NOTES TO THE

Consolidated Financial Statements

December 31, 2023 and 2022
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, 2023, the Company operated a total of 124 department stores under the Liverpool name: 118 specialty boutiques and 186 stores with the Suburbia name. In 2023, 10 stores began operations under the name of Suburbia (Tijuana "Península", Baja California; "Navojoa", Sonora; Guadalajara "Atemajac"; "Fray Antonio", Jalisco; Tula "Plaza Boulevard", Hidalgo; Tampico "Altama", Tamaulipas, Xalapa "Plaza Jardines", Veracruz "Coyol", Veracruz; Mérida "Calle 56", Yucatán; "Ciudad del Carmen", Campeche). Likewise, 1 department store began operations under the Liverpool format ("Tepeyac", Mexico City). In 2022 15 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.; Mexico City, Mitikah). After Hurricane Otis on October 25, 2023 in Acapulco, Guerrero, 2 Liverpool warehouses were affected and remain closed while the necessary repairs are carried out.

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, 2023 and 2022, 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
Mexico City
05348

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. (Nordstrom), 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 represents an opportunity for geographic diversification and is not for trading purposes. As of December 31, 2023 the Company did not make additional investments nor disposals. See Note 15.

Note 2 - Summary of material 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 the Accounting Standards (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.

Preparing 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:

- Insurance contracts to IFRS 17,
- Disclosure of accounting policies - Modifications to IAS 1 and Practice Statement No.2 of IFRS
- Definition of accounting estimates - Modifications to IAS 8
- Deferred tax related to assets and liabilities arising from a single transaction - Modifications to IAS 12. Until December 31, 2022, the Company recognized and presented in the notes the deferred tax derived from leases on a net basis and this modification requires recognition and presentation in gross form. The net recognition gave a similar amount to the gross recognition; therefore, it had no impact on the statement of financial position. However, the presentation in the notes changed and the Company recognized a deferred tax asset in relation to its liability. for lease and a deferred tax liability in relation to its right-of-use assets, both in 2023 and 2022. (See Note 22).
- International tax reform - Pillar two model rules - amendments to IAS 12. The Company is not within the scope of the Pillar two model rules because this legislation has not been enacted in the jurisdiction where the Company operates. Because Pillar two legislation is not effective at the reporting date, the Company has no current tax exposure and applies the exception to recognize and disclose information on deferred tax assets and liabilities related to Pillar two income tax, as provided in the amendments to IAS 12 issued in May 2023.

The modifications listed above did not impact the amounts recognized in prior periods.

2.1.2 New standards and interpretations not yet adopted

A number of new standards, modifications and interpretations have been published which are not effective for reporting periods at December 31, 2023 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.

2.2 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, 2023 and 2022:

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) will be impaired, and impairment losses will have occurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition 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.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in other comprehensive income. The amounts accumulated in stockholders' equity are reclassified in the periods in which the hedged item affects the result. The gain or loss related to the effective part of the interest rate swaps that hedge the loans is recognized in results within financial costs (income) at the same time that the interest expense of the covered loans is recognized.

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). During 2023 and 2022, $639,650 and ($7,253) were recognized, respectively, for this concept, see Note 10.

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 Other financial assets

Other financial assets include cash delivered as collateral required by some derivative financial contracts that correspond to margin calls which are measured at fair value.

These collaterals are offset with the derivative financial instrument if the right to offset the recognized amounts is legally enforceable and there is the intention to settle them on a net basis or to realize the asset and pay the liability simultaneously.

2.9 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 $1,747,043 and $1,148,566 as of December 31, 2023 and 2022, respectively. These cash equivalents are not subject to credit risk.

2.10 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.

2.11 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

2.12 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.

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 años
Furniture and equipment	10 años
Computer equipment	3 años
Transportation equipment	4 años
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.

2.13 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, since the terms of accounts payable do not change, in the consolidated statement of financial position. The balance payable discounted by suppliers as of December 31, 2023 and 2022 amount to $4,647,741 and $5,199,058, 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. 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, 2023 and 2022, 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 executive

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 $447,794 at December 31, 2023 ($398,938 at December 31, 2022), 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 2.25.2

e. Services and other
Income from service agreements is determined as follows:

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

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

2.24 Other accounts receivable
The Company classifies as other accounts receivable all loans or advance payments made to employees and other parties or companies other than the general public. If collection rights or recovery of this amount is realized within 12 months from the period close, they are classified as short-term; otherwise, they are shown as long-term.

In the case of other accounts receivable, the simplified approach of IFRS 9 has been applied to measure the expected credit losses over the life of the instrument.

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

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

- Fixed payments (including if they are substantial), less lease incentives receivable;
- Variable lease payments that are based on an index or rate; initially measured using the index or rate on the start date;
- The amounts expected to be payable by the Company in 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 until December 31,2022 for an amount of $7,186, 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 2023 and 2022 for $ 4,534,684 and $3,721,874, respectively, includes non-lease components for $1,459,110 and $1,038,825, which are recognized in accordance with the income standard for contracts with customers.

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. The group transfers the gain or loss from other comprehensive income to accumulated profits in the same period in which they are generated. 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, 2023, and 2022, purchases of merchandise in a currency other than the Mexico peso represent approximately 13% and 16% of total purchases, respectively.

At December 31, 2023 and 2022, the Company's exposure to exchange rate risks amounted to US$(133,954), €15,158 and US($556,880), €(1,483), 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 $181,036 and $22,664. 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, 2023		2022
Thousands of US dollars:				
Monetary assets	US$	743,205	US$	573,859
Monetary liabilities		(877,159)		(1,130,739)
Short position	US$	(133,954)	US$	(556,880)
Equivalent in pesos	$	(2,262,952)	$	(10,843,289)
Thousands of Euros:				
Monetary assets	€	35,838	€	7,824
Monetary liabilities		(20,680)		(9,307)
Long (short) position	€	15,158	€	(1,483)
Equivalent in pesos	$	283,297	$	(30,818)

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 27, 2024		December 31, 2023
US dollar	$	17.0605	$	16.8935
Euro	$	18.5234	$	18.6896

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 both years 100% 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 2023 or 2022 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, 2023 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, 2023 and 2022 would have increased by $36,981 and $55,764 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.

For 2023, the favorable results in revenue generation and collection increase the Company excess of cash flows.

Some financial institutions may require deposits as collateral or margin calls based on derivative financial instrument contracts if the market value of our derivatives that hedge exchange rate risks exceeds a previously agreed contractual limit, for which we are subject to respond to these margin calls which require covering a substantial amount of cash and may reduce funds available for our operations or other capital needs, however the Company has available short-term lines of credit of approximately $6,780,352; as well as overdraft lines to immediately access debt instruments for $7,860,000. As of December 31, 2023, there were requirements to make these deposits as collateral. As of December 31, 2022, it was not required to make these deposits. See Note 10.

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, 2023:						
Suppliers and creditors	$	51,768,181	$	-	$	-
Senior notes and contractual interests		7,143,553		22,868,928		5,240,900
Lease liabilities		2,451,242		7,759,314		13,925,696
	$	61,362,976	$	30,628,242	$	19,166,596
		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

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 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. By 2023, these products are no longer pilots and are considered active products in the portfolio.

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 accoun

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, 2023:	Book value	Level 1	Level 2	Level 3
Assets arising from hedge derivative financial instruments	$ 1,209,410	$ -	$ 1,209,410	$ -
Liabilities arising from trading derivative financial instruments	(639,650)	-	(639,650)	-
Liabilities arising from hedge derivative financial instruments	(1,197,410)	-	(1,197,410)	-
Asset at fair value through other comprehensive income	4,910,597	4,910,597	-	-
Investment as cash equivalents	18,192,891	18,192,891	-	-
Total	$ 22,475,838	$ 23,103,488	$ (627,650)	$ -

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		-		-
Investment as cash equivalents		20,712,052		20,712,052		-		-
Total	$	27,849,815	$	25,663,375	$	2,186,440	$	-

During the years ended December 31, 2023 and 2022, 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, 2023, 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 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, 2023:	Amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through other comprehensive income	Total
Financial assets:				
Cash and bank deposits	$ 11,614,275	$ -	$ -	$ 11,614,275
Investments	18,192,891	-	-	18,192,891
Short-term derivate financial instruments	-	-	1,209,410	1,209,410
Other financial assets	-	-	302,227	302,227
Short and long-term loan portfolio	56,973,409	-	-	56,973,409
Other short and long-term accounts receivable	3,669,372	-	-	3,669,372
Financial asset at fair value through other Comprehensive income	-	-	4,910,597	4,910,597
Financial liabilities:				
Issuance of long-term senior notes and short and long-term bank borrowings	$ 27,655,649	$ -	$ -	$ 27,655,649
Suppliers, creditors and provisions	57,287,789	-	-	57,287,789
Short-term derivate financial instruments	-	639,650	-	639,650
Long-term derivate financial instruments	-	-	1,197,410	1,197,410

December 31, 2022:	Amortized cost	Instruments at fair value through profit or loss	Instruments at fair value through other comprehensive income	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	50,086,657	-	-	50,086,657

Note 6 - Credit quality of financial instruments:

	December 31, 2023	2022
Loan portfolio:		
Counterparties without external risk ratings:		
Group 1 - Customers with Liverpool credit card	$ 44,852,688	$ 37,289,021
Group 2 - Customers with LPC credit card	13,780,847	11,127,018
Group 3 - Customers with Suburbia credit card	3,619,824	2,820,254
Total loan portfolio [1]	$ 62,253,359	$ 51,236,293

1 Balances are included before the provision for credit losses.

Cash, investments and short-term bank deposits [1]		
AAA	$ 29,781,352	$ 24,485,489
AA	-	-
A	-	-
	$ 29,781,352	$ 24,485,489

Financial assets - derivative financial instruments [2]		
AAA	$ 1,209,410	$ 2,186,441
AA	-	-
	1,209,410	2,186,441
	$ 93,244,121	$ 77,908,223

- 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, 2023 and 2022.

Note 7 - Cash and cash equivalents:

	December 31,	
	2023	2022
Cash and bank deposits	$ 11,614,275	$ 3,804,202
Investments	18,192,891	20,712,052
Total	$ 29,807,166	$ 24,516,254

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

	December 31,	
	2023	2022
Credits related to customer contracts:		
Liverpool	$ 44,852,688	$ 37,289,021
LPC	13,780,847	11,127,018
Suburbia	3,619,824	2,820,254
	62,253,359	51,236,293
Provision for impairment of loan portfolio:		
Liverpool	(3,426,063)	(3,284,151)
LPC	(1,405,788)	(1,253,133)
Suburbia	(448,099)	(386,764)
	(5,279,950)	(4,924,048)
Total loan portfolio	$ 56,973,409	$ 46,312,245
Total short-term loan portfolio	$ 45,021,772	$ 36,976,167
Total long-term loan portfolio	$ 11,951,637	$ 9,336,078

The fair value of the short-term loan portfolio at December 31, 2023 and 2022 closely resembles their book value. The fair value of the long-term loan portfolio until December 31, 2023 and 2022, as established in $11,046,598 and $8,869,780, 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, 2023 and 2022 was determined as follows:

Liverpool

	December 31, 2023			December 31, 2022		
Stage:	Balance	Provision	%	Balance	Provision	%
1	$ 38,587,158	$ 1,355,599	3.51%	$ 29,992,019	$ 1,114,667	3.72%
2	5,209,777	1,299,970	24.95%	6,534,856	1,612,527	24.68%
3	1,055,753	770,494	72.98%	762,146	556,957	73.08%
	$ 44,852,688	$ 3,426,063		$ 37,289,021	$ 3,284,151	

LPC

	December 31, 2023			December 31, 2022		
Stage:	Balance	Provision	%	Balance	Provision	%
1	$ 10,856,161	$ 579,954	5.34%	$ 9,306,391	$ 504,434	5.42%
2	2,471,175	434,612	17.59%	1,500,788	472,722	31.50%
3	453,511	391,222	86.27%	319,839	275,977	86.29%
	$ 13,780,847	$ 1,405,788		$ 11,127,018	$ 1,253,133	

Suburbia

	December 31, 2023				December 31, 2022			
	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	7.15%	50.02%	90.04%		8.93%	50.03%	90.05%	
Credit portfolio	$ 3,336,373	$ 113,815	$ 169,636	$ 3,619,824	$ 2,615,015	$ 79,138	$ 126,101	$ 2,820,254
Provision for credit losses	$ 238,424	$ 56,934	$ 152,741	$ 448,099	$ 233,622	$ 39,590	$ 113,552	$ 386,764

As of December 31, 2023 and 2022, the movements in the allowance for impairment of accounts receivable are shown as follows:

Liverpool

		Stage 1
January 1, 2022	$	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
Remeasurement of financial assets that remain in the same stage		118,639
From stage 1 to stage 2		(61,979)
From stage 1 to stage 3		(13,220)
From stage 2 to stage 1		931,802
From stage 2 to stage 3		-
From stage 3 to stage 1		85,855
From stage 3 to stage 2		-
Financial assets granted during the period		231,701
Remeasurement of financial assets that changed stage in the period		(1,022,149)
Financial assets written off in the period		(29,717)
December 31, 2023	$	1,355,599

Provision for credit losses

	Stage 2		Stage 3		Total
$	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
	150,662		(2,044)		267,257
	61,979		-		-
	-		13,220		-
	(931,802)		-		-
	(64,448)		64,448		-
	-		(85,855)		-
	11,118		(11,118)		-
	133,808		66,547		432,056
	523,347		620,280		121,478
	(197,221)		(451,941)		(678,879)
$	1,299,970	$	770,494	$	3,426,063

The financial assets written off during the period still subject to collection activities for their recovery amount to $1,465,088 and $1,011,350, as of December 31, 2023 and 2022, respectively.

LPC

		Stage 1
January 1, 2022	$	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
Remeasurement of financial assets that remain in the same stage		60,770
From stage 1 to stage 2		(28,186)
From stage 1 to stage 3		(8,794)
From stage 2 to stage 1		255,151
From stage 2 to stage 3		-
From stage 3 to stage 1		36,181
From stage 3 to stage 2		-
Financial assets granted during the period		88,317
Remeasurement of financial assets that changed stage in the period		(304,019)
Financial assets written off in the period		(23,900)
December 31, 2023	$	579,954

	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
	7,042		(578)		67,234
	28,186		-		-
	-		8,794		-
	(255,151)		-		-
	(20,401)		20,401		-
	-		(36,181)		-
	5,399		(5,399)		-
	54,959		27,265		170,541
	235,004		333,217		264,202
	(93,148)		(232,274)		(349,322)
$	434,612	$	391,222	$	1,405,788

The financial assets written off during the period still subject to collection activities for their recovery amount to $619,252 and $461,614, as of December 31, 2023 and 2022, respectively.

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

		2023		2022
At January 1	$	4,924,048	$	4,887,149
Increased in provision for credit losses recognized in income during the year		2,889,335		1,791,024
Loan portfolio written off during the year as uncollectible		(2,533,433)		(1,754,125)
At December 31	$	5,279,950	$	4,924,048

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 $70,408 and decrease by $78,281, respectively.

Deferred income

8.1 Liabilities related to customer contracts are shown below:

		December 31,		
		2023		2022
Contract liability - deferred income	$	2,917,793	$	2,738,667
Total current contract liabilities	$	2,917,793	$	2,738,667

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, 2023	2022
Deferred income (see Note 2.22.b)	$ 1,332,067	$ 1,615,661
Total current contract liabilities	$ 1,332,067	$ 1,615,661

Note 9 - Other accounts receivable - Net:

	December 31, 2023	2022
Short-term accounts receivable:		
Other debtors [1]	$ 1,426,833	$ 926,340
Laboratorios Biológicos y Reactivos de México, S. A. de C. V.	1,378,369	-
Broxel, S. A. P. I. de C. V.	284,940	259,690
Tenants- Net [2]	2,465	12,430
Short-term loans to employees	238,371	116,153
	3,330,978	1,314,613
Long-term loans to employees	338,336	290,939
Total	$ 3,669,314	$ 1,605,552

1 Includes accounts receivable from voucher issuing companies and other debtors other than merchandise.

2 This amount includes the provision for credit losses for $87,876 and $136,651, as of December 31, 2023 and 2022, 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.

The main instruments used are interest rate and the positions contracted at the end of each year are shown below:

Assets

		Dates		Interest rate		Fair value at December 31,	
Notional amount[1]		Contracting	Maturity	Contracted by DFI	Agreed in the debt	2023	2022
USD	300,000	October 2014	October 2024	6.81%	3.95%	$ 1,209,410	$ 2,068,141
USD	250,000	September 2016	October 2026	8.88%	-	-	7,253
USD	350,000	September 2016	October 2026	8.59%	3.88%	-	59,649
USD	50,000	October 2016	October 2026	8.87%	3.88%	-	12,195
USD	50,000	October 2016	October 2026	8.76%	3.88%	-	12,096
USD	50,000	October 2016	October 2026	8.84%	3.88%	-	27,106
Total						1,209,410	2,186,440
Less long-term portion						-	(2,186,440)
Current portion (short term)						$ 1,209,410	$ -

Liabilities

Notional amount[1]		Dates		Interest rate		Fair value at December 31,	
		Contracting	Maturity	Contracted by DFI	Agreed in the debt	2023	2022
USD	250,000	September 2016	October 2026	8.88%	-	$ 639,650	$ -
USD	350,000	September 2016	October 2026	8.59%	3.88%	859,900	-
USD	50,000	October 2016	October 2026	8.87%	3.88%	117,167	-
USD	50,000	October 2016	October 2026	8.76%	3.88%	117,443	-
USD	50,000	October 2016	October 2026	8.84%	3.88%	102,900	-
Total						1,837,060	-
Less long-term portion						(1,197,410)	-
Current portion (short term)						$ 639,650	$ -

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.

In future contracts that are entered into in recognized and international markets associated with interest rates of its long-term debt, the Company is subject to the rules of said markets. These rules include, among others, covering the margin to operate futures contracts, as well as subsequent margin calls (revolving funds, which are required in the presence of variations in underlying rates to be applied against payments) required to the company. As of December 31, 2023, within other financial assets, collateral (margin calls) is presented regarding derivative financial operations carried out with Banco Santander (Mexico), S. A, Institución de Banca Múltiple, Grupo Financiero Santander México, the value of these collaterals (guarantees) is $302,227.

Note 11 - Investments in associates:

Concept	Activity	Place of incorporation and operations	Proportion of shareholding and voting rights December 31, 2023	2022	December 31, 2023	2022
Investment in associates (i), (ii)	Sales	Mexico and Central America	50%	50%	$ 7,938,160	$ 8,257,623
Other investments in associates (iii)	Malls	Mexico	Several	Several	3,179,625	1,753,435
					$ 11,117,785	$ 10,011,058

(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 1,280 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 53 stores in México, 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 Estado de México, Galerías Querétaro in the city of Querétaro, Parque Tepeyac in México City and Galerias Metepec in the Estado de México,

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

	Unicomer December 31, 2023	Unicomer December 31, 2022	Sfera México December 31, 2023	Sfera México December 31, 2022
Summarized statement of financial position:				
Current assets:				
Cash and cash equivalents	$ 2,762,155	$ 3,013,105	$ 644,514	$ 161,584
Other current assets	21,130,130	25,068,535	489,224	962,323
Total current assets	23,892,285	28,081,640	1,133,738	1,123,907
Non-current assets	22,918,160	18,809,919	1,708,849	1,684,920
Total assets	$ 46,810,445	$ 46,891,559	$ 2,842,587	$ 2,808,827
Current liabilities:				
Suppliers	$ 4,016,944	$ 3,921,819	$ 223,750	$ 237,573
Other current liabilities	12,780,195	15,160,985	151,952	127,925
Total current liabilities	16,797,139	19,082,804	375,702	365,498
Non-current liabilities	16,973,588	14,137,857	1,118,563	1,087,103
Total liabilities	33,770,727	33,220,661	1,494,265	1,452,601
Net assets	13,039,718	13,670,898	1,348,322	1,356,226
Participation of the company in the net assets of associates	$ 6,519,859	$ 6,835,449	$ 660,678	$ 664,551
Goodwill	757,623	757,623	-	-
Equity in net assets of associates	$ 7,277,482	$ 7,593,072	$ 660,678	$ 664,551

	Unicomer Year ended December 31, 2023	Unicomer Year ended December 31, 2022	Sfera México Year ended December 31, 2023	Sfera México Year ended December 31, 2022
Summarized statement of comprehensive income:				
Revenue	$ 23,602,576	$ 25,066,987	$ 2,286,780	$ 2,128,472
Interest income	8,981,525	8,736,859	39,030	16,555
Depreciation and amortization	(1,599,104)	(1,545,577)	(217,773)	(214,555)
Interest expense	(1,626,846)	(1,763,568)	(100,187)	(97,907)
Income tax expense	(462,674)	(854,351)	(176,447)	(110,663)
Net income	631,082	468,428	392,096	291,232
Company's equity in profits of associates	$ 315,541	$ 234,214	$ 192,127	$ 142,704

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

	Unicomer	Sfera México	Other	Total
Balance at January 1, 2022	$ 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 [2]	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
Translation effect of investment in associates	(629,271)	-	-	(629,271)
Equity method	315,541	192,127	-	507,668
Dividends	-	(196,000)	-	(196,000)
Capital increase in associates [1]	-	-	1,424,269	1,424,269
Other - Net	(1,860)	-	1,921	61
Balance at December 31, 2023	$ 7,277,482	$ 660,678	$ 3,179,625	$ 11,117,785

[1] This increase corresponds to a shopping center, of which $687,500 was realized through investment properties that did not involve cash flow.

[2] In November 2022, the Company made a contribution for future capital increases in Unicomer in the amount of 40 million dollars equivalent to $803,799.

Note 12 - Investment properties - Net:

		Amount
Balance at January 1, 2022	$	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
Acquisitions		153,563
Transfer of property, furniture and equipment - net		874,991
Disposals [1]		(1,277,696)
Depreciation		(372,306)
Balance at December 31, 2023	$	22,886,294
Balance at January 1, 2023		
Cost		27,647,022
Accumulated depreciation		(4,760,728)
Balance at December 31, 2023	$	22,886,294

[1] Includes a contribution to the Metepec Shopping Center for $687,500, see note 11.2

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, 2023 and 2022 amounts to $31,305,213 and $29,028,886, 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 15% (14.70% in 2022), classified as level 2.

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

	Year ended December 31,			
		2023		2022
Repairs and maintenance	$	927,255	$	790,019
Advertising		167,132		151,089
Personnel compensation and benefits		75,210		73,113
Real estate taxes and water		134,598		117,997
Hired services		93,234		38,675
Other expenses		36,890		8,591
Electrical power and utilities		5,692		5,243
Rent of equipment		1,761		2,816
Travel expenses		4,795		3,124
Total	$	1,446,567	$	1,190,667

Note 13 - Property, furniture and equipment - Net:

	Land	Buildings	Furniture and equipment
At December 31, 2023:			
Beginning balance	$ 6,922,075	$ 31,825,080	$ 6,551,888
Acquisitions	-	18,574	528,053
Transfers	80,678	3,608,422	1,817,944
Transfer to investment properties - net [2]	(83,251)	(770,347)	(21,393)
Disposals	-	(161,987)	(46,512)
Depreciation	-	(593,012)	(1,180,138)
Ending balance	6,919,502	33,926,730	7,649,842
At December 31, 2023:			
Cost	6,919,502	41,521,510	21,589,085
Accumulated depreciation	-	(7,594,780)	(13,939,243)
Ending balance	$ 6,919,502	$ 33,926,730	$ 7,649,842
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

[1] The balance of works in progress at the end of the fiscal year 2023 corresponds to various projects where the Company is building a distribution center, some stores or shopping malls and remodeling some existing ones.

[2] This transfer did not involve cash flow.

Note 14 - Intangible assets - Net:

	Indefinite useful life		
	Goodwill	Trademarks	Other intangible
Balance at January 1, 2022	$ 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
Movements:			
Investments	-	-	-
Disposals	-	-	-
Amortization	-	-	-
Balance at December 31, 2023	$ 7,481,553	$ 3,668,021	$ 2,108,566

	Leasehold improvements	Computer equipment	Transportation equipment	Works in progress [1]	Total
	$ 4,586,676	$ 691,344	$ 346,339	$ 4,629,485	$ 55,552,887
	21,023	58,074	72,394	6,964,313	7,662,431
	785,757	449,580	213,198	(6,955,579)	-
	-	-	-	-	(874,991)
	(6,457)	(19,799)	(13,668)	-	(248,423)
	(482,816)	(337,611)	(90,408)	-	(2,683,985)
	4,904,183	841,588	527,855	4,638,219	59,407,919
	10,469,548	4,889,406	1,289,036	4,638,219	91,316,306
	(5,565,365)	(4,047,818)	(761,181)	-	(31,908,387)
	$ 4,904,183	$ 841,588	$ 527,855	$ 4,638,219	$ 59,407,919
	$ 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

	Definite useful life		
	Licenses and fees	IT develoments	Total
	$ 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
	169,048	634,208	803,256
	(180)	(2,622)	(2,802)
	(259,639)	(463,337)	(722,976)
	$ 598,120	$ 1,755,820	$ 15,612,080

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, 2023, 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. 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, 2023, the excess of fair value less disposal costs over book value amounted to $11,513,600 (47%). 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:

	2023 (%)	2022 (%)
Discount rate	13.50	13.00
EBITDA margin (average budgeted)	19.79	15.70
The expected growth rate of sales (average budgeted)	11.53	12.00
Terminal value growth rate	3.50	3.50

If the discount rate used to in the years ended December 31, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022, was 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,	
	2023	2022
Listed securities of Nordstrom, Inc	$ 4,910,597	$ 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, 2023 and 2022, the valuation of these shares generated losses recognized in other comprehensive income for the amount of $40,725, $992,010 ($28,508, $694,407, net of taxes), respectively.

The dividends generated as of December 31, 2023 and 2022, for said listed shares amounted to $209,482 and $58,957, respectively, which were recognized in the income statement.

Note 16 - Provisions:

		Bonuses and compensation paid to employees [1]		Other provisions [2]		Total
At January 1, 2022	$	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
Charged to statement of income		5,630,297		3,797,081		9,427,378
Used during the year		(5,456,278)		(3,203,218)		(8,659,496)
At December 31, 2023	$	2,452,164	$	3,067,444	$	5,519,608

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, 2023		2022
Short-term debt:				
Interest payable	$	681,005	$	674,124
Senior notes		5,068,050		-
	$	5,749,055	$	674,124

		December 31, 2023		2022
Long-term debt:				
Stock certificates	$	13,500,000	$	13,500,000
Senior notes		8,406,594		15,530,916
	$	21,906,594	$	29,030,916

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. This authorization expired in July 2022.

Currently, the Company has placed the following unsecured issues:

Maturity	Interest payable	Interest rate		December 31, 2023		2022
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		13,500,000
Less – Issues of long-term stock certificates				(13,500,000)		(13,500,000)
More - Interest payable				681,005		674,124
Current portion			$	681,005	$	674,124

Maturities pertaining to the long-term portion of this liability at December 31, 2023 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, 2023, and 2022, the Company complied with the conditions above.

The fair value of the stock certificates is as follows:

	December 31,				December 31,			
Maturity date		Book Value		Fair value [1]		Book Value		Fair value [1]
Aug 2027	$	3,500,000	$	3,237,465	$	3,500,000	$	3,190,040
Nov 2029		5,000,000		5,019,695		5,000,000		5,019,695
Nov 2030		5,000,000		4,511,550		5,000,000		4,320,000
	$	13,500,000	$	12,768,710	$	13,500,000	$	12,529,735

[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 million pesos 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, 2023 and 2022:

			December 31,			
Maturity	Interest payable	Interest rate		2023		2022
Oct. 2024 [1]	Semiannually	Fixed at 3.95%	$	5,068,050	$	5,841,450
Oct. 2026 [2]	Semiannually	Fixed at 3.875%		8,406,594		9,689,466
			$	13,474,644	$	15,530,916

[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).

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,				December 31,			
Maturity date		Book Value		Fair value [1]		Book Value		Fair value [1]
Oct. 2024	$	5,068,050	$	4,996,692	$	5,841,450	$	5,654,642
Oct. 2026		8,406,594		8,082,016		9,689,466		9,145,573
	$	13,474,644	$	13,078,708	$	15,530,916	$	14,800,215

[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, 2023		2022
Beginning balance of debt and interest	$ 29,705,040	$	33,933,221
Repayments	-		(3,400,000)
Foreign exchange variation	(2,056,272)		(794,193)
Interest accrued	2,820,158		2,851,162
Interest paid	(2,813,277)		(2,885,150)
Closing balance of debt and interest	$ 27,655,649	$	29,705,040

Note 18 - Employee benefits:

The value of employee benefit obligations at December 31, 2023 and 2022, amounted to $3,948,704 and $3,339,262, respectively, as follows:

	December 31, 2023		2022
Pension plans	$ (1,908,109)	$	(1,606,115)
Seniority premium	(1,030,729)		(875,167)
Other employee benefits for voluntary separation or dismissal	(1,009,866)		(857,980)
	$ (3,948,704)	$	(3,339,262)

The net cost for the period ended at December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023		2022
Pension plans	$ 208,605	$	184,080
Seniority premium	171,887		144,061
Other employee benefits for voluntary separation or dismissal	163,975		133,714
	$ 544,467	$	461,855

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

	December 31, 2023		2022
Defined benefit obligations	$ (3,948,704)	$	(3,339,262)
Fair value of plan assets	298,164		254,720
Liability in the consolidated balance sheet	$ (3,650,540)	$	(3,084,540)

The movement in the defined benefit obligation is as follows:

	December 31, 2023		2022
Beginning balance at January 1	$ (3,339,262)	$	(3,042,949)
Service cost	(250,280)		(224,314)
Interest cost	(320,927)		(265,651)
Actuarial loss	(393,295)		(37,813)
Benefits paid	355,060		231,465
Ending balance at December 31	$ (3,948,704)	$	(3,339,262)

The movement in the liability is as follows:

	December 31, 2023	2022
Beginning balance at January 1	$ (3,084,540)	$ (2,739,046)
Provision of the year	(544,467)	(461,855)
Actuarial remeasurement	(362,042)	(128,635)
Company contributions	309	18,054
Benefits paid	340,200	226,942
Ending balance at December 31	$ (3,650,540)	$ (3,084,540)

The movement in plan assets is as follows:

	2023	2022
Beginning balance at January	$ 254,720	$ 303,903
Financial gain (loss) on plan assets	57,852	(63,074)
Fund contributions	87,053	118,837
Transfer of assets	(86,601)	(100,425)
Benefits paid	(14,860)	(4,521)
Ending balance at December 31	$ 298,164	$ 254,720

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

	Fair value of plan assets December 31, 2023	2022
Debt instruments	$ 74,541	$ 63,680
Equity instruments	223,623	191,040
	$ 298,164	$ 254,720

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, 2023	2022
Discount rate	9.75%	10.25%
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:

	2023	2022
Men	20 years	20 years
Women	21 years	21 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	
	2023	2022	2023	2022
Discount rate	0.5%	0.5%	$ (115,948)	$ (96,757)
Rate of salary increases	0.5%	0.5%	174,461	142,106
Pension increase rate	0.5%	0.5%	7,894	(7,180)
Life expectancy	1.0%	1.0%	(16,919)	(14,904)

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 - 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, 2023	2022
Right-of-use assets:		
Buildings	$ 12,035,294	$ 11,827,728
Furniture and equipment	193,264	315,494
Vehicles	309,080	210,706
	$ 12,537,638	$ 12,353,928

	December 31, 2023	2022
Lease liabilities:		
Current	$ 2,346,729	$ 2,224,771
Non-current	11,776,558	11,394,267
	$ 14,123,287	$ 13,619,038

The additions and derecognition of right-of-use assets during 2023 amounted to $2,016,910 and $226,562, respectively, and in 2022 they amounted to $2,664,531 and $390,975, 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, 2023	2022
Depreciation charge of the right-of-use assets:		
Buildings	$ 1,274,965	$ 1,134,249
Furniture and equipment	141,556	150,840
Vehicles	190,117	148,075
	$ 1,606,638	$ 1,433,164
Interest expense (included in finance cost)	1,247,223	1,137,980
Expenses relating to short-term leases (included in the cost of sales and administrative expenses)	649,759	448,523
Expenses relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	191,766	165,405
Expense relating to variable lease payments not included in lease liabilities (included in the cost of sales and Administrative expenses)	403,284	367,192

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

The total cash flow for the leases in 2023 and 2022 was $2,510,924 and $2,236,187, respectively. The building lease concessions did not generate cash outflow in 2022, for $7,186.

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, 2023		2022
Beginning balance of lease liabilities	$	13,619,038	$	12,560,090
Acquisitions		2,016,910		2,664,531
Disposals		(248,960)		(500,190)
Lease concessions		-		(7,186)
Accrued interest		1,247,223		1,137,980
Principal payment		(1,263,701)		(1,098,207)
Interest paid		(1,247,223)		(1,137,980)
Closing balance of lease liabilities	$	14,123,287	$	13,619,038

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.

Below is an analysis of lease revenue:

		Year ended December 31, 2023		2022
Fixed rent	$	2,848,079	$	3,411,040
Variable rent		227,495		176,070
Total lease revenue	$	3,075,574	$	3,587,110

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, 2023		2022
Up to 1 year	$	2,980,800	$	3,302,503
From 1 to 5 years		13,378,506		13,210,013
Over 5 years		20,543,220		16,512,517
Total minimum payments agreed	$	36,902,526	$	33,025,033

Note 20 - Balances and transactions with related parties:

During 2023 and 2022, 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 $6,306 and $6,902 in 2023 and 2022, respectively. At December 31, 2023 and 2022 there were no outstanding balances for these items. During 2023 and 2022, the Company contracted corporate travel services for its employees with Orión Tours, S. A. de C. V. (Orión), whose General Director is Vice-Chairman of the Company's Board of Directors. Fees paid in 2023 and 2022 to Orión amounted to $94,377 and $71,608, respectively. Likewise, 2023 and 2022 the Company contracted car insurance services with Qualitas Controladora, S. A. B. de C.V. (Qualitas) whose Board member is Vice-Chairman of the Company's Board of Directors. Fees paid in 2023 and 2022 to Qualitas amounted to $45,855 and $44,320, respectively. These services and fees were contracted using market conditions. At December 31, 2023 and 2022, 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:

	2023	2022
Total short term	$ 89,290	$ 72,958

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, 2023 and 2022, is comprised of the following:

	Minimum fixed capital
931,569,910 Series "1" shares are duly represented, constituting 81.3776% 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 16, 2023, the payment of dividends from the Net Fiscal Income Account ("CUFIN") for $3,503,132. On May 26, 2023, $2,106,563 were paid, and in October 2023, $1,395,666 was settled.

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.

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, 2023 and 2022, 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	63,424,172	4.7
Scotiabank Inverlat S. A., Institución de Banca Múltiple-Trust No. 11033735	36,839,656	2.7
Fondo Administrado 5, S.A. DE C.V., Fondo de Inversión de Renta Variable	2,107,788	0.2
Other	365,375,646	27.2
Total	1,342,196,100	100

21.2 Capital reserves

Capital reserves are comprised as follows.

	December 31,			
		2023		2022
Reserve for translation effects	$	478,796	$	985,761
Legal reserve		582,500		582,500
Reserve for the repurchase of shares [1 and 2]		8,004,370		7,992,575
Investment reserve		94,319		94,319
Reserve for valuation of derivative financial instruments		134,315		239,103
	$	9,294,300	$	9,894,258

[1] During 2023, the Company purchased 26,458,402 series C-1 shares in the market at prices ranging between $87.81 and $118.98. The total purchase was $2,761,056, to which was added $2,763 transaction costs before taxes. Similarly, the Company sold 26,458,402 series C-1 shares in the market at prices ranging between $87.59 and $119.00. The total of the sale was $2,738,852, to which was added $2,753 of transaction costs before taxes.

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.

[2] In the Ordinary General Shareholders' Meeting, held on March 16, 2023, 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 10, 2022, the shareholders agreed to increase the reserve for the acquisition of their own shares to $8,000,000.

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, 2023 and 2022, is $8,004,370 and $7,992,585, respectively.

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

		Interest rate swap
At January 1, 2022	$	1,234,483
Plus: Change in fair value of hedging instrument		(1,791,940)
Less: Reclassification of OCI to results		796,560
At December 31, 2022		239,103
Plus: Change in fair value of hedging instrument		(2,167,188)
Less: Reclassification of OCI to results		2,062,400
At December 31, 2023	$	134,315

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, 2023	2022
Capital contributions account	$ 146,171,364	$ 121,306,698
After-tax earnings account (CUFIN)	205,909,929	182,893,707
Reinvested after tax earnings account (CUFINRE)	192,338	183,774
Total	352,273,631	304,384,179
Average weighted number of ordinary shares to determine the basic earnings per share at December 31, 2023 and 2022	$ 1,342,196,100	$ 1,342,206,042

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, 2023	2022
Income tax	$ 8,587,116	$ 7,045,102
Deferred income tax	(1,089,033)	(1,248,190)
	$ 7,498,083	$ 5,796,912

Movements in deferred tax were as follows:

	December 31, 2023	2022
At January 1	$ 4,606,567	$ 3,074,691
Effect on the statement of income	1,089,033	1,248,190
Effect on the other comprehensive income	330,163	283,686
At December 31	$ 6,025,763	$ 4,606,567

22.2 The deferred tax balance is composed as follows:

	December 31,	
	2023	2022
Deferred income tax asset:		
Tax loss carryforwards	$ 1,706,372	$ 1,631,732
Lease liabilities	4,231,985	4,082,711
Provision for credit losses	1,995,505	1,761,398
Provisions, employee benefits and others	2,982,777	2,672,227
Inventories	244,337	252,430
Cash flows hedges	62,912	55,115
Investment in share of associates	587,862	425,032
Financial asset at fair value through other comprehensive income - Net of income tax	309,821	297,603
Other items	381,126	326,415
	$ 12,502,697	$ 11,504,663

	December 31,	
	2023	2022
Deferred income tax liability:		
Real estate and property, furniture and equipment	$ 1,167,031	$ 1,507,354
Right of use assets	3,756,207	3,703,586
Intangible assets	1,307,486	1,377,826
Prepayments	190,485	217,593
Supplies	38,177	50,220
Other items	17,548	41,517
	6,476,934	6,898,096
Deferred income tax	6,025,763	4,606,567
Asset tax recoverable	8,679	24,247
Total deferred income tax asset	$ 6,034,442	$ 4,630,814

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	Right of use assets
At January 1, 2022	$ 1,659,002	$ 1,749,761	$ 2,940,340	$ 5,184,496	$ (4,793,406)
Charged / credited to the statement of income	(27,270)	11,637	(268,113)	(1,101,785)	1,089,820
Other comprehensive income	-	-	-	-	-
At December 31, 2022	1,631,732	1,761,398	2,672,227	4,082,711	(3,703,586)
Charged / credited to the statement of income	74,640	234,107	310,550	149,274	(52,621)
Other comprehensive income	-	-	-	-	-
At December 31, 2023	$ 1,706,372	$ 1,995,505	$ 2,982,777	$ 4,231,985	$ (3,756,207)

Investmen tproperties, furniture and equipment	Investment in shares of associates	Inventories	Intangibles	Other [1]	Total
$ (2,450,199)	$ 191,588	$ 218,657	$ (1,548,714)	$ (76,834)	$ 3,074,691
942,845	233,444	33,773	170,348	163,491	1,248,190
-	-	-	-	283,686	283,686
(1,507,354)	425,032	252,430	(1,378,366)	370,343	4,606,567
340,323	162,830	(8,093)	70,880	(192,857)	1,089,033
-	-	-	-	330,163	330,163
$ (1,167,031)	$ 587,862	$ 244,337	$ (1,307,486)	$ 507,649	$ 6,025,763

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, 2023, 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	$ 3,994
2031	3,790,160
2032	1,740,334
2033	153,178
	$ 5,687,666

In determining deferred income tax at December 31, 2023 and 2022, 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,	
	2023	2022
Profit before income tax	$ 26,999,297	$ 23,194,151
Statutory rate	30%	30%
Income tax at statutory rate	$ 8,099,789	$ 6,958,245
Plus (less) effects of taxes of the following items:		
Non-deductible expenses	419,073	376,244
Non-taxable income	(188,410)	(9,963)
Annual inflation adjustment taxable deductible	(129,029)	(17,702)
Equity in the results of associates	34,011	48,574
Investment property, furniture and equipment	(919,272)	(1,480,727)
Cost of sales update	(129,335)	(115,340)
Dividends received from abroad	104,213	-
Update of tax losses	(72,181)	(87,782)
Other permanent items	279,224	125,363
Income tax	$ 7,498,083	5,796,912
Effective income tax rate	28%	25%

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.

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 at December 31, 2023:	Commercial								
		Liverpool		Suburbia		Credit		Real Estate	Consolidated
Net income	$	153,606,381	$	21,582,062	$	16,268,496	$	4,534,684	195,991,623
Cost and expenses		(137,084,235)		(20,314,410)		(6,865,446)		(2,121,744)	(166,385,835)
Operating income	$	16,522,146	$	1,267,652	$	9,403,050	$	2,412,940	$ 29,605,788
Timing of revenue recognition:									
Over time	$	153,606,381	$	21,582,062	$	16,268,496	$	4,534,684	$ 195,991,623

Year ended at December 31, 2022:	Commercial								
		Liverpool		Suburbia		Credit		Real Estate	Consolidated
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

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,			
		2023		2022
Ciudad de México and Estado de México	$	50,785,032	$	49,591,064
Hidalgo, Puebla, Morelos, Guerrero, Veracruz and Tlaxcala		33,619,675		25,989,819
Nuevo León, Tamaulipas, Chihuahua, Coahuila, Sinaloa, Sonora and Durango		30,660,287		28,424,885
Jalisco, Michoacán, Colima and Nayarit		20,337,889		19,106,944
Chiapas, Tabasco, Quintana Roo, Yucatán, Campeche and Oaxaca		16,640,533		15,469,228
Guanajuato, Querétaro, Aguascalientes, Zacatecas and San Luis		16,915,433		15,530,725
Other		22,498,090		18,199,181
Total	$	191,456,939	$	172,311,846

Note 24 - Costs and expenses by nature:

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

	Year ended December 31,	
	2023	2022
Cost of merchandise	$ 109,813,339	$ 101,159,387
Cost of distribution and logistics	5,802,971	5,153,211
Inventory reserve	1,255,149	1,264,374
	116,871,459	107,576,972
Personnel compensation and benefits	23,908,219	21,083,453
Services contracted	5,570,536	5,100,840
Depreciation and amortization	5,396,894	5,171,085
Provision for impairment of loan portfolio	2,889,335	1,791,024
Leases	164,708	226,902
Repairs and maintenance	2,842,652	2,472,391
Electrical power	1,340,782	1,193,506
Supplies	1,721,316	1,676,341
Advertising	2,347,414	2,006,489
Other [1]	3,332,520	2,219,338
Total	$ 166,385,835	$ 150,518,341

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

Personnel compensation benefits are comprised as follows:

	Year ended December 31,	
	2023	2022
Salary and bonds	$ 20,096,326	$ 17,794,307
Commissions paid to sales staff	3,064,543	2,710,341
Other payments	747,350	578,805
	$ 23,908,219	$ 21,083,453

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. On August 8, 2022, said agreement was terminated.

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 23, 2024, by the Board of Directors and are subject to approval by the stockholders' meeting.