A COMPLETE SHOPPING EXPERIENCE

GRUPO LACOMER

2022 Annual Report

GENERAL DATA

GENERAL DATA

La Comer is a company dedicated to retail trade in self-service stores. It operates a group of supermarket stores focused on the sale of perishable products and groceries, in 80 self-service stores under four different formats. As part of our strategy, we offer the best shopping experience based on **quality, care and service.**

The capital of La Comer, S.A.B. de C.V., is represented by 4,344,000,000 shares without par value expression, Series "B" and "C", which are grouped into 1,086,000,000 linked units.

72 million customers in 2022

15,095 employees

80 stores with 353,219 m² of sales floor

FINANCIAL HIGHLIGHTS

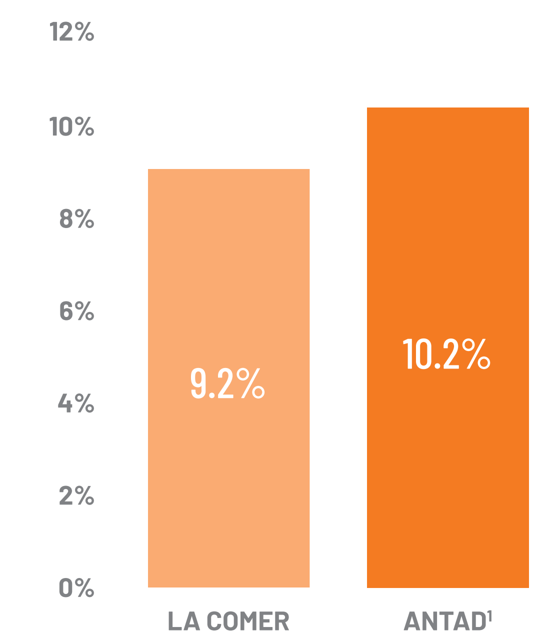
	2022	2021	Var.
Net income	33,436	28,906	15.7%
Gross profit	9,387	8,050	16.6%
Gross margin	28.1%	27.8%	
Operating income	2,246	1,809	24.2%
Operating margin	6.7%	6.3%	
EBITDA	3,490	2,900	20.3%
EBITDA margin	10.4%	10.0%	
Net income	1,960	1,543	27.0%
Net margin	5.9%	5.3%	

3 Distribution Centers

Cedis Vallejo	Cedis Occidente	Cedis Monterrey
16,000 m²	1,770 m²	1,600 m²

GEOGRAPHIC DISTRIBUTION	NUMBER OF STORES	M²
Metropolitan area of Mexico City	40	134,677
Central Mexico	25	140,607
West	8	37,504
North and Northwest	7	40,431
Total	80	353,219

SAME-STORE SALES



[1] National Association of Supermarkets and Department Stores

OUR FORMATS

la Comer

Supermarket with the largest sales area with departments of perishable products, groceries and general merchandise. Features specialty sections such as cafeteria and fresh juices.

34 stores

229,485 m² sales area

35,000 products

city market LA COMER

Gourmet supermarket with specialized areas for on-site consumption of Pintxos, Bar do Mar, and Grissini, in a magnificent atmosphere. Wine tasting and unique seasonal products. Premium, gourmet and organic products in all departments.

13 stores

43,449 m² sales area

25,000 products

fresko LA COMER

Supermarket focused on the sale of high-quality perishables, groceries and a general household section. Features specialized cafeteria and fresh juice departments.

20 stores

69,982 m² sales area

25,000 products

sumesa

Small supermarket for quick and convenient purchase of perishables and groceries.

13 stores

10,303 m² sales area

15,000 products

BASIC PRINCIPLES

MEXICO

To ensure that our activities contribute to the progress of the country. We permanently strive to contribute to the social, environmental and economic development of our country.

OUR CUSTOMERS

To provide them with the best service and good quality merchandise at the best price. Our mission is to serve our customers with the best relation between price, quality, treatment and assortment. We are aware of the social function of representing our customers in the market; knowledge of their needs allows us to provide them with the products and services at the right time, place and in the right way.

OUR SHAREHOLDERS

Provide adequate return, growth and security for their investment, in order to obtain real profits in accordance with the policies, goals and strategies set by our Board of Directors.

OUR COLLABORATORS

To provide them with the benefits they expect from our company in an atmosphere of cordiality, harmony and development. We endeavor to provide integral development to our collaborators, which implies not only providing technical training, but everything that contributes to their professional and personal development.

OUR SUPPLIERS

We offer and expect a relationship based on fairness, respect and honesty to ensure the best benefits for our customers. We seek to be an honest and respectful customer to our suppliers.

The philosophy that governs our daily work is based upon a series of principles that guide our actions concerning our different stakeholders.

WE OFFER A SHOPPING EXPERIENCE TO ENJOY AT HOME

We offer the best shopping experience based on quality, attention and service.

Besides providing the best shopping experience based on quality, attention and service, at La Comer we strive to offer our customers high-quality products in all our stores.

Along with a clear differentiation, all our stores feature an impeccable image, with basic and premium imported, organic and innovative products. We offer personalized service and specialized departments with a series of innovations where every detail has been taken care of to make shopping a memorable moment.

WITH A CLEAR DIFFERENTIATION, WE OFFER INNOVATIVE, IMPORTED AND GOURMET PRODUCTS FOR OUR CUSTOMERS.

In our stores you can find products to delight even the most demanding palate, products with unparalleled freshness, as well as foreign products to amaze our customers with novelties. We have an outstanding collection health care merchandise, as well as specific products such as Kosher and exclusive brands of innovative and foreign products to enjoy at home. Each department offers an adequate selection of items of the highest quality, basic products with totally competitive prices, premium and gourmet products, many of them imported, to satisfy the consumption needs and desires of our customers and enjoy them at home. In addition, we have a personalized service where our employees provide careful and friendly attention.

We pay special attention and care in handling perishable products to maintain their freshness and quality and offer our customers a wide variety with an impeccable presentation. Through controlled temperatures and strict controls in the cold chain, we maintain the product's quality from its receipt and handling in the store, until its use. To keep its properties in the best conditions, we are constantly reviewing and conditioning new technologies.

Likewise, in our stores we offer a wide variety of prepared food to eat on site or to enjoy at home. We have several rest points inside our stores to have a snack in a warm and leisure environment while shopping. Thus, we offer cafeteria and Bistro services, and in our City Market format, Pintxos Island and Bar do Mar, providing a pleasant, sophisticated and different experience.

In all our formats we offer products that please our consumers at very competitive prices.

"SI PARLA ITALIANO" **FAIR**

To pamper and indulge our customers, this year we launched an exclusive promotion with products from Italy called ***"Si Parla Italiano"***, offering Italian products that that can be enjoy in the comfort of their homes.

We had more than 2,500 items from different regions of Italy for the event, covering over 90 categories. The most relevant of these products were wines and spirits, beers, pastas, fragrances and kitchen items, as well as others that highlight the great tradition of Italian gastronomy.

FOCUSED ON OUR CUSTOMERS

In order to provide the best services and products with excellent quality at the best price, we focus on our customers and offer a pleasant shopping experience, leaving them highly satisfied and looking forward to coming back.

Each store has a sales area distribution designed for purchases to be made quickly and with easy access to all products and services. We offer products that are designed to satisfy demanding tastes and high expectations.

We are constantly improving our ability to provide personalized attention, anticipate our customers' needs, and respond to them in order to ensure their loyalty. Our collaborators are highly trained in guiding our customers through the best shopping experience and all may be assisted by our expert chefs, baristas, sommeliers and managers, through the different departments of the store.

We offer different services in our stores aiming that our customers may enjoy the best shopping experience.

Our essence continues, we will never lose our original simplicity and we always strive to exceed customers' expectations.

DIFFERENTIATION

Since the beginning of La Comer's operations, we have built a unique company making a difference in the industry in which we operate.

Our ***"Temporada Naranja"*** (Orange Season) is the biggest and most important campaign we have during the year; through it we reinforce our commitment and positioning with our customers. Each of our departments and areas work hard to make the campaign a great success.

The campaign is always based on the customer; this year we implemented all the necessary actions to ensure offering seasonal promotions without compromising the security, comfort and atmosphere of the stores, the quality of our perishable products, the consistent supply of the basic food basket, product variety and, of course, the friendliness and service that characterizes us.

Our permanent campaign ***"Miércoles de Plaza"*** (Plaza Wednesday) was carried out with great success during the year. It is based on the offer of the best quality perishable products, and promotes mid-week shopping by providing our customers with a greater quantity and variety of fresh vegetables and fruits.

Technologies to **ensure** the most **added value.**

DIGITAL STRATEGY

We aim that the shopping experience and our products can be enjoyed at home, so we have the home delivery service, ***La Comer en tu Casa***, in which we seek to continue offering the best shopping experience by extending the service that characterizes all the way to our customers' homes.

La Comer offers Pickup services, digital catalogues, scheduled deliveries and express deliveries for our Pintxos and Bar do Mar food bars. In addition, we have a growing number of services, included in our applications and platform, which helped us expand and maintain our digital footprint.

In 2022 we continued to improve our online business, to keep up to date new consumer profiles. We continued creating new strategies for our ***La Comer en tu Casa*** platform, improving day by day in logistics and procurement so that our customers are satisfied. We continued working with our third-party partners, ensuring agile deliveries for the last mile and offering a service of the highest quality.

The Group's digital strategy is based on our digital platform, ***La Comer en tu Casa,*** as well as integrations for specific modules that require it. Additionally, we have alliances with aggregators and sales for pickups in store. Despite the strong base of comparison with previous years, sales from our own digital channel plus aggregators were approximately 12%, and 7.2% corresponded to our ***La Comer en tu Casa*** platform.

Quality promise
As you like it, you get it

GROWTH

During the year we opened four new stores in the cities of Morelia, Puebla, Monterrey and San Luis Potosí, the latter being the first Group's store to be inaugurated in that city. We also remodeled three stores to maintain a high standard of image and quality. This year, we closed a store in the State of Mexico, to carry out its total remodeling.

We will continue to grow and expand in the coming years, opening new stores in cities and regions where we will maintain our efficiency, replicating our unique shopping experience where quality, attention and service continue to be part of our essence.

In the coming years, we will continue with our **growth and expansion.**

MORELIA

PUEBLA

MONTERREY

SAN LUIS POTOSÍ

RESULTS

During the year, we increased the number of customers by 15.0%. In 2022, total sales increased 15.7%, reaching $33,436 million pesos.

During 2022, same store sales increased by 9.2%. This growth was due, in part, to consumption in the country, which led to a slight but constant increase in retail sales, owing to the great acceptance our formats have had, as well as our well-defined marketing strategy.

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

The CAPEX investment in 2022 amounted to approximately $2,982 million pesos, an amount destined mainly to carry out store openings and remodeling.

This growth was due to our well-defined marketing strategy.

CORPORATE GOVERNANCE

Our sound **corporate governance** fosters trust, transparency and accountability.

La Comer, through its Corporate Governance, aims to facilitate the creation of an environment of trust, transparency and accountability to favor, among other things, financial stability and integrity in its businesses and investments, contributing to its strong development, through the establishment of relationships between its Board of Directors, management and interested third parties, providing a structure through which its objectives are set, along with the definition of the way to achieve them and the supervision of their accomplishment.

The Board of Directors is the body responsible for ensuring the integrity of the company's financial information, through the existence of adequate control mechanisms, risk management, financial and operational control, as well as compliance with applicable laws and regulations. Therefore, it is supported in principle by two committees composed of three independent directors, appointed by the Board of Directors and ratified by the Shareholders' Meeting.

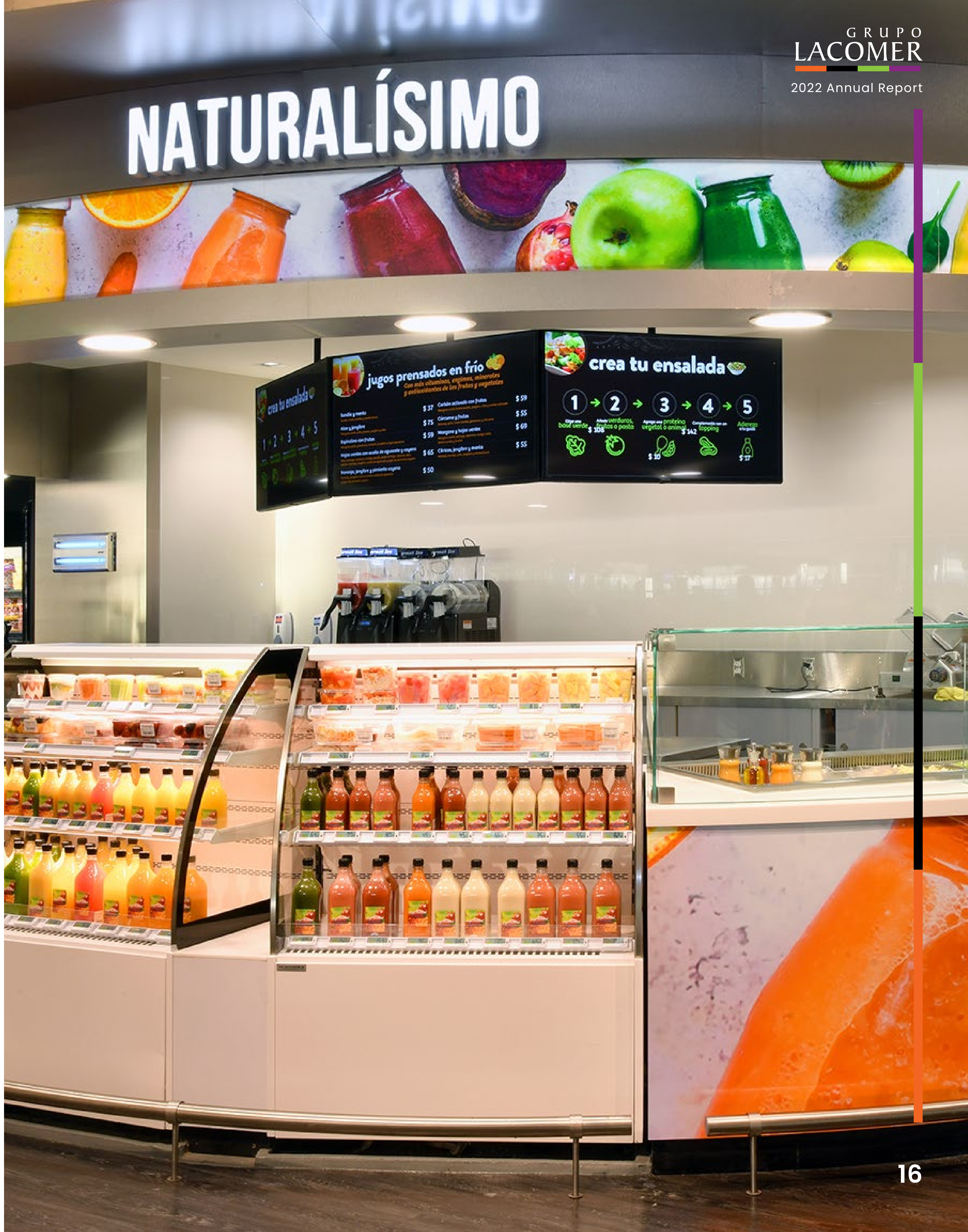
• Audit Committee

Currently chaired by Manuel García Braña, elected for his knowledge and expertise in accounting and audit matters. This Committee has, among others, the following functions: i) supervise the effectiveness of the company's internal control, internal audit and risk management systems; ii) discuss with the external auditor the significant limitations of the internal control system detected in the development of the audit and monitor their correction; iii) supervise the process of preparation and presentation of quarterly and annual financial information; iv) recommend to the Board of Directors the proposal for the selection of the external auditor, as well as the conditions for its contracting, monitoring of the audit plan and its execution; and v) to verify compliance with our Code of Ethics, by means of detailed information on non-compliance with the same, as well as statistics, special cases and actions taken.

• Corporate Practices Committee

Chaired by Mr. Alberto G. Saavedra Olavarrieta, who was elected for his expertise, his recognized capacity and professional reputation. Among the functions of this Committee are: i) review compensation strategies, benefits and equity programs for executive personnel; ii) review the performance evaluations of senior management executives; and iii) the Group's organizational structure.

In addition to the aforementioned committees that support the Board of Directors, La Comer has a **Planning Committee**, which is the delegated body of the Board of Directors –composed of some of its members– to determine the Company's strategic planning. The main functions of this body are, among others: i) review the Company's strategy approved by the Board; ii) authorize the investment and financing policies and iii) review and assess the annual budgets to the Board of Directors.



DEVELOPMENT OF A CORPORATE INTEGRITY AND COMPLIANCE CULTURE, AS PART OF OUR GOOD CORPORATE GOVERNANCE

In compliance with the Corporate Governance protocol, La Comer strives to implement a Corporate Integrity and Compliance Culture, with the objective of generating trust and commitment with all our stakeholders, which originates several benefits, among which we can mention:

STRATEGIC: Contribute to define strategies that guarantee business continuity, sustainability and the application of social responsibility policies.

REPUTATIONAL: Give the Company greater value and recognition.

COMMITMENT: Generate awareness among all collaborators and stakeholders who will share the same values and the same ethical and business project.

QUALITY: Apply high quality standards in its processes, services and products.

CULTURAL: Develop activities based on ethics and integrity that have an impact on all our stakeholders.

Convinced that an Ethical Culture contributes to improving the business environment and achieving excellence, we seek to contribute to the economic, social and environmental sustainability of La Comer and the environment where we operate.

As part of the results of the Ethics and Compliance Culture adoption, La Comer is very pleased to share that in the 2022 "Corporate Integrity 500" evaluation, carried out by Mexicanos Contra la Corrupción y la Impunidad along with Transparencia Mexicana, we obtained a score of 92.16 out of 100 points, increasing our result by 17.65 points compared to the 2021 result.

All these adoptions are carried out by a team certified as Compliance Officer by several national institutions such as the Research, Analysis and Opinion Group (GIAO), the National Banking and Securities Commission (CNBV), as well as International Certified Compliance Officer (ICO) issued by the Official Compliance Association (ICA).

STRUCTURE OF THE BOARD OF DIRECTORS

The Company is managed by the Board of Directors, whose current chairman is Mr. Carlos González Zabalegui. This governing body is composed of 10 directors (six proprietary directors, including one honorary director, one related and three independent directors) and six alternate directors. All directors were appointed and ratified at the Ordinary General Meeting, which was held on April 27, 2022.

The Company maintains the policy of diversity of the Board members, considering equity in gender country of origin, nationality or cultural background. 30% of the members of the Board of Directors are independent, in compliance with the provisions of the Securities Market Law.

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 has the functions, duties and powers established in the Securities Market Law in force in Mexico and any other applicable legal provision.

BOARD OF DIRECTORS

POSITION	PROPRIETARY DIRECTORS
Honorary Chairman	Guillermo González Nova [1]
Chairman	Carlos González Zabalegui [1]
Board Member and Vice Chairman	Alejandro González Zabalegui [1]
Board Member	Luis Felipe González Zabalegui [1]
Board Member	Pablo José González Guerra [1]
Board Member	Antonino Benito González Guerra [1]
Board Member	Santiago García García [2]
Independent Director	Alberto G. Saavedra Olavarrieta [3]
Independent Director	Manuel García Braña [3]
Independent Director	Almudena Ariza García [3]

ALTERNATE DIRECTORS
Gustavo González Fernández [1]
Rodrigo Alvarez González [1]
Sebastián González Oertel [1]
Juan Pablo Alverde González [1]
Nicolas González Oertel [1]
Bernardo Aguado Ortiz [3]

1 Proprietary Director
2 Related Director
3 Independent Director

POSITION	AUDIT COMMITTEE
Chairman	Manuel García Braña [3]
Member	Alberto G. Saavedra Olavarrieta [3]
Member	Almudena Ariza García [3]

POSITION	CORPORATE PRACTICES COMMITTEE
Chairman	Alberto G. Saavedra Olavarrieta [3]
Member	Manuel García Braña [3]
Member	Almudena Ariza García [3]

PLANNING COMMITTEE
Carlos González Zabalegui [1]
Guillermo González Nova [1]
Alejandro González Zabalegui [1]
Luis Felipe González Zabalegui [1]
Antonino Benito González Guerra [1]
Pablo José González Guerra [1]

COMPANY SECRETARY
Rodolfo Jesús García Gómez de Parada

LETTER FROM THE CHAIRMAN OF THE BOARD

REPORT ON THE OPERATIONS AND ACTIVITIES IN WHICH THE BOARD OF DIRECTORS TOOK PART DURING FISCAL YEAR 2022

Mexico City, March 24, 2023

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

Dear shareholders:

In accordance with Article 28 section IV paragraph e) of the Mexican Securities Market Law, we hereby report that during the period from January 1 to December 31, 2022, the Board of Directors held several meetings in which the powers contemplated in clause Twenty-Two of the bylaws of La Comer, S.A.B. de C.V. were exercised, in addition to the activities carried out by the different Committees that are part of the Board of Directors. The matters discussed in these meetings are recorded in the minutes approved by the Board of Directors, and were held on the following dates:

January 18, 2022
February 22, 2022
March 25, 2022
April 26, 2022
July 26, 2022
October 25, 2022

The following is our annual progress report and a review of the highlights of the year.

Our Social **Responsibility and sustainability practices** are a fundamental part of our being as a company. They are reflected in our principles and are established in internal policies.

From an economic point of view, 2022 was a complex year with moderate growth in general. The great work of our team not only allowed us to get ahead, but also made it possible to capitalize on opportunities, use our technology more efficiently and have better operations. All this translated into consolidating the growth achieved and improving our operations' profitability.

Our business model built on differentiation has provided our customers with excellent shopping experiences, both in physical stores and in our online business.

For the company, it was a year of positive results in all formats. Even with the comparison of extraordinary sales that we obtained in previous years due to the pandemic, the company continues to have favorable results due to the good acceptance and trust that our customers have in us. With our unique formats and our digital platform *"La Comer en tu Casa"*, La Comer always provides its customers a great atmosphere, excellent service and a collection of exclusive products.

During the year, we continued growing and strengthening the format brands by opening stores and carrying out renovations. We are pleased to inform that during this year we opened four new stores, achieving a greater presence in different cities of the country. We opened two stores in the La Comer format in the states of Puebla and Michoacán and two stores in the Fresko format in the states of Nuevo León and San Luis Potosí. Likewise, we carried out the remodeling of three stores and closed one store for its total remodeling, to continue maintaining our stores with an impeccable image. Therefore, in 2022, we once again created value for the shareholder and contributed to the economic development of the areas where we operate.

Our digital platform ***"La Comer en tu Casa"*** continued with an excellent operation, maintaining a high participation in the company's sales and obtaining positive assessments during the year. We continue to refine and improve our home delivery service, as well as our in-store pickup service, to continue offering the outstanding shopping experience to which our customers are used to.

We maintain our focus towards differentiation, aiming **to attract and retain customers' loyalty.**

Our ***"Temporada Naranja"*** (Orange Season) campaign, with special promotions during the summer season, was very successful this year, as we focused our attention on promotions to offer our customers the highest quality products. Our ***"Miércoles de Plaza"*** (Plaza Wednesday) campaign, where we offer the best fruits and vegetables in the middle of the week, continued to have a great acceptance among our customers.

Additionally, this 2022, we resumed our international fairs, which we had suspended during the pandemic. Thus, in the month of October we carried out the campaign ***"Si Parla Italiano"*** in which we brought to Mexico more than 2,500 products imported from Italy that were offered in Mexico for the first time.

In terms of business focus, we continue to aim for differentiation in all our operations, fostering the creativity and innovation that allows us to give that extra something to please and surprise our customers. We continue to position ourselves as a different kind of self-service company, offering the best shopping experience in the market based on quality, attention and service.

We continue with very efficient operations, offering sustainable results and good experiences for our customers. We guarantee a unique range of products in all stores, offering fundamental digital services and solutions to create value in our businesses.

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

In 2022, we supported several non-profit foundations in the distribution of food, made some donations to charities, supported foundations for rural development, actively participated with donations to restore the Chapultepec forest and participated in the *"Tienda Rosa"* campaign, focused on helping women with cancer, among other social responsibility activities. We have also focused on making efficient use of natural, economic and social resources in accordance with our commitment to sustainability.

I would like to give special thanks to our customers for their preference; to our more than 15,000 collaborators who every day help us to achieve our mission as a company; to our suppliers who collaborate as commercial and strategic allies; and to our shareholders who place their trust in our hands.

Finally, I would like to reiterate our commitment to all our stakeholders, to whom we owe ourselves as a company, for as we have established in our principles, the aim of our daily work is contributing to their progress.

CARLOS GONZÁLEZ ZABALEGUI
Chairman of the Board of Directors
LA COMER, S.A.B. DE C.V.

SUSTAINABLE COMPANY

La Comer promotes diversity and labor inclusion, education and practices focused on caring for the environment, resources' proper use, sustainable packaging and programs to help in the farms. This Integrated Annual Report is based on the UN Sustainable Development Goals. According to our operations, we contribute to five key SDGs through several initiatives and programs.

5 GENDER EQUALITY

La Comer strives for gender equality, being a fundamental human right. Based on its Code of Ethics, it prohibits all forms of discrimination, always promoting an equal opportunity culture throughout the company.

7 AFFORDABLE AND CLEAN ENERGY

La Comer uses sustainable energy in its stores through clean and renewable energy sources, such as solar panels, wind energy, combined cycle and power generators.

6 CLEAN WATER AND SANITATION

In addition to diverse water saving programs, 27 branches have a water treatment plant, which allows to eliminate contaminants and reuse this resource. In addition, there are rainwater collection systems in several stores, which are used for reuse in irrigation.

8 DECENT WORK AND ECONOMIC GROWTH

Since its beginning, the company has focused on its growth and expansion to replicate its shopping experience, creating jobs, generating value and contributing to economic development.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

The company has sustainable packaging, seeking that from their conception they are produced responsibly, designed to be effective and safe throughout their life cycle, meet market criteria for good performance, and that once used, are recycled efficiently.

MAIN MATERIAL TOPICS

VALUE THE CUSTOMER EXPERIENCE

EMPLOYMENT CREATION

PRODUCT QUALITY, FRESHNESS AND AVAILABILITY

ENERGY CARE AND USE

WASTE MANAGEMENT

Our **stakeholders** are a fundamental element in our company's relationship with its business environment and are closely linked to its ability to achieve economic, social and environmental objectives.

1. Stakeholders

- Customers
- Collaborators
- Suppliers
- Shareholders

2. Social Responsibility

3. Environment

CUSTOMERS

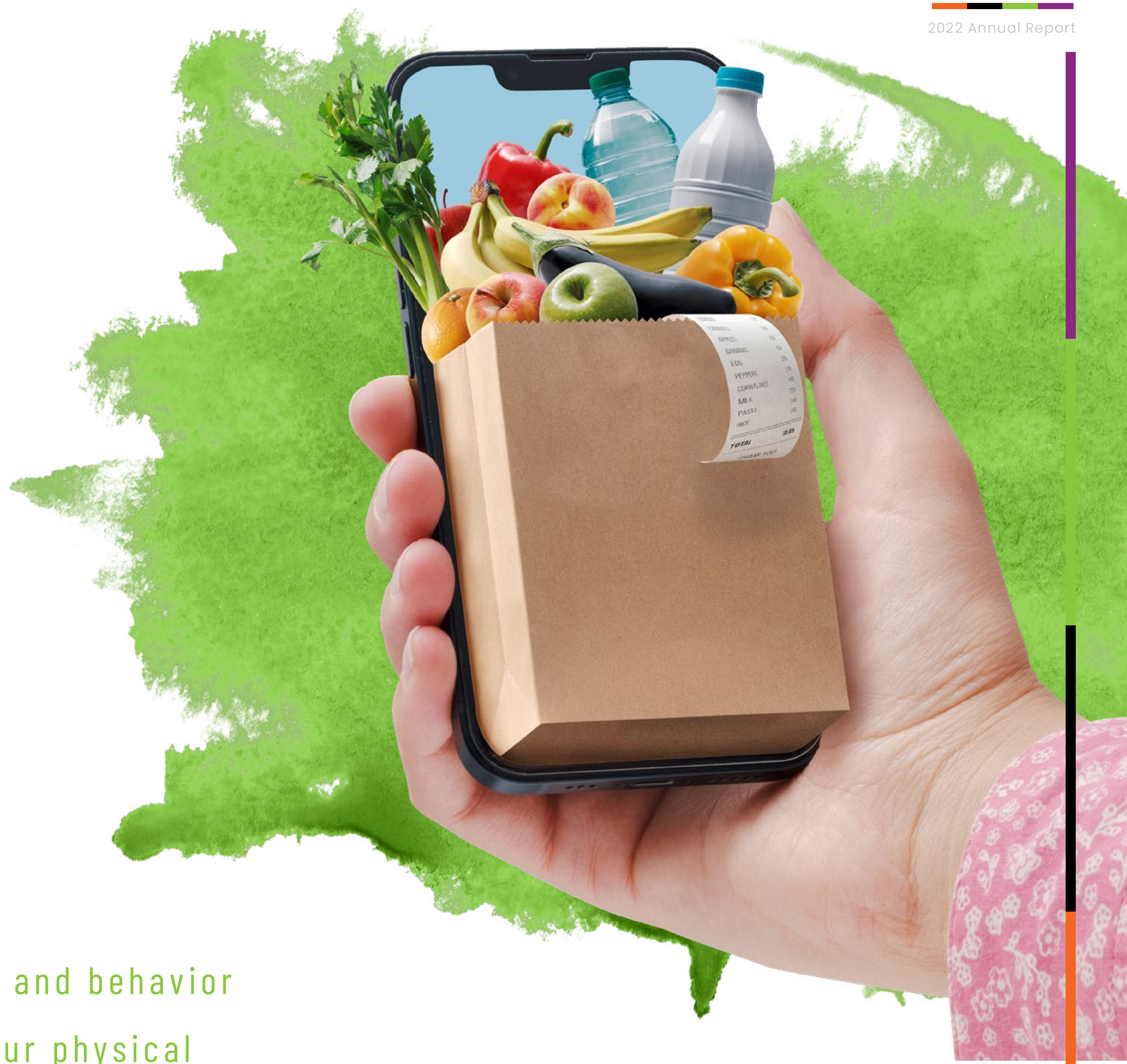
2022 began with a strong presence of the Omicron variant of SARS-CoV-2. Throughout the year, it continued to show changes that affected customer behavior. We can affirm that the effects of the pandemic were decreasing due to the application of vaccine boosters, resulting in a safer customer to resume their pre-pandemic activities. La Comer and its ability to adapt to these changes achieved positive results throughout the year.

Some data that positively confirm this adjustment are: first, customers showed an increase in their visits to our physical stores close to 15%. Second, our e-commerce channel continued to show great strength derived from the confidence of delivering orders at home as if they had been placed by the customer at the store, a condition that we communicate with our motto "as you like it, you get it" which has been widely remembered and effective.

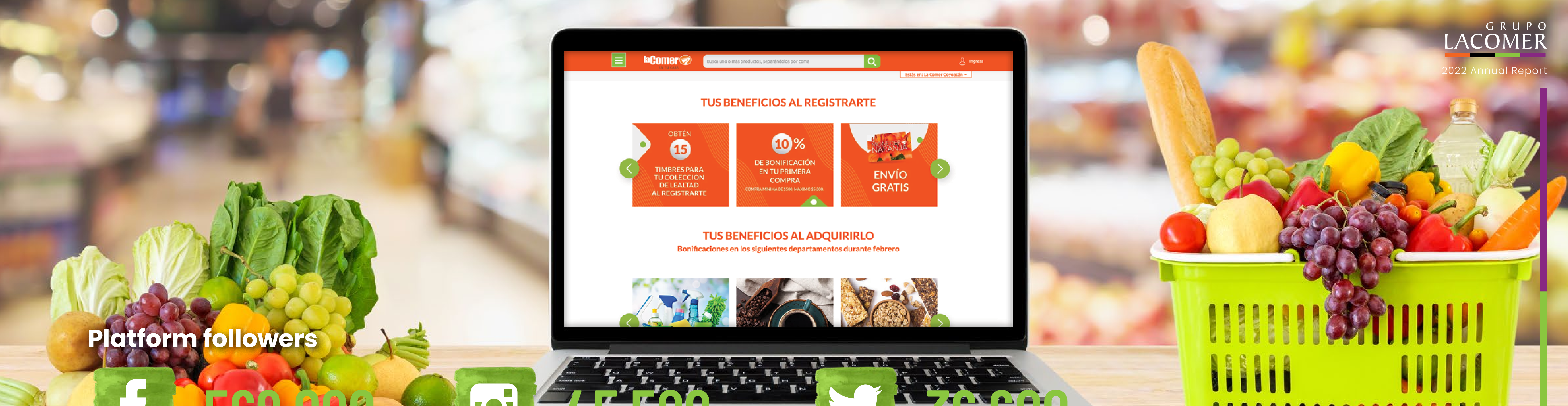
This is the result of a great ability to adapt to provide the best service and shopping experience to our customers, both online and in physical stores, in accordance with our philosophy of offering superior quality care and service in the broadest sense of the word. Most of the prevention and safety actions that arose from the pandemic were maintained during 2022, especially those that depend on the operation of our stores and their staff, while those that correspond to the customer showed some more relaxed aspects.

+72 million customers
15%+ vs. 2021

Our call center (01-800 3777333), where we receive and resolve the main comments and/or complaints from customers, remained as key communication channel. We have a protocol in place to deal with critical situations, whether it be problematic or opportune. The call center also offers the ***La Comer en tu Casa*** delivery service to the customer's home.



2022 continued to show important changes in the habits and behavior of our customers. Overall, we noticed they returned to our physical stores; however, the practice of shopping through the digital channel remained strong, especially on our ***La Comer en tu Casa*** platform.



Platform followers

569,000

45,500

36,600

A total of 206,175 calls, chats and/or e-mails (lacomer@callcentermexico.com.mx) were received by the call center. Of these, a scant 8% were complaints; 20% were customer service and comments, and the remaining 72% were to request the ***La Comer en tu Casa*** service.

The digital platform includes different contact points such as portals, social networks, email and digital brochures, and showed a huge drive with significant growth compared to the previous year. This increase was reflected in ***La Comer en tu Casa,*** since a large majority of our actions and digital communications are oriented towards "converting" them into e-commerce sales. Therefore, the e-commerce platform is the most widely used compared to other home delivery platforms available in the market.

Our sites had a total of 23.7 million visits, of which 96% were to the e-commerce site and 4% to our informational sites. We remained focused on ***La Comer en tu Casa*** so our customers would find a digital platform both on the web and on the App, in accordance with the high expectations they demand from this service. It is noteworthy that we maintained one of the most relevant conversion rates of visitors to the site into actual buyers in the Mexican market.

One very relevant communication channel are our social networks. Our followers on Facebook, Twitter, Instagram and YouTube are not only growing, but during 2022, significantly showed engagement well above market averages. We continue posting relevant information about our commercial programs and customers interact by commenting or forwarding the information to their contacts. Posting topics include suggestions on a variety of subjects about the services and products we offer.

Specifically, our followers in each network are Facebook 569,000; Twitter 36,600 and Instagram 45,500. Importantly, the emailing platform was consolidated as a great contact point by sending more than 30 million emails with a very good opening percentage.

Results for 2022, as in previous years, are based on the strategy and execution of the three promotional pillars of La Comer: ***"Monedero Naranja", "Temporada Naranja"*** and ***"Miércoles de Plaza".***

The ***"Monedero Naranja"*** (Orange Wallet), the basis of our loyalty programs and segmented communication, showed important changes. We carried out a segmentation process based on Recency, Frequency and Value, which determined different classifications of customers with " ***"Monedero Naranja"*** based on their purchases in our stores. This process also helped to identify some that had no activity for a certain time, which were removed from the "active base" and kept in another for future reactivation actions.

In 2022 we had

1,056,000 active *monederos*

"Temporada Naranja" remained a significant driver for the company's annual results.

The collections program had a great year, with record sales as well as customers collecting. This suggests a strengthening of customer loyalty towards all our formats. ***"Monedero Naranja"*** retains its physical and digital platforms, achieving penetration among young customers who lean toward the virtual world.

We remain focused on safeguarding our customers' data; during 2022 we continued to strengthen our platforms, procedures and measures previously created to guarantee the protection and confidentiality of our customers' data, especially with regard to the ***"Monedero Naranja"*** loyalty program. We comply with the provisions of the Federal Law for the Protection of Personal Data in Possession of Private Parties.

Our privacy notice can be consulted at:

https://vasalsuperoalacomer.com/comer/aviso-de-privacidad.

TEMPORADA NARANJA

For its duration (summer 2022), customers showed a return to physical stores, which contributed to the achievement of good sales results. As in previous years, promotional opportunities were offered for all items, categories or product lines. In addition to the good sales results, the communication campaign, which was already the winner of an Effie in 2020, maintained its leadership as one of the winning concepts in advertising recall in the self-service sector in Mexico (based on our image, uses and attitudes assessment conducted at the end of 2022).

"Miércoles de Plaza" maintained its proposal launched in 2020 that focuses on the quality of perishables that has characterized the La Comer group for many years. The communication campaign "knowing how to choose is an art form", which obtained very positive results in terms of advertising recall against those of the competition (based on our 2022 image, uses and attitudes assessment), supports the results of this promotional event, which continues to be an driver for the company's growth.

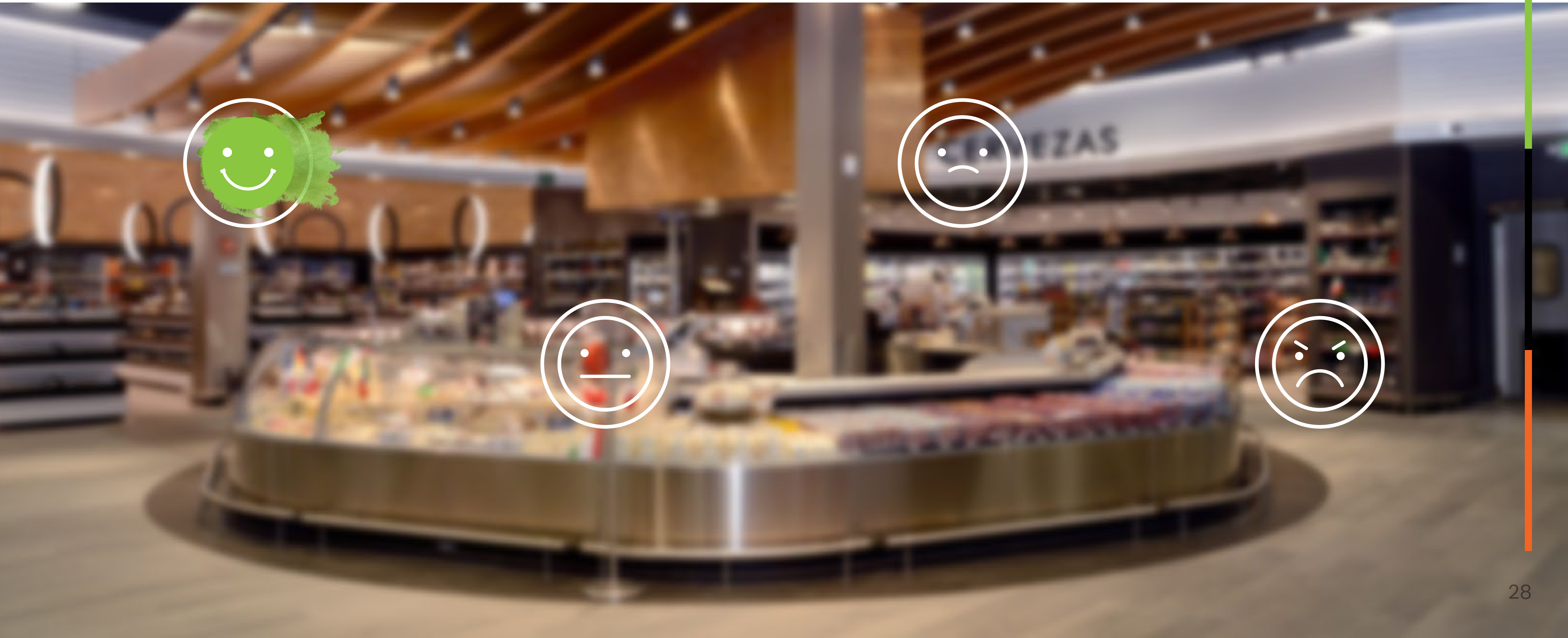
CUSTOMER SATISFACTION AND EXPERIENCE

During the year, we focused on building a panel of surveys in real time to measure the NPS (Net Promoter Score). We selected the company Medallia as a partner for the development and implementation of this study, which has a solid global platform in these measurements. The first results will be available in March 2023.

Besides this new platform where we will measure customer experience, we conducted the customer satisfaction survey and obtained over 4,225 surveys at the end of 2022. This evaluation provides information that is statistically valid by geographic area, city and store. It is focused on all the dimensions related to customer service, such as: basic (quality, variety, price and freshness), practicality and convenience (cleanliness, proximity, friendliness, speed of payment) and physical (facilities, ambience and shopping experience). Results are for internal use.

4,225

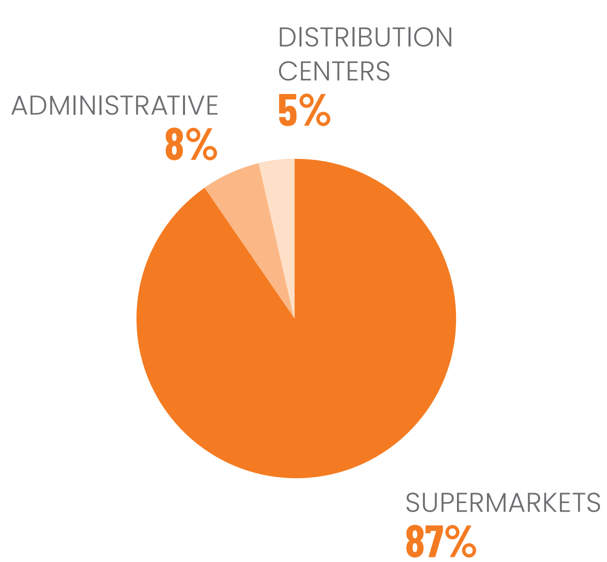
surveys at the end of 2022.



COLLABORATORS

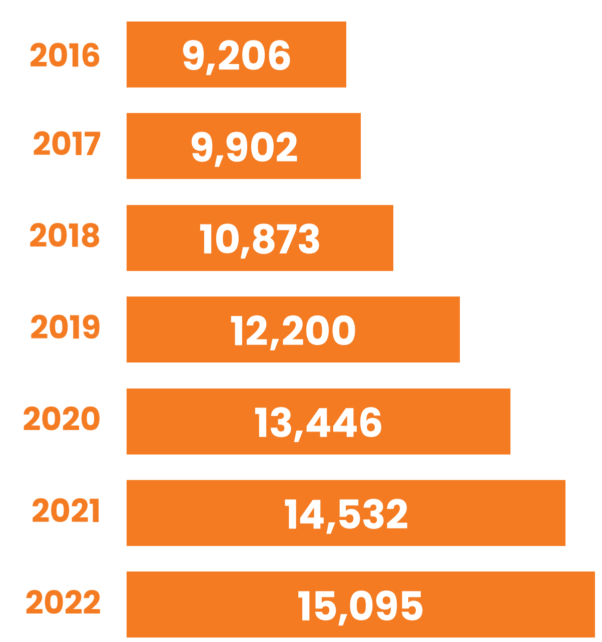
Thanks to the work and dedication of our 15,095 employees, we have achieved very good results, excellent service and important differentiation.

COLLABORATORS



La Comer's strength is its people. It is through its employees' success that the Group continues to grow and consolidate positive results. From the beginning. We have diverse initiatives to help ensure that our people achieve real growth opportunities, creating a strong culture based on values and the priority of protecting our people. Our fundamental values are the foundation for all aspects in every one of our operations.

NUMBER OF COLLABORATORS



We focus on ensuring that our people can participate in the future of the business and seek new opportunities for them to grow and develop. All our collaborators are valued and recognized, which helps to increase their motivation and productivity, to reduce work absenteeism and to reward them for their efforts with the benefits offered by the company.

We strive for the well-being and quality of life of our employees through programs that promote work-life balance, professional, cultural and economic development, and health care. In addition, we encourage safe behavior in our work environments through campaigns and continuous training. We establish working hours that contribute to the quality of life within the company, as well as a positive work environment. In 2022, we continued with flexible hours and time for personal or family activities.

La Comer values the diverse experiences, perspectives and backgrounds of our people and we aim to create an open and inclusive work environment for all employees. We are committed to encouraging a variety of approaches to overcoming challenges, solving problems, making decisions and seizing opportunities.

TRAINING AND DEVELOPMENT

Employees' qualification and training are essential to ensure the sustainable growth of our business and expand career and development opportunities, thus reinforcing our value proposition. In this process we address the challenge of providing face-to-face training and with digital technology.

We invest in our collaborators' **training** for their **growth**, both personal and professional.

15,095
collaborators.

+ 500 THOUSAND
training hours.

We offer several training programs so that they develop the necessary skills to enhance their talent. In addition, we provide continuous training and development plans, considering the company's needs. The training system is based on four fundamental axes: commercial, operational, administrative and human.

At the company we are convinced that training is a well-remunerated investment in our collaborators. During 2022, we made the following efforts to ensure proper training for our collaborators.

- New employees received training designed to ensure compliance with policies related to customer service, accident prevention and operating procedures, investing a total of 455,837 training hours.
- 2,822 department heads and deputy heads obtained specialized operational knowledge in their specific areas, with the purpose of increasing sales and the high-quality levels of their products and customer service, investing a total of 69,840 training hours.
- 18 management-level employees attended the management skills improvement program at the ICAMI training center, investing a total of 10,208 training hours.
- 388 employees are part of the training programs for managers and assistant managers in training and function; they participated in sessions with specialists in operational and human resources issues, investing a total of 41,904 training hours.
- 38 entries in the "Youth Building the Future" wellbeing program that provides training to develop skills and abilities in the bakery area, and thus collaborate in their insertion into the employment world, guaranteeing their right to work. We invested a total of 12 months of training in our youth in Mexico.

The objectives of training are:

a. To develop managerial competencies.
b. To obtain a global vision of the company, of the processes and activities that contribute significantly to the generation of value.
c. To acquire the ability to analyze problems and opportunities to make effective and timely decisions.
d. To balance harmony and synergy between work and family.

La Comer is committed with self-improvement; therefore, we created a strategy which allows our collaborators to have a sustained growth in knowledge, skills and the necessary attitudes to achieve the objectives set, from induction and operational initiation to strategic programs.

All company employees receive continuous training to offer an exceptional shopping experience in our stores. In some of our formats, collaborators receive specialized training in product knowledge, which allows them to offer an excellent service in each of their departments.

HEALTH, SAFETY AND HYGIENE

Our internal work regulations are based on the regulations established by the Ministry of Labor and Social Welfare and comply with the provisions of the Protection Law. In accordance with the guidelines of the program development guide, we carried out internal Civil Protection programs in each of La Comer's branches, in order to establish preventive mitigation and relief actions in establishments aimed at safeguarding the physical integrity of employees, visitors, suppliers and people who attend our facilities. The guidelines are set by the Safety Assistant Direction and the active participation of each one of the members.

As part of occupational health, training and education are provided to employees to avoid accidents and illnesses related to the workplace.

In addition, we promote talks and workshops on several health and nutrition topics to inform and educate our employees. For example, we actively participate in the breast cancer program and blood donation. During this year, we also focused on preventing certain diseases, such as diabetes, through different forums for awareness and prevention.

2022 COLLABORATOR BENEFITS:

Seeking a healthier work environment, we have lactation rooms for our collaborators, both in offices and in several stores.

We have medical offices and doctors who provide high-quality medical care to our collaborators, essential for the prevention, detection, treatment and monitoring of diseases, to decide whether to refer them to specialists.

We coordinate the application of influenza vaccines for employees and family members. Our collaborators take advantage and enjoy the benefits in terms of health and family well-being, granted by the PREVENIMSS agreement signed with the Mexican Institute of Social Security.

We have a team of nutritionists who provide guidance in nutrition plans and attention to collaborators in the corporate offices.

COLLABORATORS BY AGE AND GENDER

	MEN	WOMEN
‹25	1,772	1,319
25-32	2,096	1,639
33-40	1,523	1,557
41-50	1,304	1,595
›50	1,103	1,187

EQUAL OPPORTUNITIES

Our recruitment and promotion processes apply principles of equality and respect for diversity and focus on finding candidates who, in our view, best meet the requirements of specific positions. The company's staff is made up of people of different ages, beliefs, nationalities, professions and different abilities. We strive to maintain non-discrimination, which is why, since the publication of vacancies on recruitment pages, we do not distinguish between genders. We are committed to offering equal employment opportunities, considering people's capabilities, complying with labor laws and regulations, and carrying out fair labor practices.

All our employees, directors and stakeholders must respect diversity, gender equality, and human rights. We do not distinguish any customer or collaborator based on their career, race, gender, religion, age, sexual orientation, abilities and/or nationality.

Human rights are the fundamental rights, freedoms and standards of treatment possessed by all people. At La Comer, we aim to always guarantee humane treatment for all our collaborators in each and every one of our stores and workplaces. We support and respect the protection of internationally proclaimed human rights principles, as expressed in the International Bill of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. We align our strategy and operations with these principles and standards of conduct.

We continue working on initiatives that allow us to offer people with disabilities the opportunity to work and develop professionally. Hence, we developed our *"Éntrale"* program, where we have collaborators with different abilities, who, from the beginning, have become a very important part of our workforce.

We have joined the **"Youth Building the Future"** program with the Government of Mexico. This program has the objective of uniting the experience of work centers with the energy of young people to promote job opportunities in the country. We are pleased to report that with the young entrepreneurs' program, we have trained more than 200 young people, especially in the bakery area, where they have been taught the trade very successfully. Consequently, they will be able to develop personal skills and will have the occasion to obtain new job opportunities or develop their own ventures.

Our equal opportunities policy is included in the company's Code of Ethics.

EMPLOYMENT AND QUALITY OF LIFE

We strive to play an active role in improving the quality of working life for our employees, recognizing the human side of work, respecting their rights and offering adequate working conditions. Our organizational growth has required us to embrace new ways of thinking and working, resulting in a high-performance, people-focused culture where open dialogue is encouraged and rewarded. We maintain internal communication mechanisms to facilitate the exchange of information at all levels.

We have a policy of respecting vacations and breaks, days and schedules, and on for ensuring adequate working conditions for our collaborators. Furthermore, we seek to minimize staff turnover and offer an adequate work environment, increase quality of life, combat absenteeism and promote a sense of belonging, as well as preserve physical and mental health in a preventive manner.

In addition to the legal benefits, we grant our collaborators transportation assistance, savings fund, savings account, several types of insurance, voluntary retirement fund, annual bonus and 10% discount on purchases three times a year, among others.

We continue publishing our internal magazine "Esencia", an institutional publication that develops topics related to the company. Its contents vary from achievements, cultural and sports activities, news, etc., promoting the integration of the company's personnel, image and values. This allows all collaborators to be informed and fosters a sense of belonging. We also have an intranet page that allows us to offer services and information to our staff.

BUSINESS ETHICS AND COMPLIANCE

At La Comer, we have ethical principles by which our business can achieve a social commitment. Ethics training is an essential part of our operations and is carried out at all levels of the company, so that employees feel motivated and comply with all values.

It is fundamental that employees feel involved and are aware from the beginning about this type of regulations so that they put them into practice and transmit them in their tasks.

Through Corporate Audit and Compliance, the Ethics Committee communicates and ensures adherence to the Code of Ethics. The complaints received are subject to a regulatory monitoring process that is respectful for all parties, and the Ethics Committee is involved if necessary.

Collaborators' training is based on a broad program, which includes topics to **guarantee ethical decision-making** in commercial contexts, not only of the company's social obligations, but also the obligations with other collaborators, clients, suppliers and competitors.

SUPPLIERS

Our value chain is rich and complex, made up of thousands of suppliers, including producers, industries, distribution companies and service providers. Our efforts include choosing products that contribute to greater awareness of manufacturing and consumption.

One of the greatest strengths of our value chain has been the excellent relationship we have maintained with our suppliers. They have been a key factor in the achievement of the company's excellent results, as the extraordinary relationships we maintain have led to positive conditions for both parties. Currently, we have almost 2,200 suppliers. 91% are national, of which 4% are local suppliers that only distribute to certain stores in each region.

We operate with a broad base of suppliers of diverse sizes, so there is no dependence on any one supplier in terms of products, nor do we identify any supplier as critical. Several of our suppliers have certifications such as NSF, ASC for seafood products, TIF meat products and "SAGARPA organic" certifications for organic and free-range products. In 2022, 1.5% of our products were organic in various categories, providing our customers with the best quality.

In order to develop a responsible value chain, our Code of Ethics establishes numerous guidelines that suppliers must comply with on certain issues, such as: support for human rights, occupational health and safety, food safety and anticorruption.

We are in the process of mapping risks and opportunities in our chains, addressing the main initiatives carried out in the year: animal welfare, working conditions, support for small suppliers and quality programs and supplier development.

Worldwide, the importance of animal welfare in food production has been recognized, so for La Comer it is extremely important to have suppliers that meet the requirements and standards that must be applied throughout the entire production chain. Therefore, the company ensures that 100% of the pork, chicken and beef sold in our stores comes from suppliers who are publicly committed to animal welfare in the supply chain. Likewise, 10% of our egg's sale comes from cage-free hens.

We maintain communication with our suppliers through our website Provecomer.com, allowing us to respond to requests, information on invoices, procedures, transactions, forums and complaints.

We work with diverse SMEs, those companies that, due to their production capacity and moderate business volume, could not have access to large distribution chains. Their development is very important to us, so we currently work with more than 1,270 SMEs.

Respect for human rights in all value chains, involving the operations of suppliers and business partners, is a central pillar of our strategy. Adhering to these guidelines is not only mandatory, but also a requirement for supplying products and maintaining long-term relationships. Our priority is to ensure compliance and promote human rights.

We have audit processes for suppliers of perishables, refrigerated goods, groceries, own brands, food and bakery, where the following is reviewed:

- Regarding facilities: cultivation fields, packing facilities, factories, transport, warehouses, distribution, packaging and personnel.
- Regarding the product: qualities, flavors, colors, sizes, packaging, presentations and labels.
- Regarding management, the technology they have is reviewed: platforms, software to validate that they can be compatible with our systems and that allows the exchange of information from catalogs, receipts, orders, payments and returns.

Based on the above, improvement programs are carried out at points identified with opportunities, helping suppliers' development.

The certifications requested from suppliers are those that must be complied with by law, as well as additional ones from specialized institutes or associations such as: NOM (Official Mexican Standards), TIF (Federal Inspection Type), organic products, KOSHER products, and HSAP (good manufacturing practices).

To conclude, the guarantees offered are those agreed in the commercial agreements, such as commercial discounts, payment terms, returns, contributions and purchase volume.

Respect for human rights in all value chains, involving the operations of suppliers and business partners, is a central pillar of our strategy.

2,200 suppliers

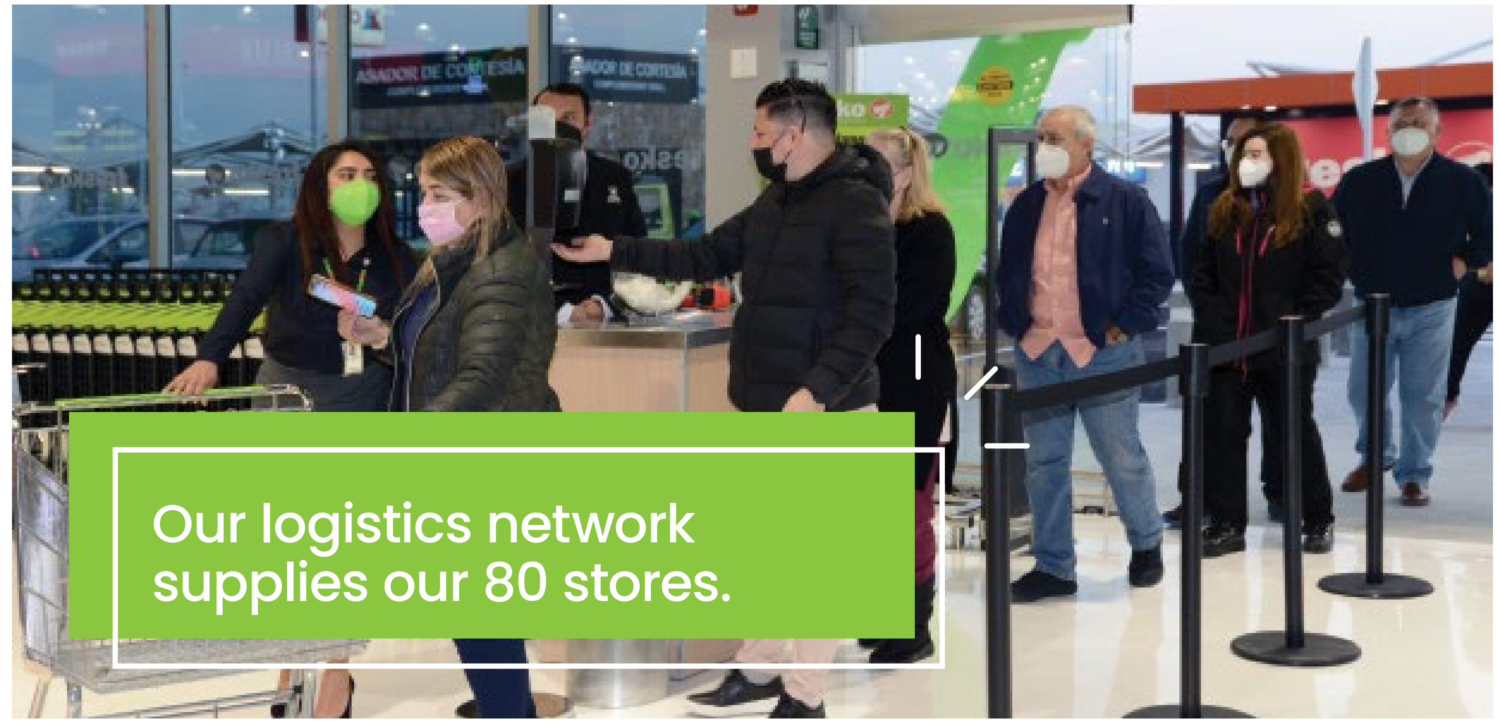
LOGISTICS

Our centralized supply chain has become a strength thanks to our reliable and flexible distribution processes, subject to continuous improvement and supported by state-of-the-art digital technology that integrates us efficiently and timely with our pool of more than 2,200 suppliers, 35,000 SKUs and 811 trained collaborators in distribution centers committed to supplying our 80 stores.

All our distribution centers have a multi-temperature installation. In 2022, 76% of the products we offer were distributed to our stores from these centers. The supply of the inaugurated branches has been covered mostly from our distribution centers; however, since our stores are located in different regions of the country, locally supplied regional products are included in their catalogs.

Each year we incorporate modifications to our Logistics Management System, improving receipt, assortment, shipping and inventory processes with very positive operating and efficiency results, such as increased quality of service to stores, increased productivity of operating and transportation personnel, greater profitability due to lower expenses and an increase in installed capacity. We currently have sufficient capacity to service between 90 and 95 branches.

We have developed practices for distribution in state-of-the-art facilities, equipment and systems that allow us to be in circumstances of efficiency and competitiveness. In addition, we have processes supported by IT platforms that provide accurate and timely data and enable the coordinated execution of all participants (commercial department,



supplier and store distribution centers) in the end-to-end supply chain process. Furthermore, our operational processes for receiving, merchandise classification and order preparation incorporate state-of-the-art practices and technology such as picking with voice terminals, RFID and systematized control.

The merchandise shipping and transportation process is supported by an internally developed system that allows a "Guaranteed Delivery" to stores; that is, it monitors the critical aspects during merchandise loading, transport and delivery (merchandise, times, temperature, etc.) so that the stores can carry out a "Blind Receipt".

One of our strengths is to base our work on process monitoring and continuous improvement, allowing us to respond to growth and contribute to the Company's good results.

This year we supplied to commercial sales strategies, including our ***"Temporada Naranja"***, delivering merchandise to our stores on time for displays, in addition to replenishing the product that is sold every day in our branches.

We continue executing logistics strategies with our suppliers, which has allowed us to save costs in the supply chain and to increase the installed capacity of the Distribution Center; this year we increased the volume of boxes produced under these schemes by 30% against the previous year.

We strengthened our facilities and operations at the Vallejo distribution center, building five new platforms, as well as new packaging, supplies and service areas; we redesigned the layout of the Pharmacy areas, "small units" (assortment by pieces) and high value, with which we also make better use of the available space. Moreover, we developed and implemented Track 2-E, that is, an assortment line for special items, whether bulky and/or asymmetrical, which has absorbed 10% of the original Track 2 and improved its functionality. With all this, we extend the useful life of our main distribution center.

Currently our logistics network consists of **three Distribution Centers.** One is located in Mexico City, one in Nuevo León and the third in Guadalajara.

We improved our service indicators for stores in the **Delivery Time** category, reducing it by 15% on average (in all categories and modes of service) compared to the previous year.

As we do every year, our operation is submitted for external evaluation –subject to a confidentiality agreement– by expert logistics companies in order to harness market trends that will help us improve our operation.

SOCIAL RESPONSIBILITY

1 NO POVERTY
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
17 PARTNERSHIPS FOR THE GOALS

At Grupo La Comer, we focus on socially responsible actions seeking the community's wellbeing.

Therefore, it is significant to always focus our actions to benefit the people who are part of the environment, through initiatives related to the active contribution to improving people's quality of life through awareness, care and intervention for the most vulnerable groups.

In addition to incorporating sustainability goals, principles, and requirements into procurement processes and decisions, we are committed to working with our suppliers. Besides promoting lasting relationships through treatment and trust with suppliers, we seek that they are certified to ensure an appropriate supply chain; we currently have more than 2,000 suppliers with assorted certificates.

560
new jobs

During the year, we created more than 560 jobs. This progress was due to the openings we made during 2022, generating growth in the industry.

To carry out activities that contribute to social development from the communities to the consumer, we are in contact with several institutions to aid in training and education of farmers in different regions of the country.

Through the ***Fundación Mexicana para el Desarrollo Rural, A.C.***, we have the goal of contributing to the integral development of low-income peasant families who live in corn-producing communities, through educational projects that improve their quality of life. This program seeks to boost crop productivity with applicable methodologies to influence the social transformation of the countryside.

The company contributed in the year to the ***Pro-Bosque de Chapultepec Foundation*** for the remodeling, rehabilitation and preservation of the Chapultepec Forest, since it is a leisure place, cultural, natural and artistic heritage, indispensable for the Mexico City's environmental conservation.

In total, La Comer donated **$3.5 million pesos** to several NGOs who all have the goas of cooperation, mutual help and social wellbeing.

Likewise, La Comer donated to the ***Mexican Red Cross AIP***, as well as to the ***A Favor de lo Mejor, A.C.*** Foundation, helping to improve the quality of media content and thus generate a relationship between them and society.

Alongside ***Un Kilo de Ayuda*** (UKA), we implemented several initiatives during the year in favor of the Early Childhood Development (ECD) of boys and girls through the promotion of a range of products. Similarly, we contributed more than $500 thousand pesos of the proceeds from their products sale in our stores.

During 2022, and thanks to the support of La Comer, ***Un Kilo de Ayuda*** was able to guarantee the care of 99 girls and boys through the following actions:

- Weight and height measurements
- Hemoglobin diagnostics
- Iron treatments for anemia
- Delivery of nutritional packages
- Delivery of milk liters
- Workshops on perceptive parenting and feeding

PINK STORE

With 14 consecutive years, Grupo La Comer carried out its awareness and detection campaign for breast cancer, one of the most common diseases among women in our country. As in previous years, our slogan was: ***La Comer is the Tienda Rosa*** (Pink Store).

During October of every year, we carry out a series of activities such as offering a wide variety of "pink edition" items, in partnership with some of our suppliers and we illuminate the facades of several of our stores in pink.

Together with FUCAM, we conducted free mammography studies in a large number of our stores, and for the third consecutive year, City Market Monterrey, with Cruz Rosa, the private charity association that provides comprehensive support to low-income women going through the cancer process, facilitated the mammography tests that this organization carries out during October in the municipalities surrounding this city.

As a result of the campaign, our exclusive brands Farmacom, Golden Hills, Gourmet, Organic and Sugar Free Products, as well as the Fruit and Vegetable Department, donated part of their sales to these two associations. Overall, they contributed over $2.9 million pesos.

In one of our sales floor aisles, named the "Pink Aisle", we placed more than 7,300 items, of which the supplier directly donates a percentage of the sale of these items to a movement that supports the fight against cancer.

We contributed over **$2.9 million pesos to** the fight against breast cancer.

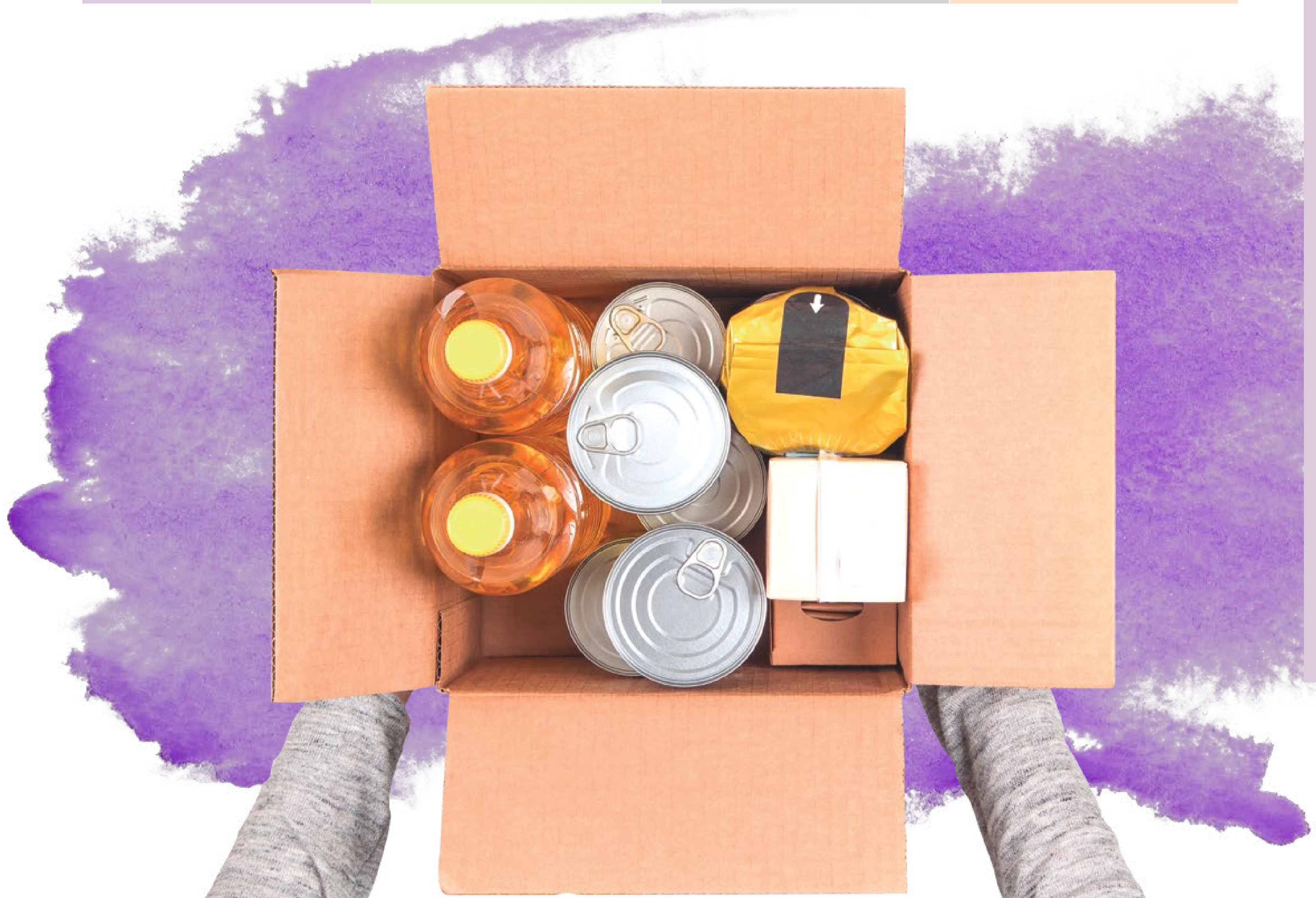
FOOD BANK

We have alliances with ***Banco de Alimentos de México*** and with nine institutions in the country, endorsed and authorized by Upper Management and the Internal Audit area. Through our stores, donated food to homes, nursing homes and care centers for people with disabilities. During 2022, we donated around 600 tons of bread and more than 800 tons of fruits and vegetables, thus being a part of the value chain that improves food and nutrition in Mexico.

More than
1.7 million people were benefited

DONATIONS TO THE FOOD BANK

INSTITUTION	TOTAL NUMBER OF BRANCHES	KG OF DONATED BREAD IN 2022	KG OF DONATED FRUIT AND VEGETABLES IN 2022
Banco de Alimentos de México	66	488,477	720,407



DONATIONS TO OTHER INSTITUTIONS

INSTITUTION	TOTAL NUMBER OF BRANCHES	KG OF DONATED BREAD IN 2022	KG OF DONATED FRUIT AND VEGETABLES IN 2022
Ayudando Contigo, A.C.	4	22,262	17,972
Red de Asociaciones Altruistas de Puerto Vallarta y Bahía de Banderas, A.C.	2	42,267	34,689
Fundación Nutrición y Vida, A.C.	2	17,679	23,262
Banco de Alimentos Cáritas Monterrey, A.B.P.	3	5,808	9,788
Un Granito de Arena, A.C.	1	10,731	2,979
Hogar Gonzálo Cosio Ducoing, I.A.P.	1	4,972	-
Fundación Estancia Sagrado Corazón de Jesús	1	3,365	9,743
Voluntarias Vicentinas Albergue La Esperanza, I.A.P.	1	2,153	6,218
Patronato San Vicente de Valle, I.A.P.	1	1,709	2,577

ENVIRONMENTAL PROTECTION

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

At La Comer we optimize resources in all operations to minimize our environmental footprint.

Being sustainable is an everyday effort. At La Comer we promote a responsible business philosophy and with this we optimize our resources; promoting water and energy saving programs, as well as using new technologies to generate economic, social and environmental benefits.

Within the company, we promote an awareness culture for the efficient and rational resource management, in such a way that it is possible to improve wellbeing without compromising quality and service for our customers.

Since there is a trend in the market to prefer brands committed to the environment, we offer ecofriendly products in our stores, in addition to checking that our suppliers have official certifications on sustainable issues.

We have carried out actions and policy changes, involving all our stakeholders such as collaborators, suppliers and customers to be more responsible with resource use. The importance of the attitude and awareness level of our collaborators has had an impact on economic savings and environmental benefits by reducing, reusing and recycling the materials with which we work, integrating as far as possible these materials into circular economy and therefore, generating more value.

The company complies with all applicable regulatory obligations regarding environmental impact during the development of all its business activities, from the search, design and construction of new units to their operation. Controls are implemented to comply with obligations, non-hazardous and hazardous waste generation, wastewater quality, and air emissions.

SUSTAINABLE PACKAGING

During the year, we continued with the program to replace packaging with sustainable packaging, seeking to ensure that they are produced in a responsible manner, designed to be efficient and safe throughout their life cycle, that they meet market criteria for good performance, and that once used, they are recycled efficiently. We select sustainable packaging materials, adapting them to the needs of our products without sacrificing the quality and good presentation of each type of product.

In 2022, we replaced the packaging we use in the food (Kitchen and Bakery), Perishables and Own Brand areas with cardboard boxes in some branches, we advanced in special packaging projects with recyclable, compostable and reusable characteristics for our Fine Pasties, Tortillería and Bakery, and we perfected the food packaging that we use in the ***La Comer en tu Casa*** service.

We remain committed to the elimination of single-use plastic. This practice began in Mexico City branches and during the course of the year, we replicated it in the rest of the Group’s stores.

We continued to replace plastic bags with biodegradable ones in the fruit and vegetable departments, analyzing different options to fully replace them and thus continue offering a high-quality service with environmentally friendly packaging.

In 2022,

1.5% of our products

were organic.

SUSTAINABLE SOURCING

The Company operates with a wide base of suppliers of diverse sizes, promoting that its production processes are sustainable, using raw materials, energy sources and clean packaging whose final use is friendly to the environment, making the supply chain become a circular economy. Currently, part of our suppliers have several certifications, such as the National Science Foundation (NSF), Program for the Endorsement of Forest Certification (PEFC) and Aquaculture Stewardship Council (ASC) in seafood; Forest Stewardship Council (FSC) for paper and cardboard products; as well as some certifications in organic products (Organic Mexico) and free agricultural grazing. In 2022, 1.5% of our products in diverse categories were organic, offering our customers more options with the best quality.

PAPER AND POLYETHYLENE COLLECTION

The cardboard and polyethylene used for packaging both in the stores and in our Distribution Centers are delivered to certified companies to treat them and reincorporate them into a circular economy. The polyethylene is turned back into pellets for use in different applications and the cardboard is turned back into boxes for the packaging of different materials. During 2022, we delivered more than 6,700 tons of cardboard and 543 tons of polyethylene for recycling.

EFFICIENT USE OF WATER AND ENERGY RESOURCES

WATER MANAGEMENT

At La Comer we know that water is a critical and vital element that we use in many aspects of our lives, from the water we drink, food preparation, health and hygiene, as well as the impact its use has. Water is a scarce resource, only 0.007% is drinkable and as we have seen in recent years, the available quantity of this resource is decreasing.

La Comer has 27 water treatment plants. We consider water treatment to be of vital importance, giving it a second use and at the same time reducing the impact when discharging wastewater to the drain. Thus, we prevent the aquifers from being contaminated and we prevent diseases and impoverish the ecosystems

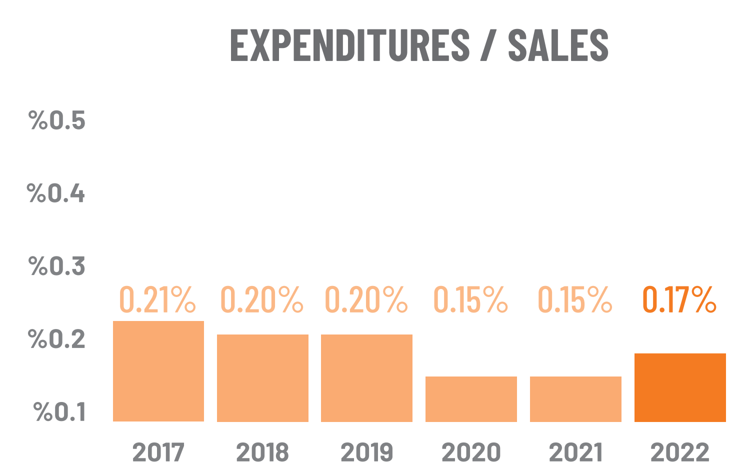
The company is aware of its water footprint impact, reinforcing the culture of water use as a scarce, indispensable and necessary resource in all its activities. In the branches that have a water treatment plant, 100% of it is processed; approximately 30% is recycled and used again in bathrooms, floors, gardens and maintenance, and the rest is integrated into the drainage network (complying with the NOM-003-Semarnat-1997 regulation, which requires specific parameters to reuse water irrigation, cleaning areas and toilets).

30% of consumed water is recycled and reused.

By treating water, we seek to significantly reduce different agents in its composition, such as solid human waste that contains organisms and bacteria that are harmful to humans; soaps, detergents, and cleaning products that have foaming agents that promote oxygen depletion in the water and cause imbalances in the ecosystem; and finally, other materials such as sand, dust, etc. that cause obstructions or clogging of the drainage system and maintenance or sanitary problems in a community.

Furthermore, we have rainwater harvesting systems and storm tanks in some branches, which serve two purposes. The first is to avoid saturation of drainage systems during rainy seasons to help maintain their proper functioning. The second is for the use of water in bathrooms, gardens and cleaning; before discharging it to the network, it is returned to the treatment plant, thus maximizing this resource's use.

Our water consumption during 2022 was 551 million cubic meters. We use a portion of water in our food preparation areas, which during the pandemic suffered a sharp drop in production, since people stopped eating outside their homes. Since activities returned to normal, water use for these areas has been resumed; however, we have managed to keep our consumption below pre-pandemic levels.



ELECTRICAL ENERGY

One of our commitments to the environment is to supply our branches with electricity through renewable energy sources.

This year, electricity consumption was 166 million kilowatt-hours and renewable energy was supplied in the following way:

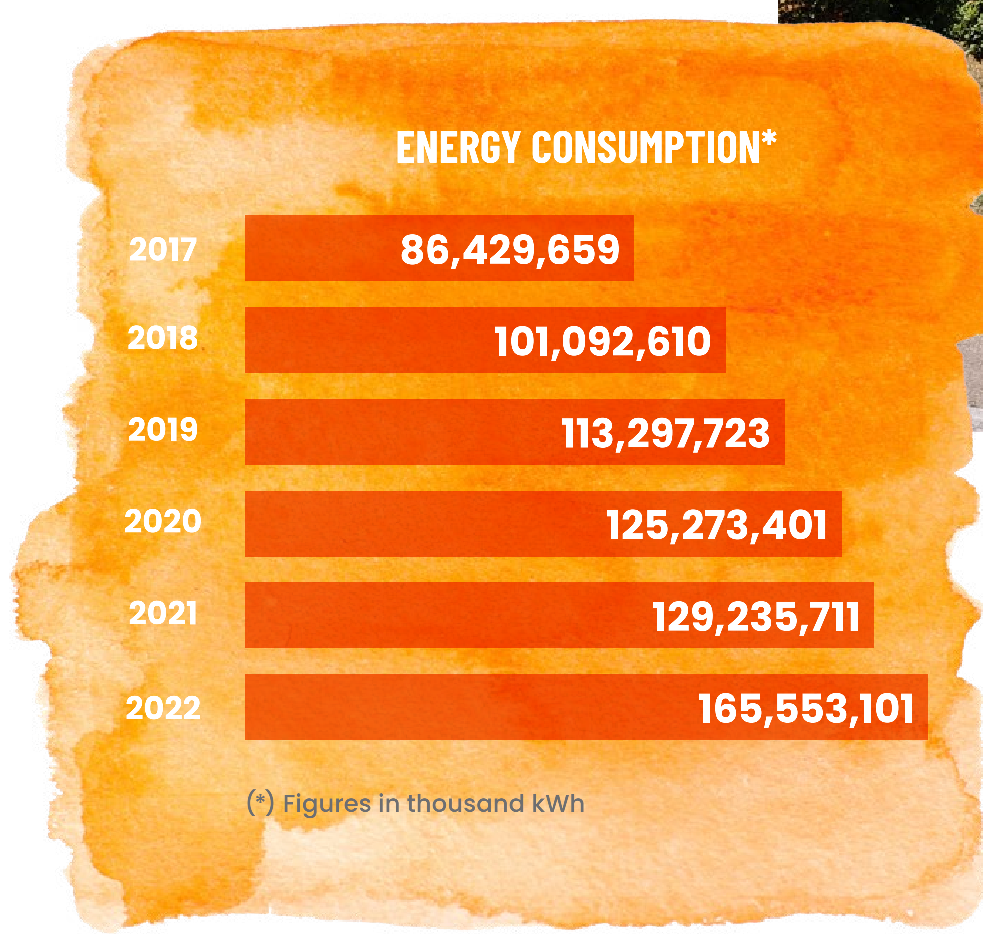
17 branches
use from wind energy sources

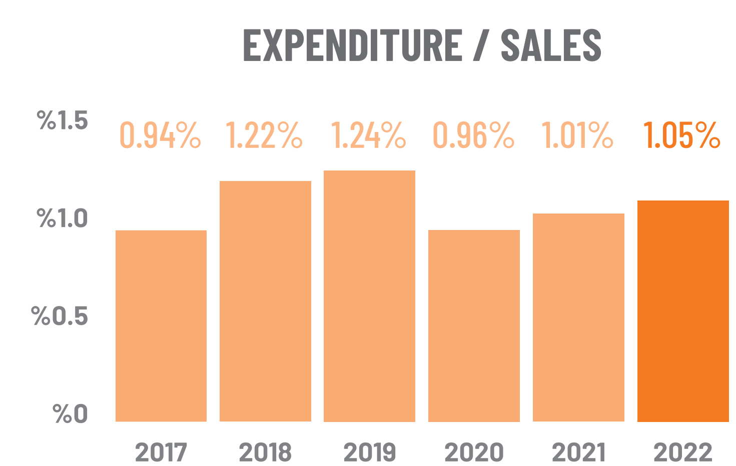
31 branches
are supplied in combined cycle mode

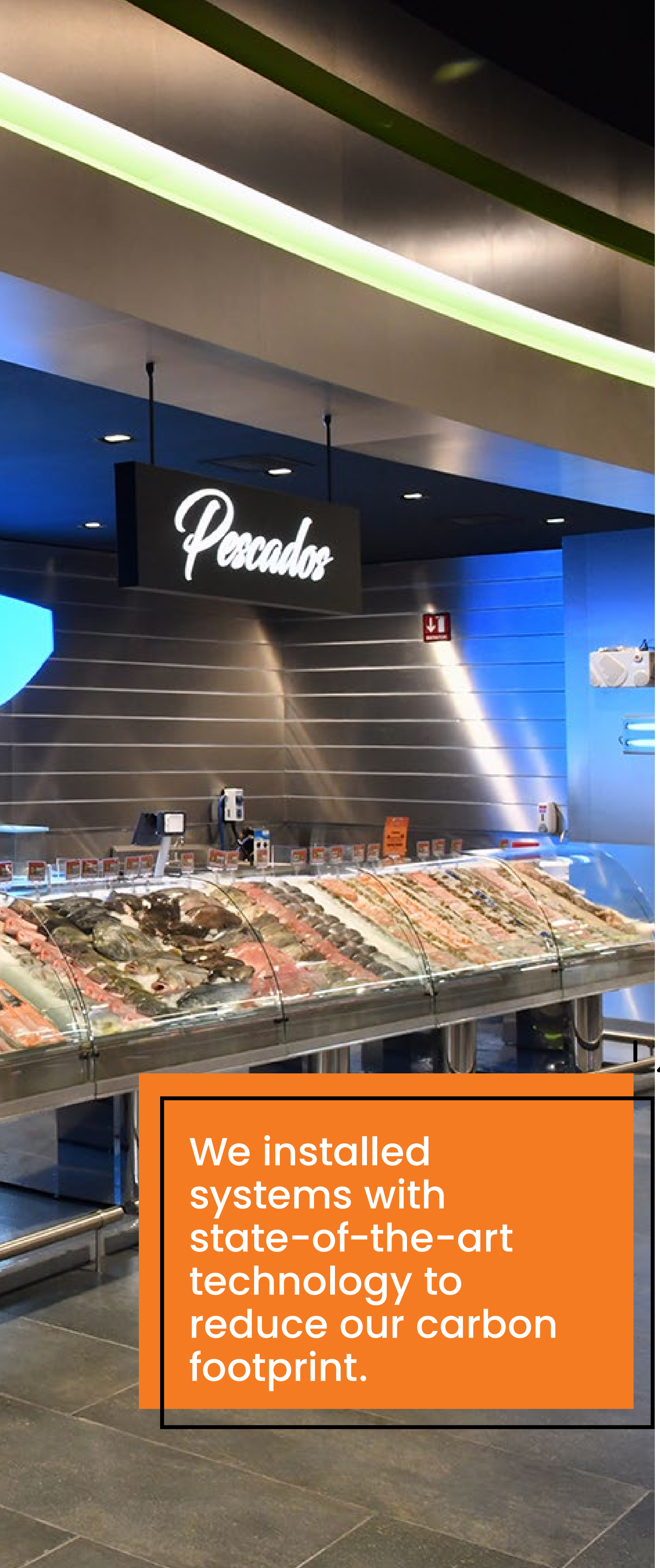
6 branches
branches have photovoltaic systems (solar panels) and in 2023 we plan to install at least 8 additional systems

We continue with our continuous improvement process in energy efficiency through the implementation of new technologies. We have a monitoring system that allows us to have a strict control of electricity consumption in each branch's main loads, which has allowed us to detect areas of opportunity and savings.

Based on our energy matrix, we have reduced the impact of our carbon footprint (greenhouse gases emissions into the atmosphere) derived from the supply of clean energy. The startup of the savings projects began in 2019.







We installed systems with state-of-the-art technology to reduce our carbon footprint.

WASTE MANAGEMENT

The company responsibly manages the waste produced in the branches' different areas, complying with the established official standards. Waste is classified into the following categories for its management:

- Burnt fats and oil
- Tallow and bone

BURNT FATS AND OIL

Once the oil and fat used in the production processes for consumption and sale in the store no longer meet the properties to maintain food quality (burnt oils), they are separated into containers suitable for this purpose and stored in a designated area until the collection time.

Residues from vegetable fats and oils (as well as those derived from petroleum) are highly polluting materials that are harmful to the environment. For example, a liter of oil can contaminate up to 1,000 liters of water. Therefore, this waste supervision is of vital importance to avoid the environment's degradation.

The companies that collect this waste comply with all regulations, including transportation and processes for its final use. Among them are the transformation into biodiesel, the production of soaps, as well as the use for agricultural food and for skin treatments.

TALLOW AND BONE

Tallow and bone are another waste generated in the meat area processes (as a by-product of cuts and cleaning). These residues are separated from the finished product to meet a high-quality standard and customer service. This waste is separated into containers and later stored in refrigeration rooms.

Additionally, these products generate value for the company, since they are sold to the agricultural food industry, generating additional income. These materials' collectors must be registered with the corresponding secretariat, with permits to transport and manage said waste.

REFRIGERANTS

Refrigeration and air conditioning systems have evolved over time, since being highly polluting, very strict standards and regulations have been implemented worldwide to reduce their impact on the environment.

In 1985, it was first published that the refrigerant gases that were used at the time (CFCs, for its acronym) damaged the ozone layer. Four years later, the Montreal Protocol came into force, which sought to gradually reduce their use, starting in developed countries and continuing with developing countries.

Subsequently, it was discovered that the refrigerants that came to replace CFCs (HCFCs and later HFCs) although they did not have as great an impact on the ozone layer, had a high global warming potential. As in the past, the Kyoto Protocol for the reduction of Greenhouse Gases (GHG) came into force.

Currently, among the range of refrigeration and air conditioning systems, the refrigerants' impact may vary, also due to the electrical consumption that each system can have. Hence, at La Comer we evaluate not only the impact of the refrigerants we use, but also the impact that the entire system may have in its life of use.

We install the latest technologies in refrigeration systems in stores with the aim of taking care of the two main elements: that the refrigerants we use are the most environmentally friendly and that, in turn, the system as such is more efficient overall. We have phased out the use of CFCs throughout the company and have a program to phase out and replace HCFCs and HFCs with greener systems.

Our commitment is to continue making refrigerants' use more efficient by updating the refrigeration and air conditioning systems so that La Comer can achieve the least possible impact, without neglecting quality and service to our customers.

FINANCIAL SECTION

REPORT FROM OUR CHIEF EXECUTIVE OFFICER

Mexico City, March 24, 2023

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

Dear members of the Board of Directors:

In compliance with the provisions of Article 44, Section XI of the Mexican Securities Market Law and Article 172 of the General Law of Commercial Companies, I hereby submit for your approval this report on the performance of La Comer, S.A.B. de C.V. during the year ended December 31, 2022. The report includes an explanation of the relevant events that occurred during the year, points out the highlights of the period, and refers to the most important ongoing projects and the main policies of my administration.

The company has had a good performance during the year even comparing with 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 shopping experiences for our customers, which we know end up enjoying at home with the excellent selection of quality products and articles that we offer in each of our stores. Additionally, we continue to offer an outstanding service on our digital platform ***"La Comer en tu Casa"*** so that our customers can make the purchase comfortably, safely and effectively.

The Mexican economy experienced moderate growth in 2022, barely offsetting the slowdown suffered by the pandemic in 2020. By the end of 2022, Mexico's Gross Domestic Product (GDP) presented an increase in real terms of 3.1% compared to the previous year and an annual inflation of 7.8%. Within the entire economic environment and still with the effects of the global pandemic, the trade sector performed well. Regarding consumption in the national retail sales sector and based on data from the National Association of Self-Service and Department Stores (ANTAD), there was an increase in same-store sales 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 from our digital platform ***"La Comer en tu Casa".*** We continue to maintain a differentiation strategy by offering a fantastic shopping experience in the market based on quality, attention and service. Our employees have the necessary training to be able to offer an excellent service, thus providing specialized advice to the customer so that their purchase is made more effectively. We maintain an unbeatable supply of basic products, high-end products, imported products and novelties with excellent quality and a clear differentiation.

This year we continued with our expansion plan and opened four new stores. Two Fresko stores, one in Monterrey and another in San Luis Potosí, the latter being a new location to continue offering our shopping experience. In addition, we opened two stores in the La Comer format in the cities of Puebla and Morelia. With these openings, we generated more than 2,000 formal jobs. During the year, we closed a store in the metropolitan area of Mexico City for a total remodeling that we believe will be very profitable in the medium term. In order to provide the innovations and services that shape our image, we carried out three major renovations. The CAPEX investment in 2022 amounted to approximately $2,982 million pesos, allocated mainly to carry out the openings and remodeling.

In terms of operating results for 2022, total sales reached $33,436 million pesos, with a 15.7% increase in sales compared to 2021. Thus, in 2022, we consolidated the high sales levels we experienced in the last two years. Same-stores sales had an increase of 9.2% in the year. Some important factors that helped in the positive increase in sales were the execution of our ***"Temporada Naranja"*** campaign, carried out in the summer months, as well as our ***"Miércoles de Plaza"*** campaign; both campaigns were very successful. To pamper our customers, we carried out the special promotion ***"Si Parla Italiano"*** to offer more than two thousand items of Italian origin, which were presented for the first time in Mexico. In this manner, we believe that the company's value strategy allowed it to clearly differentiate itself from the rest of the participants, granting greater benefits to all our customers and attracting their attention.

The sales of our digital platform ***"La Comer en Tu Casa"*** continue with important sales levels, showing to be a quality and trustworthy service for our customers. The participation of our online sales platform was 7.2% of the company's total sales, demonstrating stability during the year.

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

EBITDA margin for the year as a percentage of sales was 10.4%, generating an annual EBITDA of $3,490 million pesos.

Cash at the end of the 2022 amounted to

$2,078 MILLION PESOS.

We implemented social responsibility and sustainability programs.

In 2022 we implemented diverse Social Responsibility and Sustainability practices. We continued with social aid programs, ***"Un Kilo de Ayuda"***, the ***"Tienda Rosa"*** campaign to help women with cancer, and we made donations to numerous charities.

Regarding sustainability, we developed several actions and measures in our stores to use resources in an environmentally friendly manner. We have continued to switch to more biodegradable packaging. Measures were taken to collect waste products, paper and cardboard for recycling or reuse, among other actions.

I wish to acknowledge all our employees for their dedication, attention, service and teamwork; thanks to them we have managed to successfully make progress despite the challenges we have faced since the beginning of the company's operation. I want to express my sincere thanks to each one of them for all their efforts, excellent service and dedication.

We thank our customers for the trust they place in us. We are committed to always provide the best shopping experience to enjoy at home: with a range of products that will always surprise them, with the best quality, with the service and friendly treatment that distinguishes us, and at a competitive price.

With the progress achieved and the positioning and differentiation of the company, we have created the best foundation to continue on the path of consolidation and growth. We expect to continue opening more stores in the coming years in order to replicate our shopping experience.

Finally, I hereby submit to your consideration the Consolidated Financial Statements of La Comer, S.A.B. de C.V., attached to this report. They have been prepared by the Administration and Finance Department and subsequently authorized by the Audit Committee of this same Board of Directors; if approved, they may be subsequently presented to the General Shareholders' Meeting of the Company.

SANTIAGO GARCÍA GARCÍA
Chief Executive Officer **LA COMER, S.A.B. DE C.V.**

OPINION OF THE BOARD OF DIRECTORS REGARDING THE 2022 REPORT FROM THE CEO

Mexico City, March 24, 2023

To the General Shareholders' Meeting
LA COMER, S.A.B. DE C.V.

Dear shareholders:

In compliance with the provisions of Article 28, Section IV, paragraph c) of the Mexican Securities Market Law and the Twenty-second clause of the bylaws of La Comer, S.A.B. de C.V. (the "Company"), it is hereby stated for the record that the Board of Directors, on this date, agreed to issue this opinion, whereby it APPROVES the report of the Chief Executive Officer and the financial statements of the Company for the fiscal year ended December 31, 2022, to be presented to the General Ordinary Shareholders' Meeting to be held on April 19, 2023, together with the external auditor's report.

In order to reach the aforementioned conclusion, the directors relied, among other elements, on the favorable opinion of the external auditor, as well as on the comments made by the Audit Committee, which is part of the Board of Directors, in which it is expressed that the accounting and information policies and criteria followed by the Company are adequate and sufficient, and it is considered that they have been consistently applied in the preparation of the information presented by the Chief Executive Officer. **Therefore, the Board of Directors is of the opinion that the information presented by the Chief Executive Officer regarding the aforementioned fiscal year, fairly reflects the financial position of the Company and its subsidiaries, as well as the results of their operations.**

CARLOS GONZÁLEZ ZABALEGUI
Chairman of the Board of Directors
LA COMER, S.A.B. DE C.V.

REPORT FROM THE BOARD OF DIRECTORS IN TERMS OF ARTICLE 172, SECTION B) OF THE GENERAL BUSINESS CORPORATIONS ACT

Mexico City, March 24, 2023

To the General Shareholders' Meeting
LA COMER, S.A.B. DE C.V.

Dear shareholders:

Pursuant to Article 28, Section IV, paragraph e) of the Mexican Securities Market Law, this document describes the principal accounting and reporting policies and criteria used in the preparation of the financial information of La Comer, S.A.B. de C.V. (the "Company") for the year ended December 31, 2022, as required by Article 172, paragraph b) of the Mexican Business Corporations Act.

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In accordance with the General provisions applicable to issuers of securities and other participants in the securities market, published on March 19, 2003 and its amendments until August, 15, 2022, by the National Banking and Securities Commission (CNBV), the Company is required to prepare its financial statements using IFRS issued by the IASB and its interpretations.

The consolidated financial statements have been prepared on the historical cost basis, except for cash, cash equivalents and employee benefit plan assets, which are measured at fair value.

The preparation of the 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 in which assumptions and estimates are significant to the consolidated financial statements.

ONGOING BUSINESS

The Company operates primarily on cash flow from sales operations at its stores, as well as from the arrangement of certain supplier credits. Management has a reasonable expectation that the Company has sufficient resources to continue operating as a going concern for the foreseeable future. The Company considers the going concern basis in preparing its consolidated financial statements.

The following is a description of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements, which have been applied consistently throughout the period presented, unless otherwise indicated.

2.1 CONSOLIDATION

Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to use its power over the entity to influence the amount of the returns.

Transactions eliminated in consolidation

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries are adjusted to comply with the Company's accounting policies.

Consolidation was performed by including the financial statements of all subsidiaries.

Loss of control

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

2.2 SEGMENT INFORMATION

Segment information is presented in a manner consistent with internal reporting provided to the chief operating decision maker (CODM), the Executive Officers, who are responsible for making operating decisions, authorizing capital expenditures and evaluating returns on capital expenditures. The Company operates a single business segment that includes self-service stores, corporate operations and the real estate business. Resources are allocated considering the importance of the Company's operations, strategies and returns established by management.

2.3 FOREIGN CURRENCY TRANSACTIONS

a. Functional and presentation currency

The items included in the financial statements of each of the Company's subsidiaries are expressed in the currency of the primary economic environment in which each entity operates, i.e., its functional currency. The currency in which the consolidated financial statements of the Company are presented is the Mexican peso, which is, in turn, the functional currency of the Company and all its subsidiaries, and is also used to comply with its legal, tax and stock exchange obligations.

b. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the exchange rates in effect at the date of the transaction. Gains and losses from exchange rate fluctuations resulting either from the settlement of such transactions or from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Gains and losses from exchange rate fluctuations related to loans, cash and cash equivalents are presented in the statement of income under financial income (cost).

2.4 CASH AND CASH EQUIVALENTS

In the consolidated statement of financial position, cash and cash equivalents include cash on hand, bank deposits in checking accounts, bank deposits in foreign currency and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

Bank overdrafts are shown within current liabilities in the statement of financial position. Cash is stated at nominal value and cash equivalents are valued at fair value; fluctuations in their value are recognized in income for the year.

Cash equivalents are mainly represented by demand or very short-term investments, as well as investments in highly liquid government securities with very short-term maturities. Bank deposits include the amount of bank card vouchers pending to be deposited by the banking institutions to the Company. Recovery of voucher amounts generally does not exceed one day.

2.5 ACCOUNTS RECEIVABLE FROM CUSTOMERS

Accounts receivable from customers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, less allowance for losses.

The Company's accounts receivable comprise: i) accounts receivable from entities issuing food vouchers; ii) rents receivable for the lease of commercial premises and promotional spaces to third parties, and iii) other accounts receivable, all of which are short-term.

2.6 FINANCIAL ASSETS

2.6.1 Classification

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

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

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

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

2.6.2 Recognition and derecognition

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

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 modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability is recognized based on the new conditions at fair value. Upon derecognition of a financial liability, the difference between the book value 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

Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial asset that is not at fair value through profit or loss (FV-ROE), transaction costs directly attributable to the acquisition of the financial asset. Transaction costs of financial assets at fair value through profit or loss are recorded in profit or loss.

Financial assets are not reclassified after initial recognition, except if the Company changes its business model to one 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 business model.

The subsequent measurement of financial assets depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories according to which the Company classifies its financial assets:

- Amortized cost: assets held for the collection of contractual cash flows when such cash flows represent only payments of principal and interest are measured at amortized cost. Income received from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/losses together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of income.
- FV-ORI: assets held for collection of contractual cash flows and for the sale of financial assets, where the cash flows from the assets represent only payments of principal and interest, are measured at fair value through other comprehensive income (FV-ORI). Movements in the carrying value are recognized through ORI, except for the recognition of impairment gains or losses, interest income and for-

eign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in ORI is reclassified from equity to income and recognized in other gains/losses.

- Interest income on these financial assets is included in interest income using the effective interest rate method. Exchange gains and losses are presented in other gains/losses and impairment charges are presented as a separate line item in the statement of income.
- FV-ORI: assets that do not meet the amortized cost or FV-ORI criteria are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss is recognized in profit or loss and presented on a net basis in other gains/losses in the period in which it arises.

Financial assets - Business model assessment

The Company evaluates the objective of the business model in which a financial asset is held at portfolio level as this best reflects the manner in which the business is managed and information is provided to management.

The Company maintains a financial asset at portfolio level until the maturity of the asset.

In accordance with the management of these assets, they are held until the end of the contractual cash flows

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

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

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

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

The cash flows the Company receives from the financial assets it holds, usually accounts receivable, customers and related parties, are comprised of principal and interest payments. Through the analyses performed, no characteristics have been identified in these financial assets that would contravene this fact.

Financial liabilities

Financial liabilities are classified measured at amortized cost or at fair value through profit or loss. A financial liability is classified at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such 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 currency translation gains and losses are recognized in income. Any gain or loss on derecognition is also recognized in income.

Suppliers and other accounts payable

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

The balance of accounts payable consists mainly of sundry creditors and deferred income, the latter generated by the Company's loyalty programs.

2.6.4 Offsetting

A financial asset and a financial liability shall be offset, so that their net amount is presented in the statement of financial position, when the Company has the legally enforceable right to offset the recognized amounts and intends to settle the net amount, or to realize 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 products in its stores, which are collected immediately by means of cash, bank cards and vouchers or coupons. The Company's accounts receivable consist primarily of amounts receivable from voucher and coupon issuers, as well as rent receivable from the lease of commercial premises and promotional space to third parties. The Company's experience shows that the collection of vouchers and coupons does not usually present problems; however, the collection of accounts receivable for the lease of premises does.

The Company evaluates, on a prospective basis, the expected credit losses associated with its debt instruments at amortized cost and FV-ORI. The impairment methodology applied depends on whether there

has been a significant increase in credit risk. For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires that expected losses over the life of the instrument be recognized from the initial recognition of the accounts receivable.

2.7 ACCOUNTS RECEIVABLE AND TAXES RECEIVABLE AND RECOVERABLE

The Company classifies as other accounts receivable travel allowances pending verification and other items as accounts receivable and taxes receivable. If the collection rights or the recovery of these amounts will be realized within 12 months after year-end, they are classified as current assets, otherwise they are included in non-current assets.

2.8 DERIVATIVE FINANCIAL INSTRUMENTS

The Company does not carry out transactions with derivative financial instruments.

2.9 INVENTORIES

Merchandise inventory is determined using the retail method. Under the retail method, inventory is separated into merchandise departments with similar characteristics and valued at selling price. From this value, inventories are determined at their cost price net of discounts, applying specific cost factors for each merchandise department. The cost factors represent the average cost of each department based on the initial inventory and purchases for the period. The percentage applied considers the portion of inventories that have been marked below their original selling price. The methodology used by the Company in the application of the retail method is consistent for all periods presented. Inventory valued in this manner approximates its cost and does not exceed its net realizable value. Inventory is recorded at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs to make the sale.

Physical inventories are taken monthly for perishable products and semi-annually for non-perishable products, and inventory records are adjusted to the results of the physical inventory.

The Company records the necessary estimates to recognize inventory write-downs due to shrinkage and other causes that indicate that the utilization or realization of inventory items will be less than the recorded value.

Distribution center inventories are valued using the average inventory method, since they do not use cost factors.

2.10 PREPAYMENTS

The Company records as prepayments expenditures made when the benefits and risks inherent to goods to be acquired or services to be received have not 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 as non-current assets if their maturity is greater than 12 months from the date of the statement of financial position. Once the goods and services are received, these amounts are recognized as an asset or as an expense in the statement of income for the period, respectively.

When prepayments lose their capacity to generate future economic benefits, the amount considered not recoverable is recognized in the statement of income for the period in which this occurs. Among the main ones are insurance premiums, licenses and systems maintenance, among others.

2.11 PROPERTY, FURNITURE AND EQUIPMENT AND IMPROVEMENTS TO PREMISES

Land is stated at cost less impairment losses, if any. All other items of property, furniture, equipment and leasehold improvements are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenses directly attributable to the acquisition of these assets and all expenses related to the location of the asset in the place and under the conditions necessary for it to operate in the manner intended by management.

Cost includes borrowing costs capitalized in accordance with the Company's policies for qualifying assets.

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 charged to the statement of income in the period in which they are incurred. The carrying amount of replaced assets is derecognized when they are replaced, taking the full effect to the income statement under other operating income and expenses.

Construction in progress represents stores and shopping centers under construction and includes directly attributable investments and costs to bring them into operation. When the stores are ready to start operations, they are transferred to the corresponding property, furniture and equipment and leasehold improvements line and depreciation begins to be computed.

Land is not depreciated. Depreciation is calculated based on the straight-line method in order to allocate their cost to their residual value 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
Premises improvements	20 years or the lease term, whichever is shorter

(*) Buildings are comprised of several construction components, which on average are depreciated over periods approximating those used in the buildings of which they are a part.

The Company allocates the amount initially recognized with respect to an item of property, furniture and equipment into its various significant parts (components) and depreciates each of these components separately.

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

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

Gains and losses on the sale of assets result from the difference between the proceeds from the transaction and the carrying value of the assets. These are included in the statement of income within other income and expenses, respectively.

2.12 INVESTMENT PROPERTIES

The Company owns some shopping centers in which it has its own stores and commercial premises leased to third parties. The Company's own stores are recognized in the statement of financial position as property, furniture and equipment and the commercial premises are recognized as investment property.

Investment properties are those real estate assets (land and buildings) that are held to obtain economic benefits through the collection of rents or to obtain an increase in their value 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 any.

Expansion, remodeling or improvement costs that represent an increase in capacity and therefore an extension of the useful lives of the assets are also capitalized. Maintenance and repair expenses are charged to the statement of income in the period in which they are incurred. The carrying amount of replaced assets is derecognized when they are replaced, taking the full effect to the statement of income under other income and expenses.

Depreciation of investment property is calculated based on the straight-line method over their estimated useful lives as follows:

Buildings	50 years
Branch equipment	10 years

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

2.13 ASSETS HELD FOR SALE

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

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

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

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

2.14 BORROWING COSTS

General and/or specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time (generally more than 12 months) until they are ready for use or sale, are included as part of the value of such assets during that period and until such time as they are ready for use.

Any income earned from the temporary investment of specific borrowed funds pending their use in qualifying assets reduces the borrowing costs eligible for capitalization.

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

2.15 INTANGIBLE ASSETS

An intangible asset is recognized if and only if the following two conditions are met: a) it is probable that the future economic benefits attributed 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 the value of the costs incurred for their acquisition and preparation for use. Maintenance costs are recognized as expenses as incurred. Licenses acquired for the use of programs that are recognized as intangible assets are amortized over their estimated useful lives, not to exceed 3.3 years.

The assignment of rights and operation of self-service stores are recognized at historical cost. The rights to use and operate self-service stores are amortized based on the term of the lease agreements, which range 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 as non-current assets if their maturity is greater than 12 months from the date of the statement of financial position. Once the rights are accrued, these amounts are recognized as an expense in the statement of income for the period, respectively. When the other assets lose their capacity to generate future economic benefits, the amount considered not recoverable is recognized in the statement of income for the period in which this occurs.

Brands acquired individually are recognized at historical cost. Trademarks purchased through a business acquisition are recognized at fair value at the date of acquisition.

The Company recognizes as an intangible asset of indefinite life, the rights of the acquired brands, since it considers that there

is no foreseeable limit in future accounting periods for the brand rights to generate net cash inflows for the Company. Trademark rights are not amortized, and in each period, the Company performs the respective impairment test to determine whether the value of the trademark rights will be recovered with the future cash flows expected to be generated by the Company.

The distinctive rights of acquired trademarks have an indefinite useful life, and are recorded at cost less accumulated impairment losses, if any.

2.16 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortization and are tested 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 assets is the higher of the fair value of the asset less costs incurred to sell it and the asset's value in use. Value in use is based on estimated future cash flows at present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks that may be associated with the asset or cash-generating unit.

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

The Company tests non-monetary assets for impairment on an annual basis, or when there are indicators that they may be impaired. Non-monetary assets include the following statement of financial position items: intangible assets, property, plant and equipment, investment property (except land), and other non-current assets.

2.17 PROVISIONS

Provisions are recognized at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market conditions with respect to the value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions for contingencies are recognized when the Company has a present or constructive legal obligation as a result of past events, it is probable that cash outflows will be required to settle the obligation and the amount can be reliably estimated.

Employee bonuses and gratuities. Bonus to executives according to the scope of the results of the year, as well as that related to the calculation of the Employees' Profit Sharing (EPS) for the year.

Store maintenance. For services rendered, which have not been recorded for payment.

Property tax. For payments made where the authorities have not issued the supporting documentation.

2.18 CURRENT AND DEFERRED INCOME TAX

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

Current income tax is comprised of income tax (ISR), which is recorded in the year in which it is incurred and is based on taxable income.

The current income tax charge is calculated based on tax laws enacted at the date of the statement of financial position or whose approval process is substantially completed. Management periodically evaluates the position taken in relation to its tax returns with respect to situations in which the tax laws are subject to interpretation.

Also deferred income tax is determined using tax rates and tax laws that have been enacted at the date of the statement of financial position or whose approval process is substantially complete and are expected to be applicable when the deferred income tax asset is realized or the deferred income tax liability is paid. For 2022 and 2021 the income tax rate was 30%.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their respective amounts shown in the consolidated financial statements, which are expected to materialize in the future. However, deferred income tax arising from the initial recognition of an asset or liability in a transaction that does not correspond to a business combination that at the time of the transaction affects neither accounting nor taxable income or loss is not recorded.

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

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

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

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profits will be realized against which the temporary differences can be utilized.

Deferred tax liabilities arising from temporary tax differences arising from investments in subsidiaries are recorded unless the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Temporary differences in relation to the right-of-use asset and lease liability for a specific lease are considered as a net pool (the lease) for deferred tax recognition purposes.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off deferred income tax assets against deferred income tax liabilities and when the deferred income tax assets and liabilities relate to the same tax authority and either the same taxable entity or different tax entities where there is an intention to settle the balances on a net basis.

The Company has determined that the accessories related to the payment of federal income taxes meet the definition of taxes, and therefore are recorded and presented as taxes under IAS 12 Income Taxes.

2.19 EMPLOYEE BENEFITS

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

Short-term obligations

Direct benefits (wages and salaries, overtime, vacation, holidays and paid leaves of absence, etc.) that are expected to be fully settled within 12 months after the end of the period in which the employees render the related service are recognized in connection with the employees' service until the end of the period and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities are presented as current obligations for employee benefits in the statement of financial position. In the case of compensated absences in accordance with legal or contractual provisions, these are not accrued.

Long-term benefits

The Company operates various retirement plans, including defined benefit and defined contribution plans, as well as postretirement medical plans.

a. Postretirement benefits and seniority premium

The Company's subsidiaries recognize the defined benefit obligation for seniority premium and two subsidiaries operate defined contribution retirement plans, and one of the latter recognizes the defined benefit obligation for postretirement health care for a closed group of participants. The defined benefit plan is a plan that defines the number of benefits that an employee will receive upon retirement, including retirement health plans, which usually depend on several factors, such as the employee's age, years of service and compensation. For defined contribution plans, the cost of the plan is determined, but the level of benefit for the employee that will be achieved at retirement with the accumulated amount is not defined.

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

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated cash flows using 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.

Actuarial gains and remeasurements arising from experience-based adjustments and changes in actuarial assumptions are charged or credited to stockholders' equity in other comprehensive income in the period in which they arise. Past service costs are recognized directly in the statement of income.

b. Employees' profit sharing and bonuses

The Company recognizes a liability and an expense for bonuses and EPS, the latter based on a calculation that considers current tax provisions. The Company recognizes a provision when it is contractually obligated or when there is a past practice that generates an assumed obligation.

c. Benefits paid to employees for severance indemnities established in labor laws

These types of benefits are payable and recognized in the statement of income when the labor relationship with employees is terminated before the retirement date or when employees accept a voluntary resignation in exchange for such benefits. The Company recognizes severance payments on the earlier of the following dates:

(i) when the Company is unable to withdraw the offer on those benefits,

(ii) when the Company recognizes restructuring costs that are within the scope of IAS 37 "Provisions", payment for termination benefits is implied. 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 maturing more than one year from the date of the statement of financial position are discounted to their present value..

2.20 CAPITAL STOCK

Related units are classified as common stock.

Likewise, consistent with Article 56 of the Mexican Securities Market Law and Title Six of the Sole Circular for Issuers, which establish that issuers may acquire the related units of their capital stock, under certain rules, La Comer carries out the procedure for the purchase or sale of its related units from the repurchase reserve.

The purchase of La Comer's own issued linked units operating under the repurchase reserve is recognized as a decrease in La Comer's stockholders' equity until the linked units are cancelled or reissued. When such linked units are reissued, the consideration received is recognized in La Comer's stockholders' equity.

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

2.21 REVENUE RECOGNITION

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

a. Merchandise sales

Revenues from the sale of merchandise in self-service stores are recognized when the Company sells a product to a customer. Payment of the transaction price is made immediately when the customer purchases the merchandise and the merchandise is delivered to the store.

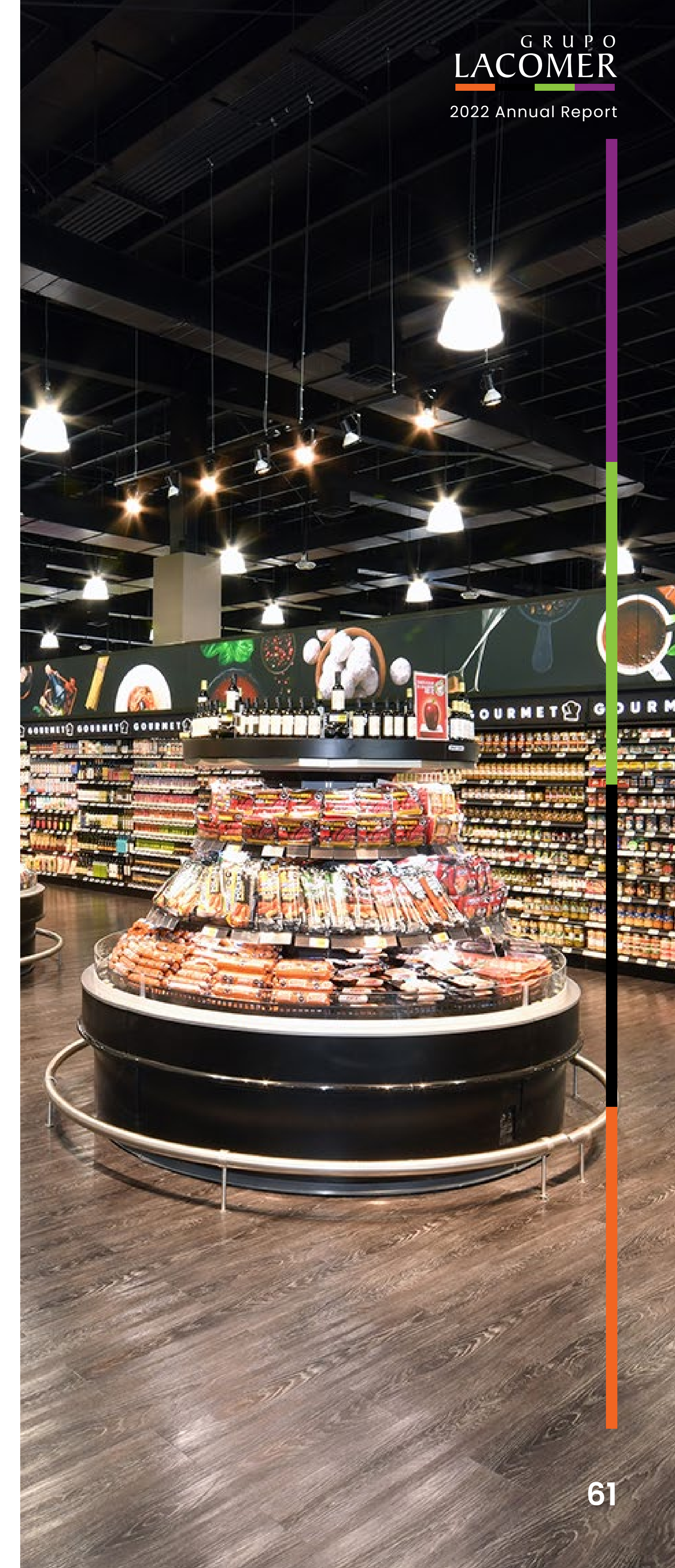
Discounts granted to customers, as well as returns made by them, are presented as a reduction of income. Merchandise sales are settled by customers with bank debit and credit cards, cash and vouchers. The Company's policy is to sell several of its products with the right to return them; however, accumulated experience shows that returns on sales are not representative in relation to total sales, which is why the Company does not create a provision in this respect. Since this low level of sales returns has been consistent for years, it is very likely that there will not be a significant change in the cumulative income recognized.

b. Rental income

Rental income arises primarily from the Company's investment properties and is recognized using the straight-line method over the lease term. The Company has no assets leased under finance leases.

c. Electronic purses

The Company carries out promotions, some of which involve the granting of benefits



to its customers represented by electronic purses, the value of which is referenced to an amount or percentage of the sales price. The electronic purses granted may be used by customers to settle future purchases in the Company's stores. The Company deducts from operating income the amount granted to its customers in electronic purses.

The Company's experience shows that the possibility of redeeming electronic purses that have not been used after six months is remote; therefore, an inactivity period of 12 months was established for the cancellation of points. Therefore, electronic purses that meet these characteristics are canceled by crediting to sales.

The value of the electronic purses issued for promotions pending redemption and that the Company estimates to be materialized, are recognized at fair value and shown as deferred revenue, is included within other accounts payable in the statement of financial position.

d. Vouchers redeemable for merchandise
Revenues from the issuance of vouchers issued by the Company and redeemable for merchandise in its stores, are recognized as a deferred credit at the time the Company physically delivers the vouchers to the customer and are recognized as income in the statement of income until they are redeemed in the stores by their holders.

e. Commissions on collection of services
Commission income from the collection of services performed by the Company in its stores and other commissions are recorded as revenue as incurred. When the Company acts as an agent in the sale of goods or services, only the commission gain is recognized in income.

f. Parking
Parking revenues are recognized in rental income at the time the services are rendered.

g. Financing component
The Company does not expect to have any contracts in which the period between the transfer of the promised service goods to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any transaction price to the time value of money.

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

i. As lessee
At beginning or upon 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 independent prices. However, in the case of property leases, the Company has chosen not to separate the non-lease components and to account for both the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which includes the initial amount of the lease liability adjusted for lease payments made prior to or as of the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and dispose of the underlying asset or the site on which it is located, less any lease incentives received.

Subsequently, the right-of-use asset is depreciated using the straight-line method from the commencement of operation of the branch until 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 reflects that the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as that of property and equipment. In addition, the right-of-use asset is periodically reduced for impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company generally 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 leased asset.

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

- fixed payments, including fixed essence payments;
- amounts expected to be paid by the lessee as residual value guarantees; and
- the price of exercising a purchase option if the Company is reasonably certain to exercise that option, lease payments over an optional renewal period if the Company is reasonably certain to exercise an extension option, and payments for penalties arising from early termination of the lease unless the Company is reasonably certain not to terminate the lease early.

Lease liabilities are measured at amortized cost using the effective interest method. A remeasurement is performed when: (i) there is a change in future lease payments resulting from a change in an index or rate; (ii) there is a change in the Company's estimate of the amount expected to be paid under a residual value guarantee; (iii) if the Company changes its assessment of whether or not it will exercise a purchase, extension or termination option; or (iv) if there is a fixed lease payment in substance that has been modified.

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

Short-term leases and leases of low-value assets

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

ii. As lessor

At the beginning or upon modification of a lease that contains a lease component, the Company allocates the consideration in the lease to each lease component on the basis of their relative independent prices.

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

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

When the Company is an intermediate lessor, it accounts separately for its interest in the head lease and the sublease. It assesses the lease classification of a sublease by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset. If the head lease is a short-term lease to which the Company applies the exemption described above, it classifies the sublease as an operating lease.

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

The Company recognizes lease payments received under operating leases as revenue on a straight-line basis over the lease term as part of 'other income'. 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 sublease made during the current reporting period, which resulted in a finance lease classification.

2.23 BASIC AND DILUTED INCOME

Basic income per related unit is calculated by dividing the controlling interest by the weighted average number of related units outstanding during the year.

Diluted earnings per linked unit is determined by adjusting the controlling interest and the linked units, under the assumption that the Company's commitments to issue or exchange its own units would be realized.

2.24 SUPPLIER BONUSES

LThe Company receives certain bonuses from suppliers as reimbursement of discounts granted to customers. Reimbursements from suppliers related to discounts granted by the Company to its customers, with respect to merchandise that has been sold, are negotiated and documented by the purchasing areas 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. These amounts are recorded as a reduction of the related costs and expenses.

2.25 DIVIDENDS

Dividend distributions to La Comer's stockholders are recognized as a liability in the consolidated financial statements in the period in which they are approved by La Comer's stockholders.

2.26 INTEREST INCOME

Interest income is recognized by applying the effective interest method. Interest expense is also recognized using the effective interest method.

2.27 DERECOGNITION OF FINANCIAL LIABILITIES

The Company derecognizes financial liabilities if, and only if, the Company's obligations are discharged, cancelled or expire.

In connection with this report, among the documents that have been distributed to the shareholders attending this Meeting, you will find a copy of the opinion signed by the external auditor regarding the Company's financial position and its financial performance and cash flows for the fiscal year ended December 31, 2022, which indicates, in addition to what is described herein, that the accounting policies and criteria followed by the Company are adequate and sufficient, comply with IFRS and have been applied consistently

Sincerely,

CARLOS GONZÁLEZ ZABALEGUI
Chairman of the Board of Directors
LA COMER, S.A.B. DE C.V.

REPORT FROM THE CORPORATE PRACTICES COMMITTEE

Mexico City, March 24, 2023

To the 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, at the Company's Annual Meeting, the retirement of Mr. José Ignacio Llano Gutiérrez was announced, after 17 years of serving as a member of the Corporate Practices Committee. In this same meeting, the appointment of the members of this Committee, made up of Mrs. Almudena Ariza García, Mr. Manuel García Braña and the signatory, was approved. The committee appreciates and recognizes the valuable services, advice, loyalty and company provided by director José Ignacio Llano Gutiérrez during his many years of collaboration on the Board.

During the reporting period, the Committee met in five regular sessions on February 18, April 22, July 14, October 21, and November 25, 2022.

From each session, a minute was drawn up signed by all the attending members and the requirements of convocation and legal installation were fulfilled. The former in compliance with the provisions of the Corporate Practices Committee bylaws, which were approved at the appropriate time by the Board of Directors. The different sessions of this Committee were attended, as required, by Mr. Raúl del Signo Guembe, Human Resources Director of the Issuer, among other officials.

Notwithstanding the activities carried out by the Committee during the fiscal year 2022 described below, it should be noted that the members of said corporate body paid attention to the following matters, among others:

- Review and approval of the compensation plans for senior management, ensuring that the criteria, common practices, history and other elements that served to fulfill this activity are current and valid.
- The performance evaluations of senior executives were reviewed and approved for the results ended December 31, 2021, as well as their performance bonuses and EBITDA (earnings before interest, taxes, depreciation and amortization) bonuses.
- The Committee reviewed and recommended the approval by the Board of Directors of the budget prepared for the 2022 fiscal year and reviewed the basis for the preparation of the budget for the 2023 fiscal year.
- Compensation of the members of the

Company's senior management was reviewed in detail, and it was agreed that the proposals for modification were made by the Executive President, who submitted them to this Committee, which in turn, once analyzed and approved, submitted them to the Board of Directors.

- The organizational charts and structures of the different divisions of the Company were reviewed, validating the responsibilities and functions of each division, and the replacement table plan was updated.
- The performance of the Corporate Practices Committee was evaluated pursuant to the evaluation form designed for this purpose.
- The actions implemented by the Company to protect the health of its personnel and customers during the COVID 19 pandemic were reviewed.
- The Committee, together with the members of the Audit Committee, reviewed and the latter submitted for the approval of the Board of Directors the transactions between Related Parties carried out during the 2022 fiscal year. For such purpose, it was verified that the existing operations were in competitive market conditions, finding no significant fact to report.

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

ALBERTO SAAVEDRA OLAVARRIETA
Chairman of the Corporate Practices Committee
LA COMER, S.A.B. DE C.V.

ANNUAL REPORT FROM THE AUDIT COMMITTEE

Mexico City, March 24, 2023

To the Board of Directors of
LA COMER, S.A.B. DE C.V.

Dear shareholders,

In compliance with the provisions of Section II of Article 43 of the Securities Market Law (hereinafter "LMV"), in connection with Section IV paragraph (a) of Article 28 of the same Law, the Chairman of the Audit Committee must prepare an annual report on the activities of said Committee and submit it to the Board of Directors, so that, if approved by the Board, it may be submitted to the Shareholders' Meeting. Therefore, I hereby inform you about the activities carried out by the Audit Committee of La Comer, S.A.B. de C.V. ("the Company" or "the Issuer") during the year ended December 31, 2022 and until the until the issuance of the audited financial statements in March 2023.

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

At the Company's Annual General Shareholders' Meeting held on April 27, 2022, the retirement of the independent director José Ignacio Llano Gutiérrez, who was a member of the Audit Committee for 17 years, was announced. In the same meeting, the members of this Committee were appointed, being integrated by the independent directors: Almudena Ariza García, Alberto Saavedra Olavarrieta and the signatory. The Audit Committee appreciates and values the work carried out by the independent director José Ignacio Llano Gutiérrez, during the years that he collaborated on the Committee.

Based on the previously approved meeting schedule, the Committee met in 6 ordinary meetings, of which the corresponding minutes were prepared with their respective resolutions. The ordinary meetings were duly convened in accordance with the bylaws and complied with all the formalities set forth therein. All the sessions were attended by the aforementioned appointed independent directors and the guests that the Committee considered important to involve.

In its meetings, the Committee analyzed, among others, issues related to:

I. Internal audit, internal control and corporate governance,
II. Disclosure process of the Issuer's financial information,
III. Investment (CAPEX and OPEX); and
IV. External audit.

Among the activities carried out by the Audit Committee, the following points should be highlighted:

FINANCIAL INFORMATION

1. A review was conducted of the consolidated financial statements of La Comer, S.A.B. de C.V. for the year ended December 31, 2022, ensuring the guidelines for reporting to the BMV were duly compliant with International Financial Reporting Standards (hereinafter "IFRS").
2. The quarterly consolidated financial statements of La Comer, S.A.B. de C.V. and its subsidiaries and accumulated financial statements were reviewed, ensuring that the guidelines for reporting to the Mexican Stock Exchange were duly compliant with IFRS.
3. The 2022 quarterly reports of operations and balances with related parties of the Company and its subsidiaries were reviewed. As well as the annual certification of related parties of 2022.
4. A review was carried out of the quarterly and accumulated reports of percentage changes in Same Store Sales ("VMT"), compared with those of its main competitors and with those of the National Association of Supermarkets and Department Stores ("ANTAD"); as well as, individually, of those of the Company's four store formats.
5. The bases for the 2022 budget, the investment projects and the annual budget were reviewed. The base budget for the executive bonus for 2022 was reviewed.
6. The periodic progress of CAPEX and OPEX was presented, indicating new stores and remodeling.
7. It was reported that there were no operations for the purchase or sale of own shares during the year 2022.
8. A report was presented on the general situation and compliance with the tax obligations of the Company and its subsidiaries for the year 2022. Likewise, the agreements reached with the Tax Administration Service on operations of previous years and a review in process of 2015 were reported.

EXTERNAL AUDIT

9. A recommendation was made to the Board of Directors to hire and approve the fees of KPMG regarding the external audit services for fiscal year 2022, for the financial audit, tax opinions and transfer pricing.
10. KPMG's audit team was evaluated to ensure that it met the necessary requirements of professional quality, training, independence and diligence required to audit the Company's financial statements in accordance with the *Circular Única de Auditores Externos* ("CUAE").
11. An analysis was conducted of the letter to management on financial aspects and of the report of observations on general information technology controls, presented by the external auditor KPMG, corresponding to the audit of fiscal year 2021. The areas for improvement were noted and their implementation was followed up.
12. The external audit firm, KPMG, presented the schedule of activities, deliverables and relevant business risks regarding the audit of the financial statements and systems for fiscal year 2022.
13. In each of this Committee's sessions, the external auditor reported on the progress of the 2022 audit.
14. Periodic communications were held with the external auditor, without management's participation, in order to learn of their concerns and progress of the 2022 audit.

INTERNAL AUDIT AND COMPLIANCE

15. Detailed information was presented at each Committee meeting regarding incidents to the Company's Code of Ethics during the fiscal year, as well as statistics, special cases, actions taken and relevant cases reviewed by the Ethics Committee.
16. Reports were presented on the progress made in regulatory compliance with the obligations related to the prevention and identification of operations with resources of illicit origin.
17. Follow-up and progress was reported on the following projects: a) Code of Ethics training; b) Automation of the annual certification of related parties and; c) System implemented for compliance with the new regulations on specialized services.
18. The annual performance evaluation of the Audit Committee was carried out, based on the best corporate governance practices.
19. The dates of the Board and committees' meetings for the fiscal year 2023 were confirmed.

In addition, the audited consolidated financial statements of La Comer, S.A.B. de C.V. and its subsidiaries as of December 31, 2022 were reviewed.

Finally, Article 42, Section II paragraph (e) of the LMV requires the Audit Committee to prepare an opinion on the Issuer's financial statements as of December 31, 2022. Thus:

In the opinion of the members of the Audit Committee, the information presented by the Chief Executive Officer fairly reflects the consolidated financial position of La Comer, S.A.B. de C.V. and its subsidiaries as of December 31, 2022 and the consolidated results of their operations for the year then ended.

The foregoing opinion is based on the following elements:

- The financial opinion of the external audit firm, KPMG.
- The letter signed by Management that the annual report reasonably reflects its situation and that it does not contain information that could induce error.
- The fact that the accounting and reporting policies and criteria followed by the Company during the year ended December 31, 2022, were adequate and sufficient. Such policies and criteria have been consistently applied in the information presented by the Chief Executive Officer.

Based on the above-mentioned, the Audit Committee recommends that the Board of Directors approve the audited consolidated financial statements of La Comer, S.A.B. de C.V. as of December 31, 2022, as well as the Chief Executive Officer's report.

For the preparation of this report, the Company's relevant officers were heard and it is noted that there was no difference of opinion among them.

Sincerely,

MANUEL GARCÍA BRAÑA
Chairman of the Audit Committee
LA COMER, S.A.B. DE C.V.

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)

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

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

Intangible assets with an indefinite life

See note 15 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
We 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. 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.	Our audit procedures in this key matter included, among others, the following: a) Comparing the future cash flow projections with the budgets approved by the Group's Management Committee and evaluating the appropriateness of key inputs such as sales growth, gross margins, operating costs, and long-term value growth rates. Comparing the historical figures as of December 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 mater to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.

– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

– Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors’ report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

KPMG Cárdenas Dosal, S. C.

Sergio Raúl Betancourt Gómez

Mexico City, March 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
Current assets:			
Cash and cash equivalents	8	$ 2,077,661	2,535,787
Trade receivables - net	9	167,112	78,676
Current tax assets	9	927,900	1,059,233
Related parties	21	907	372
Inventories - net	10	4,456,676	3,918,307
Prepayments	11	48,018	29,564
Intangible assets with a finite useful life and others - net	16	108,806	109,819
Assets held for sale	13	-	17,039
Total current assets		7,787,080	7,748,797
Intangible assets with finite useful lives and others - net	16	230,516	329,195
Investment property - net	12	620,963	623,016
Property, furniture and equipment and leasehold improvements - net	14	18,381,751	16,396,281
Intangible assets with an indefinite useful life	15	6,277,998	6,277,998
Deferred tax assets	25	291,935	199,549
Right-of-use assets - net	28	1,624,423	1,420,805
Total assets		$ 35,214,666	32,995,641

Liabilities and stockholders' equity	Note	2022	2021
Current liabilities:			
Trade payables	17	$ 4,434,814	4,114,588
Related parties	21	39,991	117,881
Provisions	19	93,191	81,267
Provision for employee benefits	19	313,692	284,476
Other payables	18	691,104	667,597
Current income tax	25	265,166	156,117
Other tax payable		157,820	362,620
Short-term lease liabilities	28	77,024	69,092
Total current liabilities		6,072,802	5,853,638
Deferred tax liabilities	25	44,251	65,135
Employee benefits	20	210,617	188,244
Long-term lease liabilities	28	1,697,107	1,456,135
Total non-current liabilities		1,951,975	1,709,514
Total liabilities		8,024,777	7,563,152
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 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.

	Note	2022	2021
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.	63,012	62,930
Total revenue		33,435,659	28,906,304
Cost of goods sold	22	24,048,750	20,856,566
Gross profit		9,386,909	8,049,738
Selling expenses	22	6,080,960	5,337,258
Administrative expenses	22	1,071,894	911,013
		7,152,854	6,248,271
Other expenses	23	(82,590)	(75,946)
Other income	23	95,179	83,014
		12,589	7,068
Operating income		2,246,644	1,808,535

	Note	2022	2021
Financing (costs) income:			
Financial costs	24	(214,107)	(182,882)
Financial income	24	180,914	159,436
Net financing (costs)		(33,193)	(23,446)
Income before income taxes and other comprehensive income		2,213,451	1,785,089
Income taxes	25	253,913	242,021
Consolidated net income		1,959,538	1,543,068
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement of empoyee benefits, net of deferred tax	25	3,661	(2,428)
Other comprehensive income for the period		3,661	(2,428)
Consolidated comprehensive income		$ 1,963,199	1,540,640
Basic and diluted earnings per share:	2.23	1.80	1.42

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 empoyee 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 empoyee 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.

	Note	2022	2021
Cash flows from operating activities:			
Consolidated net income		$ 1,959,538	1,543,068
Income taxes	25	253,913	242,021
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	181,380	154,776
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		(258,133)	(501,712)
Net cash flows from operating activities		2,850,832	2,410,066
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	(11,649)	(20,517)
Net cash flows from investing activities		(2,835,058)	(2,428,365)
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	(205,799)	(205,955)
Net cash flows from financing activities		(473,900)	(486,280)
Net (decrease) incrase in cash and cash equivalents		(458,126)	(504,579)
Cash and cash equivalents at the beginning of the year		2,535,787	3,040,366
Cash and cash equivalents at the end of the year	8	$ 2,077,661	2,535,787

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).

(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.

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.

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 form 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).

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).

  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.

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.

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).

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).

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.

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.

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%.

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:

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

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

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

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

The defined benefit liability is calculated annually by independent actuaries using the projected unit credit method. The present value of defined benefit obligations is determined by discounting the estimated cash flows using the interest rates of government bonds denominated in the same currency in which the benefits will be paid, and which have maturity terms that approximate the terms of the defined benefit obligation. The main assumptions for determining employee benefits are mentioned in note 20.

Actuarial gains and losses resulting from the remeasurements of the net defined benefit liability or asset due to changes in actuarial assumptions are recognized in equity under other comprehensive income during the period in which they arise. Past service costs are recognized directly in the statement of profit or loss.

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

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

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

(ii) when the Company recognizes restructuring costs under IAS 37 " Provisions, Contingent Liabilities and Contingent Assets" which involves the payment of termination benefits. In the case of offers to encourage voluntary termination, termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits 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.

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

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.

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.

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.

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.

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
Dólar	$	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 no 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.

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.

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.

		Contractual cash flows					
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More tan 5 years
December 31st, 2022							
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

		Contractual cash flows					
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More tan 5 years
December 31st, 2021							
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.

(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;

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(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.

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:

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

		Financial assets at amortized cost	Assets at fair value through profit or loss *	Total
December 31st, 2021				
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).

		Carrying amount	Fair value Level 1
December 31st, 2022			
Bank deposits*	$	837,899	837,899
Cash equivalents		1,225,400	1,225,400
December 31st, 2021			
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:

		Carrying amount	Fair value Level 2
December 31st, 2022			
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

		Carrying amount	Fair value Level 2
December 31st, 2022			
Related parties	$	39,991	39,991
Other trade payables		691,104	691,104
Trade payables		4,434,814	4,434,814
December 31st, 2021			
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.

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

(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

		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
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
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.

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

* 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.

- 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; costumer service; the competitive prices offered for the various products; investments in remodeling to keep stores at the forefront; periodic maintenance of both the interior and exterior of the stores, the periodic training of its workforce; value relationships with its business partners; among others, which generally contribute to the permanence of the Company's place in the Mexican retail industry.

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

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

Impairment test of the Brands.

The Company conducts annual tests to determine whether the rights of its Brands have been impaired. As of 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.

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

		Assignment of rights and operation of self-service store	Others	Licenses	Total
December 31st, 2022					
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
December 31st, 2021					
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 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.

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

(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 Nominal	2022 Real	2021 Nominal	2021 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)

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

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

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)

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.

(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
Receivable from affiliates:			
Tintorerías Gofer, S. A. de C. V. [e]	$	879	274
Others [e]		28	98
Total	$	907	372
Payable to affiliates:			
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 Ucero, 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
Expenses:			
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
Income:			
Rents e	$	19,833	15,842
Services		5,699	3,167
Total	$	25,532	19,009

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.

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
Other expense:			
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
Other income:			
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.

(24) FINANCIAL (COST) INCOME -

		2022	2021
Financial cost			
Interest expense	$	181,380	154,776
Foreign exchange losses		32,727	28,106
	$	214,107	182,882
Financial income			
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
In the profit period:			
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.

Deferred income tax breakdown		2022	2021
Deferred tax asset:			
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

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%

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.

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.

(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.

(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

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.

(29) SEGMENT REPORTING-

Segment information is reported based on the information used by Management for strategic and operational decision-making. An operating segment is defined as a component of an entity for which there is separate financial information which is regularly evaluated.

IFRS 8 "Operating Segments" requires the disclosure of the assets and liabilities of a segment if the measurement is regularly provided to the decision-making body, however, in the case of the Company; Management only evaluates the performance of the operating segments based on the analysis of sales and operating profit, but not of each segment's assets and liabilities.

The revenue reported by the Company represents the revenue generated by external customers, as the Company does not have any inter-segment sales. The Company identifies and reports the following business segment.

La Comer Group

Includes self-service store operations, corporate operations, real estate business and others.

Since the Company specializes in the commercialization of retail goods to the general public, it does not have major clients that concentrate a significant percentage of total sales, nor does it dependent on a single product that represents at least 5% of its consolidated sales.

In addition, the Company engages a broad base of different size vendors and hence, does not dependent on any particular vendor regarding the sale of its products.

Taxes and financing costs are managed at Group level rather than within each reported segment. As a result, those costs are not included in the reported segments. Operating profit and cash flows are the key performance indicators considered by the Company's Management, which are reported each time the Board of Directors meets.

All revenue from third parties is generated in Mexico. Hence, it is not necessary to disclose information by geographic segments.

(30) AUTHORIZATION OF ISSUANCE THE CONSOLIDATED FINANCIAL STATEMENTS-

The accompanying consolidated financial statements and the notes thereto were authorized by the Company's Office of Administration and Finance on 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.

ANNUAL MEETING

The Ordinary General Shareholders' Meeting of La Comer, S.A.B. de C.V. was held on April 19, 2023 at 11:00 AM, at the offices located at Edgar Alan Poe No. 19, Colonia Chapultepec Polanco, Miguel Hidalgo, C.P. 11560, Mexico City.

REGISTERED SHARES

The shares representing the capital stock of La Comer, S.A.B. de C.V. are listed on the Mexican Stock Exchange (BMV) under the ticker symbol LACOMER UBC.

CORPORATE INFORMATION

For additional information or financial information about the Company or the resolutions passed at the General Ordinary Stockholders' Meeting, please contact Rogelio Garza or Yolotl Palacios in the Finance Department of La Comer, S.A.B. de C.V. located at: Avenida Insurgentes Sur, No. Exterior 1517, No. Interior Módulo 2, Colonia San José Insurgentes, C.P. 03900, Benito Juárez, Mexico City. Tel (52) 55 5270 9308.

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LACOMER

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