

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



**Avenida Insurgentes Sur 1517
Módulo 2,
Colonia San José Insurgentes
Mexico City**

Securities

Series B shares without par value (B shares)
Series C shares without par value (C shares)
B units, consisting of four Series B shares
BC units, consisting of three Series B shares and one Series C share

Stock Exchange

Mexican Stock Exchange
Mexican Stock Exchange
Mexican Stock Exchange
Mexican Stock Exchange

As of December 31, 2021, the number of outstanding shares for each of the different classes of capital stock was
3,858,051,992 Series B shares
485,948,008 Series C shares

Ticker symbol: **LACOMER**

Resolution number 3517-1.00-2015-001 dated January 4, 2016, authorized the registration in the Securities Section of the NSR (*National Securities Registry; Registro Nacional de Valores*) of Series B and Series C shares, representative of the Company's capital stock.

Registration in the National Securities Registry does not imply certification of the accuracy of the security or the solvency of the Issuer or the accuracy or veracity of the information contained herein, nor does it validate acts, if any, that may have been performed in breach of the law.

Annual Report presented in accordance with the General Provisions Applicable to Issuers of Securities and other Market Participants as of December 31, 2022.

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I. GENERAL INFORMATION

1. GLOSSARY OF TERMS AND DEFINITIONS

All terms used with an initial capital letter or all capital letters in this Annual Report shall have the meaning ascribed to them below, which shall be equally applicable to both the singular and plural forms of the terms defined.

Term	Definition
ANTAD	Asociación Nacional de Tiendas de Autoservicio y Departamentales, A.C.
CCF	Comercial City Fresko, S. de R.L. de C.V., an operating subsidiary of the Company.
CCM and/or Comerci	Controladora Comercial Mexicana, S.A.B. de C.V.
CEDIS	Distribution Center
CNBV	National Banking and Securities Commission (<i>Comisión Nacional Bancaria y de Valores</i>).
COFECE	Federal Economic Competition Commission (<i>Comisión Federal de Competencia Económica</i>).
Company	La Comer, S.A.B. de C.V. and subsidiaries.
Controlling Shareholder	Means, Scotiabank Inverlat, S.A., Institución de Banca Múltiple Scotiabank Inverlat Financial Group, Trust Division in its capacity as trustee of trust No. 11024239.
DFT	Earnings before Interest, Taxes, Depreciation and Amortization.
EBITDA	EBITDA is not an established measure defined under International Financial Reporting Standards (<i>IFRS</i>).
Financial Statement	Consolidated financial statements of La Comer, S.A.B. de C.V.
GDP	Gross Domestic Product
Government	Federal Government of Mexico.
IFRS	International Financial Reporting Standards.
Indeval	S.D. Indeval, S.A. de C.V., an authorized securities depository institution.
Internet	World Wide Web.
Issuer	La Comer, S.A.B. de C.V.
I.T.	Income Tax (<i>Impuesto sobre la Renta</i>)
KPMG	KPMG Cárdenas Dosal S.C.
La Comer	La Comer, S.A.B. de C.V. or the Issuer.

Linked Units	Certificates covering stock securities.
Mexico	United Mexican States.
MSE	Mexican Stock Exchange (<i>Bolsa Mexicana de Valores</i>).
NCPI	National Consumer Price Index.
NIIF	IFRS for its acronym in English
NSR	National Securities Registry (<i>Registro Nacional de Valores</i>).
Operating Cash Flow	Refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.
PTU	Workers' profit sharing.
SAT	Tax Administration System
Series UB and UBC Units	Linked Units of the type UB comprising four Series B shares, while the Linked Units of the type UBC comprise three Series B shares and one Series C share.
SML	Securities Market Law (<i>Ley del Mercado de Valores</i>).
SSS	Same Store Sales
TCM	Tiendas Comercial Mexicana, S.A. de C.V.
TIIE	Interbank Equilibrium Interest Rate (<i>Tasa de Interés Interbancaria de Equilibrio</i>).
TO	Tender Offer.
Units "UB" and "UBC"	the Related Units of the "UB" type, which are made up of four series B shares, while the Related Units of the "UBC" type, comprise three series B shares, and one series C share.
USMCA	Free Trade Agreement between the United States, Mexico and Canada.
VAT	Value Added Tax (<i>Impuesto al Valor Agregado</i>).

Presentation of Financial and Economic Information

In this Annual Report, references to "\$" refer to the national currency (*Mexican pesos*) and references to "US\$" refer to United States dollars. Unless the context otherwise requires, the financial and economic information contained in this Annual Report has been expressed in thousands of Mexican pesos. Some figures and percentages contained in this Annual Report have been rounded to facilitate presentation.

The figures as of December 31, 2022, 2021 and 2020 in the accompanying financial statements are presented in thousands of Mexican pesos, unless otherwise stated.

2. EXECUTIVE SUMMARY

This summary does not intended to contain all information that may be relevant to making investment decisions on the securities mentioned herein. Therefore, the investing public should read the entire Annual Report, including the financial information and related notes, before making an investment decision. The following summary is prepared in accordance with, and subject to, the detailed information and Financial Statements contained in this Annual Report. It is recommended that you pay special attention to the section of "Risk Factors" of this Annual Report, in order to determine the advisability of making an investment in the securities issued by La Comer. (See section V "Stock Market"- B. "Stock Market Behavior", in this Annual Report).

The Company

Overview

The Company is a publicly traded stock corporation with variable capital, duly organized under the laws of Mexico, called "*La Comer, S.A.B. de C.V.*" and commercially identified as "*La Comer*".

The Company is a product of the spin-off of *Controladora Comercial Mexicana, S.A.B. de C.V.* ("*CCM*") and began operations in January 2016. Its Articles of Incorporation are stated in public deed number 157,406 dated December 4, 2015, recorded before the Notary Public number 198 of the Mexico City, Enrique Almanza Pedraza, whose first affidavit is registered in the Public Registry of Commerce of Mexico City, under the electronic mercantile folio number 548698-1 dated December 17, 2015 and its corporate purpose is to act as the controller of a group of companies, and the performance of all kinds of commercial acts, including without limitation the acquisition, purchase and sale, import, export and distribution of all types of products and goods, domestic and foreign.

The Company's main offices are located at Avenida Insurgentes Sur 1517, Módulo 2. Colonia San José Insurgentes. C.P. 03900, Benito Juárez, Mexico City. The Company's telephone number is (55) 5270-9308.

Business Description.

Main Activity

La Comer is a company focused on retail trade in self-service stores. It operates a group of supermarket stores focused on the sale of perishable products and groceries. As of December 31, 2022, 2021 and 2020 the Company had 80, 77 and 72 self-service stores under different formats, with a total sales area of approximately 353,219 m², concentrated mainly in the Mexico City metropolitan area where 40 units are located (*including two stores in the municipalities of Metepec and Avándaro, in the State of Mexico*), representing 50% of its total stores, another 8 stores are located in the state of Queretaro, six stores in the state of Jalisco, five stores in the state of Guanajuato, four stores in each of the states of Baja California Sur and Morelos, three stores in the state of Puebla and Nuevo León and two stores in the Michoacan state one store in each of the following states: Guerrero, Nayarit, Aguascalientes, San Luis Potosí and Colima. The Company owns approximately 61.1% of the total sales area, with the remaining sales area consisting of locations leased from various

owners. The Company also operates 389 commercial premises located in shopping centers along with its stores. It also has three distribution centers.

La Comer operates supermarket stores focused on the upper and middle classes with locations in strategic areas, with sales areas of between 300 and 10,000 m², where perishable products and groceries are found in addition to specialized departments of high-quality prepared foods. All of the Company's formats have a pharmacy, bakery and tortilla shop; some do not have parking facilities. Some of its stores are located in shopping centers.

Our Strengths

La Comer, as a company resulting from a spin-off of *CCM*, operates with the experience of more than 70 years in the self-service sector. It is a company with proven methods in the operation of its stores and during the years of its operation it has acquired the knowledge and techniques needed to face changes in the retail industry, as well as the economic and social adversities that at some point have affected Mexico. The Company has computer systems and technology that allow it to develop its activities under high standards, as well as to offer high quality and freshness in the products it sells. Since its inception in 2016, the Company has improved its methods and controls in order to adapt its operation based on a smaller number of stores.

The Company has achieved brand positioning and gained customer loyalty through its personalized customer service, advertising, diversification and quality of the products offered in each of its stores.

The Company's management redesigned its formats to offer its customers high quality and variety in its products, always focusing on improving the customer's shopping experience.

Currently, the Company's stores are concentrated in the metropolitan area and the central region of the country, which makes the operational, administrative and distribution control of these units more efficient. Four stores are located in the northwest region of the country (*in Los Cabos, B.C.S.*) and eight stores in the western region. The products to those stores are supplied from two sources. The first from the center of the country and the second from the Tijuana/San Diego border to achieve an efficient supply through various routes for the stores in Baja California. The rest of the stores are supplied from our distribution center in Mexico City. The Company has three CEDIS, two owned in Mexico City and Nuevo León and the other leased in Guadalajara, which cover the needs of all its stores, including surplus supply capacity to cover the growth in stores that the Company expects in the coming years.

During 2022, 2021 and 2020, the Company had management personnel with an average of 20 years of experience in the commercial sector. It also has operating personnel with extensive knowledge and experience.

Business Strategy.

The Company's business strategy includes the following points:

- Retail with a personalized approach in its treatment of customers that focuses on providing a better shopping experience.
- Innovative formats such as City Market that offers gourmet and specialty products, as well as the *Fresko* format, which is a supermarket with an emphasis on freshness and quality. There is a *La Comer* format, which offers a wide range of supermarket products and products for the home. In addition, there is the *Sumesa* format that combines assortment and convenience in one place.
- Recognized advertising campaigns in the sector ("*Miércoles de Plaza*", "*¿Vas al super o a La Comer?*", "*Temporada Naranja*", among others).
- High quality in perishable products, both in bulk and ready-to-eat.
- Strategic location of CEDIS and logistic systems.
- Operational orientation of customer service.
- Real estate development.

The following is selected information as of December 31, 2021, 2020 and 2019

	2022	2021	2020
Stores by format			
La Comer	34	33	32
Sumesa	13	13	13
Fresko	20	18	15
City Market	13	13	12
Stores	80	77	72
Owned land	41	39	35
Leased land	39	38	37
Sales Area (m²)	353,219	329,033	308,862
Sales (Millions of pesos)	\$33,436	\$28,906	\$27,021
Same-store sales (SSS)	9.2%	4.3%	18.8%
Clients (thousands of receipts)	72,289	62,859	60,079
Average receipt (pesos)	\$463	\$460	\$450
Cash and cash equivalents (Millions of pesos)	\$2,078	\$2,536	\$3,040
Inventory (Millions of pesos)	\$4,457	\$3,918	\$3,239
Providers (Millions of pesos)	\$4,435	\$4,115	\$3,539

*SSS- measures and compares sales from the same number of stores, year after year, during the same period.

Financial Information Summary

The information in the income statement and balance sheet presented below is derived from the Company's Consolidated Financial Statements Such information should be read jointly with the consolidated financial statements (*and their notes*), included in this Annual Report. The figures as of December 31, 2021, 2020 and 2019, are presented in millions of Mexican pesos.

The following tables summarize the financial information as of December 31, 2022, 2021 and 2020:

Income Statement

(Millions of pesos, except for percentages)

	2022	2021	2020
Sales	\$ 33,436	\$ 28,906	\$ 27,021
Cost of sales	24,049	20,857	19,638
Operating expenses	7,153	6,248	5,650
Other (expenses) income, net	12	7	2
Depreciation and Amortization	1,244	1,092	1,014
Operating income	2,246	1,808	1,734
Financial (expense) income	-33	-23	15
Earnings (loss) before taxes	2,213	1,785	1,748
Income tax	254	242	281
Net income (loss)	1,960	1,543	1,467
* (EBITDA)	3,490	2,900	2,748
EBITDA/sales	10.4%	10.0%	10.2%
Operating income/ sales	6.7%	6.3%	6.4%
Linked Units (millions)	1,086	1,086	1,086
Earnings per Linked Unit (pesos)	1.80	1.42	1.35

*Operating income plus Depreciation and Amortization

Balance Sheet*(Millions of pesos, except for percentages)*

	2022	2021	2020
Cash and cash equivalents	2,078	2,536	3,040
Inventory	4,457	3,918	3,239
Property and equipment, net	18,382	16,396	14,740
Intangible Assets	6,278	6,278	6,278
Other assets	4,020	3,868	3,627
Total Assets	35,215	32,996	30,924
Suppliers	4,435	4,115	3,539
Other liabilities	3,590	3,448	3,241
Total Liabilities	8,025	7,563	6,780
Consolidated Shareholders' Equity	27,190	25,433	24,144
Total Liabilities and Shareholders' Equity	35,215	32,996	30,924

Annual Performance Data

	2022	2021	2020
Same store sales growth	9.2%	4.3%	18.8%
Food product category sales	81.4%	82.2%	82.2%
Non-food product category sales	18.6%	17.8%	17.8%
Sales per m ² (Thousand pesos)	\$ 95	\$ 88	\$ 87
Sales per operating in-store worker (Thousand pesos)	\$ 2,545	\$ 2,274	\$ 2,330
Average Inventory Conversion Ratio (days)	67	68	59
Average Payable Conversion Ratio (days)	66	71	65

Operating Data

	2022	2021	2020
Stores at year-end	80	77	72
Sales Area (m ²)	353,219	329,033	308,862
Employees	15,095	14,532	13,446
Operating in-store employees	13,139	12,709	11,597
Receipts (thousands)	72,289	62,859	60,079

La Comer S.A.B. de C.V. has been listed on the Mexican Stock Exchange since 2016. Its capitalization value as of December 31, 2022, 2021 and 2020 amounted to \$41,442, \$39,97 and \$49.283 billion, respectively, represented by 1.086 billion linked units outstanding (See Section 5, "Stock Market Behavior").

3. RISK FACTORS

The investing public should carefully consider the risk factors described below before making any investment decisions. The risks and uncertainties described below are not the only ones faced by the Company. Risks and uncertainties of which the Company is unaware, as well as those that the Company currently considers to be of little consequence, may also affect its operations and activities.

The materialization of any of the risks described below could have a material adverse effect on the Company's operations, financial condition or results of operations.

The risks described below are intended to highlight those risks that are specific to the Company, but which should not be considered to be the only risks that the investing public may face. These additional risks and uncertainties, including those that generally affect the industry in which the Company operates, the geographic areas in which they are present or those risks that are considered not to be significant, may also affect the Company's business and the value of the investment.

Information other than historical information contained in this Report reflects the operating and financial outlook for future

events and may contain information about financial results, economic conditions, trends and uncertainties. The words "believes," "expects," "estimates," "considers," "anticipates," "plans," and other similar expressions identify such estimates. In evaluating such estimates, a potential investor should consider the factors described in this section and other caveats contained in this Report. Risk Factors describe non-financial circumstances that could cause actual results to differ materially from those expected on the basis of the forward-looking statements.

Risks Related to the Company's Business

The Issuer is a company that was formed as a result of the spin-off of CCM at the end of 2015.

As a result of the spin-off of CCM and the related agreement, the Company has certain restrictions and obligations with CCM and the current owner of CCM that could affect the Company's performance and profitability.

The risks described below could materially and adversely affect our business, results of operations, financial condition and liquidity. These risks are not the only ones we face. Our business operations may also be affected by additional factors that apply to all companies operating in Mexico.

If we incur a high level of indebtedness, our business and our ability to take advantage of business opportunities could have a material adverse effect.

The Company could incur a high level of indebtedness, which would increase the possibility that it would be unable to generate sufficient cash flow to cover payments of principal, interest and other amounts due. As a result of a high level of indebtedness, the Company's operating capacity could be compromised, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's operations are highly concentrated in the Mexico City metropolitan area and in the central part of the country.

Our principal properties and operations are concentrated in two of the most populated areas of Mexico, the Mexico City metropolitan area and the central part of the country. As of December 31, 2022, stores located in these areas represented approximately 80% of sales. If any of the regional chains decide to begin a more aggressive expansion plan and establish operations in the locations where the Company currently has units in operation, the Company's results could be affected.

Although we have stores and expect to develop or acquire additional stores in locations outside these areas, we are largely dependent on economic conditions in those areas. As a result, an economic slowdown in those locations could adversely affect our business, financial conditions and results of operations. In addition, there are certain restrictions in the metropolitan areas on land for the purchase or lease of additional stores. The more intense the competition, the more difficult it will be to locate suitable land to complete our expansion plans. If we do not find such land, we may not be able to meet our growth targets.

As we enter new locations, it may be difficult to promote the brand that would be poorly recognized by the new community. In locations farther away from Mexico City, logistics costs may increase.

Suppliers and other persons with whom the Company establishes business relationships may need assurances that their financial stability is sufficient to satisfy their requirements for doing or continuing to do business with them.

Some of its suppliers and other persons with whom the Company has business relationships may require assurances of its financial stability to satisfy their requirements. In addition, they may prefer to work with larger companies. Any failure by the Company to comply with their financial stability requirements could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

The Company may face difficulties in financing its operations and investments, which could have an adverse impact on its business and results.

The Company may be required to incur debt or issue additional stock to fund working capital and capital expenditures or for acquisitions and other investments. There can be no assurance that debt or equity financing will be available to the Company on acceptable terms or at all. If the Company is unable to obtain sufficient financing on attractive terms, its growth and results of operations could be adversely affected.

La Comer is a pure holding company and its risks are linked to the operating risks of its subsidiaries.

The assets of *La Comer* are substantially composed of shares of its subsidiaries, which represents a risk factor, considering that the results of *La Comer* will depend directly on the results of its subsidiaries.

Therefore, any effect on the performance of *La Comer's* subsidiaries, any contingency arising from acts of God or force majeure, breach of contract, refusal, cancellation or revocation of permits, authorizations and licenses and in general any effect that prevents or hinders the proper performance of activities or affects the results of the subsidiaries, will directly affect the results of *La Comer*.

Operations with related parties.

The Company carries out and/or will carry out operations within the ordinary course of its business, with some related parties. However, the Company has controls to ensure that the operations with related parties are carried out according to market conditions. If the Company's controls to ensure that related party transactions are conducted in accordance with market conditions fail, the Company may be adversely affected in its performance and profitability.

Environmental contingencies.

Some of the Company's construction projects must comply with environmental requirements, non-compliance with which may generate significant costs and contingencies. Engineering and construction projects of some of the Company's subsidiaries could produce environmental impacts, and remediation of such impacts, or the payment of penalties, could result in additional costs, which in turn could have an adverse effect on the Company's results.

In the specific case of the operation of the Cold Chain Distribution Center, there is an implicit risk due to the handling of gases required to cool the merchandise.

Due to changes in environmental regulations, this could imply changes in the way of operating, which could affect the profitability of the Company's operation.

Pandemics derived from influenza, COVID-19, avian flu or other diseases could have a significant adverse effect on the Company's results of operations

The Company's activities and operations are being affected by the COVID-19 pandemic that began in the first quarter of 2020 and has continued with varying degrees of intensity, due to multiple factors, such as:

- 1) Interruptions in the supply chain, since our products are supplied from a wide variety of national and international suppliers that could have a risk of adequately supplying them, or substantially increase their operating costs.
- 2) Absence of collaborators due to illness or by instructions from the health sector authorities, which could affect the operation of our stores.
- 3) Vulnerable personnel protected by security.
- 4) Increases in store operating expenses, as we are forced to implement hygiene and containment protocols that protect the health of our employees and customers.
- 5) Closure of units and limited hours to avoid contact between customers and limit entry to have the allowed number of customers inside the store established by the Ministry of Health.
- 6) Low flow of customers due to movement restrictions, since, due to the quarantine, customers may not be allowed to leave their homes to make purchases.

The Company's Management took necessary measures in 2022, 2021 and 2020 to minimize the impacts of these factors due to the COVID-19 pandemic by defining processes with 3 clear objectives: protect the health of our employees, protect the health of our customers and ensure the continuity of operation in all our stores.

We cannot predict the effects of a global pandemic and its impact on the Company's operations.

Events beyond the control of the Company.

The Company's revenues may be affected by various factors beyond its control, including, delays in obtaining the corresponding government permits caused by the competent authorities (water supply, land use, construction, among others), natural disasters, non-compliance by contractors and other third parties, which could increase the Company's operating cost and delay the development of new projects. In addition, deteriorating economic conditions in Mexico could reduce consumer demand in the country, which could adversely affect the Company.

Project development is dependent on the availability of resources.

For the acquisition of new properties and the development of new projects, the Company requires capital, which it can obtain through financing, internal generation of resources and investment from its shareholders. If the Company is unable to obtain such resources and, in the case of financing, cannot contract them under competitive conditions, the Company's growth rate would be negatively affected, which, in turn, would have an adverse impact on the Company's business and results of operations.

The Company's inability to protect its trademarks and intellectual property could have an adverse effect on its financial condition.

The Company believes that its advertisements, registered trademarks and other industrial property rights are critical to the recognition of its brand and the continued success of its business. Any violation of its intellectual property rights or failure or inability of the Company to register its intellectual property rights in the jurisdictions in which it operates could result in litigation proceedings, which would cause the Company to invest time and resources to defend its intellectual property and/or the possible loss of its ability to use its trademarks in the ordinary course of business. The success of the Company's business depends in part on its ability to use its trademarks in order to increase the recognition thereof and to develop them in the domestic market. Comer and its subsidiaries cannot guarantee that all the actions it has taken to protect its trademarks are adequate to prevent potential violations by third parties. Unauthorized use of its trademarks could diminish their value, their recognition in the marketplace, the Company's competitive advantages and/or the value of its intangible assets, which could adversely affect its business, results of operations, prospects and financial condition.

The Company has recorded the value of its trademarks in its intangible assets. This value, along with the Company's other non-monetary assets, is supported by the expected generation of operating cash flow. If the Company's cash flow generation expectations deteriorate substantially, or if the estimated discount rate to be applied to the cash flow generation is increased due to market situations in general or to the Company's situation in particular, the Company may need to recognize an impairment in its intangible assets.

The Company depends on key personnel, its ability to retain and hire additional key personnel and on its ability to maintain good working relationships.

The Company's operations and growth depend in large part on the efforts, relationships, reputation and experience of its board members, relevant officers and other key personnel. The loss of any such individuals, as well as the Company's inability to hire and retain highly qualified personnel to replace them, could have a material adverse effect on its business, financial condition and results of operations. In addition, in accordance with its expansion plans, the future success of the Company also depends on its continued ability to identify, hire, train and retain qualified personnel in the areas of operations, purchasing, advertising, collections and personnel management. Competition in the marketplace to attract such qualified personnel is intense, and the Company may not be able to hire, train, integrate or retain qualified personnel with the level of experience or compensation necessary to maintain its quality of service and reputation or to maintain or expand its operations.

The Company's risk management systems and policies may be ineffective in mitigating its risk exposure, and the Company may be exposed to unidentified or unforeseen risks, which could materially and adversely affect its business, financial condition and results of operations.

The Company's risk management systems, hedging strategies, policies and other risk management processes may not be effective in mitigating its risk exposure in all market environments or against all types of risks, including unidentified or unforeseen risks. Some risk management methods are based on historical market behavior or past events. As a result, such methods may be inaccurate in estimating future risks, which could be significantly greater than those shown by historical patterns. Other risk management methods depend on an assessment of information relating to markets, customers or other matters. This information may be inaccurate, incomplete, out of date or not properly evaluated. Operational, legal or regulatory risk management in general requires, inter alia, policies and procedures that properly record and verify a large number of transactions and events. Such policies and procedures implemented by the Company, including those related to origination and credit management, which are modified from time to time to respond to changes in the market, may not be fully effective. Any failure of the Company's risk management procedures, or any inadequate estimation of the applicable risks, could have a material adverse effect on the Company's business, financial condition and results of operations.

It is likely that the Company's competition will continue or intensify and diversify.

The Company's ability to maintain and increase its current levels of sales depends to some extent on competitive conditions, including price competition and electronic sales channels. Although the Company believes that its competitive advantages and business strategy will enable it to achieve its goals, it is likely that such competition will continue or intensify and diversify into electronic channels. Increased competition could have a negative impact on the sales prices of our products, as well as on purchase prices, among others. Every day, retail competition via electronic channels, including the Internet and telephone, with home delivery is increasing. As a result, the Company could be affected in its sales goals, which would result in a significant adverse effect on the Company's business, financial condition and results of operations.

Risk of Our Systems Failing or Being Attacked

Our systems are subject to damage from certain factors such as: power outages, computer and telecommunications failures, computer viruses, security breaches (*through cyberattacks by computer hackers and sophisticated organizations in an attempt to expose, damage, alter, destabilize, destroy, remove to gain unauthorized access or take control*), and catastrophic events such as earthquakes, fires, and hurricanes. The Company is prepared with system backups to face many of the possible failures that could occur in the systems, since it has specialized backups and technicians to solve the problems. However, the Company cannot guarantee that the controls and backups it has are sufficient to stop any of these situations, so we cannot totally rule out that the Company's operations or profitability will not be affected in the future by an event of this nature.

The Company adheres to the highest security standards available, such as the annual PCI certification that applies to retailers with high volumes of bank card transactions, and whose PCI-DSS 3.0 standard determines a series of rigorous security controls and practices. mandatory that are evaluated in person each year. This standard requires the performance of an annual risk analysis for systems considered critical, which is performed according to the NIS 800-30 standard.

The Company conducts independent vulnerability assessments on its platform exposed to the Internet every three months. Each serious problem identified in these assessments must be resolved. Additionally, several penetration tests are carried out annually, by different expert and independent companies, the results and actions resulting from these tests are evaluated in the annual systems audit processes.

The Company has the highest levels of availability that are possible in its systems infrastructure, including power supply redundancies in all its data rooms and computer centers, main and backup communication links through different physical means and systems with control schemes. high availability.

The Company also has infrastructure and execution programs for disaster recovery, which allow it to restore its critical mission operations in minutes, by having an alternate computer center enabled.

An annual information security risk awareness campaign is also carried out for all employees, this campaign is carried out in coordination with specialized training that is taught digitally.

Notwithstanding what is described in the preceding paragraphs, the processes and controls that the Company has in place could fail and significantly affect its operation.

Hedge Risk

The Company has insurance that adequately covers its assets against fire, earthquake and other risks caused by natural disasters, but does not ensure that insurance companies will continue to accept the conditions and premiums.

Risks related to the controlling shareholder of *La Comer*

The majority of the shares with voting rights of *La Comer*, are owned by various persons belonging to the Gonzalez family and are deposited in a temporary and irrevocable trust identified with number F-11024239, entered into with Scotiabank Inverlat, S.A. By virtue of this trust, the Gonzalez family has the effective power – through the aforementioned trust – to appoint the majority of the members of the board of directors and determine the result of other matters that require the vote of the shareholders.

Some decisions made by this trust could influence the price of *La Comer's* shares, as well as significantly affect the performance and profitability of the Company.

Risks Related to Mexico

Mexican government policies or regulations, as well as economic, political and social developments in Mexico may have an adverse effect on our business, operations and prospects.

We are a Mexican company and all of our assets are located in Mexico. Our business results, financial condition, results of operations and prospects are subject to political, economic, social, legal and regulatory risks specific to Mexico. The Mexican federal government has exercised, and continues to exercise, significant influence over the Mexican economy. Consequently, governmental actions, fiscal and monetary policies and regulations affecting governmental entities and private industry may have an impact on the Mexican private sector environment, including our company, and on market conditions, prices and yields of Mexican securities, including our securities. We cannot predict the impact that political conditions will have on the Mexican economy. Moreover, our business, financial condition, results of operations and prospects may be affected by currency fluctuations, price instability, inflation, interest rates, regulations, taxes, government spending, social instability and other political, social and economic developments in, or affecting, Mexico over which we have no control.

Any of these events, or other unanticipated health, economic or political developments in Mexico, could have a material adverse effect on our results of operations and financial condition.

The growth in crime and violence due to the activities of drug cartels and organized crime could adversely affect our business, operating results or prospects.

Mexico has experienced increasing periods of violence and crime in recent years due, in large part, to the activities of drug cartels and the organized crime that accompanies such activities. In response, the government has implemented various security measures and strengthened its police and military forces. Despite these efforts, drug-related crime continues to exist in Mexico. These activities, their potential growth and the violence associated with them may have an adverse impact on the Mexican economy or our future operations.

We have no assurance that changes in federal government policies or political and social developments in Mexico, over which we have no control, will not have an adverse effect on our business, results of operations and prospects.

Political, economic and social conditions in Mexico may have a material adverse effect on the Mexican economy and, in turn, on the Company's operations.

The Company cannot predict the impact that political, economic and social conditions will have on the Mexican economy. Moreover, we have no assurance that political, economic or social developments in Mexico over which it has no control will not have an adverse effect on its business, financial condition, results of operations and prospects. The social and political situation in Mexico may adversely affect the Mexican economy, which in turn may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Depreciation of the Mexican peso against the U.S. dollar. In the event the government imposes foreign exchange controls and restrictions, we may not be able to service debt denominated in Dollars or any other foreign currency, thereby exposing our investors to foreign exchange risks.

A severe devaluation or depreciation of the Mexican peso could result in intervention/disruption of international trade by the Mexican government. Although the government does not currently restrict or regulate the ability of Mexicans or any foreign person or entity to convert Mexican pesos into U.S. dollars or any other currency, it has done so in the past and we cannot assure potential investors that the Mexican government will not establish a policy of exchange rate control in the future. Any exchange control policy may eliminate or limit the availability of U.S. dollars or any other currency, limiting our ability to transfer or convert Mexican pesos into U.S. dollars or any other currency for purposes of hedging Dollar-denominated debt. As of the date of this report, we do not have any U.S. dollar-denominated financial debt, but we do have dollar-denominated letters of credit in the ordinary course of our business and that guarantee the import of goods and could be affected by a devaluation/ depreciation of the dollar.

High inflation rates may adversely affect the Company's financial condition and results of operations.

Historically, Mexico has experienced high levels of inflation and may experience high inflation in the future. Similarly, inflation in Mexico has led to higher interest rates, depreciation of the Mexican peso and the imposition of substantial government controls on exchange rates and prices. The annual inflation rate for the last three years, determined according to the variation in the National Consumer Price Index, as indicated by the INEGI (*National Institute of Statistics and Geography; Instituto Nacional de Estadística, Geografía e Informática*) and according to Bank of Mexico publications, was 7.82% in 2022, 7.36% in 2021 and 3.15% in 2020. The Company cannot have the assurance that Mexico will not experience higher levels of inflation in the future.

In addition, increased inflation generally increases the cost of financing for the Company. Should the Company have contracted or issued debt, its financial condition and profitability would be adversely affected by leverage and interest rate fluctuations. If the inflation rate increases or becomes uncertain and unpredictable, the Company's business, financial condition and results of operations could be adversely affected.

Developments in other countries may have an impact on the Mexican economy, as well as on our results of operations and financial condition.

Developments in other countries may affect the Mexican economy, as well as our results of operations. The market value of securities issued by Mexican companies is affected by economic and market conditions in other emerging countries. Although conditions in such countries may differ significantly from economic conditions in Mexico, investors' reactions to developments in any other country may have an adverse effect on the market value of securities issued by Mexican companies. In past years, for example, the value of Mexican debt and equity securities fell substantially as a result of certain developments that took place in China, Russia, Brazil and other Asian countries.

Geopolitical factors such as the current Russian invasion of Ukraine could affect global supply chains and adversely impact the availability of products for the company's operation. The high levels of inflation and interest rate increases worldwide, derived from the pandemic and the war in Ukraine, are causing financial problems for some financial institutions in the United States and Europe and this situation could be generalized in other parts of the world including Mexico.

Uncertainty regarding policies in the United States may generate volatility in the U.S. financial markets.

The correlation between economic conditions in Mexico and the United States has been exacerbated in recent years by the

North American Free Trade Agreement negotiations and more recently of the Mexico, United States and Canada Treaty (T-MEC) and increased economic activity between the two countries. In the past, the global dislocation of credit markets and the resulting scarcity of liquidity, especially in the United States, resulted in significant volatility in the financial markets and caused a material adverse effect on the Mexican economy. Therefore, an economic downturn in the U.S. economy, disagreements in the new USMCA, and the imposition of tariffs or other related events could have a significant negative effect on the Mexican economy, which, in turn, could affect our financial condition and results of operations.

Amendments to the Mexican tax laws may adversely affect us.

The Company's business, financial condition and results of operations could be adversely affected as a result of an increase in taxes, the elimination and limitation of certain deductions and increased cost of compliance with the tax laws. To which may be added long-term delayed tax refunds.

The tax authorities in Mexico in recent years have taken much more aggressive stances with taxpayers. This has resulted in several companies reaching out-of-court agreements with the SAT (the Mexican tax authority) to make payments for very relevant amounts.

The SAT, in its capacity as tax authority, carried out reviews of the tax reports of some Group companies carried out by the external audit firm, specifically for the years 2014 and 2015.

Although the Company's Management considers that the criteria used in determining the taxes for which it is responsible are correct and has the opinions of recognized external firms in this regard, and the conformity of the external auditing firm; decided to dialogue with the tax authorities, in order to avoid uncertain legal confrontations, since matters of this nature can represent a long waste of time and resources for the company.

In conclusion, the authority has insisted on applying its internal criteria on some issues, so that, during December 2021, differences of \$454 million pesos were paid to resolve the SAT's observations regarding the years 2014 and 2015. The payment represented a net effect on the Group's results of approximately \$137 million pesos.

During the third quarter of 2022, the company made a payment to the SAT for \$125 million pesos to settle observations of the SAT of 2004. The payment represented a net effect on the Group's results of approximately \$65 million pesos.

The tax authorities initiated a direct review of a subsidiary of the Group for fiscal year 2016. As of the date of this report, the review is still in progress. Company Management and its legal advisors do not expect significant additional costs to arise as a result of such review.

Risk due to changes to the legislation

The Company operates in Mexico and is exposed to changes in the legislation that may exist in the country. In recent years, the government has presented bills that may affect the Company's business environment. Changes in legislation could affect the operation or financial situation of the Company.

Climate Change Risks, Natural and Geopolitical Factors

Climate change can affect business in important ways, but management does not identify a differential effect against companies in the same line of business.

Factors that may affect the Company include one or more natural disasters as well as geopolitical events such as civil unrest in the cities where we operate, which could adversely affect our operations and financial performance. Such events could result in physical damage and/or partial or total loss of one or more of our stores or distribution centers, leading to the closure of the said stores or distribution centers.

Events such as hurricanes, floods, earthquakes could alter and affect our operations in the areas where these events occur and could adversely affect our business.

Stock Related Risks

A liquid market may not develop for La Comer shares, which have been listed for only seven years.

Although the Company has been listed for seven years, it cannot assure that a liquid market for its shares will continue to develop or be sustained. As a result of these factors, investors may be unable to sell their Shares at the time and at the price desired, or at all.

The market price of our shares may fluctuate significantly, and potential investors may lose some or all of their investment.

Volatility in the market price of our shares may cause investors to be unable to sell their shares at the same or higher prices. The market price and liquidity of the market for our shares may be significantly affected by various factors, some of which are beyond our control and may not be directly related to our performance. These factors include, among others

- high volatility in the market price and trading volume of securities of companies in the sectors in which we and our subsidiaries participate, which are not necessarily related to the performance of these companies
- performance of the Mexican economy or the sector in which we participate;
- changes in earnings or changes in our results of operations;
- future sales of shares by our major shareholders;
- new laws or regulations or new interpretations of laws and regulations, including tax or other provisions applicable to our business or that of our subsidiaries;
- economic trends in general in the Mexican, United States or global economies or financial markets, including those resulting from war, incidents of terrorism or violence or pandemics or responses to such events, as well as political conditions and developments.

The relatively low liquidity and high volatility of the Mexican stock market may cause the quoted prices and volumes of La Comer shares to fluctuate significantly.

The MSE (*Mexican Stock Exchange, Bolsa Mexicana de Valores*) is one of the largest stock exchanges in Latin America in terms of market capitalization of companies with shares listed on it; however, it remains relatively illiquid and volatile compared to other large foreign stock markets. Although the public participates in securities trading on the MSE, a substantial part of the trading activity on the MSE is carried out by or on behalf of major institutional investors. The trading volume of securities issued by emerging market companies, such as Mexican companies, tends to be lower than the trading volume of securities issued by companies in more developed countries. These market characteristics may limit the ability of holders of Shares to sell their Shares and may also adversely affect the price of the Shares.

In the event that securities or industry analysts do not publish their research or reports on the Company's business, or publish negative reports on the business, the price of the Shares and the trading volume may decline.

The market for the Shares depends, in part, on the research and reports published by securities or industry analysts on the Company or its business. In the event that one or more of the analysts covering the Company publishes negative, inaccurate or unfavorable information about the Company's business, the price of the Shares would likely decline. In the event that one or more of these analysts ceases to cover the Company or does not publish reports on the Company on a regular basis, demand for the Shares could decline, causing the price of the Shares and trading volume to decrease.

Future share issuances may result in a reduction in the market price of the Shares.

In the future, we may issue new shares of our capital stock to obtain resources to fund our activities and growth and to carry out other general corporate purposes. Such issuances, or documents announcing the intention to issue new shares of our capital stock, may result in a decrease or create volatility in the market price of the Shares.

The declaration and payment of dividends in favor of La Comer's shareholders is subject to the approval of its principal shareholder.

The declaration and payment of dividends and the amount thereof by *La Comer* to its shareholders is subject to the recommendation of the Board of Directors and the approval of the shareholders at a general shareholders' meeting. As long as the controlling shareholder of *La Comer* continues to be the owner of the majority of the Shares, it will have the power to appoint the majority of the members of the Board of Directors and to determine the declaration of dividends and the amount thereof. In addition, the payment of dividends is subject to the existence of profits, the absorption of losses

from previous years and the approval of the financial statements for the year by the General Meeting of Shareholders. *La Comer* cannot guarantee that its shareholders will approve a dividend policy on the proposal of its Board of Directors, or that its Board of Directors will submit such proposal or the terms thereof. In 2021 and 2020, the Company made a dividend payments and may continue to consider decreasing dividends in the future.

The Bylaws of La Comer contain certain restrictions on the acquisition and transfer of Shares.

The Securities Market Law and the bylaws of *La Comer* set out certain requirements, options and restrictions in relation to the acquisition and transfer of the Shares. Under the bylaws of *La Comer* and subject to certain exceptions (*including the acquisition or transfer of shares among the current controlling shareholders of La Comer*), authorization from the Board of Directors is required for any person or group of related persons to acquire, in one or more transactions, a holding of shares equal to or greater than 10% of the capital stock or multiples of such percentage or to enter into agreements whereby they agree to jointly vote shares in such percentage, and *La Comer* will not permit the exercise of corporate rights of the Shares whose acquisition, if required, has not been authorized by the Board of Directors. The Board of Directors must grant or deny such authorization within a period of three months from the date on which the Chairman of the Board of Directors receives the corresponding request for acquisition authorization, or from the date on which it receives the additional information, if any, required by the Board of Directors. In the event that the acquisition of Shares or the approved voting agreement results in the acquisition of Shares or voting rights with respect to 30% or more of the outstanding shares of *La Comer*, the acquiring shareholders must make a purchase offer for 100% of the shares representing the capital of *La Comer*, in accordance with the provisions of the Articles of Association. These restrictions may have an impact on the liquidity of the shares or disinherit a public purchase offer or affect the Issuer's share price as a result of limitations on a change of control.

The statutes of La Comer, under Mexican law, restrict the ability of foreign shareholders to invoke the protection of their governments in connection with their rights as shareholders.

Under Mexican law, the Issuer's bylaws provide that foreign shareholders will be deemed to be Mexicans for purposes of the Shares held by them and will be deemed to have agreed not to invoke the protection of their governments in certain circumstances. Under this provision, a foreign shareholder is deemed to have agreed to refrain from invoking the protection of its own government by requesting the filing of a diplomatic claim against the Mexican government with respect to its rights as a shareholder of the Issuer, but shall not be deemed to have waived any other rights it may have, including any rights under the securities laws of the United States, with respect to its investment in the capital of *La Comer*. In the event that a foreign investor invokes such government protection in violation of this agreement, the Shares owned by such investor will be forfeited to the Mexican government.

A possible failure to comply with the requirements applicable to a company listed on the MSE could result in the cancellation of the listing and the registration of its shares in the NSR.

As an Issuer whose shares are listed on the MSE, *La Comer* will be subject to various requirements, including the delivery of periodic information and the maintenance of certain minimum stock exchange requirements in order to maintain such listing on the stock market. In the event that the Issuer ceases to comply with its obligations as a public company or the minimum requirements to continue listed on the MSE, the Issuer could be subject to the cancellation of its shares from the MSE, as well as their cancellation from the NSR or be subject to fines, penalties and/or other administrative or regulatory actions. The delisting of *La Comer*'s shares from the MSE could have a material adverse effect on the liquidity and price of the shares.

La Comer will allocate a significant portion of economic and human resources to meet the requirements applicable to public enterprises.

As a public company, *La Comer* will incur significant legal, accounting and other expenses not incurred by private companies, including costs related to the delivery and disclosure requirements applicable to public companies. Expenses incurred by public companies in connection with their disclosure obligations and the maintenance of their corporate governance structure have been increasing. These laws and regulations may also make it more difficult or costly to obtain certain types of insurance, including directors' and officers' liability insurance, and the Issuer may be forced to accept a reduction in the policy and coverage limit or incur proportionately higher costs to obtain the same or similar coverage. These laws and regulations may additionally make it more difficult for *La Comer* to attract and retain qualified individuals

to serve on its Board of Directors, committees or as senior officers and may divert management's attention. In addition, if *La Comer* is unable to meet its obligations as a public company, the registration of the Shares could be cancelled, and *La Comer* could be subject to fines, penalties, potentially civil litigation and other actions.

EBITDA and Cash Flow risk

The Company estimates EBITDA as its operating income plus depreciation and amortization. The Company calculates the Cash Flow as EBITDA less payments made for leases. The Company presents its EBITDA and Cash Flow because it believes that EBITDA and Cash Flow represents a useful basis both for evaluating operating performance and for comparing its results with those of other companies since it shows its operating results independently of its capitalization and taxes. However, investors should not consider EBITDA and Cash Flow in isolation and it should not be construed as a substitute for net income or operating income when measuring financial performance. EBITDA and Cash flow has significant limitations that affect its value as a measure of the Company's overall profitability because it does not take into consideration certain expenses such as depreciation and amortization. The Company may calculate its EBITDA and Cash Flow differently than other companies to calculate the same or similarly named items. EBITDA and Cash flow are not a measure of financial performance under IFRS.

4. OTHER SECURITIES REGISTERED IN THE NSR

The securities referred to in this annual report have been registered under number 3517-1.00-2015-001 in the National Securities Registry maintained by the National Banking and Securities Commission, and they are the only ones. Therefore, the Company does not present other securities registered in the NSR.

In the last three fiscal years, the Company has delivered in a complete and timely manner the reports required by Mexican law on relevant events and periodic information, such as information on results on a quarterly and annual basis.

5. SIGNIFICANT CHANGES TO THE RIGHTS OF SECURITIES REGISTERED IN THE NSR

Not applicable.

6. DOCUMENTS OF A PUBLIC NATURE

Copies of this Annual Report may be obtained at the request of investors and the general public at the Company's main offices located at Avenida Insurgentes Sur 1517 Modulo 2, Colonia San José Insurgentes, C.P. 03900, Benito Juárez, Mexico City, Mexico. It will also be available on the Company's website (www.lacomer.com.mx and www.lacomerfinanzas.com.mx), on the website of the Mexican Stock Exchange (www.bmv.com.mx) and on the website of the National Banking and Securities Commission (www.gob.mx/cnbv). For any information, please contact Yolotl Palacios Golarri, Investor Relations Department of the Company, whose e-mail address is ypalacios@lacomer.com.mx or telephone number 5255 5270 9064.

The following documents are available to the investing public through the Mexican Stock Exchange's website, www.bmv.com.mx, as well as on the websites of *La Comer*:

- Annual Report (*MSE format*).
- Relevant Events.
- Quarterly Results Report: Consolidated Financial Statements
- Annual report, with consolidated and audited financial statements at the end of each year, as well as a comparative against the immediate previous year.
- Code of Ethics
- Articles of Association.

II. THE COMPANY

1. HISTORY AND DEVELOPMENT OF THE COMPANY

Company name

The Company's legal name is *La Comer, S.A.B. de C.V.*, and its trade name is "*La Comer*".

Date of Incorporation, Transformation and Duration of the Company

The Company is a product of the spin-off of Controladora Comercial Mexicana, S.A.B. de C.V. (*CCM*), which process was initiated by agreement of the extraordinary general shareholders meeting of said company, held on July 2, 2015, protocolized in public deed number 154,234 recorded by notary public number 198, Enrique Almanza Pedraza of Mexico City, and registered in the Public Registry of Commerce of Mexico City under the commercial page 15,103 on July 16, 2015. This spin-off took effect in January 2016.

The incorporation of *La Comer* is recorded in public deed number 157,406 dated December 4, 2015, recorded by Notary Public number 198 of Mexico City, Enrique Almanza Pedraza, whose first affidavit is registered in the Public Registry of Commerce of Mexico City, under the electronic commercial folio number 548698-1 dated December 17, 2015 and has as its corporate purpose to act as the controller of a group of companies, and the performance of all kinds of commercial acts, including without limitation the acquisition, purchase and sale, import, export and distribution of all types of products and goods, domestic and foreign.

The Company has an indefinite duration, in accordance with its Articles of Association.

Main Offices

La Comer's main offices are located at Avenida Insurgentes Sur 1517 Módulo 2, Colonia San José Insurgentes, C.P. 03900, Benito Juárez, Mexico City. Its telephone number is 5255 5270 9038.

History and Evolution

The origins of the Company date back to 1930, when Don Antonino González Abascal and his son, Don Carlos González Nova, established their first store in Mexico City, selling mainly textiles. Subsequently, *CCM* was incorporated in 1944 as Antonino González and Son, "Sociedad en Comandita Simple" (*Limited Partnership*), and underwent some transformations and name changes for several years until it was structured and named *Controladora Comercial Mexicana, S.A.B. de C.V. (CCM)* in 1991.

The first combined supermarket/general merchandise store under the brand name *Comercial Mexicana* opened in Mexico City in 1962, and 20 similar stores were opened during the 70's. During the 1980's *CCM* continued its expansion through the acquisition of the *Sumesa* chain in 1981 and the opening of 51 *Comercial Mexicana* stores. The first *California Restaurant* began operations in 1982 and the first *Bodega* was opened in 1989.

CCM formed a 50-50 partnership with *Costco Wholesale Corporation* in June 1991. The first *Costco* membership warehouse in Mexico opened in February 1992. In 1993 it introduced the *Mega* format and in 2006 two new formats were inaugurated called *City Market* and *Alprecio*. In 2009 the first *Fresko* self-service store was opened.

CCM was fully controlled by the Gonzalez family until April 1991, when shares representing *CCM's* capital stock were offered to the investing public and began trading on the MSE. *CCM's* main business was to participate in the leasing of real and personal property and to invest in companies related mainly to the purchase, sale and distribution of groceries and general merchandise in Mexico.

On June 14, 2012 *CCM* sold 100% of its 50% stake in *Costco de Mexico*, with 32 membership warehouses in operation, to its partner *Costco Wholesale Corporation*. Also, on August 21, 2014, the purchase agreement was signed with *Grupo Gigante, S.A.B. de C.V.* for the sale of the operation of 46 *California Restaurants* and seven *Beer Factory* units.

In January 2016, *Tiendas Soriana, S.A. de C.V.*, completed a public purchase offer for CCM's shares after the split of *La Comer*, which by that date operated 143 stores of the hypermarket and convenience store formats.

In January 2016, *La Comer, S.A.B. de C.V.*, already spun off from *CCM*, began operations with 54 self-service stores with the *City Market*, *Fresko* and *Sumesa* formats and some larger stores where the new *La Comer* format was developed. Most of the units, focused on the middle- and upper-class sector, are located in the metropolitan area and in the center of Mexico. In the years 2016, 2017, 2018, 2019, 2020, 2021 and 2022 the Company inaugurated cinco 5, 3, 4, 6, 2, 5 and 4 units, respectively.

2. BUSINESS DESCRIPTION

A. MAIN ACTIVITY

The Company is engaged in retail trade in self-service stores. It operates a group of supermarket stores focused on the sale of perishable products and groceries.

As of December 31, 2022, 2021 and 2020 the Company had 80, 77 and 72 self-service stores under different formats, with a total sales area of approximately 353,219 m², concentrated mainly in the Mexico City metropolitan area where 40 units are located (including two stores in the municipalities of Metepec and Avándaro, in the State of Mexico), representing 50% of its total stores, another 8 stores are located in the state of Queretaro, six stores in the state of Jalisco, five stores in the state of Guanajuato, four stores in each of the states of Baja California Sur and Morelos, three stores in the state of Puebla and Nuevo León and two stores in the Michoacan state one store in each of the following states: Guerrero, Nayarit, Aguascalientes, San Luis Potosí and Colima. The Company owns approximately 61.1% of the total sales area, with the remaining sales area consisting of locations leased from various owners. The Company also operates 389 commercial premises located in shopping centers along with its stores. It also has three distribution centers.

The Company operates supermarket stores focused on the medium and high socioeconomic levels, whose location is convenient and strategic, with sales areas within the range of 300 to 10,000 m², where shoppers can find perishable products and groceries as well as specialized departments of high-quality prepared foods. All of the Company's formats have a pharmacy, bakery and tortilla shop, some with convenient parking lots, and some of its stores are located in small shopping centers.

The formats it operates are:

- ***La Comer*** – This type of format typically has a sales area of between 4,000 to 7,500 m², where in addition to perishable products and groceries, it offers household products such as appliances, tableware, plastics and table linen, not including clothing. This format offers a greater range and variety of its products in each category to provide an additional distinguishing feature against any hypermarket. The *La Comer* format presents specialized departments of prepared foods, fine pastries and coffee. This store format can be presented on its own or inside shopping malls. As of December 31, 2022, 2021 and 2020, the Company had 33 and 32 stores, respectively.
- ***City Market*** - This format offers its customers a large selection of gourmet products, as well as: wines, cheeses, meat, approximately a 25% of imported groceries, and a selection of organic products. It has exclusive agreements for products of internationally renowned brands. It presents a high-quality service in a sophisticated environment. Additionally, it offers prepared foods for consumption inside and outside the store and presents specialized departments of prepared foods such as tapas, seafood, pizzeria, chocolate, ice cream, coffee and fine pastries, among others. This format has a sales area of approximately 3,000 m² and is located in high income areas to focus on medium and high socioeconomic levels. As of December 31, 2022, 2021 and 2020, the Company had 13 ystores and in 2020 with 12 City Market. Most of the stores of this format are located in Mexico City, operating with stores also in the cities of Cuernavaca, Metepec, Querétaro, Guadalajara, Monterrey, San Miguel de Allende and Puebla.
- ***Fresko***– *Fresko* is a supermarket store, focused on covering the weekly needs of the home, with weekly family consumption products. It is especially designed to make purchases in an agile and rapid way, offering quality products to shoppers. This format is also focused on the sale of groceries and perishables, with a sales area covering a range of between 1,500 and 4,000 m². The stores are located in areas where they can take advantage of the vertical growth that

is taking place in large cities. As of December 31, 2022, 2021 and 2020, the Company had 20, 18 and 15 *Fresko* stores, respectively.

- **Sumesa** - *Sumesa* stores are supermarkets to serve the surrounding communities, and are usually located in areas of high population density. They emphasize the sale of good quality groceries and perishables. Their sales areas range from 300 to 1,000 m² and in some cases they do not have parking lots. As of December 31, 2022, 2021 and 2020, the Company had 13 *Sumesa* stores.

Approximately 99% of the Company's consolidated revenues come from the sale of products in its self-service stores. The format with the largest share of sales is *La Comer*, or larger stores, due to the product mix it presents, which includes basic and household products.

Currently, together with the 77 stores operated by the Company, there are 382 commercial premises with a total area of approximately 73,900 m². Revenues from stores, together with rented space within the stores, totaled approximately \$276 million pesos as of December 31, 2021. (See section "Description of Principal Assets"). The Company has territorial reserves of more than 137,000 m² with the following distribution:

Land Reserve, sq. mts.

	2022	2021	2020
Mexico City Metropolitan Area	103,497	94,364	86,479
Central	25,154	18,848	44,814
Northeastern	-	34,232	5,933
	128,651	147,444	137,226

In the land reserves mentioned above, stores may be developed in the future in any of their formats and/or shopping centers or sold if the Company considers it convenient. It also has some other properties such as warehouses, which it may use or sell in the future.

Cyclical business behavior.

Seasonality

The self-service business reflects seasonal patterns of consumer spending that vary from quarter to quarter. Due to the seasonal nature of this industry, sales and cash flows from operations are highest in the third and fourth quarters. In preparation for the *Temporada Naranja* campaign in the summer months and the December season, we increased our merchandise inventories. Our earnings and cash flows increased primarily from the large sales volumes generated during the last two quarters of our fiscal year.

Suppliers

The Company has centralized purchasing departments, with areas responsible for *La Comer*, *City Market*, *Fresko* and *Sumesa* stores to supply all their units through their CEDIS or directly by suppliers in their stores.

This group specializes in perishable and grocery products and another group will be responsible for other types of general and household products for the *La Comer* format stores.

The Company purchases the products that are sold or frequently used in its stores from approximately 2,194 suppliers. No single supplier or group of related suppliers represents more than 5% of the total products purchased by the Company. The Company's management expects that the sources and availability of goods and products for the operation of its stores are adequate and will continue to be adequate into the foreseeable future. The Company operates with a wide base of suppliers of diverse sizes, so it does not depend on any supplier in terms of products, and does not identify any supplier as critical.

The Company's objective is to obtain the best price and credit conditions from its suppliers, as well as to cooperate with them in the development of advertising and special product promotions. The Company believes that communication through its information systems will allow it to negotiate more effectively with its suppliers. The Company also believes that the business it conducts with suppliers is carried out on terms no less favorable than those prevailing in the industry, with the exception of purchased volumes. Domestic suppliers are paid in pesos on terms that vary depending on the product purchased.

The products offered by the company have the labeling to comply with the provisions of the Official Mexican Standards in order to fully inform the consumer of its content and form of use. The functions of a label have to do both with the promotion of the product and with the complete information about its characteristics to allow the customer to know what he is buying.

B. DISTRIBUTION CHANNELS

As of December 31, 2022, the Company has three distribution centers: its own CEDIS, with an approximate area of 42,000 m² located in Mexico City, the urban center where most of its stores are located today; and another CEDIS, leased for an approximate area of 2,400 m², an area occupied by a warehouse and platforms, located in the city of Guadalajara, destined to cover the needs of the new stores opened since 2016 in Guadalajara and its surroundings; and a third owned CEDIS that was inaugurated in 2022 in Monterrey to serve stores located in the northern zone with an approximate area of 1,600 square meters. About 80% of the products are distributed through these distribution centers. It is expected that in the future an even greater proportion of the products will be distributed. We believe that having a good distribution network allows us to have a better supply and quality of fresh, cold and dry products throughout the chain and allows us to negotiate better prices with suppliers, who will be able to deliver their products in one location instead of sending them to different locations. Currently, the CEDIS in Mexico City, has storage rooms for fresh, cold and dry products in the same location. We estimate that it currently has sufficient capacity for distribution to approximately 100 stores. This CEDIS currently serves 65 stores located in the metropolitan area of Mexico City and the central zone of the country.

In addition to traditional store sales, the Company operates the "*La Comer en tu Casa*" program that allows customers to shop from home via telephone or internet. It also has a layaway system that allows them to make their purchase in installments.

C. INTELLECTUAL PROPERTY; OTHER CONTRACTS

The Company owns the property rights to the following brands: Comercial Mexicana and the pelican logo, *La Comer*, *City Market*, *Fresko*, *Sumesa*, *Farmacom*, *Golden Hills*, *Pet's Club*, *KePrecio* and *Monedero Naranja*, and owns the slogan "*Vas al Super o a La Comer?*" and the advertising campaigns that belong to it are: "*Bebe Comer*", "*Miércoles de Plaza*", "*Sabado de Carnisalchichonería*" and "*Temporada Naranja*", among others, whose terms are not about to expire.

Comercial City Fresko, the main subsidiary of *La Comer*, acquired some of CCM's brands, including the *Comercial Mexicana* brand and several other brands and advertising campaigns, such as "*Miércoles de Plaza*", "*¿Vas al Súper o a la Comer?*" and "*Compras bien*", as well as the brands related to its operation, among which are "*City Market*", "*Fresko*" and "*Sumesa*", among others.

The Company registers the trade names, product brands and promotional campaigns for a period of 10 years from the date of registration, which can be extended every ten years indefinitely. Having the property rights of these brands, names and campaigns ensures the functioning and operation of the business, generating an identity and its recognition by the customers, as well as to maintain an image of the Company.

During the last three fiscal years, no relevant contracts were signed other than those related to the normal course of business.

D. PRINCIPAL CLIENTS

Our clients are the general public. The retail sector in Mexico is fragmented and consumers are served by a large number of formats, including traditional formats such as miscellaneous, specialty stores, markets, street vendors, as well as modern

supermarkets, hypermarkets and department stores. We believe that there is growth potential in Mexico for the retail sector as it continues to modernize and increase online sales. We also believe that consumer preferences are changing and that consumers now prefer to shop at smaller, standardized stores, but with a greater variety of merchandise. The Company estimates they were almost 72, 62 and 60 million customers in 2022, 2021 and 2020, respectfully. During 2022, 2021 and 2020 sales from the digital platform “La Comer en tu Casa” represented 7.2%, 7.9% and 7.4%, respectfully of total sales.

E. APPLICABLE LAW AND TAX REGIME

Within the main applicable federal and local laws that govern us, we have the *Securities Market Law (Ley del Mercado de Valores)*; *General Law of Commercial Companies (Ley General de Sociedades Mercantiles)*; *Income Tax Law (Ley del Impuesto Sobre la Renta)*; *Value Added Tax Law (Ley del Impuesto al Valor Agregado)*; *Federal Fiscal Code (Código Fiscal de la Federación)*; *Special Tax on Production and Services Law (Ley del Impuesto Especial sobre Producción y Servicios)*; *Industrial Property Law (Ley de la Propiedad Industrial)*; *Federal Consumer Protection Law (Ley Federal de Protección al Consumidor)*; *Federal Law on the Protection of Personal Data Held by Individuals (Ley General de Protección de Datos personales en Posesión de Sujetos Obligados)*; *Civil Protection Law (Ley General de Protección Civil)*; *Federal Law on Economic Competition (Ley Federal de Competencia Económica)*; *Law on Credit Institution (Ley de Instituciones de Crédito)*; *General Law on Ecological Equilibrium and Environmental Protection (Ley General del Equilibrio Ecológico y Protección al Ambiente)*; *Federal Law for the Prevention and Identification of Operations with Resources of Illicit Origin, Federal Law on Metrology and Standardization.* and *General Law on Administrative Responsibilities.*

Certain aspects of the retail sector in Mexico, including the Company's operations, are directly or indirectly subject to regulation by various governmental authorities at the federal, state and municipal levels. The most significant of these authorities are the *Ministry of Economy (Secretaría de Economía y Crédito Público)*; *Ministry of Labor and Social Welfare (Secretaría del Trabajo y Previsión Social)*; *Ministry of Health (Secretaría de Salud)*; and the *Ministry of Agriculture and Rural Development (Secretaría de Agricultura y Desarrollo Rural)*; among others.

The *Ministry of Economy* regulates the prices at which the Company may sell basic food basket and pharmaceuticals products, and also verifies through the *Federal Consumer Protection Agency (Procuraduría Federal del Consumidor)* that all imported products have a label in Spanish specifying their origin and, as the case may be, the ingredients they contain, including the importer data, in accordance with Mexican Official Standards.

The *Ministry of Health* establishes the health requirements that the Company's stores must comply with. The Company believes that it is in full compliance with the Ministry guidelines that its operations meet or exceed all requirements imposed by this government body. Similarly, the Ministry verifies that the products sold in our stores comply with the corresponding health requirements and Mexican Official Standards.

The *Ministry of Agriculture and Rural Development* establishes the requirements that meat or vegetable products distributed and sold in our stores must comply with in regard to storage, transportation and marketing specifications. The Company considers that it is in full compliance with these requirements.

The *Ministry of Labor and Social Welfare* verifies that our establishments comply with the safety and hygiene measures indicated by current legislation, as well as with applicable Mexican Official Standards on safety and hygiene. To date, we believe that our establishments fully comply with such regulations.

The Company's compliance with federal, state and municipal regulations on the disposal of materials in the environment has not had a material effect on the Company's investments, earnings or competitiveness and is not expected to have a material effect in the future.

For the purchase and sale of certain goods, the Company incurs Value Added Tax and Excise Tax on Production and Services, as well as certain state taxes. At the state and municipal levels, the Company pays payroll taxes and property taxes on its real estate, as well as a possession tax on its motor vehicles.

The Company's earnings are subject to income tax, and all regulations pertaining to the Company's obligations as any other Mexican taxpayer are applicable. The Company does not have special tax benefits. The *Income Tax Law (ITL)*

establishes that the applicable rate for 2022, 2021 and 2020 and subsequent years is 30% on the taxable income.

See "Note 25 - Current and deferred income taxes", of the Financial Statements included in this Annual Report for further reference.

Climate change may affect the business significantly, but Management does not identify a differentiated effect against companies in the same line of business. The company may be affected by any law or government regulation related to climate change, but to date the company does not identify a potential material impact.

F. HUMAN RESOURCES

The Company has management level personnel with great experience and an average of more than 20 years working in the commercial sector.

As of December 31, 2022, 2021 and 2020, the Company had:

	2022	2021	2020
Administratives	1,263	1,182	1,096
Operational	13,139	12,709	11,597
CEDIS	693	641	753
TOTAL EMPLOYEES	15,095	14,532	13,446

During the peak months of the year (*July and December*), temporary employees may represent up to 5% more of the Company's workforce.

The Company is committed to training and during 2022, 2021 and 2020 the following efforts were made for our employees:

- New employees receive training designed to ensure compliance with policies regarding customer service, accident prevention and operating procedures, totaling an average of 28 days of training.
- Current and new executives and employees receive training in our current Code of Ethics and in accordance with Best Corporate Governance Practices. The company ensures its socialization, acceptance and application.
- Our department heads specialize in administrative processes, exhibition practices and professional skills, dedicating a total of 15 days to their training on average.
- Store Managers regularly receive external training by attending the ICAMI Institute to take the Management Skills Improvement Diploma with a duration of one year by attending a four-hour session per week.

All of the Company's employees receive ongoing training during their work. It should be noted that employees of the City Market format receive specialized training in product knowledge to enable them to offer excellent service within the store.

As of December 31, 2022, 2021 and 2020, approximately 99% of the employees were members of a labor union. Unionized employees are members of various unions with which the Company has collective bargaining agreements. The economic terms of the collective bargaining agreements are renegotiated annually. The Company has not experienced any labor stoppages and management believes that it has a good relationship with its employees and unions.

On December 31, 2022, in compliance with the provisions of article 225 of the General Law of Commercial Companies and through Extraordinary General Shareholders' Meetings held on November 30, 2021, it was agreed to absorb by merger within Comercial City Fresko, S. de R.L. de C.V. its subsidiaries: 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.

Until December 31, 2021 and 2020 personnel were hired through various companies:

1. Operadora Comercial Mexicana; store and administrative personnel.
2. Operadora Sumesa; store personnel of the *Sumesa* format.
3. Cendis Logistic personnel; CEDIS personnel
4. Serecor; management staff and executive.
5. Comercial City Fresko; executive staff. (As of December 31, 2021 this entity no longer had employees)

In compliance with the provisions of article 225 of the General Law of Commercial Companies and through Extraordinary General Meetings of Shareholders held on November 30, 2021, it was agreed to absorb by merger within Comercial City Fresko, S. de R.L. of C.V. to its subsidiaries: Operadora Comercial Mexicana, S.A. de C.V., Operadora Sumesa, S.A. de C.V., Serecor, S. de R.L. of C.V. and Personal Cendis Logistic, S.A. of C.V.

The merger took effect between the parties, their shareholders (Partners) and for labor, accounting, financial and tax purposes, on January 1st, 2022.

G. ENVIRONMENTAL PERFORMANCE

We believe that the Company's own activities do not represent a high environmental risk; however, there are measures provided for by the relevant laws for the protection, defense or restoration of the environment.

As of January 1, 2020, all stores of the Company implemented the “*No use of plastic bag*” strategy plan with the purpose of reducing the consumption of plastic bags and joining the care of the environment. We promoted the use of reusable bags among our customers, offering varieties of these at low cost with the purpose of reducing the consumption of plastic bags.

During 2022 and 2021, we continued with the program to replace plastic bags with sustainable packaging, seeking to ensure that they are produced responsibly from their origin, designed to be effective and safe throughout their life cycle, and that they meet the market criteria for a good performance, and that once used, they are recycled efficiently. Packaging made of sustainable materials has been selected, adapting them to the needs of our products without sacrificing the quality and good presentation of each type of product.

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 degrade in the environment.

Among other activities, the Company collects paper and cardboard for recycling; there are permanent campaigns within the Company aimed at saving water and electricity; use of environmentally friendly cleaning chemicals in the areas of perishables and food; and proper management of urban waste and residues that require special handling, such as oil.

In home delivery, kraft paper bags and cardboard boxes are used, both made of recyclable material, resistant enough to maintain quality in the shipment.

In 2018, the Company initiated a contract with Naturgy: Fuerza y Energía Bii Hioxo, S.A. de C.V. to supply wind power to 17 of our stores. Additionally, the Company signed a contract with Alfa Cogeneración de Altamira, S.A. de C.V. to use clean electric energy from combined cycle generation. With these contracts, the Company intends to reduce its impact on the use of fossil fuels and make the operating costs of these stores more efficient, setting the stage for similar projects in the future. These alternatives are aimed at reducing and optimizing energy consumption and increasing energy efficiency. The process of change toward the use of clean sources of electricity has begun to yield positive results for the Company. In 2020, a new store was constructed with a photovoltaic panel system to supply own energy. At the end of December 2021, 50 of our stores uses any of the clean energy systems available. In 2022, 54 of our stores used clean energy sources.

In the specific case of the operation of the Distribution Center, there is an implicit risk due to the handling of gases necessary for the cooling of the goods. However, this center has all the necessary safety measures to keep this risk under control.

Due to the emission of refrigerants into the air has a direct impact on the contamination of the environment and because

the reduction in the consumption of electrical energy also reduces the impact of contamination on the environment indirectly, in 2022, 2021 and 2020 we continued with the program to update refrigeration equipment with economic benefits and less contamination. This refrigeration system, with high technology, presents important savings in the consumption of electrical energy and less use of refrigerants in volume, which consequently means that if there is a leakage, the emission to the environment is lower. The Company does not currently have any environmental recognition or certificate.

Climate change factors that could affect the Company include one or more natural disasters, as hurricanes, floods and earthquakes could in any way alter and affect our operations in the areas where these events occur and adversely affect our business.

H. MARKET INFORMATION; COMPETITIVE ADVANTAGES

The self-service sector in Mexico is highly competitive and is presented in various formats focused on serving all social levels of the population: from public markets, convenience stores, miscellaneous product stores, grocery stores, as well as large stores and supermarkets. Additionally, the commercial chains are presented in different formats to cover the needs of the different social levels of the population in Mexico, offering different mixes of products in their stores. In the stores of the self-service sector, most of them offer grocery and perishable products, others offer general-line products and clothing and some self-service stores offer a larger general line of products, competing with the department store sector. It is estimated that in Mexico there are more than 58 thousand stores in their different formats of large companies and traditional formats that supply the population.

Commercial chains have developed various formats to serve specific consumers, so, according to the classification of the National Association of Self-Service and Department Stores, A.C. (*ANTAD; Asociación Nacional de Tiendas de Autoservicio y Departamentales*), the following formats currently exist within the self-service sector: (i) hypermarkets, large stores offering a wide variety of products and all types of goods, from groceries and perishables, to clothing, electronics and general merchandise; (ii) supermarkets; medium sized shops with a limited variety of products, but that may also include, in addition to groceries and perishables, general merchandise; (iii) warehouses, which have a smaller variety of products and cheaper options; (iv) price clubs, which have memberships for their customers, offering select products for their members; (v) convenience stores, which offer basic products and are easily accessible; (vi) in addition, most of the self-service companies have sales through electronic channels, including the Internet and telephone, with home delivery that has expanded in recent years.

The self-service sector is characterized by high inventory turnover and low profit margins expressed as a percentage of sales. Profits depend primarily on maintaining a high volume of sales per store, the efficient purchase and distribution of products and the efficient operation of stores in terms of expenses. Currently, the Company is affiliated with ANTAD to promote, together with similar companies, the support of free, fair and honest competition, as well as to encourage the exchange of information and experiences. In addition, company executives belong to the Mexican Business Council to promote the social welfare and economic development of the country.

La Comer is one of the self-service store chains focused on the management of supermarkets, described in paragraph (ii) of the classification of the ANTAD, with management of perishables and grocery products for the most part. The Company is mainly concentrated in the Mexico City metropolitan area, where approximately 50%, 53.2% and 54.0% of its stores are located as of December 31, 2022, 2021 and 2020 respectfully.

The Company competes with numerous local companies, local and regional supermarket chains and convenience stores, as well as small family-style miscellaneous and flea markets in the various locations in which it has operations. Among the main competitors are national chains with all their formats such as: *Walmex, Soriana, HEB and Chedraui*. In turn, the Company will compete in some cases with some convenience store chains (*Oxxo, 7 Eleven, Extra*) and family owned grocery stores. Also, the competition of retail sales via electronic channels, including internet and telephone with home delivery has increased. The Company competes with companies that offer this service.

The Company believes that its sales growth will be achieved through the opening of new units and its operating efficiency. The main competitive factors of its stores are location, price, promotion, customer service, quality and variety of merchandise.

I. MARKET INFORMATION BY LINE OF BUSINESS AND GEOGRAPHIC ZONE

The Company offers high quality perishable products and groceries. In some of its formats it offers general line products such as home appliances, technology and domestic appliances.

The following is the contribution to total sales by region as of December 31, 2022

	# stores	m2	% m2
Mexico City Metropolitan Area	40	134,677	38.1%
Central	25	140,607	39.8%
Western	8	37,504	10.6%
Northeastern & North Regions	7	40,431	11.5%
	80	353,219	100%

The following is the contribution to total sales by region as of December 31, 2021

	Stores	m ²	% m ²
Mexico City Metropolitan Area	41	137,753	41.9%
Central	22	120,297	36.6%
Western	8	37,504	11.4%
Northeastern & North Regions	6	33,479	10.2%
	77	329,033	100%

J. CORPORATE STRUCTURE

The following table shows the corporate structure of *La Comer* (including the ownership percentage of each subsidiary) as of December 31, 2022, 2021 and:



Subsidiaries	% Ownership	Main Activities
Comercial City Fresko, S. de R.L. de C.V.	99.99 %	Self-service store chain with 80, 77 y 72 units as of December 31, 2022, 2021 and 2020. Owner of 50 stores, 389 commercial premises and two CEDIS in 2022.
Real estate subsidiaries	99.99 %	Three companies; three entities maintains a store (one in construction), while the other maintains seven commercial premises, which are rented for restaurants.
Services subsidiaries	99.99 %	Four companies focused on providing services (<i>executive personnel; distribution center personnel</i>), who provided administrative services until December 31, 2021
Import subsidiaries	99.99 %	Company dedicated to importing products

K. MAIN ASSETS

La Comer is a self-service business concentrated in the central zone of Mexico, in the Metropolitan area of Mexico City, mainly focused on operating supermarkets for groceries and perishables to serve the middle and upper classes of Mexico's population. As of December 31, 2022, the Company operated 80 stores in different formats. The units in their different formats are distributed in the metropolitan area of Mexico City and in the center of the Mexican Republic, with a presence in 15 states. Currently, the Company owns approximately 61.1% of the sales area of its units. As of December 31, 2022, the territorial reserve amounted to approximately 129 thousand m², divided into nine properties.

As of December 31, 2022, 2021 and 2020, none of the assets were pledged in guarantee.

The main assets as of December 31, 2022 are described below.

Format	Description	Units	Sales Area m²
La Comer	Supermarket specialized in selling high quality food and groceries with basic and home products.	34	229,485
City Market	Self-service store with high quality gourmet products.	13	43,449
Fresko	Supermarket specialized in selling high quality food and groceries.	20	69,982
Sumesa	Supermarket focused on the sale of groceries and perishables.	13	10,303

The main assets as of December 31, 2021 are described below.

Format	Description	Units	Sales Area m²
La Comer	Supermarket specialized in selling high quality food and groceries with basic and home products.	33	218,331
City Market	Self-service store with high quality gourmet products.	13	43,449
Fresko	Supermarket specialized in selling high quality food and groceries.	18	56,950
Sumesa	Supermarket focused on the sale of groceries and perishables.	13	10,303

The following table shows our owned space and our leased space in m² at the end of December 2022.

	Total Area (m²)	%	Stores
Owned space	215,989	61.1%	41
Leased space	137,230	38.9%	39
	353,219	100.00%	80

The following table shows our owned space and our leased space in m² at the end of December 2021.

	Total Area (m²)	%	Stores
Owned space	202,282	61.5%	39
Leased space	126,751	38.5%	38
	329,033	100.00%	77

The following table shows our proprietary space and our leased space in m² at the end of December 2020

	Total area m²	%	Stores
Owned space	186,524	60.4%	35
Leased space	122,338	39.6%	37
	308,862	100.00%	72

The following table shows the sales space by format and the total number of stores as of December 31, 2022, 2021 and 2020:

	# stores 2022	m²	# stores 2021	# stores 2020
City Market	13	43,449	13	12
Fresko	20	69,982	18	15
La Comer	34	229,485	33	32
Sumesa	13	10,303	13	13
Total	80	353,219	77	72

Each of the Company's units is maintained in optimal condition to meet consumer needs. The image of all the stores, both indoors and outdoors, presents a distinctive image of the Company. During 2020, a store in the Metropolitan Area of Mexico City was temporarily closed for a total remodeling and 2 units were remodeled. During both 2022 and 2021, the Company carried out the remodeling of three units. Additionally, during 2022 the total closure of another store in the metropolitan area of Mexico City was carried out for its total remodeling.

The Company is in an expansion program in which it plans to start four to seven stores each year for the next five years. This expansion is part of the Company's strategy to better compete in a market with much larger players, replicating the same store concepts we already have. There is no precise estimate of the investment amounts that such an expansion program will require since it depends on multiple factors. However, the Company estimates that the said program can be financed both with the Company's current cash resources and with the EBITDA generated by the Company. We estimate that the additional sales generated by this expansion will represent a significant part of the Company's total sales. However, we cannot assure that the profitability of the new stores will be similar to the profitability of the current business.

There are multiple conditions for such an expansion program to take place, including: identifying locations with good commercial potential for our store concepts; negotiating acceptable economic purchase or rental conditions; obtaining construction and operating permits from the relevant authorities; and executing the construction and installation of the stores. The Company cannot assure that these conditions will be met and that the expansion plan will be properly executed.

In addition to this expansion program, the Company expects to continue the process of remodeling several of its stores each year.

The Company maintains all of its risk policies or hazard insurance (*including insurance for losses resulting from hurricanes and earthquakes*) and business interruption insurance. Fixed assets in each of the Company's business units are covered for a replacement cost at market value. The Company additionally maintains an insurance policy that protects losses from shipments.

L. LEGAL PROCEDURES

At present, there are no judicial, administrative or arbitral proceedings that could substantially affect the operation of the Company.

M. STOCK REPRESENTING THE SHARE CAPITAL

The Company's capital stock is represented by 4,344,000,000 Series B and Series C shares, which are grouped in 1,086,000,000 linked units, without expression of nominal value. Each of these linked units comprises four shares. The UB type units are comprised of four Series B shares, while the UBC type units are comprised of three Series B shares and one Series C share, which has no voting rights. All shares are common, nominative and have no par value.

The paid-in capital is represented by 1,086,000,000 linked units, of which 600,051,992 correspond to UB units and 485,948,008 to UBC units. As of December 31, 2022, there were 3,858,051,992 type B shares and 485,948,008 type C shares.

As of December 31, 2021 and 2020, the paid-in capital represented by 1,086,000,000 linked units, of which 605,457,398 correspond to UB units and 480,542,602 to UBC units., there were 3,863,457,398 type B shares and 480,542,602 type C shares.

As of December 31, 2021, the subscribed and paid-in capital stock amounted to \$1,086'000 pesos, represented by 1,086,000,000 linked units UB and UBC.

The Issuer's bylaws state that the linked UB units may be converted into UBC units at any time, either through the Secretary of the Board of Directors of *La Comer*, or through Indeval. Therefore, the composition of the UB and UBC units is dynamic.

N. DIVIDENDS

In its first four years of operation the Company did not paid dividends, since all of its operating cash flow has been reinvested in openings and store format upgrades in order to grow in the sales area as quickly as possible. In 2022, 2021, La Comer made a dividend payment of \$0.19 each year and \$0.40 pesos by unit in the year of 2020, and may continue to consider decreeing dividends in the future. (See Note 26 of the Financial Statements).

III. FINANCIAL INFORMATION

1. SELECTED FINANCIAL INFORMATION

The information in the earnings statement and financial position statement presented below is derived from the Company's Financial Statements. Such information should be read jointly with the consolidated financial statements (*and their notes*), included in this Annual Report. The figures as of December 31, 2021, 2020 and 2019, are presented in millions of Mexican pesos. (See "General Information - Glossary of Terms and Definitions - Presentation of Financial and Economic Information").

Income Statement

(Millions of pesos, except for percentages)

	2022	2021	2020
Sales	\$ 33,436	\$ 28,906	\$ 27,021
Cost of sales	24,049	20,857	19,638
Operating expenses	7,153	6,248	5,650
Other (expenses) income, net	12	7	2
Depreciation and Amortization	1,244	1,092	1,014
Operating income	2,246	1,808	1,734
Financial (expense) income - net	-33	-23	15
Earnings (loss) before taxes	2,213	1,785	1,748
Income tax	254	242	281
Net income (loss)	1,960	1,543	1,467
* (EBITDA)	3,490	2,900	2,748
EBITDA/sales	10.4%	10.0%	10.2%
Operating income/ sales	6.7%	6.3%	6.4%
Linked Units (millions)	1,086	1,086	1,086
Earnings per Linked Unit (pesos)	1.80	1.42	1.35

*Operating income plus Depreciation and Amortization

Balance Sheet

(Millions of pesos, except for percentages)

	2022	2021	2020
Cash and cash equivalents	2,078	2,536	3,040
Inventory	4,457	3,918	3,239
Property and equipment, net	18,382	16,396	14,740
Intangible Assets	6,278	6,278	6,278
Other assets	4,020	3,868	3,627
Total Assets	35,215	32,996	30,924
Providers	4,435	4,115	3,539
Other liabilities	3,590	3,448	3,241
Total Liabilities	8,025	7,563	6,780
Consolidated Shareholders' Equity	27,190	25,433	24,144
Total Liabilities plus Shareholders' Equity	35,215	32,996	30,924

Annual Performance Data

	2022	2021	2020
Same store sales growth	9.2%	4.3%	18.8%
Food product category sales	81.4%	82.2%	82.2%
Non-food product category sales	18.6%	17.8%	17.8%
Sales per m ² (Thousand pesos)	\$ 95	\$ 88	\$ 87
Sales per operating in-store worker (Thousand pesos)	\$ 2,545	\$ 2,274	\$ 2,330
Average Inventory Conversion Ratio (days)	67	68	59
Average Payable Conversion Ratio (days)	66	71	65

Operating Data	2022	2021	2020
Stores at year-end	80	77	72
Sales Area (m ²)	353,219	329,033	308,862
Employees	15,095	14,532	13,446
Operating in-store employees	13,139	12,709	11,597
Receipts (thousands)	72,289	62,859	60,079
Fixed Assets Acquisitions	2,982	2,524	2,046

In addition to these effects, no additional factor or criteria had been identified that could make the information presented not comparable.

2. FINANCIAL INFORMATION BY BUSINESS SEGMENT

As of December 31, 2022, 2021 and 2020, the distribution of the Company's formats by stores and retail area is shown below:

	# stores 2022	m²	# stores 2021	# stores 2020
City Market	13	43,449	12	12
Fresko	20	69,982	15	15
La Comer	34	229,485	32	32
Sumesa	13	10,303	13	13
Total	80	353,219	72	72

The stores operated by the Company offer a mix of food and non-food products. Management classifies the Company's sales into four main product lines: *perishables*, *groceries*, *general lines and health, hygiene* and *beauty*. Perishables is comprised of the categories of meat, fruits, vegetables, frozen and prepared foods; groceries include edible and other non-edible products, while health and beauty are integrated by pharmaceuticals and personal care products.

The distribution of sales area by geographic region as of December 31, 2022 is shown below. The largest portion of the Company's revenues is concentrated in the Mexico City metropolitan area.

	Sales contribution	Stores	m²
Mexico City Metropolitan Area	53.9%	40	134,677
Central	25.6%	25	140,607
Western	10.8%	8	37,504
Northern and Northwestern	9.7%	7	40,431
Total	100%	80	353,219

All of the Company's sales are locally produced, and the Company has no foreign operations.

3. INDEBTEDNESS

Currently, the Company does not have any credit, either of a relevant or of a fiscal nature, since it only has factoring lines for suppliers and letters of credit for imports. However, the Company may find it necessary to borrow capital or issue additional stock to fund working capital and capital expenditures or for acquisitions and other investments in the future. (See Note 17 of the Financial Statements).

4. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

The following discussion and analysis by the Company's management should be read jointly with the Financial Statements and notes included in this Annual Report. The Financial Statements as of December 31, 2021 and 2020 are presented in thousands of pesos and have been prepared in accordance with IFRS.

A. Operating Results

Analysis of the results for the year ended December 31, 2022 and 2021

	As of Dec. 30, 2022				
	2022	%	2021	%	Var %
Net sales	33,436	100.0	28,906	100.0	15.7
Cost of sales	24,049	71.9	20,857	72.2	15.3
Gross profit	9,387	28.1	8,049	27.8	16.6
Operating expenses	7,140	21.4	6,241	21.6	14.4
Operating profit	2,246	6.7	1,808	6.3	24.2
EBITDA ¹	3,490	10.4	2,900	10.0	20.3
Operational cash flow ²	3,222	9.6	2,660	9.2	21.1
Net financial result	(33)	(0.1)	(23)	(0.1)	41.9
Taxes	254	0.8	242	0.8	4.9
Net Income	1,960	5.9	1,543	5.3	27.0
Same Store Sales (%)	9.2		4.3		
Clients (thousands)	72,289		62,859		15.0
Inventory days ratio	67		68		(1.4)
Supplier days ratio	66		71		(6.4)
Number of stores	80		77		3.9
Sales area (m ²)	353,219		329,033		7.4

In millions of Mexican pesos,

(1) EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortization.

As of December 31, 2022, there were 80 self-service stores; while as of December 31, 2021, there were 77 self-service stores. During 2022, 4 stores were opened: two stores in the La Comer format and two Fresko stores. During the year, a store was closed for its total remodeling. The sales area in m² presented an increase of 7.4%, going from 329,033 square meters in 2021 to 353,219 square meters in 2022.

Total revenues

As of December 31, 2022, total sales amounted to \$33,436 million pesos, presenting an increase of 15.7% compared to the same period of the previous year. Same store sales for the year increased by 9.2%.

All our formats present increases in same-store sales between 5% and 10%.

All regions posted growth in same-store sales, with the West zone standing out during the year.

By product category, we can highlight that, for the year, we continued with increases in the food category, increasing 36.4% in total sales in this department, compared to the previous year.

Gross profit

Gross profit presents a margin of 28.1% as a percentage of sales against a margin of 27.8% in the same period of the previous year. Gross profit was \$9,387 million pesos, an increase of 16.6% compared to the previous year.

Operating Income and EBITDA

The operating profit for the year presented an increase of 24.2% compared to the same period of the previous year, presenting a margin of 6.7%.

During the third quarter of 2022, the Company made an extraordinary payment of \$125 million pesos to resolve SAT observations for 2004, of which there was a net effect of approximately \$65 million pesos in general expenses. During December 2021, differences were paid to the SAT for \$454 million pesos to settle the observations regarding the years 2014 and 2015. This payment represented a net effect in other expenses on the results of the Company in the fourth quarter 2021 of approximately \$58 million. of pesos.

During 2022, the expenses with the most increases were: expenses in salaries and benefits of 17.0%, electricity with an increase of 19.5% and expenses in systems in 38.5% due to updates for better security and service.

In accumulated terms for the year, the EBITDA margin was 10.4%, generating a flow of \$3,490 million pesos and growing 20.3% against the EBITDA of the same period of the previous year.

Financial income

Within this concept, the Company presented an expense in the net financing result of \$33 million pesos, due to \$131 million pesos for income from investment yields, the effect of interest on leasing for \$181 million pesos and the difference due to exchange movements.

Taxes and Net Income

During this period, an income tax was reported for the amount of \$254 million pesos compared to \$242 million for the same period of the previous year.

Due to all of the above, in cumulative terms, net income was \$1,960 million pesos compared to \$1,543 million for the same period of the previous year.

Working Capital

At the end of this period, the Company presented a cash balance of \$2,078 million pesos, presenting a decrease of \$458 million pesos against the cash balance as of December 2021, used mainly in property acquisitions for future openings. The level of inventories was located at \$4,457 million pesos and that of suppliers at \$4,435 million pesos. Inventory turnover as of December 2022 was 67 days and that of suppliers was 66 days, presenting a difference of 1 day.

*Analysis of the results for the year ended December 31, 2021 and 2020
(million pesos except percentage)*

	Al 31 de diciembre de 2021				
	2021	%	2020	%	Var %
Net sales	28,906	100.0	27,021	100.0	7.0
Cost of sales	20,857	72.2	19,638	72.7	6.2
Gross profit	8,050	27.8	7,382	27.3	9.0
Operating expenses	6,241	21.6	5,648	20.9	10.5
Operating profit	1,809	6.3	1,734	6.4	4.3
EBITDA ¹	2,900	10.0	2,748	10.2	5.6
Operational cash flow ²	2,660	9.2	2,529	9.4	5.2
Net financial result	(23)	(0.1)	15	0.1	(258.1)
Taxes and other	242	0.8	281	1.0	(14.0)
Net Income	1,543	5.3	1,467	5.4	5.2
Same Store Sales (%)	4.3		18.8		
Clients (thousands)	62,859		60,079		4.6
Inventory days ratio	68		59		13.9
Supplier days ratio	71		65		9.5
Number of stores	77		72		6.9
Sales area (m ²)	329,033		308,862		6.5

In millions of Mexican pesos,

(1) EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortization.

(2) Operating Cash Flow refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.

As of December 31, 2021, there were 77 self-service stores; while as of December 31, 2020, there were 72 self-service stores. During 2021, 5 stores were opened: 1 City Market, a store in La Comer format and three Fresko stores. The sales area presented an increase of 6.5%, going from 308,862 square meters in 2020 to 329,033 square meters in 2021.

Total revenues

In accumulated terms, total revenues amounted to \$28,906 million pesos, showing an increase of 7.0% compared to the same period of the previous year. Same store sales increased 4.3% during the year.

Our La Comer format presented the highest increases in same-store sales in the year, helped by the good execution of our promotional campaigns that are carried out during the year mainly in this format. Likewise, our Fresko format presented important increases.

All regions showed growth in same-store sales. The Northwest region had the highest growth in the year. Additionally, the stores in the Western region continue to show significant increases.

By product category, we can highlight that, during the year, there were greater increases in the perishable category, as well as a strong recovery in the prepared food and bakery areas.

Due to the confinement situation and the adaptations to the new measures and needs presented by the COVID-19 pandemic, our sales levels of our digital platform "La Comer en tu Casa" continue at significant levels, although slightly more moderate than those presented previously. in the year. During the last quarter, the first "Side Store" was inaugurated in Mexico City. This new store, adjacent to an existing one, has new spaces designed to cater exclusively to online orders, but at the same time takes advantage of synergies with an existing store.

Gross profit

The cost of sales for the year 2021 was \$28,857 million pesos, presenting an increase of 6.2% compared to the previous year.

Gross profit presented a margin of 27.8% as a percentage of sales, presenting an increase of 52 basis points against the previous year. During 2021 there was a gross profit of \$8,050 million pesos, showing an increase of 9.0% compared to the previous year.

The improvement that has occurred in the margin during the year is due to the recovery in income in the real estate section, as well as a greater participation in sales in our sections of prepared food and bakery, which during the past year presented a decrease in its operating activities due to the pandemic. Other factors that supported this increase are improvements in logistics and loss control.

Operating income and EBITDA

During the year, the expenses that had the greatest increases were expenses on biodegradable packaging, advertising and expenses for openings.

The operating profit for the year was \$1,809 million pesos, which presented an increase of 4.3% against the same period of the previous year and presenting a margin of 6.3% against a margin of 6.4% of the previous year.

In accumulated terms of 2021, the EBITDA margin was 10.0%, generating a flow of \$2,900 million pesos, growing 5.6% against the EBITDA of 2020.

The Operating Flow (EBITDA less the flow for payment of rents), was for the accumulated of 2021 of \$2,660 million pesos, presenting an increase of 5.2% compared to the previous year of \$2,529 million pesos. The operating cash flow margin for the year of 2021 was 9.2%.

(Cost) financial income – net

Within this concept, the Company presented an expense in the net financing result of \$23 million pesos, due to \$113 million pesos for income from investment yields, the effect of interest on leasing for \$155 million pesos and the difference due to exchange movements.

Taxes

During this period, an income tax was reported in the amount of \$242 million pesos.

Net income

Net income for the year was \$1,543 million pesos compared to \$1,467 million for the previous year.

Analysis of the results for the year ended December 31, 2020 and 2019

	2020	%	2019	%	Var.
Net Sales	27,021	100.0%	21,591	100.0%	25.1%
Cost of sales	19,638	72.7%	15,698	72.7%	25.1%
Gross profit	7,382	27.3%	5,893	27.3%	25.3%
Operating expenses	4,802	17.8%	4,054	18.8%	18.5%
Administrative expenses	848	3.1%	778	3.6%	9.0%
Other income	39	0.1%	21	0.1%	83.7%
Other expenses	41	0.2%	77	0.4%	-46.6%

Operating profit	1,734	6.4%	1,117	5.2%	55.1%
Financial income	213	0.8%	184	0.9%	16.0%
Financial expenses	228	0.8%	193	0.9%	17.9%
Earnings before tax & profit sharing	1,749	6.5%	1,127	5.2%	55.1%
Income tax	281	1.0%	91	0.4%	209.4%
Net income	1,467	5.4%	1,036	4.8%	41.6%
Depreciation & amortization	1,014	3.8%	861	4.0%	17.8%
EBITDA	2,748	10.2%	1,978	9.2%	38.9%
Operating Cash Flow	2,529	9.4%	1,783	8.3%	41.8%

Note: The figures and the discussion of the results presented in this section are indicated in million pesos.

As of December 31, 2020 and 2019, there were 72 and 71 self-service stores, respectively. During 2020, 2 stores were opened: a La Comer store and a Fresko store. During the year, a store was closed in the metropolitan area of Mexico City, with the purpose of completely remodeling it. The sales area presented a net increase of 2.7%, going from 300,780 square meters in 2019 to 308,862 square meters in 2020.

Net sales

Sales in 2020 amounted to \$ 27,021 million pesos, presenting an increase of 25.1% compared to the same period of the previous year. Same-store sales for the period increased by 18.8%, highlighting that in the year, our City Market format presented the best growth results.

By category, perishable products and groceries showed relevant increases. All formats, regions and categories show increases in sales, but the City Market format presented the best increases in same-store sales in the year.

By region, the highest growth in same-store sales continues in the Western region of the country, as the stores that have opened in that area continue to have very favorable sales increases, showing the acceptance of our formats in that region.

During 2020, there were some changes in the behavior of our clients; showing a decrease in their frequency of visits to stores and increasing the average purchase per visit by approximately 40%, which fully offset the decrease in traffic. During the year, electronic commerce transactions increased significantly in our online shopping application: La Comer en tu Casa, with a sales participation of 7.4%, presenting an increase compared to the previous year of 3.9 times.

Cost of Sales

The cost of sales remained as a percentage of sales at 72.7% for both years; maintaining the greater efficiencies in the costs of storage and distribution of products that were obtained during the years, reporting improvements in the cost of logistics.

Gross profit

Gross profit presented a margin of 27.3% as a percentage to sales, showing very similar to the previous year. Throughout the year, due to the emergency decreed due to the COVID-19 virus, priority was given to supply in all our stores. Although constant cleaning and sanitation costs have increased in our distribution centers and there has been a change in the product mix, significantly reducing the share of prepared foods, it has been possible to maintain the gross margin with logistical efficiencies and control of losses.

Operating Income and Expenses

Some accounts with relevant increases in expenses were:

- Salaries and salaries, to strengthen the areas of logistics and "La Comer en tu Casa" to satisfy the increase in demand. Additionally, the entire group of "vulnerable" employees who are confined at home due to their situation is being included.
- Extraordinary expenses for cleaning and cleaning, necessary due to the health emergency of COVID-19 to keep our stores in optimal conditions and offer our collaborators and customers a sanitized environment.
- Expenses related to our online sales system (e-commerce) "La Comer en tu Casa", to improve the shopping experience and cover the increase in demand.
- Surveillance expenses, to offer our customers maximum security within our stores.
- Increase in expenses for packaging to preserve food hygiene.

Operating profit for the year grew 55.1%, presenting a margin of 6.4%.

EBITDA

For 2020, the EBITDA margin was 10.2%, generating a flow of \$ 2,748 million pesos and growing 38.9% against the EBITDA of 2019.

The 2020 accumulated Operating Flow of \$ 2,529 million pesos, shows an increase of 41.8% compared to the same period of the previous year of \$ 1,783 million pesos. The 2020 operating flow margin was 9.4%, which compares with 8.3% for the same period of the previous year.

Financial income and expenses

Within this concept, the Company presented a net comprehensive financing result of \$ 15 million pesos, due to \$ 136 million pesos for income from investment returns, effect of interest from leasing for \$ 150 million pesos and the difference is due to fluctuations exchange rates.

Taxes and Consolidated Net Income

In 2020, an income tax was reported in the amount of \$ 281 million pesos.

For all the above, the net profit for the year was \$ 1,467 million pesos compared to \$ 1,036 million for the same period of the previous year.

B. Financial Condition

The Company has no financial debt as of December 31, 2022 and 2021.

The Company presented at the end of 2022 a cash balance of \$2,078 million pesos, presenting a decrease of \$458 million pesos against the cash balance at December 2021, used mainly in property acquisitions for future openings. The level of inventories was located at \$4,457 million pesos and that of suppliers at \$4,435 million pesos. Inventory turnover as of December 2022 was 67 days and that of suppliers was 66 days, presenting a difference of 1 day.

The Company has no financial debt as of December 31, 2021 and 2020.

The Company has lines of credit for the ordinary course of the business (*overdraft, foreign currency purchase and sale, leasing, factoring and letter of credit facilities*).

The company presented at the end of 2021 a cash balance of \$2,536 million pesos, showing a decrease of \$505 million pesos against the cash balance as of December 2020; used mainly in project investment and store openings. The inventory

level was \$3,918 million pesos and that of suppliers was \$4,115 million pesos. Inventory turnover as of December 2021 was 68 days and that of suppliers was 71 days, presenting a difference of 3 days.

During 2022, 2021 and 2020 there was an investment in property, plant and equipment of \$2,982, \$2,524 and \$2,046 million pesos. increasing by 18.1%, 23.3% and 3.0%.

The resources generated by EBITDA amounted to \$3,490 million pesos in 2022, \$2,900 million pesos in 2021 and \$2,748 million pesos in 2020 with a margin on sales of 10.4%, 10.0% and 10.2%, respectively.

From January 1 to December 31, 2022, 2021 and 2020, inventories increased 14%, 21% and (0.6%) year-on-year, going from \$3,918, \$3,239 and \$3,260 million pesos at the beginning of the year, to \$4,457, \$3,918 and \$3,239 million pesos for the end of 2022, 2021 and 2020.

The Company presented at the end of 2020 a cash balance of \$3,040 million pesos, presenting an increase of \$649 million pesos. The level of inventories was located at \$3,239 million pesos and that of suppliers at \$3,539 million pesos. The inventory turnover as of December 2020 was 59 days and that of suppliers was 65 days, presenting a difference of 6 days.

The resources generated by EBITDA amounted to \$2,748 million pesos in 2020 with a margin over sales of 10.2%.

The following table shows the investments in fixed assets made by the Company during the year 2021, 2020 and 2019:

<i>Million pesos</i>	2022	2021	2020
Construction and installation	945	1,349	1,233
Layouts	832	136	42
Furniture and equipment	1,205	1,039	771
Total	\$2,982	\$2,524	\$2,046

Capital expenditures of \$2,982, \$2,524 and \$2,046 billion during 2022, 2021 and 2020 were focused on the opening of the four, five and two units in those years, as well as maintenance investments needed to carry out remodeling in three stores in each of the years.

Cash policy

As a result of the Company's operations, its liquidity is immediately available through the collection of payments at its cash registers for products acquired by customers in its stores, in addition to the management of a higher inventory turnover in relation to the days of accounts payable to suppliers.

As of December 31, 2022, 2021 and 2020, payments made by customers through different payment means were classified as follows:

	2022	2021	2020
Cash	23.4%	24.0%	25.1%
Credit and debit cards	60.1%	60.2%	62.4%
Food vouchers	4.0%	4.0%	4.0%
Other	12.5%	11.8%	8.5%
Total	100%	100%	100%

As a matter of policy, the Company maintains certain positions in U.S. dollars only to cover estimated expenses for business obligations expressed in that currency.

Policies applicable to Treasury management

The main responsibility of the treasury area consists of the adequate concentration of the resources generated by the sales carried out by the Company and its management to face its investment, operational, financial and fiscal commitments. In the fulfillment of these activities, the Company seeks to carry out an adequate distribution of its resources through efficient communication systems with the financial institutions with which it operates. Cash surpluses are centrally invested at the best rates of return in low risk instruments with short-term government or bank guarantees in order to minimize risk exposure and preserve the Company's equity.

Monetary Resources

The Company maintains its resources in local and foreign currency. The position of resources in local currency represents the majority of the Company's resources, since most of the operations are carried out with suppliers and customers located in the country. There are letters of credit with which the Company can finance a smaller portion of its commercial operations.

Likewise, the Company carries out operations in foreign currency for the acquisition of imported merchandise with foreign suppliers. There is currently no financial debt denominated in U.S. dollars or any other currency.

It is the Company's practice to maintain a balance available in various foreign currencies for short-term obligations in such currencies, for normal business operations and for investment in its growth plan.

Cash flow

Cash flow at December 31:

	2022	2021	2020
Cash and cash equivalents at the beginning of the year	2,536	3,040	2,391
Operating activities	2,851	2,410	3,102
Investing activities	(2,835)	(2,428)	(1,902)
Financing activities	(474)	(486)	(551)
Cash and cash equivalents at the end of the year	<u>2,078</u>	<u>2,536</u>	<u>3,040</u>

Millions of pesos

The flow from operating activities grew during the year 2022 18.3%

Cash flow from operating activities decreased 22.3% due to the high comparisons of the previous year that presented growth of the *66.0% in 2020 and 37.4% in 2021*), especially driven by the Company's profit generation, because of the increase of the extraordinary situation of the Pandemic and due to the moderate effect of changes in the Company's main working capital accounts, mainly supplier accounts and inventories.

The Company's expansion plan, with the opening of new stores, is the main reason for the cash flow requirement for the investment activities account; where the annual amount required is determined primarily by the execution of new store openings. Cash flow generated by operating activities represented, 163.1% in 2020, 99.3% in 2020, 99.3% in 2021 and 100.6% in 2022 of the required flows for investing activities, practically all of the cash flow required for investing activities was financed with cash flow from operating activities.

C. Internal Control Policies and Procedures

The internal control structure established by the Company's management is composed of various management and oversight bodies such as the Board of Directors, the Audit Committee, the Corporate Practices Committee, the Planning Committee and the Management Committee.

Additionally, there are several controls that contribute to strengthen corporate governance actions, such as the Code of Ethics and a telephone number for complaints, where any breach of the Code of Ethics may be reported.

Our disclosure controls and procedures are reviewed by the Audit Committee and the Chief Executive Officer to ensure

effective disclosure and that the consolidated financial statements present fairly the consolidated financial position and results of operations for the periods presented.

The Company has central information systems through which the Company's operations are recorded for accounting purposes, as well as processes and policies that provide us with reasonable assurance that transactions are executed and recorded in accordance with management and in conformance with applicable international financial reporting standards.

There were no changes in our internal control over financial reporting during 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

5. CRITICAL ACCOUNTING ESTIMATES, PROVISIONS OR RESERVES

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. Areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant in regard to the consolidated financial statements are described in Note 4 to the consolidated financial statements included in this Annual Report.

The Company believes that while historical experience, current trends, or other factors may be considered in the preparation of its IFRS consolidated financial statements, actual amounts may differ from those estimates.

The Company believes that the following accounting estimates include, to a large extent, value judgments and/or complex transactions, and they are therefore considered to be critical accounting estimates. The Company's management has discussed and selected these accounting estimates jointly with the Audit Committee, and the Audit Committee has reviewed the published information on these estimates.

The estimates and assumptions are reviewed on an ongoing basis and are based on experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The Company's management must make certain judgments and estimates and consider assumptions about the future. The resulting accounting estimates will, by definition, rarely equal the actual results. The estimates and assumptions that have a high risk of resulting in a significant adjustment to the book value of assets and liabilities within the next fiscal year are mentioned below:

- Reverse factoring: presentation of amounts related to supplier financing agreements in the balance sheet and the cash flow statement. (See Note 17 of the Financial Statements).
- Term of the lease: if the Company is reasonably certain that it will exercise extension options. (See Note 28 of the Financial Statements).
- Measuring the estimate for expected credit losses on accounts receivable: key assumptions to determine the weighted average loss rate. See Notes 6 and 9 of the Financial Statements.
- Impairment testing of intangible assets. See Note 15 of the Financial Statements.
- Recognition and measurement of provisions and contingencies: key assumptions related to the probability and magnitude of an outflow of economic resources. . (See Note 19 of the Financial Statements).
- Measurement of defined benefit obligations: key actuarial assumptions. . (See Note 20 of the Financial Statements).

- Recognition of deferred tax assets: availability of future taxable income against which deductible temporary differences and offsetting losses obtained in prior periods may be used. . (See Note 25 of the Financial Statements).
- Determination of income tax. Professional judgment is required to determine the provision for income tax. There are certain transactions and calculations for which the determination of the definitive tax provision may be uncertain. Therefore, some significant management judgment is required in determining the provision for income tax. The Company recognizes a liability for tax matters based on estimates of whether additional taxes may be due. When the final tax on these matters is different from the amounts originally recognized, such differences will impact the current and deferred tax asset and/or liability in the period in which the difference is determined. As of December 31, 2020, there are no uncertain tax positions. . (See Note 25 of the Financial Statements).
- To assess the recoverability of the deferred tax asset, it is measured through the estimated future profits included in the annual depreciation test of long-duration assets.
- Estimated recoverable value of non-monetary assets. The Company reviews the recoverable value of non-monetary assets at the end of each period. This evaluation is made in accordance with depreciation tests determined on an annual basis, or when there is an indication of depreciation. The determination of the recoverable value of non-monetary assets involves significant judgments, such as the estimation of future business results and the discount rate applied to projections. In the opinion of the Company's management, the projections used to determine this recoverable value reasonably reflect the economic conditions of the Company's operating environment. . (See Note 15 of the Financial Statements).

6. ADDITIONAL PUBLIC INFORMATION

Overview

La Comer, S.A.B. de C.V. was created as a result of the spin-off of *Controladora Comercial Mexicana, S.A.B. de C.V. (CCM)*, whose term to take legal effect was completed on January 4, 2016. It was listed on the MSE as a trading company on that same date. *La Comer* is a holding company that mainly invests in companies related to the purchase, sale and distribution of groceries, perishables and general merchandise.

Corporate Restructuring

i. Pledge of Public Offering Contract

On January 28, 2015, the then controlling shareholder of *Controladora Comercial Mexicana, S.A.B. de C.V. (CCM)*, holder of the Company until January 2016) and *Organización Soriana, S. A. B. de C. V. (Soriana)*, entered into an Initial Public Offering Agreement (*the "Agreement"*), establishing the basis for the initial public offering, which was subject to the fulfillment of certain conditions, including the authorization of the *Federal Antitrust Commission (COFECE; Comisión Federal de Competencia Económica)*, stock exchange authorities and corporate approvals. The business under the *City Market, Fresko, Sumesa* and several other stores, which in total amounted to 54 stores, was not part of this spin-off and would be kept in order to be operated by the then controlling shareholder of *CCM*, for its future development, due to its potential growth and profitability. This contract also imposed certain restrictions and obligations on the spun-off company (later known as *La Comer*).

ii. Corporate Restructuring and Takeover Bid

On July 2, 2015, *CCM's* Extraordinary Shareholders' Meeting approved the initiation of the process, subject to conditions to be resolved by the COFECE and regulatory authorities such as the *MSE* and the *CNBV*, to split the Company into two legally distinct economic entities, whose financial, operational and legal effects, including the form, term and other mechanisms, will be established once the transaction has been authorized in all its terms at a Shareholders' Meeting, as well as by the *COFECE, MSE*, and the *CNBV*.

On October 9, 2015, the COFECE's plenary session issued the notification regarding the transaction between *CCM* and *Soriana* to carry out the split of the Company into two independent entities, which would result in the sale of 143 owned and self-service stores of the *Mega*, *Tiendas*, *Bodega* and *Alprecio* formats and a lease agreement to *Soriana*. Likewise, by means of the said notification, the Plenary of *COFECE* objected to this transaction in the terms in which it was redacted, since it considered that the process of competition and free market participation could be harmed in some of the units subject to the sale, and imposed certain conditions that had to be met by *Soriana* in order for the transaction to be considered authorized. Among the options that the plenary session of the *COFECE* gave to *Soriana* to close the transaction were: to refrain from buying 26 stores or to buy them, but then sell them within a set period. It should be noted that the acceptance and compliance with the conditions imposed by the *COFECE* plenary would allow both companies to continue with the process of closing the transaction. It should be noted that the acceptance and compliance with the conditions imposed by *COFECE* allowed both companies to continue with the process of closing the transaction.

On October 21, 2015, *Soriana* submitted to *COFECE* the plan with the 14 units that would not be acquired and the 12 units that would be subject to a sale process within the term established by the regulator, This cleared the way for the closing of the transaction and the acquisition of the Company's shares, subject to all legal conditions and procedures established by the *CNBV* and the *MSE* and for the launching of an Initial Public Offering (IPO) for up to all the shares representing the Company's capital stock, linked to the spin-off process of the two companies: the first, which remained as *Controladora Comercial Mexicana, S.A.B. de C.V.*, and which was acquired by *Soriana*; and the second, which was named *La Comer, S.A.B. de C.V. (La Comer)*, which would control the operation of the stores that were not subject to the sale, including the *City Market*, *Fresko* and *Sumesa* formats. The date of approval, by the *CCM* shareholders' meeting, for the formalization of the spin-off was November 10, 2015.

On December 7, 2015, *Tiendas Soriana, S.A. de C.V.*, *Soriana*'s main subsidiary, initiated a public tender offer for 20 business days. As a result, on January 6, 2016, it acquired 96.31% of the capital stock of *CCM*.

iii. CCM SPIN-OFF

On January 4, 2016, the legal period of 45 calendar days for the spin-off of *CCM* ended without the initiation of any legal opposition proceedings. Therefore, as of this date, the spin-off of *CCM* took legal effect and it survived as a new corporation with the character of a spun-off company called *La Comer, S.A.B. de C.V.*, whose shares were listed on the *MSE* as of the same date. It thereupon became the new holder of the shares of *Comercial City Fresko, S. de. R.L. de C.V.*, the main subsidiary of *La Comer*.

On January 8, 2016, *Soriana* settled the offering at market. Subsequently, *Soriana* became the controlling shareholder of *CCM*.

Once the spin-off of *CCM* was completed, the shareholders of that company received new shares representing the capital stock of *La Comer* (spun-off company), in a percentage equivalent to the percentage they had in *CCM*'s capital stock on the date of the transaction.

IV. MANAGEMENT

A. EXTERNAL AUDITORS

As a result of the resolution adopted by the Company's Board of Directors on July 23, 2019, following the recommendation issued by the Audit Committee through its Chairman, KPMG Cárdenas Dosal, S.C. was appointed as the external auditor of the Company's basic financial statements, in order to comply with the obligations established in the General Provisions Applicable to the Entities and Issuers Supervised by the CNBV contracting the External Audit Services of Basic Financial Statements. The CNBV was informed of the change on July 27, 2019. Thus, the consolidated financial statements of the Company as of December 31, 2022, 2021 and 2020, were audited by KPMG.

The Company's consolidated financial statements as of December 31, 2018, 2017 and 2016 were audited by Pricewaterhouse Coopers, S.C. (PwC), an external auditing firm.

The appointment of the external auditors is made by the Board of Directors, with the support of the Audit Committee, which evaluates the performance of the external auditors. The Audit Committee serves as a communication channel between the Board of Directors and the external auditors.

The external auditors have not issued a qualified or negative opinion, nor have they abstained from issuing their opinion on the Company's consolidated financial statements.

The fees approved for the audit of the financial statements and other services (transfer pricing and tax opinion) as of December 31, 2022, 2021 and 2020, amounted to \$7.8, \$6.7 and \$6.3 million, respectively, 75% of which corresponds to the audit of the financial statements of 2022 and 77% corresponds to the audit of the financial statements of 2021 and 2020.

B. TRANSACTIONS WITH THIRD PARTIES; CONFLICTS OF INTEREST

The Company has conducted and expects to continue to conduct a wide variety of related party transactions and therefore the Issuer plans to follow this scheme. The Company has Audit and Corporate Practices Committees that conduct an independent review of related party transactions to verify whether such transactions are in the normal course of business and have been entered into on an arm's length basis.

The main balances of the Company's transactions with related parties as of December 31, 2022 and 2021, are shown in Note 21 - Related Parties, of the consolidated financial statements included in this Annual Report.

C. DIRECTORS AND SHAREHOLDERS

Board of Directors

The members of the Board of Directors have no extra compensation, in addition to their fees for belonging to the Board. As of the date of this Annual Report, La Comer does not have applicable Codes of Conduct for members of the Board of Directors and relevant executives, and the regulations issued by the stock exchange authorities are applicable.

The Articles of Association of La Comer establish that the administration of the Company is the responsibility of the Board of Directors. This governing body is made up of a number of directors, which may not be less than five or more than twenty-one, of which at least twenty-five percent must be independent. The current directors were appointed at the Ordinary General Meeting of Shareholders of La Comer on April 14, 2021.

Thirty 36% of the members of the Board of Directors are independent directors, in accordance with the provisions of the Securities Market Law. The Board of Directors is in charge of the management and administration of the Company. To achieve an adequate fulfillment of its functions, the Board is supported by four Committees, which operate as intermediate

bodies: Audit Committee, Corporate Practices Committee, Planning Committee and Management Committee. The Board of Directors is the legal representative of the Company and has the broadest powers and authority to carry out all operations inherent to the corporate purpose, except those expressly entrusted to the General Shareholders Meeting, and 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. Additionally, the Company has adopted the recommendations established by the Business Coordinating Council, which in the Code of Best Corporate Practices mentions the following, among other best practices:

- To separate the roles of Chairman of the Board of Directors and the Chief Executive Officer of the corporate group, giving this governing body the ability to exercise objective and independent judgment on the various corporate matters dealt with therein.
- Communicate to the Chairman and other members of the Board of Directors any situation in which there is or may be a conflict of interest, abstaining from participating in the corresponding deliberation.
- To use the assets or services of the Company only for the fulfillment of the corporate purpose and to have clearly defined policies that allow, in cases of exception, to use such assets for personal matters.
- Devote the necessary time and attention to their function, attending at least 70% of the meetings to which they are called during the year.
- Maintain absolute confidentiality regarding all information received in the performance of their duties and, in particular, regarding their own participation and that of other directors in the deliberations at Board meetings.
- The proprietary directors and, if applicable, their respective alternates must keep each other informed of the matters discussed at the Board of Directors meetings they attend.
- Provide support with opinions and recommendations derived from the analysis of the Company's performance, so that the decisions adopted are adequately based.
- To establish a mechanism for evaluating the performance and compliance of the directors with their duties and fiduciary responsibilities.

The following table shows the members of the Board of Directors, appointed at the Ordinary Shareholders' Meeting held on April 29, 2020, who will be in charge for the period ending on the date the next Ordinary Meeting to be held:

Position	Proprietary	
Honorary Chairman	Guillermo González Nova	1
Chairman	Carlos González Zabalegui	1
Director Vicechairman	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	Almudena Ariza García	3
independent director	Alberto G. Saavedra Olavarrieta	3
Secretary	Rodolfo García Gómez de Parada	1
	Alternate	
	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	Manuel García Braña	3
Director	Alberto G. Saavedra Olavarrieta	3
Director	Almudena Ariza García	3

Corporate Practices Committee

Chairman	Alberto G. Saavedra Olavarrieta	3
Director	Manuel García Braña	3
Director	Almudena Ariza García	3

- (1) Proprietary director
- (2) Related director
- (3) Independent director

Below is a brief biography of the Company's senior officers.

The Company promotes labor inclusion without distinction of gender. Equality between men and women is encouraged in how its governing bodies are integrated, including a balanced employee structure by gender, it currently has a woman on the Board of Directors, and several women as directors in different departments.

The table and the following information show the Company's main officers, the position they hold and the year since they have held it. In addition, the degree of study earned and the years they have served within the Company are presented. Since the Company has been in operation for seven years, this is considered to be the time that its employees have been working for the Company.

Name	Charge	Years
Carlos González Zabalegui	Chairman of the Board of Directors	7
Santiago García García	Chief Executive Officer	7
Rogelio Garza Garza	Chief Administrative and Financial Officer	7
Rodolfo J. García Gómez de Parada	Chief Tax, Legal and Audit Officer	7
Luis Arturo Mejía Coronel	Chief Operating Officer	4
Jorge Eduardo O'Cádiz Salazar	Chief Merchandise Officer	7
Raúl del Signo Guembe	Human Resources Officer	7
Flor Argumedo Moreno	Chief Information Officer	7

Carlos González Zabalegui has a degree in Business Administration from the Universidad Iberoamericana and a MBA from the IESE Business School in Barcelona, Spain. He served as the Company's Chief Financial Officer, General Manager and Executive Vice President. Mr. González acts as the Chairman of the Board of La Comer and is a member of the board of Banamex and Grupo Kuo. Similarly, he is a member of the National Business Council. He has 52 years of experience in the retail sector.

Santiago García García was born in Madrid, Spain. He studied at the Universidad Anahuac for a degree in Industrial Engineering and earned an MBA from the IPADE Business School. He worked within the El Palacio de Hierro department chain and was General Director of Tiendas Comercial Mexicana. He has 43 years of experience in the retail industry.

Rogelio Garza Garza has a degree in Computer Systems and Technologies and an MBA from the Monterrey Institute of Technology. In addition, he earned a Master of Science degree from Stanford University and worked in the financial and treasury areas within the Monterrey-based Grupo Alfa and Grupo Proeza. He has 13 years of experience in the retail sector.

Rodolfo Jesús García Gómez de Parada has accounting studies and earned a law degree from the Universidad Nacional Autónoma de México, and a Master in Tax Law from the Universidad Panamericana. He has served as Chief Tax Officer of CCM since 1990. Previously, he worked for Cifra, S.A. He is Chairman of the Tax Committee of ANTAD and a member of the board of Industrias CH, S.A.B. de C.V. He has 47 years of experience in the retail sector.

Luis Arturo Mejía Coronel has a degree in Marketing from the Universidad Tecnológica de México. He worked as Regional Deputy Manager of Tiendas Comercial Mexicana, and La Comer. He has 29 years of experience in the retail sector.

Jorge Eduardo O'Cadiz Salazar earned a degree as a Veterinary Medicine Technician from the Universidad Nacional Autónoma de México. He served as buyer of meat products in Tiendas Comercial Mexicana. Later, he was in charge of perishable products at the HEB stores. He was manager of perishable and grocery products, among other positions, in Tiendas Comercial Mexicana. He holds an MBA from the IPADE Business School. He has 29 years of experience in the retail sector.

Raúl del Signo Guembe has gained experience within CCM's Comptrollership department. He earned a bachelor's degree in Public Accountant at ITAM and has an MBA from ITESM. He has 29 years of experience in the retail sector.

Flor Argumedo Moreno. She earned a Bachelors' degree in Systems Engineering from Universidad de Monterrey and an MBA from the IPADE Business School. She served for 21 years within Comercial Mexicana as Systems Officer. She has 35 years of experience in the retail sector. Currently, she is also Chairman of the Board of Directors of GSI de Mexico.

Blood relationship and kinship up to the fourth degree between councilors and directors.

Carlos González Zabalegui, Luis Felipe González Zabalegui, and Alejandro González Zabalegui are brothers, and nephews of Guillermo González Nova (*Honorary President of the Board*). Antonino B. González Guerra and Pablo J. González Guerra are brothers, and nephews of Guillermo González Nova. Gustavo González Fernández is the son of Guillermo González Nova.

Shareholders of more than 10% of the share capital.

According to the records, the shareholder of more than 10% of the capital stock of this Issuer is the trust identified with the number 11024239 whose fiduciary is Scotiabank Inverlat, S.A. Institución de Banca Múltiple, Grupo Financiero Scotiabank Inverlat, which holds **599,999, 392** Linked Units, which presently represent 55% of the Company's paid-in capital stock and 62% of the voting power, and is therefore the Controlling Shareholder. The public part of the Related Units adds up to the remaining 45% of the capital stock of La Comer. The names and aggregate participation of the relevant directors and officers who are part of the trust referred to in this paragraph and who have confirmed that they have an individual participation of more than 1% and less than 10% of the issuer's capital stock are as follows:

Comercial CGN, S. de R.L. de C.V. (*heirs of Carlos González Nova*)
Guillermo González Nova
Pablo J. González Guerra
Antonino B. González Guerra

Shareholders who can exercise control or significant influence or have power of command.

Comercial CGN, S. de R.L. de C.V.
Guillermo González Nova
Pablo J. González Guerra
Antonino B. González Guerra

Audit and Corporate Practices Committee

For the adequate performance of its functions, the Board of Directors relies on the Audit Committee and the Corporate Practices Committee, as established in Articles 25 and 42 of the Securities Market Law. These Committees are each composed of three independent directors, appointed by the Board of Directors and ratified at a Shareholders' Meeting.

The Audit Committee was chaired by C.P. Manuel García Braña, who is considered a financial expert in accordance with the guidelines included within the General Provisions Applicable to Issuers of Securities and other Market Participants. The Corporate Practices Committee was chaired by Alberto G. Saavedra Olavarrieta, who has extensive experience in these matters. 100% of the members of the Audit and Corporate Practices Committee are independent directors. Their responsibilities and obligations are duly established in the specific bylaws that have been developed for each of them and

that were prepared in strict compliance with the provisions of the Securities Market Law and different practices included in the Best Corporate Practices Code. Among the functions of the Audit Committee are to give its opinion to the Board of Directors on the policies and criteria used in the preparation and issuance of financial information; recommend to the Board of Directors the candidates for external auditors and the conditions of their contracts; contribute to the definition of general internal control guidelines and evaluate their effectiveness; verify that the necessary mechanisms are in place to ensure that the Company complies with the various legal provisions to which it is subject; review, analyze and evaluate transactions with related parties and verify compliance with our code of ethics.

Among the functions of the Corporate Practices Committee are the review and approval of executive personnel compensation plans, review and approval of performance evaluations of executives who make up the senior management, and review of the Company's organizational structure.

Planning Committee

Likewise, the articles of association of La Comer provide for the integration of a Planning Committee, which is a collegiate body delegated by the Board of Directors, to determine the strategic planning of the Company. The Committee is composed of some members of the Board of Directors, who are appointed by the Ordinary General Shareholders' Meeting. This Committee is currently composed of Guillermo González Nova, Carlos González Zabalegui, Alejandro González Zabalegui and Luis Felipe González Zabalegui, with Rodolfo García Gómez de Parada acting as Secretary, and the Independent Directors attending at the invitation of the Committee. The main functions of the Planning Committee are, among others, to review the Company's strategy approved by the Board of Directors; to evaluate the Company's investment and financing policies; to evaluate and propose annual budgets to the Board of Directors, and to evaluate the mechanisms presented by senior management for the identification, analysis, management and control of risks to which the Company is subject.

Management Committee

The Company's Chief Executive Officer, Santiago García García, reports to the Management Committee. This Committee is integrated by the Chairman of the Board of Directors, Carlos González Zabalegui; the Director of Administration and Finance, Rogelio Garza Garza; the Corporate Director of Tax and Legal Affairs and Audits, Rodolfo Jesús García Gómez de Parada; and the Director of Shopping Centers, Juan Blanco Fortes. The Honorary President, Guillermo González Nova, regularly attends the meetings, and other Company directors may be invited by the aforementioned officials.

The Committee follows up on the General Management report and is in charge of authorizing relevant investments, authorizing long-term financial projections, buying companies, buying and/or selling land, as well as the stock exchange operation of the shares issued by La Comer, regarding the repurchase or relocation of such securities.

Senior Officers.

The following table lists the names of the Company's principal officers and their positions:

Name	Position
Carlos González Zabalegui	Chairman of the Board of Directors
Santiago García García	Chief Executive Officer - La Comer
Rogelio Garza Garza	Chief Administrative and Financial Officer
Rodolfo Jesús García Gómez de Parada	Chief Tax, Legal and Audit Officer

Remuneration of key management personnel

The total amount of short-term direct benefits granted to senior officers or relevant executives amounted to \$ 214 million, \$201 million and \$170 million as of December 31, 2022, 2021 and 2020, respectively.

D. ARTICLES OF ASSOCIATION AND OTHER AGREEMENTS

The following is a description of the share capital and the most relevant provisions of the Issuer's articles of association. The description provided below is not intended to be exhaustive and the investor should also review the complete bylaws.

Incorporation and Registration.

General.

The Issuer is a publicly traded company with variable capital, which is duly incorporated as a result of the spin-off of CCM, approved by the Extraordinary General Shareholders' Meeting of that company on July 2, 2015 and authorized by resolution of the Extraordinary General Shareholders' Meeting of that company held on November 10, 2015. Its incorporation is recorded in public deed number 157,406 dated December 4, 2015, recorded by the notary public number 198 of Mexico City, Enrique Almanza Pedraza, whose first affidavit is registered in the Public Registry of Commerce of Mexico City, under the electronic commercial folio number 548698-1 dated December 17, 2015. It has an indefinite duration and its corporate domicile is located in Mexico City.

The Issuer has filed a copy of its by-laws with the CNBV and the MSE, which are available for consultation on the MSE's website (www.bmv.com.mx), the content of which is not a part of, and should not be incorporated by reference to, this Annual Report. La Comer's main offices are located at Avenida Insurgentes Sur 1517, Modulo 2, Colonia San José Insurgentes, C.P. 03900, Mexico City.

The Issuer maintains a share registry and, in accordance with Mexican law, only those who are registered in the registry will be recognized as shareholders. Shareholders of La Comer may hold their shares in the form of physical securities or through records in the accounts of entities that participate in Indeval. Brokers may maintain accounts in Indeval, banks and other entities approved by the CNBV.

In accordance with current Comercial Mexicana policies, any transfer of shares must be registered in the share registry book of the Issuer, if it is done physically, or through entries that allow the correlation of the share registry with the records kept by Indeval, if it is done through electronic records.

Corporate purpose.

The Issuer's corporate purpose is, inter alia, to carry out all manner of commercial acts and, in particular, to promote, organize and manage all manner of industrial, commercial or civil companies, as well as to acquire shares, interests or stakes in other commercial or civil companies, either as part of their incorporation or by acquiring shares or stakes in those already incorporated, and to dispose of or transfer such shares or stakes. Likewise, the Issuer may receive from other Mexican or foreign companies and provide to the companies of which it is a shareholder or partner or to other companies, advisory and technical consultancy services in industrial, administrative, accounting, commercial or financial matters.

Description of the legal regime applicable to Stock Market Corporations.

Share Capital and Shares.

The capital of the Company is variable, and its shares will be represented by nominative titles, without expression of nominal value. The minimum fixed part without right of withdrawal, amounts to \$1,086'000,000.00 and is represented by 4,344'000,000) shares, integrated in Linked Units.

The capital stock will have the following series of shares:

Series B which will represent one hundred percent of the total common shares, with full voting rights, of free subscription, which may be acquired by Mexican investors and by foreign individuals or corporations.

Series C is comprised of shares without voting rights and with patrimonial rights, of free subscription; they will not represent more than 25% of the total shares issued by the Issuer, unless said percentage is changed with the authorization of the CNBV.

The Shareholders' Meeting that resolves on a share issue may establish different series and within each series, different sub-series and determine essential characteristics that restrict the circulation or transferability regime of the shares that make up said series and sub-series, or condition the rights that, according to the law or the articles and bylaws, said shares confer on their holders. Within its respective Series, each share will confer equal rights and obligations to its holders.

- Series B shares will each confer the right to one vote at Shareholders' Meetings.
- Series C shares without voting rights will have the same patrimonial rights as common shares, including participation in profits and preferential right to subscribe new shares of their series issued for payment in cash or in kind in the corresponding proportion. Series C shares will not be counted for purposes of determining the quorum at shareholders' meetings and are considered to be a neutral investment, which will not be counted in determining the percentage of foreign investment in the capital stock, pursuant to the terms of the Foreign Investment Law.

Legal entities that are controlled by this company may not acquire, directly or indirectly, shares representing its capital stock, or credit instruments representing such shares. Excepted from the above prohibition are: (i) acquisitions made through investment funds; and (ii) acquisitions made by such companies to implement or comply with options or plans to sell shares for employees and pension funds, retirement, seniority premiums and any other fund with similar purposes, constituted directly or indirectly, by the Issuer, subject to the applicable legal provisions. The provisions of this paragraph shall also apply to acquisitions made on derivative financial instruments or options that have as their underlying capital, shares representing the company's share capital, and which are payable in kind.

La Comer may issue unsubscribed shares under the terms and conditions provided for in Article 53 of the Securities Market Law, which will adhere to the capital structure and division of series of shares referred to in the corporate bylaws.

Share Redemption.

By resolution of the Extraordinary General Shareholders' Meeting, the Company may redeem its own shares with distributable profits, for which purpose, in addition to observing the provisions of Article 136 of the General Law of Commercial Companies, the following guidelines will be observed:

- a) When shares are redeemed from all shareholders, the redemption will be done in such a way that after the redemption, the shareholders will have the same percentage of shares that they previously had and, if this is not possible, the percentage of shares that is more similar to that which they previously held.
- b) When shares are redeemed by purchase on the Stock Exchange, the Shareholders' Meeting, after adopting the respective resolutions, or if applicable the Board of Directors by delegation from the Meeting, will publish a notice in the official newspaper of the Company's domicile and in at least one newspaper of greater circulation within the Company's domicile, which states the system followed for the withdrawal of shares, where applicable, the number of shares to be withdrawn, the person designated as the purchasing intermediary and, where applicable, the entity where the amount of the redemption is deposited, which will remain from the date of publication of the notice at the disposal of the respective shareholders without accruing any interest.
- c) The share certificates will be cancelled, but if the Shareholders' Meeting so decides, beneficial shares may be issued.

Shareholders Equity increases and decreases

The shareholders' equity may be increased by resolution of the Ordinary or Extraordinary General Shareholders' Meeting, as the case may be, according to the following guidelines.

The increase in the minimum fixed part of the Company's equity and the limit of the variable part may only be increased by resolution of an Extraordinary Shareholders Meeting and the consequent modification of the corporate bylaws. Increases in the variable part will be made by resolution of the Ordinary General Shareholders Meeting, without the corresponding resolutions having to be registered with the Public Registry of Commerce.

No increase may be decreed before the previously issued shares are fully paid. When the respective resolutions are adopted, the Shareholders' Meeting that decrees the increase, or any subsequent Shareholders' Meeting, will set the terms and bases on which such increase must be carried out.

The shares that are issued to represent the variable part of the equity and by resolution of the Meeting that decreed their issuance, which will indicate the date of delivery as they are subscribed, may be offered for subscription and payment by the Board of Directors, in accordance with the powers granted to it by the Shareholders' Meeting, giving in all cases to the Company's shareholders the preference referred to in this section.

Equity increases may be made by means of capitalization of reserves, retained earnings, premiums on shares or by payment in cash or in kind. In increases by capitalization of reserves, all shares will be entitled to their proportional share of the reserves. In increases by payment in cash or in kind, shareholders holding shares existing at the time the increase is determined shall be given preference to subscribe for new shares conferring equal rights that are issued in proportion to the shares conferring equal rights that they hold at the time of the increase, for a period of not less than fifteen days established for such purpose by the Meeting that decrees the increase, calculated from the date of publication of the corresponding notice in the official newspaper of the corporate domicile or calculated from the date of the Meeting, if all the shares into which the equity is divided have been represented at the Meeting. If, after the expiration of the period during which shareholders must exercise the preference granted to them, some shares are still unsubscribed, they must be offered for subscription and payment, under the conditions and within the periods established by the Meeting that decreed the equity increase, or under the terms established by the Board of Directors, as the case may be.

Reductions in the fixed minimum part of the equity will be made by resolution of an Extraordinary General Shareholders Meeting and the consequent reform of the corporate bylaws, complying, if applicable, with the provisions of Article 9 and, if applicable, Article 135 of the General Law of Commercial Companies and other applicable legal provisions.

Decreases in the variable part of the equity may be carried out by resolution of the Ordinary Shareholders Meeting without the need to register the respective resolutions in the Public Registry of Commerce of the Company's domicile.

Reductions in equity may be made to absorb losses, to reimburse shareholders or to free them from unrealized expenses, for the acquisition of its own shares by the Company, and if applicable, for the amortization of shares with distributable profits. Equity may never be reduced to less than the legal minimum.

No share representative of corporate stock may be repurchased in such a way that the number of outstanding Series C shares exceeds the maximum referred to in Article Six of the Articles of Incorporation and Bylaws:

CHAPTER II.- SHARE CAPITAL AND SHARES. CLAUSE SIX. CAPITAL AND SHARES.

The Company's equity is variable. Its shares will be represented by nominative titles, without expression of nominal value. The fixed minimum part without right of withdrawal, is for the amount of \$1,086'000,000.00 and is represented by 4,344'000,000 shares.

In accordance with the terms of Article 56 of the Securities Market Law, the Company may acquire shares representing its capital stock, through the stock exchange, at the current market price, provided that the purchase is made with a charge to the capital stock, in which case they will be converted into unsubscribed shares that the Company will keep in its treasury, without the need for an agreement by the Shareholders' Meeting and, if applicable, to a reserve from net profits, called the reserve for acquisition of own shares. For this purpose, the General Shareholders' Meeting must expressly indicate, for each fiscal year, the maximum amount of resources that may be used to purchase the Company's own shares, the only limitation being that the sum of the resources that may be used for this purpose may in no case exceed the total balance of the Company's net profits, including those retained.

In accordance with section VI of Article 56 of the Securities Market Law, in no case may the Company's acquisition and placement of its own shares result in the percentages referred to in Article 54 of said law being exceeded, in the case of shares other than common shares, or in a failure to comply with the requirements for maintaining registration in the list of securities of the stock exchange on which they are listed.

The Company's purchase of its own shares will be carried out by affecting the equity account by an amount equal to the theoretical value of the repurchased shares. The surplus will be charged to the reserve for the acquisition of its own shares

by the Company. If the purchase price of the shares is lower than the theoretical value of the repurchased shares, the equity account will be affected by the theoretical value of the acquired shares. When the shares are purchased, the Company will reduce its share capital on the same date of acquisition and, if appropriate, simultaneously affect the reserve for the acquisition of its own shares, converting the shares acquired into treasury shares.

Treasury shares may be placed among the investing public and their proceeds will be applied to increase the capital stock for the theoretical value of said shares, reconstituting the reserve for acquisition of Company shares with the surplus, if any. If applicable, the profit generated by the difference between the product of the placement and the acquisition price will be recorded in the account called additional paid-in capital.

Decreases and increases in capital stock derived from the purchase and placement of shares under the terms of this section will not require a resolution of the Shareholders' Meeting or the Board of Directors.

The purchase and placement of shares in the terms expressed will be governed in addition by the General Provisions issued by the CNBV, pursuant to the terms of the Law.

Equity decreases to absorb losses will be made proportionally on all shares of the capital, without the need to cancel shares, since they do not contain an expression of nominal value.

All decreases in equity must be registered in the Registry Book maintained by the Company for this purpose. The shareholder who withdraws will be responsible for the company's obligations to third parties, under the terms of the law.

Shareholders' Meeting.

The General Shareholders' Meeting is the supreme body of the Company and may resolve on all matters submitted to it, without prejudice to the functions reserved for the Company's administrative bodies, and its decisions shall be binding on all shareholders, even those absent or dissenting, except as provided in Articles 201 and 206 of the General Law of Commercial Companies, without the percentage referred to in Article 201 of the General Law of Commercial Companies being applicable, in terms of the provisions of Article 51 of the Securities Market Law. Extraordinary General Meetings will be those that are held to resolve on the matters mentioned in Article 182 of the General Law of Mercantile Corporations, with the exception of increases or decreases of the variable part of the corporate capital, which, like any other matter that is not reserved to the Extraordinary Meeting, will be a matter for the Ordinary Meeting. Special General Meetings will be those that meet to discuss matters that may affect the rights of only one category of shareholders. Any type of meeting must be held at the corporate domicile, except in the case of an act of God or force majeure. The Ordinary Meeting must meet at least once a year on the date indicated by the Board of Directors within the four months following the end of each fiscal year. It must resolve on: (i) the matters indicated in Article 181 of the General Law of Mercantile Corporations and the shareholders must be informed of the financial statements of the Company both individually and consolidated with the entities in which the Company is a shareholder, in accordance with accounting principles; (ii) the purchase and redeployment operations of the Company's own shares referred to in Clause Nine of the Company's By-laws; (iii) annual reports of the Audit Committee and the Corporate Practices Committee referred to in Article 43 of the Securities Market Law, (iv) the report prepared by the Chief Executive Officer pursuant to Article 44, section XI of the Securities Market Law, and the adoption of such measures as are deemed appropriate; (v) the election of the members of the Board of Directors and, if applicable, the qualification of their independence.

Ordinary, Extraordinary and Special Shareholders Meetings will be called by the Board of Directors, either through its Chairman or the Secretary of the Company, by the Chairman of the Corporate Practices Committee and, by the Chairman of the Audit Committee, or by the persons referred to in Articles 168, 184 and 185 of the General Law of Commercial Companies, without the percentage referred to in Article 184 of the General Law of Commercial Companies being applicable, in terms of the provisions of fraction II. of Article 50 of the Securities Market Law. Calls for shareholders' meetings will be made through publications in one of the newspapers with the largest circulation in the corporate domicile and in the electronic system established by the Ministry of Economy. For Ordinary Meetings, the first and second calls must be published at least fifteen and ten days prior to the date set for the meeting, respectively. For extraordinary meetings, the minimum periods for publication will be fifteen days for the first call and five days for the second call. In any case, the notice shall indicate the place, date and time at which the meeting is to be held. It shall contain the Agenda, in which no matters may be included under the heading of general, and shall be signed by the person authorized to do so. From the moment the call to the meeting is published, the information and documents related to each of the items

established in the agenda must be made available to the shareholders immediately and free of charge. Any resolution adopted in violation of the provisions of the said article shall be null and void, unless all the shares have been present at the time of voting. Meetings may be held without prior notice and their resolutions will be valid if the share capital is fully represented at the time of voting.

The shareholders with voting rights, for each 10% (ten percent) of the corporate capital of the Company that they individually or jointly hold, may request the President of the Board of Directors or of the Committees that exercise the functions in matters of Audit and Corporate Practices, at any time, to call a General Shareholders' Meeting in the cases contemplated by the Law.

The Board of Directors will be responsible for overseeing compliance with the resolutions of the shareholders' meetings, which it may carry out through the Committee that exercises the functions in matters of Auditing.

The members of the Board of Directors, the General Manager and the external auditor may attend the Company's shareholders' meetings.

Ordinary General Shareholders' Meeting.

The Ordinary Shareholders' Meeting must meet at least once a year within four months of the end of each fiscal year. In addition to the matters indicated in the agenda, the Annual Ordinary General Meeting must discuss and approve the following:

- the annual report by the Board of Directors, which must include (i) a report on the Issuer's performance during the previous year, as well as on the policies followed by the Chief Executive Officer; (ii) a report stating and explaining the main accounting and reporting policies and criteria followed in the preparation of the Company's financial information; (iii) a statement showing the Issuer's financial position as of the date of the end of the previous year; and (iv) a statement showing the Company's results during the previous year;
- the appointment and/or removal of the members of the Board of Directors and their respective alternates, the confirmation of the independent status of certain directors and the determination of the emoluments of such persons;
- the purchase and redeployment of the Company's own shares;
- the annual report regarding the activities carried out during the previous fiscal year by the Corporate Practices Committee and the Audit Committee.

For the legal installation of ordinary shareholders' meetings held on first call, shares representing at least half plus one of the voting shares of the outstanding capital stock must be present. Ordinary shareholders' meetings held on second or subsequent calls will be valid regardless of the number of shares present. Resolutions adopted at ordinary meetings held on first call will be valid if adopted by the vote of shares representing at least half plus one share of the outstanding capital stock. Resolutions adopted at common meetings held on second or subsequent calls will be valid if adopted by the vote of a majority of the shares present.

For every 10%, shareholders with voting rights represented at a meeting may request that the vote on any matter on which they do not consider themselves sufficiently informed be postponed a single time for three calendar days without the need for a new call, in accordance with Article 50 of the Securities Market Law.

Extraordinary (Special) General Shareholders' Meeting

Special General Shareholders' Meetings will be held to discuss the matters set forth in Article 182 of the General Law of Commercial Companies, as well as the matters set forth in the Securities Market Law and the Company's by-laws. Among other matters that must be resolved by the Extraordinary General Shareholders' Meeting are:

- the modification of the duration of the Company;
- its early dissolution;
- the increase or decrease of the fixed portion of the Issuer's capital stock;

- the change in its corporate purpose;
- the change of nationality;
- the transformation of the Company or merger with any other entity;
- the redemption of the Company's own shares;
- the issuance of unsubscribed shares that are held in the treasury for subsequent subscription by future investors;
- the cancellation of the registration of the Issuer's shares in the NSR or in any national stock exchange or foreign markets in which they are listed;
- the redemption of the Issuer's own shares from its distributable profits;
- any amendment to the Issuer's articles of association; and,
- any other matter for which the law or the bylaws of the Issuer do not require a special quorum.

For the legal installation of Extraordinary Shareholders' Meetings held on first call, at least three quarters of the shares with voting rights must be represented, and their resolutions will be valid when adopted by the favorable vote of shares representing at least half plus one of the shares with voting rights. For the legal installation of Extraordinary Shareholders' Meetings held on second call, at least half plus one of the shares with voting rights must be represented, and their resolutions will be valid when adopted by the favorable vote of shares representing at least half plus one of the shares with voting rights. For Special General Meetings, the same rules provided for in this article will be applied but referring to the special category of the shares in question.

Board of Directors

The management of the Company shall be entrusted to a Board of Directors composed of a number of members, which may not be less than five or more than twenty-one, of whom at least twenty-five percent must be independent, as well as a General Manager, who must perform his or her duties in accordance with the applicable legal provisions.

Under no circumstances may persons who have held the position of external auditor of the Company or of any of the legal entities that make up the business group or consortium to which the Company belongs, during the twelve months immediately prior to the date of appointment, be directors of the Company.

The General Shareholders' Meeting at which the members of the Board of Directors are appointed or ratified or, as the case may be, at which such appointments or ratifications are reported, shall qualify the independence of its directors. Without prejudice to the foregoing, under no circumstances may the following persons be appointed or act as independent directors (i) Relevant executives or employees of the Company or of the legal entities that make up the business group or consortium to which it belongs, as well as the commissioners of the latter. The aforementioned limitation will be applicable to those individuals who have held such positions during the twelve months immediately prior to the date of appointment; (ii) Individuals who have significant influence or power of command over the Company or over any of the legal entities that make up the business group or consortium to which such company belongs; (iii) Shareholders who are part of the group of individuals that maintains control over the Company; (iv) The customers, service providers, suppliers, debtors, creditors, partners, directors or employees of a company that is a customer, service provider, supplier, significant debtor or creditor. A customer, service provider or supplier is considered significant when the Company's sales represent more than ten percent of the total sales of the customer, service provider or supplier during the twelve months prior to the date of the appointment. Likewise, a debtor or creditor is considered to be important when the amount of the credit is greater than fifteen percent of the assets of the Company itself or of its counterpart; and (v) Those who are related by blood, kinship or civil relationship up to the fourth degree, as well as the spouses, common-law wife and common-law husband of any of the individuals referred to in paragraphs (i) to (iv) above.

Independent directors who cease to have such characteristics during their term of office must inform the Board of Directors no later than the next meeting of that body.

Minority shareholders for every 10% of the capital represented by shares with voting rights shall be entitled to appoint a proprietary director and his respective alternate. Once the appointments by the minority shareholders have been made, the other members of the Board will be appointed by a simple majority of votes.

Audit and Corporate Practices Committees.

Without prejudice to the faculty of the Board of Directors or the Ordinary General Shareholders' Meeting to establish other Operating Committees, the Board must annually appoint from among its members the members of (i) the Audit Committee; (ii) the Corporate Practices Committee, and (iii) the Executive Committee (in the understanding that, the appointment and/or ratification of the persons that act as Chairmen of the Audit Committee and of the Corporate Practices Committee, must be carried out by the Shareholders Meeting), which will have the following powers, and will be subject to the operating rules included:

A. Committees Responsibilities.

I. Audit Committee

The Company's Audit Committee will be responsible for the development of the following activities:

- a) To give its opinion to the Board of Directors on matters within its competence under the Securities Market Law and the Company's Articles of Association.
- b) To evaluate the performance of the legal entity providing the external audit services, as well as to analyze the opinion, reports or statements prepared and signed by the external auditor. For such purpose, the Committee may require the presence of the auditor when it deems it appropriate, without prejudice to its obligation to meet with the said auditor at least once a year.
- c) To discuss the Company's financial statements with the persons responsible for their preparation and review. Subsequently, to recommend or not to the Board of Directors their approval.
- d) To inform the Board of Directors of the situation of the internal control and internal audit system of the Company or of the legal entities it controls, including any irregularities it may detect.
- e) To prepare the opinion referred to in Clause Twenty-Two, section 15.4) of the Company's bylaws and submit it to the Board of Directors for subsequent presentation to the Shareholders' Meeting, based on, among other elements, the opinion of the external auditor. This opinion must include, at least:
 1. Whether the accounting and reporting policies and criteria followed by the Company are adequate and sufficient, taking into account the particular circumstances of the Company.
 2. Whether such policies and criteria have been consistently applied in the information presented by the Director-General.
 3. Whether, as a result of paragraphs 1 and 2 above, the information presented by the Chief Executive Officer reasonably reflects the financial situation and results of the Company
- f) Support the Board of Directors in the preparation of the reports referred to in clause Twenty-Two, paragraph 16) of the Articles of Association.
- g) Whether the operations referred to in clause Twenty-Two, section 15.3 of the Articles of Association and article 47 of the Stock Market Law are being carried out in accordance with the provisions of the said precepts, as well as the policies derived from them.
- h) Request the opinion of independent experts in cases where it is deemed appropriate, for the adequate performance of its functions or when required by the Securities Market Law or the General Provisions Applicable to Issuers of Securities and other Market Participants.
- i) Request from the relevant executives and other employees of the Company or of the legal entities it controls, reports on the preparation of financial information and any other type of information it deems necessary for the exercise of its functions.

j) Investigate possible breaches of the operations, guidelines and policies of operation, internal control system and internal audit and accounting records, either of the Company itself or of the legal entities it controls, for which purpose it must examine the documentation, records and other evidence to the extent necessary to carry out such monitoring.

k) Reception of observations made by shareholders, directors, relevant executives, employees and, in general, any third party, with respect to the matters referred to in the previous paragraph, as well as take the actions that in its opinion are appropriate in relation to such observations.

l) Request for periodic meetings with the relevant executives, as well as the delivery of any type of information related to the internal control and internal audit of the Company or legal entities it controls.

m) A report to the Board of Directors of any significant irregularities detected in the performance of its duties and, where appropriate, of any corrective actions taken, or to propose those to be applied.

n) A call for a Shareholders' Meetings and the request that any items the Board deems appropriate be included on the agenda of such Meetings.

o) The assurance that the General Manager is complying with the resolutions of the Shareholders' Meetings and the Board of Directors of the Company, in accordance with the instructions, if any, given by the Meeting itself or by the aforementioned Board.

p) The assurance that mechanisms and internal controls are established to verify that the acts and operations of the Company and of the legal entities it controls comply with applicable regulations, as well as the implementation of methodologies that make it possible to review compliance with the foregoing.

q) An opinion on the justification of the price of the public offer of purchase of shares in the case provided for in clause Thirty-five of the Articles of Association.

The Audit Committee shall prepare an annual report, in terms of Article 43 of the Securities Market Law, which shall be submitted to the Board of Directors and the Shareholders' Meeting.

II. Corporate Practices Committee

The Company's Corporate Practices Committee will be in charge of the development of the following activities:

a) To give opinions to the Board of Directors on matters within its competence under the Securities Market Law.

b) To request the opinion of independent experts in the cases it deems appropriate, for the adequate performance of its functions or when required by law or the General Provisions Applicable to Issuers of Securities and other Market Participants.

c) To call Shareholders Meetings and have the items they deem pertinent included in the agenda of said meetings.

d) To support the Board of Directors in the preparation of the reports referred to in Article 28, section IV, paragraphs d) and e) of the Securities Market Law.

e) To prepare and submit to the Board of Directors the criteria for the evaluation of the Company's relevant executives, as well as the proposals for their remuneration.

The Corporate Practices Committee must prepare an annual report, in terms of Article 43 of the Securities Market Law, which must be presented to the Board of Directors and the Shareholders Meeting.

III. Strategic Planning Committee

The Company may have an Executive Committee which will have the powers set forth in points one to eleven of Clause Twenty Two of the Company's Bylaws and will be comprised of the number of proprietary and alternate members

determined by the Ordinary Shareholders Meeting, all of whom are members of the Company's Board of Directors, and which must necessarily include the Chairman of the Board of Directors and the Secretary of the Company who will hold the same positions on the Executive Committee.

Chief Executive Officer

The management, conduct and execution of the business of the Company and of the legal entities it controls will be the responsibility of the Chief Executive Officer, as established herein, subject to the strategies, policies and guidelines approved by the Board of Directors.

The Chief Executive Officer, without prejudice to the foregoing, shall:

- Submit to the Board of Directors for approval the business strategies of the Company and the legal entities it controls, based on the information provided by the latter.
- Comply with the resolutions of the Shareholders' Meetings and the Board of Directors, in accordance with the instructions, if any, given by the meeting itself or by the Board of Directors.
- Propose to the Audit Committee, the guidelines of the internal control and internal audit system of the Company and legal entities that it controls, as well as execute the guidelines approved by the Board of Directors of the referred Company.
- Sign the relevant information of the Company, together with the relevant executives in charge of its preparation, in the area of their competence.
- Disseminate relevant information and events that must be disclosed to the public, in accordance with the provisions of the Securities Market Law
- Comply with the provisions relating to the conclusion of transactions for the acquisition and placement of the Company's own shares.
- Exercise, by itself or through a delegated authority, within the scope of its competence or on the instructions of the Board of Directors, the appropriate corrective actions and responsibilities.
- Verify that the capital contributions made by the shareholders are carried out, if applicable.
- Comply with the legal and statutory requirements established with regard to the dividends paid to shareholders.
- Ensure that the Company's accounting, registration, filing or information systems are maintained.
- Prepare and submit to the Board of Directors the report referred to in Article 172 of the General Law of Commercial Companies, with the exception of the provisions of paragraph b) of said precept.
- Establish mechanisms and internal controls to verify that the acts and operations of the Company and legal entities it controls have been carried out in accordance with applicable regulations, as well as monitor the results of these mechanisms and internal controls and take such measures as may be necessary.
- Exercise the liability actions referred to in the Securities Market Law against related persons or third parties who presumably have caused damage to the Company or the legal entities it controls or over which it has a significant influence, unless, by decision of the Company's Board of Directors and prior opinion of the Audit Committee, the damage caused is not relevant.
- The General Manager, in the exercise of his functions and activities, as well as for the due fulfillment of his obligations, will be assisted by the relevant executives appointed for such purpose and by any employee of the company or the legal entities he controls.

Dissolution and liquidation.

The Company will be dissolved in any of the cases provided for in Article 229 of the General Law of Commercial Companies.

Upon dissolution the Company will be put into liquidation, the Extraordinary Shareholders Meeting will designate one or more liquidators, as it considers appropriate, and will establish the term during which they must carry out their functions, as well as the powers with which they will be invested. The liquidators, if applicable, will act in accordance with the provisions of Article 229 of the General Law of Commercial Companies.

Cancellation of the registration of the shares in the NSR.

If the Company's shares are registered in the National Securities Registry and consequently listed on the Stock Exchange and if the Company, either by its own resolution adopted at an Extraordinary General Shareholders' Meeting, or by a resolution adopted by the National Banking and Securities Commission in accordance with the Law, resolves to cancel the registration of its shares in such Registry, the majority shareholders, if any, prior to such cancellation, will be obliged to make a public purchase offer to the Company's minority shareholders, at the price which is the higher of (i) the stock market quotation value, which will be the average price weighted by volume of the transactions carried out during the last 30 (thirty) days in which the Company's shares have been traded, prior to the date of the offer, during a period which cannot exceed six months, or (ii) the book value of the share according to the last quarterly report, submitted to the National Banking and Securities Commission and to the Mexican Stock Exchange, S. A.B. de C.V, also prior to the offer, except when said value has been modified in accordance with criteria applicable to the determination of relevant information, in which case the most recent financial information available to the Company must be considered.

The Board of Directors of the Company, within 10 (ten) business days following the day of commencement of the offer, must make known its opinion, with respect to the justification of the price of the public purchase offer, in which it will take into account the interests of the minority shareholders in order to comply with the provisions of Article 108 of the Securities Market Law and the opinion of the Corporate Practices Committee, which in the event that it is contrary, must be disclosed. In the event the Board of Directors is faced with situations that may generate a conflict of interest, the opinion of the Board of Directors must be accompanied by another opinion issued by an independent expert selected by the Corporate Practices Committee, in which special emphasis is placed on safeguarding the rights of the Company's minority shareholders.

In the event that, once the public purchase offer has been made and prior to the cancellation of the registration of the shares in the National Securities Registry of the majority shareholders, they are not able to acquire one hundred percent of the paid-in capital, they must place in a trust for a minimum period of six months the resources necessary for the exclusive purpose of purchasing, at the same price as the offer, the shares of the investors that did not participate in said offer. The majority shareholders of the Company will be exempted from the above obligation, if the consent of all the shareholders to the cancellation of the said registration is accredited.

In order to amend the preceding paragraph and this paragraph of the Articles of Incorporation, in addition to requiring the approval of the National Securities Commission, it will be necessary that at the Meeting that resolves the matter, the resolution must be approved by at least ninety-five percent (95%) of the shares with voting rights.

Derivative Financial Operations

In accordance with the provisions of the Articles of Association, firm restrictions have been imposed on the contracting of any type of derivative financial transactions.

V. STOCK MARKET

A. SHARE STRUCTURE

The Issuer's capital stock is made up of 4,344,000,000 Series B and C shares, with no par value. They are grouped into 1,086,000,000 linked units, each of which are comprised of four shares. The UB type units are comprised of four Series B shares, while the UBC units are comprised of three Series B shares and one Series C share, which shall be non-voting. All shares shall be ordinary, nominative and without expression of nominal value.

The paid-in capital represented by 1,086,000,000 related units, of which 605,457,600,051,992 correspond to UB units and 485,948,008 to UBC units. At the end of December 2022, there were 3,858,051,992 type B shares and 485,948,008 type C shares.

As of December 31, 2021 and 2020, the paid-in capital stock was represented by 1,086,000,000 linked units, of which 605,457,398 correspond to UB units and 480,542,480,542,602 to UBC units. At the end of December 2021, there were 3,863,457,398 type B shares and 480,542,602 type C shares.

As of the date of this Annual Report, the subscribed and paid-in capital stock amounts to \$1,086,000,000.

The Company's bylaws state that the linked UB units may be converted into UBC units at any time, either through the Secretary of the Board of Directors of *La Comer*, or through Indeval. Therefore, the composition of the UB and UBC units is dynamic.

B. PERFORMANCE OF THE STOCK ON THE MARKET

The following tables show the maximum and minimum prices quoted in each period:

	<u>Nominal Pesos per UBC Unit</u>		
	High	Low	
<u>2016</u>			<u>Volume</u>
1Q	18.65	14.74	89,504,771
2Q	19.72	17.58	65,295,123
3Q	18.49	16.41	74,125,615
4Q	18.18	15.5	58,844,783
<u>2017</u>			
1Q	16.20	13.45	40,974,492
2Q	16.36	13.92	54,102,084
3Q	18.84	16.29	47,053,072
4Q	20.25	17.33	41,550,031
<u>2018</u>			
1Q	20.17	17.45	45,630,350
2Q	20.77	17.85	36,287,108
3Q	22.97	19.97	68,876,922
4Q	22.02	19.52	35,398,707
<u>2019</u>			
1Q	21.00	18.38	49,737,543
2Q	23.41	20.31	41,882,732
3Q	25.89	21.97	29,015,756
4Q	26.49	23.18	34,410,364
<u>2020</u>			
1Q	23.38	19.52	32,290,422

2Q	35.95	32.48	36,492,161
3Q	35.95	31.98	25,734,333
4Q	45.58	34.80	27,517,385
<u>2021</u>			
1Q	39.83	32.60	46,785,040
2Q	43.42	34.86	35,318,453
3Q	43.07	37.19	13,093,571
4Q	46.85	38.78	15,721,189
<u>2022</u>			
1Q	38.99	31.57	49,606,418
2Q	39.75	34.10	23,137,802
3Q	37.55	33.56	15,491,940
4Q	38.33	35.71	36,287,556

Prices are expressed in Mexican pesos at the day's closing price.
Source: Mexican Stock Exchange

(See additional information on *La Comer* shares in the section "Market Maker").

C. MARKET MAKER

La Comer, S.A.B. de C.V. (MSE: LACOMER) informed the investing public that it signed a contract with Casa de Bolsa Santander, S.A. de C.V. to provide market making services. Grupo Financiero Santander Mexico will start operations on July 17, 2017 for its LACOMER shares, which are listed on the Mexican Stock Exchange.

On July 14, 2017, it was agreed to terminate the Market Maker Agreement with Casa de Bolsa Credit Suisse, S.A. de C.V., Grupo Financiero Credit Suisse, for the LACOMER shares listed on the MSE, which began as a Market Maker in April 2016.

Casa de Bolsa Santander, S.A. de C.V. Grupo Financiero Santander México provides its services as Market Maker under the terms and conditions of said agreement, in which it will perform its function as an integral member of the MSE that with its own resources intervenes in the capital market to promote liquidity, establish reference prices and contribute to the stability and continuity of prices of a security or a group of securities that make up the capital market, through the permanent maintenance of firm purchase and sale positions on said securities, in accordance with the credits determined by the MSE.

Casa de Bolsa Santander, S.A. de C.V. Grupo Financiero Santander México as Market Maker is authorized to offer the service as of July 17, 2017 and for the term agreed to by the Issuer, subject to the applicable regulations and provisions at all times.

The term of the agreement will be six months, starting from the date of authorization of the Market Maker by the MSE, and will be automatically renewed for equal periods if neither party notifies the other party of its desire to terminate the agreement or its possible extensions, at least thirty days prior to the expiration of this agreement or any of its extensions.

The contract may be terminated by either party at any time by giving at least thirty days' written notice. The party requesting termination undertakes to notify the MSE in writing at least 15 working days before the date on which this contract will cease to have effect by mutual agreement of the parties.

In order to increase the liquidity of the referred securities, as well as to promote the stability and continuity of prices of same, the Market Maker will have a continuous operative presence on these securities during each Auction Session of the Capital Market administered by the MSE.

Additionally, the Market Maker must present purchase and sale bids with a maximum differential of two percent between the purchase and sale bids, during all trading sessions and have a presence in the open outcry market during at least 80%

of the time of the auction on its own account. Each position will be at least \$180,000.00 (one hundred and eighty thousand pesos).

The Market Maker undertakes to send daily and monthly operating reports to the Contracting Issuer regarding the evolution in the market of the security mentioned in the previous clause and the Market Maker's performance or contribution to its movements in the market.

The securities issued by *La Comer* registered in the Mexican Stock Exchange on which the Market Maker will act are the following:

- Type of security: 1
- Trading key (Issuer and Series): LACOMER, UBC SERIES
- ISIN / CUSIP Code: MX01LA050010

VI. SIGNERS OF THIS ANNUAL REPORT

For additional or financial information about the Company or the agreed resolutions, please contact Yolotl Palacios Golzarri, Investor Relations Department, whose e-mail address is ypalacios@lacomer.com.mx or by phone at 55 5270 9064 de *La Comer, S.A.B. de C.V.*, located at Avenida Insurgentes Sur 1517, Módulo 2, Colonia San José Insurgentes, 03900, Mexico City.

The persons who sign this Annual Report in accordance with the General Provisions Applicable to Issuers of Securities and other Market Participants are the following

Name	Charge
Carlos González Zabalegui	Chairman of the Board
Santiago García García	Chief Executive Officer - Grupo La Comer
Rogelio Garza Garza	Chief Administrative and Financial Officer
Rodolfo García Gómez de Parada	Chief Tax, Legal and Audit Officer

ATTACHMENTS

A. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

LA COMER S.A.B. de C.V. AND SUBSIDIARIES

Consolidated Financial Statements
As of December 31 of 2022 and 2021

REPORT OF THE CHIEF EXECUTIVE OFFICER

Mexico City. March 24, 2023.

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

Dear members of the Board of Directors:

In compliance with the provisions of articles 44 section XI of the Securities Market Law and 172 of the General Law of Commercial Companies, I submit to its approval the present report regarding the trajectory of the Encer, S.A.B. of C.V. During the fiscal year ended December 31, 2022. This report includes an explanation of the relevant events that occurred during the year, indicates the outstanding actions of the period and refers to the most important current projects and the main policies followed by the administration to my position.

The company has had a good performance even with the comparative base of the previous years in which it operated with extraordinary increases in sales. We continue with our strategy focused on differentiation, which allows us to offer very attractive purchase experiences for our customers, which we know end up enjoying in their homes with the excellent selection of quality products and items that we offer in each of our stores. Additionally, we continue to offer an excellent service on our digital platform "La Comer en tu Casa" so that our customers can make the purchase in a comfortable, safe and effective way.

The Mexican economy had a moderate growth for 2022 barely compensating for the deceleration suffered by the pandemic for 2020. For the closing of 2022, the Gross Domestic Product (GDP) of Mexico presented an increase in real terms of 3.1% compared to the previous year and annual inflation of 7.8%. Among the entire economic environment and still with the effects of world pandemic, the commerce sector showed good performance. With respect to consumption in the national retail sales sector and based on the data of the National Association of Self -Services and Departmental Stores (Antad), there was an increase in sales to equal stores of 10.2 % for the self -service sector in 2022.

During this year the company continued with positive increases through excellent customer service, a complete supply in all our stores and an unbeatable service of our digital platform "Eat at your home". We continue to maintain a differentiation strategy offering a very good shopping experience in the market based on: quality, attention and service. Our employees have the necessary training to offer excellent service, thus providing specialized advice to the customer so that their purchase is made in a more effective way. We maintain an insurmountable supply of basic products, high -end products, imported products and news with excellent quality and clear differentiation.

This year we continue with our expansion plan and open four new stores. Two Fresko stores; One in Monterrey and another in San Luis Potosí, the latter being a new town to continue offering our purchase experience. In addition, we opened two stores in format La Comer, in the cities of Puebla and Morelia. With these openings we have managed to generate more than 2,000 formal jobs. During the year we close a store in the metropolitan area of Mexico City for total remodeling that we believe will be very profitable in the medium term. With the aim of providing innovations and services that shape our image we make three major remodeling. Capex's investment in 2022 amounted to approximately \$ 2,982 million pesos, amount allocated to carry out openings and remodeling.

As for the operational results of 2022, total sales reached \$ 33,436 million pesos, with an increase of 15.7% in sales with respect to 2021. In this way, we consolidate for 2022 the high levels of sales we experience during the two years above. Sales to equal stores had an increase of 9.2% in the year. Important factors that helped in the positive increase in sales, was the execution of our "Temporada Naranja" campaign, held in the summer months, as well as our "Miércoles Plaza" Campaign. Both campaigns developed very successfully. To consent to our clients, we carry out the special promotion "Si Parla Italiano" to offer more than 2,000 articles of Italian origin, which were presented for the first time in Mexico. In this way, we consider that the company's value strategy allowed him to clearly differentiate himself from the rest of the participants, giving greater benefits to all our clients and attracting their attention to us.

The sales of our digital platform "La Comer en tu Casa" continue with important levels of sale, showing being a quality and trust service for our customers. The participation of our online sales platform was 7.2% of the company's total sales, showing stability during the year.

Our gross profit margin was 28.1%. The gross utility presented an increase of 16.6% compared to 2021. This expansion was partially given due to the growth of participation of some high margin sections such as bakery and prepared foods that during the previous years had decreased their consumption, due to the different behavior of Purchase of customers in times of the Pandemic. Some operating expenses that increased during the year were: expenses in salaries and benefits, electricity and expenses in systems for updates for better security and service.

The margin of the operating cash flow (EBITDA) of the year as a percentage of sales was 10.4%, generating an annual flow of \$ 3,490 million pesos.

The box reached at the end of 2022, the amount of \$ 2,078 million pesos.

During 2022 we implement various social responsibility and sustainability practices. We continue with social assistance programs, "Un kilo de ayuda", the "Tienda Rosa" campaign to help women with cancer, and give donations to several charity institutions.

With respect to the issue of sustainability, in our stores various actions and measures were developed for the use of resources in a friendly environment. We have continued with the change towards the use of biodegradable packaging. Measures were taken to collect waste products, paper and cardboard for recycling or reuse; Among other actions.

I want to recognize all our collaborators since, thanks to their dedication, attention, service and teamwork, we have managed to advance successfully despite the challenges we have faced since the beginning of the company's operation. I want to express my most sincere thanks to each of them for all their efforts and excellent service and dedication.

We thank our clients for the trust they put in us. We are committed to always provide them with the best purchase experience to enjoy at home: with an offer of products that always surprise them, with the best quality, with the service and friendly treatment that distinguishes us and at a competitive price.

With the advances achieved, the positioning and differentiation of the company, the foundations to continue on the path of consolidation and growth are signed. We hope for the next few years continue with the opening of more stores to continue replicating the shopping experience we offer.

I want to recognize all our employees for their dedication, attention, service and teamwork; without them we would have never achieved the excellent results we obtained in the face of the emergency. I would this same Board of Directors; if approved, they may be subsequently presented to the General Shareholders' Meeting of the Company.

Yours sincerely,

SANTIAGO GARCIA GARCIA

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

Mexico City. March 24, 2023

AUDIT COMMITTEE REPORT

Board of Directors

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

In compliance with the provisions of section II of article 43 of the Securities Market Law (hereinafter "LMV"), in relation to section IV subsection (a) of article 28 of the same law, the President of the Committee Audit must prepare an annual report on the activities that correspond to said committee and submit it to the Board of Directors, so that, if it approves, it is presented to the shareholders assembly. Therefore, I inform you about the activities carried out by the Audit Committee of the Eating, S.A.B. of C.V. ("The Company" or "The Issuer") during the year ended on December 31, 2022 and until the issuance of the financial statements dictated in March 2023.

The development of our work as a committee, was made in strict adherence to the regulations contained in the LMV, the general provisions applicable to the securities issuing and other participants of the stock market, the internal regulations of the Mexican Stock Exchange ("BMV"), the recommendations of the Code of Principles and Best Practices of Corporate Governance, as well as the Annual Program of topics to be addressed in the Committee.

In the annual general assembly of shareholders of the company held on April 27, 2022, the withdrawal of the independent counselor José Ignacio Llano Gutiérrez, who was a member of the Audit Committee for 17 years. In the same assembly, the members of this committee were appointed, being made up of the independent counselors: Almudena Ariza García, Alberto Saavedra Olavarrieta and the subscribed. The Audit Committee thanks and values the work carried out by the independent counselor José Ignacio Llano Gutiérrez, during the years he collaborated in the Committee.

Based on the previously approved sessions calendar, the Committee met in 6 ordinary sessions, of which the corresponding minute was prepared with their respective agreements. The ordinary sessions were duly convened according to their statutes and all the formalities provided for therein were met. All sessions were attended by the designated independent directors, which were mentioned in the previous paragraph and the guests that the Committee considered important to involve.

In his sessions, the committee analyzed among others, issues related to:

- (I) corporate audit, internal control and corporate governance,
- (Ii) Revelation process of the financial information of the station,
- (Iii) investment (capex and opex) and
- (IV) External Audit.

Among the activities carried out by the Audit Committee, the following points stand out:

FINANCIAL INFORMATION

1. The consolidated financial statements of the Eating, S.A.B. of C.V. and its subsidiaries for the year ended on December 31, 2022, as well as the guidelines of the BMV report duly attached to international financial information standards (hereinafter "IFRS").
2. The consolidated financial situation of each quarter of 2022 and accumulated to those dates of the Eating, S.A.B. of C.V. and its subsidiaries, as well as the guidelines of the BMV reports duly attached to the IFRS.
3. The quarterly reports of 2022 of operations and balances with related parties and its subsidiaries were reviewed. As well as the annual certification of related parties of 2022.
4. The quarterly and accumulated reports of percentage variations of sales themselves ("VMT") were reviewed, compared to those of its main competitors and those of the National Association of Self -Service and Departmental Stores ("Antad"); as well as, individually, those of the four store formats that society has.
5. The bases of the 2022 budget, investment projects and annual budget were reviewed. The base budget for the executive bonus for 2022 was reviewed.
6. The Capex and Opex periodic progress was presented, indicating new stores and remodeling.
7. It was reported that there were no purchase or sale operations of own shares during exercise 2022.

8. The general situation and compliance with the tax obligations of the company and its subsidiaries of the 2022 year were reported. In the same way, the agreements reached with the Tax Administration Service on Operations of previous years and a review in process in process were reported 2015.

EXTERNAL AUDIT

9. The Board of Directors was recommended to contract and approval the fees for the External Audit of the 2022, by the KPMG firm, for financial audit services, fiscal opinions and transfer prices.

10. It was evaluated that the KPMG auditors team complied with the necessary professional quality requirements, training, independence and diligence required to rule the financial statements of the company in accordance with "Circular de Auditores Externos ("Cue").

11. The letter to the management of financial aspects and the Report of General Information Technology Controls Observations, presented by the KPMG External Auditor, corresponding to the Audit of Exercise 2021. Its implementation was monitored.

12. The external auditing office, KPMG, presented the calendar of activities, deliverables and relevant business risks with respect to the audit of the financial statements and systems of exercise 2022.

13. In each of the sessions of this committee, the external auditor reported on the progress of the audit of 2022.

14. Periodic communications were made with the external auditor, without the participation of the administration, to know their concerns and advances of the audit of 2022.

Corporate audit and regulatory compliance

15. The detailed information of incidents to the Code of Ethics of the Company during the year, as well as statistics, actions exercised and the relevant cases reviewed by the Ethics Committee were presented at each meeting of the Committee.

16. The advances in the regulatory compliance of the obligations related to prevention and identification of operations with resources of illegal origin were presented.

17. He followed up and reported the result and progress of the projects of: a) Code of Ethics, Socialization and Training; b) Automation of the annual certification of related parties and; c) System for compliance with the regulation of specialized services.

Additionally, the Consolidated Financial Statements of the Eating, S.A.B de C.V. and its subsidiaries as of December 31, 2022.

Finally, article 42, section II subsection (e) of the LMV, requires that the audit committee prepare an opinion on the financial statements of the broadcaster as of December 31, 2022, so:

In the opinion of the members that forms the Audit Committee the information presented by the Director General, reasonably reflects, the consolidated financial situation of the Eating, S.A.B. of C.V. and its subsidiaries as of December 31, 2022 and the consolidated results of its operations for the end of that date.

The previous opinion is based on the following elements:

- The financial opinion of the external audit office, KPMG.
- The letter signed by the administration that the annual report reasonably reflects its financial situation and that it does not contain information that could induce the error.
- In the fact that accounting and information policies and criteria followed by the company during the year ended on December 31, 2022, were adequate and sufficient. These policies and criteria have been consistently applied in the information presented by the Director General.

Based on the foregoing, the Audit Committee recommends to the Board of Directors the approval of both the consolidated dictated financial statements of the Eating, S.A.B. of C.V. and its subsidiaries as of December 31, 2022, as the Director General's report.

Yours faithfully,

MANUEL GARCÍA BRAÑA
Chairman of the Committee

Mexico City. February 29, 2021

REPORT OF THE CORPORATE PRACTICES COMMITTEE

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

Pursuant to the provisions of Section 1 of Article 43 of the Securities Market Law (hereinafter "LMV"), in connection with Section IV paragraph (a) of Article 28 of the LMV, the Chairman of the Corporate Practices Committee must prepare an annual report on the activities that correspond to such body and submit it to the Board of Directors, so that if the Board approves it, 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, 2022.

In this regard, it should be noted that on April 27, 2022, the withdrawal of Mr. José Ignacio Llano Gutiérrez was announced in the annual assembly of the company, after 17 years of serving as a member counselor of the Committee of Corporate Practices. In this same Assembly, the designation of the members of this committee composed of Mrs. Almudena Ariza García, Mr. Manuel García Braña and the undersigned was approved. The Committee appreciates and recognizes the valuable services, advice, loyalty and accompaniment made by the counselor José Ignacio Llano Gutiérrez during his many years of collaboration in the Council.

During the period of the report, the Committee met in five ordinary sessions dated February 18, April 22, July 14, October 21 and November 25, 2022. From each session an act signed by all the assistant members was raised and the requirements of call and legal installation were met. The foregoing, in compliance with the provisions of the Statute of the Committee of Corporate Practices, which was approved in its opportunity by the Board of Directors. To the different sessions of this committee they attended, as required, Mr. Raúl del Signo Guembe, director of Human Resources of the broadcaster, among other officials.

Without prejudice to the activities carried out by the Committee during exercise 2022 down described, it is appropriate to indicate that the members of said corporate body gave attention among others to the following matters:

- The compensation plans of the management personnel were reviewed and approved, ensuring the current and validity of the criteria, common practices, history and other elements that served to fulfill this activity.
- The performance evaluations of executives that integrate senior management were reviewed and approved by the results ended as of December 31, 2021, as well as their performance bonds and bonds by UAFIDA (utility before financial, taxes, depreciation and amortization) .
- The Committee reviewed and recommended the approval of the H. Board of Directors of the Budget that was prepared for the exercise of 2022, and the basis for the preparation of the budget of the 2023 exercise were reviewed.
- The compensation of the members of the Senior Management of the Company was reviewed in detail, agreeing that the modification proposals were made by the Executive President, who submitted them to this committee, which in turn, once analyzed and approved To the Board of Directors.
- The organization charts and structures of the different addresses of the company were reviewed validating responsibilities, functions of each address and the replacement cadres plan was updated.
- The performance evaluation of the Committee on Corporate Practices was carried out, according to the evaluation format designed for this purpose.
- The actions that society implemented to protect the health of personnel and customers during the Covid Pandemic 19 were reviewed.
- The committee together with the members of the Audit Committee, reviewed and the latter submitted to the approval of the Board of Directors the operations between related parties carried out during the fiscal year of 2022.

For this purpose it was verified that the existing operations were in competitive conditions of the market, so no significant fact was found to report.

In preparing this report we interviewed the Relevant Officers of the Company, and found no difference of opinion among them. Likewise, when we deemed it convenient, we requested the opinion of independent experts.

Yours sincerely,

ALBERTO SAAVEDRA OLAVARIETA

Alberto Saavedra Olavarrieta
President of the Corporate Practices Committee of *La Comer*.

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

Consolidated Financial Statement
As of December 31, 2022 and 2021

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

Consolidated financial statements

For the years ended December 31st, 2022
and 2021

(Whith the Independent Auditors' report
Thereon)

(Translation from Spanish Language
Original)





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 2022 and 2021, 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 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the International Financial Reporting Standards (IFRS).

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.



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
<p>We have considered the annual impairment testing of intangible assets with indefinite useful lives of \$6,277,998, representing 18% of the Group’s assets as of December 31st, 2022, 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.</p> <p>The recoverable amount of the Cash Generating Unit (CGU) is based on the higher of the value in use and the fair value. 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.</p>	<p>Our audit procedures in this key matter included, among others, the following:</p> <ul style="list-style-type: none"> 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 31st, 2022 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 as of December 31st, 2022 with the carrying amount. e) Evaluating the adequacy of the financial statements disclosures, including key disclosures of assumptions and sensitive judgments.





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 2022, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter 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.





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 Rosal, S. C.



Sergio Raúl Betancourt Gómez

Mexico City, March 24, 2023.



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

Consolidated statements of financial position

For the years ended on December 31st, 2022 and 2021

(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	2022	2021	Liabilities and stockholders' equity	Note	2022	2021
Current assets:							
Cash and cash equivalents	8	\$ 2,077,661	2,535,787	Current liabilities:			
Trade receivables - net	9	167,112	78,676	Trade payables	17	\$ 4,434,814	4,114,588
Current tax assets	9	927,900	1,059,233	Related parties	21	39,991	117,881
Related parties	21	907	372	Provisions	19	93,191	81,267
Inventories - net	10	4,456,676	3,918,307	Provision for employee benefits	19	313,692	284,476
Prepayments	11	48,018	29,564	Other payables	18	691,104	667,597
Intangible assets with a finite useful life and others - net	16	108,806	109,819	Current income tax	25	265,166	156,117
Assets held for sale	13	-	17,039	Other tax payable	28	157,820	362,620
				Short-term lease liabilities		77,024	69,092
Total current assets		7,787,080	7,748,797	Total current liabilities		6,072,802	5,853,638
Intangible assets with finite useful lives and others - net	16	230,516	329,195	Deferred tax liabilities	25	44,251	65,135
Investment property - net	12	620,963	623,016	Employee benefits	20	210,617	188,244
Property, furniture and equipment and leasehold improvements - net	14	18,381,751	16,396,281	Long-term lease liabilities	28	1,697,107	1,456,135
Intangible assets with an indefinite useful life	15	6,277,998	6,277,998	Total non-current liabilities		1,951,975	1,709,514
Deferred tax assets	25	291,935	199,549	Total liabilities		8,024,777	7,563,152
Right-of-use assets - net	28	1,624,423	1,420,805	Stockholders' equity:			
				Capital stock	26	1,966,662	1,966,662
				Net premium on paid-in capital	26	264,724	264,724
				Reserves	26	1,717,200	1,686,435
				Retained earnings	26	23,269,301	21,546,327
				Other comprehensive income	25	(27,998)	(31,659)
				Total equity		27,189,889	25,432,489
				Commitments and contingent liabilities	27		
Total assets		\$ 35,214,666	32,995,641	Total liabilities and equity		\$ 35,214,666	32,995,641

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 December 31st, 2022 and 2021

(thousands of pesos)

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

	<u>Note</u>	<u>2022</u>	<u>2021</u>
Operating income:			
Net sales of goods	2.21 a. c. & d.	\$ 33,043,134	28,567,034
Leasing income	2.21 b., f. & 2.22	329,513	276,340
Other revenue	2.21 e. & g.	<u>63,012</u>	<u>62,930</u>
Total revenue		33,435,659	28,906,304
Cost of goods sold	22	<u>24,048,750</u>	<u>20,856,566</u>
Gross profit		<u>9,386,909</u>	<u>8,049,738</u>
Selling expenses	22	6,080,960	5,337,258
Administrative expenses	22	<u>1,071,894</u>	<u>911,013</u>
		<u>7,152,854</u>	<u>6,248,271</u>
Other expenses	23	(82,590)	(75,946)
Other income	23	<u>95,179</u>	<u>83,014</u>
		<u>12,589</u>	<u>7,068</u>
Operating income		<u>2,246,644</u>	<u>1,808,535</u>
Financing (costs) income:			
Financial costs	24	(214,107)	(182,882)
Financial income	24	<u>180,914</u>	<u>159,436</u>
Net financing (costs)		<u>(33,193)</u>	<u>(23,446)</u>
Income before income taxes and other comprehensive income		<u>2,213,451</u>	<u>1,785,089</u>
Income taxes	25	<u>253,913</u>	<u>242,021</u>
Consolidated net income		<u>1,959,538</u>	<u>1,543,068</u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of employee benefits, net of deferred tax	25	<u>3,661</u>	<u>(2,428)</u>
Other comprehensive income for the period		<u>3,661</u>	<u>(2,428)</u>
Consolidated comprehensive income		<u>\$ 1,963,199</u>	<u>1,540,640</u>
Basic and diluted earnings per share:	2.23	<u>1.80</u>	<u>1.42</u>

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 December 31st, 2022 and 2021

(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 as of December 31st, 2020		\$ 1,966,662	264,724	1,759,635	20,181,881	(29,231)	24,143,671
Comprehensive income for the period:							
Profit for the period		-	-	-	1,543,068	-	1,543,068
Remeasurement of employee benefits, net of deferred tax	25	-	-	-	-	(2,428)	(2,428)
Total comprehensive income for the period		-	-	-	1,543,068	(2,428)	1,540,640
Transactions with shareholders:							
Dividends paid	26	-	-	-	(205,955)	-	(205,955)
Shares acquired	26	-	-	(73,200)	27,333	-	(45,867)
Total transactions with shareholders		-	-	(73,200)	(178,622)	-	(251,822)
Balances as of December 31st, 2021		1,966,662	264,724	1,686,435	21,546,327	(31,659)	25,432,489
Comprehensive income for the period:							
Profit for the period		-	-	-	1,959,538	-	1,959,538
Remeasurement of employee benefits, net of deferred tax	25	-	-	-	-	3,661	3,661
Total comprehensive income for the period		-	-	-	1,959,538	3,661	1,963,199
Transactions with shareholders:							
Dividends paid	26	-	-	-	(205,799)	-	(205,799)
Reserve for purchase of shares	26	-	-	30,765	(30,765)	-	-
Total transactions with shareholders		-	-	30,765	(236,564)	-	(205,799)
Balances as of December 31st, 2022		\$ 1,966,662	264,724	1,717,200	23,269,301	(27,998)	27,189,889

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 December 31st, 2022 and 2021

(thousands of pesos)

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

	<u>Nota</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:			
Consolidated net income		\$ 1,959,538	1,543,068
Income taxes	25	<u>253,913</u>	<u>242,021</u>
Income before income taxes		2,213,451	1,785,089
Adjustments for:			
Depreciation of property, furniture and equipment and leasehold improvements	14	997,743	858,756
Amortization of right-of-use assets	28	132,006	120,692
Amortization of intangible assets with finite an useful life	16	111,341	110,293
Depreciation of investment property	12	2,053	2,053
Loss on sale of property, furniture and equipment		(24,283)	2,730
Assets held for sale	13	17,039	-
Employee benefits net cost	20	37,669	32,289
Interest income	24	(130,886)	(113,064)
Items related to financing activities:			
Interest costs	24	<u>181,380</u>	<u>154,776</u>
Subtotal		3,537,513	2,953,614
Changes in:			
Trade receivables		(14,199)	(2,194)
Inventories		(538,369)	(679,318)
Receivable current tax assets		131,333	(183,397)
Other receivables and related parties		(74,773)	4,765
Prepayments		(18,454)	(9,804)
Trade payables		320,227	575,675
Other payables and other tax liabilities, provisions and related parties		(234,313)	252,437
Income taxes paid		<u>(258,133)</u>	<u>(501,712)</u>
Net cash flows from operating activities		<u>2,850,832</u>	<u>2,410,066</u>
Cash flows from investment activities:			
Interest received	24	130,886	113,064
Acquisition of property, furniture and equipment	14	(2,982,457)	(2,523,841)
Proceeds from sale of property, furniture and equipment		28,162	2,929
Acquisition of licenses and other assets	16	<u>(11,649)</u>	<u>(20,517)</u>
Net cash flows from investing activities		<u>(2,835,058)</u>	<u>(2,428,365)</u>
Cash flows from financing activities:			
Repurchase of shares	26	-	(45,867)
Payment of lease liabilities	28	(86,721)	(79,682)
Interest paid on lease liabilities	24	(181,380)	(154,776)
Dividends paid	26	<u>(205,799)</u>	<u>(205,955)</u>
Net cash flows from financing activities		<u>(473,900)</u>	<u>(486,280)</u>
Net (decrease) increase in cash and cash equivalents		(458,126)	(504,579)
Cash and cash equivalents at the beginning of the year		<u>2,535,787</u>	<u>3,040,366</u>
Cash and cash equivalents at the end of the year	8	<u>\$ 2,077,661</u>	<u>2,535,787</u>

See accompanying notes to the consolidated financial statements.



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

Notes to the consolidated financial statements

For the years ended December 31st, 2022, and 2021

(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 January 4, 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 1517, Module 2, Col. San José Insurgentes, 03900, Benito Juárez, Mexico City.

As of December 31st, 2022, and 2021, 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	Self-service store chain	99.99	Mexico
Real state 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 until December 31, 2021.	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 December 31st, 2022, and 2021, the Company operated 80 and 77 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 investment properties, property, furniture, equipment and leasehold improvements. (See notes 12 and 14).

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

(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 subsidiaries are the entities that provided administrative services mainly to CCF, until December 2021, 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., in compliance with the provisions of article 225 of the General Law of Commercial Companies and through Extraordinary General Shareholders' Meetings held on November 30, 2021, it was agreed to absorb by merger within Comercial City Fresko, S. de R.L. de C.V.

The merger took effect between the parties, their shareholders (partners) and for labor, accounting, financial and tax purposes, on January 1, two thousand and twenty-two.

As of the date of the financial statements, the Ministry of Finance (SHCP) has not authorized this merger. The Company is still in the process of obtaining such authorization.

(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). According to the Rules for Public Companies and Other Participants in the Mexican Stock Market, issued on March 19, 2003 and the amendments as of August 15, 2022 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.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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).

Lost 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 Segments Information

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 December 31st, 2022 and 2021, 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.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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

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. Bankcard vouchers recovery 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 short-term 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).

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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.

The Group derecognizes a financial liability when its contractual obligations are paid or cancelled or have expired. The Group also derecognizes a financial liability when its conditions are changed and the cash flows of the changed liability are substantially different. In this case, a new financial liability is recognized based on the new conditions at fair value. When a financial liability is derecognized, the difference between the carrying amount of the extinguished financial liability and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

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.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 asset is measured at amortized cost if its 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).

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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 – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this reflects better the way the business is managed, and the information is provided to management.

Management maintains a financial asset at a portfolio level until the due date.

According to the financial asset manage, these are maintained until the contractual cash flows ending.

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 and measured as at fair value through profit or loss if it is a derivative with liability nature, 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.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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 December 31st, 2022, and 2021, 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).

2.6.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.6.5 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 December 31st, 2022, and 2021, the amount of the estimate was \$8,393 and \$5,579, respectively. (See note 7).

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.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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 CCF physical inventories 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

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).

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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 December 31st, 2022, and 2021, 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.

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

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

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).

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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 Company'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 December 31st, 2022 and 2021 as the Company does not have any qualifying assets.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

2.15 Intangible assets

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 notes 16 and 28.)

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 December 31st, 2022, and 2021, 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.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

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 (excluding land), and other non-current assets.

As of December 31st, 2022, and 2021, 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.

Also, the deferred income tax is determined using the tax rates and laws that have been promulgated as of the date of the financial position statement or whose approval process is substantially completed and which are expected to be applicable when the deferred income tax (asset) is realized or the deferred income tax (liability) is paid. The current income tax rate for 2022 and 2021 is 30%.

(Continued)



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(Thousands of pesos)

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.

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

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).

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognizing deferred tax.

The balances of deferred income tax assets and liabilities are offset when there is an enforceable legal right to offset taxes caused assets with taxes caused liabilities and when the deferred income tax assets and liabilities are related to the same tax authority and is the same tax entity or different tax entities where there is an intention to settle the balances on a net basis. As of December 31st, 2022, and 2021, the Company did not offset any deferred taxes.

The Company considers the interests and penalties related to income tax payments as an income tax definition, therefore the accounting treatment is under IAS 12 Income taxes.

2.19 Employee benefits

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

(Continued)



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(Thousands of pesos)

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:

(Continued)



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- (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 with a maturity greater than one year from the date of the statement of financial position are discounted at their present value.

2.20 Stockholders' equity

Company shares 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 La Comer stockholders' equity.

Capital Stock**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 the accumulated recognized income.

(Continued)



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(Thousands of pesos)

As of December 31st, 2022, and 2021, the revenue from the sale of goods is detailed below:

	2022	2021
Metropolitan region	\$ 17,812,952	16,417,300
Central region	8,471,936	7,274,388
Western region	3,593,359	2,981,419
Northern region	3,164,887	1,893,927
Ending balance as of December 31st,	\$ 33,043,134	28,567,034

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 May 31st, 2019. As of December 31st, 2021, the value of the awarded Payback point amounted to \$6,357, which expired on May 2022.

As of December 31st, 2022, and 2021, 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 \$104,516 and \$98,904, respectively. They are included in other accounts payable shown in the statement of financial position.

	2022	2021
Beginning balance as of January 1st	\$ 98,904	71,477
Awarded	186,609	158,640
Redeemed	(180,997)	(131,213)
Ending balance as of December 31st,	\$ 104,516	98,904

(Continued)



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Notes to the consolidated financial statements

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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 December 31st, 2022, and 2021, the outstanding balance to be redeemed amounts to \$33,486 and \$26,910, 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.

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(Thousands of pesos)

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. As of December 31st, 2022 and 2021, the expense for these leases amounted to \$8,765 and \$7,681, respectively.

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.

(Continued)



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(Thousands of pesos)

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 December 31st, 2022, and 2021, 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 December 31st, 2022, and 2021, 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 2022 and 2021. (See note 26).

2.26 Interest income

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

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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) Risk Management-

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 December 31st, 2022, and 2021, letters of credit amounted to 949 and 140 thousand dollars equivalent to \$18,488 and \$2,865, respectively, for which the most recent expiration date is January 2023.

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 \$4,793 and \$9,916 in 2022 and 2021, respectively, in relation to the monetary position held in dollars, and \$52 and \$(2) in 2022 and 2021, 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 2022 and 2021.

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(Thousands of pesos)

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

		December 31st	
		2022	2021
In thousands of US dollars:			
Monetary assets	US	3,871	5,094
Monetary liabilities		(460)	(109)
Long position, net	US	3,411	4,985
Equivalents in pesos	\$	66,420	102,029
In thousands of euros:			
Monetary assets	€	25	6
Monetary liabilities		-	(7)
Long position, net	€	25	(1)
Equivalents in pesos	\$	519	(17)

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

		December 31st	
		2022	2021
Dollar	\$	19.4715	20.4672
Euro	\$	20.7745	23.2398

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 not hold any long-term loans as of December 31st, 2022, and 2021.

The Company does not have any exposure to variable rates instruments. As of December 31st, 2022, and 2021, leases liabilities amount to \$45,385 and \$37,477, respectively. Based on the analysis of the current situation of interest rates, the Company assesses that a 10% increase (decrease) in the interest rate, assuming that all other variables remain constant, would require additional (less) cash flow of \$7,772 and \$2,821 as of December 31st, 2022, and 2021, respectively and were recognized in profit and loss

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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 December 31st, 2022, and 2021, 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 analysis of the credit qualifications of the counterparties can be reflected in note 6.

The Company has a diversified base of real estate properties distributed in 15 states of Mexico, owns 41 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%.

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

The risk of liquidity is the risk that the Company has difficulties to comply with its obligations associated with its financial liabilities that are liquidated through the delivery of cash or other financial assets.

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.

(Continued)



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(Thousands of pesos)

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 December 31st, 2022, and 2021, 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 \$2,001,000 and \$1,353,872, respectively, of which \$209,779 and \$250,572 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.

December 31 st , 2022	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade payables	\$ 4,434,814	4,434,814	4,188,191	246,623	-	-	-
Other accounts payable	691,104	691,104	691,104	-	-	-	-
Related parties	39,991	39,991	39,991	-	-	-	-
Short-term lease liabilities	77,024	263,057	44,241	218,816	-	-	-
Long-term lease liabilities	1,697,107	4,011,258	-	-	517,917	482,709	3,010,632
	\$ 6,940,040	9,440,224	4,963,527	465,439	517,917	482,709	3,010,632

December 31 st , 2021	Carrying amount	Contractual cash flows					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Financial liabilities							
Trade payables	\$ 4,114,588	4,114,588	3,784,677	329,911	-	-	-
Other accounts payable	667,597	667,597	667,597	-	-	-	-
Related parties	117,881	117,881	117,881	-	-	-	-
Short-term lease liabilities	69,092	237,248	40,013	197,235	-	-	-
Long-term lease liabilities	1,456,135	3,344,291	-	-	441,804	414,282	2,488,205
	\$ 6,425,293	8,481,605	4,610,168	527,146	441,804	414,282	2,488,205

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 December 31st, 2022, and 2021, the operating leverage ratio was (0.65) and (0.87), 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.

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(4) Critical 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. The resulting accounting estimates will be by definition, very rarely equal to the real results. The estimates and assumptions at 31 December 2022 that have a risk of resulting in an adjustment to the accounting value of assets and liabilities within the next exercise are mentioned below:

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 December 31st, 2022 and 2021 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 non-current 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 -***Forthcoming requirements-***

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted; however, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements.

A. Deferred Tax related to Assets and Liabilities arising from a single from a single transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. The amendments apply for annual reporting periods beginning on or after January 1st, 2023. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

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The Company accounts for deferred tax on leases and decommissioning liabilities applying the 'integrally linked' approach, resulting in a similar outcome to the amendments, except that the deferred tax impacts are presented net in the statement of financial position. Under the amendments, the Company will recognize a separate deferred tax asset and a deferred tax liability.

As at December 31st, 2022, the taxable temporary difference in relation to the right-of-use asset is \$517,479 (See note 25) and the deductible temporary difference in relation to the lease liability \$568,657 (See note 25), resulting in a net deferred tax asset of \$51,178.

B. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments issued in 2020 are intended to clarify the requirements for determining whether a liability is current or non-current, and apply to annual reporting periods beginning on or after January 1, 2022. However, the Board The International Accounting Standards (IASB) has subsequently proposed additional amendments to IAS 1 and the deferral of the effective date of the 2020 amendments to January 1, 2024. Due to these ongoing developments, the Company is unable to determine the impact of these amendments to the consolidated financial statements in the period of initial application. The Company is closely monitoring developments.

Under the modification, the Company does not expect a significant impact with the adoption of the modifications.

C. Other standards

The following new and amended standards are not expected to have a significant impact on the Company's consolidated financial statements.

- Insurance Contracts and amendments (Amendments to IFRS 17).
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

These changes to accounting standards, 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:

December 31st, 2022	Financial assets at amortized cost	Assets at fair value through profit or loss *	Total
Financial assets:			
Cash	\$ -	852,261	852,261
Cash equivalents	-	1,225,400	1,225,400
Trade receivables - net	167,112	-	167,112
Related parties	907	-	907

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

December 31st, 2022	Financial assets at amortized cost	Assets at fair value through profit or loss *	Total
Financial liabilities:			
Trade payable	\$ 4,434,814	-	4,434,814
Related parties	39,991	-	39,991
Other payables	691,104	-	691,104

December 31st, 2021	Financial assets at amortized cost	Assets at fair value through profit or loss *	Total
Financial assets:			
Cash	-	573,683	573,683
Cash equivalents	-	1,962,104	1,962,104
Trade receivables - net	78,676	-	78,676
Related parties	372	-	372

Financial liabilities:			
Trade payable	\$ 4,114,588	-	4,114,588
Related parties	117,881	-	117,881
Other payables	667,597	-	667,597

* 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).

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).

December 31st, 2022	Carrying amount	Fair value Level 1
Bank deposits*	\$ 837,899	837,899
Cash equivalents	1,225,400	1,225,400

(Continued)



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

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(Thousands of pesos)

December 31st, 2021	Carrying amount	Fair value Level 1
Bank deposits *	\$ 559,401	559,401
Cash equivalents	1,962,104	1,962,104

* Are held with banks and financial institutions which are rated AA and AAA.

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 31st, 2022, and 2021, 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 of 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:

December 31st, 2022	Carrying amount	Fair value Level 2
Trade receivables – net	\$ 167,112	167,112
Related parties	907	907

December 31st, 2021

Trade receivables – net	\$ 78,676	78,676
Related parties	372	372

December 31st, 2022	Carrying amount	Fair value Level 2
Related parties	\$ 39,991	39,991
Other trade payables	691,104	691,104
Trade payables	4,434,814	4,434,814

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

December 31st, 2021	Carrying amount	Fair value Level 2
Related parties	\$ 117,881	117,881
Other trade payables	667,597	667,597
Trade payables	4,114,588	4,114,588

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 December 31st, 2022 and 2021, there were no transfers between levels 1 and 2. No instruments whose hierarchy of fair value is level 3 are presented as of December 31st, 2022 and 2021.

(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 below.

	December 31st	
	2022	2021
Bank deposits (a)*	\$ 837,899	559,401
Investments rated*	1,225,400	1,962,104
	\$ 2,063,299	2,521,505

(a) See note 2.4

* Are held with banks and financial institutions which are rated AA and AAA.

	2022	2021
Bank card vouchers with external risk ratings:		
Banamex	\$ 158,054	72,287
American Express Bank (México) AMEX cards mxA-1	86,857	60,205
Santander Debit – PROSA	81,329	37,629
Banorte La Comer Card	-	164
	\$ 326,240	170,285
Trade receivables without external credit ratings:		
To third parties (i)	\$ 42,742	30,673
By lease	14,614	12,484
To related parties (ii)	907	371
	\$ 58,263	43,528

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

- (i) Trade receivables from third parties include balances with entities issuing grocery coupons that do not have a risk rating.
- (ii) 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 December 31st, 2022 and 2021 is shown below:

		2022	2021
Beginning balance as of January 1st	\$	5,579	30,179
Additions and used		2,814	(24,600)
Ending balance as of December 31st	\$	8,393	5,579

(8) Cash and cash equivalents -

Cash and cash equivalents are comprised as shown below:

		December 31st	
		2022	2021
Cash	\$	14,362	14,282
Bank deposits		837,899	559,401
Investments		1,225,400	1,962,104
Total cash and cash equivalents	\$	2,077,661	2,535,787

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:

		December 31st	
		2022	2021
Leases receivable	\$	18,105	14,000
Receivable from entities issuing grocery coupons		39,551	32,651
Other receivables		90,997	20,771
Prepayments for expenses		26,852	16,833
Impairment of receivable leases		(8,393)	(5,579)
Total Accounts Receivable, Net	\$	167,112	78,676

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

	December 31st	
	2022	2021
Receivable current tax assets:		
Value added tax	\$ 578,889	708,133
Special tax on production and services	246,686	237,191
Withholding tax receivable	102,325	113,909
Total taxes to be credited and recovered	\$ 927,900	1,059,233

(10) Inventories-

Inventories are comprised as follows:

	December 31st	
	2022	2021
Goods available for sale	\$ 4,488,809	3,956,960
Write-down of inventory	(74,020)	(69,085)
Goods in transit	41,887	30,432
Total inventories	\$ 4,456,676	3,918,307

The cost of sales related to inventory write-offs as of December 31st, 2022 and 2021 amounts to \$165,169 and \$106,025, respectively. As of December 31st, 2022, and 2021, the value of the inventory recognized in the statement of profit or loss amounted to \$23,343,925 and \$20,266,135, respectively.

(11) Prepayments-

Prepayments were recognized for:

	December 31st	
	2022	2021
System licenses and maintenance	\$ 34,896	16,916
Insurance premiums	12,143	10,894
Leases	979	1,754
Total prepayments	\$ 48,018	29,564

(12) Investment properties-

Investment properties are comprised as shown below:

	Lands	Buildings and constructions	Total
As of January 1st, 2022			
Beginning balance	\$ 312,851	310,165	623,016
Depreciation	-	(2,053)	(2,053)
Ending balance	\$ 312,851	308,112	620,963

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

		Lands	Buildings and constructions	Total
As of December 31st, 2022				
Carrying amount	\$	312,851	364,959	677,810
Accumulated depreciation		-	(56,847)	(56,847)
Ending balance	\$	312,851	308,112	620,963

		Lands	Buildings and constructions	Total
As of January 1st, 2021				
Beginning balance	\$	312,851	312,218	625,069
Depreciation		-	(2,053)	(2,053)
Ending balance	\$	312,851	310,165	623,016

As of December 31st, 2021				
Carrying amount	\$	312,851	364,959	677,810
Accumulated depreciation		-	(54,794)	(54,794)
Ending balance	\$	312,851	310,165	623,016

The depreciation of investment properties is recorded in cost of sales and amounted to \$2,053 and \$ 2,053 as of December 31st, 2022 and 2021, respectively, no impairment losses were recorded. As of December 31st, 2022, and 2021, 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.

As of December 31st, 2021, 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

In May 2022, the Company sold the property; therefore, as of December 31, 2022, the Company no longer has any property held for sale.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

The effects of the property sale are described below:

	Amount
Sale Price	\$ 25,000
Accounting value	17,039
Profit	\$ 7,961

(14) Property, furniture and equipment and leasehold improvements–

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 December 31st, 2022								
Beginning balance	\$ 5,568,601	4,422,299	3,098,682	2,105,431	418,149	53,421	729,698	16,396,281
Acquisitions	-	-	-	-	-	-	a 2,987,092	2,987,092
Disposals	-	(20,992)	(69,142)	(2,004)	(8,576)	(662)	-	(101,376)
Disposal depreciation	-	20,992	65,428	1,945	8,570	562	-	97,497
Transfers	421,902	643,176	937,408	355,825	152,381	7,998	(2,518,690)	-
Transfers depreciation	-	187	-	(187)	-	-	-	-
Depreciation	-	(132,118)	(586,916)	(130,405)	(139,043)	(9,261)	-	(997,743)
Ending balance	\$ 5,990,503	4,933,544	3,445,460	2,330,605	431,481	52,058	1,198,100	18,381,751

As of December 31st, 2022								
Carrying amount	\$ 5,990,503	5,833,104	5,948,819	2,802,052	1,276,750	95,607	1,198,100	23,144,935
Accumulated depreciation	-	(899,560)	(2,503,359)	(471,447)	(845,269)	(43,549)	-	(4,763,184)
Ending balance	\$ 5,990,503	4,933,544	3,445,460	2,330,605	431,481	52,058	1,198,100	18,381,751

	Land	Buildings and constructions	Furniture and equipment	Leasehold improvements	Electronic equipment	Office equipment	Work in progress and others *	Total
As of December 31st, 2021								
Beginning balance	\$ 5,016,074	3,884,622	3,012,004	1,925,289	263,966	57,439	580,327	14,739,721
Acquisitions	-	-	-	-	-	-	a 2,520,975	2,520,975
Disposals	-	-	(51,617)	(49)	(14,054)	(230)	-	(65,950)
Depreciation disposals	-	-	46,422	-	13,703	166	-	60,291
Transfers	552,527	635,712	592,990	293,854	291,930	4,591	(2,371,604)	-
Depreciation	-	(98,035)	(501,117)	(113,663)	(137,396)	(8,545)	-	(858,756)
Ending balance	\$ 5,568,601	4,422,299	3,098,682	2,105,431	418,149	53,421	729,698	16,396,281

As of December 31st, 2021								
Carrying amount	\$ 5,568,601	5,210,293	5,080,553	2,448,231	1,132,945	88,271	729,698	20,258,592
Accumulated depreciation	-	(787,994)	(1,981,871)	(342,800)	(714,796)	(34,850)	-	(3,862,311)
Ending balance	\$ 5,568,601	4,422,299	3,098,682	2,105,431	418,149	53,421	729,698	16,396,281

(Continued)



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

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* Others include prepayments for the acquisition of equipment and improvements to premises under construction for \$569,228 and \$454,514 as of December 31st, 2022 and 2021, 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 December 31st, 2022, and 2021, the amount that does not generate cash flow amounts to \$4,635 and \$2,866, respectively.

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 \$929,954, \$48,306 and \$19,483 and \$791,698, \$49,541 and \$17,517, as of December 31st, 2022 and 2021, respectively.

The balance of work in process as of December 31st, 2022 and 2021 corresponds to various projects where the Company is building some stores and remodeling existing ones, which are estimated to be completed during 2023.

(15) Intangible assets with an indefinite life –

Intangible assets are comprised as follows:

	Brand rights	
	December 31st	
	2022	2021
Ending balance	\$ 6,277,998	6,277,998

On December 22, 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 336 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 December 31st, 2022, and 2021, 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.

(Continued)



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

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(Thousands of pesos)

- 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 the Company, 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; customer 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 December 31st, 2022, and 2021, 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 disposal costs.

The fair value less disposal costs of the CGU is determined by projections of discounted future cash flows before 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.

(Continued)



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

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(Thousands of pesos)

The impairment tests for the end of the 2022 and 2021 fiscal year were carried out taking into account the assumptions shown below:

	Value	
	2022	2021
Pre-tax discount rate	13.17%	11.28%
After-tax discount rate	11.40%	9.90%
Average EBITDA margin in projection period	9.76%	9.20%
Sales growth rate in projection period to calculate expected future results	8.23%	8.35%
Residual value	12.3x 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 December 31st, 2022, were 1.5 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 December 31st, 2022, the market value of La Comer shares is higher than the carrying amount.

(16) Defined life intangible assets and others-net

December 31st, 2022	Assignment of rights and operation of self-service store				Total
		Others	Licenses		
Beginning balance	\$ 403,067	22,049	13,898	439,014	
Additions	-	12,737	22,173	34,910	
Used in the year	-	(9,316)	(13,945)	(23,261)	
Amortization	(111,341)	-	-	(111,341)	
	291,726	25,470	22,126	339,322	
Less short-term	(108,806)	-	-	(108,806)	
Ending balance long-term	\$ 182,920	25,470	22,126	230,516	
Carrying amount	\$ 1,197,900	25,470	22,126	1,245,496	
Accumulated amortization	(906,174)	-	-	(906,174)	
Ending balance	\$ 291,726	25,470	22,126	339,322	

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(Thousands of pesos)

December 31st, 2021		Assignment of rights and operation of self- service store	Others	Licenses	Total
Beginning balance	\$	513,360	15,430	-	528,790
Additions		-	15,021	15,052	30,073
Used in the year		-	(8,402)	(1,154)	(9,556)
Amortization		(110,293)	-	-	(110,293)
		403,067	22,049	13,898	439,014
Less short-term		(109,819)	-	-	(109,819)
Ending balance long-term	\$	293,248	22,049	13,898	329,195
Carrying amount	\$	1,197,900	22,049	13,898	1,233,847
Accumulated amortization		(794,833)	-	-	(794,833)
Ending balance	\$	403,067	22,049	13,898	439,014

As of December 31st, 2022, and 2021, 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 \$291,726 and \$403,067, 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 \$108,571 and \$2,770, respectively as of December 31st, 2022, and in selling expenses and cost of sales of \$107,523 and \$2,770, respectively as of December 31st, 2021.

(17) Trade payables -

As of December 31, 2022 and 2021, the supplier balance amounts to \$4,434,814 and \$4,114,588, respectively. Most of the supplier balance is in Mexican pesos. However, as of December 31st, 2022 and 2021, there is a balance of \$29 thousand of US dollars. Out of the balance in foreign currency from suppliers are paid by means of letters of credit. The balance for this concept as of December 31st, 2022 and 2021 is 949 thousand US dollars and 140 thousand US dollars, which is equivalent to \$18,488 and \$2,865, 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 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 December 31st 2021, the Company's suppliers have used the line for \$210,231. The unused portion of 2022 and 2021 corresponds to \$350,000 and \$139,769, respectively.

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(Thousands of pesos)

Line of credit Banco Inbursa, S.A., Institución de Banca Múltiple.

During the fourth quarter of 2022, a subsidiary of the Company entered into a supplier factoring contract with Banco Inbursa, S.A. for up to \$400,000. As of December 31, 2022, the Company's suppliers have used the line for \$145,905. The unused portion of 2022 corresponds to \$254,095.

Arrendadora y Factor Banorte, S. A. de C. V.

During 2022 and 2021, the Company entered into a supplier factoring agreement for up to \$150,000. As of December 31st, 2022, and 2021, the Company's suppliers have no used balance of this line of credit.

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 December 31st, 2022 and 2021 is comprised as shown below:

	December 31st	
	2022	2021
Deferred income*	\$ 152,489	133,285
Creditors	150,334	132,579
Holidays payable	124,656	100,318
Other accounts payable	97,133	143,217
Electricity and water	82,687	76,498
Security deposits received	56,097	52,787
Bank fees for promotions	27,708	28,913
Total other accounts payable	\$ 691,104	667,597

* Loyalty programs and others deferred income.

(19) Provisions-

	Contingencies (1)	Employee bonuses (2)	Stores maintenance (3)	Real state tax (3)	Total
As of January 1st, 2022	\$ 77,481	284,476	895	2,891	365,743
Recognize in profit and loss	17,700	692,696	3,387	5,691	719,474
Used in the year	(4,800)	(663,480)	(3,401)	(6,653)	(678,334)
As of December 31st, 2022	\$ 90,381	313,692	881	1,929	406,883
As of January 1st, 2021	\$ 61,150	266,518	6,201	3,203	337,072
Recognize in profit and loss	23,437	415,389	9,179	8,667	456,672
Used in the year	(7,106)	(397,431)	(14,485)	(8,979)	(428,001)
As of December 31st, 2021	\$ 77,481	284,476	895	2,891	365,743

(Continued)



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(Thousands of pesos)

- (1) Contingencies: As of December 31st, 2022, and 2021, the Company maintains a provision of \$90,381 and \$77,481, 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 refer to obligations of the operation.

(20) Employee benefits-

The value of the defined benefit obligations as of December 31st, 2022 and 2021 amounted to \$210,617 and \$188,244 as shown below:

	December 31st	
	2022	2021
a. Retirement benefits	\$ (4,889)	(4,766)
b. Seniority Premium	144,218	131,995
c. Retirement health benefits (*)	71,288	61,015
Employee benefits	\$ 210,617	188,244

- (*) 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:

	2022		2021	
	Nominal	Real	Nominal	Real
Discount rate	9.20%	5.51%	8.20%	4.54%
Inflation rate	3.50%	N/A	3.50%	N/A
Salary increase rate	8.50%	4.83%	5.05%	1.50%
Health sector growth rate	15.00%	11.11%	15.00%	11.11%

A net period cost of retirement benefits was not recognized during 2022 and 2021.

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

	December 31st	
	2022	2021
Defined Benefit obligations	\$ 2,916	5,148
Defined retirement plan	(4,889)	(4,766)
Fair Value of plan assets	(2,916)	(5,148)
Liabilities in the statement of financial position	\$ (4,889)	(4,766)

(Continued)



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

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(Thousands of pesos)

The movement of the defined benefit obligation was as follows:

	2022	2021
Beginning balance as of January 1st	\$ 5,148	7,988
Interest cost	320	420
Actuarial losses (gains) arising from:		
Financial assumptions	(34)	(135)
Demographic assumptions	1	1
Experience adjustment	(370)	(179)
Benefits paid	(2,149)	(2,947)
Ending balance as of December 31st	\$ 2,916	5,148

The movement of net liabilities was as follows:

	2022	2021
Beginning balance to January	\$ 4,766	18,836
Benefits paid	2,149	2,947
Actuarial losses	315	355
Defined retirement plan	123	(14,070)
Resource allocation	(2,464)	(3,302)
Ending balance as of December 31st	\$ 4,889	4,766

The movement of plan assets was as follows:

	2022	2021
Beginning balance as of January 1st	\$ 5,148	7,988
Return on plan assets	320	420
Actuarial gains	(88)	42
Resource allocation	(2,464)	(3,302)
Ending balance as of December 31st	\$ 2,916	5,148

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

	Fair value of plan assets as of December 31st	
	2022	2021
Debt instruments	\$ 2,305	4,043
Capital instrument	611	1,105
	\$ 2,916	5,148

(Continued)



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

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Sensitivity analysis		(Increase)	Decrease
Impact on the obligation for discount rate 0.50%	\$	(17)	(38)

b. Seniority premium

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

	2022		2021	
	Nominal	Real	Nominal	Real
Discount rate	9.20%	5.51%	8.20%	4.54%
Inflation rate	3.50%	N/A	3.50%	N/A
Salary increase rate	8.50%	4.83%	5.05%	1.50%

The net period cost is comprised as follows:

		2022	2021
Seniority premium cost	\$	26,351	22,081

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

		December 31st	
		2022	2021
Defined benefit obligation	\$	145,338	133,755
Fair value of plan assets		(1,120)	(1,760)
Liabilities in the statement of financial position	\$	144,218	131,995

The movement of net liabilities was as shown below:

		2022	2021
Beginning balance as of January 1st	\$	131,995	110,703
Provision of the year		26,351	22,081
Benefits paid from net liabilities		(9,214)	(1,113)
Actuarial losses		(4,914)	3,824
Resource allocation		-	(3,500)
Ending balance as of December 31st	\$	144,218	131,995

(Continued)



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

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(Thousands of pesos)

The movement of the defined benefit obligation was as follows:

		2022	2021
Beginning balance as of January 1st	\$	133,755	117,947
Labor cost		15,567	14,986
Financial cost		10,620	7,379
Actuarial losses (gains):			
Financial assumptions		(9,103)	(11,694)
Demographic assumptions		(36)	(17)
Experience		4,451	15,044
Benefits paid		(9,916)	(9,890)
Ending balance as of December 31st	\$	145,338	133,755

The movement of plan assets was as follows:

		2022	2021
Beginning balance as of January 1st	\$	(1,760)	(7,244)
Return on plan assets		164	(285)
Actuarial gains		(226)	491
Benefits paid		702	86
Resource allocation		-	(3,500)
Employee transfer		-	8,692
Ending balance as of December 31st	\$	(1,120)	(1,760)

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

		Fair value of plan assets as of December 31st	
		2022	2021
Debt instruments	\$	(885)	(1,382)
Capital instrument		(235)	(378)
	\$	(1,120)	(1,760)

Sensitivity analysis		(Increase)	Decrease
Impact on the obligation for discount rates 0.50%	\$	(6,635)	(6,522)
Impact on the obligation for salary increase 0.50%		(3,372)	(3,362)

(Continued)



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

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(Thousands of pesos)

c. Retirement Health Policy

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

	2022	2021
Retirement health plan	\$ 11,318	10,208
Retirement health plan cost	\$ 11,318	10,208

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

	2022	2021
Beginning balance as of January 1st	\$ 61,015	51,351
Retirement health plan	11,318	10,208
Employee transfer	-	323
Benefits paid	(1,045)	(867)
Ending balance as of December 31st	\$ 71,288	61,015

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.

(Continued)



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(Thousands of pesos)

(21) Related parties-

As of December 31st, 2022, and 2021, the main balances that the Company has for operations carried out with related parties are shown below:

	2022	2021
<u>Receivable from affiliates:</u>		
Tintorerías Gofer, S. A. de C. V. ^e	\$ 879	274
Others ^e	28	98
Total	\$ 907	372
<u>Payable to affiliates:</u>		
VCT & D&G de México, S. A. de C. V. ^a	\$ 15,486	29,633
Marindustrias, S. A. de C. V. ^a	8,863	13,218
Importadora y Distribuidora Uzero, S. A. de C. V. ^a	3,316	6,891
Manufacturas y Confecciones Agapsa, S. A. de C. V. ^a	3,218	1,377
Alimentos del Campo y Ganadería, S. A. de C. V. ^a	2,871	4,307
Otras partes relacionadas	2,050	1,753
Operadora OMX, S. A. de C. V. ^a	1,642	2,974
Farmaceutica Pha, S. A. de C. V. ^a	1,060	2,444
Palma y Regalos, S. A. de C. V. ^a	591	967
Productos Lili, S. A. de C. V. ^a	578	566
Compañía Cervecera Hércules, S.A. De C.V. ^a	292	1,038
Nova Distex, S. A. de C. V. ^a	24	3
La Madrileña, S. A. de C. V. ^a	-	50,133
Costco de México, S. A. de C. V. ^a	-	2,577
Total	\$ 39,991	117,881

During the period ended December 31st, 2022 and 2021, the following operations were carried out with related parties:

	2022	2021
<u>Expenses:</u>		
Civil work ^c	\$ 336,443	179,535
Purchase of goods ^a	206,359	463,734
Services ^b	88,742	92,121
Brochure ^d	20,992	16,421
Others	14,945	13,599
Total	\$ 667,481	765,410
<u>Income:</u>		
Rents ^e	\$ 19,833	15,842
Services	5,699	3,167
Total	\$ 25,532	19,009

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

- 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. and Alimentos del Campo y Ganadería, 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., and Constructora Jaguarundy, S. A. de C. V.
- d) Purchase of brochures and other printed material mainly from Activos Gráficos, 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., and Tintorerías Gofer, S. A. de C. V.

Compensation to key Management personnel

The total amount of direct short-term benefits granted to key Management personnel or relevant executives amounted to \$214 million and \$201 million as of December 31st, 2022 and 2021, respectively (See note 2.19).

(22) Costs and expenses by nature-

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

	2022	2021
Cost of goods sold*	\$ 24,048,750	20,856,566
Employee compensation and benefits	3,194,051	2,740,025
Depreciation and amortization	1,217,282	1,068,010
Services received	1,078,168	932,341
Leases and maintenance	390,452	330,613
Public services	479,823	406,366
Others**	793,078	770,916
Expenses	7,152,854	6,248,271
Total	\$ 31,201,604	27,104,837

* 97% Cost of sales is made up of purchase goods in both years, as of December 31st, 2022 and 2021.

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

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

The remuneration and benefits to employees are comprised as follows:

	2022	2021
Salaries and bonuses	\$ 2,894,541	2,515,319
Other remuneration	299,510	224,706
	\$ 3,194,051	2,740,025

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 December 31st, 2022 and 2021.

	2022	2021
<u>Other expense:</u>		
Contingent liabilities paid*	\$ 65,306	57,624
Recovery of legal provisions	10,797	2,108
Other items	5,320	2,802
Branch closing costs	4,418	4,053
Cost for derecognition of property, furniture and equipment and leasehold improvements	3,876	5,659
Donations	3,630	5,600
Loss from insurances claims recovery	1,365	(676)
Tax differences taxes and contributions	-	(1)
Recovery of expenses	(12,122)	(1,223)
Total other expenses	\$ 82,590	75,946

	2022	2021
<u>Other income:</u>		
Reversal of provision	\$ 49,405	56,902
Other items	19,620	15,107
Tax adjustment of recoverable tax refunds	11,360	8,076
Profit from sale of furniture and equipment and improvements	10,247	2,929
Recovery nominal contributions	4,547	-
Total de other income	\$ 95,179	83,014

* During the third quarter of 2022, the company made an extraordinary payment \$125 million pesos to resolve SAT observations for the year 2004. Of which there was a net effect of approximately \$65 million pesos in other expenses. During December 2021, differences were paid to the SAT for \$454 million pesos to resolve the observations regarding the years 2014 and 2015. This payment represented a net effect in other expenses on the results of the company in 2021 of approximately \$58 million pesos.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

(24) Financial (cost) income -

	2022	2021
<u>Financial cost</u>		
Interest expense	\$ 181,380	154,776
Foreign exchange losses	32,727	28,106
	\$ 214,107	182,882
<u>Financial income</u>		
Interest income	\$ 130,886	113,063
Foreign exchange gains	50,028	46,373
	\$ 180,914	159,436

(25) Current and deferred income taxes -

The Company determined a taxable income of \$1,223,071 and \$551,509 in December 2022 and 2021, 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 31st, 2022, and 2021 the current income tax liability is \$265,166 and \$156,117, respectively.

The Income Tax Law establishes that the applicable tax rate for the fiscal years 2022 and 2021 and subsequent fiscal years is 30% on taxable income.

The tax expense is presented as shown follow:

	2022	2021
<u>In the profit period:</u>		
Current	\$ 368,752	¹ 619,886
Deferred	(114,839)	(377,865)
	\$ 253,913	242,021

¹ It includes an effect related to an agreement with tax authorities for the years 2014 and 2015 amounted by \$454 million.

As of December 31st, 2022, and 2021, 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.

(Continued)



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

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(Thousands of pesos)

Deferred income tax breakdown	2022	2021
<u>Deferred tax asset:</u>		
Estimates and provisions	\$ 373,888	307,785
IFRS 16 leases	51,178	36,374
Property, furniture and equipment leasehold improvements and investment properties	906,093	624,061
Unused loss carryforwards	14,619	18,900
	1,345,778	987,120
Offsetting at the subsidiary level	(1,053,843)	(787,571)
December 31st	\$ 291,935	199,549
Property, furniture and equipment and leasehold improvements	\$ (71,337)	(68,865)
Intangible assets	(1,026,757)	(783,841)
	(1,098,094)	(852,706)
Offsetting at the subsidiary level	1,053,843	787,571
December 31st	\$ (44,251)	(65,135)

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
As of January 1st, 2021	\$ 369,958	332,309	636,493	22,476	1,361,236
Effect on the income statement	254,103	(25,564)	(617,593)	13,898	(375,156)
Effect on other comprehensive income	-	1,041	-	-	1,041
As of December 31st, 2021	624,061	307,785	18,900	36,374	987,120
Effect on the income statement	282,032	67,672	(4,281)	14,804	360,227
Effect on other comprehensive income	-	(1,569)	-	-	(1,569)
As of December 31st, \$ 2022	906,093	373,888	14,619	51,178	1,345,778

(Continued)



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

Notes to the consolidated financial statements

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Deferred tax liability:		Property, furniture, equipment and leasehold Improvements	Intangible Assets	Total
As of January 1st, 2021	\$	(66,856)	(1,538,871)	(1,605,727)
Effect on the income statement		(2,009)	755,030	753,021
As of December 31st, 2021		(68,865)	(783,841)	(852,706)
Effect on the income statement		(2,472)	(242,916)	(245,388)
As of December 31st, 2022	\$	(71,337)	(1,026,757)	(1,098,094)

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

	2022	2021
Before taxes	\$ (5,230)	3,469
Deferred income tax	1,569	(1,041)
Net of deferred tax	\$ (3,661)	2,428

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

	Year ended December 31st	
	2022	2021
Income before income tax	\$ 2,213,451	1,785,089
Income tax rate	30%	30%
Income tax at the statutory rate	664,036	535,527
Increase (reduction) resulting from:		
Non-taxable income	(9,575)	(7,965)
Tax effect of:		
Tax inflation adjustment	27,071	27,632
Inflation tax adjustment of brands and transfer of rights	(82,384)	219,937
Effect of Tax-amortization-rate change	-	(297,237)
Inflation tax adjustment of fixed assets and loss carryforwards	(403,733)	(260,822)
Other items	58,498	24,949
	(410,123)	(293,506)
Current income tax expense recognized in profit or loss	\$ 253,913	242,021
Effective income tax rate	11%	13%

(Continued)



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Tax loss carryforwards

Tax losses whose rights to be amortized against future profits expire as shown below:

Date	Amount
2023	\$ 25,198
2031	3,244
2032	20,288
	\$ 48,730

(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 December 31st, 2022, and 2021, 1,086,000,000 units are subscribed and paid, of which 600,051,992 and 605,457,398 are of the UB type and 485,948,008 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 \$ 806,648 and capitalization of inflation adjustment effects in value of \$184,415.

As of December 31st, 2022, and 2021, the majority shareholders have their investment in a trust held in Scotiabank Inverlat, S.A., which includes 599,999,392 and 605,404,798 UB units representing 55.2486% and 55.7460% of the capital stock and 62.2075% and 62.6801% of the voting power, respectively.

Dividends

On April 27, 2022, a Unanimous Stockholders' Resolution was agreed to declare a dividend payment from retained earnings in the amount of \$205,799 by \$0.19 per share outstanding at the payment date on May 6, 2022.

On April 14, 2021, a Unanimous Stockholders' Resolution was agreed to declare a dividend payment from retained earnings in the amount of \$205,955 by \$0.19 per share outstanding at the payment date on April 26, 2021.

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 2023. 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 December 31st, 2022, and 2021, the CUFIN amounted to approximately \$4,164,881 and \$3,809,392, respectively.

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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:

	2022	2021
Statutory legal reserve	\$ 217,200	217,200
Reserve for share buy backs	1,500,000	1,469,235
	\$ 1,717,200	1,686,435

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 December 31st, 2022, and 2021, the Company had already covered the amount of the legal reserve required.

As of December 31st, 2022, and 2021, the Company has a reserve to purchase own shares for \$1,500,000 and \$1,469,235, respectively. This reserve fluctuates based on the purchases and sales made by the Company in the stock market.

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

	2022	2021
Beginning balance	\$ 2,841,501	1,641,234
Purchases	-	1,200,267
Ending balance	\$ 2,841,501	2,841,501

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 December 31st, 2022, and 2021, the balance of the Contribution Capital amounted to approximately \$2,181,642 and \$2,023,599, respectively.

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

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(Thousands of pesos)

(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 December 31st, 2022, and 2021, 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. 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.
- iii. In accordance with the Income Tax Law, companies carrying out transactions with related parties are subject to certain requirements as to the determination of prices, which should be similar to those that would be used in arm's-length transactions. Should the tax authorities examine the transactions and reject the related-party prices, they could assess additional taxes plus the related inflation adjustment and interest, in addition to penalties of up to 100% of the omitted taxes
- iv. The tax authorities in Mexico in recent years have had much more aggressive stances with taxpayers. This has resulted in several companies reaching out-of-court agreements with the "SAT" (the Mexican tax authority) to make payments for relevant amounts.

The SAT, in its capacity as tax authority, carried out reviews of the tax reports of some Group companies validated by the external audit firm, specifically for the years 2014 and 2015.

Although the Company's Management considers that the criteria used in the tax determination is correct and it has opinions from recognized external firms in that regard; decided to dialogue with the tax authorities, in order to avoid uncertain legal confrontations, since matters of this nature can represent a long waste of time and resources for the company.

The authority has insisted on applying its internal criteria on some issues, so that during December 2021 differences of 454 million pesos were paid to settle the observations of the SAT regarding the years 2014 and 2015.

The payment represented a net effect on the company's results of approximately 137 million pesos.

The Company's Management considers that the criteria used to the tax determination for years after 2015 are correct and has the opinions of recognized firms in this regard.

The authority has insisted on applying its internal criteria on some issues, for which reason during 2022 \$125 million pesos were paid to solve the SAT observations regarding the year 2004.

The payment represents a net effect on the Company's results in 2022 of approximately \$65 million pesos.

The tax authorities initiated a direct review of a group subsidiary for the fiscal years of 2016. 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.

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

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(Thousands of pesos)

(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	2022	2021
Buildings		
Opening balance	\$ 1,403,418	1,277,119
Additions (i)	213,198	131,198
Remeasurements	103,084	101,566
Amortization (i)	(118,645)	(106,465)
Ending balance	1,601,055	1,403,418
Cars		
Opening balance	17,386	19,246
Additions (i)	19,343	12,367
Amortization (i)	(13,361)	(14,227)
Ending balance	23,368	17,386
Total right of use	\$ 1,624,423	1,420,805

(i) It includes \$34,984 y \$21,015 of disposals due to contract determination as of December 31st, 2022 and 2021, respectively.

Buildings obligations	2022	2021
Opening balance	\$ 1,507,583	1,339,710
Additions	213,198	127,898
Remeasurement	103,408	101,566
Payments	(251,812)	(213,157)
Interest	178,183	151,566
Ending balance	\$ 1,750,560	1,507,583
Short-term properties	\$ 66,686	59,908
Long-term properties	1,683,874	1,447,675
Short-term cars	10,338	9,184
Long-term cars	13,233	8,460
Total short-term	77,024	69,092
Total long-term	\$ 1,697,107	1,456,135

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The right-of-use amortization is recognized in the following captions:

	2022	2021
Selling expenses	\$ 119,372	109,669
Administrative expenses	11,079	9,578
Cost of sales	1,555	1,445
	\$ 132,006	120,692

Lessee

The Company has entered into lease contracts in local currency 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 December 31st, 2022 and 2021 is comprised as follows:

	2022	2021
Minimum rent	\$ 239,120	205,708
Variable rent	93,739	79,969
	\$ 332,859	285,677

The minimum commitments for operating leases of non-cancellable properties as of December 31st, 2022 are as follows:

Year ending December 31st,	Amount
2023	\$ 197,350
2024	168,848
2025	120,508
2026 and later years	436,204
	\$ 922,910

a. 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.

(Continued)



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

Notes to the consolidated financial statements

(Thousands of pesos)

(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 depend 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 depend 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 March 24, 2023 and authorized by the Company's Board of Directors on March 24, 2023 and are subject to shareholders' approval at the shareholder meeting.



B. LETTER OF RESPONSIBILITY



Mexico City, April 19, 2023

The undersigned state under oath that, within the scope of our respective functions, we prepared the information relating to La Comer, S.A.B. de C.V. and subsidiaries, as of December 31, 2022 contained in this annual report, which, to the best of our knowledge, reasonably reflects their condition. We further state that we are not aware of any material misrepresentation or omission in this annual report or that this annual report contains any information that may mislead investors.

SANTIAGO GARCIA GARCIA

Santiago García García
Chief Executive Officer

ROGELIO GARZA GARZA

Rogelio Garza Garza
Chief Administrative and Financial Officer

RODOLFO GARCIA GÓMEZ DE PARADA

Rodolfo García Gómez de Parada
Corporate Tax and Legal Officer