of La Comer, S.A.B. de C.V., as of December 31, 2020, which are attached to this report. They have been prepared by the Management and Finance Department and authorized the Audit Committee of the Board of Directors. Upon your approval they may then be presented to the General Shareholders' Meeting of the Company.

Santiago García García
Chief Executive Officer
La Comer, S.A.B. de C.V.

Opinion
OF THE BOARD OF DIRECTORS

REGARDING THE 2020 REPORT FROM THE CEO

Mexico City March 29, 2021

To the General Shareholders' Meeting
La Comer, S.A.B. de C.V.

Dear shareholders:

Under the terms of the Article 28, section IV, paragraph c) of the Securities Market Act and clause twenty second of the bylaws of La Comer, S.A.B. de C.V. (the "Company"), we hereby certify that on this date the Board decided to submit its opinion **APPROVING** the CEO's Report and the Company's financial statements for the fiscal year that ended on December 31, 2020, so that, together with the external auditor's report, they may be presented to the General Shareholders' Ordinary Meeting to be held on April 14, 2021

To reach the above conclusion, the counselors relied, among other elements, on the favorable opinion of the external auditor, as well as the comments of the Audit Committee, which is part of the Board. The Audit Committee states that the accounting and information policies and principles followed by the Company are adequate and sufficient and have been applied consistently during the elaboration of the information presented by the CEO. **Therefore, the Board's opinion is that the information presented by the CEO regarding 2020 fiscal year, reasonably reflects the financial situation of the Company and its subsidiaries, as well as the results of its operations.**

Carlos González Zabalegui
Chairman of the Board of Directors
La Comer, S.A.B. de C.V.

Report
FROM THE BOARD OF DIRECTORS

UNDER TERMS OF ARTICLE 172, SECTION B) OF THE GENERAL BUSINESS CORPORATIONS ACT

Mexico City March 29, 2021

To the General Shareholders' Meeting
La Comer, S.A.B. de C.V.

Dear shareholders:

In the terms of Article 28, section IV, paragraph e) of the Securities Market Act, the report herein describes the main accounting and information principles and criteria followed during preparation of the financial information of La Comer, S.A.B. de C.V. (The "Company") for the fiscal year that ended on December 31, 2020, as established in Article 172, section b) of the General Business Corporations Act.

The Company's consolidated financial statements have been prepared based on the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and its interpretations (IFRS IC). In compliance with the modifications to the Regulations for Public Companies and Other Participants of the Mexican Securities Market, issued on January 27, 2009, by the National Banking and Securities Commission (CNBV), the Company is required to prepare its financial statements using the IFRS accounting framework issued by the IASB and its interpretations.

The consolidated financial statements have been prepared based on historical cost, except for cash equivalents and assets corresponding to employees' benefits, which are valued at fair value.

The elaboration of the consolidated financial statements in accordance with the IFRS requires the use of diverse critical accounting estimates.

This is the second set of the Company's annual financial statements to apply the IFRS 16 Leases Standard.

Ongoing Business
The Company operates primarily with the cash flow obtained from the sales operations in stores, as well as from some credit operations with suppliers. Management has reasonable expectations that the Company has the sufficient resources to continue operating as an ongoing business in the foreseeable future. The Company uses the ongoing business platform to prepare its consolidated financial statements.

Below are the main accounting policies applied when preparing the consolidated financial statements; these have been consistently applied during the whole fiscal year, unless otherwise stated.

2.1 Consolidation
Subsidiaries
Subsidiaries are entities over which the Company exercises control. The Company controls an entity when the Company is exposed to, or is entitled to, variable yields arising from its dealings with the entity and can bring its power to bear on the entity in such a way as to affect the amount of said yields.

Transactions eliminated from consolidation
Intercompany transactions, balances and unrealized profits arising from transactions between companies of the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. When required, amounts reported by the subsidiaries are adjusted to meet the Group's accounting policies.

Consolidation includes the financial statements of all the Group's subsidiaries.

Control loss
When the Company loses control over a subsidiary, it retires the assets and liabilities of the subsidiary, any related non-controlling interests, and other components of equity. Any resulting gain or loss is recognized in profit or loss. If the Company retains any interest in the former subsidiary, it will be appraised at its fair value on the date that control is lost.

2.2 Reporting by segment
Information per segment is shown consistently with the internal reports provided to the Chief Operating Decision Maker, and the Board of Directors, which is the body responsible for making operating decisions, authorizing capital investments, and evaluating operating segment returns. For the period ended on December 31, 2020, the Company operated a single business segment, which includes self-service stores, corporate operations, and the real estate business. Resources are assigned to the segments based on each segment's importance within the entity's operations, and the strategies and returns established by Management.

2.3 Foreign currency transactions
a. The 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 of the Company's consolidated financial statements is the Mexican peso, which is the functional currency of the Company and all its subsidiaries and is used in compliance with its legal, tax and stock exchange obligations.

b. Transactions and balances
Transactions in foreign currencies are converted to the functional currency at the exchange rates prevailing on the dates of the transactions. Exchange gains and losses from fluctuations in exchange rates, whether for settlement of those transactions or from conversion of monetary assets and liabili-

ties stated in a foreign currency at the closing exchange rates for the year, are recognized in the income statement. They are deferred in capital if they pertain to the coverage of ratable cash flows and net ratable coverage of investments in an operation conducted abroad.

Exchange gains and losses from exchange rate fluctuations related to loans, cash and cash equivalents are shown in the income statement under "Financial costs and income".

2.4 Cash and cash equivalents
In the consolidated income statement, cash and cash equivalents include available cash, deposits in checking accounts, bank deposits in foreign currency and short-term investments in highly liquid securities, easily converted to cash, maturing at terms of three months or less and subject to immaterial risks of changes in value and bank overdrafts.

Bank overdrafts are shown under current liabilities in the statement of financial situation. Cash is shown at nominal value and cash equivalents are valued at fair value; fluctuations in value are applied to income for the period.

Cash equivalents consist mainly of on-demand or very short-term investments, as well as investments in highly liquid government securities maturing in the short term. Bank deposits include vouchers for bank cards not yet deposited to the company's bank accounts by the banks. These vouchers are usually recovered in no more than one day.

2.5 Accounts receivable from customers
Accounts receivable from customers are initially recognized at fair value and subsequently stated at amortized cost, using the effective interest rate method, less the impairment reserve. The Company's accounts receivable includes accounts receivable from: i) companies issuing grocery coupons: ii) payments for commercial and promotional space leased to third parties; and iii) other accounts receivable, all short term.

2.6 Financial assets
2.6.1 Classification
The Company has classified its financial assets in the following categories:

- Those measured subsequently at fair value (either via comprehensive income or income)
- Those measured at amortized cost

The classification depends on the business model used by the Company's to handle its financial assets and the contractual features of cash flows.

For assets measured at fair value, profits and losses will be recorded in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable decision at the time of initial recognition to record the investment at fair value via OCI.

2.6.2 Recognition and disposal
Regular purchases and sales of financial assets are recognized at the transaction date; that is, 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 investments expire or are transferred and the Company has transferred all the risks and benefits arising from ownership.

2.6.3 Measurement
At the time of initial recognition, financial assets are measured at fair value plus, in the case of a financial asset not at fair value via income (FV-income), transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through income are recorded in income.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow features of the asset. There are three measurement categories which the Company uses to classify its debt instruments:

- Amortized cost: Assets held for the collection of contractual cash flows when said cash flows represent merely the payment of principal and interest are measured at amortized cost. Income arising from those financial assets are included in financial income by the effective interest rate method. Any profit or loss arising from the disposal of accounts is recorded directly in income and shown under other income/(losses) together with exchange gains and losses. Impairment losses are shown as a separate item in the income statement.

- FV-OCI: Assets held for the collection of contractual cash flows and for the sale of financial assets, when cash flows from assets represent only the payment of principal and interest, are measured at fair value through other comprehensive income (VR-OCI). Movements in book value are recorded through OCI, except for recognition of impairment profits or losses, interest income and profits or losses arising from exchange rates, which are recorded in income. When a financial asset is disposed of, the accrued profit or loss previously recorded in OCI is reclassified from capital to income and recorded in other income/(losses). Income arising from those financial assets is included in financial income by the effective interest rate method. Foreign exchange profits and losses are shown under other income/(losses) and impairment expenses are shown as a separate item in the income statement.

- FV-income: Assets that fail to comply with criteria for amortized cost or FV-OCI are measured at fair value via income. Any profit or loss arising from a debt instrument that is subsequently measured at fair value via income is recorded in income and shown in net terms in other income/(losses) in the period in which it arises.

Financial assets - Assessment of whether contractual cash flows are only payments of principal and interest
For purposes of this evaluation, 'principal' is defined as the fair value of the financial asset at the time of initial recognition. 'Interest' is defined as the consideration for the time value of money for the credit risk associated with the primary amount outstanding during a specific period of time and for other basic loan risks and costs (for example, liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are only payments of principal and interest, the Company considers the contractual terms of the instrument. This includes evaluating whether a financial asset contains a contractual condition that could change the schedule or amount of contractual cash flows in a way that would not fulfill this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or schedule of cash flows.
- terms that could adjust the contractual coupon, including variable rate characteristics.
- prepayment and extension characteristics.
- terms that limit the Company's right to cash flows from specific assets (for example, non-recourse characteristics).

The cash flows that the Company receives for the financial assets that it maintains, usually accounts receivable, clients and related parties, are made up of payments of principal and interest. Through the analyzes carried out, no characteristics have been identified in these financial assets that lead to contravening this fact.

Financial liabilities
Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such at initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange translation gains and losses are recognized in the income statement. Any gain or loss on derecognition is also recognized in the income statement.

Suppliers and other accounts payable
Supplier balances and other accounts payable represent liabilities for goods and services rendered to the Company before the end of the fiscal year that have not been paid. The amounts in question are not guaranteed. Suppliers and other accounts payable are presented as current liabilities unless the amount is not payable within 12 months after the reporting period. They are initially recognized at fair value and are subsequently valued at amortized cost using the effective interest rate method.

As of December 31, 2020, the accounts payable balance is composed mainly of several creditors and deferred income, the latter generated by the loyalty programs that the Company has established.

Accounts payable are initially recognized at fair value and subsequently at amortized cost using the effective interest rate method.

2.6.4 Impairment of financial assets
The Company's main income source is the sale of products in its stores; their payment is made at the purchase moment in cash or via coupons or credit cards. The company's accounts receivable consists mainly of amounts to be collected from companies issuing grocery coupons, as well as lease payments to be collected from subletting commercial locales and promotional space to third parties. The Company has experienced no difficulties in collecting on coupons. However, the same cannot be said for lease payments on sublet locales.

The Company has prospectively evaluated expected credit losses associated with its debt instruments at amortized cost and FV-OCI. The impairment methodology applied depends on whether a significant increase in credit risk has arisen. For accounts receivable, the Company applies the simplified method allowed by IFRS 9, which requires losses expected over the instrument's lifetime to be recorded since the initial recognition of accounts receivable.

2.7 Other accounts and documents receivable
The Company classifies unsupported travel expenses and other similar items, such as debtors or recoverable taxes, as other accounts receivable. If collection rights or recovery of these amounts is not realized within 12 months from the year-end closing, they are classified as short term; otherwise, they are shown as long term.

2.8 Derivative financial instruments
The Company engages in no operations with derivative financial instruments.

2.9 Inventories
Merchandise inventory is determined by the retail method. Under this method, inventory is segregated into

types of merchandise with similar features, then valued at the sales price. That value is used to determine inventory at the net discount cost, by applying specific cost factors to each department. Cost factors represent the average cost of each department based on initial inventory and purchases for the period. The percentage applied considers the portion of inventory marked down below its original sales price. The methodology used by the Company in applying the retail method is consistent for all periods presented. Inventory valued in this manner approximates cost and does not exceed net realization value. Inventory is shown at the lesser of cost and net realization value. Net realization value is the sales price estimated in the normal course of operations, less costs estimated for making the sale.

Comercial City Fresko S. de R.L. de C.V. (CCF) physical inventory counts are taken monthly for perishable items and biyearly for nonperishable items; inventory records are adjusted for the results of the physical inventory count.

The Company records the necessary estimates to recognize decreases in the value of its inventories due to losses and other causes that indicate that the use or realization of the items that are part of the inventory will be lower than the registered value.

Inventories at the distribution centers are evaluated by the average inventory method, as they involve no costing factors.

2.10 Advance payments

Advance payments represent disbursements made by the Company, in which the benefits and risks inherent to the goods to be acquired or in the services to be received have not yet been transferred. Advance payments are recorded at cost and are shown in the statement of financial position as current assets when due in 12 months or less, or as noncurrent when due in more than 12 months from the date of the statement of financial position. Once the goods and/or services have been received, they must be recorded as assets or expenses in the income statement for the period. When advance payments lose their capacity to generate future economic benefits, the amount considered to be unrecoverable is recognized in the income statement for the period in which this occurs. The main items include insurance premiums, system licenses and maintenance, among others.

2.11 Property, furniture and equipment and locales' improvements - Net

Land is valued at cost minus any impairment losses. All other components of property, furniture and equipment and locales' improvements are recognized at cost, less accumulated depreciation and any impairment losses. Cost includes expenses directly attributable to the acquisition of these assets and all expenses related to assets' location at the site and in the necessary conditions for them to operate as expected by Management. For ratable assets, the cost includes the cost of loans capitalized in accordance with Company policies. At December 31, 2019 and 2018, there were no costs for capitalizable loans for this item.

Expansion, remodeling, and improvement costs representing an increase in capacity, and thus, an extension of the useful life of the items in question, which are also capitalized. Maintenance and repair expenses are charged to the income statement for the period in which they are incurred. The book value of replaced assets is canceled when they are replaced, and the effect is recognized in the income statement.

Works in process represent stores and malls under construction and include investments and expenses directly attributable to startup of operations. When stores are ready to start operations, they are switched to the property, furniture and equipment and locales' improvements concept and the calculation of depreciation begins.

Land is not depreciated. Depreciation is calculated by the straight-line method in order to distribute the cost at residual value over the remaining useful lives, as follows:

Buildings (*)	50 years
Store equipment	10 years
Furniture and equipment	10 years
Office equipment	10 years
Electronic equipment	3.3 years
Locales´ improvements	20 years or the leasing period, whichever is less

(*) The buildings comprise various construction components, which on average depreciate over periods approximating those used in the buildings of which they are a part.

The Company assigns the amount initially recognized for a component of property, furniture and equipment in its different significant components and depreciates each of those components separately.

The residual values and useful lives of assets and their depreciation method are reviewed and adjusted, if necessary, at each financial statement reporting date.

The book value of an asset is written off at recovery value if the book value of the asset exceeds its estimated recovery value.

Profits and losses from assets' sale are determined on the basis of the difference between the income from the transaction and the book value of the assets. They are included in the income statement as "Other income and expenses", respectively.

2.12 Investment properties - Net

The Company owns malls that house its own stores, as well as commercial space it leases to third parties. The Company's own stores are recorded in the statement of financial position as property, furniture and equipment and commercial locales are recorded as investment properties.

Investment properties are real estate property (land and buildings) held to produce economic benefits in the form of lease payments or to obtain their value increase, and are initially valued at cost, including transaction costs. After initial recognition, investment properties continue to be valued at cost, less any accumulated depreciation and impairment losses.

Expansion, remodeling and improvement costs representing an increase in the capacity of property and thus, an extension in their useful lives is also capitalized. Maintenance and repair expenses are charged to the income statement for the period in which they are incurred. The book value of replaced assets is canceled when assets are replaced, and the effect is recognized in the income statement as "Other income and expenses."

Depreciation of investment properties is calculated by the straight-line method in order to distribute the cost over the remaining useful lives, as follows:

Buildings	50 years
Store equipment	10 years

Income from leases of investment property is recognized as revenue from ordinary activities on a straight-line basis over the lease term. Lease incentives granted are recognized as an integral part of lease income over the lease term.

2.13 Assets held for sale and disposal

Non-current assets, or disposal groups composed of assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered principally through sale rather than continuing use.

These assets, or groups of assets held for disposal, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a group of assets held for disposal is allocated first to goodwill and then prorated to the remaining assets and liabilities, except that no such loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment properties, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses arising from reassessment are recognized as income.

When properties are classified as held for sale, they are no longer amortized or depreciated.

2.14 Loan costs

The cost of general and/or specific loans directly attributable to the acquisition, construction or production of ratable assets requiring a substantial period (generally over 12 months) before they are ready for use or sale is included as part of the value of those assets during that period and until the time, they are ready to use.

Income arising from the temporary investment of specific loans not yet used in ratable assets reduce the cost of loans eligible for capitalization.

All other borrowing costs are recognized in the income statement in the period in which they were incurred.

In the period ended on December 31, 2020, no loan costs were capitalized since there were no ratable assets in these periods.

2.15 Intangible assets – Net

An intangible asset is recorded if, and only if a) the future economic benefits attributed to it flow into the entity and b) the cost of the asset can be reliably measured.

Licenses acquired for the use of programs, software and other systems are capitalized at the value of the costs incurred for acquisition and preparation for their use. Maintenance expenses are recorded as expenses when incurred. Licenses acquired for the use of programs recorded as intangible assets are amortized during the course of their estimated useful lives, without exceeding 3.3 years.

The assignment of rights to use and operate self-service stores is recorded at historical cost. The rights to use and operate self-service stores are amortized on the basis of the term specified in the leasing contract, i.e., from five to 10 years. These assets are shown in the statement of financial position as current assets when due in 12 months or less, and as noncurrent when due in more than 12 months from the date of the statement of financial position. Once the rights accrue, these amounts are recorded as an expense in the income statement for the period. When other assets lose their capacity to generate future economic benefits, the amount considered to be unrecoverable is recognized in the income statement for the period in which this occurs.

Individually acquired brand names are recognized at historical cost. Brand names acquired via a business acquisition are recognized at fair value at the acquisition date.

The Company recognizes the rights to the acquired brands as an indefinite-life intangible asset, as it considers that those rights are very unlikely to cease generating cash income for the Company in future accounting periods. Rights to brand names are not amortized. Every period, the Company runs impairment tests to determine whether the value of the rights to brand names will be recovered with the future cash flows expected by the Company.

The useful life of the rights of the acquired trademarks is indefinite, and is recorded at cost minus any accrued impairment losses. No impairment was determined at December 31, 2020 of the trademark rights.

2.16 Impairment of nonfinancial assets

Assets with an indefinite useful life are not subject to amortization and are tested annually for impairment. On the other hand, assets subject to amortization or depreciation are tested for impairment when events or changes in circumstances indicate that the book value might not be recoverable. Impairment losses are the amount by which the book value of assets exceeds the recovery value.

The recoverable amount of assets is the higher of the fair value of the asset less costs incurred to sell it and its value in use. Value in use is based on estimated future cash flows at present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks that may be associated with the asset or cash-generating unit.

The assets' recovery value is the greater of the asset's fair value less costs incurred for its sale and its value in use. For impairment testing purposes, assets are grouped at the lowest levels at which they generate identifiable cash flows (cash-generating units).

For purposes of impairment assessment, assets are grouped at the smallest levels at which they generate identifiable cash flows (cash-generating units). For purposes of impairment testing of assets with indefinite useful lives, the Company has determined the cash-generating unit to be the total of its stores. Non-financial assets that are subject to impairment write-offs are evaluated at each reporting date to identify possible reversals of such impairment.

The Company runs impairment tests on non-monetary assets once a year or when there are indications of impairment. Non-monetary assets include the following concepts of the statement of financial position: intangible assets, property, plant and equipment, investment property and other noncurrent assets.

As of December 31, 2020, there were no signs of impairment in noncurrent assets subject to depreciation and amortization, and in the case of indefinite-life assets, the Company's annual impairment tests showed no signs of impairment.

2.17 Provisions

Provisions are recognized at the present value of Management's best estimation of the disbursements expected to be required to cancel the obligation, using a pre-tax discount rate that reflects current market conditions with respect to the value of money and the specific risks of said obligation. The increase in the provision due to the passing of time is recognized as interest expense.

Provisions are recognized when the Company has a present of assumed legal obligation resulting from past events, that is likely to require the use of cash flows to settle the obligation and the amount in question can be reliably estimated.

Employees' bonuses and compensation. Bonus for executives according to the year's results, as well as the employees' profit-sharing calculation for the year.

Store maintenance. For the services provided, which have not been registered for payment.

Property taxes. For the payments made where the authorities have not issued the supporting documentation, and for the differences that may exist in the property tax opinions.

2.18 Income tax incurred and deferred

The income tax expense comprises current and deferred income tax. The tax is recognized in the income statement, except when it relates to items recognized in other comprehensive income or directly in stockholders' equity. In this case, the tax is also recognized in other comprehensive income or directly in stockholders' equity, respectively.

Taxes on income payable consist of income tax, based on the tax profits, which is recorded in the income for the period in which it is incurred and is based on taxable income.

The charge for income tax incurred is calculated based on tax laws in effect on the date of the statement of financial position or on laws whose approval process has been substantially concluded. Management periodically evaluates the position taken in tax returns with respect to matters in which applicable tax regulation is subject to interpretation.

Deferred income tax is also determined using tax rates and tax laws that have been enacted at the date of the statement of financial position or whose approval process is substantially complete and that are expected to be applicable when the deferred income tax asset is realized or the deferred income tax liability is paid. For 2020 the income tax rate is 30%.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and the carrying amounts shown in the consolidated financial statements that are expected to materialize in the future. However, deferred income tax arising from initial recognition of an asset or liability in a transaction that does not qualify as a business combination is not recorded, if at the time of the transaction, it does not affect the accounting or tax profit or loss.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Future taxable income is determined based on the reversal of the related temporary differences. If the amount of the cumulative temporary differences is insufficient to recognize a deferred tax asset, then future taxable profits adjusted by the reversals of the cumulative temporary differences are considered, based on the business plans of the Company's individual subsidiaries. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

At the end of each reporting period, the Company will reassess unrecognized deferred tax assets and record a previously unrecognized deferred tax asset if it is probable that future taxable profits will allow the deferred tax asset to be recovered.

The measurement of deferred taxes will reflect the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The deferred income tax asset is only recognized to the extent that future tax benefits are likely to arise against those which temporary liability differences can be used.

The deferred tax liability arises from temporary tax differences stemming from investments in subsidiaries, except for the deferred tax liability when reversal of the temporary difference is controlled by the Company and this difference is unlikely to be reversed in the near future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities intending to settle the balances on a net basis. As of December 31, 2020, the Company showed no offset deferred tax.

Accessories on the payment of federal taxes are shown as provisions.

2.19 Employee benefits

The benefits granted by the Company to its employees, including benefit plans, are described below:

Short-term obligations

Direct benefits (wages and salaries, overtime, vacations, holidays and days off with pay, etc.) expected to be entirely paid within the 12 months following the end of the year in which the employees render the respective service are recorded in relation to the service rendered by the employees up to the end of the period and are measured based on the amounts expected to be paid when the liabilities are covered. Liabilities are shown as current obligations for employee benefits in the statement of financial position. In the terms of legal and contractual provisions, paid absences cannot be accrued.

Long-term benefits

The Company operates a number of retirement plans, including defined benefits and contributions, as well as medical retirement plans.

a. Retirement benefits and seniority premium

The Company's subsidiaries recognize the obligation to provide seniority premium defined benefits and two subsidiaries operate defined contribution retirement plans, one of which recognizes the obligation for retirement health defined benefits for a particular group of participants. A defined benefit pension plan is one that determines the benefits to be provided to an employee upon retirement, including health retirement plans, which usually depend on a number of factors, such as age, years of service and compensation. Costs are determined for defined contribution plans, but the benefit level for employees retiring with the accumulated amount has not been determined.

The liability or asset recognized in the statement of financial position for defined benefit plans is the current value of the obligation for defined benefits at the date of the statement of financial position, less the fair value of plan assets.

Obligations for defined benefits are calculated annually by independent actuaries using the projected unit credit method. The current value of the defined benefit obligation is determined by discounting the estimated future cash flows at interest rates for government bonds denominated in the currency in which the benefits will be paid, whose maturity terms approximate the terms for the related pension obligation. Actuarial profits and losses arising from adjustments based on experience and changes in actuarial assumptions are charged or credited to stockholders' equity under other comprehensive income in the period in which they arise. Past service costs are recorded directly in the income statement.

b. Employees' statutory profit sharing (ESPS) and bonuses

The Company recognizes a liability and an expense for bonuses and ESPS, the latter calculated as per current tax provisions. The Company recognizes a provision when contractually obligated to do so or when a past practice generates an assumed obligation.

c. Benefits paid to personnel in accordance with labor laws

This type of benefit is paid and recognized in the income statement upon employment termination, prior to the retirement date or when employees resign in exchange for said benefits. The Company records indemnities on the first of the following dates:

(i) when the Company is unable to withdraw the offer of those benefits.

(ii) when the Company recognizes restructuring costs within the scope of IAS 37 "Provisions", which implies the payment of termination benefits. In the case of an offer made to encourage resignation, termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than one year after the statement of financial position are discounted at present value.

2.20 Capital stock

Company shares placed on the Mexican Stock Exchange are classified as capital stock.

In the same manner, in accordance with the provisions of article 56 of the Securities Market Act and Title Six of the Sole Circular for Issuers, which establishes that Company shares placed on the Mexican Stock Exchange may be acquired under certain rules, the Company carries out the procedure for the purchase or sale of Company shares from the repurchase fund.

The purchase of own shares issued by the Company that operate under the repurchase reserve are recorded as a reduction in the Company's stockholders' equity until such time as those shares are canceled or issued once again. When those shares are reissued, the consideration received is recorded in the Company's stockholders' equity.

Share capital

i. Common shares

Incremental costs directly attributable to the issuance of ordinary shares are shown as an equity deduction.

2.21 Revenue recognition

The Company operates a chain of self-service stores (retail industry).

a. Sale of merchandise

Revenue from the sale of consumer goods at self-service stores is recorded when the Company sells the product to a customer. Payment for the transaction is made immediately when the customer purchases the merchandise, which is delivered at the store.

Customer discounts and returns are shown after subtracting the respective income. Merchandise sales are settled by customers using debit and credit cards, cash and coupons. It is Company policy to allow a number of its products to be returned after they have been sold. However, experience has shown that returned items are immaterial as compared to overall sales, which is why the company creates no reserve in that regard. Since the level of returned merchandise over sales has remained invariably low over the years, it is unlikely a significant change occurs in accrued income recorded.

b. Income from leasing

The income from rents arises mainly from the Company's investment properties and is recognized using the straight-line method during the lease term. The Company has no assets leased through financial leasing schemes.o.

c. Smart cards

The Company carries out promotions, some of which involve awarding benefits to its customers in the form of smart cards, the value of which is referenced to an amount or percentage of the sales price. The smart cards may be used by customers for future purchases in our Company's stores. The Company deducts from operating income the amount awarded to its customers in the smart cards.

Company experience has demonstrated that smart cards showing no movement over a period of six months are unlikely to be redeemed; thus, the agreement with the program administrator specifies 12 months with no movement before the points can be canceled. Therefore, this type of smart card is canceled, with a credit to sales.

Up to May 31, 2019, there was a collaboration contract with the loyalty program Payback. Points that were awarded through the Company's Payback loyalty program are redeemed at other businesses, and the account payable to the program administrator is recognized. Since November 2019, the loyalty program is directly operated by the Company.

As of December 31, 2020, the value of smart cards issued for special offers pending redemption and that the Company estimates to materialize, are recognized at fair value and shown as deferred income and included in the concept of other accounts payable in the statement of financial position.

d. Coupons for merchandise

Income from coupons issued by the Company, which can be exchanged for merchandise at its stores, are recognized as a deferred credit at the time the Company delivers the coupons to the customer, and are recognized as income in the income statement when those coupons are exchanged for merchandise at the stores.

e. Commissions on collections for services

Commission income on collections for services rendered by the Company at its stores and other commissions are recorded as income as they are incurred. When the Company acts as an agent in the sale of goods or services, only the profit for the commission is recorded under income.

f. Parking lots

Parking lot income is recognized under other income at the moment the services are provided.

g. Financing components

The Company expects to have no contracts under which the period from the date of transfer of the goods or services committed to the customer and payment made by the customer exceeds one year. Consequently, the Company does not adjust any transaction prices to money value over time.

2.22 Leases

At a contract's beginning, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a compensation.

i. As lessee

At the beginning or at the time of modification of a contract that contains a lease component, the Company distributes the consideration in the contract to each lease component based on their relative independent prices. However, in the case of property leases, the Company has chosen not to separate non-lease components and to account for lease components and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability as of the lease commencement date. The right-of- use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for the lease payments made before or from the commencement date, plus any initial direct costs incurred and an estimate of the costs to incur by dismantling and disposing of the underlying asset or the location in which it is located, less leasing incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the start of operation of the branch and until the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company at the end of the term of the lease or that the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and is adjusted for certain new measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that have not been paid on the initial date, discounted using the interest rate implicit in the lease or, if that rate could not be easily determined, the incremental rate for Company loans. Generally, the Company uses its incremental loan rate as the discount rate. The Company determines its incremental loan rate by obtaining interest rates from several external financing sources and makes certain adjustments to reflect the terms of the lease and the type of leased asset.

Lease payments included in the measurement of the lease liability include the following:

- Fixed payments, including essentially fixed payments.
- Amounts the lessee expects to pay as residual value guarantees.
- The price of a purchase option if the Company is reasonably certain to exercise that option, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalty payments derived from early termination of the lease, unless the Company is reasonably certain not to terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method. A new measurement is made when: (i) there is a change in future lease payments as a result of a change in an index or rate, (ii) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee, (iii) the Company changes its evaluation of whether or not to exercise a purchase, expansion or termination option, or (iv) if there is an essentially fixed lease payment that has been modified.

When a new measurement of the lease liability is made in this manner, the corresponding adjustment is made to the recorded amount of the right-of-use asset, or is recorded in profit or loss if the amount of the right-of-use asset has been reduced to zero.

Short-term leases and low-value asset leases
The Company has chosen not to recognize right-of-use assets and lease liabilities for low-value asset leases and short-term leases, including the Information Technology (IT) team. The Company recognizes lease payments associated with these leases as an expense on a linear basis during the lease term.

ii. As lessor
At the beginning or at the time of a contract's modification that contains a lease component, the Company distributes the consideration in the contract to each lease component based on their independent relative prices. When the Company acts as lessor, at the lease's beginning, it determines whether it is a financial or an operating lease.

To classify each lease, the Company makes a general assessment on whether or not the lease transfers substantially all the risks and rewards inherent in ownership of the underlying asset. If this is the case, the lease is a finance lease; if not, it is an operating lease. As part of this evaluation, the Company considers certain indicators, such as whether the lease covers most of the asset's economic life.

When the Company is an intermediate lessor, it accounts separately for its participation in the main lease and the sublease. It evaluates the lease classification of a sublease by reference to the right-of-use asset arising from the main lease, and not by reference to the underlying asset. If the main lease is a short-term lease to which the Company applies the exemption described above, it classifies the sublease as an operating lease.

If an agreement contains lease and non-lease components, the Company applies IFRS 15 to distribute the consideration in the contract.

The Company recognizes the lease payments received under operating leases as income on a linear basis during the lease term as part of 'other income'. Usually, the accounting policies applicable to the Company as lessor in the comparative period did not differ from IFRS 16, except with respect to the classification of the sublease carried out during the current reporting period, which resulted in a classification financial leasing.

2.23 Basic and diluted earnings
The basic profit per common share is calculated by dividing the controlling interest by the weighted average of ordinary, outstanding shares in the year. As of December 31, 2020, the weighted average of shares was 1,086,000,000 units.

Earnings per diluted share are determined by adjusting the controlling interest and ordinary shares, assuming that the Company's commitments to issue or exchange own shares will be realized. As of December 31, 2020, basic earnings are the same as diluted earnings due to the fact that there are no transactions that could potentially dilute earnings.

2.24 Supplier rebates
The Company receives rebates from suppliers as reimbursement of discounts granted to customers. Supplier reimbursements of discounts offered to customers on merchandise sold are negotiated and documented by the procurement area and are credited to cost of sales in the period in which they are received.

The Company also receives contributions from its suppliers as a reimbursement of costs incurred by the Company. These amounts are recorded as a reduction of the respective costs and expenses.

2.25 Dividends
Dividends paid to the Company's shareholders are recognized as a liability in the Company's consolidated financial statements in the period in which the dividends are approved by Company shareholders. In 2020, the General Ordinary Stockholders' Meeting resolved to declare dividends from retained earnings.

2.26 Interest income
Interest income is recorded by the effective interest method. Interest expense is also recorded by the effective interest method.

2.27 Cancellation of financial liabilities
The Company cancels financial liabilities if, and only if, the related obligations are met, canceled or expire.

In relation to this report, among the documents that have been distributed to the shareholders attending the Assembly, you will find a copy of the opinion subscribed by the external auditor regarding the Company's financial situation and its financial performance and cash flows for the fiscal year ended on December 31, 2020, in which it is indicated, in addition to what is specified herein, that the accounting policies and criteria followed by the Company are adequate and sufficient, comply with IFRS and have been applied consistently.

Carlos González Zabalegui
Chairman of the Board of Directors
La Comer, S.A.B. de C.V.

Report from the AUDIT COMMITTEE

Mexico City March 30, 2021

Board of Directors
La Comer, S.A.B. de C.V.

In agreement with Article 43, Fraction II of the Ley del Mercado de Valores (from now on "LMV"), and to Article 28, Fraction IV, subsection (a) of the same Law, the Chairman of the Audit Committee presents the annual report of the activities carried out by said body.2

Our work as a Committee was carried out in strict compliance with the regulations contained in the Securities Market Law, the General Provisions Applicable to Securities Issuers and Other Securities Market Participants, the Internal Regulations of the Mexican Stock Exchange, the recommendations of the Code of Principles and Best Practices of Corporate Governance, as well as the Annual Program of the topics to be addressed.

In accordance with the previously approved meeting schedule, the Committee met in six ordinary meetings and two extraordinary meetings in August and September, for which minutes and their respective resolutions were drafted. The ordinary meetings were duly called in accordance with the statutes of the committee and complied with all the formalities set forth therein. All designated board members and guests deemed important by the Committee were in attendance.

In its sessions, the Committee analyzed topics related to:

(I) Internal Audit, Internal Control and Corporate Governance,
(II) Issuer's financial information disclosure process,
(III) Investment (CAPEX) and
(IV) External Audit.

Within the activities developed by the Audit Committee, the following points stand out:

FINANCIAL INFORMATION
1. The consolidated financial statements corresponding to fiscal year 2019 were reviewed, ensuring that the guidelines for reporting to the Mexican Stock Exchange were duly compliant with International Financial Reporting Standards ("IFRS").

2. The quarterly consolidated financial statements of La Comer and its subsidiaries for Q1 to Q4 2020 and accumulated financial statements were reviewed, ensuring that the guidelines for reporting to the Mexican Stock Exchange were duly compliant with International Financial Reporting Standards ("IFRS").

3. La Comer's related party reports were presented with quarterly figures for 2020, as well as the internal audit report on related parties for 2019.

4. The report of percentage variation of quarterly and accumulated Same Store Sales (VMT) of the different formats of La Comer was presented.

5. The 2021 budget fundamentals were reviewed. The 2021 budget and the investment projects for the year were reviewed. The base budget for the 2021 executive bonus was also reviewed.

6. Periodic Capex progress was presented, indicating new and remodeled stores.

7. The quarterly report on share purchase and sale transactions was presented.

8. Special operations were reviewed, including a significant transaction involving the acquisition of a company that owns a plot of land, whereby data on the

purchase and a study of the new company's tax risk were requested.

9. Impacts on the financial statements due to additional expenses caused by the pandemic were reported. Among the main ones were: i) rent remissions to shopping mall tenants, ii) additional payroll to cover vulnerable personnel and, iii) contingency expenses such as protection equipment, sanitation, etc.

10. The company's fiscal results for 2019 and the annual plan for 2020 were presented.

EXTERNAL AUDIT

11. Meetings were held with company officials in order to discuss concerns and areas of opportunity for the 2019 external audit with KPMG, while leaving a communication channel open to any concerns that the Audit Committee could have.

12. A recommendation was made to the Board of Directors to approve the fees for the 2020 audit by KPMG regarding financial audit services, tax opinions and transfer pricing, including the increase due to the acquisition of the company mentioned in item 8 above.

13. The selection of KPMG's new audit partner for the 2020 audit was carried out. An evaluation was made to ensure that the new team of auditors from KPMG met the necessary requirements of professional quality, training, independence and due diligence required to audit the Financial Statements of La Comer in accordance with the CUAE. Their hiring as external auditors was submitted to the Board of Directors, as well as their fees for the fiscal year. The procedures and responsibilities of management were also adjusted to ensure the dates and quality of the audit.

14. The Report on the Internal Control Evaluation carried out by the external auditor KPMG for the audit of fiscal year 2019 was analyzed. The areas for improvement were noted and their implementation was followed up.

15. KPMG, the external auditor, presented the Report on the review of the IT systems in support of the audit of the 2019 Financial Statements, informing on possible risks and areas of opportunity.

16. At each of the sessions of this Committee, the external auditor reported on the progress of the 2020 audit.

17. Periodic calls were held with the external auditor KPMG without the presence of management to discuss concerns and progress of the 2020 audit.

INTERNAL AUDIT

18. The project for the new Operational Risk Map of the company, under the responsibility of the Corporate Audit Sub-Directorate, was presented. The project includes the assessment of the company's regulatory and normative compliance.

19. The main findings of the audits conducted by the internal auditor in its Annual Plan were reviewed and the actions taken by management based on its remediation plan were followed up.

20. Detailed information on incidents related to the Company's Code of Ethics during the year was presented at each meeting, as well as statistics, special cases and actions taken.

21. A revision was carried out of the update to the Code of Ethics and the plan of activities for its implementation.

22. Protocols for the constitution of the Ethics Committee were reviewed and protocols for its actions were drawn up.

OPERATING PROCESSES

23. Corporate Systems Management presented the Company's new technology projects for 2020 and 2021.

24. The E-Commerce Director presented the results of La Comer en tu Casa and the effects that the pandemic has had on this sales concept.

25. The Chief Operating Officer presented the current structure of the area, how it has differentiated itself from the competition, the challenges during the COVID-19 pandemic, as well as the main challenges and opportunities for 2021.

Furthermore, the audited consolidated financial statements for the year 2020 were reviewed, ensuring that the guidelines for reporting to the Mexican Stock Exchange duly complied with the International Financial Reporting Standards ("IFRS") for presentation to shareholders.

Finally, article 42, section II paragraph (e) of the LMV, requires the Audit Committee to issue an opinion on the financial statements of La Comer as of December 31, 2020; thus:

In the opinion of the members of this Committee, the information presented by the Chief Executive Officer fairly reflects the consolidated financial position of La Comer, S.A.B. de C.V. as of December 31, 2020 and the consolidated results of its operations for the year then ended.

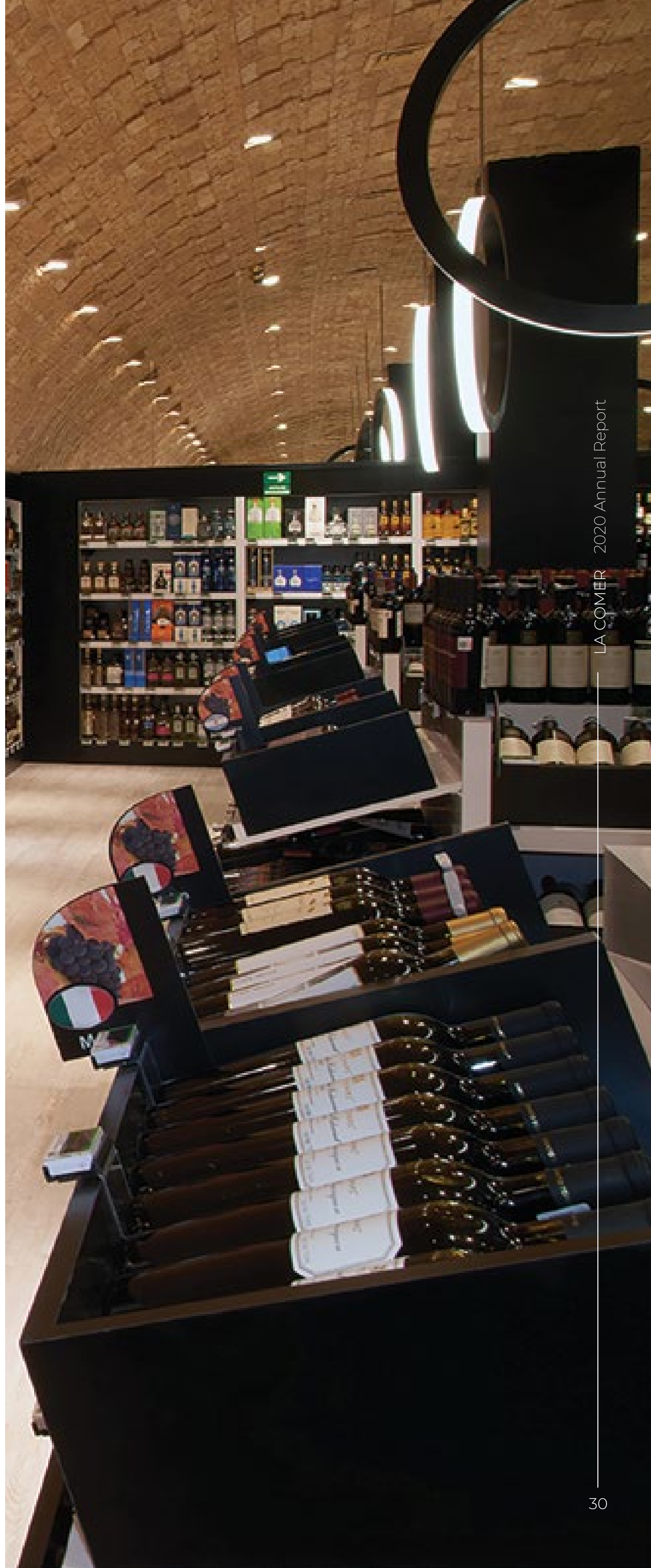
The abovementioned opinion is based on the following elements:

- The Financial Opinion of External Auditors KPMG.
- The letter signed by Management stating that the annual report reasonably reflects its situation and that it does not contain information that may induce to error.
- The fact that the accounting and reporting policies and criteria followed by La Comer during the period that ended December 31, 2020, were adequate and sufficient. Such policies and criteria have been consistently applied in the information presented by the Chief Executive Officer.

Based on the above, the Committee recommends the Board of Directors to approval both the audited financial statements of La Comer as of December 31, 2020, and the CEO´s report.

In preparing this report, La Comer's executives were heard, and it is hereby declared that there was no difference of opinion among them.

José Calvillo Golzarri
Chairman of the Audit Committee



Report
FROM THE CORPORATE PRACTICES COMMITTEE

Mexico City February 23, 2021.

To the Board of Directors
La Comer, S.A.B. de C.V.

In agreement with Article 43, Fraction II of the Ley del Mercado de Valores (from now on "LMV"), and to Article 28, Fraction IV, subsection (a) of the same law, the Chairman of the Corporate Practices Committee must prepare an Annual Report on the activities of said body and submit it to the Board of Directors, so that upon its approval, it may be presented to the Shareholders' Meeting. Therefore, I hereby inform you about the activities that were carried out by the Corporate Practices Committee of La Comer, S.A.B. de C.V. ("the Company" or "the Issuer") during the year ended December 31, 2020.

It is important to mention that the members of the Corporate Practices Committee are Mr. José Ignacio Llano Gutiérrez, Mr. José Calvillo Golzarri and the undersigned. During the reporting period, the Committee met in six ordinary sessions on February 21, April 24, April 28, July 15, October 16 and November 27, 2020.

In compliance with the provisions of the Corporate Practices Committee's bylaws, which were approved in due time by the Board of Directors, minutes were taken at each meeting and were signed by all the members in attendance, ensuring the requirements of notice and legal installation were complied with. As required, Mr. Raúl del Signo Guembe, Director of Human Resources of the Issuer, among other officers, attended the different sessions of this Committee.

Notwithstanding the activities carried out by the Committee during fiscal year 2020 described below, it should be noted that the members of said corporate body gave due attention to, among others, the following matters:

- Management compensation plans were reviewed and approved, ensuring the relevance and validity of the criteria, common practices, history and other elements that served to fulfill this activity.
- Performance evaluations of senior executives were reviewed and approved for the results ended December 31, 2019, as well as their performance bonuses and EBITDA (earnings before interest, taxes, depreciation and amortization) bonuses.
- The committee reviewed and recommended approval by the Board of Directors of the 2020 fiscal year budget. The committee also reviewed the guidelines for the preparation of the 2021 fiscal year budget.
- Compensation of the company's Senior Management was reviewed in detail, whereby it was agreed that the proposals for modifications would be made by the Executive President, who would submit them to this committee, who in turn, once analyzed and approved, would submit them to the Board of Directors.
- The organizational charts and structures of the different directorates of the group were reviewed, validating the responsibilities and functions of each directorate, and updating the replacement table plan.
- The performance of the Corporate Practices Committee was evaluated in accordance with the evaluation format designed for this purpose.
- The actions implemented by the company to protect the health of personnel and clients during the COVID-19 pandemic were reviewed.
- In a joint effort, the committee reviewed the operations between related parties carried out during the 2020 fiscal year, while the Audit Committee submitted them to the Board of Directors for approval. For such purpose, it was verified that the existing operations were taking place under competitive market conditions; no significant event to be reported was found.

In the preparation of this report, we have heard the relevant executives of the Company without having found any difference of opinion among them. In addition, when deemed appropriate, the opinion of independent consultants was requested.

Alberto Saavedra Olavarrieta
Chairman of the Corporate Practices Committee.

CONSOLIDATED Financial Statements

LA COMER, S. A. B. DE C. V. AND SUBSIDIARIES

For the years ended 31 December 2020 and 2019
(Whith the Independent Auditors' report Thereon)
(Translation from Spanish Language Original)

KPMG Cárdenas Dosal, S.C.
Manuel Ávila Camacho 176 P1,
Reforma Social, Miguel Hidalgo,
C.P. 11650, Ciudad de México.
Teléfono: +01 (55) 5246 8300
kpmg.com.mx

Independent auditors' report

(Translation from Spanish Language Original)

To the Board of Directors and Shareholders of

La Comer, S. A. B. de C. V.

(Thousands of Pesos)

Opinion

We have audited the consolidated financial statements of La Comer, S. A. B. de C. V. and subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2020 and 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including 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 La Comer, S. A. B. de C. V. and subsidiaries as at 31 December 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Mexico, and we have fulfilled our ethical responsibilities in accordance with these requirements. 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.

Aguascalientes, Ags.
Cancún, Q. Roo.
Ciudad de México.
Ciudad Juárez, Chih.
Culiacán, Sin.
Chihuahua, Chih.
Guadalajara, Jal.
Hermosillo, Son.
León, Gto.
Mérida, Yuc.
Mexicali, B.C.
Monterrey, N.L.
Puebla, Pue.
Querétaro, Qro.
Reynosa, Tamps.
Saltillo, Coah.
San Luis Potosí, S.L.P.
Tijuana, B.C.

Intangible assets with an indefinite life

See note 15 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We considered the annual impairment testing of intangible assets with indefinite useful lives of $6,277,998, representing 20% of the Group's assets at 31 December 2020, as a key audit matter due to the complexity of the calculation and the significant judgments required in determining the recoverable amount, as well as the uncertainty around forecasting and discounting future cash flows, which are the basis of the recoverable amount assessment of these assets. The recoverable amount of the Cash Generating Unit (CGU) is based on the higher of the value in use and the fair value less costs of disposal. These models use several key assumptions, including estimates of sales growth, gross margins, operating costs, long-term value growth rates as well as the discount rate estimation.	Our audit procedures in this key matter included, among others, the following: a) Comparing the future cash flow projections with the budgets approved by the Group's Management Committee and evaluating the appropriateness of key inputs such as sales growth, gross margins, operating costs, and long-term value growth rates. Comparing the historical figures as of December 31, 2020 with the previous years projections to analyze the business performance of the last years. b) Assessing with the collaboration of our specialists, among other matters, those related to assumptions, discount rates and methodologies used by the Group. c) Comparing the CGU´s assumptions with external data, as well as our own assessments related to main elements, such as comparable companies, projected growth, competitiveness, cost growth and discount rates. d) Comparing the fair value less cost of disposal as of December 31, 2020 with the carrying amount. e) Evaluating the adequacy of the financial statements disclosures, including key disclosures of assumptions and sensitive judgments.

KPMG

Other information

Management is responsible for the other information. The other information comprises the information included in the Annual Report for the year ended 31 December 2020, which must be submitted to the National Banking and Securities Commission and to the Mexican Stock Exchange (the "Annual Report"), but does not include the consolidated financial statements and our auditors' report thereon. The Annual Report is estimated to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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.

If when we read the Annual Report, we conclude that there is a material misstatement therein, we are required to communicate the mater to those charged with governance.

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 the 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

KPMG

Auditors' 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 auditors' 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 ISAs, 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate 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 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 of safeguards applied.

Among 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 auditors' 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.

KPMG Cárdenas Dosal, S. C.

Sergio Raúl Betancourt Gómez

Mexico City, March 29, 2021.

La Comer, S. A. B. de C. V. and subsidiaries

Consolidated statements
OF FINANCIAL POSITION

For the years ended on 31 December 2020 and 2019
(thousands of pesos)
These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers

Assets	Note	2020	2019
Current assets			
Cash and cash equivalents	8	$ 3,040,366	2,391,412
Trade receivables, net	9	81,329	107,176
Current tax assets	9	875,837	642,803
Related parties	21	289	51
Inventories, net	10	3,238,989	3,259,909
Prepayments	11	19,760	21,217
Intangible assets with a finite useful life and others, net	16	110,293	112,307
Assets held for sale	13	17,039	–
Total current assets		7,383,902	6,534,875
Intangible assets with finite useful lives	16	418,497	531,098
Investment property, net	12	625,069	627,122
Property, furniture and equipment and leasehold improvements, net	14	14,739,721	13,455,307
Intangible assets with an indefinite useful life, net	15	6,277,998	6,277,998
Deferred tax assets	25	182,363	149,197
Right-of-use assets	28	1,296,365	1,327,678
Total assets		$ 30,923,915	28,903,275

Liabilities and stockholders' equity	Note	2020	2019
Current liabilities			
Trade payables and financing programs to suppliers	17	$ 3,538,913	3,228,019
Related parties	21	62,394	64,412
Provisions	19	70,554	72,964
Provision for employee benefits	19	266,518	181,146
Other payables	18	583,073	513,356
Current income tax	25	37,943	18,476
Other tax payable		291,000	223,208
Short-term lease liabilities	28	64,643	58,937
Total current liabilities		4,915,038	4,360,518
Deferred tax liabilities	25	426,854	121,237
Employee benefits	20	143,218	121,883
Long-term lease liabilities	28	1,295,134	1,282,602
Total non-current liabilities		1,865,206	1,525,722
Total liabilities		6,780,244	5,886,240
Stockholders' equity			
Capital stock	26	1,966,662	1,966,662
Net premium on paid-in capital	26	264,724	206,505
Reserves	26	1,759,635	1,717,371
Retained earnings	26	20,181,881	19,147,027
Other comprehensive income	25	(29,231)	(20,530)
Total equity		24,143,671	23,017,035
Commitments and contingent liabilities	27		
Total liabilities and equity		$ 30,923,915	28,903,275

See accompanying notes to the consolidated financial statements.

La Comer, S. A. B. de C. V. and subsidiaries

Consolidated statements
OF COMPREHENSIVE INCOME

Years ended 31 December 2020 and 2019
(thousands of pesos)
These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

	Note	2020	2019
Operating income:			
Net sales of goods	2.21 a., c.	$ 26,743,061	21,260,654
Leasing income	2.21 b., f and 2.22	216,777	300,501
Other revenue	2.21 e., g.	60,777	30,242
Total revenue		27,020,615	21,591,397
Cost of goods sold	22	19,638,362	15,698,400
Gross profit		7,382,253	5,892,997
Selling expenses	22	4,802,352	4,053,703
Administrative expenses	22	848,106	777,779
		5,650,458	4,831,482
Other expenses	23	(39,230)	(21,356)
Other income	23	41,238	77,184
		2,008	55,828
Operating income		1,733,803	1,117,343

	Note	2020	2019
Financing costs:			
Financial expenses	24	(213,170)	(183,716)
Financial income	24	227,950	193,377
Net financing costs		14,780	9,661
Income before income taxes and other comprehensive income		1,748,583	1,127,004
Income taxes	25	281,316	90,882
Consolidated net income		1,467,267	1,036,122
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of empoyee benefits, net of deferred tax	25	(8,701)	(21,930)
Other comprehensive income for the period, net of tax		(8,701)	(21,930)
Consolidated comprehensive income		$ 1,458,566	1,014,192
Basic and diluted earnings per share:	2.23	1.35	0.95

See accompanying notes to the consolidated financial statements

La Comer, S. A. B. de C. V. and subsidiaries

Consolidated statements
OF CHANGES IN STOCKHOLDERS' EQUITY

Years ended 31 December 2020 and 2019
(thousands of pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

	Note	Capital stock	Net premium on paid-in capital	Reserves	Retained earnings	Other comprehensive income	Total stockholders' equity
Balances at 1 January 2019	26	$ 1,966,662	206,436	1,749,909	18,078,196	1,400	22,002,603
Comprehensive income for the period:							
Profit for the period		–	–	–	1,036,122	–	1,036,122
Remeasurement of empoyee benefits, net of deferred tax	25	–	–	–	–	(21,930)	(21,930)
Total comprehensive income for the period		–	–	–	1,036,122	(21,930)	1,014,192
Transactions with shareholders:							
Capital gains from the sale of shares		–	69	(69)	–	–	–
Shares (sold) acquired	26	–	–	(32,469)	32,709	–	240
Total transactions with shareholders		–	69	(32,538)	32,709	–	240
Balances as of December 31, 2019		1,966,662	206,505	1,717,371	19,147,027	(20,530)	23,017,035
Comprehensive income for the period:							
Profit for the period		–	–	–	1,467,267	–	1,467,267
Remeasurement of empoyee benefits, net of deferred tax	25	–	–	–	–	(8,701)	(8,701)
Total comprehensive income for the period		–	–	–	1,467,267	(8,701)	1,458,566
Transactions with shareholders:							
Dividends paid		–	–	–	(432,584)	–	(432,584)
Capital gains from the sale of shares		–	58,219	(58,219)	–	–	–
Shares (sold) acquired	26	–		100,483	171	–	100,654
Total transactions with shareholders		–	58,219	42,264	(432,413)	–	(331,930)
Balances as of December 31, 2020		$ 1,966,662	264,724	1,759,635	20,181,881	(29,231)	24,143,671

See accompanying notes to the consolidated financial statements.

La Comer, S. A. B. de C. V. and subsidiaries

Consolidated statements
OF CASH FLOWS

Years ended 31 December 2020 and 2019
(thousands of pesos)
These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

	2020	2019
Cash flows from operating activities:		
Consolidated income	$ 1,467,267	1,036,122
Income taxes	281,316	90,882
Income before income taxes	1,748,583	1,127,004
Adjustments for:		
Depreciation of property, furniture and equipment and leasehold improvements	778,351	630,336
Amortization of right-of-use assets	117,674	106,241
Amortization of intangible assets with finite an useful life	115,863	122,099
Depreciation of investment property	2,053	2,053
Loss on sale of property, furniture and equipment	23,546	27,337
Assets held for sale	(17,039)	–
Employee benefits net cost	24,209	19,711
Interest income	(136,390)	(153,235)
Items related to financing activities:		
Interest expenses	150,596	141,310
Subtotal	2,807,446	2,022,856
Trade receivables	22,940	18,386
Inventories	20,920	(588,088)
Receivable current tax assets	(233,033)	47,338
Other receivables and related parties	2,669	2,739
Prepayments	1,457	2,656
Trade payables	310,893	288,211
Other payables and other tax liabilities, provisions and related parties	210,089	123,272
Income taxes paid	(41,631)	(52,239)
Net cash flows from operating activities	3,101,750	1,865,131

	2020	2019
Cash flows from investment activities:		
Interest received	136,390	153,235
Acquisition of property, furniture and equipment	(2,046,455)	(1,986,593)
Proceeds from sale of property, furniture and equipment	9,163	3,318
Other assets	(1,248)	(12,093)
Net cash flows from investing activities	(1,902,150)	(1,842,133)
Cash flows from financing activities:		
Repurchase of shares	100,654	240
Payment of lease liabilities	(68,120)	(92,379)
Interest paid on lease liabilities	(150,596)	(141,310)
Dividends paid	(432,584)	–
Net cash flows from financing activities	(550,646)	(233,449)
Net increase (decrease) in cash and cash equivalents	648,954	(210,451)
Cash and cash equivalents at the beginning of the year	2,391,412	2,601,863
Cash and cash equivalents at the end of the year	$ 3,040,366	2,391,412

See accompanying notes to the consolidated financial statements

Notes to the consolidated FINANCIAL STATEMENTS

For the years ended 31 December 2020, and 2019

(Thousands of pesos)

These financial statements have been translated from the Spanish language original and for the convenience of foreign/English-speaking readers.

(1) REPORTING ENTITY–

La Comer, S. A. B. de C.V. (La Comer, ultimate parent company) [together with its subsidiaries, "the Company, the Group"] arose as a result of the spin-off of Controladora Comercial Mexicana, S. A. B. de C. V. (CCM), and became legally listed on the Mexican Stock Exchange (BMV) on 4 January 2016. La Comer is a holding company that invests mainly in companies involved in the purchase, sale and distribution of groceries, perishables and merchandise in general, for an indefinite duration.

The Company's address and main business location is Av. Insurgentes Sur 1,517, Module 2, Col. San José Insurgentes, 03900, Benito Juárez, Mexico City.

As of 31 December 2020, and 2019, La Comer is the parent company of the following subsidiaries:

Subsidiaries	Activity	Percentage ownership interest	Country
Comercial City Fresko, S. de R. L. de C. V. (CCF) a	Chain of self-service stores	99.99	Mexico
Real estate subsidiaries b	Group of companies with properties where stores are located	99.99	Mexico
Service provider subsidiaries c	Group of companies that provide administrative services.	99.99	Mexico
Districomex, S. A. de C. V.	Purchase and distribution imported merchandise to CCF.	99.99	Mexico

(a) CCF

CCF is a retail chain that operates self-service stores within Mexico under four different names: La Comer; City Market; Fresko and Sumesa. They offer a variety of products ranging from groceries, gourmet items, perishable goods, pharmaceuticals, and general merchandise. As of 31 December 2020, and 2019, the Company operated 72 and 71 stores, respectively. Additionally, the Company leases out commercial property to third parties. The Company has a growth and expansion plan for its points of sale (openings and remodeling), and as such invests in property, plant and equipment and leasehold improvements and investment properties. (See Notes 12 and 14).

(b) Real estate subsidiaries

The real estate subsidiaries are the owners of some of the properties where the company´s stores are located, including Hipertiendas Metropolitanas, S. de R. L. de C.V., Arrendacomer, S. A. de C. V. and D+I La Rioja, S. A. de C. V. (See Note 14).

(c) Service provider subsidiaries

The service provider subsidiaries are the entities that provide administrative services mainly to CCF, including Operadora Comercial Mexicana, S. A. de C. V., Operadora Sumesa, S. A. de C. V., Serecor, S. de R. L. de C. V. and Personal Cendis Logistic, S. A. de C. V.

(2) BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES–

The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The amendments to the Rules for Public Companies and Other Participants in the Mexican Stock Market, issued on 16 February 2021 by the National Banking and Securities Commission (CNBV for its Spanish acronym), require the Company to prepare its financial statements in accordance with IFRS issued by the IASB and its interpretations.

The consolidated financial statements have been prepared on a historical cost basis, except for cash, cash equivalents as well as plan assets corresponding to employee benefits, which are measured at fair value.

The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain significant accounting estimates. The areas subject to a higher degree of judgment or complexity or the areas where the assumptions and estimates have a significant effect on the amounts recognized in the consolidated financial statements are described in Note 4.

Going concern

The Company operates mainly with the cash flow stemming from store sales and certain supplier loans. Management has reasonable expectation that the Company has sufficient resources to continue operating as a going concern for the foreseeable future. The consolidated financial statements have been prepared on a going concern basis.

The main accounting policies used in preparing the accompanying consolidated financial statements are described below. They have been applied consistently throughout the period presented, unless otherwise stated.

2.1 *Consolidation*

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it 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.

Transactions eliminated on consolidation

Intra-group balances and transaction, and any unrealized income and expenses arising from intra-group transaction, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. When necessary, the amounts reported by the subsidiaries are adjusted to comply with the Company's accounting policies.

The consolidated financial statements include the financial statements of all subsidiaries of the Group. (See note 1).

Loss of control

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2.2 *Operating segments*

Operating segment information reflect the way financial information is regularly reviewed by the Group's chief operating decision maker (CODM), which is defined as the Executive Board. It is responsible for operational decision-making, the authorization of capital investments and assessment of its returns. For the year ended 31 December 2020 and 2019, the Company operates one single business segment which includes self-service stores, corporate operations and the real estate business. Resources are assigned to each segment based on each segment's importance within the entity's operations, the strategies and returns established by Management. (See note 29).

2.3 *Foreign currency transactions*

a. Functional and presentation currency

The subsidiaries' financial statements of the Company are presented in the currency of the primary economic environment in which each entity operates (the functional currency). The Company's consolidated financial statements are presented in Mexican pesos, which in turn is the functional currency of the Company and all its subsidiaries and is used for compliance with its legal, tax and stock markets obligations.

b. Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Foreign currency differences arising from the liquidation of operations or from the conversion of monetary assets and liabilities denominated in foreign currencies and translated into the functional currency at the exchange rates of the reporting date, are recognized in profit or loss. Foreign currency differences related to qualifying cash flow hedges, qualifying net investment hedges or net investment in foreign operations are recognized in equity.

Foreign currency differences related to loans, cash and cash equivalents are recognized in profit or loss and presented within finance costs.

2.4 *Cash and cash equivalents*

Cash and cash equivalents as shown in the consolidated statement of financial position include cash on hand, bank deposits in checking accounts, bank deposits in foreign currency and short-term investments made in highly liquid securities which are easily convertible into cash, mature within three months and are not exposed to significant risks of changes in value and bank overdrafts.

Bank overdrafts are presented under current liabilities in the statement of financial position. Cash is presented at nominal value and cash equivalents are valued at fair value. Changes in fair value are recognized in profit or loss.

Cash equivalents consist mainly of on-demand or very short-term investments, as well as investments in highly liquid government securities with short-term maturities. Bank deposits include bankcard vouchers which have not yet been deposited to the Company's bank account. This is usually processed within one day. (See Note 8).

2.5 *Trade receivable from customers*

Trade receivable from customers are initially recognized at fair value and subsequently stated at amortized cost, using the effective interest rate method less the provision for bad debt. (See Note 9) for more information on the recognition of the Company's trade receivable from customers and a description of the Company's impairment policies. The Company's trade receivable includes short-term receivable from: i) companies issuing grocery coupons; ii) payments for commercial and promotional space leased to third parties, and iii) other accounts receivable.

2.6 *Financial assets*

2.6.1 *Classification*

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

– Those measured subsequently at fair value (either through other comprehensive income or profit or loss), and
– Those measured at amortized cost

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

Gains and losses for assets measured at fair value are recognized in profit or loss or in other comprehensive income. Subsequent changes in the fair value of equity investments that are not held for trading are recognized in either profit or loss or other comprehensive income, depending on whether the Company irrevocably elected at the time of initial recognition to record the investment at fair value through other comprehensive income (OCI).

2.6.2 *Recognition and disposal*

Regular purchases and sales of financial assets are recognized on the transaction date, which is the date on which the Company commits to buy or sell the asset. Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or the rights to receive the contractual cash flows have been transferred in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred.

2.6.3 *Measurement*

On initial recognition, financial assets are measured at fair value plus, for an item not measured at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. The transaction costs of financial assets at FVTPL are recognized in profit or loss.

The subsequent measurement of financial assets depends on the Company's business model for managing the asset and the contractual cash flow terms. The Company uses the following three measurement categories to classify its financial assets:

– Amortized cost: A financial assets is measured at amortized cost if it is held within a business model whose objective is to collect contractual cash flows and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The income received from these financial assets is included in financial income using the effective interest rate method. Any gain or loss resulting from the derecognition of the instrument is recognized directly in profit or loss and presented in other gains / (losses) along with foreign exchange gains and losses. Impairment losses are presented as a separate item in the statement of comprehensive income.

– FVOCI: A financial assets is measured at fair value through other comprehensive income (FVOCI) if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in carrying amount are recognized in OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. On derecognition, gains or losses accumulated in OCI are reclassified to profit or loss and presented under other gains / (losses).

  Interest income calculated using the effective interest rate method is recognized in financial income. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as a separate line item in the statement comprehensive income.

– FVTPL: All financial assets not classified as measured at amortized cost or FVOCI are measured at fair value through profit or loss (FVTPL). Gains or losses from a financial asset which is subsequently measured at fair value through profit or loss are recognized in profit or loss and are presented as a net amount in other gains / (losses) in the period in which it incurred.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest

For purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

– contingent events that would change the amount or timing of the cash flows;
– terms that may adjust the contractual coupon rate, including variable rate features;
– prepayment and extension features; and
– terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

The cash flows that the Company receives for the financial assets it holds, which are mainly trade and other receivables and related parties, are payments of principal and interest. No features have been identified in those assets, as part of the analysis performed, which would indicate otherwise.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or at fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Trade and other accounts payables

Trade and other accounts payables represent liabilities for goods and services rendered to the Company before the end of the fiscal year, which have not yet been paid. The balances are not guaranteed. Trade and other accounts payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period. They are initially recognized at their fair value and are subsequently valued at amortized cost using the effective interest rate method.

As of 31 December 2020, and 2019, the balance of other payables is mainly made up of various creditors and deferred income, the latter generated by the loyalty programs that the Company has established. (See Note 2.21c).

Other payables are initially recognized at fair value and are subsequently valued at amortized cost using the effective interest rate method.

2.6.4 *Impairment of financial assets*

The Company's main source of income is the sale of its products in its stores, for which payment is made immediately by means of cash, bankcards, grocery coupons or coupons. The Company's accounts receivable is mainly composed of the amounts to be recovered from companies issuing grocery coupons and coupons as well as lease payments to be collected from subletting commercial and promotional spaces to third parties. The Company's has experienced not difficulties in collecting receivables related to the grocery coupons and coupons. However, the same cannot be said for lease payments.

The Company prospectively evaluates the expected credit losses associated with its debt instruments at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach allowed by IFRS 9, which requires losses expected over the lifetime of the instrument to be recognized on initial recognition of the receivable.

As of 31 December 2020, and 2019, the amount of the estimate was $30,179 and $2,167, respectively.

2.7 *Receivables and receivable current tax assets*

The Company classifies unauthorized travel expenses as other items such as debtors and tax receivables as other receivable. If the collection rights or the recoveries of these amounts are realized within 12 months starting from the period end date, they are shown under current assets, otherwise they are presented under non-current assets.

2.8 *Derivative financial instruments*

The Company does not hold any derivative financial instruments.

2.9 *Inventories*

The merchandise inventory is determined using the retail method, which segregates inventory into different departments sharing common characteristics, and records each category based on its selling price. The cost of the inventory is derived by deducting the profit margin from the selling price applying specific cost factors for each retail department. Cost factors represent the average cost of each department based on its initial inventory and purchases for the period. The percentage applied takes into consideration the part of the inventories, which have been marked down to below its original selling price. The retail method has been consistently applied by the Company for all periods presented. Inventory cost valued in this manner results in an approximation and does not exceed its net realizable value. Inventories is measured at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

At Comercial City Fresko, S. de R.L. de C.V. (CCF) physical inventory stocktaking are performed on a monthly basis for perishable goods and semi-annually for non-perishable goods. Inventory records are adjusted for the results of the inventory count.

The Company uses estimates to determine inventory write-downs due to losses and other causes that indicate that the use or realization of inventory will be lower than its carrying amount.

The cost of inventories of the distribution centers is based on the weighted average cost method, as they do not manage cost factors.

2.10 *Prepayments*

Prepayments represent disbursements made by the Company for which the inherent benefits and risks of the goods that are to be acquired or the services that are to be received have not yet been transferred. Prepayments are recorded at cost and are presented in the statement of financial position as current assets if their maturity is equal to or less than 12 months, or non-current, if the maturity is greater than 12 months at the reporting end period. Once the goods and services are received, these amounts are recognized as an asset or as an expense in the statement of profit or loss for the period, respectively.

When advance payments lose their ability to generate future economic benefits, the amount that is considered non-recoverable is recognized in the statement of profit or loss for the period in which this occurs. The main items recognized in prepayments are, among others, insurance premiums, payments made for licenses and IT system maintenance (See Note 11).

2.11 *Property, furniture and equipment and leasehold improvements, net*

The land is measured at cost, less accumulated impairment losses, if applicable. The rest of the items of property, plant and equipment and leasehold improvements are measured at cost, less accumulated depreciation and any accumulated impairment losses, if applicable. Costs include all costs incurred and directly attributable to the acquisition of the asset and all costs necessary to bring the asset to working condition for Management's intended use. (See Note 14). In accordance with the Company's policy, borrowing costs directly attributable to the acquisition, construction or production of a 'qualifying asset' are included in the cost of the asset. As of 31 December 2020, and 2019, there were no capitalized loan costs for this concept.

Expansion, remodeling or improvement costs that represent an increase in capacity and therefore an extension of the useful life of the assets are also capitalized. Maintenance and repair expenses are expensed and shown in the statement of profit or loss in the period in which they are incurred. The carrying amount of replaced assets is derecognized at the time of replacement and the impact is recognized in the statement of profit or loss under other income or other expenses (See Note 23).

Work in progress represent the stores and shopping centers under construction and include the investments and costs directly attributable to putting them into operation. They are reclassified to the corresponding category within property, plant and equipment and leasehold improvements when the stores are available for use and subsequently depreciation begins.

Land is not depreciated. Depreciation is calculated to write off the cost less their estimated residual values using the straight-line method over their estimated useful lives as shown below:

Buildings (*)	50 years
Branch equipment	10 years
Furniture and equipment	10 years
Office equipment	10 years
Electronic equipment	3.3 years
Leasehold improvements	20 years or lease period, whichever period is shorter

(*) The buildings are comprised of several components, which on average depreciate over the same estimated useful live period as the buildings in which they form part of.

The Company allocates the overall amount initially recognized for an item of property, plant and equipment to its different significant parts (components) and depreciates each of those components separately.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The carrying amount of an asset is written down to its recoverable amount if the carrying value of the asset exceeds its estimated recoverable amount.

The gain or loss on disposal is the difference between the proceeds and the carrying amount and are recognized in profit and loss under other income and expenses. (See note 23).

2.12 *Investment properties, net*

The Company owns several shopping centers which house both the Company's own stores, but also commercial space leased to third parties. Own stores are recognized in the statement of financial position as property, plant and equipment and leasehold improvements (See note 14) and commercial premises are presented under investment properties (See note 12).

Investment property is property (land or buildings) held to earn rentals or for capital appreciation and are initially valued at cost, including transaction costs. After initial recognition, investment properties continue to be valued at cost, less accumulated depreciation and impairment losses, if applicable.

Expansion, remodeling or improvement costs that represent an increase in capacity and therefore an extension of the useful life of the assets are also capitalized. Maintenance and repair expenses are expensed and shown in the statement of profit or loss in the period in which they are incurred. The carrying amount of replaced assets is derecognized at the time of replacement and the impact is recognized in the statement of profit or loss under other income or other expenses (See note 23).

The depreciation of investment properties is calculated to write off the cost less their estimated residual values using the straight-line method over their estimated useful lives as shown below:

Buildings	50 years
Branch Equipment	10 years

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

2.13 *Assets held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies.

Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held-for-sale, property is no longer amortized or depreciated.

2.14 *Borrowing costs*

Borrowing costs for general and/or specific loans directly attributable to the acquisition, construction or production of a qualifying asset, one that necessarily takes a substantial period of time to get ready for its intended use or sale (usually more than 12 months) are included in the cost of the asset for the time it takes to get the asset ready for its intended use or sale.

Any income obtained from temporary investments made with funds received from specific loans to be used to finance qualified assets, reduce the borrowing costs eligible for capitalization.

Other borrowing costs are recognized as an expense in the statement of profit or loss for the period in which they incurred.

No borrowing costs were capitalized for the period ended 31 December 2020 and 2019 as the Company does not have any qualifying assets.

2.15 *Intangible assets, net*

An intangible asset is recorded if, and only if the following two conditions are met: a) it is probable that the future economic benefits that are attributable to the asset will flow to the entity; and b) the cost of the asset can be measured reliably.

Licenses acquired for the use of programs, software and other systems are capitalized at its acquisition costs in addition to any costs incurred to get the asset ready for its intended use. Maintenance costs are recorded as expenses as they are incurred. The licenses acquired for the use of programs that are recognized as intangible assets are amortized over their estimated useful lives; at a maximum over 3.3 years.

The rights to use and operate self-service stores are recognized at historical cost and are amortized based on term specified in the leasing contracts ranging from five to ten years. These assets are presented in the statement of financial position as current assets if their maturity is equal to or less than 12 months, or non- current, if the maturity is greater than 12 months at the reporting end period. Once the rights expire, the amounts are recognized as an expense in the statement of profit or loss for the period. When other assets lose its ability to generate future economic benefits, the amount that is considered non-recoverable is recognized in the statement of profit or loss for the period in which this occurs. (See note 16.)

The individual brands acquired are recognized at historical cost. Brands purchased through a business combination are recognized at fair value at the acquisition date.

The rights of the acquired brands are recognized under intangible assets with indefinite useful lives as the Company considers that those rights are very unlikely to cease generating cash inflows for the Company in future accounting periods. The brand rights are not amortized, and the Company performs an annual impairment test to determine if the carrying amount of the brand will be recovered through future cash inflows that the Company is expected to generate.

The distinctive rights of the acquired brands have an indefinite useful life, and are recorded at cost, less accumulated impairment losses, if applicable (See Note 15). As of 31 December 2020, and 2019, no impairment loss has been identified for the any of the brands' distinctive rights.

2.16 *Impairment of non-financial assets*

Assets that have an indefinite useful life are not subject to amortization and are assessed annually for impairment. On the other hand, assets subject to depreciation or amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment losses correspond to the amount by which the carrying amount of the asset exceeds its recoverable amount.

The recoverable amount of the assets is the higher of its fair value less costs of disposal and its value in use. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash generating unit.

For purposes of the impairment test, assets are grouped at the smallest identifiable group of assets that generates cash inflows (cash generating unit). The Company has identified the total of its stores to be the cash-generating unit at which intangible assets with indefinite useful lives are tested for impairment. Non- financial assets, for which impairment losses have previously been recognized, are assessed at each reporting date to identify potential reversals of such impairments.

The Company performs impairment tests of non-monetary assets on an annual basis, or when an impairment indicator has been triggered. Non-monetary assets include the following items in the statement of financial position: intangible assets, property, plant and equipment and leasehold improvements, investment properties, and other non-current assets.

As of 31 December 2020, and 2019, no impairment indicator of non- current assets subject to depreciation or amortization has been triggered nor did the annual impairment tests performed over intangible assets with indefinite useful lives indicate a need for impairment.

2.17 *Provisions*

Provisions are recorded at the present value of Management's best estimate of the future cash outflow expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks to the liability. The increase in provision through time is recognized as an interest expense. (See Note 19).

Provisions are recognized when the Company has a present or assumed legal or constructive obligation as result of past events, payment is probable ('more likely than not') and the amount can be estimated reliably.

Bonuses and employee benefits refer to executives' bonus in line with period results as well as the calculation of employee statutory profit sharing for the year.

Store maintenance refers to maintenance service provided but not yet recorded as a liability.

Property tax refers to payments where the authorities have not yet issued the supporting documentation.

2.18 *Current and deferred Income taxes*

Income tax expense comprises current and deferred tax. It is recognized in profit or loss, except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case the tax impact is also recognized in the respective caption.

Current income tax comprises the expected income tax expense on the taxable income of the year and is recorded in the profit of the period when was incurred.

The amount of current tax payable or receivable is measured using tax rates enacted or substantively enacted at the reporting date. Management periodically evaluates the position assumed in relation to its tax returns regarding situations in which the tax laws are subject to interpretation.

Deferred tax is measured using the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. The current income tax rate for 2020 and 2019 is 30%.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. However, deferred tax is not recognized for temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects either accounting not taxable profit or loss.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future tax profits will be available against which they can be used. Future taxable profits are determined based on the reversal of the relevant taxable temporary differences. If the amount of the taxable temporary difference is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Company. Deferred tax assets are reviewed on each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are only recognized to the extent that it is probable that future tax profits will be available, against which they can be used.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, but only to the extent that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future. (See Note 25).

Deferred tax assets and deferred tax liabilities can only be offset in the statement of financial position if the entity has the legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority on the same entity or different entities that intend to realize the asset and settle the liability at the same time. As of 31 December 2020, and 2019, the Company did not offset any deferred taxes.

The complementary payments to federal contributions are presented as provisions.

2.19 *Employee benefits*

Employee benefits granted by the Company, including benefit plans are described as follows:

Short-term employee benefits

Direct benefits (wages and salaries, overtime, vacations, holidays, and paid leave of absence, etc.) expected to be settled wholly within 12 months after the end of the reporting period, in which the employees rendered the respective service, are recorded for the amounts expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service. They are presented as employee benefits under current liabilities in the statement of financial position. Paid absences according to legal or contractual regulations are not cumulative.

Long-term benefits

The Company contributes to various retirement plans, including defined benefit and defined contribution plans, as well as post-employment medical benefits.

a. Retirement and seniority premium

The Company's subsidiaries contribute to defined benefit plans and two subsidiaries contribute to defined contribution plans, one of which recognizes a liability for health care benefits to be paid out at retirement for a selected group of participants. Defined benefit plan defines the amount an employee will receive upon retirement, including retirement health plans, which usually depend on various factors, such as the employee's age, years of service, and compensation. Defined contribution plans show the cost of the plan but do not determine the benefit to be paid out at retirement.

The net defined benefit liability or asset recognized in the statement of financial position is the present value of the defined benefit obligation as of the date of the statement of financial position less the fair value of the plan's assets.

The defined benefit liability is calculated annually by independent actuaries using the projected unit credit method. The present value of defined benefit obligations is determined by discounting the estimated cash flows using the interest rates of government bonds denominated in the same currency in which the benefits will be paid, and which have maturity terms that approximate the terms of the defined benefit obligation. The main assumptions for determining employee benefits are mentioned in Note 20. Actuarial gains and losses resulting from the remeasurements of the net defined benefit liability or asset due to changes in actuarial assumptions are recognized in equity under other comprehensive income during the period in which they arise. Past service costs are recognized directly in the statement of profit or loss.

b. Employee Statutory Profit Sharing (ESPS) and bonuses

The Company recognizes a liability and an expense for bonuses and for the ESPS; the latter based on a calculation considering current tax regulations. The Company recognizes a provision when it has a legal or constructive obligation to make such payments as a result of past events.

c. Termination benefits established in labor laws

A termination benefit liability is recognized in the statement of profit or loss when the employment relationship is terminated prior to the retirement date or when an employee accepts an offer of benefits on termination. The Company recognizes compensation on the first of the following dates:

(i) when the Company can no longer withdraw the offer on those benefits,

(ii) when the Company recognizes restructuring costs under IAS 37 " Provisions, Contingent Liabilities and Contingent Assets" which involves the payment of termination benefits. In the case of offers to encourage voluntary termination, termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits not expected to be settled wholly within 12 months of the reporting period are discounted to determine their present value.

2.20 *Stockholders' equity*

Company shares placed on the Mexican Stock Exchange are classified as capital stock (See note 26).

In accordance with the provisions of article 56 of the Securities Market Act ("Ley de Mercado de Valores") and Title Six of the Regulations Applicable to Users ("Circular Única de Emisoras"), which establishes that under certain rules own shares may be acquired, the Company carries out the procedure for the purchase or sale of treasury shares from the repurchase fund.

The purchase of own shares issued by the Company that operate under the repurchase reserve is recorded as a reduction in the Company´s stockholders' equity until such time as those shares are canceled or issued once again. When those shares are reissued, the consideration received is recorded in the Company´s stockholders' equity.

Capital Stock

i. Common shares

Incremental costs directly attributable to the issuance of ordinary shares are recognized as a deduction from equity.

2.21 *Revenue recognition*

The Company operates a chain of self-service stores (retail industry).

a. Sale of goods

Revenue from the sale of consumer goods in self-services stores is recognized when the Company sells a product to the customer. Payment of the transaction price is made immediately when the customer buys the goods which are transferred to the customer at the store.

Customer discounts and returns reduce the revenue. The sale of goods is settled by customers using credit and debit bankcards, cash and grocery coupons. Company's policy gives the customer a right to return various products; however, history shows that returns on sales are not representative compared to total sales, which is why the Company does not recognize such a provision. Because the level of returned goods has remained invariably low over the past years, it is highly unlikely that there will be any significant changes in accrued income to be recognized.

As of 31 December 2020, and 2019, the revenue from the sale of goods is detailed below:

		2020	2019
Metropolitan area	$	16,159,672	13,225,480
Central area		6,699,051	5,094,476
Western area		2,420,911	1,683,773
Northern area		1,463,427	1,256,925
Ending balance as of 31 December	$	26,743,061	21,260,654

b. **Lease income**

Revenue from lease payments received under operating leases are mainly related to the Company's investment properties and is recognized on a straight-line basis over the lease term. The Company does not have financial leases.

c. **Electronic wallets**

The Company offers promotions, some of which involve the granting of benefits to its clients in the form of electronic wallets whose value represents a percentage of the selling price. The electronic wallets granted may be used by clients to settle future purchases in the Company's stores or other stores based on the contract signed with the program administrator. The amount granted to customers through in the form of electronic wallets are subtracted from revenue.

The Company's history shows that the redemption of points is highly unlikely if an electronic wallet has been inactive for more than six months. Therefore, the contract signed with the program administrator specifies that points are cancelled after an inactivity of 12 months. Hence, in accordance with those contracts, electronic wallets which meet these criteria are canceled with a credit to revenue.

The Company maintained a collaboration contract to participate in the loyalty program of Payback up until 31 May 2019. As of 31 December 2020, and 2019, the value of the awarded Payback point amounted to $6,525 and $16,388, respectively, which expire in 2022. The points which were awarded in the Payback loyalty program coalition by the Company, are redeemed in other business, a payable account to the program administrator is recognized. Since November 2019, the loyalty program is directly operated by the Company.

As of 31 December 2020, and 2019, the value of unredeemed electronic wallets points issued as part of promotions and expected to be redeemed in the future are recognized at fair value and shown as deferred income, the balance of which amounts to $71,477 and $50,551, respectively. They are included in other accounts payable shown in the statement of financial position.

		2020	2019
Beginning balance as of 1 January	$	50,551	39,476
Awarded		117,700	78,085
Redeemed		(96,774)	(67,010)
Ending balance as of 31 December	$	71,477	50,551

d. **Vouchers redeemable for goods**

Revenue from vouchers issued by the Company and redeemable for goods in its stores, are recognized as deferred income at the point in time the Company makes the physical delivery of the vouchers to the customer, and are recognized as revenue in the statement of profit or loss at the point of time when the voucher is redeemed by its owner. As of 31 December 2020, and 2019, the outstanding balance to be redeemed amounts to $35,758 and $25,324, respectively.

e. **Service charge commissions**

The revenue from commissions for services rendered by the Company in its stores, and other commissions are recorded as revenue as they incur. When the Company acts as an agent in the sale of goods or services, only the profit from the commission is recognized as revenue.

f. **Parking lot**

Revenue related to parking is recognized under other income at the time services are rendered.

g. **Financing component**

The Company does not expect to have any contracts which allow the period between the transfer of the goods or services to the client and the payment by the client to exceed one year. Therefore, the Company does not make any adjustments to transaction prices over time considering the time value of money.

2.22 Leases

The Company determines at contract inception whether a contract is or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis on its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and to account for the lease and associated non-lease components as a single lease component.

The Company recognizes right-of-use assets and lease liabilities at the lease commencement date. The right- of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred by the lessee and an estimate of the costs to dismantle, remove or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term; unless the lease transfers ownership of the underlying asset to the Company at the end of the lease term or the cost of the right-of-use asset reflect that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be easily determined, at the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and the type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when: (i) there is a change in future lease payments arising from a change in an index or rate; (ii) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; (iii) if the Company changes its assessment of whether it will exercise a purchase, expansion or termination option (iv) or if there is a revised in-substance fixed lease payment.

When a lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value asset

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value asset and short-term leases, including IT equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor
At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Company acts as lessor, it determines at lease inception whether each lease is a finance or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sublease as an operating lease.

If an arrangement contains lease and non-lease components, then the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'. Generally, the accounting policies applicable to the Company as lessor in the comparative period did not differ from IFRS 16, except for the classification of the sub-lease entered during the current reporting period, that resulted in a finance leasing classification.

2.23 *Basic and diluted earnings*
Basic earnings per ordinary share is calculated by dividing the controlling interest by the weighted average of ordinary shares outstanding during the year. As of 31 December 2020, and 2019, the weighted average of ordinary shares outstanding was 1,086,000,000 units.

Diluted earnings per ordinary share outstanding is determined by adjusting the controlling interest and ordinary shares, assuming that the Company's commitments to issue or exchange own shares will be realized. As of 31 December 2020, and 2019, basic earnings are equal to diluted earnings because there are no transactions that could potentially dilute earnings.

2.24 *Supplier rebates*
The Company receives rebates from its suppliers as reimbursement of discounts granted to customers. Supplier reimbursements of discounts granted by the Company to its customers regarding goods sold, are negotiated and documented by the procurement area and are credited to cost of sales in the period in which they are received.

The Company also receives contributions from its suppliers as reimbursement of costs and expenses incurred by the Company. Those amounts are recorded as a reduction of the respective costs and expenses.

2.25 *Dividends*
The distribution of dividends to the La Comer's shareholders is recognized as a liability in the consolidated financial statements in the period in which they are approved by La Comer's shareholders. The Ordinary General Shareholder's Meeting agreed to distribute dividends from profit retained during 2020. (See note 26).

2.26 *Interest income*
Interest income and interest expense are recognized using the effective interest method.

2.27 *Derecognition of financial liabilities*
The Company derecognizes a financial liability if, and only if, its contractual obligations are discharged or cancelled or expire.

(3) DERECOGNITION OF FINANCIAL LIABILITIES–

The Company's risk Management policies are established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk Management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and Management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company has exposure to the following risks arising from financial instruments: a) market risk, including: i) currency risk; ii) market price risk, and iii) interest rate risk; b) credit risk, and c) liquidity risk. The Company's risk Management seeks to minimize the impact of adverse effects from these risks on business operations.

Risk Management is carried out by the centralized treasury department under the policies established by the Company. Treasury identifies, assesses and hedges financial risks with the close cooperation with its operating units. The Company maintains written general risk Management policies, as well as specific policies to address exchange rate risk, interest rate risk, credit risk and investment of excess cash.

a. Market risk
Market risk is the risk that changes in market prices- e.g. foreign exchange rates, interest rates and equity prices - will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk Management is to manage and control market risk exposures within acceptable parameters, while optimizing returns.

i. Exchange rate risk
The Company is exposed to risks associated with movements in the exchange rate of the Mexican peso with respect to the US dollar, mainly due to letters of credit in dollars. Currency risk arises from the existence of assets and liabilities denominated in foreign currency.

Purchases of imported goods paid in currencies other than the Mexican peso are not considered an exposure to exchange rate risk, since the Company estimates to be able to pass on exchange rate fluctuations through its selling prices of goods. These imports are guaranteed with letters of credit. As of 31 December 2020, and 2019, letters of credit amounted to 198 and 239 thousand dollars and 31 and 58 thousand euros (equivalent to $4,695 and $5,741, respectively), for which the most recent expiration date is April 2021.

Based on the analysis of the current situation of the Mexican foreign exchange rate market, the Company assesses that a 10% increase (decrease) in the peso against the dollar and the euro, assuming that all other variables remain constant, would result in a loss (profit) of approximately $24,437 and $10,145 in 2020 and 2019, respectively, in relation to the monetary position held in dollars, and $574 and ($106) in 2020 and 2019, respectively, in relation to the monetary position held in euros. The sensitivity analysis includes only the monetary items pending settlement denominated in foreign currency at the end of December 2020 and 2019.

The Company holds the following monetary assets and liabilities denominated in foreign currency:

		December, 31 2020	2019
In thousands of US dollars:			
Monetary assets	US	12,501	5,839
Monetary liabilities		(29)	(222)
Long position, net	US	12,472	5,617
Equivalents in pesos	$	248,304	105,968
In thousands of euros:			
Monetary assets	€	320	60
Monetary liabilities		(54)	(52)
Long position, net	€	266	8
Equivalents in pesos	$	6,520	170

The following significant exchange rates, in pesos, have been applied at the reporting date:

		December, 31 2020	2019
Dollar	$	19.9087	18.8642
Euro	$	24.5113	21.1173

ii. Price risk

The price risk in the goods that constitutes the Company's inventory is not considered significant as the Company estimates to be able to pass on exchange rate fluctuations through its selling prices of goods.

iii. Interest rate risk

Interest rate risk arises from long-term financing. As such, the Company does not have any exposure to interest rate risk as it does no hold any long-term loans as of 31 December 2020, and 2019.

Variable rate instruments expose the Company to cash flow risk related to interest rates, which is partially mitigated by cash invested in on-demand or at variable rates.

The Company has an exposure associated with the TIIE rate and with the leasing of vehicles. As of 31 December 2020, and 2019, leases liabilities amount to $39,340 and $37,151, respectively. Based on the analysis of the current situation of interest rates, the Company assesses that a 10% increase (decrease) in the TIIE, assuming that all other variables remain constant, would require additional (less) cash flow of $2,405 due to higher interest rates.

The Company has a policy to invest its excess cash in on-demand or very short-term instruments; therefore, the market price risk is insignificant. As of 31 December 2019, and 2018, all the Company's excess cash investments were invested in on-demand.

b. Credit risk

Credit risk arises from cash and cash equivalents and accounts deposited at financial institutions, credit exposure from receivables with financial institutions for goods purchased with credit cards and entities issuing grocery coupons and from receivables from lessees. Receivables from financial institutions for credit card purchases and from entities issuing grocery coupons are short-term (less than 15 days). Because the Company's sales are made with the general public there is no risk concentration in one single client or group of clients. The investment of excess cash is made in financial institutions with a high credit rating and is invested in short-term government bonds or short-term bank instruments.

The Company has a diversified base of real estate properties distributed in 14 states of Mexico, owns 35 self- service stores and owns 10 shopping centers. The Management Committee, which comprises most of the directors, is responsible for authorizing the purchase of land and properties proposed by the Company's New Projects department.

Real estate activities represent a source of revenue through the rent of commercial premises.

The Company does not have a concentration of risks in accounts receivable from lessees, since it has a diversified basis and periodically evaluates its ability to pay, especially before renewing lease agreements. As a Company policy, tenants are asked to make security deposits before taking possession of the commercial premises, as collateral. The occupancy rate of the Company's commercial premises is approximately 89%. It has been taken exceptional measurements due to the Covid-19 impact to real estate industry.

– Due to most of lessees were affected in their operation in the pandemic, agreements have been reached to partially forgive payment of rents.
– Due to this exceptional situation represented by the pandemic and the lack of a reasonable precedent, the Company estimated a receivable impairment loss provision by 95% of the accounts receivable for leasing balance, both in the revenue recognition and receivables.

The Company has insurance that adequately covers its assets against the risks of fire, earthquake and damages caused by natural disasters. All insurances have been contracted with leading companies in the insurance industry.

c. Liquidity risk

Cash flow forecasts are developed at a consolidated level by the Company's finance department. The treasury department monitors liquidity requirements to ensure that enough cash is available to meet operational needs to avoid default on its financial commitments. The months during which the Company has most operational activity, and consequently the highest amount of cash, are June, July, August and the last quarter of the year. Cash flow forecasts consider the Company's financing plans, compliance with financial restrictions, as well as compliance with the objectives of internal financial metrics.

The excess cash over the Company's working capital requirements are managed by the treasury department that invests them in financial institutions with high credit ratings, choosing the instruments with the appropriate maturities or sufficient liquidity that give the Company the sufficient margin in accordance with the cash flow forecasts mentioned above.

The Company finances its operations through the combination of 1) reinvestment of a significant part of its profits; 2) loans from suppliers, and 3) financing denominated in pesos. As of 31 December 2020, and 2019, the Company has lines of credit with financial institutions which can be accessed immediately and is used for its financing program in the amount of approximately $1,385,372 and $1,364,372, respectively, of which $192,198 and $203,058 are used, respectively.

The contractual maturities of the Company's financial liabilities are detailed according to the maturity periods. The table has been prepared based on contractual undiscounted cash flows, from the first date that the Company may be required to pay. The table includes the cash flows corresponding to the principal amount and its interests.

		Contractual cash flows					
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
31 December 2020							
Financial liabilities							
Trade payables	$ 3,538,913	3,538,913	3,205,864	333,049	–	–	–
Other accounts payable	583,073	583,073	583,073	–	–	–	–
Related parties	62,394	62,394	62,394	–	–	–	–
Short-term lease liabilities	64,643	201,301	33,850	167,451	–	–	–
Long-term lease liabilities	1,295,134	2,960,473	–	–	384,127	541,736	2,034,610
	$ 5,544,157	7,346,154	3,885,181	500,500	384,127	541,736	2,034,610
31 December 2019							
Financial liabilities							
Trade payables	$ 3,228,019	3,228,019	2,874,048	353,971	–	–	–
Other accounts payable	513,356	513,356	513,356	–	–	–	–
Related parties	64,412	64,412	64,412	–	–	–	–
Short-term lease liabilities	58,937	192,767	31,877	160,890	–	–	–
Long-term lease liabilities	1,282,602	2,960,991	–	–	376,264	524,276	2,060,451
	$ 5,147,326	6,959,545	3,483,693	514,861	376,264	524,276	2,060,451

d. Capital Management

The Company's objectives for managing capital are to safeguard the Company's ability to continue as a going concern, maximize shareholder benefits, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to the shareholders, repurchase own shares in the Mexican Stock Exchange, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with other industry participants, the Company monitors capital based on the operating leverage ratio. This index is calculated by dividing net debt by EBITDA (operating profit plus depreciation and amortization) generated over the last 12 months. As of 31 December 2020, and 2019, the operating leverage ratio was (1.05) and (1.21), respectively. Net debt is determined as total financing (including short-term and long-term financing), excluding liabilities related to IFRS 16 leases, less cash and cash equivalents.

e. Pandemic risk

The Company's activities and operations could be affected as a result of a pandemic or epidemic such as Covid-19 that occurred in 2020, due to multiple factors, such as:

1) Interruptions in the supply chain, since the products are supplied from several domestic and foreign suppliers that may not be able to supply adequately, or these suppliers may substantially increase their operating costs.
2) Employee absences due to illness or health-sector-authorities instruction, which may affect the store operations.
3) Vulnerable employees protected for safe.
4) Increases in store operating expenses, due to implementation of hygiene and containment protocols that protect employees and customer´s health.
5) Closing stores and limited visit hours to avoid customers contact and entrance restrictions established by the health authority in order to limit the number of customers in the stores
6) Decrease in clients flow due to restricted activities, customers may not be allowed to leave their homes to buy groceries due to the quarantine.

During this year, Company´s Management took the necessary care measures to minimize the impacts that affected these factors due to Covid-19 pandemic defining processes with 3 clear objectives: protect employees' health, protect customers' health and ensure the stores operation continuance.

It is not possible to predict the effects of this global pandemic and its impact on the Company´s operation.

(4) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS–

Estimates and assumptions are periodically reviewed based on experience and other factors, including expectations of future events that are considered reasonable under the circumstances.

Critical accounting estimates and assumptions

In preparing the consolidated financial statements, Management must make judgments, estimates and considers assumptions about the future. Actual results may differ from these estimates. Information about judgments made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 17- Reverse factoring: presentation of amounts related to supplier finance arrangements in the statement of financial position and in the statement of cash flow;

Note 28 - lease term: whether the Company is reasonably certain to exercise extension options.

Information about assumptions and estimation uncertainties as of 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next fiscal year is included in the following notes:

Note 6 and 9 - measurement of expected credit loss allowance for trade receivables: key assumptions in determining the weighted-average loss rate

Note 15 - impairment test of intangible assets.

Note 19 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;

Note 20 - measurement of defined benefit obligations: key actuarial assumptions.

Note 25 - recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;

(5) ACCOUNTING CHANGES AND RECLASSIFICATIONS–

Accounting changes–
New standards, modifications and effective interpretations for periods beginning on or after 1 January 2020.

IFRS 3 "Business combination"
The Company has initially adopted Definition of a Business (Amendments to IFRS 3) from 1 January 2020. A number of other new standards are also effective from 1 January 2020, but they do not have a material effect on the Company's financial statements.

The Company applied the Definition of a Business (Amendments to IFRS 3) to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets.

Reclassification–
As of December 31, 2019 the Company included in operating activities within the consolidated statement of cash flows and in prepayments in the consolidated statement of financial position the payment made in December 2019 amounting to 70 million Mexican pesos, which needed to be presented as part of investing activities in property, furniture, equipment and leasehold improvements. In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors" the Company corrected the consolidated statement of financial position and consolidated statement of cash flows as of December 31, 2019 to present correctly and comparative the consolidated statement of financial position and consolidated statement of cash flows as of December 31, 2020.

Forthcoming requirements–
The following changes to accounting standards are required to be applied for annual periods beginning after 1 January 2020 and have not been applied in the preparation of these consolidated financial statements. The Company plans not to adopt the changes in advance.

A. Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity, as appropriate. The comparatives are not restated. The Company has determined that all contracts existing at 31 December 2020 will be completed before the amendments become effective.

B. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate.

The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:
– changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities; and
– hedge accounting.

C. Other standards
– COVID-19-Related Rent Concessions (Amendment to IFRS 16).
– Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16).
– Reference to Conceptual Framework (Amendments to IFRS 3).
– Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

These changes to accounting standards, which are not yet effective, are not expected to have a significant impact on the Company's consolidated financial statements.

(6) CATEGORIES OF FINANCIAL INSTRUMENTS–

The Company classifies its financial assets and liabilities as shown below:

		Financial assets at amortized cost	Assets at fair value through profit or loss*	Total
31 December 2020				
Financial assets:				
Cash	$	–	666,639	666,639
Cash equivalents		–	2,373,727	2,373,727
Trade and other receivables, net		81,329	–	81,329
Related parties		289	–	289
Financial liabilities:				
Trade payables and financing programs	$	3,538,913	–	3,538,913
Related parties		62,394	–	62,394
Other payables		583,073	–	583,073
31 December 2019				
Financial assets:				
Cash	$	–	625,396	625,396
Cash equivalents		–	1,766,016	1,766,016
Trade and other receivables, net		107,176	–	107,176
Related parties		51	–	51
Financial liabilities:				
Trade payables and financing programs	$	3,228,019	–	3,228,019
Related parties		64,412	–	64,412
Other payables		513,356	–	513,356

* The fair value of the cash equivalents was determined based on its market value

Financial instruments recorded at their fair value in the statement of financial position are categorized into different levels based on the inputs used in the valuation techniques:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data in active markets (i.e. unobservable inputs) (Level 3).

There were no changes in valuation techniques during the period.

a. Level 1 financial instruments
The fair value of financial instruments quoted in an active market is based on market price quotes as of the reporting date. A market is considered active if the quoted prices are easily and frequently accessible through an agent, industrial group, listing services or regulatory agencies, and these prices represent real and frequent transactions at market value. The market value used for the Company's financial assets is the bid price. The instruments included in level 1 include cash equivalents (debt issued by the federal government).

		Carrying amount	Fair value Level 1
31 December 2020			
AAA bank deposits	$	653,594	653,594
Cash equivalents	$	2,373,727	2,373,727
31 December 2019			
AAA bank deposits	$	610,833	610,833
Cash equivalents	$	1,766,016	1,766,016

b. Level 2 financial instruments

The fair value of financial instruments that are not quoted in an active market is determined using valuation techniques. These valuation techniques maximize the use of observable market data, where available and entity-specific estimates are limited.

If all the significant input data to value a financial instrument at fair value is observable, the instrument is included in Level 2. If one or more of the significant input data is not based on an observable market, the instrument is included in Level 3.

As of December 31, 2020, and 2019, the fair values of financial assets and financial liabilities recognized at amortized approximate their carrying amount as their maturity is short-term.

The fair value of the following asset and financial liabilities are approximation og their carrying amount:

- Trade and other receivables
- Cash and cash equivalents (excluding bank overdrafts).
- Trade payables (including financing programs to suppliers) and other payables
- Related parties.

The instruments included in Level 2 are comprised as follows:

		Carrying amount	Fair value Level 2
31 December 2020			
Trade receivables	$	81,329	81,329
Related parties		289	289
31 December 2019			
Trade receivables	$	107,176	107,176
Related parties		51	51

		Carrying amount	Fair value Level 2
31 December 2020			
Related parties	$	62,394	62,394
Other trade payables		583,073	583,073
Trade payables and financing programs		3,538,913	3,538,913
31 December 2019			
Related parties	$	64,412	64,412
Other trade payables		513,356	513,356
Trade payables and financing programs		3,228,019	3,228,019

c. Level 3 financial instruments

The fair value is measured based on valuation techniques which include indicators for assets or liabilities that are not based on observable market information. For the year ended 31 December 2020 and 2019, there were no transfers between levels 1 and 2.

No instruments whose hierarchy of fair value is level 3 are presented as of 31 December 2020 and 2019.

(7) CREDIT QUALITY OF FINANCIAL INSTRUMENTS–

The credit quality of financial assets that are neither past due nor impaired is assessed with reference to external credit ratings, where they exist, or based on historical information on counterparty default rates are shown.

		31 December 2020	2019
AAA bank deposits*	$	653,594	610,833
Investments rated AAA		2,373,727	1,766,016
	$	3,027,321	2,376,849
* See note 2.4			
Bank card vouchers with external risk ratings:			
Banamex	$	63,505	–
American Express Bank (México)			
Tarjetas AMEX mxA-1		56,585	93,830
Santander Debit – PROSA		37,184	29,918
Banorte La Comer Card		104	138
	$	157,378	123,886
Trade receivables without external credit ratings:			
To third parties (i)	$	9,290	60,059
By lease (ii)		31,673	3,845
To related parties (iii)		289	51
	$	41,252	63,955

(i) Trade receivables from third parties include balances with entities issuing grocery coupons that do not have a risk rating.

(ii) Due to most of lessees were affected in their operation in the pandemic, agreements have been reached to partially forgive payment of rents

(iii) Receivables from related parties have not shown any default indications and have been fully recovered.

The movement in impairment losses related to loans and trade receivables for the period ended 31 December 2020 and 2019 is shown below:

		2020	2019
Beginning balance as of 1 January	$	2,167	3,901
Used (iv)		28,012	(1,734)
Ending balance as of 31 December	$	30,179	2,167

(iv) Due to this exceptional situation represented by the pandemic and the lack of a reasonable precedent, the Company estimated a receivable impairment loss provision by 95% of the accounts receivable for leasing balance, both in the revenue recognition and receivables.

(8) CASH AND CASH EQUIVALENTS–

Cash and cash equivalents are comprised as shown below:

		31 December	
		2020	2019
Cash	$	13,045	14,563
Bank deposits		653,594	610,833
Investments		2,373,727	1,766,016
Total cash and cash equivalents	$	3,040,366	2,391,412

On-demand investments are presented as cash equivalents if they mature within three months or less from the date of acquisition and are repayable in the short term. The Company maintains its cash and temporary investments with well-known financial institutions and has not experienced any loss due to the concentration of credit risk.

(9) TRADE AND OTHER RECEIVABLES AND CURRENT TAX ASSETS–

Trade and other receivables are comprised as shown below:

		31 December	
		2020	2019
Leases receivable	$	32,864	26,499
Receivable from entities issuing grocery coupons		36,567	39,572
Other receivables		23,065	27,937
Prepayments for expenses		19,012	15,335
Impairment of receivable leases (i)		(30,179)	(2,167)
	$	81,329	107,176

(i) Due to this exceptional situation represented by the pandemic and the lack of a reasonable precedent, the Company estimated a receivable impairment loss provision by 95% of the accounts receivable for leasing balance, both in the revenue recognition and receivables.

		31 December	
		2020	2019
Receivable current tax assets:			
Value added tax	$	590,688	422,599
Special tax on production and services		197,611	166,988
Withholding tax receivable		87,538	53,216
	$	875,837	642,803

(10) INVENTORIES–

Inventories are comprised as follows:

		31 de diciembre	
		2020	2019
Goods available for sale	$	3,258,304	3,179,612
Write-down of inventory		(65,184)	(37,557)
Goods in transit		45,869	117,854
Total inventories	$	3,238,989	3,259,909

The cost of sales related to inventory write-offs as of 31 December 2020 and 2019 amounts to $137,067 and $97,545, respectively. As of 31 December 2020, and 2019, the value of the inventory recognized in the statement of profit or loss amounted to $19,090,811 and $15,244,474, respectively.

(11) PREPAYMENTS–

Prepayments were recognized for:

		31 December	
		2020	2019
Insurance premiums	$	11,591	10,358
Deposits made related to guarantees		–	894
System licenses and maintenance		6,874	9,709
Leases		948	–
Other prepayments		347	256
	$	19,760	21,217

(12) INVESTMENT PROPERTIES–

Investment properties are comprised as shown below:

	Lands	Buildings and constructions	Total
As of 1 January, 2019			
Beginning balance	$ 312,851	316,324	629,175
Depreciation	–	(2,053)	(2,053)
Ending balance	$ 312,851	314,271	627,122
As of 31 December, 2019			
Carrying amount	$ 312,851	364,959	677,810
Accumulated depreciation	–	(50,688)	(50,688)
Ending balance	$ 312,851	314,271	627,122
As of 1 January, 2020			
Beginning balance	$ 312,851	314,271	627,122
Depreciation	–	(2,053)	(2,053)
Ending balance	$ 312,851	312,218	625,069
As of 31 December, 2020			
Carrying amount	$ 312,851	364,959	677,810
Accumulated depreciation	–	(52,741)	(52,741)
Ending balance	$ 312,851	312,218	625,069

The depreciation of investment properties is recorded in cost of sales and amounted to $ 2,053 and $ 2,053 as of 31 December 2020 and 2019, respectively, no impairment losses were recorded. As of 31 December 2020, and 2019, there are no restrictions on the use of such investment properties.

(13) ASSETS HELD FOR SALE–

On December 30, 2020, the Company committed to a plan to sell a property by $25,000. Consequently, this property is presented as an asset held for sale. Efforts to sell the disposal asset have already started and the sale is expected to occur by July 30, 2021.

As of 31 December 2020, the disposal assets were stated at fair value less costs to sell and comprised the following assets:

	Amount
Land	$ 12,366
Building	$ 4,673
Total	$ 17,039

(14) PROPERTY, FURNITURE AND EQUIPMENT AND LEASEHOLD IMPROVEMENTS, NET–

Property, furniture and equipment and leasehold improvements are comprised as follows.

	Land	Buildings and constructions	Furniture and equipment	Leasehold improvements	Electronic equipment	Office equipment	Work in progress and others *	Total
As of 31 December, 2020								
Beginning balance	$ 4,299,853	3,725,187	2,900,556	1,700,126	259,040	62,340	508,205	13,455,307
Acquisitions	b 309,534	b 20,365	–	–	–	–	a 1,765,576	2,095,475
Disposals	–	(21,731)	(59,569)	(603)	(5,636)	(489)	–	(88,028)
Reclassification to assets held for sale	(12,366)	(4,673)	–	–	–	–	–	(17,039)
Depreciation disposals	–	17,731	48,231	603	5,513	279	–	72,357
Transfers	419,053	256,640	572,804	324,843	116,526	3,588	(1,693,454)	–
Depreciation transfers	–	–	39	(10)	(29)	–	–	–
Depreciation	–	(108,897)	(450,057)	(99,670)	(111,448)	(8,279)	–	(778,351)
Ending Balance	$ 5,016,074	3,884,622	3,012,004	1,925,289	263,966	57,439	580,327	14,739,721
As of 31 December, 2020								
Carrying amount	$ 5,016,074	4,574,581	4,539,180	2,154,427	855,069	83,910	580,327	17,803,568
Accumulated depreciation	–	(689,959)	(1,527,176)	(229,138)	(591,103)	(26,471)	–	(3,063,847)
Ending Balance	$ 5,016,074	3,884,622	3,012,004	1,925,289	263,966	57,439	580,327	14,739,721
As of 31 December, 2019								
Beginning balance	$ 4,050,997	3,417,638	2,424,428	1,064,349	214,903	39,303	918,087	12,129,705
Acquisitions	–	–	–	–	–	–	1,972,512	1,972,512
Disposals	–	–	(60,443)	(1,251)	(3,084)	(322)	–	(65,100)
Depreciation disposals	–	–	37,570	7,952	2,914	90	–	48,526
Transfers	248,856	392,709	857,062	696,192	157,251	30,324	(2,382,394)	–
Depreciation transfers	–	174	31	(174)	–	(31)	–	–
Depreciation	–	(85,334)	(358,092)	(66,942)	(112,944)	(7,024)	–	(630,336)
Ending Balance	$ 4,299,853	3,725,187	2,900,556	1,700,126	259,040	62,340	508,205	13,455,307
As of 31 December, 2019								
Carrying Amount	$ 4,299,853	4,324,608	4,025,946	1,830,186	744,179	80,811	508,205	15,813,788
Accumulated depreciation	–	(599,421)	(1,125,390)	(130,060)	(485,139)	(18,471)	–	(2,358,481)
Ending Balance	$ 4,299,853	3,725,187	2,900,556	1,700,126	259,040	62,340	508,205	13,455,307

* Others include prepayments for the acquisition of equipment and improvements to premises under construction for $320,448 and $242,345 as of 31 December 2020 and 2019, respectively, which, once completed, will be reclassified to the specific item to which they belong.

a Acquisitions of property, plant and equipment are included in cash flows within investment activities. As of 31 December 2020, and 2019, the amount that does not generate cash flow amounts to $6,940 and $1,155, respectively.

b On January 15, 2020, The Company acquired the 100% of the entity D+I La Rioja, S. A. de C. V., gaining control over it.

The Company has concluded that acquired set is an asset. As of the acquisition date it is comprised as land and a building located in Mexico City. The Company has determined that together the acquired inputs significantly contribute to the ability to create revenue through the installation of a store.

Property, furniture and equipment and leasehold improvements are recorded at cost, less accumulated depreciation and the accumulated impairment losses, if applicable.

Depreciation for the year was recorded in selling expenses, administrative expenses and cost of sales for $723,516, $38,812 and $16,023 and $572,708, $40,940 and $16,688, as of 31 December 2020 and 2019, respectively.

The balance of work in process as of 31 December 2020 and 2019 corresponds to various projects where the Company is building several stores and remodeling existing ones, which are estimated to be completed in the last quarter of 2021.

(15) INTANGIBLE ASSETS WITH AN INDEFINITE LIFE, NET–

Intangible assets are comprised as follows:

	Brand rights 31 December	
	2020	2019
Ending balance	$ 6,277,998	6,277,998

On 22 December, 2014, Controladora Comercial Mexicana (CCM), transmitted for consideration, its ownership of the rights to the various word and mixed brand names "Comercial Mexicana" (the Brands) that were registered in its favor by the Mexican Institute of Industrial Property, transferring them to CCF, the Company's most significant subsidiary.

Therefore, CCF has formats that already have recognized brands and positioned in the market, such as "La Comer", "City Market", "Fresko" and Sumesa. Likewise, CCF is the owner of campaigns such as "Miércoles de plaza", own product brands such as "Golden Hills", and "Farmacom", among others. The 281 brands names owned by the Company have different record expiration dates, expiring in the periods from 2015 to 2024. When these expire, administrative procedures must be conducted with the authorities in order to continue to operate.

The Company performs impairment tests on its intangible assets on an annual basis, or when there are indicators that these may have been impaired. As of 31 December 2020, and 2019, no impairment was determined to be recognized in the Company's profit or loss.

The Company determined an indefinite useful life based on the analysis of the elements mentioned below:

- The retail stores of the Company currently operate using the Brands, and the Company's Management has a reasonable expectation about its continuity in the future. The brands have a history in the Mexican retail market for many years, being administered by different Management teams, and have built a reputation in the national market as a high-quality Mexican brand, with more than 50 years, and strong entrenchment among consumers.

- The retail sector of self-service stores in which the Brands operate, is a very stable market with little risk of obsolescence, mainly due to consumer products sold in stores, such as perishables, general merchandise, etc. Furthermore, significant changes in demand are not expected, since, although new product brands are offered, the purchasing trend of basic consumer products (perishables, fruits and vegetables, groceries, etc.) remains constant.

- The Brands names recognition in the market is highly identified. The retail supermarket market in Mexico is occupied by large chain stores, which offer products to various audiences, and in the case of Comercial Mexicana, it has its own space in this market, since it is focused on a very specific consumer sector through Premium formats which have been positioned successfully among consumers.

- The actions that the Company has to carry out to maintain the Brands as a profitable asset, are in essence the strategic plan that the Company has established for business continuity (the ability to maintain and increase consumption in its stores), which largely depends on factors such as; the quality of the products sold in its stores; costumer service; the competitive prices offered for the various products; investments in remodeling to keep stores at the forefront; periodic maintenance of both the interior and exterior of the stores, the periodic training of its workforce; value relationships with its business partners; among others, which generally contribute to the permanence of the Company's place in the Mexican retail industry.

- The rights to the Brands are the property of the Company, and therefore it has full control over them.

- The life of the Brands will depend largely on the proper Management of the business carried out by the Company, and therefore on the ability it has to continue with an ongoing business.

Impairment test of the Brands
The Company conducts annual tests to determine whether the rights of its Brands have been impaired. As of 31 December 2020, and 2019, the Company performed the annual impairment tests without determining any impairment adjustment.

The recoverable value of the Cash Generating Unit (CGU) is based on fair value less cost of disposal.

The net sale price of the CGU is determined by projections of discounted future cash flows after taxes, which are prepared based on the historical results and expectations about the development of the market in the future included in the business plan.

The impairment tests for the end of the 2020 and 2019 fiscal year were carried out taking into account the assumptions shown below:

	Value	
	2020	2019
After-tax discount rate	9.50%	10.50%
Average EBITDA margin in projection period	8.40%	8.90%
Sales growth rate in projection period to calculate expected future results	7.80%	12.70%
Residual value	14x EBITDA last year	14x EBITDA last year
Cash flow projection period	15 years	15 years

Management considers 15 years for the cash flow projections as it is considered in a period of expansion.

If the discount rates in the year ended 31 December 2020, were 3 percentage points higher / lower, there would be no recognition for impairment provision.

If the projected EBITDA flows were 10% higher/lower, there would be no recognition for impairment provision.

If, in the future, the business's performance, or its future cash flow generation prospects, deteriorate significantly, the Company would have to recognize an impairment in the value of its Brands that would impact its financial results.

As of 31 December 2020, the market value of La Comer shares is higher than the carrying amount.

(16) DEFINED-LIFE INTANGIBLE ASSETS–

		Assignment of rights and operation of self-service stores		Licenses		Total
31 December 2019						
Beginning balance	$	751,322	$	10,540	$	761,862
Additions		–		12,093		12,093
Used in the year		–		(8,451)		(8,451)
Amortization		(122,099)		–		(122,099)
		629,223		14,182		643,405
Less short-term		(112,307)		–		(112,307)
Ending balance long-term	$	516,916		14,182		531,098
Carrying amount	$	1,197,901		29,409		1,227,310
Accumulated amortization		(568,678)		(15,227)		(583,905)
Ending balance	$	629,223		14,182		643,405
31 December 2020						
Beginning balance	$	629,223		14,182		643,405
Additions		–		10,421		10,421
Used in the year		–		(9,173)		(9,173)
Amortization		(115,863)		–		(115,863)
		513,360		15,430		528,790
Less short-term		(110,293)		–		(110,293)
Ending balance long-term	$	403,067		15,430		418,497
Carrying amount	$	1,197,900		39,830		1,237,730
Accumulated amortization		(684,540)		(24,400)		(708,940)
Ending balance	$	513,360		15,430		528,790

As of 31 December 2020, and 2019, the balance of assignment of rights to use and operation of self-service stores of some branches that the Company acquired during previous years, amounts to $513,360 and $629,223, respectively. The amortization of this intangible asset is determined based on the straight-line method to distribute its cost at its residual value during its estimated useful lives, which on average are ten years.

Amortization for the year was recorded in selling expenses and cost of sales of $113,092 and $2,770, respectively as of 31 December 2020, and in selling expenses and cost of sales of $119,329 and $2,770, respectively as of 31 December 2019.

(17) TRADE PAYABLES AND FINANCING PROGRAM–

Most of the supplier balance is in Mexican pesos. However, as of 31 December 2020 and 2019, there is a balance of $54 thousand US dollars and in Euros for €0 and $30 thousand US dollars and €52 thousand Euros, respectively. Out of the balance in foreign currency from suppliers are paid by means of letters of credit. The balance for this concept as of 31 December 2020 and 2019 is $198 thousand US dollars and €31 thousand Euros, and $239 thousand US dollars and €58 thousand Euros, which is equivalent to $4,695 and $5,741, respectively.

The Company has established the following financing programs where they may discount their documents at the aforementioned financial institutions. The balance payable derived from these programs is recognized within the supplier account in the statement of financial position.

Credit line with Banca Mifel S.A., Institución de Banca Múltiple, Grupo Financiero Mifel, S. A. de C. V.
During the second quarter of 2015, a subsidiary of the Company entered into a factoring agreement with Banca Mifel, S.A. for up to $350,000. As of 31 December 2020, and 2019, the Company's suppliers have used the line for $148,163 and $160,165, respectively. The unused portion of 2020 and 2019 corresponds to $201,837 and $189,835, respectively.

Arrendadora y Factor Banorte, S. A. de C. V.
During 2020 and 2019, the Company entered into a supplier factoring agreement for up to $150,000 and $150,000, respectively. As of 31 December 2020, and 2019, the Company's suppliers have no used balance of this line of credit. The unused portion of 2020 and 2019 corresponds to $150,000 and $150,000, respectively.

The Note 3(c) includes information regarding group exposure to the exchange rate and liquidity risks.

(18) OTHER ACCOUNTS PAYABLE–

The balance of other accounts payable as of 31 December 2019 and 2018 is comprised as shown below:

		31 December 2020	2019
Other accounts payable	$	146,020	143,442
Sundry debtors		122,135	129,850
Deferred income*		116,682	85,207
Holidays payable		89,908	66,159
Electricity and water		50,796	42,444
Security deposits received		37,423	33,565
Bank fees		20,109	12,689
Total other accounts payable	$	583,073	513,356

* Loyalty programs and others deferred income.

(19) PROVISIONS–

		Contingencies (1)	Employee bonuses (2)	Stores maintenance (3)	Real Estate tax (3)	Total
As of 1 January, 2019	$	68,326	173,677	5,310	–	247,313
Recognized in profit or loss		–	245,342	1,281	4,317	250,940
Used in the year		(3,507)	(237,873)	(2,534)	(229)	(244,143)
As of 31 December, 2019	$	64,819	181,146	4,057	4,088	254,110
As of 1 January, 2020	$	64,819	181,146	4,057	4,088	254,110
Recognized in profit or loss		5,000	474,941	4,777	8,263	492,981
Used in the year		(8,669)	(389,569)	(2,633)	(9,148)	(410,019)
As of 31 December, 2020	$	61,150	266,518	6,201	3,203	337,072

(1) Contingencies: As of 31 December 2020, and 2019, the Company maintains a provision of $61,150 and $64,819, respectively, corresponding to possible adverse results in labor and administrative contingencies.
(2) Employee bonuses and store maintenance: These provisions are paid within the first three months after the end of the year.
(3) Store and property maintenance refers to obligations of the operation.

(20) EMPLOYEE BENEFITS–

The value of the defined benefit obligations as of 31 December 2020 and 2019 amounted to $143,218 and $121,883 as shown below:

		31 December 2020	2019
a. Retirement benefits	$	(18,836)	(3,095)
b. Seniority Premium		110,703	79,369
c. Retirement health benefits (*)		51,351	45,609
Employee benefits	$	143,218	121,883

(*) The Company has established an additional retirement plan that provides a retirement health benefit for a certain group of employees, the amount of which generates an additional liability.

a. Retirement benefits

The economic assumptions in nominal and real terms used are described below:

	2020		2019	
	Nominal	Real	Nominal	Real
Discount rate	6.50%	4.15%	7.20%	3.57%
Inflation rate	3.50%	NA	3.50%	NA
Salary increase rate	5.05%	1.50%	5.05%	1.50%
Health sector growth rate	15.00%	11.11%	15.00%	11.11%

The Net Period Cost is comprised as follows:

		2020	2019
Net Period Cost of retirement benefits	$	–	(758)

The amount included as an (liability) asset in the consolidated statements of financial position is comprised as follows:

		31 December 2020	2019
Defined benefit obligations	$	7,988	16,154
Defined retirement plan		(18,836)	(3,095)
Fair value of plan assets		(7,988)	(16,154)
Liabilities in the statement of financial position	$	(18,836)	(3,095)

The movement of the defined benefit obligation was as follows:

		2020	2019
Beginning balance as of 1 January	$	16,154	19,630
Interest cost		1,000	1,641
Actuarial losses (gains)		(3,602)	(972)
Benefits paid		(5,564)	(4,145)
Ending balance as of 31 December	$	7,988	16,154

The movement of net liabilities was as follows:

		2020	2019
Beginning balance as of January	$	3,095	7,974
Provision of the year		–	758
Benefits paid		2,807	–
Actuarial (gains) losses		2,921	(980)
Defined retirement plan		15,741	3,095
Resource allocation		(5,728)	(7,752)
Ending balance as of 31 December	$	18,836	3,095

The movement of plan assets was as follows:

		2020	2019
Beginning balance as of January	$	16,154	27,604
Return on plan assets		1,000	2,399
Actuarial gains		(681)	(1,952)
Benefits paid		(2,757)	(4,145)
Resource allocation		(5,728)	(7,752)
Ending balance as of 31 December	$	7,988	16,154

The main categories of plan assets at the end of the reporting period are:

		Fair value of plan assets as of 31 December 2020	2019
Debt instruments	$	6,174	11,458
Capital instruments		1,814	4,696
	$	7,988	16,154

b. Seniority premium

The economic assumptions in nominal and real terms used are those shown below:

	2020		2019	
	Nominal	Real	Nominal	Real
Discount rate	6.50%	4.15%	7.20%	3.57%
Inflation rate	3.50%	NA	3.50%	NA
Salary increase rate	5.05%	1.50%	5.05%	1.50%

The NPC is comprised as follows:

		2020	2019
Seniority premium cost	$	17,690	14,573

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

		31 December de	
		2020	2019
Defined benefit obligations	$	117,947	89,517
Fair value of plan assets		(7,244)	(10,148)
Liabilities in the statement of financial position	$	110,703	79,369

The movement of net liabilities was as shown below:

		2020	2019
Beginning balance as of January	$	79,369	47,155
Provision of the year		17,690	14,573
Benefits paid from net liabilities		(1,708)	(783)
Actuarial losses (gains)		15,352	30,347
Resource allocation		–	(11,923)
Ending balance as of 31 December	$	110,703	79,369

The movement of the defined benefit obligation was as follows:

		2020	2019
Beginning balance as of January	$	89,517	50,078
Labor cost		12,079	8,464
Financial cost		6,175	6,182
Actuarial losses (gains)		15,063	30,535
Benefits paid		(4,887)	(5,742)
Ending balance as of 31 December	$	117,947	89,517

The movement of plan assets was as follows:

		2020	2019
Beginning balance as of January	$	(10,148)	(2,923)
Return on plan assets		(565)	(73)
Actuarial losses (gains)		290	(188)
Benefits paid		3,179	4,959
Resource allocation		–	(11,923)
Ending balance as of 31 December	$	(7,244)	(10,148)

The main categories of plan assets at the end of the reporting period are:

		Fair value of plan assets as of 31 December,	
		2020	2019
Debt instruments	$	(5,599)	(7,198)
Capital instruments		(1,645)	(2,950)
	$	(7,244)	(10,148)

Sensitivity analysis		(Increase)	Decrease
Impact on the obligation for discount rates 0.50%	$	(6,188)	6,745
Impact on the obligation for Salary increase 0.50%		(1,992)	2,141

c. Retirement Health Policy

The cost of health provision at retirement is comprised as follows:

		2020	2019
Retirement health plan	$	6,519	5,896
Retirement health plan cost	$	6,519	5,896

The amount of the reserve of the health policy liability at defined contribution retirement was as follows:

		2020	2019
Beginning balance as of January	$	45,609	40,343
Retirement health plan		6,519	5,896
Benefits paid		(777)	(630)
Ending balance as of 31 December	$	51,351	45,609

Sensitivity analysis		(Increase)	Decrease
Impact on the obligation for discount rates 0.50%	$	(75)	(76)

Plans in Mexico generally expose the Company to actuarial risks, such as investment risk, interest rate risk, longevity risk and wage risk, in accordance with the following:

Investment risk: the expected rate of return for investment 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 that rate, this will create a deficit in the plan. Currently the plan has a majority investment in debt instruments.

Interest rate risk: a decrease in the interest rate will increase the plan's liabilities; rate volatility depends exclusively on the economic environment.

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

Salary risk: The present value of the defined benefit obligation is calculated by reference to the future wages of the participants. Therefore, an increase in the participant's salary expectation will increase the plan's liabilities.

(21) RELATED PARTIES–

As of 31 December 2020, and 2019, the main balances that the Company has for operations carried out with related parties are shown below:

		2020	2019
Receivable from affiliates:			
Tintorerías Gofer, S.A de C.V. [e]	$	289	51
Total	$	289	51

		2020	2019
Payable to affiliates:			
VCT & D&G de México, S. A. de C. V. [a]	$	26,212	21,186
Marindustrias, S. A. de C. V. [a]		15,301	11,172
Importadora y Distribuidora Ucero, S. A. de C. V. [a]		4,443	4,148
Operadora OMX, S. A. de C. V. [a]		3,705	1,485
Costco de México, S.A. de C. V. [a]		3,469	4,402
Other related parties		2,778	1,421
Alimentos del Campo y Ganadería, S. A. de C. V. [a]		2,677	1,926
Palma y Regalos, S. A. de C. V. [a]		860	613
Distribuidora de Productos Pha, S.A. de C.V. [a]		775	1,692
Seamless Global Solutions, S. A. de C. V. [a]		725	291
Productos Zam Fre, S.A. de C. V. [a]		625	337
Productos Lili, S. A. de C. V. [a]		368	146
Manufacturas y Confecciones Agapsa, S. A. de C. V. [a]		302	1,075
Unimold, S. A. de C. V. [a]		154	287
Nova Distex, S. A. de C. V. [a]		–	218
Mercantil Cuautitlán, S. A. de C. V. [a]		–	11,554
Operadora de Servicios Tirsa, S. de R.L. de C. V. [a]		–	2,342
INMOBISER, S. de R.L. de C. V. [b]		–	117
Total	$	62,394	64,412

During the period ended 31 December 2020 and 2019, the following operations were carried out with related parties:

		2020	2019
Expenses:			
Purchase of goods [a]	$	332,697	342,152
Civil work [c]		122,857	136,045
Services [b]		85,230	80,704
Others		12,417	8,196
Brochure [d]		4,359	12,593
Total	$	557,560	579,690

		2020	2019
Income:			
Rents [e]	$	13,361	17,858
Services [f]		2,914	11,594
Total	$	16,275	29,452

a) Purchase of different goods such as clothing, groceries, household items and general goods to sell to the public through its stores were mainly made from VCT & DG de México, S. A de C. V., Marindustrias, S. A. de C. V. Costco de México, S. A. de C. V., Alimentos del Campo y Ganadería, S. A. de C. V. and Mercantil Cuautitlán,S. A. de C. V.

b) Payment of executive services provided to several of the group's affiliates.

c) Payment of construction services in some of the new stores opened during the year, which were carried out by Metálica y Tecnología Estructural BIM, S. A. de C. V., Constructora Jaguarundy, S. A. de C. V., and Constructora Tiloxtoc, S. A. de C. V.

d) Purchase of brochures and other printed material mainly from Centro Gráfico Industrial, S. A. de C. V., for distribution to customers in stores.

e) Income received from the rental of premises, which were mainly carried out with Operadora OMX, S. A. de C. V., Bed Bath and Beyond, S. de R. L. de C. V., Inverglez, S. de R. L. de C. V. and Tintorerías Gofer, S. A. de C. V.

f) Complementary administrative services of Restaurante Gastronómica Jajalpa, S. de R. L. de C. V., Servicios Jaigon, S. A. de C. V. and Inmobiliaria Jaigon, S. C.

Compensation to key Management personnel

The total amount of direct short-term benefits granted to key Management personnel or relevant executives amounted to $170 million and $156 million as of 31 December 2020 and 2019, respectively (see note 2.19).

(22) COSTS AND EXPENSES BY NATURE–

Cost of sales and administrative and selling expenses are comprised as follows:

		2020	2019
Cost of goods sold*	$	19,638,362	15,698,400
Employee compensation and benefits		2,522,146	2,134,692
Depreciation and amortization		991,805	838,041
Administrative services		586,021	544,108
Leases and maintenance		222,969	193,873
Others**		1,327,517	1,120,768
Expenses		5,650,458	4,831,482
Total	$	25,288,820	20,529,882

* 97% Cost of sales is made up of purchase goods

** Includes cleaning, packaging, containers, labels, surveillance, insurance and bond premium, property tax and other minor items.

The remuneration and benefits to employees are comprised as follows:

		2020	2019
Salaries and bonuses	$	2,329,131	1,936,236
Other remunerations		193,015	198,456
	$	2,522,146	2,134,692

Other remunerations include mainly employer contributions to social security and major medical expenses.

(23) OTHER INCOME AND OTHER EXPENSES–

The following table shows the main items within other income and other expenses as of 31 December 2020 and 2019.

		2020	2019
Other expenses:			
Cost for derecognition of property, furniture and equipment and leasehold improvements	$	15,670	13,229
Donations		14,090	10,140
Other items		8,632	(5,464)
Branch closing costs		4,394	4,154
Tax differences from prior years		3,253	13,850
Legal provisions		(3,669)	(3,507)
Recovery of expenses		(1,987)	(14,491)
Loss from insurance claims		(1,153)	3,445
Total other expenses	$	39,230	21,356

		2020	2019
Other income:			
Other items	$	15,912	23,126
Reversal of provision recognized in prior years		12,058	44,323
Profit from sale of furniture and equipment and improvements		9,164	1,963
Update on value of recoverable tax refunds		4,104	7,772
Total other income	$	41,238	77,184

(24) FINANCIAL EXPENSES AND FINANCIAL INCOME–

		2020	2019
Financial expenses			
Interest expense	$	150,596	141,310
Foreign exchange losses		62,574	42,406
	$	213,170	183,716

		2020	2019
Financial income			
Interest income	$	136,390	153,235
Foreign exchange gains		91,560	40,142
	$	227,950	193,377

(25) CURRENT AND DEFERRED INCOME TAXES–

The Company and its subsidiaries determined a taxable income of $203,633 and $104,835 in December 2020 and 2019, respectively. The tax income differs from accounting income, mainly for those items that accumulate and deduct differently over time for accounting and tax purposes, for the recognition of the effects of inflation for tax purposes, as well as those items that only affect the accounting or taxable income. As of December 31, 2020, and 2019 the current income tax liability is $37,943 and $18,476, respectively.

The Income Tax Law establishes that the applicable tax rate for the fiscal years 2019 and 2018 and subsequent fiscal years is 30% on taxable income.

The tax expense is presented as shown below:

		2020	2019
In the profit of the period:			
Current	$	61,097	31,906
Deferred		220,219	58,976
	$	281,316	90,882

As of 31 December 2020, and 2019, the main temporary differences for which deferred taxes were recognized are presented net in the statement of financial position for comparability purposes and are analyzed as follows.

Deferred income tax breakdown		2020	2019
Deferred tax asset:			
Estimates and provisions	$	332,309	213,575
IFRS 16 leases		22,476	5,808
Property, furniture and equipment and leasehold improvements and investment properties		369,958	220,975
Unused loss carryforwards		636,493	762,446
		1,361,236	1,202,804
Offsetting at the subsidiary level		(1,178,873)	(1,053,607)
	$	182,363	149,197
Deferred tax liability:			
Property, furniture and equipment and leasehold improvements	$	(66,856)	(13,798)
Intangible assets		(1,538,871)	(1,161,046)
		(1,605,727)	(1,174,844)
Offsetting at the subsidiary level		1,178,873	1,053,607
31 December	$	(426,854)	(121,237)

The net movement in deferred assets and liabilities are shown below:

Deferred tax assets:		Property, leasehold Improvements, furniture, equipment and investment properties	Estimates and provisions	Unused loss carryforwards	IFRS 16 leases	Total
At 1 January 2019	$	101,863	180,688	629,939	–	912,490
Effect on the income statement		119,112	32,887	132,507	5,808	290,314
At 31 December 2019		220,975	213,575	762,446	5,808	1,202,804
Effect on the income statement		148,983	118,734	(125,953)	16,668	158,432
As of 31 December 2020	$	369,958	332,309	636,493	22,476	1,361,236

Deferred tax liabilities:		Property, plant and equipment and leasehold improvements	Intangible assets	Total
At 1 January 2019	$	(14,827)	(820,124)	(834,951)
Effect on the income statement		1,029	(340,922)	(339,893)
At 31 December 2019		(13,798)	(1,161,046)	(1,174,844)
Effect on the income statement		(53,058) [a]	(377,825)	(430,883)
As of 31 December 2020	$	(66,856)	(1,538,871)	(1,605,727)

(a) It includes the initial recognition of acquisition assets by (55,962). See note 14.

The deferred income tax expense related to the components of other comprehensive income is as follows:

		2020	2019
Before taxes	$	12,431	31,326
Deferred income tax		(3,730)	(9,396)
Net of deferred tax	$	8,701	21,930

The reconciliation between the current and effective tax rate is shown below:

		Year ended 31 December, 2020	2019
Income before income tax	$	1,748,583	1,127,004
Income tax rate		30%	30%
Income tax at the statutory rate		524,575	338,101
Increase (reduction) resulting from:			
Non-cumulative income		(2,717)	(716)
Tax effect of:			
Annual inflation adjustment		10,399	8,074
Update in tax value of Brands and transfer of rights		(27,714)	(18,760)
Update in tax value of fixed assets and loss carryforwards		(254,906)	(253,714)
Other items		31,679	17,897
		(243,259)	(247,219)
Current income tax expense recognized in profit or loss	$	281,316	90,882
Effective income tax rate		16%	8%

Tax loss carryforwards

Tax loss carryforwards expire as shown below:

Date		Amount
2022	$	17,677
2023		24,508
2026		524,115
2027		830,373
2028		392,745
2029		326,561
2030		5,664
	$	2,121,643

(26) STOCKHOLDERS' EQUITY–

The capital stock is represented by shares without expression of nominal value, of which those of Series "B" are ordinary, with voting rights and those of Series "C" are neutral, without voting rights; The shares are grouped into related units, which may be of the UB type (consisting of four Series "B" shares), or of the UBC type (consisting of three Series "B" shares and one Series "C" share).

As of 31 December 2020, and 2019, 1,086,000,000 units are subscribed and paid, of which in 2020 and 2019, 605,457,398 are of the UB type and 480,542,602 are of the UBC type, respectively. The units are listed on the Mexican Stock Exchange.

The nominal capital stock subscribed and paid amounts to $1,086,000 represented by 1,086,000,000 of related units UB and UBC.

The nominal capital stock paid for $1,086,000 is made up of cash contributions of $ 94,937, capitalized earnings of $ 806,644 and capitalization of inflation adjustment effects in value of $184,415.

As of 31 December 2020, and 2019, the majority shareholders have their investment in a trust held in Scotiabank Inverlat, S.A., which includes 605,404,798 UB units representing 55.7460% of the capital stock and 62.6801% of the voting power, respectively.

Dividends

On April 29, 2020, a Unanimous Stockholders' Resolution was agreed to declare a dividend payment from retained earnings in the amount of $432,584 by $0.40 per share outstanding at the payment date on May 8, 2020.

Dividends paid will not be taxable if they come from the Net Tax Profit Account (CUFIN). Dividends in excess of CUFIN will be taxable to 42.86% if paid in 2021. The tax incurred may be credited against the income tax for the year or the two immediately following years. Dividends paid out from profits, which were previously subject to income tax, will not be subject to any withholding or additional tax payment. As of 31 December 2020, and 2019, the CUFIN amounted to approximately $3,629,884 and $4,010,010, respectively.

Starting 2014, the Income Tax Law establishes an additional 10% tax on profits generated from 2014 on dividends distributed to residents abroad and to Mexican individuals.

The Income Tax Law provides a tax incentive to individuals' residents in Mexico who are subject to the additional payment of 10% on dividends or distributed profits.

When the Company distributes dividends or profits regarding shares placed among the general investing public, it must inform the brokerage houses, credit institutions, investment operators, the persons who carry out the distribution of shares of investment companies, or any another intermediary of the stock market, the financial year from which the dividends come so that said intermediaries carry out the corresponding withholding.

Stockholders' equity reserves

Capital reserves are comprised as follows:

		2020	2019
Statutory legal reserve	$	217,200	217,200
Reserve for share buy backs		1,542,435	1,500,171
	$	1,759,635	1,717,371

As of 31 December 2020, and 2019, the Company has a reserve to purchase own shares for $1,542,435 and $1,500,171, respectively. This reserve fluctuates based on the purchases and sales made by the Company in the stock market.

Treasury shares as of 31 December are made up as follows:

	2020	2019
Beginning balance	4,533,740	4,543,740
Sales	(2,892,506)	(10,000)
Ending balance	1,641,234	4,533,740

The Capital gains from shares sold as of December 31, 2020, and 2019 was amounted to $58,219 y $69, respectively.

The profit for the year is subject to legal regulations that requires that at least 5% of the profit for each year is to be used to increase the statutory legal reserve until it is equal to one fifth of the amount of the paid-in capital. As of 31 December 2020, and 2019, the Company had already covered the amount of the legal reserve required

In the event of a capital reduction, the procedures established by the Income Tax Law provide that any surplus of shareholder's equity over the balances of the contributed capital accounts be given the same tax treatment as the one applicable to dividends. As of 31 December 2020, and 2019, the balance of the Contribution Capital amounted to approximately $1,885,048 and $1,827,483, respectively.

(27) COMMITMENTS AND CONTINGENT LIABILITIES–

i. The Company is involved in lawsuits and claims arising in the normal course business, as well as in some legal processes related to tax matters. As of 31 December 2020, and 2019, there were no material open tax processes. The rest of the legal processes related to tax issues, in the opinion of Management and their legal advisers, are not expected to have a significant effect on their financial situation and results of operations.

ii. The Company continues to comply with the security and hygiene measures established by common agreement between the National Association of Self-Service and Department Stores, A.C. (ANTAD for its Spanish acronym) and the Secretary of Labor and Social Security. As of 31 December 2020, and 2019, no breaches have been identified that would result in a contingency.

iii. In accordance with current tax legislation, the authorities are entitled to review up to five fiscal years prior to the last income tax return submitted.

iv. The tax authorities initiated a direct review of a group subsidiary for the fiscal years of 2015. As of the date of this report, the review is still in process. The Company's Management and its legal advisors do not expect any significant additional costs to arise as a result of such review.

(28) RIGHT-OF-USE ASSETS AND LEASE LIABILITIES–

Right-of-use assets and lease liabilities–

Assets by right-of-use related to real estate and cars are comprised as follows:

Right-of-use		2020	2019
Buildings			
Opening balance	$	1,306,204	1,268,028
Additions		32,104	85,387
Remeasurement		43,020	47,534
Amortization		(104,209)	(94,745)
Ending balance		1,277,119	1,306,204
Cars			
Opening balance		21,474	16,514
Additions (i)		11,237	16,456
Amortization (i)		(13,465)	(11,496)
Ending balance		19,246	21,474
Total right-of-use	$	1,296,365	1,327,678

(i) It includes $8,881 of disposals due to contract termination.

Buildings obligations		2020	2019
Opening balance	$	1,319,902	1,268,028
Additions		32,104	85,387
Remeasurement		43,020	47,534
Payments		(200,870)	(219,581)
Interests		145,554	138,534
Ending balance		1,339,710	1,319,902
Short-term properties		54,588	49,050
Long-term properties		1,285,122	1,270,852
Short-term cars		10,055	9,887
Long-term cars		10,012	11,750
Total short-term		64,643	58,937
Total long-term	$	1,295,134	1,282,602

The right-of-use amortization is recognized in the following captions:

		2020	2019
Selling expenses	$	107,019	95,988
Administrative expenses		9,366	9,376
Cost of sales		1,289	1,177
	$	117,674	106,241

a. Lessee

The Company has entered into national lease contracts for some stores, office spaces, warehouses and distribution centers. Some contracts require that the fixed portion of the rent needs to be reviewed each year. Some contracts also specify the use of variable rents based on store sales.

When contracts expire, they are expected to be renewed or replaced in the normal course of business.

The expense for operating leases for the year ended 31 December 2020 and 2019 is comprised as follows:

		2020	2019
Minimum Rent	$	191,457	176,180
Variable Rent		80,374	47,387
	$	271,831	223,567

The minimum commitments for operating leases of non-cancellable properties as of 31 December 2020 are as follows:

Year ending 31 December		Amount
2021	$	151,971
2022		149,059
2023		139,001
2024 and later years		368,094
	$	808,125

b. Lessor

Operating leases relate to leases of commercial premises. The lease terms are one year, at the end of which the terms of the lease are renegotiated. The contracts do not provide the option for tenants to buy the leased premises at the end of the lease term.

(29) SEGMENT REPORTING–

Segment information is reported based on the information used by Management for strategic and operational decision-making. An operating segment is defined as a component of an entity for which there is separate financial information which is regularly evaluated.

IFRS 8 "Operating Segments" requires the disclosure of the assets and liabilities of a segment if the measurement is regularly provided to the decision-making body, however, in the case of the Company; Management only evaluates the performance of the operating segments based on the analysis of sales and operating profit, but not of each segment's assets and liabilities.

The revenue reported by the Company represents the revenue generated by external customers, as the Company does not have any inter-segment sales. The Company identifies and reports the following business segment.

La Comer Group
Includes self-service store operations, corporate operations, real estate business and others.

Since the Company specializes in the commercialization of retail goods to the general public, it does not have major clients that concentrate a significant percentage of total sales, nor does it dependent on a single product that represents at least 5% of its consolidated sales.

In addition, the Company engages a broad base of different size vendors and hence, does not dependent on any particular vendor regarding the sale of its products.

Taxes and financing costs are managed at Group level rather than within each reported segment. As a result, those costs are not included in the reported segments. Operating profit and cash flows are the key performance indicators considered by the Company's Management, which are reported each time the Board of Directors meets.

All revenue from third parties is generated in Mexico. Hence, it is not necessary to disclose information by geographic segments.

(30) AUTHORIZATION OF ISSUANCE THE CONSOLIDATED FINANCIAL STATEMENTS–

The accompanying consolidated financial statements and the notes thereto were authorized by the Company's Office of Administration and Finance on 29 March 2021 and authorized by the Company's Board of Directors on 29 March 2021 and are subject to shareholders' approval at the shareholder meeting.

Shareholder INFORMATION

ANNUAL MEETING

The General Ordinary Shareholders' Annual Meeting of La Comer, S.A.B. de C.V. was held on April 14, 2021 at 11:00 AM, at the offices located at Edgar Alan Poe No. 19, Colonia Chapultepec Polanco, Miguel Hidalgo, Zip Code 11560; Mexico City.

REGISTERED SHARES

The shares representing the capital stock of La Comer, S.A.B. de C.V. are listed on the Mexican Stock Exchange (BMV) under the ticker symbol LACOMER.

CORPORATE INFORMATION

For additional financial information on the Company or on the resolutions approved in the General Ordinary Shareholders' Meeting, please contact Rogelio Garza or Yolotl Palacios; Finance Department of La Comer, S.A.B. de C.V., located at Avenida Insurgentes Sur, 1517, No. Interior Módulo 2, San José Insurgentes, Zip Code 03900, Benito Juárez, Mexico City. Phone number: (52) 55 5270 9038

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2020 ANNUAL REPORT