El Puerto de Liverpool

2022 Integrated Annual Report

Highlights

Operations	**2022**	%Var.	2021	2020	2019
Number of Liverpool stores	**124**	1.6%	122	122	123
Number of Suburbia stores	**179**	9.1%	164	165	157
Number of Galerías shopping centers	**28**	0.0%	28	28	28
Store brand credit cards[1]	**6,679,150**	10.3%	6,052,762	5,692,357	5,570,058
Results					
Total Revenues	**176,033,720**	16.6%	151,021,745	115,472,547	144,233,507
Retail Revenues	**159,111,900**	16.3%	136,793,173	100,939,628	127,322,604
Credit Revenues	**13,199,946**	18.5%	11,138,534	11,953,744	13,357,448
Real-Estate Revenues	**3,721,874**	20.4%	3,090,038	2,579,175	3,553,455
Operating income[2]	**25,515,379**	36.2%	18,733,360	3,812,100	19,171,201
Majority net income	**17,384,903**	35.1%	12,868,176	750,115	12,383,120
EBITDA[2]	**30,686,464**	28.3%	23,908,737	9,006,327	23,876,638
EBITDA margin[2]	**17.4%**	1.60pp	15.8%	7.8%	16.6%
Earnings per share	**12.95**	35.1%	9.59	0.56	9.23

(1) Including Suburbia cards.
(2) Including IFRS 9 and 16 as of 2019.
Figures expressed in thousands of pesos, except EBITDA margin and earnings per share.

176.0
billion pesos
in total revenues;
+16.6% vs 2021

30.7
billion pesos
in EBITDA;
+28.3% vs 2021

17.4
billion pesos
in net income;
+35.1% vs 2021

76,976
employees;
+5.9% vs 2021

61.3%
of women in our
workforce;
+40 bps vs 2021

87%
of suppliers assessed
as low or very low risk
(Responsible Sourcing
Program), +700bps
vs 2021

20%
of store brand
revenues from
products classified
with sustainable
features

38%
of electricity from
renewable sources

Key Milestones

Member of
Dow Jones
Sustainability Indices
Powered by the S&P Global CSA

Included in the Dow Jones Sustainability MILA Pacific Alliance Index, which recognizes companies with the best ESG (Environmental, Social and Corporate Governance) performance in Mexico, Chile, Colombia, and Peru. This index is generated based on the answers provided by participating companies to the S&P CSA questionnaire and the evaluation carried out by the rating agency's analysts. Only two companies in the commercial business are included in the index.

Nuevo índice ESG S&P/BMV Mexico Total ESG Index

Included in the S&P/ BMV Total Mexico ESG Index, local version of the index for the Mexican Stock Exchange (BMV), with returns higher than the IPC. It also includes the results from the S&P CSA questionnaire.

Completion of the **first stage of our new Arco Norte Logistics Platform (PLAN)** with the beginning of operations of our Big Ticket warehouse.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Execution of a **comprehensive analysis on climate change risks and opportunities,** which reinforces our climate change roadmap. In this way, we are responding for the first time in this report, to the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD).**

Strengthened employee development, focusing on opportunities for women in executive positions. Launched the **Women Who Inspire,** training program, with mentoring and training to prepare them for possible management succession.

INTEGRIDAD CORPORATIVA 500

We maintained our **leadership position in the Corporate Integrity 500 (IC500) index,** developed by Mexicanos Contra la Corrupción y la Impunidad and Transparencia Mexicana.

UVL Universidad Virtual Liverpool®

Through Liverpool's Virtual University (UVL), we offer **4 undergraduate degrees certified by the Ministry of Public Education (SEP),** which provide training opportunities for our employees.

ASG

Progress has been made on our **ESG commitments** through our Sustainability Strategy and disclosed to the financial market in 2021, as well as to other stakeholders *(see of EPL chapter).*

Report from the **Chief Executive Officer**

GRI 2-22

In 2022, El Puerto de Liverpool was lucky to continue to count on and strengthen our Customers' preferences, to whom we owe the existence of our company. Revenues from the commercial segment grew 16.3% compared to 2021, while financial business revenues increased 18.5% and real estate revenues 20.4%, compared to the same period.

This preference motivates us to continue improving day by day to serve the changing needs of our Customers. That is why our main investments are focused on two strategic areas of the company: logistics and technology.

In logistics, we opened the first phase of our Arco Norte Logistics Center (PLAN, by its Spanish acronym), focused on large items such as white goods and furniture, and began the second phase, which will be completed in 2025 and will focus on smaller items. Also, in logistics, we began the replacement of our order management system, a transition that will be completed in 2023 and will allow us to provide greater certainty and better communication in deliveries we make to our Customers' homes.

We opened the first phase of our **Arco Norte Logistics Platform (PLAN)**, focused on large dimensions articles.

In the supply chain, we also completed the planning phase of a system that, through artificial intelligence, will help us better plan, select, and distribute merchandise when purchasing and replenishing products. By 2023 we will complete the distribution phase. In technology, we began by strengthening the internal capabilities of our teams, seeking to hire and develop new skills required by the company, as well as outlining the path to follow in terms of systems and technological tools for the next 5 years.

In our omnichannel strategy, we strengthened our Marketplace, achieving a substantial increase in the items we can now offer to our Customers in Liverpool Pocket and Liverpool.com. With the product cell working in an agile methodology,

Liverpool Mitikah

> Revenues from the commercial area **grew 16.3%** compared to 2021, while financial business revenues **increased 18.5%** and real estate revenues increased **20.4%**.

We managed to launch a greater number of small improvements that help with better navigation and facilitate the use of our digital channels in areas such as search and payment. We know that our stores and shopping centers are a fundamental part of this omnichannel strategy; that is why we invested in improving and renovating some locations such as Galerías Insurgentes, Galerías Monterrey and Liverpool Santa Fe. In addition, we invested in transforming our stores towards new functions they require, strengthening areas such as Click & Collect and shipping and receiving, since stores are critical for the proper functioning of our national logistics, where we want to be closer to our Customers every day.

2022 was a year in which, as a company, we came out stronger and with great encouragement to continue transforming ourselves. We are increasingly becoming a diverse company, while also focusing on social and environmental issues, where we understand that we contribute positively to various society groups.

We see a very promising future for our beloved Mexico, and we want to continue to be a fundamental part of its life.

Thank you,

Graciano F. Guichard G.
Chief Executive Officer
December 31, 2022

About
El Puerto de Liverpool

GRI 2-1, 2-2, 2-6, SASB CG-MR-000.A; CG-MR-000.B; FN-CF-000.B

We are an omnichannel retail group that, for **175 years**, has been offering unique experiences, meeting our Customers' expectations.

In recent years, we have implemented an omnichannel ecosystem, with progress in digital channels and integration with the physical commerce experience. In this way, we meet the needs of our Customers, being available to them anywhere and at any time.

Our purpose puts people first, seeking to improve their quality of life. Therefore, we also work on the environment, contributing to a sustainable development.

We are present in Mexico's 32 states, through physical and online operations.

Mission
We serve the Customer, everywhere, every day, anytime.

Vision
To be the most attractive option in service, assortment, and value.

Values
Productivity; Teamwork; Innovation and Integrity.

Business segments

We operate in the commercial, financial services and real estate segments, and we offer other complementary services.* We represent leading international brands through various formats, including boutiques and a presence in Liverpool, and operation of the travel business.

El Puerto de Liverpool, S.A.B. de Liverpool, S.A.B. de C.V. is listed on the Mexican Stock Exchange (BMV) under the ticker symbol LIVEPOL. The company also holds a 50% stake in Unicomer, a company that has retail chains in 26 Latin American countries..

* Travel, Gourmet and food experiences, Extended warranty, Marketplace (commissions), Rate plans and airtime.

	Commercial	Financial	Real Estate
Description	Department store and retail chain operation, offering a wide variety of products and brands.	It provides financing to Customers through credit cards, both for exclusive use in the Group's stores and externally through the VISA system. It also offers insurance services.	Designs and executes expansion and remodeling work for stores, shopping centers and other facilities. Additionally, it leases commercial spaces.
Brands	Liverpool, Suburbia, Sfera and other clothing, footwear, cosmetics, and home stores.	Financial business (Liverpool and Suburbia) Insurance Center	Galerías
Products/Services	Department stores	Departmental credit cards, Premium Card, Credit Cards, Digital wallets Insurance: comprehensive family protection, vehicle, home, cell phone purchases, extended warranty, among others.	Operation and leasing of shopping centers
	Liverpool 124 stores 1,779,927 m^2 Leasable area 124 Click & Collect locations 10 Liverpool Express 32 own brands	**Liverpool** 5.28 million credit cards Total new credit: 717,000 new cards for $19.5 billion in 2022 **Suburbia** 1.39 million credit cards Total value of credit: 406,000 new cards for $3.2 billion in 2022	28 shopping centers 603,770 m^2 Leasable area
	Suburbia 179 stores - 648,785 m^2 surface 179 Click & Collect locations at Suburbia stores 7 own brands		
	112 boutiques -67,055 m^2 Textile: 17 GAP; 7 Banana Republic; 51 Sfera 1 Punt Roma 14 cosmetics: MAC, Kiehl's, NYX, Urban Decay 22 furniture and home appliances: Pottery Barn, West Elm, Williams Sonoma		
	45 stores - 512,649 m^2 surface area Arco Norte Logistics Platform (PLAN) Total land area: 1,866,426 m^2 surface Construction Area of Unit 3 227,157 m^2		

Digital evolution

SASB CG-EC-000.A, CG-EC-000.C

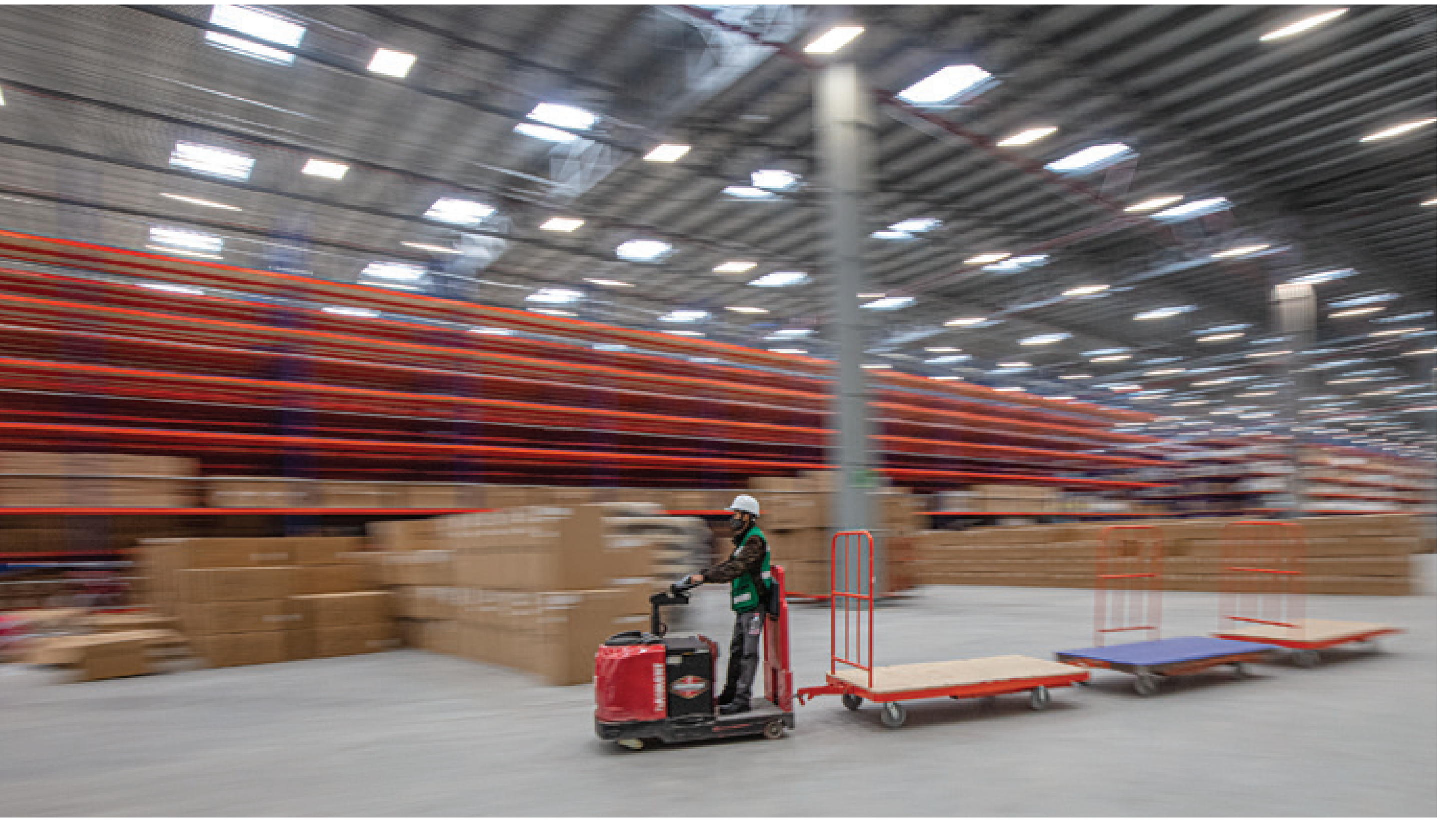
El Puerto de Liverpool's digital transformation towards an omnichannel ecosystem is already yielding the following data:

2022	Digital Participation	Variation in total revenue from online sales	Variation in new digital Customers	Variation in active mobile app users
E-Commerce El Puerto de Liverpool	+23.1%	+20.9%	+17%	+36.6%

Arco Norte Logistics Platform

This year, we completed the first stage of our new Arco Norte Logistics Platform with the beginning of operations of the Big-Ticket unit. We now have the capacity to serve up to 70% more Customers with better service, integrating, for the first time, the processes of Liverpool, Suburbia and the Boutiques products for furniture and home appliances.

We continue to transform our supply chain, which will bring important innovations in management, merchandise distribution, logistics infrastructure and transportation. For the second stage of the project, we completely redesigned Softline's processes based on a deep understanding of our Customer, to provide a memorable experience in every interaction. Over the next 2 years we will build an innovative national distribution center at PLAN, as well as 7 units in key locations throughout the country to create a more efficient and far-reaching unified network.



Strategic **priorities**

"We aspire to be on **our Customers'** cell phone home screen".

To that end, El Puerto de Liverpool's Ecosystem strategy and key initiatives have been built on the company's strongest assets:

Brand:
It is the most recognized brand by consumers in a wide variety of categories.

Loyal Customer base:
Nearly 12 million unique and trackable Customers

Financial services capacity:
One of the leading credit card companies in the market, generating practically half of our sales with our credit cards, as well as offering an attractive and broad financial services portfolio.

Nationwide stores and shopping centers network:
more than 400 points of sale and real estate network.

Brands and assortment in **exclusive and private label** categories

Strong workforce with **76,976 employees**

The ambition of El Puerto de Liverpool is "to be part of your life" for all Customers, in all channels, making us the first shopping option for Mexicans. In line with this, we visualize ourselves:

- Growing digital commerce capabilities
- Being the leaders in e-commerce
- Creating a differentiated and consistent experience for our Customers.

To achieve this, we drive key initiatives through Technology, Data Analytics, Supply Chain and Logistics, and relations with Commercial Partners, focused on:

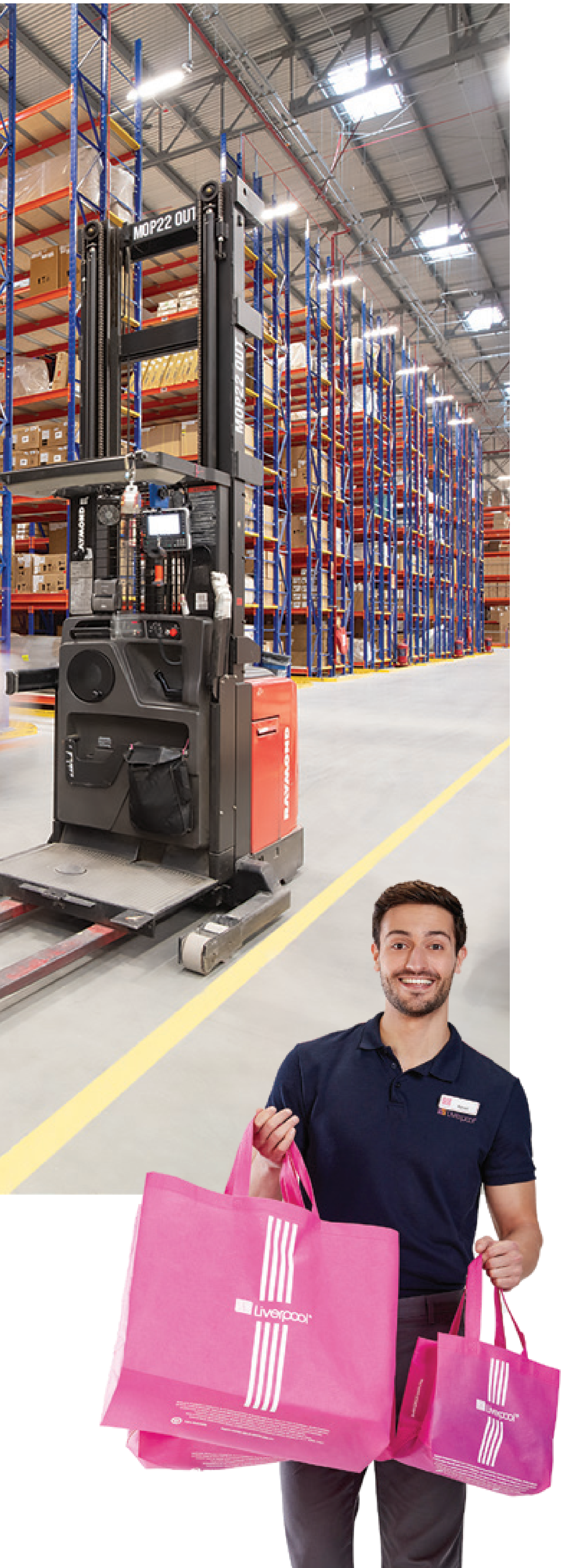
- Better offer of categories according to the Customer's needs
- Financial services marketplace
- Providing the best advice and inspiration
- Differentiate our offer with value-added services.
- Loyalty and rewards
- Maximize ecosystem reach.

Report of the **Board of Directors** to the Shareholders' Meeting

GRI 2-22

Liverpool Tijuana

El Puerto de Liverpool celebrated its **175th anniversary** strengthening its capacity for innovation, growth, and profitability.



The successful development and implementation of the various initiatives of our ecosystem in terms of logistics, omnichannel and Customer service has been fundamental to achieve greater satisfaction and service level for our Customers. All this, with a solid financial structure in terms of revenues, profitability, and balance sheet.

Our consolidated revenues were 16.6% higher than the previous year, totaling $176.0 billion pesos.

In the Commercial segment, our revenues grew to a total of $159.1 billion pesos, representing an increase of 16.3% compared to the previous year. In same-store terms, Liverpool grew 16.4% and Suburbia 9.0%.

During the year, we observed a consumption recovery in Softline sales. By geographic area, the Southeast of Mexico and the Mexico City Metropolitan Area reported above-average growth.

Liverpool has been focused on offering our Customers a unique shopping experience. During the year, with the objective of offering the best service, we re-launched the "*Sentido de la Experiencia*" (Sense of Experience), reinforcing the "*Sí Hay*" (Yes, we have it). We have oriented our stores as experience, service, and procurement centers. Likewise, we continue to position Liverpool as the best ecosystem offering for general merchandise and value-added services, while offering our Customers solutions that generate value and ease their daily lives. This will increase their preference for us and differentiate us from our competitors.

In the Commercial segment, revenues totaled **Ps. 159.1 billion.**

33% of digital sales were delivered through **Click & Collect** modules.

At Suburbia, 2022 was a year of change, learnings and evolution. Significant progress was made in the main strategic initiatives, such as the updating of our own brands, the arrangement and signage of departments, seeking a consistent offer in all our locations, and Customer care. We strengthened our value proposition based on fashion merchandise at affordable prices. We continued to work on improving our stores' image, as well as the checkout experience.

Our **Liverpool Pocket** App had a 36% growth in Active Users.

Merchandise and service options are displayed in a personalized way in our digital channels according to search and purchase behaviors.

Our Liverpool Pocket App had a 36% growth in Active Users. It is a pillar of the omnichannel strategy and has become the most relevant app in terms of sales, transactions, and sessions. Our 1.5 million registered digital ticket Customers can consult all their transactions in this application.

We started the operation of the Single Customer Registry, focusing on security.

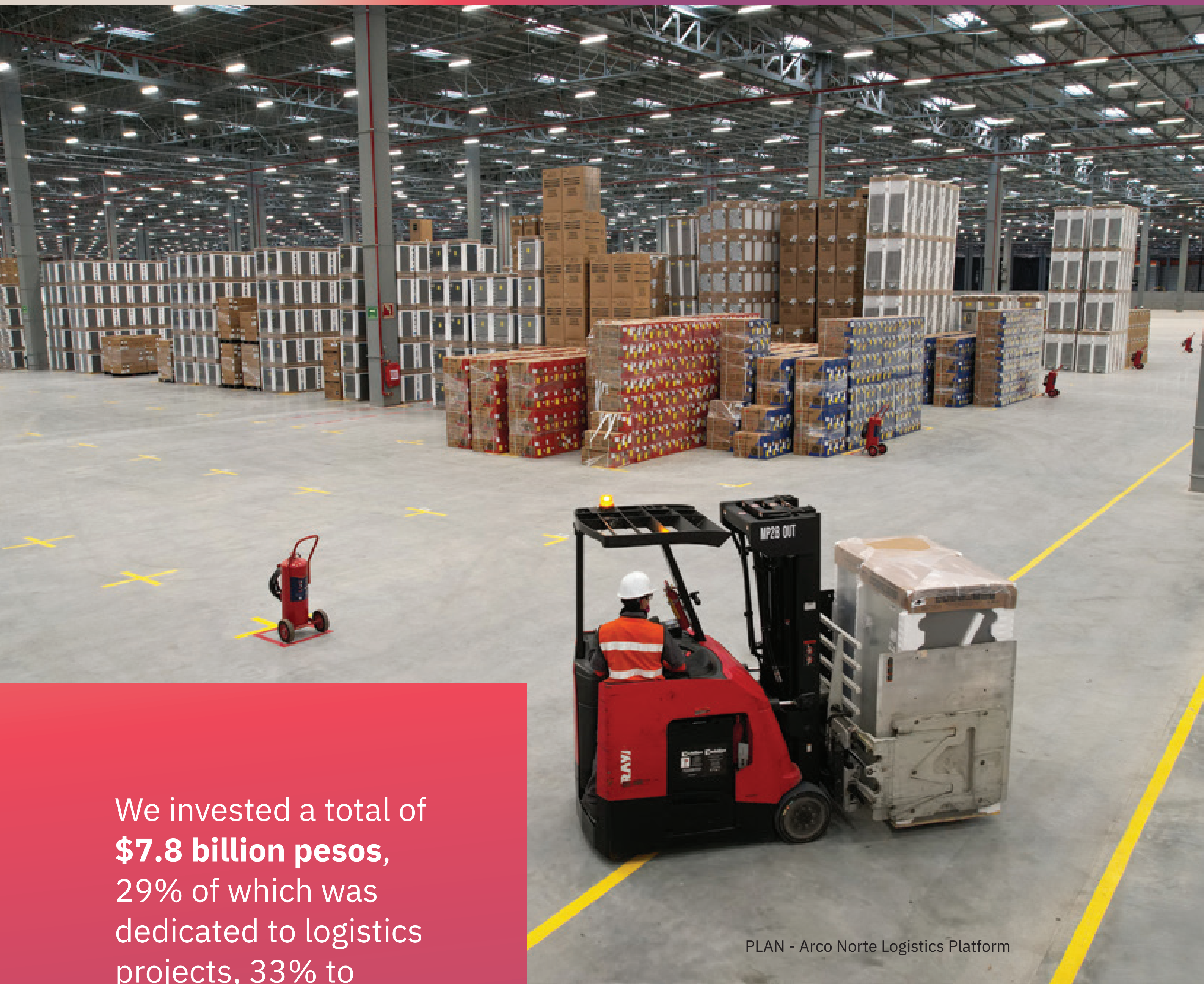
We launched the virtual credit card processing functionality with immediate approval and availability for use. We served more than 13 million Customers through virtual platforms and by telephone. 70% through WhatsApp, social networks, and email, and 30% through our Contact Center - CAT Morelia.

This year, we concluded the first stage of our new Arco Norte Logistics Platform (PLAN by its Spanish acronym) with the Big-Ticket unit starting operations. We now have the capacity to serve up to 70% more Customers with better service, integrating for the first time the processes of Liverpool, Suburbia and Boutiques for furniture and white goods.

The Group's total digital sales represented a 23% share, with total growth of 20% and Marketplace standing out with an increase of 54%.

33% of digital sales were delivered through the Click & Collect centers located in each of our Liverpool stores, Liverpool Express locations, and Suburbia stores.

We have identified operational efficiencies throughout the delivery process. Through our stores and distribution centers, we achieved 66% of deliveries to be within a maximum range of 30 kilometers, reducing delivery times by 31% and achieving logistical savings.



We invested a total of **$7.8 billion pesos**, 29% of which was dedicated to logistics projects, 33% to openings, while 12% was dedicated to computer science projects.

PLAN - Arco Norte Logistics Platform

Real Estate ended the year with an index of occupancy rate of **90.3%.**

The Financial Businesses division delivered an 18.5% growth in revenues. Our credit risk management achieved low levels of loan delinquency rate, ending the year at 2.4%. The past-due portfolio coverage ratio ended the year at 4.1 times. Following the growth strategy, Suburbia cards exceeded 1.3 million accounts at the end of the fiscal year.

Our Real-Estate division ended the year with an occupancy rate of 90.3%, slightly higher than at the end of the preceding year, indicating a 20.4% improvement in revenues.

The gross merchandise margin ended the year at 32.4%, an improvement of 1.1 percentage points compared to the previous year. In merchandise imports, there was adequate planning, which allowed us to have inventories in a timely manner. Thanks to operating expense control and healthy collections, EBITDA was $30.7 billion pesos, an increase of 28.3% compared to 2021.

Net income totaled $17.4 billion pesos, 35.1% above the previous year figure.

At the year-end, we had a cash position of $24.5 billion pesos as a result of good performance in sales and the quality of the loan portfolio. We paid in full the LIVEPOL 12-2 and 17-2 bonds for a total of $3.4 billion pesos using our own resources.

We invested a total of $7.8 billion pesos, 29% of which went to logistics projects, 33% to store openings, and 12% to IT projects projects.

Income taxes totaled $7.1 billion, an increase of 28.2% over the previous year. Other taxes retained and paid, taxes and import duties, as well as IMSS, SAR and INFONAVIT contributions, totaled $15.3 billion.

We opened **Liverpool Tijuana** in Baja California and **Mitikah** in Mexico City, along with **15** new Suburbia stores.

We opened Liverpool Tijuana in Baja California and Mitikah in Mexico City, along with 15 new Suburbia stores.

Grupo Unicomer, a company dedicated to the commercialization of furniture, electronics, housewares, motorcycles, eyewear, and consumer credit in 26 countries of Latin America and the Caribbean, reported a $22.0 million dollars for the year and an EBITDA of $228 million dollars. Unicomer has 25 commercial brands and more than 13,000 employees.

For El Puerto de Liverpool, our employees are our priority. Therefore during 2022, we continued to strengthen their work experience with digital applications focused on: facilitating access to their benefits (vacations, loans, account statements); improving their physical and emotional well-being, with vaccination programs, disease prevention, mental health and quality of life. Likewise, we promoted the development of leadership, safety and integrity skills through asynchronous educational platforms that allowed them to go at their own pace.

We also strengthened our executive evaluation model by promoting talent development, with experiential plans at all management levels and improved variable compensation.

Through the efforts made by the Company, and our commitment to ESG principles, El Puerto de Liverpool joined the Dow Jones Sustainability Index for the Latin American Integrated Market (MILA) and the Pacific Alliance, as well as the S&P / BMV Total Mexico ESG Index, thus serving all our stakeholders. We also obtained 1st place in the 2022 Corporate Integrity 500 (IC500) evaluation, conducted by Mexicanos Contra la Corrupción y la Impunidad for the second consecutive year.

Our Ordinary Shareholders' meeting on March 10, 2022, declared a dividend of $2.3 billion pesos on the 1,342,196,100 shares representing the company's capital stock. The Board of Directors set the payment dates for May 27 and October 14, both in 2022.

Liverpool Mitikah

Our Annual Report continues to evolve, focusing on Sustainability. The documents and information are aligned with international standards such as SASB, GRI, TCFD and the SDGs (Sustainable Development Goals). This reflects the commitment held by El Puerto de Liverpool through its “La Huella” strategy, and our stated goal of becoming a zero-emissions company by 2040.

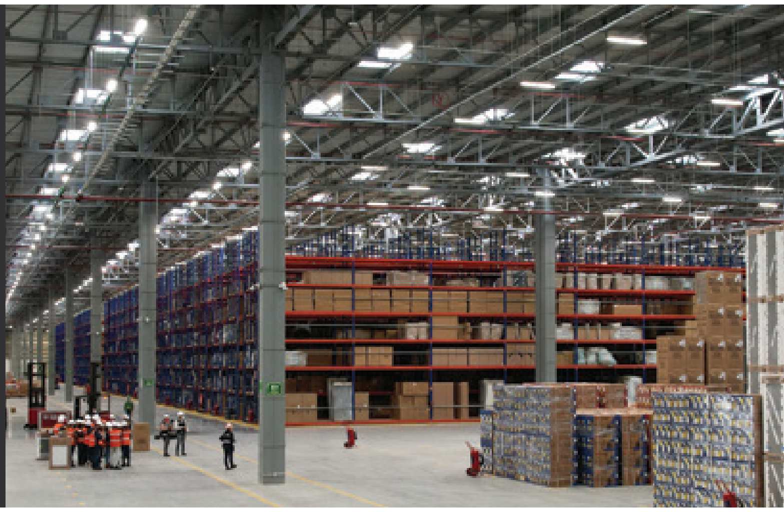
During 2022, the strengths of the organization and the operation were consolidated. In this environment of normality, our Customers found their satisfaction in omnichannel interaction through the channel of their choice. The company’s finances have once again shown their solidity, strengthening the Group’s vitality.

We would like to take this opportunity to express our deep gratitude to our shareholders, Customers, suppliers, tenants, and employees for their trust.

Sincerely,

The Board of Directors
Mexico City, December 31, 2022

Risk **Management**



Integral

GRI 2-12, 2-13, TCFD GDR-C

At El Puerto de Liverpool, we are aware of the risks that could affect our activities, including ESG risks (focused on environmental, social, and corporate governance aspects). Our objective is to address them in a preventive manner with precaution and mitigation plans.

Risk identification is carried out by different specialized teams depending on the type of risk, which also propose prevention and mitigation measures.

At the Group level, we delimit corporate governance and regulatory compliance risks; in the operation, by store, we integrated compliance and environmental performance risks. This year at the company level, we added the analysis of possible risks and obstacles to the progress of our Sustainability Strategy, as well as those related to climate change (read the following section). In addition, we have a matrix of the main financial and ESG risks.

The compliance team is responsible for the identification of regulatory risks and participates in the implementation of controls.

Regarding climate change risks, as of 2023, they will be reported to the compliance team given their recent identification.

We also promote a culture of risk prevention among our employees. This is especially true for environmental risks, in which we instruct those positions mostly related (e.g., maintenance managers, store managers, etc.). Additionally, our staff is trained in health and safety, to prevent accidents and promote self-care.

In terms of labor issues, we also encourage our employees to be alert to any risks they identify and report them to their immediate supervisor. Moreover, the human capital team of every location works closely with the corporate team to respond and prevent these risks.

In environmental matters, we have an experienced team that analyzes the operation of our locations, identifying critical points from which internal audits are carried out, risks are identified, and a response is given; this is aligned with our environmental management standard, based on the ISO 14001 standard.

Physical risks involving infrastructure damages, are communicated, and handled by our internal personnel under the policies and protocols for the mitigation of incidents. In this way, with the commitment and support of all our collaborators, we advance towards a stronger management.

The following table shows a classification of risks by potential impact; each risk can have multiple causes (e.g., climate change incidence).

MAJOR RISKS – EL PUERTO DE LIVERPOOL	
Risk	Description
Market	
Consumer spending	Customer spending may be affected by many factors beyond our control, including the economic conditions, the disposable income levels of Customers, consumer confidence levels, the cost of basic needs, among others. It also considers the seasonality of Customer spending.
Competition in the retail industry	There are several competitors at both the national and local levels in Mexico, including omni-channel retailers, traditional department stores, e-commerce and mail order retailers, and informal retailers which may sell products like those we commercialize.
Consumer preferences	Given that Customer preferences change rapidly, we need to be aware to anticipate significant patterns, manage inventories and avoid the need to sacrifice profit margins.
Sales channel strategy	The evolution of the omnichannel strategy, through the combination of the network of physical stores and stores with the development of digital channels, to create an integrated experience for the Customer.
Real estate sector dynamics	There may be a negative impact by the evolution of land prices, the availability of land, the evolution of leasing costs, the competitiveness of our rates and the tenants' ability to pay.
Regulatory	
Regulations related to marketing and product information	Evolution of regulatory and normative provisions, involved in the relationship with the Customer/potential Customer, especially regarding information on promotions, discounts, payment terms, and other sensitive aspects.
Information privacy regulations	Evolution of regulatory and normative provisions on managing Customer information, preventing it from being used without their consent. This is complemented by the mitigation of cybersecurity risks.
Environmental, labor and health and safety laws	Evolution of the regulatory and normative provisions linked to water discharges and waste treatment, as well as those for the promotion of the circular economy that involve the Customer. Additionally, the provisions on labor relations, specialized services and occupational health and safety measures.

Operational	
Supply chain disruptions	Ability to find qualified suppliers and access products in a timely and efficient manner, especially outside of Mexico. Likewise, product availability, given the difficulties experienced in global trade.
ESG practices in supply chains	Implementation of quality standards and practices in environmental, social (labor practices) and governance (and ethics) issues with our suppliers. For this purpose, an analysis is available within the Responsible Purchasing Program framework, in line with El Puerto de Liverpool's strict guidelines.
Talent acquisition and retention	Includes the availability and commitment of management teams and strategic personnel, as well as the availability of collaborators in the workforce, in the face of other employment alternatives, especially in the most innovative positions, such as those linked to technology.
Interference and/or interruptions in the systems	Includes possible damage to the computer systems' infrastructure, and possible attempted attacks through the network, which could compromise the operation of the systems and the safeguarded information.
Financial	
Capital availability	Potential capital requirements, especially in capex, used to upgrade the network of shopping centers, stores, and department stores, as well as the logistics infrastructure for distribution. There may be difficulties on accessing additional capital.
Customer's ability to pay	Possible difficulties from Clients in the credit segment, to meet their payment obligations, due to the volatile economic and social environment.
Evolution of product prices	Conditions that cause the price of the products to increase, in a generalized manner and/or particularly, for certain types and/or source. For example, the impact that the volatile price of fuels may have.
Operating input and utility price evolution	Conditions that cause our operating costs to rise, such as the cost of fuel used for our distribution.
Exchange rate volatility	Given the acquisition of products in USD, related to commercializing imports from abroad, when the merchandise is sold in Mexico in local currency.
Physical	
Locations' remodeling or repair	Damage to infrastructure, products and/or merchandise due to natural phenomena, such as heavy rain, floods, lightning, tornadoes, or hurricanes, among others.
Consequential losses	From the closure of locations due to direct damage or from closure during an event and/or collateral damage.
Failure in merchandise delivery	From damage occurring in distribution centers or stores that prevent the delivery of sold merchandise or inventory assortment, as well as from the obstruction of communication routes that obstruct logistic traffic.

Climate change is one of the causes and/or accelerator of part of the risks presented in the previous section. In the following section, we detail this connection and the implications for our Company.

Related to emerging risks, there are three, that we consider to be directly related to people:

- **Change in consumer expenditure patterns,** related to the type of product they want and the channels through which they are acquired. The connection is as follows:
  1) lthe evolution of digital media, e-commerce, and omni-channel.
  2) the trend to "use over acquisition", in an economic practice that promotes collaborative/sharing models.

- **Impact of climate change** on two aspects, especially on the textile portfolio:
  1) product and sale seasonality
  2) raw material availability for suppliers.

- **Labor market evolution,** the requirements of the next generations to join the workforce, talent availability in emerging professions and the competition for operational talent with other sectors in the evolution of Mexico's economic activities.

Climate change risks and opportunities

GRI 3-3, TCFD EST-A, EST-B, EST-C, GDR-A, GDR-B, GOB-B

At El Puerto de Liverpool, we are aware of the wide range of risks and opportunities to which we are exposed, particularly the major challenge that climate change represents for our industry worldwide. Therefore, in 2022 we began our risk and opportunity analysis related to climate change, to ensure we are aligned with the recommendations of the Climate-Related Financial Disclosures (TCFD) task force.

We develop the process through the following activities:

1. We identified our sector's potential risks and opportunities, integrating Mexico's background, into the analysis.

2. The potential risks and opportunities identified were presented in workshops with strategic teams to integrate every perspective on the impact our business strategy could suffer. During these workshops, we evaluated the following: severeness, probability of happening and mitigation/exploitation potential; as a result, the 10 main risks and opportunities for El Puerto de Liverpool were obtained.

3. For our main risks, based on the above, a scenario analysis was performed under two term horizons, 2030 and 2050. The scenarios are the following:

   For physical risks:

- RCP[1] 8.5: High-emissions scenario with no changes in mitigation policies. This is the worst scenario in terms of potential impacts, since it considers an increase in temperatures of between 2.6 and 4.8°C above pre-industrial levels, by 2100.
- RCP 4.5: This scenario contemplates relatively ambitious mitigation actions, where GHG emissions increase slightly, before decreasing around 2040. This scenario considers a temperature increase of between +1.1 and 2.6°C above pre-industrial levels.

For transition risks, two International Energy Agency (IEA) scenarios were addressed:

- Business as-usual (BAU): STEPS[2]-based scenario, which performs a business-as-usual trajectory including existing and announced government policies and plans. This scenario contemplates a temperature increase of 2.5°C above pre-industrial levels.
- APS[3]: This higher mitigation scenario considers the full implementation of announced plans and policies, as well as stricter climate targets. The temperature reduction achieved under this scenario would be 1.7°C, by the end of the century.

4. Based on the scenario projections, risks and opportunities were rated as high, moderate, low, or uncertain, subject to the projected significance each risk and opportunity reports, compared to the current situation.

The identification of these risks and opportunities will allow us to:

- Develop and implement initiatives to enhance our operations' resilience.
- Identify and prevent related financial impacts.
- Integrate identified climate opportunities into our business strategy.

The following tables show the risks and opportunities identified, as well as the classification assigned under each scenario and time horizon.

We present the result, according to TCFD's proposed nomenclature:

Transition risks:
Those associated with changes towards a low-carbon economy (e.g., in legislation to mitigate and address climate change).

Physical hazards:
Those associated with higher intensity events and/or long-term changes in weather patterns (e.g., temperature). They can cause damage to infrastructure, affect operational stability, etc.

[1] RCP: Representative Concentration Pathway provided by the IPCC.
[2] STEPS: Stated Policies Scenario
[3] APS: Announced Pledges Scenario

H: High; M: Moderate; L: Low; U: Uncertain

<table>
<tr><th colspan="6">RISKS</th></tr>
<tr><th rowspan="2">Type and Subtype</th><th rowspan="2">Designation</th><th rowspan="2">Description (causes and effects)</th><th rowspan="2">Scenario implications</th><th colspan="2">Risk rating</th></tr>
<tr><th>2030</th><th>2050</th></tr>
<tr><td rowspan="2">Transition: Market and politics</td><td rowspan="2">Climate policies that increase prices and manufacturing costs within the supply chain</td><td rowspan="2">Increased manufacturing costs in the value chain due to:
1. Expansion and increase in carbon pricing under existing instruments or new carbon pricing instruments that may affect suppliers.
2. Public policies' implementation requiring biofuels adoption in the transportation sector, which could increase fuel costs in the short and medium term.
3. The development of energy efficiency policies to reduce emissions in the buildings sector.</td><td>In a BAU scenario:
• Moderate increases in carbon prices where the main international LPE suppliers are located.
• Lack of government incentives to promote biofuel production, which could lead to high price volatility and low economic viability.
• Implementation of minimum energy efficiency standards.</td><td>M</td><td>M</td></tr>
<tr><td>In a below 2°C scenario:
• Significant increase in carbon prices and inclusion of new sectors in current mechanisms.
• Political momentum for increasing biofuels production.
• Development of new sustainable building metrics and new refurbishing requirements for buildings.</td><td>M</td><td>H</td></tr>
<tr><td rowspan="2">Transition: Politics</td><td rowspan="2">Policies to promote the circular economy</td><td rowspan="2">Impacts on EPL's procurement strategy, Customer relationship and waste management, due to:
1. Increase in plastic containers' prices due to changes in suppliers' raw materials.
2. Creation of public policies that integrate consumers in economic requirements or in the use of plastic containers.</td><td>In a BAU scenario:
• Circular economy policies focused on the recycling of aluminum, steel, paper, and plastics.
• More stringent policies on the prohibition of single-use plastics.</td><td>L</td><td>M</td></tr>
<tr><td>In a below 2°C scenario:
• Defining national recycling targets or implementing taxes on plastic waste generation.
• Stricter circular economy policies to reduce oil demand in plastic production.</td><td>M</td><td>H</td></tr>
<tr><td rowspan="3">Transition: Politics</td><td rowspan="3">Introduction and expansion of mechanisms to fix carbon prices, such as carbon taxes and emissions trading systems</td><td rowspan="3">Mexico's Emissions Trading System (ETS) is being implemented and its final application could raise fuel prices (currently in pilot stage). In addition, prices could be affected by decisions on national and subnational carbon taxes. The impact could further impact domestic supplier costs and direct transport of EPL.</td><td>In a BAU scenario:
• No significant change in carbon prices in Mexico; however, we expected carbon taxes to continue increasing at the federal level and that subnational instruments will continue expanding.</td><td>L</td><td>L</td></tr>
<tr><td rowspan="2">In a below 2°C scenario:
• No significant change by 2030 in carbon prices.
• High probability that existing instruments will expand to other sectors, as well as developed in new states.
• In the medium term there is a high probability that Mexico's ETS begins operations.
• In the long term, a substantial increase in carbon prices is expected.</td><td>L</td><td>H</td></tr>
<tr><td>L</td><td>H</td></tr>
</table>

Type and Subtype	Designation	Description (causes and effects)	Scenario implications	Risk rating 2030	Risk rating 2050
Physical: Acute	Increase in the intensity and frequency of tropical cyclones	Due to the heavy rainfall associated with cyclones, the following are foreseen: **1**) Impact on the arrival of products (supply chain), **2**) Closure or interruptions in stores or distribution centers, **3**) Loss due to inventory damage, **4**) Difficulty in the transportation of Customers to stores, **5**) Impact in product distribution, **6**) Deterioration of Customers' financial wellbeing and purchasing power, **7**) Increase in insurance costs for EPL.	By 2030, we expect high uncertainty surrounding the tropical climate projections for the two scenarios presented. In both scenarios, by 2050, an increase in the number of very intense tropical cyclones is expected, especially those originating in the Pacific Ocean.	U	M
Physical: Acute	Increased frequency, intensity, and duration of extreme precipitation events	Same impacts as in the previous risk.	RCP 4.5: A moderate change in the intensity and duration of extreme precipitation events will be observed for both time horizons.	M	M
			RCP 8.5: Significant increases in the intensity of both events are projected for 2050.	M	H
Physical: Acute	Increased frequency and intensity of river floods	Same impacts as in the previous risk.	Increase in the intensity of river flooding in both scenarios, most remarkable for 2030.	H	M
Physical: Chronic	Sea level rise and coastal flooding	• Possible impact on distribution routes in coastal areas. • Possible loss of property value in these areas. • Low feasibility for the development of new infrastructure.	EPL is somewhat located in coastal areas, however, its exposure to coastal flooding in the medium and long term is very low. Projected increases in Mexico's sea levels could affect the mobility and distribution of products in coastal areas.	L	L
Physical: Chronic	Increased frequency, intensity, and duration of droughts	• Low availability of raw materials. • Possible increases in product prices and impact on product availability. • Constrained store coverage due to population displacement because of water scarcity. • Operational disruptions and increase in service costs due to constrained water supply.	• Low availability of raw materials. • Possible increases in product prices and impact on product availability. • Constrained store coverage due to population displacement because of water scarcity. • Operational disruptions and increase in service costs due to constrained water supply.	M	M
				H	H

OPPORTUNITIES					
Type and Subtype	**Designation**	**Description (causes and effects)**	**Scenario implications**	**Scenario implications**	
				2030	2050
Transition: Technology	Technologic progress focused on an efficient, low-carbon and non-polluting transportation and distribution system	Possibility of replacing the company's fleet of internal combustion vehicles with hybrids and/or electric vehicles that reduce emissions. Progressive reduction in acquisition costs of hybrid and/or electric vehicles through the standardization of technologies.	**In a BAU scenario:** • Low economic feasibility of existing technologies (e.g., hydrogen) for freight transportation. • Few technological advances to increase sales of electric charging vehicles in the medium to long term.	L	M
			In a below 2°C scenario: • The use of electric vehicles is promoted through incentives and electromobility pilot programs. • Higher probability of governments setting carbon neutrality targets for the transportation sector. • Decrease in the cost of electric vehicles. • Increased feasibility of new green technologies for freight transportation.	M	H
Transition: Resource efficiency	Use of technologies to improve energy efficiency and resource consumption in sustainable buildings	• Progress in the incorporation of lower energy consumption devices: LED lighting in stores, and warehouses. • Decrease in operating costs. • Improvement in the implementation of energy efficiency standards for equipment • and building metrics (heating, cooling, ventilation, insulation, among others). • Increase in short-term capital expenditures to install new and efficient equipment. • Reduced operating costs in the medium and long term due to energy efficiency savings.	**In a BAU scenario:** • Voluntary programs increase by 2030	L	M
			In a below 2°C scenario: • Focus on the development of zero-emission buildings. • Considerable progress in equipment's energy efficiency (e.g., air conditioning). • Use of renewable energy sources. • Decrease in capital expenditures for the refurbishment of existing buildings.	M	H

The Footprint of El Puerto de Liverpool

Introduction

GRI 2-14, 2-23, GOB-A, GOB-B, MYO-C

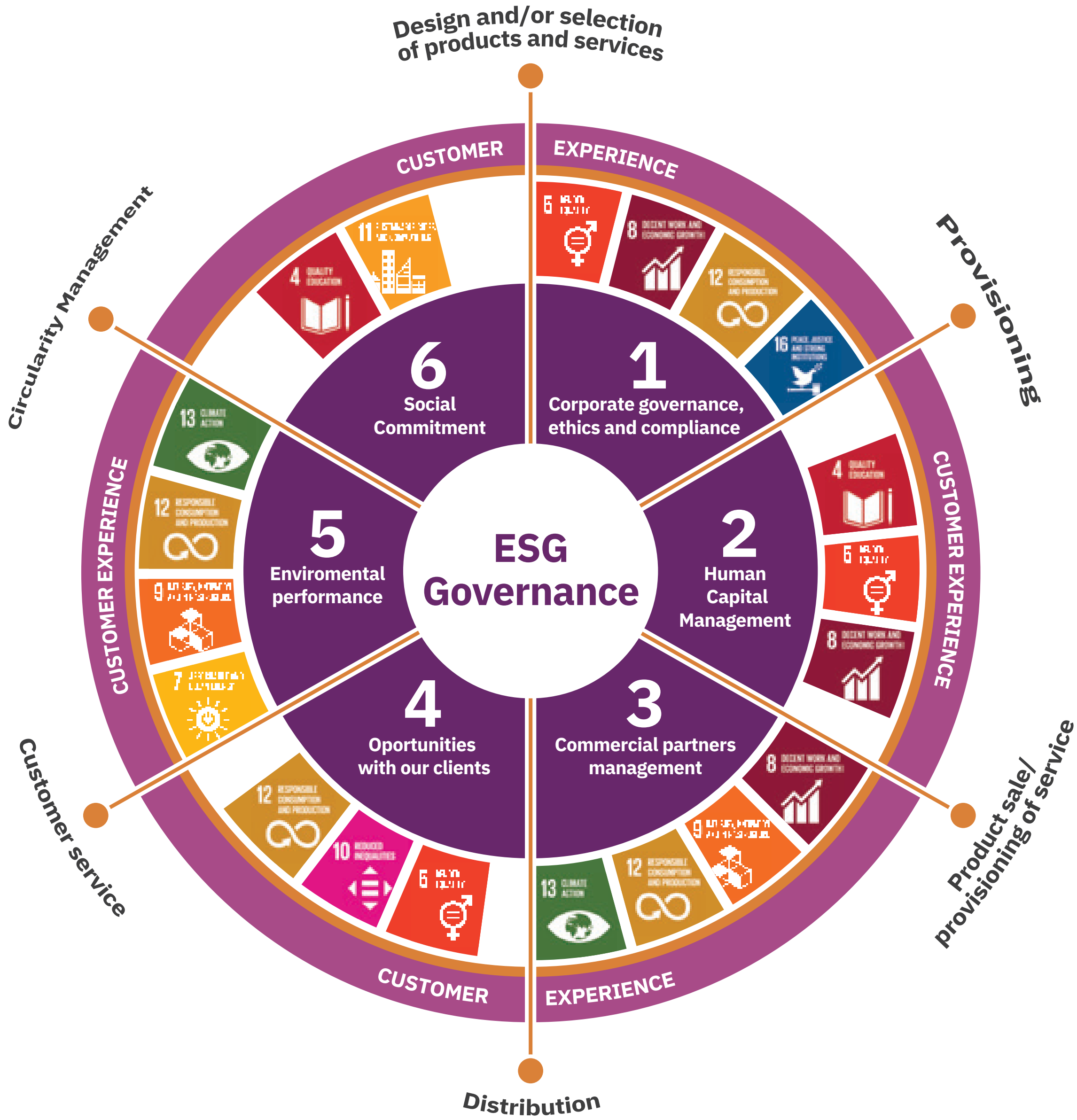
At El Puerto de Liverpool we are committed to generating value for all our stakeholders, which is closely linked to actively contributing to a more sustainable development.

"The Footprint of El Puerto de Liverpool", the company's sustainability strategy, establishes priorities based on material issues that are critical to the relationship with our stakeholders and/or to the company's results.

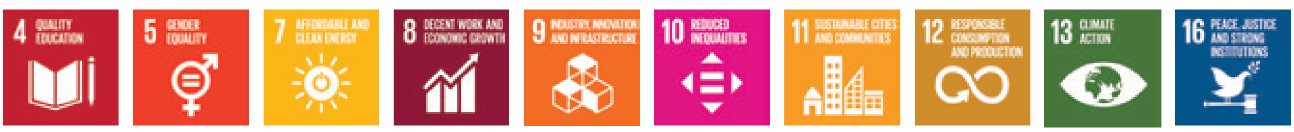
The successful implementation of our strategy involves the company's different areas and teams. It is monitored by the Footprint Committee, chaired by our CEO, on a quarterly basis..

Among the topics addressed by the Footprint Desk lies the climate agenda, which reflects the risks and opportunities of our operation, further contributing to our integrated strategy..

Below, we present our ESG (environmental, social, and corporate governance) model:



SDGs that El Puerto Liverpool adheres to



In **Annex I.1** we provide a list of stakeholders, our value proposition, and the channels for our relationship; in **Annex I.2** we present a materiality process backing the Strategy's priorities.

Focus	Purpose
0. ESG Governance	Promote ESG culture at the institutional level, developing every initiative within the strategy.
1. Corporate governance, ethics, and compliance	Nurture integrity, from policies to decision-making.
2. Human capital management	Cherishing the quality of life and talent development, aligned with Diversity and Inclusion principles.
3. Relations with Commercial Partners	By fostering our supply chain, we guide suppliers in ethical labor development and focus on sustainable development.
4. Customer Opportunities	To better serve our Customers, we provide services that facilitate their mobility and their financial inclusion.
5. Environmental performance	Bolstering the efficient use of natural resources, minimizing the impact on the environment, and contributing to climate change.
6. Social commitment	Promoting education as a driving force of change to help younger generations in Mexico and contribute to their professional future and development.

Along these priorities, we have set medium-term objectives that mobilize the company and demonstrate our ESG commitment.

Dimension	Goals	Progress
Environmental	By 2040: • Reduce 260,000 tCO_2eq, achieving carbon neutrality. • Recycle 100% of the waste, incorporating, in accordance with available technology, circular economy models. • Achieve water balance: **i)** Reduce clean water consumption by at least 1,070,000 m^3. **ii)** Treat approximately 885,000 m^3 of used water. **iii)** Continue and increase rainwater harvesting.	• 210,325 tCO_2eq emissions in 2022 (a 19% reduction). • Progress in our waste recycling goal, as it stands at 34.5%. • Water consumption of 0.43 m^3/m^2. 2021 is considered as base year.
Social	By 2030: • Increase the promotion of women in middle and upper management positions, contributing to their professional development in leadership roles. • Contribute to the education of 100,000 active users on a cumulative basis, through the expansion of the Liverpool Virtual University and other complementary programs.	• Women in middle and upper management stand at 40.6%. • Active users in education programs stand at 10,363. 2021 is considered as base year.
Governance	• Label 100% of the products with sustainable features, making it easier for Customers to identify and purchase them. • Audit 100% of our strategic suppliers* on social and environmental practices through the Responsible Purchasing program. * Suppliers with a relationship of more than 1 year and a purchase volume of more than MXN$500,000 annually.	• A 3.8 pp increase in products with sustainable features, vs 2021. • Audited strategic suppliers stand at 30%. 2021 is considered as base year.

Opportunities for the Customer

We are focused on continuously improving our Customers' service, while promoting responsible consumption habits and creating inclusive spaces where everyone feels comfortable, finding products relevant to their needs.

Inclusion

We strengthened our facilities' accessibility, as we carried out the first phase of refurbishments in stores, shopping centers and corporate offices. These remodeling works include the installation of restrooms and toilets for people with mobility problems and the provision of access ramps to guarantee wheelchair access for our Customers and within our working centers. In addition, signage was reinforced to make it more visible to the public and facilitate our Customers' access to the stores.

Inclusion also considers financial aspects, as our credit offer allows Customers to access credit products and use them in our stores as well as in digital channels. In 2022, we reinforced the placement of new cards through our website, improving processes and the Customer experience, which considers Customers with and without credit history. In addition, at Suburbia, we increased our credit options by implementing the Mini Pagos product, which facilitates item purchases through financing and fixed payments.

To complement the credit access we provide, we help our Customers improve their financial education. We make informative clips on relevant topics related to proper credit management, available to everyone through our YouTube channels.

Responsible consumption

GRI 3-3, 417-1

In response to our strategy on Omnichannel Alignment on Sustainable Product (*AOPS*, by its Spanish acronym), we continue to strengthen our product supply with these characteristics.

We have the international Better Cotton Initiative (BCI) certification for various of Liverpool's textile products. In addition, this year we achieved U.S. Cotton Trust Protocol (USCTP) certification for Suburbia.

These efforts will help us improve our work with our commercial partners, improving traceability and the conditions under which our products are manufactured.

We have also made it easier for Customers to search for products with sustainable features, in-store and online, at both Liverpool and Suburbia.

We also highlight the release of our "Product with a Cause" program. Through Liverpool's Restaurants and Gourmet Experience, we offered a product whose benefits are destined to education in Mexico, through organizations committed to reducing the lack of educational opportunities for children. These resources seek to furnish schools that are near our working centers.

We are certified by the **Better Cotton Initiative (BCI)** for some of Liverpool's textile products. Additionally, this year we incorporated the **U.S Cotton Trust Protocol (USCTP)** certification in Suburbia.

Human capital management

At El Puerto de Liverpool, our teamwork is an essential piece of our success. For this reason, issues such as diversity and inclusion, personal and professional development, and the physical and emotional well-being of our people are important pillars of our organizational culture.

Diversity

GRI 3-3

We are committed to fostering a diverse, inclusive, and non-discrimination working culture in all our locations because we value "talent for its talent". To achieve this, we developed and implemented our Equality, Diversity and Non-Discrimination Policy. The values that guide us are based on our Code of Ethics and Code of Conduct and Integrity.

We participate in the "Companies for Equality" program, an International Finance Corporation (a World Bank's company) initiative which is focused on

reducing gender gaps and promoting Diversity and Inclusion in the Mexican labor market. Additionally, we conducted a gender pay gap analysis, establishing performance-based criteria to avoid bias.

We highlight our efforts and progress in the inclusion of employees with disabilities, especially through accessibility reviews in our administrative offices, and Liverpool and Suburbia stores. We have also achieved the NMX-R-025-SC-FI-2015 certification on labor equality and non-discrimination in 16 of our locations.

Training and development

GRI 3-3, 404-2

Through the Training and Learning area we promote the development of employees for the operation, and for talent and leadership capabilities. We highlight the integration of additional courses that improve the team's soft skills, by conducting three mentoring programs: The leader as a strategist; Developing your leadership, Leader who inspires followers (Suburbia) and a New Managers Workshop.

We encourage professional and personal development of each of our employees. To achieve this, we rely on Liverpool Virtual University, offering programs from the basic, middle, and higher levels of education, up to the master's degree level.

In 2022, UVL obtained approval from the SEP to add four new bachelor's degrees, increasing academic offerings for the professional development of our employees.

In addition, we have strengthened our managing and monitoring comprehensive performance evaluation system, to ensure that 100% of our employees who meet the required yearly requirements have at least a semi-annual and annual review evaluation.

Occupational health and safety

GRI 3-3, 401-2, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6

The health and well-being of our employees will always be a priority, hence, this year we focused on:

- Conducting the first mental health screening tests to identify potential mental health issues within our employees. We integrated the findings into a strategy entitled “No mental health, no health”.
- We continue to operate the “Creating a better me” program, in which we held informative talks on handling depression and anxiety, as well as health campaigns for the timely detection of breast, cervical and prostate cancer, and vaccination against influenza and COVID, (reaching 29,765, the company’s record).
- We conducted analysis at the operational and administrative positions to identify possible areas that could represent occupational accidents and establish the necessary preventive measures.

We also developed other initiatives of great value for our employees:

- We launched the Emergency Medical Attention Protocol.
- Through the Medical and Nursing Service, as required by the law, in a face-to-face approach, we provided treatment for chronic degenerative diseases, promoting a culture of self-care.
- We implemented the questionnaire of the NOM-035-STPS-2018 of the Ministry of Labor and Social Welfare (STPS) to identify psychosocial risks.
- We continue to offer a free psychological support hotline for employees.
- We encourage the participation of employees and their families in sports activities such as the Running Fest, our virtual race.

All these efforts allowed us to, once again, be recognized by the Top Employers 2022 ranking, placing us in 19th position. We also renewed our Top Employer 2022 certification, which endorses our best practices in Human Resources.

Through the program “**Creating a better me**”, we conducted informative sessions on the handling of depression and anxiety, among other topics.

Relations with **Commercial Partners**

GRI 3-3

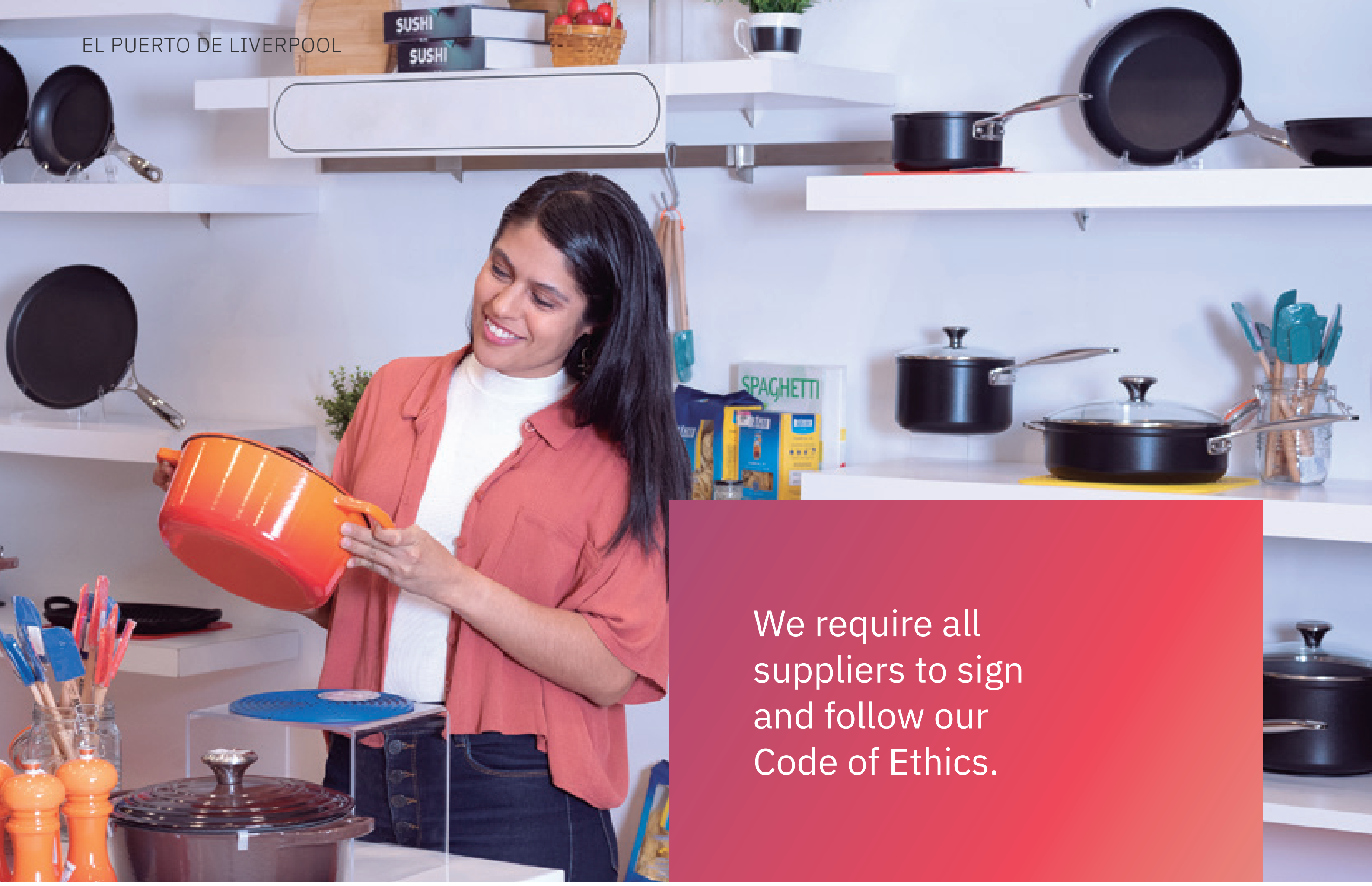
We share our commitment to sustainability with our suppliers, helping them address the main social and environmental impacts in order to operate efficiently. The process involves auditing working centers of critical suppliers.

In addition, we proactively encourage our suppliers to change toward sustainable products in terms of components and durability. Likewise, we seek to incorporate the aforementioned criteria internally through our packaging. At El Puerto de Liverpool, we are committed to provide visibility to our Customers by promoting responsible consumption.

Likewise, we prioritize offering high-quality products to our Customers, meeting the necessary standards, responding to their trust and preference.

Responsible sourcing
As part of our history, we continue implementing the Responsible Sourcing Program, through which we evaluate the social and environmental performance of our strategic merchandise suppliers. This program began in 2018 for the entire company; it includes suppliers of all Suburbia and Liverpool store brands, suppliers with orders totaling more than $500 thousand pesos, and suppliers of goods not for sale.

We prioritize offering high- quality products to our Customers, meeting the necessary standards, responding to their trust and preference.



We require all suppliers to sign and follow our Code of Ethics.

We are guided by a stoplight system, and in case of orange or red categories scenarios, the supplier is required to take action in order to be hired.

We also evaluate suppliers' international certifications issued by third parties, especially if issuers have global reach, as well as their own sustainability programs.

Additionally, we require all suppliers to sign and follow our Code of Ethics.

Product development

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

We are committed to incorporating sustainability criteria into our store-brand products, focusing our efforts on two main lines of action:

1) Reducing materials in containers and packaging made up of recycled elements and/or can be recycled. This way, we have been able to significantly reduce the use of plastic in packaging for home deliveries, as well as in reusable bags provided to the Customer. Regarding reusable bags, we were able to reduce the grammage and incorporate 50% of recycled material. In addition, we adopted different regulations throughout the country regarding the restrictions on single-use plastics.

2) Products' raw materials should be produced according to sustainability criteria, prioritizing certification(s) that support it. Our initial focus is on textiles, incorporating cotton of sustainable origin with BCI certification (Better Cotton Initiative) and/or recycled fibers.

We seek to ensure that waste generated from our containers and packaging is separated according to its material, to be removed by third party specialists for recycling.

Likewise, we promote product development within our portfolio in order to achieve sustainability certifications, and subsequently communicate this to our Customers through our different channels. Some examples include certifications such as: US Cotton Trust Protocol (USCTP), Better Cotton Initiative (BCI), Fair Trade and Global Recycled Standard (GRS).

To reinforce sustainability culture among suppliers, we have launched a specialized course, in addition to the evaluations previously mentioned.

Quality

GRI 3-3, 416-1

The products of our portfolio have quality certifications, providing confidence and security to the Customer.

Regarding restaurants, we carry out food safety audits in our facilities, supported by third parties.

We also train our employees, who are responsible for food handling, on food safety. We have H distinction certification in all our establishments.

In addition to quality aspects, we progressed in our commitment to use cage-free hen eggs, with which we already supply 26 of our restaurants, which represent 38% of our total restaurants. This way, we are reaffirming our commitment to achieve 100% supply of cage-free hen eggs by 2026.

We also focus on avoiding food waste. We implement measures in our processes and food durability, compatible with its quality and freshness, avoiding waste if they are in optimal conditions for consumption.

Integrity

Our Group is characterized by its solid ethical culture and compliance with external regulations, which we reinforce with internal guidelines. It's involved in the way we relate to each other, to our Customers and suppliers, as well as to other stakeholders.

Self-regulation and reporting mechanism

GRI 2-15, 2-23, 2-24, 2-25, 2-26, 3-3, 205-1, 205-2

Our Code of Ethics incorporates our work philosophy, which prioritizes honesty as an outstanding value in the search for the responsible use of information, avoiding the incidence of conflicts of interest. In addition, we have a Code of Conduct and Integrity, which details the behavior we expect from our collaborators in all the relationships derived from the operation of El Puerto de Liverpool.

Complementarily, we have policies that reinforce performance in higher risk processes and/or operations, such as the Zero Tolerance to Corruption and Bribery Policy, which includes guidelines for relations with suppliers and other third parties, as well as donations.

At El Puerto de Liverpool, we care for and train our employees on ethics and compliance issues, reaching more than 51,000 employees and providing them with different awareness approaches throughout the year.

In our relationship with Customers, we promote responsible marketing, with transparency regarding product information and aiming to ensure that the Customer purchases the most convenient product. This commitment begins with advertising.

We have an Ethics Hotline to identify and report behaviors or signs of behaviors that are not aligned with expectations. The Ethics Office and the Ethics Committee attend this hotline, communicating relevant issues to the Audit and Corporate Practices Committee, which is made up of, among others, certain members of the Board of Directors.

At the corporate level, we have established a solid control and monitoring system, which includes auditing and internal control, complemented by the external auditors' annual reviews.

As a publicly traded company, being listed on the Mexican Stock Exchange, we comply with the disclosure requirements related to the Securities Market Law, publishing financial information on a quarterly and annual basis, as well as complying with the Directors and/or Officers' statements regarding Related Parties.

In cases of non-compliance, we have a Disciplinary Measures Policy that can go up to the early termination of the employment contract, without restricting the reports and other legal actions that El Puerto de Liverpool decides to implement.

These efforts have allowed us to maintain our leadership position in the Corporate Integrity Index 500 (IC500), developed by "Mexicanos contra la Corrupción e Impunidad" (Mexicans Against Corruption and Impunity in English) and Transparencia Mexicana.

Data Protection

GRI 3-3, 418-1, SASB CG-EC-230a.1; CG-MR-230a.1; FN-CF-230a.3

Our employees are guided by the Personal Data Policy, which demands strict data processing for collected information, and it's supported by external regulations. We are very careful when using data and avoid any abusive practice that could generate a damage to our Customers, who may exercise their rights to access, rectification, cancellation or opposition (ARCO by its acronym in Spanish) to the processing of personal data, with instructions available on our website.

We also have an Information Security Policy, which is part of a robust system that responds to potential cybersecurity risks. The structure is integrated by the Cyber Security Operation Center (SOC), which is responsible for active monitoring and responding to potential threats.

Our information security performance integrates systems support with user training and awareness, especially within our staff.

We continuously test and monitor our systems, both internal and externally. The infrastructure for online card payments is certified and complies with the international PCI-DSS standard, both in Liverpool and Suburbia.

To ensure our employees are both educated and aware, we implement an annual training plan, complemented by regular updates throughout the year.

Cybersecurity is integrated into our business continuity plans, which include strategies and responsibilities to address any potential risks and their materialization, avoiding any impact on our business operation.

Environmental Performance

At El Puerto de Liverpool, we aim to continuously improve our operations, to optimize resource utilization and to reduce the impact of our environmental footprint. This way, we seek to incorporate a circular economy approach, water consumption management and initiatives focused on reducing greenhouse gas emissions (GHG).

As part of our Footprint strategy, we have defined a series of top-priority environmental projects focused on our public commitments (see El Puerto de Liverpool's Footprint chapter, which includes the current progress on these commitments).

The execution of these projects, as well as of all our processes, is based on the Environmental Policy and our management standards, which are built upon the ISO 14001 International Standard.

This year we have also worked on identifying the risks and opportunities related to climate change, which will enable us to develop resilient plans (see specific chapter).

Environmental culture

To permeate a culture aligned with our environmental strategy, we reinforced our employee training and awareness programs during the year. We identified roles that are highly-involvedhighly involved in environmental management, to focus on their training in sustainability, carbon footprint, waste management, water footprint, compliance, energy efficiency and biodiversity. Likewise, in order to involve employees in the company's environmental efforts, we periodically share our progress.

In addition, this year we launched the "¡Cada gota cuenta!" challenge (Every Drop Counts! in English), aimed to generate ideas among employees to reduce water consumption. The call included all ofall our staff and the winning initiative was focused on raising awareness on responsible water use among all of our employees.

Energy and emissions

GRI 3-3, SASB CG-EC-410a.2

We remain committed to optimizing energy consumption in our operations and reduce the GHG emissions we generate. To achieve this, we are focusing our efforts on two main lines of action:

1. **Energy efficiency,**
2. **Increased use of renewable energies.**

We have LED-technology lighting fixtures with a lower level of consumption in our corporate facilities, as well as in our stores. To access renewable energy, we have wind, hydro and solar energy supplied by third parties; in self-generation, we are making progress installing solar panels. At the end of the year, we had solar panels in 13 locations distributed as follows: 9 Liverpool stores, 2 Galerías shopping centers, 1 corporate center and 1 Suburbia store.

We also highlight our transition to sustainable transportation and logistics processes, using electric and hybrid transportation units, and improving route planning and merchandise management, which has resulted in a reduction of fuel consumption.

At El Puerto de Liverpool, we are committed to transparency regarding our GHG emissions for Scopes 1 and 2, which are presented in detail in the ESG Annex.

Liverpool Querétaro Antea

Regarding self-energy-generation, we continue to make progress installing solar panels, closing 2022 with 13 equipped locations.

As for waste management involved in our operations, we follow procedures that allow us to properly identify and separate them, increasing reuse and/or recycle possibilities.

Circularity in processes

Since we implemented our sustainability strategy "El Puerto de Liverpool's Footprint", we have been committed to incorporating sustainable criteria in the products that make up the commercial offer.

In the Relations with Commercial Partners sub-chapter, we detail the initiatives incorporated in our Comprehensive Sustainable Packaging System. This aims to reduce the use of new materials and incorporate recycled ones, as well as to promote the use of sustainable raw materials in containers, bags and packaging.

Water and waste

GRI 3-3, 303-1, 303-2, 306-1, 306-2

We are aware of the importance of implementing initiatives that allow us to improve water management, looking for other sources of supply such as treated water and rainwater, and focusing our efforts especially in areas with high water stress such as Mexico City and Nuevo León. We are also searching for efficient technologies that promote the reduction of water consumption.

As for waste management involved in our operations, we conduct procedures that allow us to properly identify and separate them, increasing reuse and/or recycle possibilities.

We highlight the integration of efforts in some locations in the country to manage waste such as: electronic waste, vegetable oil, toner cartridges and organic waste, aiming to expand reach and cover as many locations as possible.

In addition, at the Liverpool department store in Polanco (Mexico City), 18.9 tons of organic waste were processed with biodigesters and transformed into water.

ARCO NORTE LOGISTICAL PLATFORM (PLAN)

The Arco Norte Logistical Platform integrates LEED criteria into its development, adhering its operations to the sustainability principle and contributing to the environmental footprint commitments of El Puerto de Liverpool. We have implemented strategies that help guarantee our operational efficiency:

- 100% of our lighting is supplied through LED lighting fixtures, which will be incorporated into a comprehensive sub measurement and control system that will allow us to efficient our energy consumption, monitoring our electrical systems. In addition, our hot water supply will be generated through solar thermal energy, which will enable us to reduce electricity consumption and mitigate the carbon emissions generated by our operations.
- We have low water consumption equipment throughout our plumbing system, which along with treated water recirculation, allows us to reduce the extraction of this resource to a minimum.
- We implement American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) standards for ventilation and air extraction systems to ensure adequate air quality in our facilities for our employees.
- We reduce the consumption of refrigerant gases, installing high-efficiency air conditioning equipment.
- We manage the organic waste generated in our canteen services, using biodigesters that allow us to transform around 545 kg of waste per day.

Social Commitment

As part of our **Footprint Strategy**, we integrate our commitment and initiatives to contribute to the development of communities through education. We believe that the best way to do it is to foster and strengthen people's educational capabilities. We work by leveraging our capabilities and collaborating with strategic partners, thus maximizing the reach to a greater number of beneficiaries.

Holistic education program
We focus on:

1.

Students from 3 to 18 years of age and their families, working on the schools' infrastructure conditions and supporting the quality and resources available to teachers.

2.

Opportunities for employability. Professional internships for young people; and secondly, for society overall by opening Liverpool Virtual University (UVL) programs with a high school training course to take the single exam CENEVAL, among others.

The programs are presented below:

School sponsoring

We work on improving educational services and the quality of facilities in schools near our working centers. After a selection process, we began the pilot with the Benito Juárez Elementary School in Jilotepec and the José María Morelos y Pavón Community Development Center (CDC) in Cuajimalpa in the State of Mexico and Mexico City, respectively.

The program incorporates donating specific products such as furniture, educational materials, teacher development, and safety and hygiene items.

Likewise, through the visits of our volunteer co-workers, we contribute to improve locations and invite parents to participate in technical baccalaureate and UVL's open training.

Successful stories

In 2022 we started the program, and so far, we have a graduated class and more than 90 students participating in 12 Liverpool stores in cities such as Mexico City, Monterrey and Tijuana. We incorporated students from the Food and Beverage career into Liverpool restaurants, through a partnership with CONALEP (National School of Technical Professional Education (CONALEP).

360 teaching space

We design six-month online update programs for school principals, vice principals, administrative and teaching staff. A part of the content depends on the particularities of each profile and includes leadership, management and teaching skills. During 2022, we worked with more than 200 teachers throughout the country.

UVL in your community

In 2020, we initiated the social opening of the UVL, in response to the pandemic and derived from the impact on employment on different sectors of the population. During 2022, we supported more than 3,000 people through this initiative.

Following this path, we launched "Growing with El Puerto", focused on open and free training under 3-area model: employability, business and innovation, and leadership.

Additionally, in 2022 we launched:

- "Escuela para padres" (School for parents, in English), seeks to reinforce their role in their children's education. The content development was designed with the support of Enseña por México, A.C.
- "Wellness", which consists of a series of courses focused on promoting self-knowledge, mental and emotional management, resilience and relationship with the environment, as well as on a better financial culture, in the same way we impact our employees.
- "Regularízate" is a program for people who need to reinforce skills at high school level, specifically in subjects such as math, English, reading and writing. We provide online mentoring at no cost, with the support of teachers.

Other social initiatives

We continue with donations and volunteering for different social and environmental purposes, actively involving our employees and demonstrating our commitment to sustainable development.

Products with a cause

Initiative to benefit education through Enseña Por México, A.C., raising $874,827 from the allocation of 10% of the profits from pastry sales in our Restaurants and Gourmet Experience. The funds from this donation will be allocated to set up computer rooms in different educational centers in Mexico City and the State of Mexico, in order for children to have the necessary tools to face the challenges of the 21st century.

Toy donation campaign

We donated toys to three institutions of the Red de Colegios Mano Amiga, A.C., located in the State of Mexico, Puebla and Querétaro, focused on maximizing the capabilities of elementary and middle schools. Through this opportunity, we increased the amount of last year's donation by 10% and implemented it through the Gift Registry in Liverpool.

Collaborator volunteering

Our employees take part in different activities. They go to schools that are part of the School Sponsoring program, helping with the logistics involved in different activities: delivering materials, awareness-raising activities for families, adapting facilities, among others.

In addition, we carried out two reforestation projects in the State of Mexico in Toluca and Huixquilucan to promote environmental preservation.

Donating merchandise

We distribute, among different social organizations, products that have been withdrawn and/or are not going to be sold, if they are in good condition and do not compromise safety.

Results figures and impact are presented in the Appendix of Main ESG Indicators.

Corporate Governance

GRI 2-9, 2-10, 2-11, 2-12, 2-13, 2-15, 2-17, 2-18, 2-19, 2-20, 3-3, 405-1; GOB-A

At El Puerto de Liverpool, we prioritize transparency and accountability in our decision-making process, as well as Regularization the proper functioning of our internal governance and management bodies, fostering trust among our stakeholders. As part of this commitment, in 2022 we published our Corporate Governance Code, which integrates our guidelines and complies with the corresponding legal regulations, incorporating international practices.

Governance structure and functions
Governance structure and functions Our main decision-making bodies are described hereafter, as well as their responsibilities. Its structure seeks to create value as a company for all our stakeholders.

The General Shareholders' Meeting is responsible for approving the Group's annual results, which are presented by the Board of Directors. It also approves the appointment of Board members. Likewise, it establishes compensation for directors. It meets once a year at the Ordinary Shareholders' Meeting.

The Board of Directors is responsible for defining El Puerto de Liverpool's strategy, as well as ensuring compliance with our mission and vision. It also reviews the performance and operations results that are the responsibility of the management team, ensures compliance with applicable laws and regulations, and approves the annual budget.

The Board is made up of professionals recognized for their extensive business careers, which enables them to analyze the main risks and opportunities involved in the Group's operations. It consists of 15 regular members, seven relatedrelated.
and the remainder are independent (53% of the total); there are no alternates.

Independent directors perform their duties free of conflicts of interest, since they are not subject to personal, financial or economic interests, complying with the applicable law. They are selected for their experience, ability and professional prestige.

At El Puerto de Liverpool, we work to ensure that the Board has a broad vision of the business and the context, integrating different perspectives and backgrounds that nurture decision-making. The appointment of our Board members is aligned with our Corporate Governance Code principles. Regarding gender, 13% of our board members are women.

They are appointed annually and may be reelected without a limitation on the number of terms they serve, although there is an age limit. The current seniority of our board members is 16 years.

New directors receive orientation regarding our organization, their rightsrights, and obligations to perform their duties properly. Likewise, throughout the year, they are provided with updates on regulatory provisions, as well as on risks and emerging trends relevant for the Group.

The Board meets quarterly, in ordinary sessions, and may also meet for extraordinary sessions when necessary. The average attendance this past year was 97%. In addition, it delegates certain responsibilities to the Audit and Corporate Practices Committee, as detailed below.

Additionally, the Board of Directors is supported by the Patrimony Board, which issues recommendations on strategic matters and is made up of four members.

The Audit and Corporate Practices Committee supports the Board in monitoring compliance with the audit function, ensuring internal and external audits are carried out with the utmost objectivity and efficiency. It also checks to ensure the reliability of financial information and evaluates compliance within the company with self-regulation and external regulation. As the Group's ESG risk management matures (environmental, social and governance matters), the Committee is responsible for monitoring the management of the specialized teams, which operate complying with established prevention and mitigation plans.

All of its members are independent and its Chairman is appointed by the General Shareholders' Meeting. They meet periodically with the Executive Director of Internal Audit and the Chief Financial Officer.

As complementary committees, we have specialized working groups, which are especially connected to ESG factors management:

El Puerto de Liverpool's Footprint Desk reports to the Board on the management of ESG priorities and supplementary to the risk management structure. It is the highest-level group responsible for addressing the progress of the sustainability strategy, meeting quarterly. It is led by the Chief Executive Officer, working through complementary desks organized according to the relevant issues established in the Strategy - See chapter on El Puerto de Liverpool's Footprint.

Likewise, we also have additional committees, which are explained in the corresponding sections of these matters: Integrity and Compliance Committee and Ethics Committee.

Compensation for senior management is related to performance. It is made up of a fixed portion and variable bonuses associated with the achievement of established annual targets, which, depending on the case, may include ESG aspects and the Group's operating results. Specifically for the CEO, the variable bonus is calculated based on: performance factors, strategic initiatives and the consolidated operating result.

Board of **Directors**

Max David [1]
Chairman
*41 years**

Madeleine Brémond S. [1]
Vice President
General Manager of Orion Tours, S.A. de C.V.
*30 years**

Enrique Brémond S. [1]
Victium Administrator, S.A. de C.V.
*26 years**

Carlos Danel [2]
Chairman of the Board of Directors of Gentera, S.A.B. de C.V.
*2 years**

Juan David [1]
Member of the Board of Directors of Banco Invex, S.A. de C.V.
*30 years**

Graciano F. Guichard G. [1]
General Manager of El Puerto de Liverpool, S.A.B. de C.V.
*2 years**

Juan Miguel Gandoulf [2,3]
Director of Sagnes Constructores, S.A. de C.V.
*25 years**

Armando Garza Sada [2]
President of Alfa, S.A.B. de C.V.
*27 years**

Guillermo Simán [2]
Vice President, Unicomer Group
*12 years**

Maximino Michel G. [1]
President and Chief Executive Officer of 3H Capital
*29 years**

Javier Arrigunaga [2,3]
Chairman of Grupo Aeromexico, S.A.B. de C.V.
*4 years**

Andrea Hernández Velasco [2]
Fundación Legorreta Hernández, A.C.
*3 years**

José Cohen Sitton [2,3]
Deputy General Manager of BabyCreysi
*3 years**

Alejandro Ramírez Magaña [2]
General Manager of Cinépolis de México, S.A. de C.V.
*3 years**

Pablo Guichard C. [1]
Investment Manager at Norante
*1 year**

Ignacio Pesqueira
Secretary
Partner of Galicia Abogados, S.C.

Norberto Aranzábal
Assistant Secretary
Partner of Aranzábal Rivera Abogados, S.C.

Honorary President
Enrique Brémond P.

Honorary Directors
José Calderón
Ricardo Guajardo
Graciano Guichard M.
Miguel Guichard
Esteban Malpica
Jorge Salgado
Luis Tamés
Pedro Velasco

1 Wealth Advisor
2 Independent Director
3 Member of the Audit Committee

* Seniority within the Board

Patrimony Board

Enrique Brémond P.
Chairman

Juan David
Member

Miguel Guichard
Member

Magdalena Michel
Member

Madeleine Brémond
Alternate Member

Monique David
Alternate Member

Magdalena Guichard
Alternate Member

Bertha Michel
Alternate Member

Alejandro Duclaud
Secretary

Main Executives

Graciano F. Guichard G.
CEO, El Puerto de Liverpool
20 years*

Santiago de Abiega
Chief Financial Services Officer
24 years*

Jacobo Apichoto
Chief Legal Officer
25 years*

Zahié Edid
Chief Organizational Development Officer
19 years*

Juan Ernesto Gómez Enciso
Chief Internal Auditor
14 years*

Enrique Güijosa
Chief Finance and Administration Officer
14 years*

Carlos Marín
CEO, Liverpool
9 years*

Alejandro Melgar
CEO, Suburbia
16 years*

Ernesto Ynestrillas
CEO, Real-Estate Division
31 years*

* Years with the Group

About this **report**

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

At El Puerto de Liverpool, we publish information about our operations and financial results on an annual basis. Last year, following the launch of our ESG Strategy (regarding environmental, social, and corporate governance matters) we took a leap forward, integrating related information that complies with the main international standards. This year, we decided to continue this practice to demonstrate our commitment with our different stakeholders.

The information presented corresponds to El Puer- to de Liverpool, S.A.B. de C.V., as a corporate group, and to its performance from January 1 to December 31, 20221. We report on the progress of our ESG Strategy, which is made up of relevant issues established through a materiality analysis.

We have adopted a double materiality concept, integrating both impact and financial materiality, in line with international trends. GRI Standards are based on impact materiality, while financial materiality is the basis for SASB Standards. For the first time, we comply with the TCFD Recommendations as well.

This data is provided by the different teams responsible for implementing the ESG Strategy and are validated by the Footprint Desk.

* Excludes those companies where El Puerto de Liverpool does not have operational and/or financial control: Sfera México and Grupo Unicomer. We suggest respectively consulting the reports of their controlling entities.

Estándares internacionales aplicados:

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, including its newest universal standards GRI 1, 2 and 3, launched in October 2021. In addition, we apply the GRI Financial Services Sector Supplement, due to the specific activity developed in the Group. The GRI Standards respond to impact materiality, and are intended for the widest audience possible.

The Standards established by the Sustainability Accounting Standards Board (SASB) were also applied to the following industries: Distributors and Specialty Retailers, E-commerce and Consumer Financing. SASB Standards refer to financial materiality, and respond to information requirements, especially from investors.

We also incorporated the recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), on risk management and opportunities related to climate change.

We share our progress regarding our contribution to the Sustainable Development Goals (SDGs), a roadmap proposed by the United Nations (UN) to address major social challenges and achieve a sustainable future for all.

Identification of content:

- The content of the GRI Standards, metrics of the SASB Standards and TCFD recommendations are indicated at the beginning of each.
- At the end of the Report, we detail our progress regarding the SDGs, and specific indexes of the GRI, SASB and TCFD reporting standards and frameworks.

Annexes

ANNEX:
Sustainability Approach

I.1. Stakeholder engagement
(GRI 2-29)

In our operations, we actively involve our various stakeholders and offer them a differentiated value proposal.

To define our universe of stakeholders, we first identified our current and future impacts so that we were clear on who to engage, and what the priorities were.

We are working to manage all of our stakeholder relations in a way that allows us to advance together toward sustainable development.

Communication and transparency are essential in our relations with stakeholders, with whom we relate through various channels.

STAKEHOLDER GROUP	VALUE PROPOSITIONS	CHANNELS
Customers/ visitors	Offer products and services, facilitating access to payment and/or financing solutions. Bring benchmark brands closer. Be a part of their life and family experiences. Build awareness about sustainable development to encourage more mindful purchasing decisions.	• E-commerce and online financial services platforms • Store and shopping center operations • Home delivery • Campaigns and other forms of marketing • Focus groups on innovations and customer experience and/or product and service portfolio • Social media
Employees	Being a team for professional and personal development, opportunities in inclusive environments, opposing all forms of discrimination. Promoting the educational advancement of our employees. Guaranteeing secure work conditions and a culture of wellness.	• Work environment evaluation • Línea Ética • Mi Puerto, Cari (Chatbot), internal communication campaigns • General and area meetings • Training sessions, including the Universidad Virtual Liverpool (UVL) platform
Suppliers	Connect with customers through various channels including both physical operations and digital media. Offer convenient business dealings that support long-term relationships. Encourage them to apply best ESG practices.	• Order process and tracking • Supplier Portal • Marketplace • Support in external certification of suppliers • Training sessions • Evaluation in responsible sourcing program

STAKEHOLDER GROUP	VALUE PROPOSITIONS	CHANNELS
Community	Promote education as a driver of social development in Mexico. Encourage improvement of educational infrastructure, instructors' capacities and institutional administration. Help address other pressuring issues around us through donations and/or logistical support.	• Volunteer activities • UVL open to the community • Support for local organizations
Competition	Abide by the applicable regulations, with high ethical standards, free of any anti-competitive practices. Help address emerging issues in our area of business.	• Involvement in industry and business associations
Investors	Deliver economic value and a steady evolution of their investment over time. Invite them to participate actively in managing their resources. Transparent reporting.	• Shareholders' Meeting • Special section of our website • Reports to Shareholders (quarterly, annual) • Responding to requests for information from capital suppliers, including ESG performance evaluation • Roadshows • Liverpool Day
Authorities	Respect the applicable standards and regulations and keep abreast of any changes in them. Be responsible in paying taxes.	• Required reports and documentation • Monitoring of regulatory agencies
Media	Provide truthful information on our performance and results, and mobilize dissemination of ESG practices to encourage these approaches in the business world and society at large.	• Press conferences and releases

Membership in associations
(GRI 2-28)

We work proactively in a number of industry associations and initiatives, and with private enterprise in general, fostering a good business climate, working on risks and opportunities, and mobilization adoption of ESG criteria.

- Asociación Nacional de Tiendas de Autoservicio y Departamentales (ANTAD), of which we are members.
- Global Compact Network Mexico, of which Suburbia has been a signing member since 2022.
- Consejo Mexicano de Negocios (CMN)
- Consejo Coordinador Empresarial (CCE)
- Consejo de la Comunicación (CC)
- Confederación Patronal de la República Mexicana (Coparmex)
- Intercontinental Group of Department Stores (IGDS)

I.2. Materiality analysis

GRI 3-1, 3-2

The sustainability strategy of El Puerto de Liverpool addresses priority issues relating to our business model and operating context. We determine the priorities based on a study of impact and financial materiality, as detailed below.

By this, we pinpointed the critical issues our activities generate among each of our stakeholder groups; determining financial materiality meant identifying those that could most affect our financial results, company stability and access to capital, responding to the financial market.

In 2020, we updated our impact materiality analysis in response to the evolution of the business itself in aspects such as digital development and the omnichannel experience, and the sweeping changes in our stakeholders expectations with the eruption of the COVID-19 pandemic.

For the purposes of this exercise, we took the list of potential issues obtained from our previous materiality study and conducted surveys and interviews of key management responsible for relations with each stakeholder group. At the same time, we interviewed senior management to learn about the company's strategic vision. By integrating these efforts, we obtained a two-axis matrix in which the issues were classified by impact.

To this we also incorporated financial materiality, based on a prioritization exercise prepared by the Sustainability Accounting Standards Board (SASB) internationally for various industries. Concretely, we applied the results for the Multiline and Specialty Retailers and Distributors, E-Commerce and Consumer Finance industries.

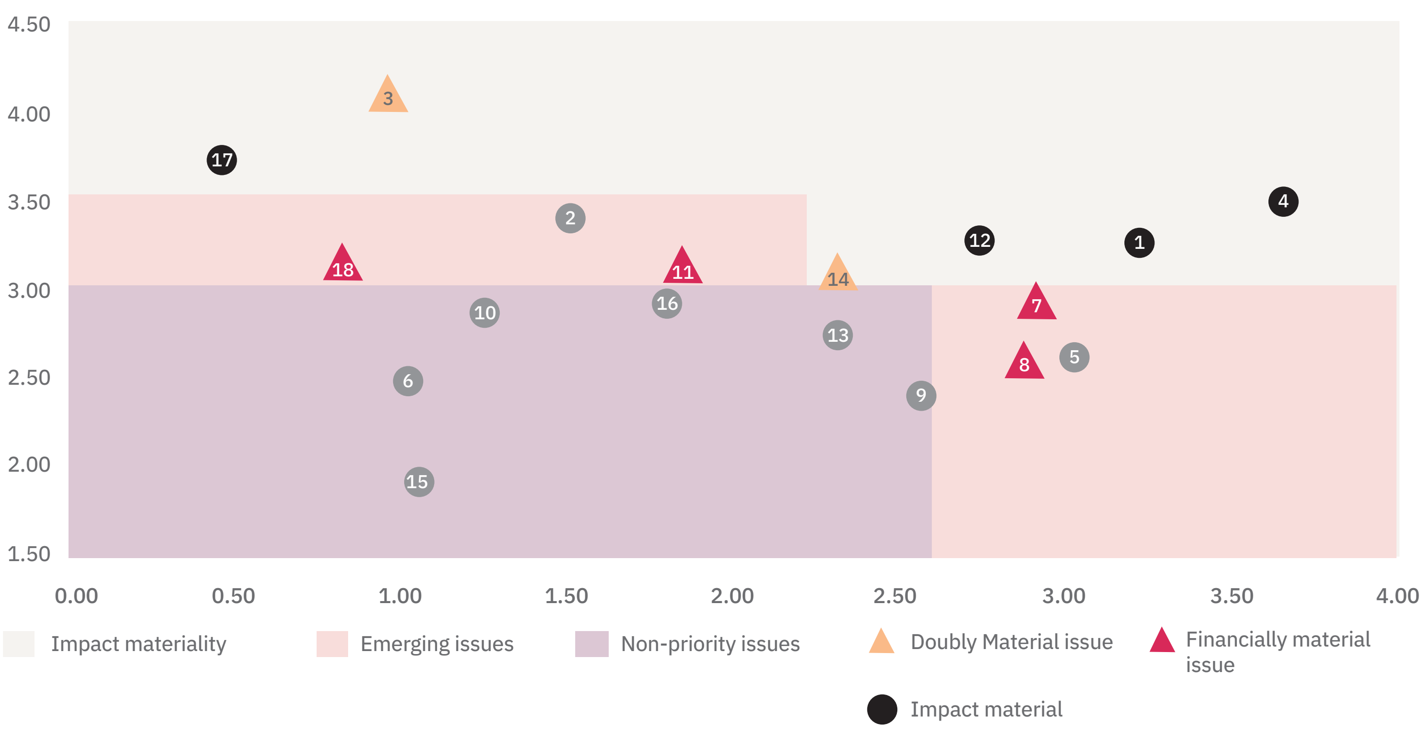
This year for the first time, we present the integrated results of both exercises. This reveals the issues that were found in the impact materiality, the financial, or both. All of these are addressed in this report, using the corresponding international reference standards: the Global Reporting Initiative (GRI) and the SASB itself.

Integrated materiality matrix

From the impact materiality study:

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

Regarding **financial materiality**: material issues (integrated into the sustainability strategy) and non-priority (non-material) issues.



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

*Although this was identified as a non-priority issue, because of its business relevance we classified it as emerging.

I.3 Human rights due diligence
(GRI 2-23, 2-24, 2-25, 2-26)

The culture under which we operate at El Puerto de Liverpool considers respect for human rights to be key. We have a Compliance and Integrity Program in place to validate and guarantee that human rights are respected, recognized and encouraged in our policies and procedures.

We follow the United Nations Guiding Principles on Business and Human Rights. Our culture also takes into account the OECD Guidelines for Multinational Companies, because although we operate only in Mexico, our supply chains are global. We also incorporate OECD recommendations on due diligence to ensure responsible business conduct.

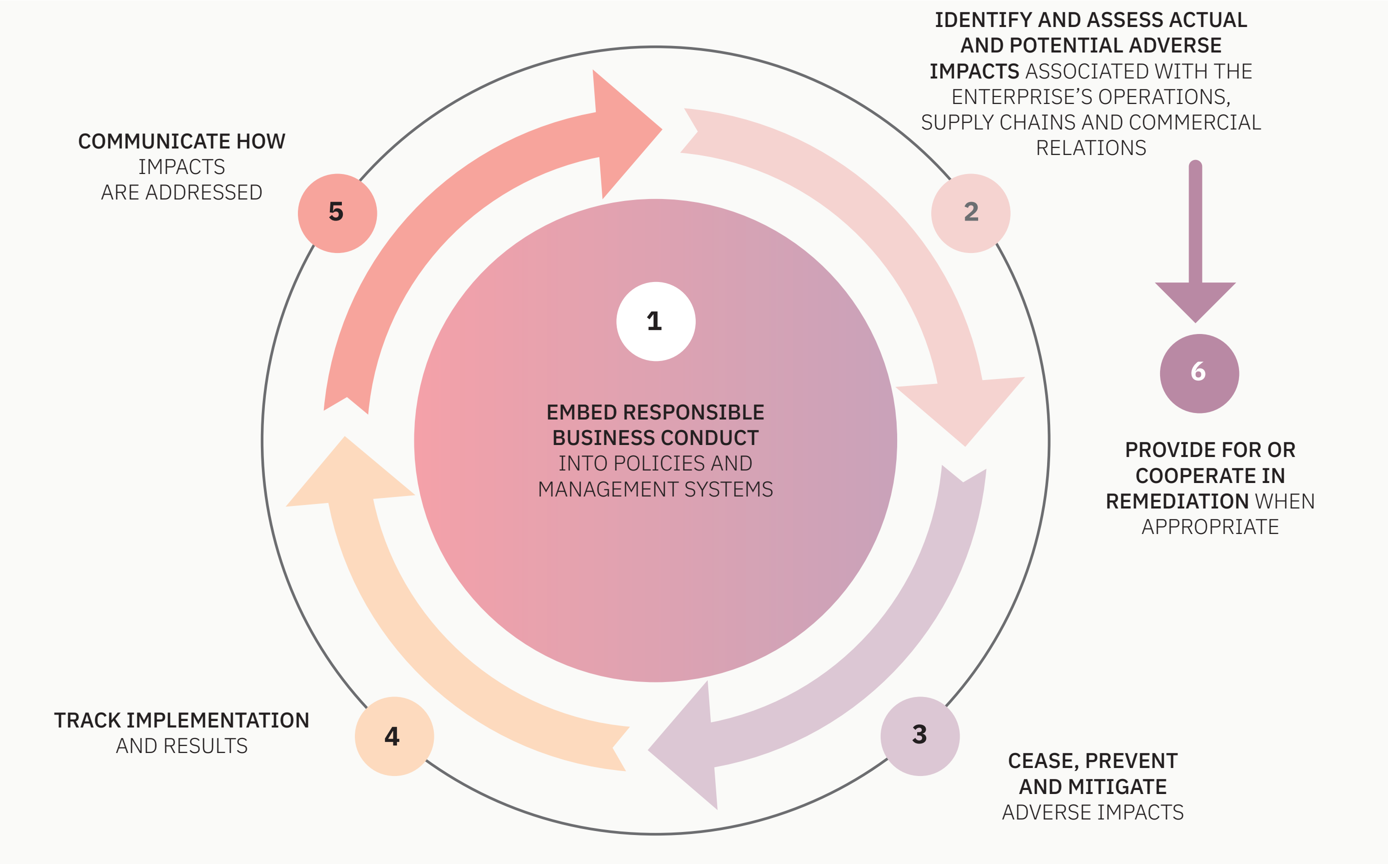
We recognize the human rights consigned in the UN Universal Declaration and in successive international agreements on women's rights, rights of the child, rights of disabled persons, and of workers themselves, among others.

Our commitment and main guidelines for our employees, shareholders, commercial partners or interested third parties are contained in our **Human Rights Policy.**

Our program:

- Covers relations between employees
- Seeks to gradually extend the culture of human rights to relations and service in our customer experience.
- Is incorporated into our evaluation of commercial partners' environmental, social and governance conduct, in the Responsible Sourcing Program. With this we also address risks in our supply chain.
- Is part of the sustainability strategy, including initiatives to prevent and mitigate its component risks.

The following chart shows our main activities, detailing the risks identified along with the process applicable to our internal policies.



Source: OECD Due Diligence Guidance for Responsible Business Conduct

1. Embed responsible business conduct into policies and management systems

We have cross-departmental guidelines in our **Code of Ethics** and **Code of Conduct Integrity**, which are updated regularly to address changes in operations and the environment.

We developed a Human Rights Policy that expresses our commitment to these precepts and our core guidelines for relating to our various stakeholders.

For the most pressing risk concerns, we have management policies and systems, which are detailed in section 3, "Risk prevention and mitigation."

2. Identify and assess actual and potential adverse impacts associated with the enterprise's operations, products or services.

We require our employees to **proactively**: 1) foster our culture of respect and commitment, through communication and training in our internal human rights policies; 2) identify possible risks in their teams and relations with the various stakeholders.

With our commercial partners, we have a **Sustainable Sourcing Program.** Under this program, we evaluate selected suppliers who are classified as strategic.1 We analyze their corporate performance and their factories for issues like forced labor, child labor, safety conditions, health and hygiene, wages, length of the workday, discrimination, harassment, and contractual conditions. We also believe environmental protection and the availability of natural resources is key, so we evaluate their environmental performance. We rely on independent specialists that we engage for this process, under the supervision of our team.

With this evaluation, we can identify and work on potential risks. Suppliers are rated to a stoplight system of risk and those at high (orange) or critical (red) risk are contacted immediately and placed in step 3–cease, prevent or mitigate the negative impacts.

More details on our Responsible Sourcing Program:

1 Includes suppliers of all Suburbia and Liverpool private brands, suppliers with payment orders of more than MXN500,00 and suppliers of products for operations (goods not for sale).

Furthermore,

- We received notice of possible non-compliance with our policies through Línea Ética.
- We have systems for control, oversight and auditing, to identify and respond actively to risks: a control team, compliance offer and internal audit office, the oversight of the Audit and Corporate Practices Committee, a system which is in the process of implementation and continuous improvement.

All of this led us to conclude that our most crucial potential risk, according to the type of activities we conduct, the context in Mexico and the operations of our main suppliers, are:

1) safety incidents, employee health and wellness;

2) for our customers, aspects such as accessibility of our spaces, coverage of our product and service portfolio, use of information, etc.

3) possible inappropriate labor practices by suppliers in our supply chain.

3. Cease, prevent and mitigate adverse impacts

We have a number of initiatives focused on: 1) self-regulation; 2) training and awareness-building; and 3) action. These are the most important:

POTENTIAL RISK	SELF-REGULATION	TRAINING AND AWARENESS-BUILDING, CULTURE	ACTION
Diversity and equal opportunity impacts	In-house framework for certification of Mexican Standard NMX 025 SCFI 2015, Labor Equality and Non-Discrimination. Includes specific policy on diversity and inclusion.	Regular ethics training for employees. Forum on Gender Equality, Forum on Diversity and Inclusion, incorporation of diversity culture into onboarding.	Tracking through organizational environment survey. “Women who Inspire” training program for employees in leadership positions. Gender wage gap analysis. Review of policies and procedures on inclusive language. Hiring of employees with disabilities.
Employee safety and health incidents	Safety and occupational health policy (new launch). Biosecurity protocols. Psychosocial risk policy developed based on NOM-035-STPS-2018. Medical Emergency Response Protocol.		Emotional support hotline. Comprehensive wellness program: “Creating the best version of me:” health campaigns (e.g. eyesight). Medical service and vaccinations. Mental health screening.

Customer relations	Policies focused on regulation, controlling and monitoring legal **treatment of personal data.** **Code of Ethics and Code of Conduct and Integrity**, with guidelines on non-discrimination, regardless of the relationship.	**Regular ethics training for employees.**	Physical accessibility plans for department store and store warehouses, including signage and structural measures. Opportunities for customer financing, accompanied by financial education. Products that incorporate borrower without prior credit history, and comfortable repayment schedules.
Weak labor practices in the supply chain	**Specific Code of Ethics** and **Conduct** for suppliers, which they are required to sign. **Responsible Sourcing Policy** to encourage improved working conditions and environmental respect in the supply chain.	**Sustainability training for domestic suppliers,** including social performance and human rights protection.	Implementation of supplier assessment under the responsible sourcing program. Development of private-label products with sustainability certications that cover labor issues in our supply chain (*e.g., BCI*)

4.Track implementation and results

These initiatives are included in our Sustainability strategy.

The staff responsible for the various prevention and mitigation initiatives track them closely. They also report their results in the strategy focus desks in which they participate (thematic work groups that we have at the group level).

Each desk reports its progress on a quarterly basis to the El Puerto de Liverpool Footprint Desk, the highest-level strategic group, led by our CEO.

Compliance and internal audit teams also play a key role in evaluating our employees' progress in applying policies and procedures.

5.Communicate how impacts are addressed

Our integrated annual report discusses our initiatives, conforming to the leading international reference standards. We apply the standards of the Global Reporting Initiative (GRI), which focus closely on human rights protection.

The report incorporates this specific analysis, which serves as a roadmap to guide our preventive management of human rights risks.

6. System for managing response to Human Rights cases.

We have a Compliance and Integrity Program in place to validate and guarantee that human rights are respected, recognized and encouraged in our policies and procedures.

The Integrity and Compliance Committee is responsible for validating policies on respecting, recognizing and encouraging human rights.

If one of the potential risks materializes in an impact, we assess each case to involve the team or teams that are needed to address it.

In the particular case of supplier incidents, which are identified through the Responsible Sourcing Program, decisions are made at the executive level.

If the supplier is rated with critical risk (red): 1) orders are canceled; 2) all production that has not been shipped is stopped or canceled; 3) if the shipment has left the port, it will only be accepted by express authorization.

As of the present time, and since the program was launched in 2020 and we applied it to Suburbia operations with its 2017 evaluation program, no supplier has been assigned this rating.

Human Rights Governance

- Board commitment to sustainability, including human rights.
- Attention to different risks in specific groups and Strategy desks.
- Integration into risk management, with specific maps for various issues like governance and ethics, climate, etc., and which includes social aspects connected with human rights.
- The various areas of the company, through their policies and procedures, are responsible for coordinating and implementing all compliance activities described in those documents, and for training and building employee awareness in this area.
- The compliance team brings together the various risks analyses, presenting those cases to the Compliance and Integrity Committee, along with its recommendations.

1.4 Contribution to the Sustainable Development Goals (SDG)

At El Puerto de Liverpool, we want to contribute to the 2030 Agenda established by the United Nations as a roadmap for addressing major global social and environmental challenges, which are listed in the Sustainable Development Goals (SDG).

We are particularly interested in the SDG where we can make a difference, according to our type of activity and the context in Mexico. We defined this based on our impact materiality exercises, which gave us the critical issues and allowed us to establish the related DG and targets.

This contribution would not have been possible without the impulse of El Puerto de Liverpool's Sustainability strategy and the active participation of our various stakeholders.

The following table describes our most salient contributions to the SDG, which are expanded upon through this report.

	3 HEALTH AND WELLNESS	4 QUALITY EDUCATION	5 GENDER EQUALITY
	GOALS 3.3, 3.5, 3.6	GOALS 4.1, 4.3, 4.4, 4.5; 4a, 4c	GOALS 5.1, 5.2, 5.5
CONTRIBUTION	Analysis of facilities and positions to identify risks; Medical Emergency Protocol Comprehensive Health Strategy with "Mental Health Interventions for Leaders," and a psychological counseling hotline. Holistic employee health support, on three pillars: mental-emotional, physical and financial. Highway safety training for fleet drivers, supported by insurance companies. Continuing application of COVID protocols as the situation evolves.	Performance of Liverpool Virtual University (UVL) to support employees in completing their studies. Leadership program to prepare employees for possible executive succession. Opening of UVL to the general public with broader educational programs.	Internal self-regulation (policies and codes) to avoid discrimination. We moved forward with our "Women who Inspire" program, increasing the presence of women in upper and senior management who receive mentoring in the Group and are preparing themselves for future promotions. We conducted a salary gap analysis.
INDICATORS	Employee lost time injury frequency rate (LTIFR): 11.08	6,318 employee graduates of the UVL. 14 hours of training average per employee.	40.6% women in upper management 53.9 women in middle management. W 116 women received mentoring (Women who Inspire program)

	7 ACCESSIBLE, CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE
	GOALS 7.2, 7.3	GOALS 8.5, 8.6, 8.7, 8.8	GOALS 9.4
CONTRIBUTION	We use renewable energy for our operations, some of which we generate on our own using solar panels and some acquired externally. At the Arco Norte Logistical Platform (PLAN) we have phased out LP Gas to use clean electricity from an external supplier. We also have efficient systems to reduce consumption.	We provide growth opportunities through internship programs for university students. We are working to gradually hire persons with disabilities in operating positions, beginning by analyzing positions apt for such inclusion. Through the Responsible Sourcing Program, we evaluate social aspects in our supply chain such as employee working conditions.	Our Responsible Sourcing Program also requires us to evaluate suppliers for their environmental practices, encouraging responsible operation. We have products with certification from the Better Cotton Initiative (BCI), the U.S Cotton Trust Protocol (USCTP), the Global Recycled Standard (GRS) and the Recycled Claim Standard (RCS). With this we use our position as seller to encourage good practices by suppliers.

	7 ACCESSIBLE, CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY INNOVATION AND INFRASTRUCTURE
INDICATORS	38% renewable energy (of total consumed). Energy consumption intensity (GJ/m2): 129.60 kWh/m2.	150 students in various internship/ work-study programs. 87% of suppliers audited with low or very risk.	MXN1,244,108,329 pesos in BCI-certified products (sales). MXN188,244,162 pesos in products with other certifications (sales).

	10 REDUCED INEQUALITY	12 RESPONSIBLE PRODUCTION AND CONSUMPTION	13 CLIMATE ACTION
	GOALS 10.2	GOALS 12.4, 12.5, 12.8	GOALS 13.2
CONTRIBUTION	Inclusion initiatives mentioned in SDG 5 and SDG 8. Adaptations to our stores, shopping centers and corporate offices to remove barriers to mobility. We facilitated access to credit. Liverpool offers a card to applicants with no credit history. This year we began the Mini Payments program at Suburbia.	We reduced waste generation by providing recyclable packaging on our private brands, and pursuing circularity strategies. Developed a portfolio of products with sustainable features, which are communicated to customers. Transparency in product information; responsible marketing guidelines. Progress toward initiatives for avoiding food waste.	Progress toward our Net Zero 2040 strategy for Scope 1 and 2 Emissions. LED lighting installed to reduce energy consumption, and solar panels to generate some of our own energy. Progress toward incorporating hybrid and electric vehicles into our distribution fleet.
INDICATORS	22% of credit clients were first-time borrowers. 10 Liverpool stores with signage and accessibility criteria 160,090 visits to financial education content on the web. 17 stores with NMX-R-025-SCFI-2015 certification for labor equality and non-discrimination.	20% of private brand revenues come from products with sustainable features (certification, recycled content). 24.3% of waste is recyclable.	82 hybrid and electric units. Emission intensity (S1 + S2): 28.73 $kgCO_2e/m^2$.

	16 PEACE, JUSTICE AND SOLID INSTITUTIONS
	GOAL 16.5, 16.6, 16.7
CONTRIBUTION	Codes of Ethics, conduct and integrity for employees, training. 63.3% of employees trained. We require all suppliers to commit in writing to adopt the specific Code of Ethics we make available to them.
INDICATORS	100% of active suppliers signed the Code of Ethics and Conduct at Liverpool, and 100% at Suburbia.

ANNEX

Main ESG Indicators

1. ENVIRONMENTAL

Scope of the environmental data reported: 100% of operations, except where otherwise indicated in the table footnote (e.g. data on plastic and containers pertaining to Suburbia operations).

1.1. Energy

(GRI 302-1, 302-3, 302-4) (SASB CG-EC-130a.1; CG-MR-130a.1)
(TCFD GDR-B, MYO-A)

FUEL CONSUMPTION – 2022 BREAKDOWN

Fuel	Source	Partial (liters)	Total (liters)	Total (GJ)	Total kWh
Gasoline	Mobile	4,713,883	4,724,670	110,963	30,823,349
	Fixed	10,788			
Diesel	Mobile	5,149,094	5,769,073	212,661	59,072,834
	Fixed	619,979			
LP Gas	Fixed	1,982,743	1,982,743	35,136	9,760,065
Natural Gas	Fixed	400,779,620	400,779,620	671,039	186,401,164
TOTAL	Consolidated	413,256,106		1,029,798	286,057,412

FUEL CONSUMPTION: YEAR-TO-YEAR CHANGES

2022			2021		2021
Total (liters)	Total (GJ)	Total kWh	Total (kWh)	Δ22-21	Total (kWh)
413,256,106	1,029,798	286,057,412	268,416,130	6.6%	108,551,370

ELECTRICITY CONSUMPTION – 2022 BREAKDOWN

Source		Total (kWh)	Total (GJ)
Energy mix (non-renewable)		358,102,505	1,289,169
Renewable acquired		216,899,436	780,838
	Wind	80,679,508	290,446
	Solar	124,062,832	446,626
	Hydraulic	12,157,096	43,766
Renewable self-generated (solar)		2,267,728	8,164
TOTAL renewal		219,167,164	789,002
TOTAL		577,269,669	2,078,171
% renewable energy		38%	

ELECTRICITY CONSUMPTION – YEAR-TO-YEAR CHANGES

	2022		2021			2020	
Source	Total (kWh)	Total (GJ)	Total (kWh)	Total (GJ)	Δ22-21	Total (kWh)	Total (GJ)
Energy mix (non-renewable)	358,102,505	1,289,169	389,944,337	1,403,800	-8.2%	300,328,831	1,081,184
TOTAL renewable	219,167,164	789,002	154,249,965	555,300	42.1%	156,416,157	563,098
TOTAL	577,269,669	2,078,171	544,194,302	1,959,099	6.1%	456,744,988	1,644,282
% renewable energy	38.0		28.3		3,772 pb	34.2	

ELECTRICITY INTENSITY KWH/M² BY FORMAT– 2022	
Distribution Centers	21.18
Shopping Centers	31.74
Boutiques	136.32
Liverpool	156.56
Suburbia	98.39
Offices	44.93

Note: Based on Net Constructed Area (NCA)

ENERGY CONSUMPTION INTENSITY

	2022		2021		Δ22-21		2020	
	kWh/m²	kWh/M MXN	kWh/m²	kWh/M MXN	kWh/m²	kWh/M MXN	kWh/m²	kWh/M MXN
Electricity	86.66	3.28	82.88	3.60	4.6%	-8.9%	71.49	3.96
Fuel	42.94	1.62	40.88	1.78	5.0%	-8.7%	16.99	0.94
Total energy	129.60	4.90	123.76	5.38	4.7%	-8.8%	88.48	4.90

Notes:
- Based on Net Constructed Area (NCA)
- The denominator in indicators by revenues is expressed in thousands of pesos (MXN 000).

1.2. GHG Emissions

(GRI 305-1, 305-2, 305-3, 305-4) (SASB CG-EC-410a.1)
(TCFD MYO-A, MYO-B)

Data on greenhouse gas emissions (GHG) are presented in units of CO_2e and include the following gases: carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O).

TOTAL GHG EMISSIONS BY FORMAT - 2022 (tCO_2e)

	Scope 1	Scope 2	Scope (S1 + S2)
Distribution Centers	1,150	7,040	8,190
Shopping Centers	1,273	14,798	16,062
Boutiques	0	2,893	2,893
Liverpool	12,736	98,717	111,453
Offices	6,784	1,820	8,604
Suburbia	3,218	23,981	27,199
Logistics	16,978	0	16,978
Total	42,138	149,249	191,387

GREENHOUSE GAS (GHG) EMISSIONS (tCO_2e) - TOTAL OPERATIONS

	2022	2021	Δ22-21	2020
Scope 1	42,138	42,591	-1.1%	39,904
Scope 2	149,249	188,291	-9.0%	148,339
Total	191,387	230,882	-7.4%	188,243

Note: Based on national electrical system 2021 emission factor for calculating Scope 2 emissions.
Note: 2021 data are restated due to methodological update.

Percentage of Scope 1 emissions in 2022 from use of fuel: 39% from stationary sources at the workplace (stores and warehouses) and 61% from transportation fleet

GHG EMISSIONS INTENSITY $KgCO_2e/m^2$ BY FORMAT - 2022

Warehouse/Distribution Centers	9.5
Shopping Centers	7.0
Boutiques	33.6
Liverpool	85.2
Offices	89.9
Suburbia	31.2

Note: Based on Net Constructed Area (NCA)

GHG EMISSIONS INTENSITY - TOTAL OPERATIONS

	2022		2021		Δ22-21		2020	
	$kgCO_2e/m^2$	$kgCO_2e$ /M MXN	$kgCO_2e/m^2$	$kgCO_2e$ /M MXN	$kgCO_2e/m^2$	$kgCO_2e$ /M MXN	$kgCO_2e/m^2$	$kgCO_2e$ /M MXN
Scope 1	6.33	0.24	6.49	0.30	-2.5%	-20%	6.25	0.35
Scope 2	22.41	0.85	24.99	1.14	-10.3%	-25.4%	23.22	1.28
Total (S1+S2)	28.73	1.09	31.48	1.43	-8.7%	-23.7%	29.46	1.63

Notes:

Based on Net Constructed Area (NCA).
Based on national electrical system 2021 emission factor for calculating Scope 2 emissions.
The denominator in indicators by revenues is expressed in thousands of pesos (MXN 000).
2021 data are restated due to methodological update.

LOW-EMISSION VEHICLES ACQUIRED (PROPRIETARY TRANSPORT)

Type	2022	2021	Δ22-21	2020
Hybrid vehicles	0	0	=	33
Electric vehicles	82	38	115.8%	0

This initiative began in 2021 within the framework of El Puerto de Liverpool's "Footprint" strategy. It covers vehicles at Liverpool.

Waste

(GRI 306-1, 306-2, 306-3, 306-4, 306-5)

We work on reducing the use of containers and packaging and maximizing recycling, as we detail in this report.

- **Commercial Partner Management**
- **Environmental Performance Chapter**

Strategy for reducing packaging waste

We have various initiatives:

1. Use of containers and packaging with recycled and/or recyclable components in private brand products. We have already seen outstanding results (see chapter on Commercial Partner Management).
2. Reduce the use of containers and packaging, especially when shipping products purchased online. First efforts in this direction have begun.
3. Eliminate use of single-use plastics, complying with Mexico City SEDEMA provisions regarding circularity in regulated containers (similar to those of other state authorities).
4. Raise customer awareness especially regarding use of bags.

WASTE GENERATED BY TYPE AND DESTINATION 2022

Category	Type of waste	Total (metric tons)
Solid urban waste	Non-recyclable	23,417
	Recyclable	8,903
	ORCA	38
Special handling waste	Non-recyclable	4,134
	Recyclable	29
Hazardous waste	Hazardous/non-recyclable waste	181
Total		36,701

WASTE – TOTAL OPERATIONS

	2022	2021	Δ22-21	2020
Total generated (metric tons)	36,701	28,600	28.3%	38,107
% reused or recycled	24.46	27.22	-276pb	5.7

WASTE TREATED IN BIODIGESTERS

	2022	2021	Δ22-21	2020
Solid urban waste (ORCA)	38	44	-13.64%	67

Corresponding to biodigesters in Liverpool stores and at PLAN.

1.3. Water
(GRI 303-3, 303-4) (SASB CG-EC-130a.2)

WATER INTAKE AND DISCHARGE (MILLIONS OF m^3)

Source	2022	2022 (grouped)	2021	Δ22-21	2020
Municipal supply	1.8	2.9	2.4	20.8%	2.0
Water tankers	0.4				
Treated water for consumption	0.4				
Outside suppliers	0.3				
Well water	0.2		0.1	100.0%	0.1
Total intake	3.4		2.5	24.0%	2.1
Total wastewater treated	0.4		0.4	0%	0.13
Wastewater treated in company facilities	0.4				
% treated water reused by EPL	70%				

WATER INTAKE INTENSITY – TOTAL OPERATIONS

2022		2021		Δ22-21		2020	
m^3/m^2	m^3/M MXN	m^3/m^2	m^3/M MXN	m^3/m^2	m^3/M MXN	m^3/m^2	m^3/M MXN
0.47	0.02	0.43	0.02	8.2%	0.0%	0.33	0.02

Notes:
Based on Net Constructed Area (NCA)
The denominator in indicators by revenues is expressed in thousands of pesos (MXN 000).

1.4. Environmental operation certifications
All of our operating centers–administration, warehouses, Liverpool department stores, Suburbia stores, boutiques and shopping centers (Galerías) are governed by the group's own environmental management system based on the ISO 14001 standard, which is internally audited.

Furthermore, the Arco Norte Logistical Platform (called PLAN) was designed with LEED sustainable building certification criteria in mind. PLAN accounts for 3.41% of the total operating surface area of El Puerto de Liverpool.

2 SOCIAL DIMENSION

1. Social: labor

Scope of social data reported: 100% of operations, except where otherwise indicated in the table footnote.

1.1. Labor demographics

(GRI 2-7, 2-30, 401-1, 405-1, 405-2) (SASB CG-EC-330a.2, CG-EC-330a.3; CG-MR-310a.2; CG-MR-330a.1)

EMPLOYEE BREAKDOWN BY TYPE OF CONTRACT AND WORK HOURS

		2022	2021	Δ22-21	2020
Permanent		58,454	56,449	3.6%	57,588
	Men	23,732	22,918	3.6%	24,187
	Women	34,722	33,531	3.6%	33,401
Temporary		18,522	16,277	14%	14,972
	Men	6,112	5,209	17%	4,791
	Women	12,410	11,068	12%	10,181
Full time		76,608	72,289	6%	71,956
	Men	30,030	28,337	6%	28,782
	Women	46,578	43,952	6%	43,174
Part time		368	437	-16%	604
	Men	110	131	-16%	187
	Women	258	306	-16%	417

DEMOGRAPHICS: GENDER BY PROFESSIONAL CATEGORY

	2022	2021	Δ22-21	2020
Senior management	1,175	1,134	3.62	1,128
% women	40.6	40.6	=	39.8
Director	267	247	8.10	241
Men	191	178	7.30	178
Women	76	69	10.14	63
Subdirector	149	144	3.47	147
Men	97	100	-3	99
Women	52	44	18.18	48
Manager	759	743	2.15	740
Men	410	396	3.54	402
Women	349	347	0.58	338
Middle management	10,721	9,889	8.41	9,782
% women	53.9	54	-10 pb	53.5
Coordinator	763	665	14.7	658
Men	409	358	14.2	359
Women	354	307	15.3	299
Executive	9,958	9,224	7.96	9,124
Men	4,531	4,189	8.16	4,187
Women	5,427	5,035	7.79	4,937
Others	65,080	61,696	5.48	61,639
% women	62.9	62.3	60 pb	61.6
Salespersons	30,257	29,496	2.6	30,822
Men	8,593	8,563	0.35	9,263
Women	21,664	20,933	3.49	21,559
General staff	34,823	32,200	8.15	30,817
Men	15,565	14,680	6.03	14,412
Women	19,257	17,520	9.91	16,405
TOTAL	76,976	72,719	5.85	72,549
% women	61.3	60.9	40 pb	60.2

EMPLOYEE BREAKDOWN BY GENERATION AND GENDER (PERCENTAGE OF WORKFORCE)

		2022	2021	Δ22-21 (pb)	2020
Millenials		59.3	59.9	-60	60.8
	Men	43.5	44	-50	44.7
	Women	56.5	56	50	55.3
Gen X		35.8	37	-120	37.0
	Men	29.3	30.5	-120	31.6
	Women	70.7	69.5	120	68.4
Gen Z		4.4	2.3	210	1.0
	Men	51	52.1	-110	52.7
	Women	49	47.9	110	47.3
Baby boomers		0.5	0.8	-30	1.1
	Men	35	35.9	-90	38.4
	Women	65	64.1	90	61.6

SPECIFIC POSITIONS

	2022	2021	Δ22-21	2020
STEM	3,338	2,925	14.12%	2,945
Men (number)	1,634	1,400	16.71%	1,394
Women (number)	1,704	1,525	11.74%	1,551
% Women	51.06	52.15	-109 pb	52.67
Sales positions	520	524	-0.76%	533
Men (number)	209	202	3.47%	207
Women (number)	311	322	-3.42%	326
% Women	59.75	61.43	-168pb	61.22

Note: 2021 data are restated due to methodological update.

- STEM: Includes Digital, Finance and Administration, Computer Engineering, Real-Estate (Engineering), Financial Businesses (excluding operating staff), Construction, Suburbia Real Estate, Suburbia Financial Services, Transformation and Innovation
- Sales positions: includes purchasing areas (Hardline and Softline)
- The Transformation and Innovation area did not exist in 2020

We also offer opportunities to employees with disabilities and work together with a number of organizations to recruit them.

All of our unionized employees work under a collective bargaining agreement that covers working conditions, salary and benefits, in accordance with the Federal Labor Law. In 2022, 57.3% of our employees were unionized, a percentage similar to earlier years.

Note: In the case of unionized employees, the percentage given of 57.3% corresponds to the universe of unionizable personnel eligible to join some labor organization, not the total workforce. Every employee is free to decide on whether or not to join or withdraw from the union.

The model of benefits for El Puerto de Liverpool employees incorporates:
(GRI 401-2)

- Employee benefits: profit-sharing, bonuses (performance, sales commissions, long term for executives), savings fund and grocery vouchers
- Financial future: life insurance and company contributions toward retirement savings
- Professional advancement: Constant training and education and a selection of academic programs available through Liverpool Virtual University, with official accreditation
- Quality of Life: Major Medical Expense insurance, maternity and paternity benefits, birthday holiday, agreements and employee discounts on education, health, entertainment, gastronomy, tourism, fitness and wellness, and on purchases in group business units.

TURNOVER – BREAKDOWN 2022

	2022
New hires [1 and 2]	17,940
Men (%)	47
Women (%)	53
Voluntary turnover (%)	61
Total turnover	30
Breakdown of total turnover by employee category	
Men (%)	14
Women (%)	16
Millenials (%)	69
Gen X (%)	19
Gen Z (%)	11
Baby Boomers (%)	0.7
Department store: Liverpool (%)	28
Store: Suburbia (%)	32
Boutique: Sfera (%)	49
Boutiques (%)	43
Logistics (%)	44
Financial services (%)	39
Real-estate services	28
Central/shared services (%)	18
% of vacancies filled internally [3] (%)	0.46

1 Refers to employees hired directly under this scheme, or those who began with a trial period and moved on to a permanent contract during the year.

2 Refers to: 1) employees who did not pass the trial period; 2) employees still in the trial period as of December 31, 2022; and 3) employees with direct temporary contracts (e.g. campaign-related).

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

YEAR-TO-YEAR TURNOVER RATES

	2022	2021	Δ22-21	2020
Turnover (%)	30	25	500 pb	19
Voluntary turnover (%)	61	62	-100 pb	56
Voluntary departures (%)	61	62	-100 pb	56

Formula: Departures*100/average workforce

	2022		2021		2020	
	Base salary women/men	Breakdown of workforce by level	Base salary women/men	Breakdown of workforce by level	Base salary women/men	Breakdown of workforce by level
Executives	102%	0.3%	97%	0.3%	95%	0.3%
Management	94%	1.1%	92%	1.2%	91%	1.2%
Professionals	97%	13.4%	97%	13.6%	98%	13.5%
General staff	97%	88%	96%	84.8%	98%	85%

Note: Definition of categories mentioned in this table:
Executive: Managing Director and Sr. Director
Management: Managers and subdirectors
Professionals: Coordinator, consultant and specialist
General Staff: General staff and sales

	2022	2021	Δ22-21	2020
Salary and compensation expense (MXNmn)	23,299.208	18,094.81	28.7%	15,632.46
HC ROI	2.10	2.04	2.94%	1.24

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

1.2. 1.2. Training and career development
(GRI 404-1, 404-2, 404-3)

TRAINING

	2022	2021	Δ22-21	2020
Average hours of training/employee	14.0	16	-13.1%	19.9
Total investment (MXNmn)	23.04	22.3	3.32%	20.6
Average investment (MXN/employee)	ND	462.5	ND	361.87

Due to internal changes in the structure, service model and strategy for employee training, this year we did not calculate average investment per employee. In addition to acquisition of tools and assignment of segmented programs and development of internal programs assigned to employees. NA: Not available.

Development programs
Liverpool Virtual University → provides specialized training to our employees, focused on the different needs and job descriptions in the workforce.
It provides training programs organized into the following blocks: 1) courses that help employees do their jobs better; 2) courses to help them complete their high school degrees; 3) courses for completing college and master's degrees relating to El Puerto de Liverpool operations and thus to continue advancing in their careers.
6,318 employees participated in 2022, 8.2% of the total workforce.

Leadership program → for employees in junior management positions, designed to develop their basic leadership skills in anticipation of future promotions in the company, and to support them in expressing their full potential as leaders. Encourages a positive spirit within teams and the growth of their members.
5,930 employees participated in this program in 2022, or 7.7% of the work force.

UVL GRADUATES: EMPLOYEES – 2022 BREAKDOWN

Educational level	Number of employees
Primary	35
Secondary	204
High school	3,146
TSUO	53
Undergraduate	1,640
Masters	554
Language Center	687
Total	6,319

UVL GRADUATES: EMPLOYEES – YEAR-TO-YEAR COMPARISON

	2022	2021	Δ22-21	2020
Total graduates	1,252	625	100.3%	469

Note: includes employees who completed their degree or certification.

PERFORMANCE EVALUATIONS

	2022	2021	Δ22-21	2020
Goal-based (% of employees)	100	100	=	100
Multidimensional (% of employees)	26	6.5	1,950 pb	6.3
Comparative rankings 360 Evaluation	2,193	1,541	42.3 %	ND

Note:

NA: Not available.
All employees who accumulate the required seniority are evaluated.
Fractions given refer to employees in the professional category who has undergone each type of evaluation, in proportion to the total workforce.
Multidimensional evaluation: Executives, coordinators, managers, subdirectors and managing directors.
Evaluations in the comparative ranking model are not equal to the number of employees evaluated, because one employee may undergo various evaluations.

1.3. Health, safety and wellness

(GRI 403-9)

OCCUPATIONAL HEALTH AND SAFETY

	2022	2021	Δ22-21	2020
Fatalities – employees	0	0	=	1
Fatalities - contractors	0	1	=	0
Accident frequency rate with days lost – employees (number of cases per million hours worke	11.08	15.49	-28.4%	8.95

Toward a Living Wage

At El Puerto de Liverpool, we are firmly committed to improving labor conditions and well-being for our employees, which was reflected in a 23% increase in the starting salary for general employee personnel in 2022.

This increase in starting salary was based on pertinent factors like inflation in Mexico and the increase in the cost of the basic basket of stable goods, in tune with our realistic vision of the current economic situation.

This is clearly a major step forward to guarantee fairer compensation. El Puerto de Liverpool's commitment in this area is fundamental in the effort to build a more just and inclusive nation, which recognizes the importance of labor and ensures a living wage for all employees.

2. Social: communities

In our philanthropic work and our social investment, El Puerto de Liverpool has always stressed education.

INTERNAL PROGRAMS FOR STUDENTS

	2022	2021	Δ22-21	2020
Interns	70	71	-1.4%	37
Dual model	44	19	131.6%	17
Scholarship recipients	32	18	77.8%	22
Social service	4	14	-71.4%	5
TOTAL	150	122	22.5%	81

22.27% of the Dual Model participants in 2022 were hired at the end of their training period.

PARTICIPANTS IN EXTERNAL PROGRAMS

	2022	2021	Δ22-21	2020
Youth Building the Future	156	421	-62.9%	287
Leaders in Movement	124	117	5.6%	63
Growing with El Puerto de Liverpool	2,084	3,358	-37.9%	1,032
School for parents	655	-	-	-
Wellness	501	-	-	-
Finish your diploma	68	-	-	-
360° Teaching Space	228	-	-	-
Paths to Success	102	-	-	-
TOTAL	4,044	3,785	-39.3%	1,382

COMMUNITY CONTRIBUTIONS

	2022	2021	Δ22-21	2020
Employee volunteer time (work-hours)	14,790	1,195	1,137%	680
Monetary value of volunteer hours	1,345,890	68,321	1869.9%	56,440
Reverse logistics donation program	408,612,156	144,924,895	181.9%	188,225,577
UVL External programs (MXN)	644,070	-	-	-
Total investment in the community (MXN)	410,048,690	144,993,216	182.8%	188,282,017

Note: Due to returning personnel, the percentage hours of volunteer time was considerably higher than the year before.

4. Value chain sustainability

(GRI 2-6, 204-1, 308-2, 414-2)

RESPONSIBLE SOURCING PROGRAM

	2022	2021	Δ22-21
Universe of suppliers to which it applies* (#)	1,960	1,715	14.29%
# suppliers evaluated in the year	720	656	9.76%
# factories covered	1,130	1,203	-6.07%
% rated high or medium risk (red/orange)	13%	20%	-700pb
% rated low or very low risk (yellow/green)	87%	80%	700pb
# suppliers considered evaluated under their own programs	95	90	5.56%

* Refers to suppliers of: Suburbia and Liverpool private labels, as well as others with payment orders of more than MXN500,000, and to suppliers of products for operation (goods not for sale).

No significant environmental or social impact was produced in our supply chain, as evident in the fact that 87% of our suppliers were rated low or very low risk (see table).

SUPPLY CHAIN BREAKDOWN

	2022	2021	Δ22-21
% local suppliers - number	92.3%	89.5%	280 pb
% local suppliers - expense	91.9%	88.4%	350 pb

Sustainability training

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

During the year we trained 241 employees from 187 of Liverpool and Suburbia suppliers, 68% of which completed the training program on a satisfactory basis.

With this, we also help them spread sustainability culture to the client.

5. Sustainability and inclusion for clients
(306-2, FS7, FS16) (SASB CG-MR-410a.1; CG-MR-410a.3)

SUSTAINABLE PRODUCTS

	2022	2021	Δ22-21
SKUs (number) - AOPS	66,979	14,992	324.6%
Revenues (MXN) (softline) - Liverpool	1,432,352,492	421,196,140	240%
Better Cotton Initiative (BCI) - Liverpool	1,244,108,329	337,002,923	269.1%
Sustainable (other certifications) - Liverpool	188,244,162	84,193,217	122.6%
% of store-brand products with BCI certification	15	6	900pb
% of store-brand products with recycled content	4	2	200pb
% of total revenues from store-brand products	20	8	1200pb
Revenues (MXN) (softline) - Suburbia	9,773,412		
US Cotton Trust Protocol - (USCTP) Suburbia	385,944	ND	ND
% private brand products with USCTP certification (Suburbia)	2.22	ND	ND

Note: In 2022, Suburbia became a member of the US Cotton *Trust Protocol (USCTP)*

“SECOND LIFE” PROGRAM IN PARTNERSHIP WITH OUR CUSTOMERS
We work together with our customers to recover electronic devices at our stores. At present, 10% of Liverpool shopping centers have such recovery modules installed.

COMMITMENT AGAINST FOOD WASTE
We are committed to avoiding food waste, primarily in the operations of our employee dining room and in the food distribution center for our restaurants.

Each week, we donate unconsumed food in good condition to a food bank through the “Al Rescate Por México” program. In 2022, we donated 341 kilos of food, benefiting 312 people in the 2 months in which this initiative was active.

FINANCIAL INCLUSION

	2022	2021	Δ22-21
No. of customers who obtained credit for the first time	224,745	149,458	50.3%
% of customers who obtained credit for the first time	22	18	400 pb
Value of total credit to these customers (MXN)	1,083,774,115	845,117,986	28.2%
% of total credit extended to these customers	4.3	4.8	-50pb

FINANCIAL EDUCATION

	2022	2021	Δ22-21
Effective welcome/financial culture calls (new customers) (number)	107,667	74,020	45.5%
Financial culture content (capsules) (number)	21	11	90%
Website views of financial education content (number)	32,403	ND	ND

Development of the Liverpool Customers Accessibility Signage manual

This year we drafted our first internal manual on accessibility, to unify signage in all of our facilities to benefit shoppers and visitors. The manual is distributed to our entire workforce. With it we facilitate access for people with some type of disability.

- MXN140,000 invested in 10 department stores
- MXN400,000 invested in corporate office accommodations

In 2022, 100% of Zone 1 Liverpool stores applied accessibility and signage criteria.

EMPLOYEES TRAINED IN DIVERSITY AND INCLUSION (NUMBER)

	2022
Number of employees	4,645
Number of sessions	7

3 GOVERNANCE DIMENSION

1.1. Integrity

(GRI 2-28, 205-2, 205-3, 406-1, 4015-1)

REPORTS ACCEPTED THROUGH LÍNEA ÉTICA

	2022	2021	Δ22-21	2020
Number of reports received through Línea Ética and addressed*		244	54.1%	137
Labor issues (harassment, bullying, discrimination) (%)	83	78	500 pb	80
% operating issues (negligence, misuse of assets, conflicts of interest)	10	15	-500 pb	9
% corruption, fraud, theft	7	7	-	11

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

There were 26 cases of corruption among the reports received through Línea Ética and reports by the authorities. El Puerto de Liverpool responded by dismissing all of the employees involved.

There were eight cases of internal discrimination (among coworkers), resulting in the following measures:

- In five cases, admonition and virtual feedback;
- In two cases, written feedback;
- In one case, termination of the labor relationship.

El Puerto de Liverpool does not make any contributions to political parties or representatives.

ETHICS – 2022 BREAKDOWN

		2022
Number of employees trained		51,065
% of total workforce		63.3%
Total hours of training		102,130
% of suppliers who signed Code of Ethics		
	Liverpool	100%
	Suburbia	100%
Contributions to industry organizations (MXN)*		9,243,546

*Domestic merchandise suppliers

1.2. Information Security
(GRI 418-1) (SASB CG-EC-230a.2; CG-MR-230a.2; FN-CF-220a.2, FN-CF-230a.1)

According to data from the Information Security Office, there were no recorded cybersecurity incidents that compromised our customer information in 2022.

We conducted 5 Pentest tests (external and internal) to test the cybersecurity of our e-commerce, corporate offices, data centers and cloud services.

We obtained PCI-DSS International Security Certification for warehouse transactions for the fourth year in a row.

GRI Content
INDEX

UNIVERSAL STANDARDS

Section	GRI Content	Description	Reason for omission	Page
GRI 1: FOUNDATION 2021				
Guide to application of GRI standards throughout the report				
GRI 2: GENERAL DISCLOSURES 2021				
The organization and its reporting practices	2-1	Organizational details		6
	2-2	Entities included in the organization's sustainability reporting		6
	2-3	Reporting period, frequency and contact point		55, 57
	2-4	Restatements of information		55
	2-5	External assurance		To be incorporated later in the external assurance letter in the digital version of this report.
Activities and workers	2-6	Activities, value chain and other business relationships		6, 75
	2-7	Employees		70
	2-8	Workers who are not employees	NA; the company is preparing to publish it in the next integrated report	NA
Governance	2-9	Governance structure and composition		51
	2-10	Nomination and selection of the highest governance body		51
	2-11	Chair of the highest governance body		51
	2-12	Role of the highest governance body in overseeing the management of impacts		20, 51
	2-13	Delegation of responsibility for managing impacts		20, 51
	2-14	Role of the highest governance body in sustainability reporting		28, 55
	2-15	Conflicts of interest		40, 51
	2-16	Communication of critical concerns	Confidential due to internal company guidelines	NA
	2-17	Collective knowledge of the highest governance body		51
	2-18	Evaluation of the performance of the highest governance body		51
	2-19	Remuneration policies		51
	2-20	Process to determine remuneration		51
	2-21	Annual compensation ratio	Confidential due to internal company guidelines	NA

Section	GRI Content	Description	Reason for omission	Page
Strategy, policies and practices	2-22	Statement on sustainable development strategy		4, 12
	2-23	Policy commitments		28, 40,60
	2-24	Embedding policy commitments		40, 60
	2-25	Processes to remediate negative impacts		40, 60
	2-26	Mechanisms for seeking advice and raising concerns		40, 60
	2-27	Compliance with laws and regulations	(see footnote)	NA
	2-28	Membership in associations		58, 77
Stakeholder engagement	2-29	Approach to stakeholder engagement		57
	2-30	Collective bargaining agreements		70
GRI 3: MATERIAL TOPICS 2021				
	3-1	Process to determine material topics		59
	3-2	List of material topics		59
	3-3	Management of material topics	See table on structure of GRI content by material topic	

Note GRI 2-27: There were no critical sanctions because according to the company's financial criteria only sanctions above 7 million pesos were considered critical, and there were none in 2022.

GRI CONTENT BY MATERIAL TOPIC – SPECIFIC INDUSTRY AND TOPIC STANDARDS

	Topic	GRI Standard	GRI Content	GRI Content Title	Reason for omission	Page
MATERIAL	Supply chain and responsible sourcing	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		37
		GRI 308: Environmental screening of suppliers 2015	308-1	New suppliers that were screened using environmental criteria	NA; the company is preparing to publish it in the next integrated report.	NA
			308-2	Negative environmental impacts in the supply chain and actions taken		75
		GRI 414: Supplier social assessment 2016	414-1	New suppliers that were screened using social criteria	No disponible, la compañía se encuentra trabajando para su publicación en el siguiente informe integrado.	NA
		GRI 414: Supplier social assessment 2016	414-2	Negative social impacts in the supply chain and actions taken		75

	Topic	GRI Standard	GRI Content	GRI Content Title	Reason for omission	Page
MATERIAL	E-commerce and cybersecurity	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		41
		GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		41, 78
	Diversity and inclusion	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		34
		GRI 405: Diversity and Equal Opportunity 2016	405-1	405-1: Diversity of governance bodies and employees		51, 70
			405-2	405-2: Ratio of basic salary and remuneration of women to men		70
		GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken		77

	Topic	GRI Standard	GRI Content	GRI Content Title	Reason for omission	Page
MATERIAL	Education and Human Capital Development	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		35, 36
		GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system		36
			403-2	Hazard identification, risk assessment, and incident investigation		36
			403-3	Occupational health services		36
			403-4	Worker participation, consultation, and communication on occupational health and safety		36
			403-5	Worker training on occupational health and safety		36
			403-6	Promotion of worker health		36
			403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		36
			403-8	Workers covered by an occupational health and safety management system		36
			403-9	Work-related injuries		74
			403-10	Work-related ill health	NA; the company is preparing to publish it in the next integrated report.	NA
		GRI 404: Training and education 2016	404-1	Average hours of training per year per employee		73
			404-2	Programs for upgrading employee skills and transition assistance programs		35, 73
			404-3	Percentage of employees receiving regular performance and career development reviews		73
MATERIAL	Codes of Ethics and Conduct	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		40
		GRI 205: Anticorruption 2016	205-1	Operations evaluated for corruption-related risks		40
			205-2	Communication and training about anti-corruption policies and procedures		40, 77
			205-3	Confirmed incidents of corruption and actions taken		77
	Innovation	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		38

	Topic	GRI Standard	GRI Content	GRI Content Title	Reason for omission	Page
EMERGING	Corporate governance	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		51
	Climate change strategy	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		23, 44
		GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions.		67
			305-2	Energy indirect (Scope 2) GHG emissions.		67
			305-3	GHG emissions intensity		67
			305-4	Reduction of GHG emissions		67
			305-5	Emissions of ozone-depleting substances (ODS)	NA; the company is preparing to publish it in the next integrated report.	NA
			305-6	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	NA; the company is preparing to publish it in the next integrated report.	NA
	Operating ecoefficiency	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		44, 46
		GRI 302: Energy 2016	302-1	Energy consumption within the organization		66
			302-2	Energy consumption outside of the organization	Not applicable; the main part of the portfolio of goods sold does not require the use of energy.	NA
			302-3	Energy intensity		66
			302-4	Reduction of energy consumption		66
			302-5	Reductions in energy requirements of products and services	Not applicable; the main part of the portfolio of goods sold does not require the use of energy.	NA
		GRI 303: Water and effluents, 2018	303-1	Interaction with water as a shared resource		46
			303-2	Management of impacts relating to water discharge		46
			303-3	Water withdrawal		69
			303-4	Water discharge		69
			303-5	Water consumption	(see footnote)	

	Topic	GRI Standard	GRI Content	GRI Content Title	Reason for omission	Page
EMERGING	Packaging	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		38
		GRI 306: Waste 2020	306-1	Waste generation and significant impacts		38, 46, 68
			306-2	Management of significant waste-related impacts		38, 46, 68, 76
			306-3	Waste generated		68
			306-4	Waste diverted from disposal		68
			306-5	Waste directed to disposal		68
	Environmental and social impact of products and services	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		38, 39
		GRI 416: Customer health and safety 2016	416-1	Assessment of the health and safety impacts of product and service categories		39
			416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	(see footnote)	
			FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.		77
			FS16	Initiatives to enhance financial literacy by type of beneficiary		76
	Employer brand	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		34, 35, 36
		GRI 401: Employment 2016	401-1	New employee hires and employee turnover		70
			401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		36, 70
			401-3	Parental leave	NA; the company is preparing to publish it in the next integrated report.	NA

	Topic	GRI Standard	GRI Content	GRI Content Title	Reason for omission	Page
EMERGING	Transparency	GRI 3: Material topics 2021	GRI 3-3	Management of material topics		33, 40
		GRI 415: Public policy 2016	415-1	Political contributions		77
		GRI 417: Marketing and labeling 2016	417-1	Requirements for product and service information and labeling		33
			417-2	Incidents of non-compliance concerning product and service information and labeling	(see footnote)	

Note: Note: Regarding the cases of non-compliance relating to product information and labeling, as well as marketing communications (GRI 416-2, 417-2, 417-3), we have reported only those resulting in sanctions higher than MXN7mn, and at the close of 2022 there was no case in this category.

Note: Regarding GRI 303-5, water consumption, the value corresponds to the difference between withdrawal and discharge.

SASB metrics
INDEX

E-COMMERCE STANDARD – 2018

SASB Topic	Code	Description	Unit of measurement	Omissions and / or modifications	Page(s)
ACTIVITY METRICS					
(Activity metric)	CG-EC-000.A	Entity-defined measure of user activity	Number		9
(Activity metric)	CG-EC-000.B	Data processing capacity, percentage outsourced	Measure typically tracked by the entity	NA	NA
(Activity metric)	CG-EC-000.C	Number of shipments	Number	NA	NA
ACCOUNTING METRICS					
Hardware, Infrastructure, Energy & Water Management	CG-EC-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)		66
Hardware, Infrastructure, Energy & Water Management	CG-EC-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Thousands of cubic meters (m3), Percentage (%)	1) Reported 2) Available data include volume of water intake as well as discharges from our treatment plants; no available data on total water discharged or therefore consumption (difference between intake and discharge). Breakout of water stress regions NA.	69
Hardware, Infrastructure, Energy & Water Management	CG-EC-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	N/A	Not applicable; data center is owned by independent specialist	NA
Data Privacy & Advertising Standards	CG-EC-220a.1	Number of users whose information is used for secondary purposes	Number	NA	NA
Data Privacy & Advertising Standards	CG-EC-220a.2	Description of policies and practices relating to behavioral advertising and user privacy	N/A	NA	NA
Data Security	CG-EC-230a.1	Description of approach to identifying and addressing data security risks	N/A		41
Data Security	CG-EC-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	Number, Percentage (%)	1) Reported. 2) NA 3) NA	78

SASB Topic	Code	Description	Unit of measurement	Omissions and / or modifications	Page(s)
ACCOUNTING METRICS					
Employee Recruitment, Inclusion & Performance	CG-EC-330a.1	Employee engagement as a percentage	Percentage (%)	NA. Recognitions obtained as an employer also reflect satisfaction of employees and their commitment	NA
Employee Recruitment, Inclusion & Performance	CG-EC-330a.2	(1) voluntary and (2) involuntary employee turnover	Ratio	1) Reported 2) NA. Figures show voluntary and total turnover (for overall work force and type of operation)	70
Employee Recruitment, Inclusion & Performance	CG-EC-330a.3	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	Percentage (%)		70
Employee Recruitment, Inclusion & Performance	CG-EC-330a.4	Percentage of technical employees who are H1B visa holders	Percentage (%)	Not significant for El Puerto de Liverpool. The company applies the e-commerce good practice standard due to growing sales through digital channels, but it is not a native digital company, so this metric is not significant; nor do we operate in the United States	NA
Product Packaging & Distribution	CG-EC-410a.1	Total greenhouse gas (GHG) footprint of product shipments	Metric tons (t) CO_2e		67
Product Packaging & Distribution	CG-EC-410a.2	Discussion of strategies to reduce the environmental impact of product delivery	N/A		38

SASB metrics
INDEX

MULTILINE AND SPECIALTY RETAILERS AND DISTRIBUTORS STANDARD – 2018

SASB Topic	Code	Description	Unit of measurement	Omissions and / or modifications	Page(s)
ACTIVITY METRICS					
(Activity metric)	CG-MR-000.A	Number of: (1) retail locations and (2) distribution centers	Number		6
(Activity metric)	CG-EC-000.B	Total area of: (1) retail space and (2) distribution centers	Square meters (m^2)		6
ACCOUNTING METRICS					
Energy management in retail & distribution	CG-MR-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Gigajoules (GJ), Percentage (%)		67
Data security	CG-MR-230a.1	Description of approach to identifying and addressing data security risks	N/A		41
Data security	CG-MR-230a.2	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Number, Percentage (%)		79
Labor Practices	CG-MR-310a.1	(1) Average hourly wage and (2) percentage of in-store employees earning minimum wage, by region	Reporting currency, Percentage (%)	NA	NA
Labor Practices	CG-MR-310a.2	(1) Voluntary and (2) involuntary turnover rate for in-store employees	Ratio	1) Reported 2) NA. Report shows total turnover, specifically for store employees	70
Labor Practices	CG-MR-310a.3	Total amount of monetary losses as a result of legal proceedings associated with labor law violations	Reporting currency	No significant sanctions to report.	NA
Workforce Diversity & Inclusion	CG-MR-330a.1	Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Percentage (%)		70
Workforce Diversity & Inclusion	CG-MR-330a.2	Total amount of monetary losses as a result of legal proceedings associated with employment discrimination	Reporting currency	No significant sanctions to report.	NA
Product Sourcing, Packaging & Marketing	CG-MR-410a.1	Revenue from products third-party certified to environmental and/or social sustainability standards	Reporting currency		76
Product Sourcing, Packaging & Marketing	CG-MR-410a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	NA	NA	NA
Product Sourcing, Packaging & Marketing	CG-MR-410a.3	Discussion of strategies to reduce the environmental impact of packaging	NA		38, 76

SASB metrics
INDEX

CONSUMER FINANCE STANDARD – 2018

SASB Topic	Code	Description	Unit of measurement	Omissions and / or modifications	Page(s)
ACTIVITY METRICS					
(Activity metric)	FN-CF-000.A	Number of unique consumers with an active (1) credit card account and (2) pre-paid debit card account	Number	NA	NA
(Activity metric)	FN-CF-000.B	Number of (1) credit card accounts and (2) pre-paid debit card accounts	Number		6
ACCOUNTING METRICS					
Customer privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Number	NA	NA
Customer privacy	FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Reporting currency	No significant sanctions to report	NA
Data security	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Number, Percentage (%)	1) Reported 2) NA	7
Data security	FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Reporting currency	NA	NA
Data security	FN-CF-230a.3	Description of approach to identifying and addressing data security risks	NA		41
Selling practices	FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Percentage (%)	NA	NA
Selling practices	FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Percentage (%)	NA	NA
Selling practices	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	Reporting currency, Percentage (%), Months, Number, Reporting currency	NA	NA
Selling practices	FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	Number, Percentage (%)	NA	NA
Selling practices	FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Reporting currency	No significant sanctions to report.	NA

TCFD Recommendations
INDEX

Recommendation	Recommended reporting	Code	Page(s)	Complementary information
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	GOB-A	28,51	Climate-related risks and opportunities have been identified in a specialized exercise, the results of which were presented at the Footprint Desk (the main sustainability committee), which is headed by the CEO, who is also a member of the Board of Directors and escalates information. Previously, as part of the Sustainability Strategy, the committee was already presenting commitments on reduction of Greenhouse Gas emissions (GHG) and progress against those goals, to the Board. The Board of Directors takes into account initiatives from the Sustainability Strategy, led by the El Puerto de Liverpool Footprint Desk, in its review of the annual budget. Starting in 2023, the compliance team will be in charge of first monitoring these risks and opportunities, then following the ordinary process in which both the map (of risks and opportunities) and progress in management are presented to the Integrity and Compliance Committee as well as the Audit Committee. These are the intermediate bodies through which the information reaches the Board of Directors so that it can make a decision, and request more information if needed.
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	GOB-B	23, 28	The environmental team was closely involved in this first exhaustive identification of climate-related risks and opportunities. This is a matter of regular practice for El Puerto de Liverpool, in which the various areas identify their risks and establish prevention and mitigation measures, which are monitored, all under the oversight of the compliance team. Beginning in 2023, the internal report includes the regular information it receives from the compliance team, to make coordinated executive decisions and escalate the information to the board committees and to the Board itself. The El Puerto de Liverpool Footprint Desk and specific Environmental Desk are in charge of coordinating the accounting of GHG emissions and guaranteeing implementation of resource efficiency (e.g. energy, water) and GHG emission reduction initiatives. The CEO, who heads the Footprint Desk, approves goals and initiatives for the reduction of GHG emissions and constantly monitors progress against them.

Recommendation	Recommended reporting	Code	Page(s)	Complementary information
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	EST-A	23	The risks and opportunities have been identified as described in this report, with the involvement of the related areas; TCFD nomenclature has been used for categorizing and reporting them.
	b) Describe the impact of climate- related risks and opportunities on the organization's businesses, strategy, and financial planning.	EST-B	23	For each risk or opportunity, the main causes and impacts on El Puerto de Liverpool's operating continuity, revenues and business model, as well as its value chain, are shown. The company will be working to identify the financial impacts in order to strengthen internal strategy and decision-making. The measures established in response to the risks will be incorporated into the sustainability strategy of The Footprint, along with specific strategies for each area involved (e.g. property management, purchasing).
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	EST-C	23	This report explains in detail the scenarios used for each risk and opportunity and the result of their application.
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	GDR-A	23	The risks were identified according to the industry and Mexico's context. Key areas were incorporated into the prioritization of risks and analysis of their impact on the business strategy. The priority risks were analyzed under various scenarios that had been agreed upon and evaluated. The result will provide a basis for prevention, adaptation and mitigation plans now being developed.
	b) Describe the organization's processes for managing climate-related risks.	GDR-B	23, 66	We are already taking prevention and mitigation measures based on the results of the analysis. These will be added to the measures we already have in place as part of our ordinary management, and previous progress toward our sustainability strategy. For example, GHG reduction and eco-efficiency commitments that we established and announced to the public, which are sustained by roadmaps that were agreed upon internally.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	GDR -C	20	El Puerto de Liverpool's risk management structure is sustained by the specialized action of each area regarding the risks that apply to its activities, and the coordination of the compliance team. The risks of climate change affect every area and process of the company. Identifying, evaluating and managing them has been a specialized process led by the environmental team. The results have been reported to the compliance team, which will also receive regular information on progress toward implementation of the prevention and mitigation measures.

Recommendation	Recommended reporting	Code	Page(s)	Complementary information
Metrics and targets	a) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process.	MYO-A	66, 67	El Puerto de Liverpool had already been presenting metrics on its use of resources: absolute energy consumption and intensity, absolute GHG emissions and intensity, water withdrawal and available data on water discharges, waste generation and its use. This is related to risks and opportunities in operating efficiency and the evolution of regulatory frameworks. We also report on business opportunities relating to the products that have obtained environmental and/or social certifications or other relating to comprehensive sustainability and/or recycled content. We have indicated the number of products in the portfolio and sales.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	MYO-B	67	Now available. GHG emissions were calculated according to the guidelines established in the Greenhouse Gas Effect Protocol (GHG Protocol), "Corporate Accounting and Reporting Standard" for the 2 scopes. Scope 1 and 2 emissions are also calculated in accordance with the standards of the General Law on Climate Change and the methodologies published by the Mexican Ministry of the Environment and Natural Resources for the National Emissions Registry. El Puerto de Liverpool has also set itself the goal of progressively improving its quantification of Scope 3 emissions starting in 2023.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	MYO-C	28	El Puerto de Liverpool has established environmental commitments, including the reduction of GHG emissions, published in 2021. In this report, it details progress against those commitments as of the close of 2022. In 2023 we will be reinforcing our goals, particularly regarding GHG emissions, by applying the guidelines of the Science-Based Targets initiative (SBTi).

INDEPENDENT Auditors' Report

pwc

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

Opinion

We have audited the consolidated financial statements of El Puerto de Liverpool, S. A. B. de C. V., and its subsidiaries (the Company), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended and the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2022, and its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for opinion

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

Key audit matters

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

PricewaterhouseCoopers, S. C. Mariano Escobedo 573, Colonia Rincón del Bosque, C. P. 11580 Ciudad de México
T: (55) 5362 6000, www.pwc.com/mx

Recoverable value of intangible assets with an indefinite life

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

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

We focused on intangible assets with indefinite lives due to the importance of their balance ($13,258 million pesos as of December 31, 2022) compared to the consolidated financial statements, since the estimation of projected cash flows involves the application of significant judgments by Management to determine the assumptions and premises used.

In particular, we concentrated our audit efforts on: 1) the methodology used to estimate the recoverable value, and 2) the significant assumptions used to estimate the projected cash flows, such as: the estimated rate of growth of sales, the projected EBITDA (Earnings Before Income Tax, Depreciation and Amortization), and the discount rate and the terminal value, which required the application of a greater judgment, when evaluating the impact on the projected results.

We evaluated the cash flow projections prepared by Management and the processes used to prepare them, comparing said projections to the historical results, years prior to the pandemic and budgets approved by the Company's Board of Directors.

We compared the actual results of the current year with the respective budget to rule out the fact that any assumption included in the cash flow projections could be considered too optimistic.

With the support of our valuation experts, we compared:

- The methodology used to estimate the recoverable value to that commonly used in the market for this type of assets.

- The growth of sales, the terminal value and the EBITDA to the historical results of the business and to independent market sources of comparable entities of the industry to which the Company belongs.

- The discount rate used to discount future cash flows to an estimated market rate considering the Company's leverage level, the expectation of leverage in the short and medium terms, and the optimal level of the industry.

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

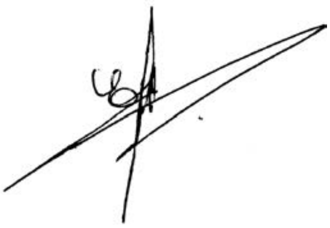
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company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

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

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

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

PricewaterhouseCoopers, S. C.



Arturo Elizondo O.
Audit Partner
Mexico City, March 9, 2023

REPORT OF THE
Audit and Corporate Practices Committee

Mexico City, February 16, 2023

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

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

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

I. The General Shareholders' Meeting held March 10, 2022, appointed Mr. Javier Arrigunaga chairman of the Audit and Corporate Practices Committee for fiscal year 2022. Additionally, the Board of Directors appointed Messrs. Juan Miguel Gandoulf and José Cohen as Committee members.

II. On audit matters:

a) We evaluated the external audit plan and proposal for professional services accepted by Management. Furthermore, pursuant to the "General provisions applicable to entities and issuers supervised by the National Banking and Securities Commission that engage external audit services for basic financial statements," we recommended to the Board of Directors that the firm PricewaterhouseCoopers be hired as external auditor, through its audit partner Arturo Elizondo Olascoaga, CPA, as External Independent Examiner, to audit the financial statements of the Company and its Subsidiaries for the fiscal year ended December 31, 2022. Additionally, the Committee learned of the additional services this firm supplies and the mechanisms for safeguarding its independence and avoiding self-review, concluding that such mechanisms are appropriate.

b) We evaluated and found that the Company has internal and external mechanisms that provide reasonable certainty of compliance with the Laws and Regulations applicable to it.

c) We were apprised of the Company's bookkeeping policies as well as their impact on the figures contained in the financial statements as of December 31, 2022 and 2021, ensuring that the financial information was duly presented.

d) We followed up on the organization and functions of the Company's Internal Audit Department; received its annual report of activities for the year 2022, the relevant findings, and its audit plan for the year 2023.

e) We ascertained that the company has operating systems, policies and procedures by which it may be considered to have an appropriate climate of internal control and bookkeeping.

f) We were apprised of the Company's degree of adherence to the Code of Best Corporate Practices, recommended by the Mexican Stock Exchange, per the report with information at December 31, 2021, filed on May 27, 2022.

g) We were informed of any lawsuits and litigations in progress, as well as the results of those concluded during the period in question.

h) We reviewed the consolidated financial statements as of December 31, 2022, and the notes thereto.

i) We were apprised of the status of the reserves and estimates included in the financial statements at December 31, 2022.

j) We were informed of the observations and recommendations of the External Auditors, related to their examination of the consolidated financial statements as of December 31, 2021.

k) We reviewed the statistics on transactions reported to the authorities pursuant to anti-money laundering regulations.

III. On the matter of corporate practices:

a) We consider the performance of senior management to have been appropriate and efficient, taking into account the circumstances under which they have discharged their responsibilities.

b) We were informed of transactions with related parties, and found that the amounts thereof were not significant with respect to the Company's operations, and that they were conducted in accordance with market conditions.

c) We performed an overall review of the criteria by which overall remuneration is determined for key Company's directors; we consider such remuneration to be reasonable and consistent with market conditions.

As a result of the activities carried out by this Committee, and having heard the opinion of the Company's Independent Auditors, we hereby recommend that the Board of Directors submit the financial statements of El Puerto de Liverpool, S.A.B. de C.V. and Subsidiaries as of December 31, 2022, in the terms in which such statements have been prepared and presented by Company management.

Sincerely,

The Audit and Corporate Practices Committee

Juan Miguel Gandoulf | **Javier Arrigunaga** | **José Cohen**

CONSOLIDATED STATEMENTS OF
Financial Position

December 31, 2022 and 2021
Figures expressed in thousands of pesos

	Note		December 31, 2022		2021
Assets					
CURRENT ASSETS:					
Cash and cash equivalents	7	$	24,516,254	$	32,494,873
Short-term loan portfolio - Net	8		36,976,167		31,514,923
Value added tax recoverable			2,475,026		2,767,846
Other accounts receivable - Net	9		1,314,613		1,111,685
Inventory			28,140,676		23,120,308
Prepaid expenses			1,123,814		1,335,977
Total current assets			94,546,550		92,345,612
NON - CURRENT ASSET:					
Long-term loan portfolio - Net	8		9,336,078		6,825,777
Long-term other accounts receivable - Net	9		290,939		261,849
Derivative financial instruments	10		2,186,440		4,516,211
Investments in associates	11		10,011,058		9,152,496
Investment properties - Net	12		23,507,742		22,431,079
Property, furniture and equipment - Net	13		55,552,887		52,573,640
Intangible assets - Net	14		15,534,602		15,880,069
Financial asset at fair value through other comprehensive income	15		4,951,323		-
Right of use assets	19		12,353,928		11,513,536
Deferred income tax	22.2		7,603,411		6,470,404
Total assets		$	235,874,958	$	221,970,673
Liabilities					
CURRENT LIABILITIES:					
Suppliers		$	33,197,928	$	29,577,960
Creditors			12,131,397		10,658,765
Provisions	16		4,751,726		3,765,394
Short-term debt	17		674,124		4,108,112
Deferred income	8		2,738,667		2,347,740
Short-term lease liabilities	19		2,224,771		2,004,445
Dividends payable	21.1		5,606		1,011,602
Short-term derivative financial instruments	10		-		5,082
Income tax payable			1,213,903		2,116,123
Total current liabilities			56,938,122		55,595,223
NON - CURRENT LIABILITIES					
Long-term debt	17		29,030,916		29,825,109
Long-term lease liabilities	19		11,394,267		10,555,645
Employee benefits - Net	18		3,084,540		2,739,046
Deferred income tax	22.2		2,972,597		3,368,131
Total liabilities			103,420,442		102,083,154
Stockholders' Equity:					
Capital stock	21		3,374,282		3,374,282
Retained earnings			118,914,242		106,879,767
Capital reserves	21.2		9,894,258		9,373,976
Stockholders' equity attributable to parent company			132,182,782		119,628,025
Non-controlling interests			271,734		259,494
Total stockholders' equity			132,454,516		119,887,519
Total liabilities and equity		$	235,874,958	$	221,970,673

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

CONSOLIDATED STATEMENTS OF
Comprehensive Income

Figures expressed in thousands of pesos,
except earnings per share

	Note		December 31, 2022		2021
Operating revenue:					
Net sales of merchandise		$	157,606,549	$	135,700,434
Interest earned from customers			13,199,946		11,138,534
Leasing income			3,721,874		3,090,038
Services			1,134,990		780,745
Other income			370,361		311,994
Total revenue	2.22		176,033,720		151,021,745
Costs and expenses:					
Cost of sales			107,576,972		93,950,314
Provision for credit losses			1,791,024		1,859,558
Administrative expenses			41,150,345		36,478,513
Total costs and expenses	24		150,518,341		132,288,385
Operating income			25,515,379		18,733,360
Interest expense			(3,989,142)		(4,649,854)
Foreign exchange loss			(1,456,423)		(1,033,370)
Financing cost			(5,445,565)		(5,683,224)
Foreign exchange gain			980,772		1,324,545
Return on investments			1,766,647		1,276,461
Financial income			2,747,419		2,601,006
Equity in the results of associates	11.2		376,918		737,292
Profit before income tax			23,194,151		16,388,434
Income tax	22		(5,796,912)		(3,510,175)
Consolidated net income			17,397,239		12,878,259
Other comprehensive income:					
Components to be subsequently reclassified to income:					
Cash flow hedges			(995,380)		857,445
Translation effect of investment in associates - Net of income tax			(476,923)		197,076
Components not to be subsequently reclassified to income:					
Changes in the fair value of equity investments at fair value through other comprehensive income - Net of income tax	15		(694,407)		-
Remeasurement of the liability for defined benefits - Net of income tax			(420,058)		(84,837)
Consolidated comprehensive income		$	14,810,470	$	13,847,943
Net income attributable to:					
Controlling interest		$	17,384,903	$	12,868,176
Non-controlling interests			12,336		10,083
		$	17,397,239	$	12,878,259
Basic and diluted earnings per share	21.4	$	12.96	$	9.57
Comprehensive income attributable to:					
Controlling interest		$	14,798,231	$	13,831,831
Non-controlling interests			12,240		16,112
		$	14,810,471	$	13,847,943
Basic and diluted earnings per share		$	11.03	$	10.29

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

CONSOLIDATED STATEMENTS OF
Changes in Stockholders' Equity

December 31, 2022 and 2021
Figures expressed in thousands of pesos, except dividends paid per share

	Note	Capital stock	Retained earnings
Balance at January 1, 2021		$ 3,374,282	$ 95,670,435
Changes in accounting policies on investment in associates		-	25,919
Comprehensive income:			
Net income		-	12,868,176
Remeasurement of the liability for defined benefits - net of income tax		-	(90,866)
Translation effect of investment in associates		-	-
Cash flow hedges		-	-
Total comprehensive income		-	12,777,310
Transaction with owners:			
Decrease in reserve of repurchase of shares	21.2	-	419,397
Repurchase of shares	21.2	-	-
Dividends paid ($1.50 pesos per share)		-	(2,013,294)
Total transactions with stockholders		-	(1,593,897)
Balance at December 31, 2021		3,374,282	106,879,767
Changes in accounting policies on investment in associates		-	45,674
Comprehensive income:			
Net income		-	17,384,903
Financial asset at fair value through other comprehensive income - net of income tax		-	(694,407)
Remeasurement of the liability for defined benefits - net of income tax		-	(419,962)
Translation effect of investment in associates - net of income tax		-	-
Cash flow hedges		-	-
Total comprehensive income		-	16,270,534
Transaction with owners:			
Increase in reserve of repurchase of shares	21.2	-	(2,000,000)
Repurchase of shares - net	21.2	-	-
Dividends paid ($1.70 pesos per share)		-	(2,281,733)
Total transactions with stockholders		-	(4,281,733)
Balance at December 31, 2022		$ 3,374,282	$ 118,914,242

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

	Capital reserves		Total stockholder's equity attributable to the controlling stockholders		Non-controlling interest		Total stockholder's equity
$	8,531,932	$	107,576,649	$	243,382	$	107,820,031
	-		25,919		-		25,919
	-		12,868,176		10,083		12,878,259
	-		(90,866)		6,029		(84,837)
	197,076		197,076		-		197,076
	857,445		857,445		-		857,445
	1,054,521		13,831,831		16,112		13,847,943
	(419,397)		-		-		-
	206,920		206,920		-		206,920
	-		(2,013,294)		-		(2,013,294)
	(212,477)		(1,806,374)		-		(1,806,374)
	9,373,976		119,628,025		259,494		119,887,519
	-		45,674		-		45,674
	-		17,384,903		12,336		17,397,239
	-		(694,407)		-		(694,407)
	-		(419,962)		(96)		(420,058)
	(476,923)		(476,923)		-		(476,923)
	(995,380)		(995,380)		-		(995,380)
	(1,472,303)		14,798,231		12,240		14,810,471
	2,000,000		-		-		-
	(7,415)		(7,415)		-		(7,415)
	-		(2,281,733)		-		(2,281,733)
	1,992,585		(2,289,148)		-		(2,289,148)
$	9,894,258	$	132,182,782	$	271,734	$	132,454,516

CONSOLIDATED
Cash Flow Statements

Year ended at december 31, 2022 and 2021
Figures expressed in thousands of pesos

	Note		December 31, 2022		2021
Operating activities					
Profit before income tax		$	23,194,151	$	16,388,434
Adjustments from items not implying cash flows:					
Depreciation and amortization			5,171,085		5,175,344
Provision for impairment of the loan portfolio	8		1,791,024		1,859,558
Lease concessions	19		(7,186)		(44,334)
Other dividend income	15		(58,957)		-
Inventory reserve			1,264,374		1,042,621
Equity in the results of associates	11.2		(376,918)		(737,292)
Loss (gain) on sale of property, furniture and equipment			296,121		(54,393)
Net cost for the period of employee benefits	18		461,855		374,102
Trading derivative financial instruments			535,116		(382,378)
Interest earned			(7,792,624)		(6,183,850)
Interest expense			3,989,142		4,649,854
			5,273,032		5,699,232
(Increase) decrease in:					
Interest earned from customers			7,794,101		6,297,609
Loan portfolio			(9,764,046)		(7,474,188)
Inventory			(6,284,742)		(2,687,928)
Value added tax recoverable			292,820		73,917
Other accounts receivable			(180,005)		1,145,952
Prepaid expenses			212,163		138,599
Increase (decrease) in:					
Suppliers			3,619,968		5,198,171
Provisions			986,332		870,183
Deferred income			390,927		157,538
Creditors			1,443,627		2,504,273
Employee benefits paid			(344,499)		(494,911)
Taxes paid			(7,956,667)		(1,693,951)
Net cash inflow from operating activities			18,677,162		26,122,930
Investment activities					
Capital increase in associates			(1,088,677)		(226,281)
Invest in financial assets at fair value through other comprehensive incom	15		(5,943,333)		-
Dividends received from financial asset at fair value			58,957		-
Dividends received from associates			-		80,081
Acquisition of property, furniture and equipment	13		(5,798,479)		(4,442,720)
Acquisition of investment property	12		(1,540,699)		(641,313)
Sale of property, furniture and equipment			74,942		53,143
Investment in intangibles of definitive useful life	14		(532,262)		(891,411)
Net cash outflows from investing activities			(14,769,551)		(6,068,501)
Cash to be applied in financing activities			3,907,611		20,054,429
Financing activities					
Dividends paid	21.1		(3,287,730)		(3,018,405)
Interest paid	17		(2,885,150)		(3,594,599)
Debt paid	17		(3,400,000)		(5,102,565)
Principal of lease payments	19		(1,098,207)		(1,031,671)
Interest of lease payments	19		(1,137,980)		(1,097,033)
Sale for shares	21.2		930,659		206,920
Repurchase of shares	21.2		(938,074)		-
Net cash flows used in financing activities			(11,816,482)		(13,637,353)
(Decrease) increase in cash and cash equivalents			(7,908,871)		6,417,076
Cash and cash equivalents at the beginning of the year			32,494,873		26,195,936
Effects of exchange rate changes on cash and cash equivalents			(69,748)		(118,139)
Cash and cash equivalents at the end of the year		$	24,516,254	$	32,494,873

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

NOTES TO THE
Consolidated Financial Statements

December 31, 2022 and 2021
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, 2022, the Company operated a total of 124 department stores under the Liverpool name: 112 specialty boutiques and 179 stores with the Suburbia name. In 2022, 15 department stores began operations under the name of Suburbia (León "Vía Alta", Guanajuato; Cancún "Mall", Quintana Roo; León "Las Torres", Guanajuato; Villahermosa "Galerías", Tabasco; Villahermosa "Comalcalco", Tabasco; Cuautitlán Izcalli "Plaza", Estado de México; "Galerías Perinorte", Estado de México; Los Cabos "Patio los Cabos" Baja California Sur; Monterrey "Monterrey Galerías" Nuevo León; Guadalajara "Gran Plaza" Jalisco; Villahermosa "Las Galas" Tabasco; Zinacantepec "Plaza Mia" Estado de México; Lerma "Outlet" Estado de México; Ciudad de México "Parque Tepeyac" y Playa del Carmen "Las Américas", Quintana Roo. Likewise, 2 department stores began operations under the Liverpool format (Tijuana, Plaza Peninsula, B. C.; Ciudad de México, Mitikah). In 2021, 7 stores began operations, with 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 y Tenaria, Ciudad de México); and 1 department store with the Liverpool format (La Perla Zapopan, Jalisco).

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 establishments affiliated with the VISA system worldwide; 3) "Suburbia", made up of two cards, the first with which customers can purchase exclusively in stores under the Suburbia commercial segment and the second ("Suburbia VISA") with which cardholders can purchase goods and services in stores in the Suburbia chain as in any of the establishments affiliated worldwide to said system.

Additionally, at December 31, 2022 and 2021, 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
05348 Mexico City

Financial asset at fair value through other comprehensive income

On September 15, 2022, the Company filed with the Securities and Exchange Commission of the United States of America a 13G format, to report the investment of 5,943 million pesos in Nordstrom Inc., representing 9.90% of the total outstanding shares. The Company does not have control or significant influence as part of this transaction, which was paid with the excess in cash. See Note 15.

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 came into force in 2022.

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

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

ii Adequacy and updating 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 the results of the year 2021 for $581,669, which were recorded in the different items of the income statement. As of December 31, 2022, these expenses are part of the normal way of the business, which was determined by applying the current law of the year. See Notes 18 and 24.

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 consolidated financial statements using IFRS as the regulatory framework.

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 measured at fair value.

Preparation of consolidated 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, 2022, the standards and interpretations mentioned below are effective:

- Property, plant and equipment - Income before intended use: amendments to IAS 16,
- Onerous contracts - Cost of fulfilling a contract: amendments to IAS 37,
- Annual improvements to IFRS 2018-2020 standards - Deferred tax related to assets and liabilities arising from a single transaction: amendments to IAS 12. See Note 2.19.

The modifications listed above did not impact the amounts recognized in prior periods and are not expected to affect the current or future periods significantly.

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, 2022 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. During 2022, the Company has operated with great liquidity, allowing itself to allocate part of the cash flow in capital investments to open new stores, expand its supply chain facilities and investment in associates. See Note 15.

Interest payments are covered more than once 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 financing level and meet all debt obligations. The Company is currently in compliance with its payment obligations and all debt covenants. See Note 17.

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 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 consistent with the policies adopted by the Company. The following is a summary of the Company's interest in subsidiaries at December 31, 2022 and 2021:

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 administrative services and real estate companies.
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 whom 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 the acquisition of associates is recognized in the statement of income and its equity in the comprehensive results of an associated company, 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 more significant 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, assigning resources and evaluating the operating segments' yield. See Note 23.

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 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 or other comprehensive 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 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 of 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.

- Fair value through other comprehensive income: Equity instruments that are not held for trading purposes, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value through OCI. These are strategic investments and the Company considered that this classification was more relevant. There is no subsequent reclassification of fair value gains and losses to results after the derecognition of the investment. Dividends from such instruments continue to be recognized in results as other income when the Company's right to receive payments is established.

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 coverage effectiveness is 100%.

2.8 Cash and cash equivalents

For purposes of presentation in the cash flows statement, 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 $1,148,566 and $551,404 as of December 31, 2022 and 2021, respectively. 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, stockouts and shrinkage of inventories have been immaterial.

2.10 Investment properties

Investment properties are real property (land and buildings) held to obtain economic benefits through a collection of rent or for 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 an 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 are recognized as an extension of the useful life of goods are capitalized. Maintenance and repair expenses are charged to income for the period 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.

The 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 each separately.

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 up until they are ready for use or sale are added to the cost during that time, until 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, 2022, and 2021 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.

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 are 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 below.

- 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 the 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 expenses, 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 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 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 the 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, 2022 and 2021 amount to $5,199,058 and $4,524,078, 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 Cancelation of financial liabilities

The Company cancels financial liabilities if, and only if, the Company's obligations are met, canceled 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 the end of the reporting period under review, or to transfer it to a third party at that time. See Note 16.

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 the initial recognition of goodwill; nor deferred income tax is recognized if it arises from the 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 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 where 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, 2022 and 2021, there are no uncertain positions.

The deferred tax asset is only recognized to the extent that 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 are 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 22.

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 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 of 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 the 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 the 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 $398,938 at December 31, 2022 ($278,882 at December 31, 2021), which included in Note 16 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 to its employees, which is recorded based on annual actuarial studies prepared by independent actuaries. See Note 18.

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

The Company recognizes and pays compensation on 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 as 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. This account is canceled when the customer redeems the E-wallet; 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 e-wallets accounts that have been inactive for 24 months is very low. Therefore, e-wallets showing these characteristics are canceled, 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 canceled 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 canceled against service income and other.

c. Interest income from the customers

In accordance with IFRS 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

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 the 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 of 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, 2022 and 2021 for an amount of $7,186 and $44,334, 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 the financial position depending on their nature. Lease income at 2022 and 2021 for $3,721,874 and $3,090,038, respectively, includes non-lease components for $1,038,825 and $992,850, which are recognized in accordance with the income standard for contracts with customers.

As of December 31, 2021, as a result of the COVID-19 pandemic, the Company granted rent forgiveness to its tenants in the amount of $178,856, for the year 2022 such forgiveness was not granted.

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 a 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 21.

2.27 Supplier rebates

The Company receives rebates from suppliers as reimbursement for 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.

2.29 Financial assets at fair value through other comprehensive income

Equity securities which are not held for trading and which the group has irrevocably elected at initial recognition to recognize in this category. There is no subsequent reclassification of fair value gains and losses to the income statement after the derecognition of the investment. Dividends from such instruments are recognized in the income statement as other income when the Company’s right to receive payments is established.

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
3.4 Fair value estimation
3.5 Climate change 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 is 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 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.

3.2 Market risk

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 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 17, 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, 2022, and 2021, purchases of merchandise in a currency other than the Mexico peso represent approximately 16% and 21% of total purchases, respectively.

At December 31, 2022 and 2021, the Company's exposure to exchange rate risks amounted to US$(556,880), €(1,483) and US$(921,842), €(2,529), 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 $841,189 and $1,509,402. 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.

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 it receives from this investment.

Additionally, the Company maintains an investment in shares of Nordstrom, Inc., said transaction was funded with US dollars. Conversion risk is the risk that changes in the exchange rate cause volatility in the value in pesos.

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

		December 31, 2022		2021
Thousands of US dollars:				
Monetary assets	US$	573,859	US$	300,655
Monetary liabilities		(1,130,739)		(1,222,497)
Short position	US$	(556,880)	US$	(921,842)
Equivalent in pesos	$	(10,843,289)	$	(18,867,525)
Thousands of Euros:				
Monetary assets	€	7,824	€	2,739
Monetary liabilities		(9,307)		(5,268)
(Short) long position	€	(1,483)	€	(2,529)
Equivalent in pesos	$	(30,818)	$	(58,863)

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 17, 2023		December 31, 2022
US dollar	$	18.4142	$	19.4715
Euro	$	19.5660	$	20.7810

3.2.2 Interest rate risk

The contracted financings are subject to 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 most 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. In 2022 and 2021, 100% and 91%, respectively, of the debt is agreed at a fixed rate. 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 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 upon 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 the following:

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

There was no recognized ineffectiveness during 2022 or 2021 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, 2022 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, 2022 and 2021 would have increased by $55,764 and $53,056 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 uses 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 guarantee payments to vendors, capital investments and fund the costs and expenses of the operation. The Company finances its operations through a combination of: 1) using cash available, 2) reinvestment of a significant portion of profits, and 3) contracting financing and leasing denominated in pesos.

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 2021 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.

For 2022, the favorable results in revenue generation and collection increase the Company excess of cash flows.

The Company has short-term lines of credit available for approximately $6,763,629; 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, 2022:						
Suppliers and creditors	$	45,329,325	$	-	$	-
Senior notes and contractual interests		2,325,165		26,685,503		10,975,172
Lease liabilities		2,329,885		7,489,052		13,914,034
	$	49,984,375	$	34,174,555	$	24,889,206
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

3.3.2 Credit risk

Credit risk is when the Company suffers losses as a result of customers defaulting on payments, financial institutions in which it maintains investments or the counterparties with which derivative consolidated 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 establishments affiliated to with VISA system. During 2022, two pilot programs were implemented for the following products: 1) Consumer credit, a product that grants an amount of credit to Suburbia customers to purchase merchandise and 2) Guaranteed card, a product that consists of the cardholder leaving a deposit as guarantee, the amount of the deposit will be equal to your credit limit.

The Company has a robust risk management system for the loan portfolio, whose main components include: 1) credit granting processes, portfolio administration and management, 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) designed by the Company. For managing the initial lines of credit, limits are also evaluated automatically by the Company's system and are periodically monitored by the risk department to increase or decrease them based on the cardholder's record. The Company has the infrastructure to manage credit line growth strategies, with risk rating models (scorecards) that allow risk predictability. Additionally, there are processes and policies for early identification of potential changes in payment capacity, prompt corrective decision making and determination of current and potential losses.

The Company continuously monitors the 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, a 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.

For the management of delinquent accounts, the Company has policies, processes, analytical tools and infrastructure to manage the recovery of the portfolio. Collection management is segmented by risk level and delinquency level through specialized internal and external offices. 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.

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 used to measure the provision for expected credit losses (ECL) includes the following parameters:

- Probability of Default (PD);
- Significant Increase in Credit Risk (SICR);
- Loss Given 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 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 defaults, 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.

The expected credit loss model also considers the evaluation of the impact in the calculation of support programs provided to customers when these are applied. The model to evaluate the increase in the level of risk, even when a support program is applied, considers the following elements: a) the worst default; b) the worst Behavior (Score); c) changes in the risk level assignment (ECL) and d) the LGD, to recognize in advance the drop in portfolio recovery caused by these programs.

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 external lawyers firms specialized in 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. For loans in stage 3 the PD considers 100% of probability that the credit will not be recovered. See Note 8.

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.

In the case of macroeconomic factors, 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.

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 it 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, 2022:	Book value	Level 1	Level 2	Level 3
Assets arising from hedge derivative financial instruments	$ 2,179,187	$ -	$ 2,179,187	$ -
Assets arising from trading derivatives	7,253	-	7,253	-
Asset at fair value through other comprehensive income	4,951,323	4,951,323	-	-
Cash and cash equivalents	20,712,052	20,712,052	-	-
Total	$ 27,849,815	$ 25,663,375	$ 2,186,440	$ -
December 31, 2021:				
Assets arising from hedge derivative financial instruments	$ 3,976,208	$ -	$ 3,976,208	$ -
Assets arising from trading derivatives	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	$ -

During the years ended December 31, 2022 and 2021, 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 materializing in the short term.

Derivative financial 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: a) futures curve US Government bonds, b) futures curve Mexican Government and c) Quotation at market value.

3.5 Climate change risk

Our risk management processes consider the environmental, social, and corporate governance (ESG) factors that may impact a company's finances, assets, or reputation. During the first approach, the risks to which the Group is exposed as a result of climate change are transition risks (e.g., regulatory changes and risks to the reputation) and physical risks (even if the risk of physical damage is low due to the Group's activities and geographic location). Within the physical dangers, extreme climate conditions may occur, such as greater intensity of rains, higher occurrence of hurricanes, extended droughts, extended periods of warm temperatures during the winter, or cold weather during the summer. These may affect consumers' economies, reduce the demand for some of our inventory, produce interruptions or delays in the production and delivery of materials and products in our supply chain, and cause a shortage of personnel in our stores.

The Group is committed to operating more respectfully towards the environment each time, by working on the processes, incorporating criteria of circular economy, eco-efficiency, and reduction of greenhouse gas (GHG) emissions, which contribute to climate change. By 2040, the Group's objective is to be a Net Zero company as to direct GHG emissions, through investments in: a) recycling 100% of possible residue, b) reducing consumption of drinking water, and c) reducing energy consumption through efficiency initiatives and an increase in the use of renewable sources of energy. There are ongoing projects related to self-generated energy using solar panels at our location and incorporating the first hybrid and electric units for product distribution to clients, for which we have established charging stations. Likewise, there are projects to implement an integral system of sustainable packaging and facilities, such as distribution centers with neutrality in water consumption, GHG emissions, and waste management. Consult the Environmental performance section in the Group's Integrated Annual Report produced by the management to obtain more information regarding the climate risk and the commitments undertaken by the Group to tackle it.

The Group maintains insurance policies for earthquakes, floods, and other similar circumstances, including property, accident, and business interruption insurance, and established plans to operate in emergencies such as the ones previously described.

As of December 31, 2022, the Group has not identified risks associated with climate change that may negatively or materially affect the financial situation of the Group. Nevertheless, the management constantly evaluates the impact of climate-related matters. The Group's consolidated financial statements consider climate-related issues when these are material and applicable. In particular, the Group's commitments to reduce GHG emissions were considered when making cash flow projections to conduct the impairment tests and evaluate the useful life of its long-term assets. Assumptions might change in the future as a response to extreme climate conditions, future environmental regulations, new commitments made, and the consumers' changing demand. Even when trying to foresee the climate change effects, these could have an impact on the cash flows, performance, and future financial situation of the Group.

Note 4 - Key sources of uncertainty in the estimates and critical judgments:

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 an adjustment to the book values of assets and liabilities during the following financial period.

4.1 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.

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

The brands acquired as part of Suburbia have demonstrated their stability by having had permanence 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. It has generated economic benefits for Suburbia for several decades. Based on our own experience, during 175 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, 2022:	Amortized cost	Fair value through profit or loss	Derivates used	Total
Financial assets:				
Cash and bank deposits	$ 3,804,202	$ -	$ -	$ 3,804,202
Investments	20,712,052	-	-	20,712,052
Short and long-term loan portfolio	46,312,245	-	-	46,312,245
Other short and long-term accounts receivable	1,605,552	-	-	1,605,552
Financial asset at fair value through other comprehensive income	-	4,951,323	-	4,951,323
Long-term derivative financial instruments	-	-	2,186,440	2,186,440
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$ 29,705,040	$ -	$ -	$ 29,705,040
Suppliers, creditors and provisions	50,081,051	-	-	50,081,051

December 31, 2021:	Amortized cost	Fair value through profit or loss	Derivates used	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

Note 6 - Credit quality of financial instruments:

	December 31,	
Loan portfolio:	**2022**	**2021**
Counterparties without external risk ratings:		
Group 1 - Customers with Liverpool credit card	$ 37,289,021	$ 31,684,120
Group 2 - Customers with LPC credit card	11,127,018	9,214,588
Group 3 - Customers with Suburbia credit card	2,820,254	2,329,141
Total loan portfolio (1)	51,236,293	43,227,849

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

Cash and short-term bank deposits [1]		
AAA	24,485,489	32,457,764
AA	-	-
A	-	-
	24,485,489	32,457,764
Financial assets - derivative financial instruments [2]		
AAA	2,186,441	4,516,211
AA	-	-
	2,186,441	4,516,211
	$ 77,908,223	$ 80,201,824

Group 1 - For the Company, credits granted through the Liverpool credit card represent a lesser risk because its use is sporadic and seasonal and is restricted to the products on sale at Company stores.

Group 2 - The LPC credit card, 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.

Group 3 - For the Company, credits granted through the Suburbia credit card represent a lesser risk because its use is sporadic and seasonal and is restricted to the products on sale at Company stores. The Suburbia VISA credit card, 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. However, as mentioned in note 3.3.2, the company uses the simplified approach for this group as it does not have sufficient history to generate its own models and apply the general approach.

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

2 The Company does not consider 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, 2022 and 2021.

Note 7 - Cash and cash equivalents:

	December 31,	
	2022	**2021**
Cash and bank deposits	$ 3,804,202	$ 2,246,574
Investments	20,712,052	30,248,299
Total	$ 24,516,254	$ 32,494,873

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

	December 31, 2022	2021
Credits related to customer contracts:		
Liverpool	$ 37,289,021	$ 31,684,120
LPC	11,127,018	9,214,588
Suburbia	2,820,254	2,329,141
	51,236,293	43,227,849
Provision for impairment of loan portfolio:		
Liverpool	(3,284,151)	(3,169,256)
LPC	(1,253,133)	(1,301,303)
Suburbia	(386,764)	(416,590)
	(4,924,048)	(4,887,149)
Total loan portfolio	$ 46,312,245	$ 38,340,700
Total short-term loan portfolio	$ 36,976,167	$ 31,514,923
Total long-term loan portfolio	$ 9,336,078	$ 6,825,777

The fair value of the short-term loan portfolio at December 31, 2022 and 2021 closely resembles their book value. The fair value of the long-term loan portfolio until December 31, 2022 and 2021, as established in $8,869,780 and $6,817,559, will be considered level 3 and will be determined using the technique of effective yield at the present value at a current discount rate according to the average term of the portfolio and the risk of it.

The provision for credit losses as of December 31, 2022 and 2021 was determined as follows:

Liverpool

	December 31, 2022			December 31, 2021		
Stage:	Balance	Provision	%	Balance	Provision	%
1	$ 29,992,019	$ 1,114,667	3.72%	$ 28,583,205	$ 1,653,441	5.78%
2	6,534,856	1,612,527	24.68%	2,522,586	1,054,077	41.79%
3	762,146	556,957	73.08%	578,329	461,738	79.84%
	$ 37,289,021	$ 3,284,151		$ 31,684,120	$ 3,169,256	

LPC

	December 31, 2022			December 31, 2021		
Stage:	Balance	Provision	%	Balance	Provision	%
1	$ 9,306,391	$ 504,434	5.42%	$ 7,385,681	$ 471,871	6.39%
2	1,500,788	472,722	31.50%	1,559,782	593,569	38.05%
3	319,839	275,977	86.29%	269,125	235,863	87.64%
	$ 11,127,018	$ 1,253,133		$ 9,214,588	$ 1,301,303	

Suburbia

	December 31, 2022				December 31, 2021			
	From 0 to 29 days	From 30 to 89 days expired	From More than 90 days expired	Total	From 0 to 29 days	From 30 to 89 days expired	From More than 90 days expired	Total
Expected loss rate	8.93%	50.03%	90.05%		14.23%	62.30%	90.20%	
Credit portfolio	$ 2,615,015	$ 79,138	$ 126,101	$ 2,820,254	$ 2,199,690	$ 47,497	$ 81,954	$ 2,329,141
Provision for credit losses	$ 233,622	$ 39,590	$ 113,552	$ 386,764	$ 313,063	$ 29,591	$ 73,936	$ 416,590

As of December 31, 2022 and 2021, the movements in the allowance for impairment of accounts receivable are shown here:

Liverpool

		Stage 1
January 1, 2021	$	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
Remeasurement of financial assets that remain in the same stage		(394,690)
From stage 1 to stage 2		(377,795)
From stage 1 to stage 3		(26,048)
From stage 2 to stage 1		565,802
From stage 2 to stage 3		-
From stage 3 to stage 1		66,405
From stage 3 to stage 2		-
Financial assets granted during the period		203,632
Remeasurement of financial assets that changed stage in the period		(526,132)
Financial assets written off in the period		(49,948)
December 31, 2022	$	1,114,667

The financial assets written off during the period still subject to collection activities for their recovery amount to $1,011,350 and $1,840,494, as of December 31, 2022 and 2021, respectively.

LPC

		Stage 1
January 1, 2021	$	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)

Provision for credit losses					
	Stage 2		Stage 3		Total
$	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
	(81,825)		(2,779)		(479,294)
	377,795		-		-
	-		26,048		-
	(565,802)		-		-
	(48,472)		48,472		-
	-		(66,405)		-
	15,721		(15,721)		-
	106,170		43,136		352,938
	963,016		432,676		869,560
	(208,153)		(370,208)		(628,309)
$	1,612,527	$	556,957	$	3,284,151

Provision for credit losses					
	Stage 2		Stage 3		Total
$	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)

LPC

		Stage 1
December 31, 2021		471,871
Remeasurement of financial assets that remain in the same stage		80,111
From stage 1 to stage 2		(57,702)
From stage 1 to stage 3		(7,497)
From stage 2 to stage 1		379,553
From stage 2 to stage 3		-
From stage 3 to stage 1		33,794
From stage 3 to stage 2		-
Financial assets granted during the period		73,711
Remeasurement of financial assets that changed stage in the period		(360,943)
Financial assets written off in the period		(108,464)
December 31, 2022	$	504,434

The financial assets written off during the period still subject to collection activities for their recovery amount to $461,614 a

The balance of the provision for expected losses for the loan portfolio is shown below:

		2022		2021
At January 1	$	4,887,149	$	6,486,302
Increased in provision for credit losses recognized in income during the year		1,791,024		1,859,558
Loan portfolio written off during the year as uncollectible		(1,754,125)		(3,458,711)
At December 31	$	4,924,048	$	4,887,149

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 $15,706 and decrease by $16,030.

Deferred income

8.1 Liabilities related to customer contracts are shown below:

		December 31, 2022		2021
Contract liability - deferred income	$	2,738,667	$	2,347,740
Total current contract liabilities	$	2,738,667	$	2,347,740

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, 2022		2021
Deferred income (see Note 2.22 b)	$	1,615,661	$	1,829,039
Total current contract liabilities	$	1,615,661	$	1,829,039

Provision for credit losses					
	Stage 2		Stage 3		Total
	593,569		235,863		1,301,303
	(7,966)		(896)		71,249
	57,702		-		-
	-		7,497		-
	(379,553)		-		-
	(23,729)		23,729		-
	-		(33,794)		-
	8,079		(8,079)		-
	30,770		16,295		120,776
	277,932		225,742		142,731
	(84,082)		(190,380)		(382,926)
$	472,722	$	275,977	$	1,253,133

and $967,674, as of December 31, 2022 and 2021, respectively.

Note 9 - Other accounts receivable - Net:

		December 31, 2022		2021
Short-term accounts receivable:				
Other debtors (1)	$	926,340	$	787,681
Tenants- Net (2)		12,430		120,122
Broxel, S. A. P. I. de C. V.		259,690		159,319
Short-term loans to employees		116,153		44,563
		1,314,613		1,111,685
Long-term loans to employees		290,939		261,849
Total	$	1,605,552	$	1,373,534

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 $136,651 and $172,903, as of December 31, 2022 and 2021, respectively.

Note 10 - Derivative financial instruments:

The Company uses Derivative Financial Instruments (DFI) to reduce the risk of adverse movements in the interest rates of its long-term debt and ensure certainty in 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, 2022		2021
USD	300,000	October 2014	October 2024	6.81%	3.95%	$	2,068,141	$	2,778,317
USD	250,000	September 2016	October 2026	8.88% (2)	-		7,253		540,003
USD	350,000	September 2016	October 2026	8.59%	3.88%		59,649		821,711
USD	50,000	October 2016	October 2026	8.87%	3.88%		12,195		119,757
USD	50,000	October 2016	October 2026	8.76%	3.88%		12,096		119,796
USD	50,000	October 2016	October 2026	8.84%	3.88%		27,106		136,627
Total							2,186,440		4,516,211
Less long-term portion							(2,186,440)		(4,516,211)
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, 2022		2021
$	1,500,000	September 2017	August 2022	7.84%	TIIE + 0.25%	$	-	$	(5,082)
Less long-term portion							-		-
Current portion (short-term)						$	-	$	(5,082)

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 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 a hedge, derived from this it was presented as a trading instrument. The accumulated profit in the capital of this instrument was recognized in the consolidated statement of comprehensive income within a financial income for $156,259.

Note 11 - Investments in associates:

Concept	Activity	Place of incorporation and operations	Proportion of shareholding and voting rights December 31, 2022	2021	December 31, 2022	2021
Investment in associates (i), (ii)	Sales	Mexico and Central America	50%	50%	$ 8,257,623	$ 7,663,171
Other investments in associates (iii)	Malls	Mexico	Several	Several	1,753,435	1,489,325
					$ 10,011,058	$ 9,152,496

(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 1,213 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 the 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, because it owns 50% of the voting rights and is entitled to designate two 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, specializing 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, Galerías Querétaro in the city of Querétaro and Parque Tepeyac in Mexico City.

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

	Unicomer December 31,		Sfera México December 31,	
	2022	2021	2022	2021
Summarized statement of financial position:				
Current assets:				
Cash and cash equivalents	$ 3,013,105	$ 3,139,132	$ 161,584	$ 70,284
Other current assets	25,068,535	25,608,675	962,323	776,366
Total current assets	28,081,640	28,747,807	1,123,907	846,650
Non-current assets	18,809,919	17,961,011	1,684,920	1,754,793
Total assets	$ 46,891,559	$ 46,708,818	$ 2,808,827	$ 2,601,443
Current liabilities:				
Suppliers	$ 3,921,819	$ 5,117,491	$ 237,573	$ 341,067
Other current liabilities	15,160,985	15,417,012	127,925	78,708
Total current liabilities	19,082,804	20,534,503	365,498	419,775
Non-current liabilities	14,137,857	13,406,896	1,087,080	1,116,653
Total liabilities	33,220,661	33,941,399	1,452,578	1,536,428
Net assets	13,670,899	12,767,419	1,356,249	1,065,015
Participation of the company in the net assets of associates	$ 6,835,449	$ 6,383,710	$ 664,551	$ 521,838
Goodwill	757,623	757,623	-	-
Equity in net assets of associates	$ 7,593,072	$ 7,141,333	$ 664,551	$ 521,838

	Unicomer Year ended December 31,		Sfera México Year ended December 31,	
	2022	2021	2022	2021
Summarized statement of comprehensive income:				
Revenue	$ 25,066,987	$ 24,133,251	$ 2,128,472	$ 1,903,589
Interest income	8,736,859	7,499,537	16,555	223
Depreciation and amortization	(1,545,577)	(1,729,739)	(214,555)	(198,663)
Interest expense	(1,763,568)	(1,553,670)	(97,907)	(112,464)
Income tax expense	(854,351)	(968,596)	(110,663)	(49,515)
Net income	468,428	1,354,022	291,234	122,689
Company's equity in profits of associates	$ 234,214	$ 677,011	$ 142,704	$ 60,281

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

	Unicomer	Sfera México	Other	Total
Balance at January 1, 2021	$ 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	25,920	3,173	11,129	40,222
Balance at December 31, 2021	7,141,333	521,838	1,489,325	9,152,496
Translation effect of investment in associates	(629,767)	-	-	(629,767)
Equity method	234,214	142,704	-	376,918
Capital increase in associates[1]	803,799	-	284,878	1,088,677
Other - Net	43,493	9	(20,768)	22,734
Balance at December 31, 2022	$ 7,593,072	$ 664,551	$ 1,753,435	$ 10,011,058

1. In November 2022, the Company made a capital increase in Unicomer for 40 million dollars, equivalent to $803,799.

Note 12 - Investment properties - Net:

		Amount
Balance at January 1, 2021	$	22,129,016
Acquisitions		641,313
Disposals		(174)
Depreciation		(339,076)
Balance at December 31, 2021	$	22,431,079
Balance at January 1, 2021		
Cost	$	26,459,998
Accumulated depreciation		(4,028,919)
Balance at December 31, 2021	$	22,431,079
Acquisitions	$	1,540,699
Disposals		(104,533)
Depreciation		(359,503)
Balance at December 31, 2022	$	23,507,742
Balance at January 1, 2022		
Cost	$	27,896,164
Accumulated depreciation		(4,388,422)
Balance at December 31, 2022	$	23,507,742

Investment properties include shopping malls, works in progress and other land intended to construct future shopping malls.

The fair value of investment properties of the Company at December 31, 2022 and 2021 amounts to $29,028,886 and $26,783,082, 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 14.70% (12.90% in 2021), classified as level 2.

The operating costs directly related to the income from leasing investment properties are comprised as follows:

	Year ended December 31,			
		2022		2021
Repairs and maintenance	$	790,019	$	683,053
Advertising		151,089		96,600
Personnel compensation and benefits		73,113		72,602
Real estate taxes and water		117,997		102,098
Hired services		38,675		26,509
Other expenses		8,591		7,363
Electrical power and utilities		5,243		5,127
Rent of equipment		2,816		-
Travel expenses		3,124		1,854
Total	$	1,190,667	$	995,206

Note 13 - Property, furniture and equipment - Net:

		Land		Buildings		Furniture and equipment
At December 31, 2022:						
Beginning balance	$	6,915,106	$	28,328,243	$	6,254,951
Acquisitions		-		7,475		297,627
Transfers		6,969		4,034,519		1,270,234
Disposals		-		-		(120,770)
Depreciation		-		(545,157)		(1,150,154)
Ending balance		6,922,075		31,825,080		6,551,888
At December 31, 2022:						
Cost		6,922,075		38,826,848		19,310,993
Accumulated depreciation		-		(7,001,768)		(12,759,105)
Ending balance	$	6,922,075	$	31,825,080	$	6,551,888
At December 31, 2021:						
Beginning balance	$	6,915,106	$	28,034,920	$	6,732,675
Acquisitions		-		11,417		180,540
Transfers		-		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

1 The balance of works in progress at the end of the fiscal year 2022 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, 2021	$	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
Movements:						
Investments		-		-		-
Disposals		-		-		-
Amortization		-		-		-
Balance at December 31, 2022	$	7,481,553	$	3,668,021	$	2,108,566

Leasehold improvements	Computer equipment	Transportation equipment	Works in progress[1]	Total
$ 4,192,041	$ 649,143	$ 271,639	$ 5,962,517	$ 52,573,640
14,270	59,462	254,873	5,164,772	5,798,479
850,939	323,783	11,360	(6,497,804)	-
(24,819)	(27,082)	(107,324)	-	(279,995)
(445,755)	(313,962)	(84,209)	-	(2,539,237)
4,586,676	691,344	346,339	4,629,485	55,552,887
9,669,225	4,401,551	1,017,112	4,629,485	84,777,289
(5,082,549)	(3,710,207)	(670,773)	-	(29,224,402)
$ 4,586,676	$ 691,344	$ 346,339	$ 4,629,485	$ 55,552,887
$ 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

Definite useful life		
Licenses and fees	New IT developments	Total
$ 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
34,513	497,749	532,262
(38,498)	(50)	(38,548)
(272,963)	(566,218)	(839,181)
$ 688,891	$ 1,587,571	$ 15,534,602

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 intangibles (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 is prepared based on historical results and expectations about the development of the market in the future included in the business plan. In 2021, a partial economic recovery was observed due to the spread of vaccines, so the Company returned to pre-pandemic levels of economic activity. The recovery value calculation considers the cash flow projections based on financial budgets approved by Management, 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.

As of December 31, 2022, the excess of fair value less disposal costs over book value amounted to $6,716,761 (42%). The level of the fair value hierarchy used was level 3.

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

	2022 (%)	2021 (%)
Discount rate	13.00	10.90
EBITDA margin (average budgeted)	15.70	14.10
The expected growth rate of sales (average budgeted)	12.00	10.40
Terminal value growth rate	3.50	3.50

If the discount rate used to in the years ended December 31, 2022 and 2021 were 1 percentage point higher, no impairment would result in both years.

If the EBITDA used to calculate the fair value as of December 31, 2022 and 2021 were 1 percentage point lower, no impairment would result.

If the sales growth rate used in the calculation of fair value for the CGU had been 1 percentage point lower than the estimate of the Administration as of December 31, 2022, it would not result in an impairment.

If the terminal value in the year ended December 31, 2022 and 2021, were 1 percentage point higher, no impairment would result in both years.

Note 15 - Financial asset at fair value through other comprehensive income:

Financial asset at fair value through other comprehensive income comprise:

	December 31, 2022	2021
Listed securities		
Nordstrom, Inc.	$ 4,951,323	$ -

On September 15, 2022, the Company invested acquired 15,755,000 shares of the North American department store Nordstrom, Inc., for the amount of 295 million of dollars equivalent to $5,943 million pesos, said amount represents 9.90% of the total outstanding shares.

As of December 31, 2022, the valuation of these shares generated losses recognized in other comprehensive income for the amount of $992,010 ($694,407, net of taxes).

The dividends generated at year end amounted to $58,957, which were recognized in the income statement.

Note 16 - Provisions:

	Bonuses and compensation paid to employees [1]	Other provisions [2]	Total
At January 1, 2021	$ 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
Charged to statement of income	6,047,891	4,434,382	10,482,273
Used during the year	(5,673,177)	(3,822,764)	(9,495,941)
At December 31, 2022	$ 2,278,145	$ 2,473,581	$ 4,751,726

1 Includes provisions for sales commissions, holidays and other fringe benefits.

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

Note 17 - Debt:

The Company's debt is comprised as follows:

	December 31, 2022	2021
Short-term debt:		
Interest payable	$ 674,124	$ 708,112
Stock certificates	-	3,400,000
	$ 674,124	$ 4,108,112
Long-term debt:		
Stock certificates	$ 13,500,000	$ 13,500,000
Senior notes	15,530,916	16,325,109
	$ 29,030,916	$ 29,825,109

17.1 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, 2022	2021
Mar 2022	Semiannually	Fixed at 7.64%	$ -	$ 1,900,000
Aug 2022	Monthly	TIIE at 28 days plus 0.25 basis points	-	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
Aug 2030	Semiannually	Fixed at 8.03%	5,000,000	5,000,000
			13,500,000	16,900,000
Less - Issues of long-term stock certificates			(13,500,000)	(13,500,000)
More - Interest payable			674,124	708,112
Current portion			$ 674,124	$ 4,108,112

Maturities pertaining to the long-term portion of this liability at December 31, 2022 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, 2022, and 2021, the Company complied with the conditions above.

The fair value of the stock certificates is as follows:

	December 31,							
	2022				2021			
Maturity date		Book Value		Fair value [1]		Book Value		Fair value [1]
Mar 2022	$	-	$	-	$	1,900,000	$	1,893,426
Aug 2022		-		-		1,500,000		1,495,800
Aug 2027		3,500,000		3,190,040		3,500,000		3,364,165
Nov 2029		5,000,000		5,019,695		5,000,000		5,019,695
Aug 2030		5,000,000		4,320,000		5,000,000		4,582,100
	$	13,500,000	$	12,529,735	$	16,900,000	$	16,355,186

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).

On March 17 and August 19, 2022, the LIVERPOL 12 and the LIVERPOL 17-2 bonds matured for a total of $1,900 and $1,500 million pesos, respectively, which were paid with its own resources.

17.2 Senior Notes

Below are the details of the Senior Notes as of December 31, 2022 and 2021:

	Interest		December 31,			
Maturity	payable	Interest rate		2022		2021
Oct. 2024 [1]	Semiannually	Fixed at 3.95%	$	5,841,450	$	6,140,160
Oct. 2026 [2]	Semiannually	Fixed at 3.875%		9,689,466		10,184,949
			$	15,530,916	$	16,325,109

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 September and October 2021, the Company made a prepayment of US$252,357, equivalent to $5,102,565, plus interest for $545,446.

The securities above were subject of a private offering to qualified institutional buyers in the United States and other foreign markets under 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,							
	2022				2021			
Maturity date		Book Value		Fair value [1]		Book Value		Fair value [1]
Oct. 2024	$	5,841,450	$	5,654,642	$	6,140,160	$	6,462,825
Oct. 2026		9,689,466		9,145,573		10,184,949		10,872,739
	$	15,530,916	$	14,800,215	$	16,325,109	$	17,335,564

1 The fair value of Senior Notes is determined based on 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,			
		2022		2021
Beginning balance of debt and interest	$	33,933,221	$	38,554,026
Repayments		(3,400,000)		(5,102,565)
Foreign exchange variation		(794,193)		523,538
Interest accrued		2,851,162		3,552,821
Interest paid		(2,885,150)		(3,594,599)
Closing balance of debt and interest	$	29,705,040	$	33,933,221

Note 18 - Employee benefits:

The value of employee benefit obligations at December 31, 2022 and 2021, amounted to $3,339,262 and $3,042,949, respectively, as follows:

	December 31,			
		2022		2021
Pension plans	$	(1,606,115)	$	(1,534,484)
Seniority premium		(875,167)		(775,408)
Other employee benefits		(857,980)		(733,057)
	$	(3,339,262)	$	(3,042,949)

The net cost for the period ended at December 31, 2022 and 2021 are as follows:

	Year ended December 31,			
		2022		2021
Pension plans	$	184,080	$	88,473
Seniority premium		144,061		134,139
Other employee benefits for voluntary separation or dismissal		133,714		151,490
	$	461,855	$	374,102

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

	December 31,			
		2022		2021
Defined benefit obligations	$	(3,339,262)	$	(3,042,949)
Fair value of plan assets		254,720		303,903
Liability in the consolidated balance sheet	$	(3,084,540)	$	(2,739,046)

The movement in the defined benefit obligation is as follows:

	December 31,			
		2022		2021
Beginning balance at January 1	$	(3,042,949)	$	(2,885,805)
Service cost		(224,314)		(152,469)
Interest cost		(265,651)		(236,465)
Actuarial loss		(37,813)		(121,636)
Benefits paid		231,465		353,426
Ending balance at December 31	$	(3,339,262)	$	(3,042,949)

The movement in the liability is as follows:

	December 31,			
		2022		2021
Beginning balance at January 1	$	(2,739,046)	$	(2,729,902)
Provision of the year		(461,855)		(374,102)*
Actuarial remeasurements		(128,637)		(139,692)
Company contributions		18,054		151,224
Benefits paid		226,942		353,426
Ending balance at December 31	$	(3,084,540)	$	(2,739,046)

* In 2021, 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:

		2022		2021
Beginning balance at January	$	303,903	$	155,903
Financial loss on plan assets		(63,072)		(2,552)
Fund contributions		118,837		-
Transfer of assets		(100,425)		150,552
Benefits paid		(4,521)		-
Ending balance at December 31	$	254,720	$	303,903

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

	Fair value of plan assets December 31,			
		2022		2021
Debt instruments	$	63,680	$	75,976
Equity instruments		191,040		227,927
	$	254,720	$	303,903

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 analysts' predictions on the market of assets for the life of related obligations.

The significant actuarial assumptions are as follows:

	December 31,	
	2022	2021
Discount rate	10.25%	9.25%
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 based on the actuarial study as per statistics and the published experience of each territory. Those assumptions give rise to the average life expectancy of an individual retiring at age 65.

Retiring at year-end:

	2022	2021
Men	20 years	17 years
Women	21 years	20 years

The 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	
	2022	2021	2022	2021
Discount rate	0.5%	0.5%	$ (96,757)	$ (95,436)
Rate of salary increases	0.5%	0.5%	142,106	137,111
Pension increase rate	0.5%	0.5%	(7,180)	(6,870)
Life expectancy	1.0%	1.0%	(14,904)	(17,963)

The sensitivity above 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 19 - Operating leases:

19.1. 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, 2022	December 31, 2021
Right-of-use assets:		
Buildings	$ 11,827,728	$ 10,873,441
Furniture and equipment	315,494	469,579
Vehicles	210,706	170,516
	$ 12,353,928	$ 11,513,536

	December 31, 2022	December 31, 2021
Lease liabilities:		
Current	$ 2,224,771	$ 2,004,445
Non-current	11,394,267	10,555,645
	$ 13,619,038	$ 12,560,090

The additions and derecognition of right-of-use assets during 2022 amounted to $2,664,531 and $390,975, respectively, and in 2021 they amounted to $1,627,591 and $353,407, respectively.

ii. Amounts recognized in the consolidated statement of income

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

		Year ended December 31, 2022		2021
Depreciation charge of the right-of-use assets:				
Buildings	$	1,134,249	$	1,112,140
Furniture and equipment		150,840		172,852
Vehicles		148,075		133,609
	$	1,433,164	$	1,418,601
Interest expense (included in finance cost)	$	1,137,980	$	1,097,033
Expenses relating to short-term leases (included in the cost of sales and administrative expenses)		448,523		298,675
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)		165,405		130,051
Expense relating to variable lease payments not included in lease liabilities (included in the cost of sales and administrative expenses)		367,192		377,238

Building lease forgiveness received as a result of the pandemic as of December 31, 2022 and 2021 amounts to $7,186 and $44,334, respectively. These amounts were recognized as variable income and are included in administrative expenses.

The total cash flow for the leases in 2022 and 2021 was $2,236,187 and $2,128,704, respectively. The building lease concessions did not generate cash outflow in 2022 and 2021, for $7,186 and $44,334, 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 individually 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 the lessor maintains. 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 various 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 when the condition 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 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, 2022	December 31, 2021
Beginning balance of lease liabilities	$ 12,560,090	$ 12,411,010
Acquisitions	2,664,531	1,627,591
Disposals	(500,190)	(402,506)
Lease concessions	(7,186)	(44,334)
Accrued interest	1,137,980	1,097,033
Principal payment	(1,098,207)	(1,031,671)
Interest paid	(1,137,980)	(1,097,033)
Closing balance of lease liabilities	$ 13,619,038	$ 12,560,090

19.2 The Company as lessor

Operating leases are related to commercial leases. Lease periods are from one to more than 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 of December 31, 2021, as a result of the COVID-19 pandemic, the Company granted rental concessions to its tenants for an amount of $178,856. As of December 31, 2022, such forgiveness was not granted.

Below is an analysis of lease revenue:

	Year ended December 31, 2022	Year ended December 31, 2021
Fixed rent	$ 3,411,040	$ 2,896,945
Variable rent	176,070	124,266
Total lease revenue	$ 3,587,110	$ 3,021,211

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, 2022	December 31, 2021
Up to 1 year	$ 3,302,503	$ 2,896,945
From 1 to 5 years	13,210,013	11,587,782
Over 5 years	16,512,517	14,484,728
Total minimum payments agreed	$ 33,025,033	$ 28,969,455

Note 20 - Balances and transactions with related parties:

During 2022 and 2021, Grupo Financiero Invex, S. A. de C. V. (Invex) provided the Company with a 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 $6,902 and $8,225 in 2022 and 2021, respectively. At December 31, 2022 and 2021 there were no outstanding balances for these items. During 2022 and 2021, 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. Fees paid to Orion for these services totaled $71,608 and $20,644 in 2022 and 2021, respectively. These services and fees were contracted using market conditions. At December 31, 2022 and 2021, no balances were pending to be paid for these items.

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

		2022		2021
Total short term	$	72,958	$	64,322

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

Note 21 - Stockholders' equity:

21.1 Capital stock at December 31, 2022 and 2021, is comprised of the following:

		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 10, 2022, the payment of dividends from the Net Fiscal Income Account ("CUFIN") for $2,281,733. On May 27, 2022, $1,368,776 were paid, and in October 2022, $912,429 was settled.

The Board of Directors approved on March 18, 2021, the payment of dividends from the CUFIN for $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 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 the fiscal year 2021. On January 14, 2021, $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, 2022 and 2021, 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

21.2 Capital reserves

Capital reserves are comprised as follows.

	December 31, 2022	December 31, 2021
Reserve for translation effects	$ 291,344	$ 1,462,674
Legal reserve	582,500	582,500
Reserve for the repurchase of shares (1) and (2)	7,992,585	6,000,000
Investment reserve	94,319	94,319
Reserve for financial assets at fair value through other comprehensive income - net of income tax	694,407	-
Reserve for valuation of derivative financial instruments	239,103	1,234,483
	$ 9,894,258	$ 9,373,976

1. During 2022, the Company purchased 9,666,614 series C-1 shares in the market at prices ranging between $87.44 and $118.70. The total purchase was $938,074, to which was added $958 transaction costs before taxes. Similarly, the Company sold 9,666,614 series C-1 shares in the market at prices ranging between $87.40 and $118.84. The total of the sale was $930,659, to which was added $931 of transaction costs before taxes.

   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.

2. In the Ordinary General Shareholders' Meeting, held on March 10, 2022, the shareholders agreed to increase the reserve for the acquisition of their own shares up to $8,000,000.

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

The reserve for the 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 is met.

The balance of the reserve for the acquisition of own shares as of December 31, 2022 and 2021, is $7,992,585 and $6,000,000, respectively.

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

At January 1, 2021	$	377,038
Swap reclassification [(1)]		156,259
Valuation effect		701,186
At December 31, 2021		1,234,483
Valuation effect		(995,380)
At December 31, 2022	$	239,103

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 a financial income for an amount of $156,259.

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

21. 4 The balances of the tax accounts of stockholders' equity are:

	December 31,			
		2022		2021
Capital contributions account	$	121,306,698	$	112,519,076
After-tax earnings account (CUFIN)		182,893,707		159,579,878
Reinvested after tax earnings account (CUFINRE)		183,774		170,461
Total	$	304,384,179	$	272,269,415
Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2022 and 2021		1,342,206,042		1,346,254,191

21.5 Tax provisions related to stockholders' equity:

Dividends to be paid will be free from income tax if they come from the CUFIN. 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.

Note 22 - Income Tax:

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

	Year ended December 31, 2022	2021
Income tax	$ 7,045,102	$ 5,219,069
Deferred income tax	(1,248,190)	(1,708,894)
	$ 5,796,912	$ 3,510,175

Movements in deferred tax were as follows:

	December 31, 2022	2021
At January 1	$ 3,074,691	$ 1,276,091
Effect on the statement of income	1,248,190	1,708,894
Effect on the other comprehensive income	283,686	89,706
At December 31	$ 4,606,567	$ 3,074,691

22.2 The deferred tax balance is composed as follows:

	December 31, 2022	2021
Deferred income tax asset:		
Tax loss carryforwards	$ 1,631,732	$ 1,659,002
Lease liabilities - Net	469,554	388,090
Provision for credit losses	1,761,398	1,749,761
Provisions, employee benefits and others	2,672,227	2,940,340
Inventories	252,430	218,657
Cash flows hedges	55,115	51,966
Investment in share of associates	425,032	191,588
Financial asset at fair value through other comprehensive income - Net of income tax	297,603	-
Other items	235,986	287,623
	7,801,077	7,487,027
Deferred income tax liability:		
Real estate and property, furniture and equipment	1,507,354	2,450,199
Intangible assets	1,377,826	1,548,174
Prepayments	217,593	240,958
Supplies	50,220	35,351
Other items	41,517	137,654
	3,194,510	4,412,336
Deferred income tax	4,606,567	3,074,691
Asset tax recoverable	24,247	27,582
Total deferred income tax asset	$ 4,630,814	$ 3,102,273

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

	Tax loss carryforward	Provision for credit losses	Provisions Employees benefits and others	Lease liability - net
At January 1, 2021	$ 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
Charged / credited to the statement of income	(27,270)	11,637	(268,113)	81,464
Other comprehensive income	-	-	-	-
At December 31, 2022	$ 1,631,732	$ 1,761,398	$ 2,672,227	$ 469,554

1. Includes $297,603 of financial asset at fair value from the investment in Nordstrom shares.

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, 2022, 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
2026	$ 59,671
2030	3,376,242
2031	2,101,354
2032	124,022
	$ 5,661,289

In determining deferred income tax at December 31, 2022 and 2021, the Company applied to temporary differences, the applicable rates according to their estimated date of reversal.

22.3 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.

	Year ended December 31, 2022	2021
Profit before income tax	$ 23,194,151	$ 16,388,434
Statutory rate	30%	30%
Income tax at statutory rate	$ 6,958,245	$ 4,916,530
Plus (less) effects of taxes of the following items:		
Non-deductible expenses	376,244	296,580
Non-taxable income	(9,963)	(27,247)
Annual inflation adjustment taxable (deductible) income	(17,702)	68,685
Equity in the results of associates	48,574	221,188
Investment property, furniture and equipment	(1,480,727)	(1,643,786)
Cost of sales update	(115,340)	(141,176)
Update of tax losses	(87,782)	(90,959)
Other permanent items	125,364	(89,640)
Income tax	$ 5,796,913	$ 3,510,175
Effective income tax rate	25%	21%

Investment properties furniture and equipment	Investment in shares of associates	Inventories	Intangibles	Other[1]	Total
$ (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
942,845	233,444	33,773	170,348	70,062	1,248,190
-	-	-	-	283,686	283,686
$ (1,507,354)	$ 425,032	$ 252,430	$ (1,377,826)	$ 279,374	$ 4,606,567

Note 23 - 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 that is evaluated regularly.

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

By the end of the fourth quarter of 2021, 100% of the 122 Liverpool stores, 164 Suburbia stores and 29 Shopping Centers were in operation, although with restrictions in terms of capacity, hours and, in certain cases, limitation of opening at the end of the weekend. Derived from stores closing, the income generated from the digital segment increased significantly at the end of 2020.

In 2022, 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 to the Liverpool and Suburbia commercial segment. The Company finances its clients in the form of "Liverpool and Suburbia" departmental credit cards, 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.

23.1 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:

Year ended	Commercial		Credit	Real Estate	Consolidated
at December 31, 2022:	Liverpool	Suburbia			
Net income	$ 138,862,181	$ 20,249,719	$ 13,199,946	$ 3,721,874	$ 176,033,720
Cost and expenses	(124,453,111)	(19,135,263)	(5,149,407)	(1,780,560)	(150,518,341)
Operating income	$ 14,409,070	$ 1,114,456	$ 8,050,539	$ 1,941,314	$ 25,515,379
Timing of revenue recognition:					
Over time	$ 138,862,181	$ 20,249,719	$ 13,199,946	$ 3,721,874	$ 176,033,720

Year ended	Commercial		Credit	Real Estate	Consolidated
at December 31, 2022:	Liverpool	Suburbia			
Net income	$ 118,610,795	$ 18,182,378	$ 11,138,534	$ 3,090,038	$ 151,021,745
Cost and expenses	(109,342,396)	(17,229,806)	(4,209,322)	(1,506,862)	(132,288,385)
Operating income	$ 9,268,399	$ 952,572	$ 6,929,212	$ 1,583,177	$ 18,733,360
Timing of revenue recognition:					
Over time	$ 118,610,795	$ 18,182,378	$ 11,138,534	$ 3,090,038	$ 151,021,745

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.

23.2 Geographic information

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

	Year ended December 31, 2022	2021
Ciudad de México and Estado de México	$ 49,591,064	$ 42,496,373
Hidalgo, Puebla, Morelos, Guerrero, Veracruz and Tlaxcala	25,989,819	22,278,619
Nuevo León, Tamaulipas, Chihuahua, Coahuila, Sinaloa, Sonora and Durango	28,424,885	23,551,596
Jalisco, Michoacán, Colima and Nayarit	19,106,944	16,051,694
Chiapas, Tabasco, Quintana Roo, Yucatán, Campeche and Oaxaca	15,469,228	12,557,592
Guanajuato, Querétaro, Aguascalientes, Zacatecas and San Luis	15,530,725	13,614,330
Other	18,199,181	17,381,503
Total	$ 172,311,846	$ 147,931,707

Note 24 - Costs and expenses by nature:

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

	Year ended December 31, 2022	2021
Cost of merchandise	$ 101,159,387	$ 88,455,441
Cost of distribution and logistics	5,153,211	4,452,252
Inventory reserve	1,264,374	1,042,621
	107,576,972	93,950,314
Personnel compensation and benefits	21,083,453	18,094,806
Services contracted	5,100,840	4,258,094
Depreciation and amortization	5,171,085	5,175,344
Provision for impairment of loan portfolio	1,791,024	1,859,558
Leases	226,902	179,415
Repairs and maintenance	2,472,391	2,017,195
Electrical power	1,193,506	1,092,768
Supplies	1,676,341	1,467,450
Advertising	2,006,489	1,762,748
Other (1)	2,219,338	2,430,693
Total	$ 150,518,341	$ 132,288,385

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

Personnel compensation benefits are comprised as follows:

	Year ended December 31, 2022	2021
Salary and bonds (1)	$ 17,794,307	$ 15,392,211
Commissions paid to sales staff	2,710,341	2,225,128
Other payments	578,805	477,467
	$ 21,083,453	$ 18,094,806

1 In 2021, 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 25 - Contingencies and commitments:

25.1 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.

25.2 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 is 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 the fiscal year 2020, the Company signed an agreement with 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 with Iberdrola Clientes, S. A. de C. V., to supply three load centers in the country's peninsula of Yucatán. The duration of this agreement is 5 years.

Note 26 - Authorization of issuance of consolidated financial statements:

The consolidated financial statements were authorized for issuance on February 17, 2023, by the Board of Directors and are subject to approval by the stockholders' meeting.

Information for **shareholders**

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