NOTES TO THE
Consolidated Financial Statements

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

Note 1 - General information:

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

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

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

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

Mario Pani 200
Santa Fe, Cuajimalpa
México City
05348

Impacts of COVID-19

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

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

Provision for credit losses

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

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

Intangible assets impairment

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

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

Reform on labor outsourcing

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

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

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

i. Transfer of employees between subsidiaries of the group and hiring of employees who provided services in stores (demonstrators).

ii. Adequacy and updating of labor benefits, including actuarial calculations of long-term benefits of hired and transferred employees.

iii. Change in the corporate purpose of the subsidiaries that will provide services classified as specialized and processing of their registration in the REPSE register.

iv. Review of regulatory compliance with the provisions with suppliers that provide services classified as specialized.

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

Note 2 - Summary of significant accounting policies:

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

2.1 Basis of preparation

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

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

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

2.1.1 New standards and changes adopted by the Company

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

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

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

2.1.2 New standards and interpretations not yet adopted

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

2.1.3 Going concern

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

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

2.2 Consolidation

a. Subsidiaries

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

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

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

b. Associates

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

2.3 Segment information

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

2.4 Foreign currency transactions

a. Functional and presentation currency

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

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

b. Transactions and balances

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

2.5 Financial assets

2.5.1 Classification

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

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

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

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

2.5.2 Recognition and derecognition

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

2.5.3 Measurement

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

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

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

2.6. Impairment of financial assets

2.6.1 Assets carried at amortized cost

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

2.7 Derivative financial instruments and hedging activities

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

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

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

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

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

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

2.8 Cash and cash equivalents

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

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

2.9 Inventories

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

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

2.10 Investment properties

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

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

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

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

2.11 Property, furniture and equipment

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

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

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

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

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

Buildings:	
Shell and core stage of construction	75 years
Structural work	75 years
Fixed facilities and accessories	35 years
Other assets:	
Operating, communications and security equipment	10 years
Furniture and equipment	10 years
Computer equipment	3 years
Transportation equipment	4 years
Leasehold improvements	Over the term of the lease agreement

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

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

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

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

2.12 Borrowings costs

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

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

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

2.13 Intangible assets

i. Goodwill

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

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

ii. Brands

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

iii. Development of computer systems and programs

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

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

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

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

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

iv. Other intangibles

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

2.14 Impairment of non-financial assets

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

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

2.15 Accounts payable

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

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

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

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

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

2.17 Cancellation of financial liabilities

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

2.18 Provisions

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

2.19 Income tax

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

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

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

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

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

2.20 Employee benefits

a. Pensions and seniority premium

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

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

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

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

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

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

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

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

b. Annual bonus for retaining executives

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

c. Employees' statutory profit sharing and bonuses

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

d. Other employees benefits by voluntary separation or dismissal

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

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

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

2.21 Capital stock

Common shares are classified as capital.

2.22 Revenue recognition

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

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

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

a. Sale of merchandise

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

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

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

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

b. E-wallets and gift certificates

E-wallets

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

Gift certificates

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

c. Interest income from the customers
In accordance with IAS 9 "Financial instruments", interest income is recognized by the effective interest rate method. Late payment of interest is recorded as income as it is collected.

d. Lease revenue
The Company's policy for recognition of operating lease revenue is described in Note 2.25.2

e. Services and other

- Income from service agreements is determined as follows:

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

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

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

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

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

- Fixed payments (including if they are substantial), less lease incentives receivable;

- Variable lease payments that are based on an index or rate; initially measured using the index or rate on the start date;

- The amounts expected to be payable by the Company in guarantee of residual value;

- Price of exercising a purchase option if the Company has reasonable certainty of exercising this option, and

- Penalty payments for the termination of the lease agreement, if the terms of the lease reflect that the Company will exercise this option.

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

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

To determine the incremental financing rate, the Company:

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

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

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

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

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

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

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

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

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

2.25.2 Lessor

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

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

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

2.26 Earnings per share

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

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

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

Note 3 - Risk management:
The main risks to which the Company is exposed are:
3.1 Real estate risk

3.2 Market risks
3.2.1. Exchange rate risk
3.2.2. Interest rate risk

3.3 Financial risks
3.3.1. Liquidity risk
3.3.2. Credit risk

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

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

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

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

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

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

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

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

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

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

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

3.2.2 Interest rate risk

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

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

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

- Adjustment of the creditor value/debtor value in interest rate swaps that does not correspond to the loan, and

- The critical differences between interest rate swaps and loans.

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

Sensitivity analysis for interest rates

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

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

Reference interest rate reform

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

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

3.3 Financial risks

3.3.1 Liquidity risk

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

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

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

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

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

	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
December 31, 2021			
Suppliers and creditors	$ 40,236,725	$ -	$ -
Senior notes and contractual interests	5,889,373	24,733,098	16,246,316
Lease liabilities	1,920,963	6,901,151	13,008,978
	$ 48,047,061	$ 31,634,249	$ 29,255,294

December 31, 2020			
Suppliers and creditors	$ 32,648,377	$ -	$ -
Senior notes and contractual interests	3,049,984	20,154,551	33,288,243
Lease liabilities	1,994,892	6,504,171	13,916,994
	$ 37,693,253	$ 26,658,722	$ 47,205,237

3.3.2 Credit risk

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

Loan portfolio

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

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

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

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

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

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

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

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

Accounting policy for the provision for credit losses

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

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

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

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

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

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

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

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

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

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

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

Stage 1
This stage includes loans that have not had a significant increase in credit risk and the basis for recognition of the provision considers expected losses for the next 12 months.

Stage 2
This phase includes loans that have suffered a considerable increase in credit risk, but for which there is no objective evidence of impairment. Interest income is still calculated on the gross book value of the asset. And the recognition basis of the provision considers the expected losses throughout the remaining life of the loan.

Stage 3
This stage includes loans with objective evidence of impairment at the date of each cutoff. Interest income is calculated on the net book value. And the recognition basis of the estimate is over the remaining life of the account.

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

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

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

Prospective information incorporated in the Expected Credit Loss (ECL)

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

Support granted by COVID-19

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

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

Financial institutions and counterparties in derivative operations

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

3.4 Fair value estimate

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

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

December 31, 2021	Book value	Level 1	Level 2	Level 3
Assets arising from hedge derivative financial instruments	$ 3,976,208	$ -	$ 3,976,208	$ -
Assets arising from trading derivative	540,003	-	540,003	-
Cash and cash equivalents	30,248,299	30,248,299	-	-
Liabilities arising from hedge derivative financial instruments	(5,082)	-	(5,082)	-
Total	$ 34,759,428	$ 30,248,299	$ 4,511,129	$ -

December 31, 2020	Book value	Level 1	Level 2	Level 3
Assets arising from hedge derivative financial instruments	$ 2,913,181	$ -	$ 2,913,181	$ -
Cash and cash equivalents	22,970,420	22,970,420	-	-
Liabilities arising from hedge derivative financial instruments	(66,229)	-	(66,229)	-
Liabilities arising from trading derivative	(59,882)	-	(59,882)	-
Total	$ 25,757,490	$ 22,970,420	$ 2,787,070	$ -

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

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

Note 4 - Key sources of uncertainty in the estimates:

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

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

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

4.1 Provision for impairment of loan portfolio

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

4.2 Estimated impairment of intangible assets with an indefinite useful life

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

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

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

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

Note 5 - Category of financial instruments:

December 31, 2021	Amortized cost (receivables)	Fair value through profit or loss	Derivates used for hedging	Total
Financial assets:				
Cash and bank deposits	$ 2,246,574	$ -	$ -	$ 2,246,574
Investments	30,248,299	-	-	30,248,299
Short and long-term loan portfolio	38,340,700	-	-	38,340,700
Other short and long-term accounts receivable	1,373,534	-	-	1,373,534
Long-term derivative financial instruments	-	-	4,516,211	4,516,211
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$ 33,933,221	$ -	$ -	$ 33,933,221
Suppliers, creditors and provisions	44,002,119	-	-	44,002,119
Short-term derivative financial instruments	-	5,082	-	5,082

December 31, 2020	Amortized cost (receivables)	Fair value through profit or loss	Derivates used for hedging	Total
Financial assets:				
Cash and bank deposits	$ 3,225,516	$ -	$ -	$ 3,225,516
Investments	22,970,420	-	-	22,970,420
Short and long-term loan portfolio	32,839,829	-	-	32,839,829
Other short and long-term accounts receivable	2,519,486	-	-	2,519,486
Long-term derivative financial instruments	-	-	2,913,181	2,913,181
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$ 38,554,026	$ -	$ -	$ 38,554,026
Suppliers, creditors and provisions	35,543,588	-	-	35,543,588
Short-term derivative financial instruments	-	59,982	-	59,882
Long-term derivative financial instruments	-	-	66,229	66,229

Note 6 - Credit quality of financial instruments:

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

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

		2021		2020
Cash and short-term bank deposits (1)				
AAA		32,457,764		26,164,380
AA		-		-
A		-		-
		32,457,764		26,164,380
Financial assets - derivative financial instruments (2)				
AAA		4,516,211		2,913,181
AA		-		-
		4,516,211		2,913,181
	$	80,201,824	$	68,403,692

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

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

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

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

Note 7 - Cash and cash equivalents:

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

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

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

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

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

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

Liverpool

	December 31, 2021			December 31, 2020		
Stage	Balance	Provision	%	Balance	Provision	%
1	$ 28,583,205	$ 1,653,441	5.78%	$ 23,453,852	$ 1,072,792	4.57%
2	2,522,586	1,054,077	41.79%	3,778,877	1,288,418	34.10%
3	578,329	461,738	79.84%	1,590,714	1,198,595	75.35%
	$ 31,684,120	$ 3,169,256		$ 28,823,443	$ 3,559,805	
LPC						
1	$ 7,385,681	$ 471,871	6.39%	$ 5,918,268	$ 710,056	12.00%
2	1,559,782	593,569	38.05%	1,670,456	680,151	40.72%
3	269,125	235,863	87.64%	990,523	839,226	84.73%
	$ 9,214,588	$ 1,301,303		$ 8,579,247	$ 2,229,433	

Suburbia

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

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

Liverpool

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

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

LPC

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

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

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

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

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

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

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

Sensitivity analysis for the provision for credit losses

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

Deferred income

8.1 Liabilities related to customer contracts are shown below:

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

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

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

Note 9 - Other accounts receivable - Net:

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

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

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

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

Note 10 - Derivative financial instruments:

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

Assets

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

Liabilities

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

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

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

Note 11 - Investments in associates:

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

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

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

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

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

	Unicomer December 31, 2021	Unicomer December 31, 2020	Sfera México December 31, 2021	Sfera México December 31, 2020
Summarized statement of financial position:				
Current assets:				
Cash and cash equivalents	$ 3,139,132	$ 4,462,931	$ 70,284	$ 53,587
Other current assets	25,608,675	18,860,644	776,366	712,591
Total current assets	28,747,807	23,323,575	846,650	766,178
Non-current assets	17,961,011	17,503,352	1,754,793	1,794,161
Total assets	$ 46,708,818	$ 40,826,927	$ 2,601,443	$ 2,560,339
Current liabilities:				
Suppliers	5,117,491	4,284,163	341,067	170,989
Other current liabilities	15,417,012	12,946,541	78,708	463,069
Total current liabilities	20,534,503	17,230,704	419,775	634,058
Non-current liabilities	13,406,896	12,336,208	1,116,653	1,090,161
Total liabilities	33,941,399	29,566,912	1,536,428	1,724,219
Net assets	12,767,419	11,260,015	1,065,015	836,120
Participation of the company in the net assets of associates	$ 6,383,710	$ 5,630,005	$ 521,838	$ 409,384
Goodwill	757,623	757,623	-	-
Equity in net assets of associates	$ 7,141,333	$ 6,387,628	$ 521,838	$ 409,384

	Unicomer 2021	Unicomer 2020	Sfera México 2021	Sfera México 2020
Summarized statement of comprehensive income:				
Revenue	$ 24,133,251	$ 21,502,251	$ 1,903,589	$ 1,372,329
Interest income	7,499,537	9,156,330	223	9
Depreciation and amortization	(1,729,739)	(1,377,771)	(198,663)	(205,335)
Interest expense	(1,553,670)	(1,759,666)	(112,464)	(130,078)
Income tax expense	(968,596)	(444,667)	(49,515)	67,529
Net income	1,354,022	(890,344)	122,689	(159,803)
Company's equity in profits of associates	$ 677,011	$ (445,172)	$ 60,281	$ (78,601)

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

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

Note 12 - Investment properties - Net:

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

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

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

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

Note 13 - Property, furniture and equipment - Net:

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

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

Note 14 - Intangible assets - Net:

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

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

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

Impairment test of goodwill, brands and other intangibles

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

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

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

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

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

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

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

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

Note 15 - Provisions:

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

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

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

Note 16 - Debt:

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

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

In 2021, due to the opening of the stores and positive cash flows, the Company made a prepayment of the senior notes due in 2026 for US$252,377 equivalent to $5,102,565 during September and October, see Note16.2.

The Company's debt is comprised as follows:

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

16.1 Debt securities certificates:

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

Currently, the Company has placed the following unsecured issues:

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

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

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

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

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

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

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

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

16.2 Senior Notes

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

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

(1) In September 2014, the Company issued Senior Notes for an amount of US$300 million, with an interest rate of 3.95% per annum and maturing in 2024. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (subsidiary).
(2) In September 2016, the Company issued Senior Notes for an amount of US$750 million, with an interest rate of 3.875% per annum and maturing in 2026. The Securities constitute obligations payable by the Company and have the unconditional guarantee of Distribuidora Liverpool, S. A. de C. V. (Subsidiary). In 2021, due to the opening of stores and positive cash flows, the Company made a prepayment of US$252,357 equivalent to $5,102,565 and interest for $545,446 during September and October.

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

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

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

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

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

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

Note 17 - Employee benefits:

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

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

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

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

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

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

The movement in the defined benefit obligation is as follows:

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

The movement in the liability is as follows:

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

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

The movement in plan assets is as follows:

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

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

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

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

The significant actuarial assumptions are as follows:

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

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

Retiring at year-end:

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

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

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

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

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

Note 18 - Operating leases:

18.1. The Company as a lessee:

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

i. Amounts recognized in the consolidated statement of financial position

The status shows the following amounts related to leases:

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

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

ii. Amounts recognized in the consolidated statement of income

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

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

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

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

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

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

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

iv. Variable lease payments

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

v. Extension and termination option

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

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

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

18.2 The Company as lessor

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

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

Below is an analysis of lease revenue:

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

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

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

Nota 19 - Balances and transactions with related parties:

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

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

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

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

Note 20 - Stockholders' equity:

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

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

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

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

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

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

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

20.2 Capital reserves
Capital reserves are comprised as follows.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nota 21 - Income Tax::

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

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

Movements in deferred tax were as follows:

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

21.2 The deferred tax balance is composed as follows:

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

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

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

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

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

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

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

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

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

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

Note 22 - Segment information:

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

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

Impacts of COVID-19

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

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

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

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

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

Liverpool commercial segment

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

Suburbia commercial segment

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

Real estate segment

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

Credit segment

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

22.1 Income and results per segment

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

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

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

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

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

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

22.2 Geographic information

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

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

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

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

Note 23 - Costs and expenses by nature:

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

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

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

Personnel compensation benefits are comprised as follows::

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

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

Note 24 - Contingencies and commitments:

24.1 Contingencies

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

24.2 Commitments

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

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

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

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

Note 25 - Authorization of issuance of consolidated financial statements:

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