

CHEDRAUI
cuesta menos

ANNUAL REPORT **2019**



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MESSAGE TO SHAREHOLDERS FROM THE CHAIRMAN OF THE BOARD AND THE CEO

This material references Disclosure 102-14 of GRI 102: General Disclosures 2016

Dear Shareholders:

During 2019, in Chedraui, we faced a challenging backdrop, notwithstanding, we advanced on a strong footing towards the operational consolidation of the 61 stores that comprise the food retail chain Fiesta in the United States, as it completed its first full year under our administration. Moreover, in Mexico we deployed a number of strategies to bolster our omnichannel system, aiming for all our customers to have an exceptional shopping experience in each of the store formats we put at their disposal. Likewise, we moved forward in the development of our proximity format, Supercito, where we already reached the average sale per store volume required to obtain the profitability we are looking for.

Turning to the operation in the United States, during 2019, we conducted a program to optimize prices and improve the quality of the offering in all Fiesta units, our most recent acquisition in this segment, with presence in the three most important cities of the state of Texas (Houston, Dallas and Austin).

Fiesta is a very well-positioned brand in southern United States, as it caters a wide variety of customers whose ethnic backgrounds are distinct to Latino, allowing it to perform as the perfect complement to El Super, primarily focused on consumers with Mexican heritage living in the states of California, Arizona, Nevada, New Mexico and part of Texas.

This not only fueled a significant expansion of our geographic footprint in the south of that country, but also the climb to approximately 40% in the participation that Retail in the United States segment has with respect to our consolidated revenue, nourishing an important diversification in our consolidated sales.

Consequently, and favored by the operation of El Super, which reported a 1.7% increase in same-store sales, both sales and EBITDA of this segment posted double-digit annual increases (17.9% and 39.6%), totaling Ps.51,304 million and Ps.2,811 million, respectively.

In the Retail in Mexico segment we recorded a 3.3% increase in SSS when compared to that of last year. Additionally, in 2019 we celebrated the opening of 12 stores, thus expanding the sales floor by 2.2% to reach a total of 306 units in operation, which further positions us as the third largest food retail chain in the country. Moreover, revenue from this segment rose 7.7% annually to Ps.77,090 million.

It is worth noting that during 2019, we continued to support our omnichannel strategy, highlighting the improvements made to both Company's website and app, while by means of our Supercito stores, we are focusing our efforts in strengthening the proximity formats our clients are seeking.

The investments conducted to integrate Fiesta stores to Chedraui's operating standards, together with the openings in Mexico, represented the majority of our capital expenditure investment during the year, amounting to Ps.4,092 million.

Meanwhile, the Real Estate Division maintained its meaningful role in Chedraui's operations, complementing our retail offering as well as acting as an important generator of cash flow, enabling us to move forward with the execution of our strategy and operations. As of December 31st, 2019, the occupancy rate posted by this division was 97.2%.

Adding up our three business segments, Chedraui's consolidated sales and EBITDA grew 11.6% and 10.5%, respectively, to Ps.129,443 million and Ps.9,127 million.

About sustainability, we reaffirmed our commitment to maintain our status as model corporate citizen, pursuing economic profitability while producing environmental and social benefits, which enable us to reduce our environmental footprint as much as possible and contribute to the well-being of the most vulnerable sectors.

In environmental matters, we carried on with the execution of our strategy of minimizing GHG emissions and our CO_2 footprint, through the increased use of clean energy sources, such as wind and solar power instead of traditional sources, coupling it with the launch of recycling and resource management campaigns to save energy, water, paper, cardboard and plastic wraps, supporting us to stop emitting, 202,523.51 tons of CO_2 equivalent to planting a total of 10,126,175 trees, thanks to the use of wind energy.

In line with our social responsibility, as every year through Chedraui Foundation, we executed noteworthy actions in terms of housing, health, food, social welfare and education. Regarding the latter, outstanding are the services provided by our Liceos de Artes y Oficios in Veracruz, Villahermosa and Xalapa which offer high school, vocational degrees and intensive courses, whether on-site or online, to young people and adults with scarce resources, which in 2019, trained a total of 3,119 students through both courses.

In Chedraui, we acknowledge that our greatest asset is represented by our workforce comprised of more than 50,000 employees, as we always seek to offer them an optimal work environment that nurtures personal and professional growth.

We thank our shareholders for the trust they have placed in the Board of Directors, as well as for the invaluable support and guidance they give us year after year, significant actions that drive Chedraui to continue meeting its mission of "Provide our customers with outstanding value by offering the products they desire at the lowest possible price".



CORPORATE PROFILE

ABOUT CHEDRAUI

This material references Disclosures 102-1, 102-2, 102-3, 102-5, 102-6 and 102-16 of GRI 102: General Disclosures 2016

Grupo Comercial Chedraui, S.A.B. de C.V., mainly known as Chedraui, is a leading company in the Food Retail sector, in which it participates by means of its divisions in Mexico and the United States, in addition to owning a Real Estate division to operate shopping centers.

Grupo Comercial Chedraui, S.A.B. de C.V., was incorporated for an indefinite term in the city of Xalapa - Enriquez Veracruz on April 23rd, 1987, and its headquartered at Privada de Antonio Chedraui Caram #248, Colonia Encinal, 91180, Xalapa, Veracruz. Separately, the corporate offices are located at Av. Constituyentes #1150, Lomas Altas, Delegacion Miguel Hidalgo, 11950, Mexico City.

In its operations in Mexico, Chedraui's geographical footprint extends throughout 25 states by means of four store formats, Tiendas Chedraui, Súper Chedraui, Súper Che and Supercito, while also having the "Selecto" concept, which offers premium products for customers with high purchasing power, thus catering different segments of the population through multiple formats ranging from hypermarkets to proximity stores.

In its operations in the U.S., Chedraui focuses on serving the needs of the Hispanic and Mexican American communities in the states of California, Nevada, Arizona, New Mexico and Texas through its El Super stores, and since 2018, as a result of the acquisition of Fiesta, one of the leading niche food retail chains in this country, meets the needs of Latino consumers as well of those of different backgrounds, in the main cities of Texas.

Finally, the Real Estate division is responsible for the management of the Company's owned and leased properties and the gross leasable area, the planning of new stores as well as of the building and remodeling of stores in Mexico.





Mission

Provide our customers with **outstanding value** by offering the products they desire at the **lowest possible price**.

Vision

A leading institutional company **in its field**, which maintains in force throughout the time and through people the fundamental **values with which the first** Chedraui store was created.



CHEDRAUI VALUES:

1 Honesty

We drive ourselves with a truthful and upright behavior whether inside or outside the Company's facilities, in order to preserve the trust and credibility of customers, suppliers, shareholders and co-workers.

2 Commitment

With loyalty and responsibility, we assume the Company's mission of "Provide our customers with outstanding value by offering the products they desire at the lowest possible price".

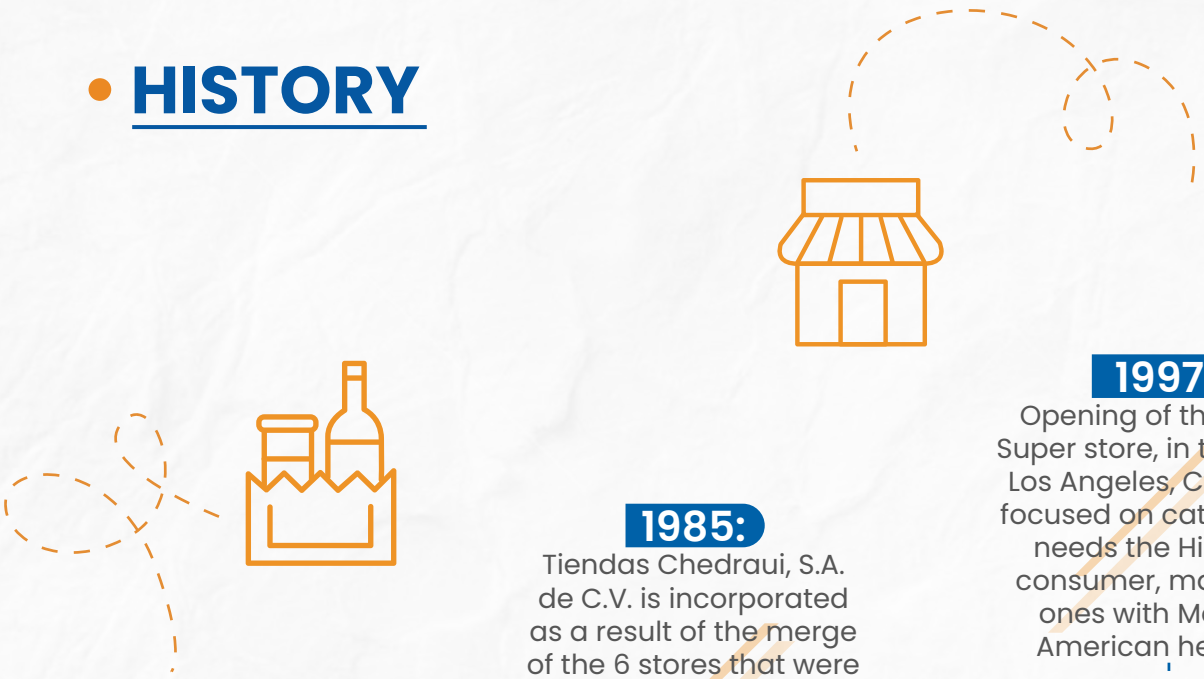
3 Respect

We treat all our employees, clients and suppliers, with dignity and justice, avoiding taking advantage of our authority level.

4 Goal-oriented

All our actions are focused on working with effectiveness and efficiency to guarantee our permanence, by means of meeting the established objectives and making the most of the resources we have, without any waste.

HISTORY



1970:
The first Chedraui hypermarket is established in Xalapa

1970-1980:
During this period, stores were opened in the cities of Veracruz, Villahermosa, and Xalapa

1985:
Tiendas Chedraui, S.A. de C.V. is incorporated as a result of the merge of the 6 stores that were operating at that time

Chedraui started to open shopping centers in Mexico

1987:
On April 23rd, Grupo Comercial Chedraui, S.A.B. de C.V. is established as a controlling company in the city of Xalapa - Enríquez Veracruz

1997:
Opening of the first El Super store, in the city of Los Angeles, California, focused on catering the needs the Hispanic consumer, mainly the ones with Mexican American heritage

2005:

29 Carrefour stores were acquired throughout Mexico, including Mexico City and other locations where the Company's presence was limited

Súper Chedraui format was incorporated, concentrated on towns of at least 25,000 inhabitants or as a complement to the offering in big cities

2008:

Bodega Latina acquires seven stores in southwestern United States from Gigante, adding them to El Super operation

2010:

Bodega Latina acquires Fiesta Mexicana Market LP and Fiesta Warehouse LLC, 10 food retail stores located in South and Central Los Angeles, California in the United States, under the brand name Fiesta Foods to incorporate them to El Super operations, while in Mexico, 3 stores from Centro Comercial Californiano, S.A. de C.V. in Baja California were acquired

On April, Grupo Comercial Chedraui conducted its IPO (Initial Public Offering), thus becoming a public company listed on the Mexican Stock Exchange

2012:

Bodega Latina buys 8 supermarket stores in the United States from Value Plus, which were added to the operation of El Super

2018:

On April 30th, Bodega Latina acquired Fiesta Mart, L.L.C., a company that operated 63 supermarkets in the state of Texas, United States, significantly expanding the presence of Grupo Chedraui in this country and turning Bodega Latina the first supermarket chain dedicated to meet the needs of the first, second and third generation of Mexican-Americans in the United States



STRATEGY – CHEDRAUI EXPERIENCE

This material references Disclosures 102-2, 102-4, 102-6 and 102-7 of GRI 102: General Disclosures 2016

In Chedraui, our strategy is based on 3 pillars that distinguish us from our competitors:

Lowest Price: Guaranteed through the daily market check we conduct in the stores of our competitors, at both central and local levels, to adjust our prices and thus becoming the best option for our customers.

The best store by store Assortment: curated by customer and region in order to satisfy each consumer type and economies, where especially outstanding is that the offering of our biggest store formats is near to 74, 000 SKU's (product codes).

Optimal Shopping Experience: supported with state-of-the-art facilities in terms of cleanliness, comfort, lighting, proper signage and parking space.

Retail in Mexico:

Hypermarkets

Tiendas Chedraui:

Around **74,000 SKU's**

Located in cities of at least 100,000 inhabitants

Average sales floor of 6,635 sqm

Products: Edible and non-edible groceries, perishables, general merchandise, clothing and electronics

Súper Chedraui:

Around **32,000 SKU's**

Located in towns and cities of at least 25,000 inhabitants, as well as in a number of big cities as a complementary offering

Average sales floor of 2,110 sqm

Products: Edible and non-edible groceries, perishables, general merchandise and electronics

Selecto:

Concept addressed to (and recognized by) the segment of the population with higher purchasing power, which, in addition to traditional products, offers organic, kosher, gourmet and in general, products of higher added value.

Present in both hypermarket formats.

# of Tiendas Chedraui Selecto : **19**
# of Súper Chedraui Selecto : **4**

Proximity

Súper Che:

Around **13 thousand SKU's**

Operates in large cities

Average sales floor of **1,206 sqm**

Products: Edible and non-edible groceries, perishables and general merchandise

Supercito:

Around **2 thousand SKU's**

Operates in areas with high population density within large cities

Average sales floor between **188** and **373 sqm**

Products: Edible and non-edible groceries, perishables and general merchandise



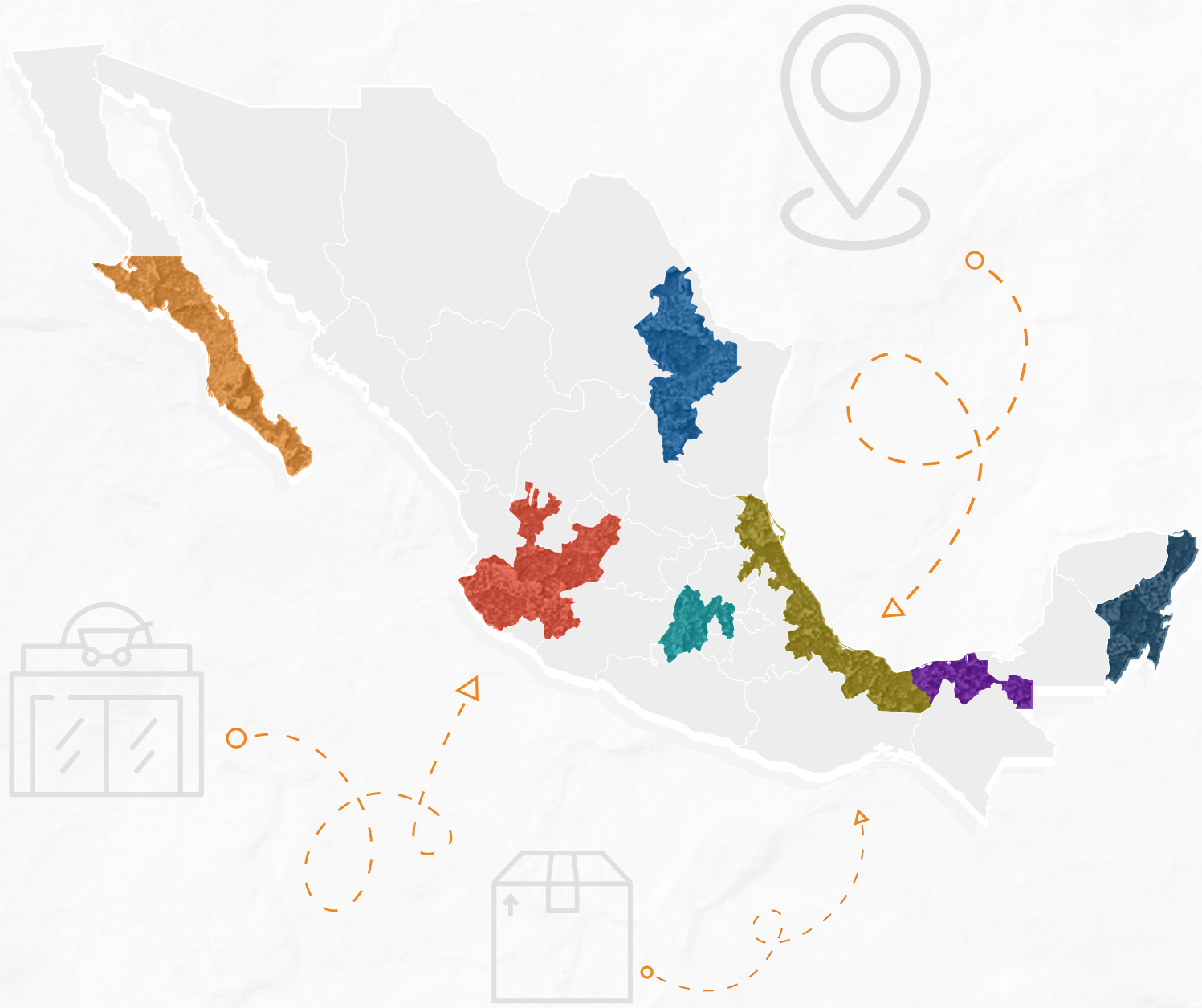
Distribution Centers

All of the retail units in Mexico are supplied by any of our seven distribution centers, arising as an essential part of the Company's logistics and operational efficiency strategy.

Our Distributions Centers are managed through a cross-dock operation in order to distribute:

81.86% of dry merchandise
54.93% of perishables
68.12% of fruits and vegetables

- ZUMPANGO, STATE OF MEXICO
- VILLAHERMOSA, TABASCO
- MONTERREY, NUEVO LEON
- LA PAZ, BAJA CALIFORNIA SUR
- GUADALAJARA, JALISCO
- CANCUN, QUINTANA ROO
- VERACRUZ, VERACRUZ



Location and Main Features of the Distribution Centers

ZUMPANGO, STATE OF MEXICO

- Extension: 59,100 sqm
- Service capacity: 361 stores
- Merchandise: Dry, refrigerated and frozen
- In 2019 it handled 65.2 million boxes of dry merchandise, 5.8 million boxes of fruit and vegetables and 10.7 million boxes of perishables
- Docks: 188

VILLAHERMOSA, TABASCO

- Extension: 56,493 sqm
- Service capacity: 125 stores
- Merchandise: Dry, refrigerated and frozen
- In 2019 it operated 35.6 million boxes of dry merchandise, 4.2 million boxes of fruit and vegetables and 5.7 million boxes of perishables
- Docks: 182

MONTERREY, NUEVO LEON

- Extension: 883 sqm
- Service capacity: 18 stores
- Merchandise: Dry and fruit and vegetables
- In 2019 it handled 1.1 million boxes of dry merchandise and 1.2 million boxes of fruit and vegetables
- Docks: 16

LA PAZ, BAJA CALIFORNIA SUR

- Extension: 506 sqm
- Service capacity: 18 stores
- Merchandise: Dry and frozen
- In 2019 in managed 852 thousand boxes of dry merchandise and 39 thousand boxes of perishables
- Docks: 6

GUADALAJARA, JALISCO

- Extension: 10,386 sqm
- Service capacity: 38 stores
- Merchandise: Dry, frozen and refrigerated
- In 2019 it handled 8.3 million boxes of dry merchandise, 805 thousand boxes of fruit and vegetables and 893 thousand boxes of perishables
- Docks: 30

CANCUN, QUINTANA ROO

- Extension: 6,201 sqm
- Service capacity: 37 stores
- Merchandise: Dry
- In 2019 it operated 6.2 million boxes of dry merchandise
- Docks: 20

VERACRUZ, VERACRUZ

- Extension: 11,087 sqm
- Service capacity: 45 stores
- Merchandise: Dry
- In 2019 it operated 20.2 million boxes of dry merchandise
- Docks: 54

Retail in the United States:

El Super:

Offers high quality perishables and groceries (55% of which are supplied by the distribution center in Los Angeles, California).

Present in the states of California, Arizona, Nevada, New Mexico and Texas.

Mainly serves customers with Mexican American and Latino heritages.



EL Super
cuesta menos



Fiesta:

Offers high-quality perishables and groceries, in addition to general merchandise and clothing in some of its stores

Present in the main cities of the state of Texas (Austin, Dallas and Houston).

Latino and other ethnic backgrounds.

Fiesta®



Real Estate Division

Our Real Estate division operates and maintains shopping centers anchored by one of the Company stores, in addition to leasing commercial places to third-parties, complementing and adding value to the retail locations.

The segment's three most important activities are:

Building and remodeling the stores in Mexico

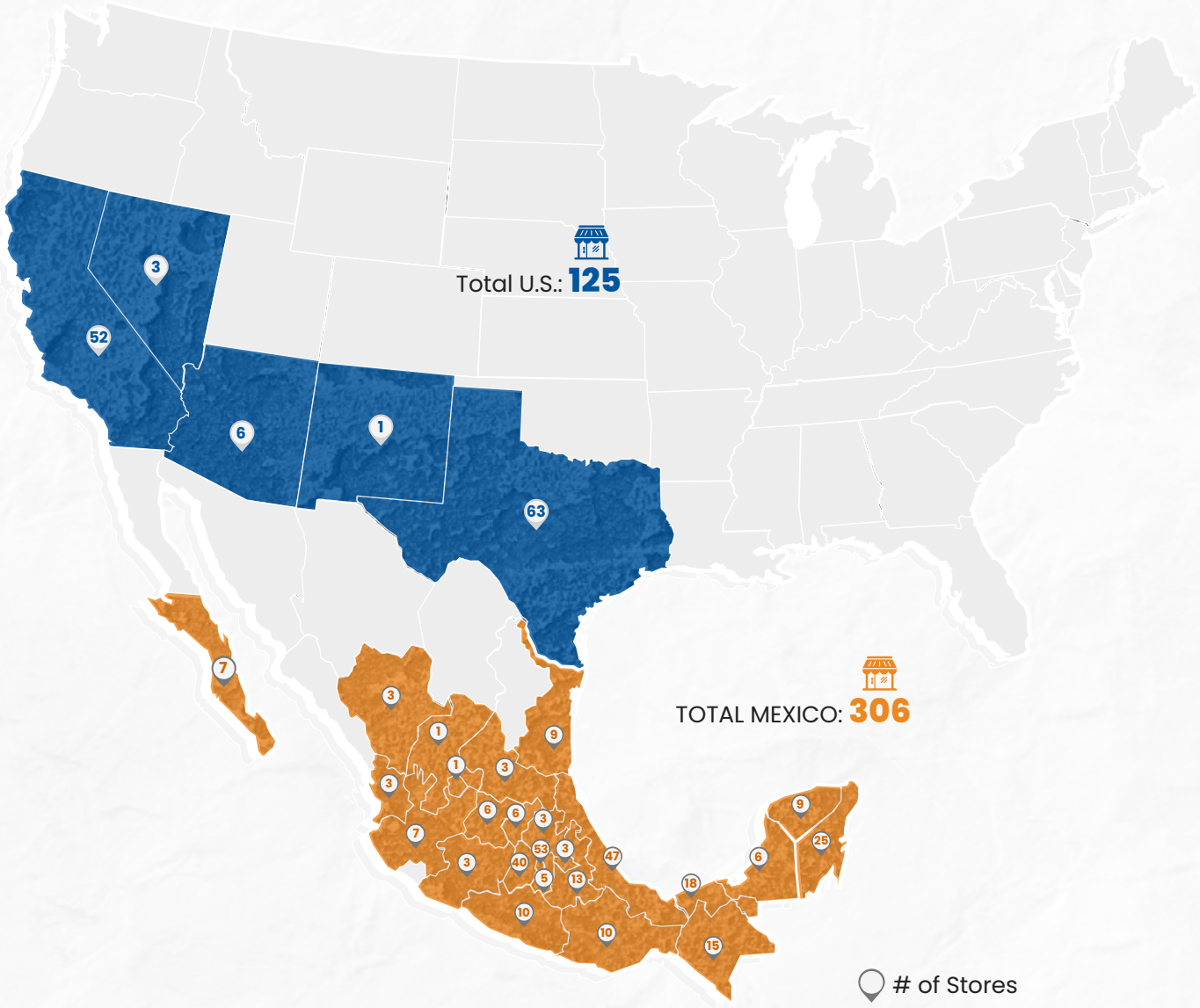
Managing the properties owned and leased by the Company

Marketing the Company's gross leasable area.



GEOGRAPHICAL FOOTPRINT

This material references Disclosure 102-4 of GRI 102: General Disclosures 2016



Mexico

Aguascalientes	Guanajuato	Michoacan	Queretaro	Tamaulipas
Baja California Sur	Guerrero	Morelos	Quintana Roo	Tlaxcala
Campeche	Hidalgo	Nayarit	San Luis Potosi	Veracruz
Chiapas	Jalisco	Oaxaca	State of Mexico	Yucatan
Durango	Mexico City	Puebla	Tabasco	Zacatecas

United States

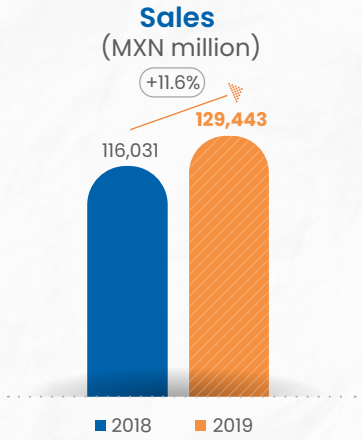
Arizona	California	Nevada	New Mexico	Texas

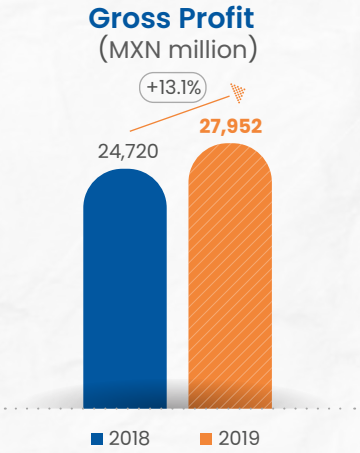
OPERATING AND FINANCIAL PERFORMANCE

This material references Disclosures 102-7 of GRI 102: General Disclosures 2016, and 201-1 of GRI 201: Economic Performance 2016

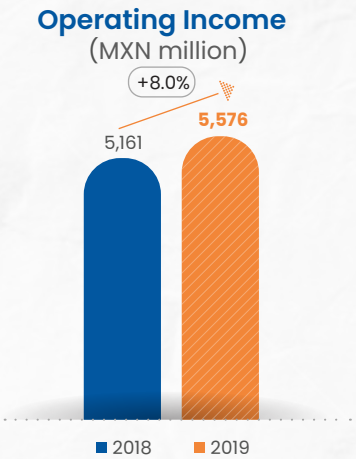
GRUPO COMERCIAL CHEDRAUI

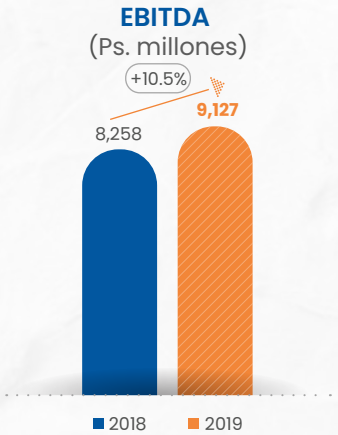
In 2019, consolidated sales grew 11.6% YoY, driven by the net incorporation of 9 stores in Mexico and the 1.7% increase in SSS in dollar terms posted by El Super of US Retail segment.





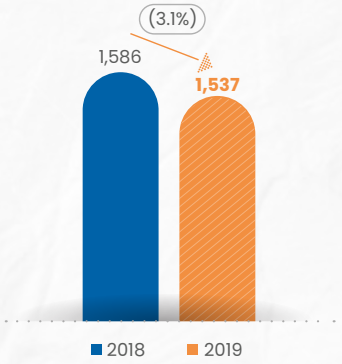
2019 Gross profit went up by 13.1% when compared to that of 2018, fueled by the combined effect of a stable gross margin in Mexico Retail segment and an enhanced margin in US.





Operating Income and EBITDA recorded annual hikes of 8.0% and 10.5%, respectively, in line with the climb in gross profit, which offset the growth in operating expenses.

Consolidated Net Income
(MXN million)



2019 Consolidated net income decreased 3.1% versus 2018, explained by higher financing costs coupled with a higher amount of income taxes.

Consolidated Income Statement

Figures in millions of pesos	2018	2019	Var.
Net Sales	116,031	129,443	11.6%
Gross Profit	24,720	27,952	13.1%
Operating Expenses (excluding Depreciation)	16,462	18,825	14.4%
EBITDA	8,258	9,127	10.5%
Consolidated Net Income	1,586	1,537	(3.1%)
Net Majority Income	1,638	1,566	(4.4%)
Basic Earnings Per Share	1.70	1.64	(3.5%)
Outstanding Shares	963,917,211	963,917,211	N/A
Share Price (Dec 31)	39.40	27.12	(31.2%)

Consolidated Balance Sheet

Figures in millions of pesos	2018	2019	Var.
Cash	1,252	984	(21.4%)
Inventory	12,871	13,471	4.7%
Fixed Assets (Net)	69,119	68,793	(0.5%)
Total Assets	87,463	87,392	(0.1%)
Suppliers	18,798	18,446	(1.9%)
Total Liabilities	60,636	59,982	(1.1%)
Majority Shareholder Investment	26,827	27,410	2.2%

Retail Operation Highlights

Stores in Mexico

	2018	2019	Net Change
Tiendas Chedraui	193	198	5
Súper Chedraui	62	60	(2)
Súper Che	11	15	4
Supercito	31	33	2
Total in Mexico	297	306	9

Stores in US

	2018	2019	Net Change
El Super	64	64	-
Fiesta	61	61	-
Total in US	125	125	-

TOTAL Stores	**422**	**431**	9

RETAIL IN MEXICO:

As of December 31st, 2019, our Retail segment in Mexico counted with 9 more stores than that of same date in 2018, given the net incorporation of 5 Tiendas Chedraui (including 1 Tienda Chedraui Selecto), 4 Súper Che and 2 Supercito. On the other hand, Súper Chedraui stores decreased by 2 units with respect to 2018, due to changes in the store format. The foregoing resulted in an annual 2.2% expansion in our total sales floor.

Sales in Mexico grew 7.7% with respect to 2018.

EBITDA increased 2.6% YoY, due to the increase in operating expenses, which came higher than the growth in sales.

Figures in millions of pesos	2018	2019	Var.
Sales	71,587	77,090	7.7%
EBITDA	5,448	5,589	2.6%
EBITDA Margin	7.6%	7.2%	(0.4 p.p.)

RETAIL IN THE U.S.

During 2019, we focused our efforts towards the operating consolidation of Fiesta, therefore, no store openings were conducted in this segment.

Revenue from US Retail increased 17.9% when compared to that of last year.

EBITDA from this segment surged 39.6%, benefited by the combination of a slower growth in operating expenses compared to the increase of sales, in El Super; and the effects of a more stable operation in Fiesta, due to the achievement of operating and administrative synergies inherent to the consolidation of this business.

Figures in millions of pesos	2018	2019	Var.
Sales	43,525	51,304	17.9%
EBITDA	2,014	2,811	39.6%
EBITDA Margin	4.6%	5.5%	0.9 p.p.

EBITDA Breakdown

Figures in millions of pesos	2018	2019	Var.
El Super	1,602	2,075	29.6%
Fiesta	412	736	78.5%
Total	2,014	2,811	39.6%

REAL ESTATE DIVISION

Revenues from our Real State division climbed 14.1% with respect to 2018, following the increases in lease contracts tied to inflation, as well as the incorporation of 18,216 sqm (+5.1% YoY) of leasable area.

EBITDA from this segment fell 8.7% YoY, given a higher comparison base, as in 2018 a favorable investment properties valuation was registered, bolstering EBITDA, while in fiscal year 2019 said valuation did not cause any adjustment.

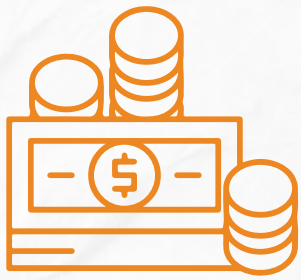
Figures in millions of pesos	2018	2019	Var.
Sales	919	1,048	14.1%
EBITDA	796	727	(8.7%)
EBITDA Margin	86.7%	69.3%	(1,736 p.p.)

Financing

By the end of December 2019, our net bank debt amounted to Ps.9,517 million, comprised of Ps.1,768 million of short-term debt, Ps.8,733 million of long-term debt and Ps.984 million in cash and equivalents.

Accumulated invested CAPEX from January to December in 2019 was Ps.4,092 million.

With these results, the net bank debt to EBITDA ratio as of December 31st, 2019 stood at 1.04 times, slightly less than the 1.07 times at the end of December 2018.





SUSTAINABILITY

STAKEHOLDERS

This material references Disclosures 102-40, 102-43 and 102-44 of GRI 102: General Disclosures 2016

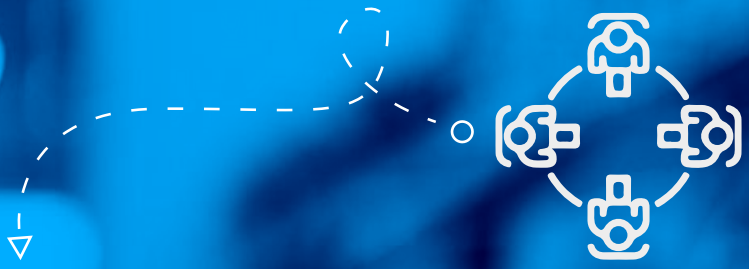
In line with our sustainability strategy, in Chedraui we keep a close touch with our stakeholders, meaning those groups or individuals who represent economic, environmental and social interests and who affect or are affected, directly or indirectly, by the Company's activities.

In the following table is depicted a list of the main interest groups identified by our Management, as well as a description of the topics of interest and means of interaction which the Company uses to inform and/or consult its activities.



Stakeholders	Means of Interaction
Investors	Personalized Support E-mail Annual Filings Annual Reports Quarterly Earnings Release Website Telephone
Authorities	E-mail Physical Meeting Telephone
Customers	App Personalized Support E-mail Satisfaction Survey Advertising Social Networks Website Telephone
Employees	Personalized Support Trainings Chedraui te Escucha (suggestions, grievances and complaints box) Working Climate Surveys Workshops
Community	Personalized Support E-mail Website Telephone
Financial Institutions	Personalized Support E-mail Annual Filings Annual Reports Quarterly Earnings Release Website Telephone
Suppliers	Personalized Support Chedraui te Escucha (suggestions, grievances and complaints box) E-mail Telephone
Unions	Personalized Support Chedraui te Escucha (suggestions, grievances and complaints box) E-mail Physical meeting Telephone

Frecuency: Constant Regular Annual



Topics of Interest	Related Departments
Financial Performance Operating Performance	Finance Investor Relations General Management
Authorizations Agreements Regulatory Compliance	Legal
Products Price and Quality Special Deals and Discounts Additional Services Stores Location	Customer Service Commercial Commercial and Restocking Strategy Logistics IT
Work Conditions Organizational Culture Financial Performance Operating Performance	Human Resources Sustainability and Social Responsibility
Environmental Impact Social Integration Stores Location Road System	Expansion Logistics Sustainability and Social Responsibility
Financial Performance Operating Performance	Finance Investor Relations
Supplier Contracts Supplier Trainings	Commercial and Restocking Strategy Logistics Loss Prevention
Work Conditions Organizational Culture Financial Performance Operating Performance	Legal Human Resources Sustainability and Social Responsibility

SUPPLIERS

This material references Disclosure 102-9 of GRI 102: General Disclosures 2016

At Grupo Chedraui we promote the necessity of having the most excellent business relationship with our over 2,300 suppliers from whom we buy our products, as this affinity acts as a paramount pillar in the Company's strategy of ever offering the lowest prices.

In the operations in Mexico, no single or group of suppliers amounts for more than 4% of the total product purchases conducted during 2019, consequently, there is no dependence on any supplier in particular. Likewise, approximately 2.3% of total products were imported.

Main Suppliers

Business Name	Share of total purchases
Marcas Nestlé S.A. de C.V.	3%
Kimberly Clark de Mexico S.A. de C.V.	3%
Comercializadora de Lácteos y Derivados, S.A. de C.V.	3%
Colgate Palmolive S.A. de C.V.	3%
Sigma Alimentos Comercial S.A. de C.V.	2%
Unilever de México S. de R.L. de C.V.	2%
Procter & Gamble Mexico Inc.	2%
Bimbo S.A. de C.V.	2%
Comercializadora Pepsico Mexico S. de R.L. de C.V. S.	2%
Ganaderos Productores de Leche, S.A. de C.V.	2%

In the United States, during 2019 our most important supplier was GSC Wholesale LLC, standing for approximately 14.55% of total products purchased.

The stores in the U.S. do not import any items from Mexico since many of our Mexican suppliers have parallel operations in the United States, therefore, all products sold in these stores are purchased in this country.



EMPLOYEES

This material references Disclosures 102-8, 102-11, 102-16, 102-17 and 102-41 of GRI 102: General Disclosures 2016, 103 of GRI 103: Management Approach 2016, 401-1 of GRI 401: Employment 2016, 403-1 of GRI 403: Occupational Health and Safety 2016, 404-2 of GRI 404: Training and Education 2016, 405-1 of GRI and 405: Diversity and Equal Opportunity 2016

We acknowledge the fact that a large part of our success is fueled by the commitment of our workforce, whose preparation and responsibility turns them into our greatest competitive advantage in an industry where customer contact and care is fundamental.

As of year-end, our workforce consisted of a total of 50,894 employees, of which 90.0% worked at the stores, 4.8% in administrative areas and 5.2% in distribution centers, excluding independent contractors such as third party employees who manage certain operations in the Company.

We esteem that, during the months with highest workload, temporary employees can constitute up to 3.5% of our workforce.

Employees in our Mexico operation:
39,229 (77.1%)

Employees in our U.S. operation:
11,665 (22.9%)

Hiring

In Mexico, our hiring policy is oriented to employing members of the local community where each store is located in order to offer a better service. We also hire college students to cover administrative positions.

The remaining employees are hired by one of our subsidiaries, whether in Mexico or the United States.



Training

One of our most ambitious and crucial projects is the Chedraui Corporate University, as its online courses allow all our employees to receive the required training in a timely manner, bolstering a better performance.

Trainings are divided in theorical and practical courses, which are evaluated separately taking into account the values of honesty, commitment, respect and efficiency.

Replacement Training Program: Through this program, we ensure having a sufficient, trained and available staff for senior positions, in addition to counting always with the required employees to sustain our stores expansion.

Total Training Hours: **1,129,919**
Total Investment: **Ps.3,505,972**

Safety, Health and Hygiene

We encourage the culture of prevention among our employees through the launch of health campaigns and by providing them with personal protection equipment (PPE). The Company is constantly evaluated in these areas, having complied fully with the requirements and obtaining a performance above the industry's average, in each evaluation.

Each work center counts with a Health and Safety Committee, which, in collaboration with the unions, bolster the promotion of health while encouraging and regulating the safety of all employees.

Health and safety policies and objectives are reviewed annually, in line with our heavy commitment to continuous improvement in this matter.

Remuneration

Store managers and employees earn a combination of fixed salary and performance bonuses regardless of the business line they work in.

In addition to the compensations required by law, all our employees have additional medical service and an established program that covers compensation for personnel who opts for voluntary retirement, calculated in accordance with the Federal Labor Law.

Chedraui te Escucha (Chedraui listens to you)

It is worth noting that we count with a suggestions, grievances and complaints box, known as "Chedraui te Escucha", through which our employees, suppliers and carriers may express their concerns or, as the case may be, report an inappropriate behavior or a situation that does not comply with our code of ethics, by means of an independent body which, in turn, will channel the message directly to the ethics committee who will investigate, and as needed, apply the appropriate measures.

Gender Diversity

As a leading company in the food retail sector, it is essential that all our employees and executives, as well as other stakeholders, have the conviction to respect and enforce diversity, gender equality and human rights. We do not distinguish any customer or employee by their career, race, gender, religion, age, sexual orientation, abilities and nationality, in line with the United Nations *(Global Compact)*.

> Thanks to the Volunteer Packers program in all of our stores, senior citizens are given the opportunity to earn decent income, while feeling useful and providing a service to the community, activities they share with children, who attend at non-school hours.

Employees by Gender:

Gender	Mexico	%	U.S.	%	Total	%
Male	18,045	46.0%	5,133	44.0%	23,178	45.5%
Female	21,184	54.0%	6,532	56.0%	27,716	54.5%
Total	**39,229**	**100.0%**	**11,665**	**100.0%**	**50,894**	**100.0%**

Unions

As of December 31st, 2019, 39.7% of our employees were unionized.

Our employees in Mexico are affiliated to 27 separate unions while the labor relations with each of these unions are governed by 321 collective bargaining agreements, which in turn, are negotiated one by one with each union on an annual basis.

In the U.S., only our employees whom used to work at Grupo Gigante (prior to its acquisition) are unionized.

Unionized and non-unionized employees	2017	2018	2019
Retail Operations in Mexico:			
Total unionized employees	18,569	19,956	18,670
Total non-unionized employees	15,696	16,120	16,189
Retail Operations in the U.S.:			
Total unionized employees	542	634	604
Total non-unionized employees	5,111	10,882	10,322
Distribution Centers			
Total unionized employees	569	585	740
Total non-unionized employees	1,722	2,011	1,935
Administrative Areas			
Total unionized employees	0	0	189
Total non-unionized employees	1,975	2,253	2,245
Total Employees	**44,184**	**52,442**	**50,894**

SOCIAL RESPONSIBILITY

This material references Disclosure 103 and 103-2 of GRI 103: Management Approach 2016

At Grupo Chedraui we are greatly devoted to Corporate Social Responsibility, reflected in our Code of Ethics where the various commitments we have made in this matter are established, including:

Support to the elderly or senior citizens:

Looking to contribute to the construction of a better society, we permanently support the elderly by offering volunteer activities.

Sponsor to charitable institutions:

We seek to support all those institutions that aid the most vulnerable sectors of society.

Accessibility to our facilities:

We commit to ensuring the access to our facilities for those with physical disabilities.

Community development:

We are committed to the development of communities where we have both presence and influence, by supporting various causes that could contribute to this objective.

Employee Retention

For us it is of utmost importance to maintain an informed and enthusiastic workforce, as we strive to keep our turnover rate at minimum levels in an industry that is characterized by its high turnover rates. In this regard, we perform all of the abovementioned actions to nurture a sense of loyalty and community in our employees and thus encourage them to make a career in the Company.

Sector's Turnover Rate:
88.20%

Chedraui's Turnover Rate:
59.21%



FUNDACIÓN CHEDRAUI
ayudamos de corazón

Our main tool for approaching the community and carrying out social outreach actions is the Chedraui Foundation, through which programs in the areas of education, health, housing, nutrition, social welfare and attention to those affected by natural disasters are executed, having a positive impact on the communities where it is present.

Mission

To contribute to the development of Mexican people, by means of pivotal participation in education, health and social welfare.

Vision

To be an institution that promotes human development and social welfare.

EDUCATION

Through our three Liceos de Artes y Oficios in the cities of Xalapa, Veracruz and Villahermosa, we offer high school education, vocational degrees and intensive courses, providing quality education to Mexican youth from the most vulnerable sectors.

We train our scholars to continue their studies at university, to find better jobs and/or to establish their own business with the objective of improving their living standards and that of their families. We grant scholarships to our former students with higher averages so they may continue studying as well as those from the Universidad Veracruzana through the U.V. Foundation, while also supporting the Pro Empleo Xalapa foundation in the creation of micro and small business in this community.

In 2019, the Liceos de Artes y Oficios reached the figure of **45,507** trained students throughout its more than **32** years of history.



Health

We coordinate with various institutions specialized in health to support in the care of patients who suffer from a wide range of medical conditions and do not have the economic capacity to access the quality and tailored medical care they need. In this sense, it is worth noting the assistance we receive from NADRO, a distributor of pharmaceutical and personal hygiene products.

Among the supported institutions are:

- AHTECA (Spanish acronym for "Help me brother, I have cancer")
- Children's Hospital of Mexico "Federico Gomez"
- Xalapa Regional Civil Hospital "Dr. Luis F. Nachón" through the trust Pro Asistencia Pública de Veracruz
- Fundación Casa Nueva, which attends people with addictions
- Down Institute Xalapa
- House of Friendship for children with cancer

NUTRITION

In terms of food, we make the most of our employee's commitment who, through a volunteer program, help with the separation, selection and delivery of edible food, meaning that it does not meet sale quality standards, but is in perfect condition to be consumed.

The food is directly delivered to various organizations aimed at helping Mexican families with limited resources, notably the Asociación de Bancos de Alimentos de México (BAMX), Alimentos de Mexico a Compartir (AMA), Fundación Emmanuel, whose mission is to assist people deprived of their liberty and their families, street children, persons living in extreme poverty, as well as, Vida y Familia (Vifac) which serves women with high-risk pregnancies.

During 2019, a total of **8,632,841** kilos of food were donated.

HOUSING

In partnership with the Provivah Trust, we participate in the construction of decent housing for low-income families who do not have the possibility of accessing credit to generate a legacy for their children.

During 2019, resources were mainly allocated to the construction of new housing for families of very scarce resources, building a total of: 150 houses: 106 houses in Acapulco, Guerrero and 44 houses of 43 sqm in San Francisco del Mar, Oaxaca

SOCIAL WELFARE

Through various institutions focused on the promotion of universal values, integral formation, as well as charity and volunteer work to support vulnerable people and communities, including Caritas Mexicana and Caritas Regionales, we aid in the improvement of life quality for low-income individuals.

SUPPPORT FOR PEOPLE AFFECTED BY NATURAL DISASTERS

In the event of a natural disaster, in Chedraui we have historically channeled important efforts to assist those affected by the tragedy, donating a variety of items or providing financial support for different activities, including food, medicine, personal hygiene items, cleaning and even housing repair or reconstruction, including furniture and essential household goods.

During 2019, these resources were deployed to support families affected by floods in local communities and other minor disasters

ROUND UP FUNDRAISERS

In each of our stores we carry out fundraisers whose proceeds are allocated to support various institutions. Thanking our clients for their assistance, goodwill and trust, we announce proudly that during 2019 a total of Ps.3,485,050 was collected and has already been fully delivered to all benefited institutions.

Adding up all the contributions made by Chedraui Foundation in favor of education, health, nutrition, housing, social welfare and attention to victims affected by natural disasters, a total of Ps.76,371,729 was donated.





ENVIRONMENT

This material references Disclosures 103 and 103-2 of GRI 103: Management Approach 2016, 303-03 of GRI 303: Water and 305-05 of GRI 305: Emissions 2016

At Chedraui we are aware that, even though economic profitability is the usual way to measure a company's success, this becomes less important if it is not backed by a high-level social and environmental performance, as sustainability is the way to build a legacy that lasts enough for future generations to enjoy.

For this reason, our Code of Ethics establishes the following:

Environmental Care:

We commit to fully comply with environmental laws, adopting procedures to reduce and eliminate toxic and dangerous materials in order to avoid air, soil and water pollution, as well as to the care and help with reforestation of green areas.

To meet this objective, we have established a Sustainability Committee, which holds meetings periodically, chaired by the director of Sustainability and Social Responsibility and composed by various key executives.

Sustainable projects in communities

As a proof of the commitment that we have acquired with communities where we operates, the Company implements sustainable projects aimed to preserve the biodiversity of the locations where new stores are scheduled to open.

In this sense, before the building of new stores, studies and surveys are conducted to evaluate the economic potential, the social benefit and being fully aware the impacts that the construction and its operation will cause, deploying in all cases preventive and/or mitigation measures that strengthen the original environment conditions of the selected site.

These actions include:

- Promoting environmental awareness within the community
- Supporting licensed food banks
- Aiming for the social welfare of the community

In 2019, together with Chedraui Foundation, we conducted 2 reforestation campaigns using new technologies, such as drones, in the states of Oaxaca and Veracruz, for the assisted dispersal of native seeds from these two regions, covering over 100 hectares.

Carbon Footprint

Our main goal in environmental terms is to reduce our carbon footprint to minimum levels, a goal we pursues through the efficient use of energy and water resources, coupling it with extensive recycling of materials such as cardboard, paper and other actions.

Furthermore, we are constantly deploying several initiatives aimed at replacing traditional energy sources with cleaner and more advanced, including the use of wind energy to supply roughly 80% of the stores' energy requirements.



Carbon footprint reduction achieved during 2019: 202,523.51 tons of CO_2 thanks to the use of wind energy and 46 tons of CO_2 for the use of solar energy (which started towards year-end), amounting to 202,569.51 tons of CO_2 = 384'382,645.44 KWh, which is equal to planting a total of 10,126,175 trees or taking out of circulation 84,385 cars, or eliminating the consumption of 98,792 barrels of oil.

Water Management

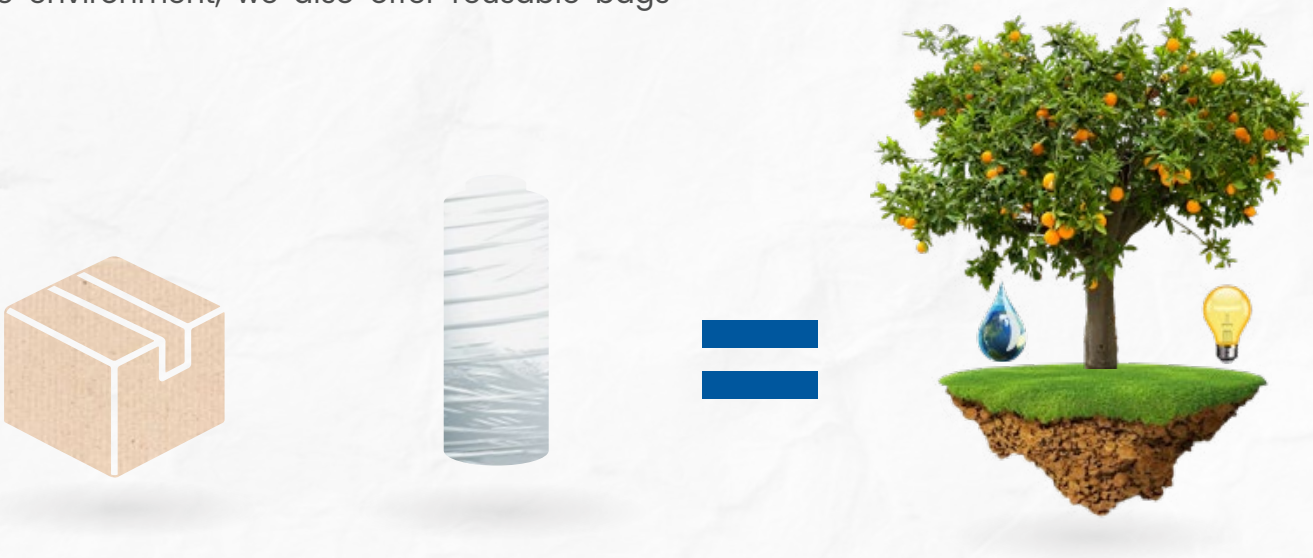
Through the deployment of several water education campaigns, we encourages our employees to save the maximum amount of water, supporting these actions with the optimal use of this resource thanks to the efficient sanitation services and our treatment plants, counting with 1,237 dry urinals. All these actions in their aggregate saved over 158 million liters of water.



Recycling

All of our stores in both Mexico and the United States separate waste properly.

We count with plastic bags that comply with the provisions and standards of the respective authorities in each of our stores, for benefit of the environment, we also offer reusable bags in the area of fruit and vegetables, allow our customers to bring their own containers for the sale of bulk products (sausages, butchers, etc.) and we have reusable bags in checkout area.



In 2019 we recycled 29,283 tons of cardboard and 1,756 tons of plastic wraps which added up equals to planting 497 thousand trees; eliminating the use of more than 117 million liters of water, saving 9 million barrels of oil or not using 213 million kW/h of electricity.





CORPORATE GOVERNANCE

SHAREHOLDER STRUCTURE

This material references Disclosure 102-7 of GRI 102: General Disclosures 2016

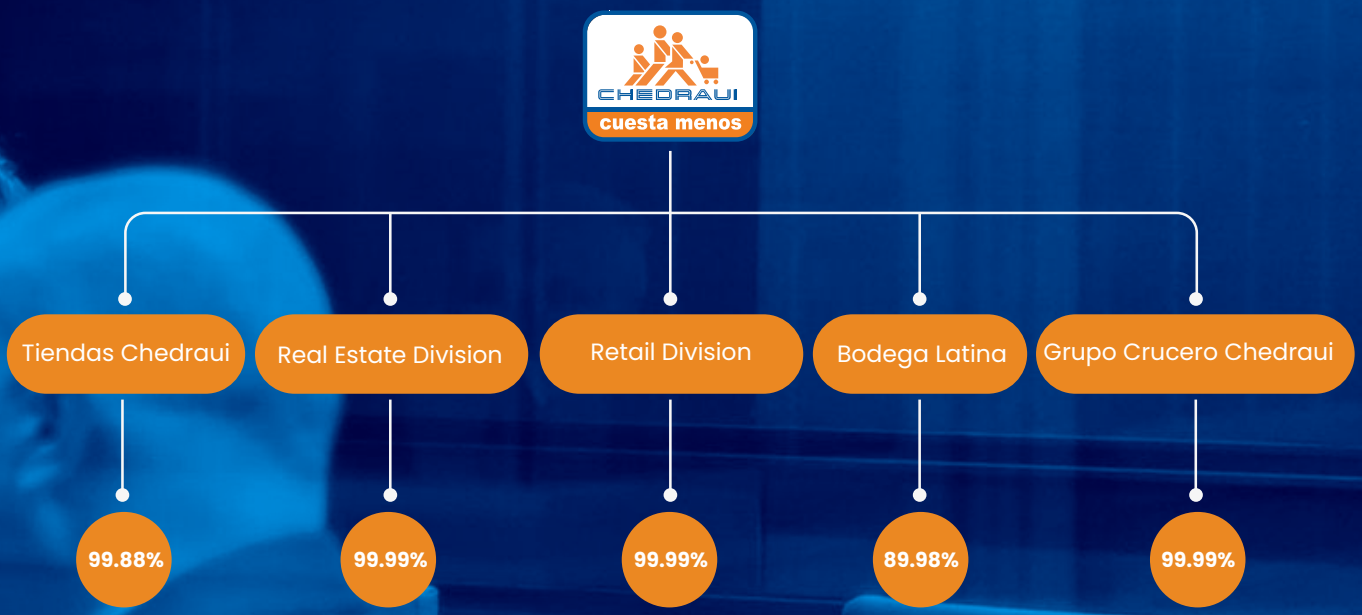
Our shares have been listed on the Mexican Stock Exchange (BMV) under the ticker "CHDRAUI" since April 30th, 2010.

As of December 31st, 2019, the Company's stockholders' equity was comprised of 963,917,211 "B" series shares, common, registered and without par value, of which 16.3% are considered free float.

Overall, Chedraui family members, considering both the shares acquired directly and those possessed through a trust (holding 510 million shares) owns a total of 806,693,426 shares or 83.7% of the equity of Grupo Comercial Chedraui S.A.B. de C.V.

CORPORATE STRUCTURE

This material references Disclosure 102-5 and 102-45 of GRI 102: General



Grupo Comercial Chedraui

Retail in Mexico	Retail in the United States	Real Estate Division



KEY EXECUTIVES

This material references Disclosures 102-35 and 102-36 of GRI 102: General Disclosures 2016, and 405-1 of GRI 405: Diversity and Equal Opportunity 2016

Antonio Chedraui Eguía
Chief Executive Officer
Date of Appointment: **01/01/1995**

Carlos Smith Matas
Bodega Latina's Chief Executive Officer
Date of Appointment: **11/12/1997**

Arturo Eduardo Antonio Vasconcelos y de Pablo
Commercial Director
Date of Appointment: **06/06/2016**

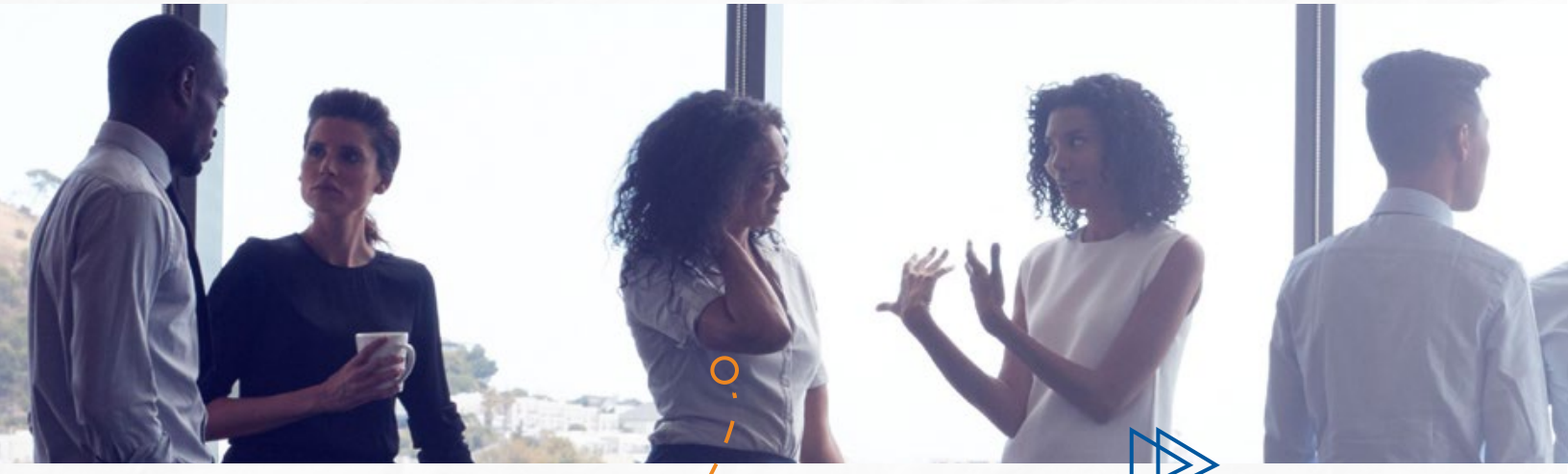
Alfredo Chedraui López
Director of Real Estate
Date of Appointment: **12/01/2008**

Alberto Nava Gutiérrez
Director of Operations
Date of Appointment: **09/01/2012**

Alejandro Rafael Lara Hakim
Director of Construction
Date of Appointment: **01/01/1988**

Jose Ramon Chedraui Eguía
Chair of Bodega Latina
Date of Appointment: **01/01/2009**

Ricardo Krasovsky Santamarina
Director of Operations and Property Management
Date of Appointment: **11/21/2019**



Sergio Estrada Rentería
Director of Human Resources
Date of Appointment: **04/01/2018**

Miguel Cortés Morales
Director of Logistics
Date of Appointment: **03/01/2018**

Pilar Rojas Suárez
Director of IT
Date of Appointment: **09/09/2013**

Víctor Alejandro Ochoa Almanza
Director of Loss Prevention
Date of Appointment: **09/03/2019**

Humberto Tafolla Núñez
Chief Financial Officer
Date of Appointment: **10/02/2017**

Ignacio González Quirasco
Director of Sustainability and Social Responsibility
Date of Appointment: **09/02/2014**

Jorge Ramírez Bonilla
Director of Commercial Strategy and Resupply
Date of Appointment: **01/02/2018**



REMUNERATION

Our Key executives receive a fixed salary as well as a variable remuneration, which is determined based on the fulfillment of the objectives established in the Strategic Plan of Grupo Chedraui and its financial results.

BOARD OF DIRECTORS

This material references Disclosures 102-18, 102-22 and 102-23 of GRI 102: General Disclosures 2016

	Position:	Date of Appointment:
Alfredo Chedraui Obeso	Chairman	04/05/2010
José Antonio Chedraui Obeso	Related Director	04/05/2010
José Antonio Chedraui Eguía	Related Director	02/02/1995
Agustín Irurita Pérez [1]	Independent Director	02/23/2000
Martin Werner Wainfeld [1]	Independent Director	04/03/2017
Federico Carlos Fernández Senderos [1]	Independent Director	06/06/2008
Clemente Ismael Reyes-Retana Valdés [1]	Independent Director	04/17/2009
Cecilia Goya Meade [1]	Independent Director	04/04/2016
Julio Gutiérrez Mercadillo [1]	Independent Director	04/09/2013
María Novales Flamarique [1]	Independent Director	04/03/2019
José Ramón Chedraui Eguía	Secretary of the Board	01/01/2009

[1] Independent Director under the Securities Market Law.



COMMITTEES

This material references Disclosures 102-18 and 102-22 of GRI 102: General Disclosures 2016

Audit and Corporate Practices Committee

Comprised of four independent members, its main functions are the following:

- Oversee the performance of the Company's external Audit and analyzing the reports issued by them
- Report to the Board of Director on existing internal controls and any irregularities related thereto
- Supervise transactions between related parties, the CEO activities and the functions of the internal audit
- Issue an annual report for the Board of Directors
- Determine the economical compensation for directors and key executives, and provide feedback to the Board of Directors regarding their performance

Clemente Ismael Reyes-Retana Valdés*
Cecilia Goya Meade
Julio Gutiérrez Mercadillo
María Novales Flamarique

* Mr. Reyes-Retana is the Chairman of the Audit and Corporate Practices Committee. He also qualifies as the Committee's financial expert.

We fully comply with the standards of independence and financial expertise established in the Securities Market Act by having at least three independent members in its Audit and Corporate Practices Committee, among which at least one member qualifies as a financial expert.

Risk Assessment Committee

Chaired by the Deputy Director of Internal Audit and comprised of a number of key executives, the Risk Assessment Committee holds session every 4 months, in order to anticipate and diagnose the risks to which Chedraui is subject and thus suggest the best strategy to asses or reduce them.

The Risk Assessment Committee is composed of:

- Deputy Director of Internal Audit (Chair)
- Commercial Director
- Director of Operations
- Chief Financial Officer
- Director of IT
- Corporate Internal Audit Manager (Secretary)



CODE OF ETHICS

This material references Disclosures 102-11, 102-16, 102-17 and 102-25 of GRI 102: General Disclosures 2016 and, 205-2 of GRI 205: Anti-corruption

One of our paramount pillars is our solid ethical values that have allowed us to achieve sustainable growth as soon as our inception. To this end, we clearly defined in our Code of Ethics the principles of conduct by which all our employees, as well as any service provider who has a business relation with us, must abide.

In the Code of Ethics are established the commitments we have engaged with regards to our stakeholders, where especially noteworthy is our pledge to a fair, honest, transparent and respectful treatment, in which there is no discrimination due to religious, ethnic or gender grounds, as well as sexual and political preferences, among others. Similarly, the rules and ethical conduct that must be followed in all lines of operation of the Company are disclosed, and a guideline is set for how our employees should act in the event of a contingency not duly indicated in the Code of Ethics.

We constantly promote our code of ethics among our workforce, ensuring that they are fully aware of its policies in order to guarantee full compliance, with utmost emphasis on the importance of reporting any act that breaches the commitment to prevent any form of corruption such as bribery, money laundering and embezzlement, among others.

> One of the requirements to approve the induction course is that employees must sign their commitment to the Code of Ethics.

> Our Key Executives reaffirm their commitment annually by signing a document in which they adhere to the Code of Ethics and agree to comply with all our corporate policies.

In this sense, we have an anonymous tip line where any issue exposed is followed up accurately and speedy. Employees, suppliers, and carriers may visit the website www.tipsanonimos.com/chedrauiteescucha or call at **01-800-910-0013**. While customers may also contact the Call Center at **01-800-925-1111** or visit www.chedraui.com.mx.

> In 2019, Grupo Chedraui was ranked in 11th place in the 500 Companies Against Corruption index published by Expansion magazine, thus highlighting the Company's endeavors against corruption and impunity, as it tied in second place considering points obtained only.

Any employee in violation of the Code of Ethics will be subject to what is established in the Disciplinary Guidelines for Non-compliance with the Code of Ethics in accordance to the gravity and damage caused.

Noteworthy Policies in the Code of Ethics:

Anti-Corruption Practices: : We are committed to the promotion of anti-corruption practices within our executives, commission agents, suppliers, employees, customers and any other person acting on its behalf, seeking to prevent them from making an offer or promise to deliver any object of value in exchange for a personal benefit. They shall also refrain from making any bribe or any other improper payment to any public official, political or third party, with the aim of obtaining or maintaining business, taking an improper advantage, or influencing any act or decision.

Travel Expenses Policy: Determines how employees or executives must act should they be offered or requested by a third party whom they have or intend to have a business relationship, a travel opportunity, a flight ticket or other forms of entertainment.

Gifts and Presents Policy: Establishes clear guidelines to regulate the receipt or acceptance of gifts, meals, tickets, events or other forms of entertainment, from any third party with whom any employee or executive has or intends to have a business relationship.

Prevention of Fraud and Money Laundering Policies: Grupo Chedraui and its affiliates must comply with the various legal provisions applicable to the economic activity it performs, particularly those regulations that protect the financial system and the national economy, such as the detection and identification of vulnerable activities that could involve resources of illicit origin.

Conflict of interest: The Company and its employees must prevent the generation of conflicts of interest that could arise when a person is or may be influenced by personal (usually economic) considerations when making decisions that put the Company's assets at risk. Likewise, they must refrain from using privileged financial information for their own benefit, including the benefit of a direct or indirect family member, or third parties, that damage the assets of the Company, its shareholders, or negatively affect our clientele.



ABOUT THIS REPORT

MATERIALITY AND PREPARATION

This material references Disclosure GRI 101: Foundation 2016, 102-42, 102-46, 102-50, 102-51 and 102-54 of GRI 102: General Disclosures 2016 and, 103-1 of GRI 103: Management Approach 2016

Grupo Chedraui issues its first-ever Annual Sustainability Report dated April 6th, 2020, covering a full year of operation, from January 1st, 2019, to December 31st of the same year.

This report was prepared under the GRI 2016 Standards reference and serves as Grupo Chedraui's first step towards the gradual adoption of the best practices established by the Global Reporting Initiative organization, setting as a goal a stricter adherence to the aforementioned standards in subsequent reports.

It is worth noting that at the date of this report, Grupo Chedraui does not have a materiality study to define more accurately, the most representative social, economic and environmental impacts of the Company. Therefore, the Investor Relations team, which elaborates Grupo Chedraui's earnings release and financial reports, supported by the opinion of IRDesign, a firm specialized in sustainability reporting, determined as the key aspects to be covered, the following:

Grupo Chedraui considers that these aspects, together with their respective breakdown, reasonably cover the information that the Company's various stakeholders may deem relevant, affirming its full availability to provide feedback if deemed necessary.

In this sense, to verify the information disclosed in this report as well as provide greater certainty to the statements included, please find attached the following materials:

- Verification Letter of Vert, Desarollo Sustentable, on GRI methodological compliance

- Report of the External Auditor on Financial Information



Accuracy



The information herein disclosed contains in a comprehensive manner, the economic, social and sustainable performance of Grupo Chedraui, duly identified by subtopics and backed by visual elements to facilitate the understanding of its stakeholders.

Balance



The Company considers that the information disclosed explains in an impartial manner its operating performance, without omitting information on actions that could have been better executed or that had a negative impact during 2019.

Clarity



The information covered in this report is clearly written and presented in a simple and straightforward manner, with the support of two tables of contents, one to ease the search of relevant information for stakeholders, and the other one to reference the compliance with GRI Standards.

Comparability



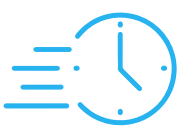
The report contains the necessary historical information to clearly indicate Grupo Chedraui's progress in the material topics selected, which will remain in future editions.

Reliability



In order to provide certainty and validity to this report, Grupo Chedraui has attached as sources of external verification, the letter from Vert, Desarrollo Sustentable with regards the GRI methodology compliance, as well as the external audit report from the firm Galaz, Yamazaki, Ruiz Urquiza, S. C., member of Deloitte Touche Tohmatsu Limited, with respect to the Company's financial statements.

Timeliness



Grupo Chedraui began the elaboration process of this report in advance to make available the information of 2019 fiscal year to its stakeholders in a timely manner, in accordance to the period in which these documents are usually issued.

GRI INDEX

This material references Disclosure 102-55 of GRI 102: General Disclosures 2016

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102-55	GRI content index	49, 50 and 51
102-56	External assurance	52 to 59

DISCLOSURE	DISCLOSURE TITLE	PAGE
	GRI 103: Management Approach Disclosures 2016	
103-1	Explanation of the material topic and its Boundary	47 and 48
103-2	The management approach and its components	32 and 36

DISCLOSURE	DISCLOSURE TITLE	PAGE
	GRI 200: Economics 2016	
	GRI 201: Economic Performance 2016	
201-1	Direct economic value generated and distributed	20, 21, 22, 23, 24 and 62
	GRI 205: Anti-corruption 2016	
205-2	Communication and training about anti-corruption policies and procedures	46

DISCLOSURE	DISCLOSURE TITLE	PAGE
	GRI 300: Environmental 2016	
	GRI 303: Water 2016	
103	Management approach disclosures	37
303-3	Water recycled and reused	37
	GRI 305: Emmisions 2016	
103	Management approach disclosures	36 and 37
305-5	Reduction of GHG emissions	36 and 37

DISCLOSURE	DISCLOSURE TITLE	PAGE
	GRI 400: Social 2016	
	GRI 401: Employment 2016	
103	Management approach disclosures	29, 30, 31 and 32
401-1	New employee hires and employee turnover	29 and 32
	GRI 403: Occupational health and safety 2016	
103	Management approach disclosures	30
403-1	Workers representation in formal joint management worker health and safety committees	31
	GRI 404: Training and education 2016	
103	Management approach disclosures	30 and 33
404-2	Programs for upgrading employee skills and transition assistance programs	30
	GRI 405: Diversity and equal opportunity 2016	
103	Management approach disclosures	30, 31 and 32
405-1	Diversity of governance bodies and employees	31, 40 and 41

EXTERNAL ASSURANCES

• LETTERS OF VERIFICATION

This material references Disclosure 102-56 of GRI 102: General Disclosures 2016

VERT
DESARROLLO SUSTENTABLE

Grupo Comercial Chedraui Annual Sustainability Report, 2019
Independent Assurance Statement

To the stakeholders of Grupo Comercial Chedraui, S.A.B. DE C.V (Chedraui), the following statement corresponds to the opinion of Vert, Desarrollo Sustantable (Vert), with regards to Chedraui's 2019 Annual Sustainability Report.

The objective of Vert is to conduct an independent assurance in relation to the adherence of the contents disclosed in this report to the Global Reporting Initiative guidelines.

Methodology:

To prepare the structure of this report, Vert conducted interviews and meetings with Chedraui's Investor Relations team, responsible for its preparation, which in turn served as Vert's channel of communication to request the employees of the various departments of the Company the information required for the report's elaboration.

Furthermore, the data collection mechanisms used to obtain the figures expressed within this report were analyzed and assessed, evaluating both qualitative and quantitative information disclosed within the document.

Finally, the correct application of the GRI 2016 Standards was evaluated, verifying its accurateness, traceability and materiality, based on the information provided by Chedraui and its team, establishing the essentials for compliance with the principles of balance, clarity, comparability, timeliness, and reliability, in this report, as well as for subsequent reports.

Statement of Conclusion:

As a result of the verification process, it was concluded that the 2019 Sustainable Annual Report of Grupo Comercial Chedraui was prepared following GRI 2016 Standards.

No evidence was found to suggest that compliance and adherence to GRI methodology has not been elaborated in an appropriate manner, nor that there are errors in the information presented or that some material subject has been intentionally omitted.

Additional Comments:

Given the absence of a materiality assessment, this report does not include material subjects, therefore the team responsible for its elaboration carried out an analysis to identify the issues to be covered in this report, in accordance with its relevance to the Company. Nevertheless, the conduction of a materiality assessment is recommended for future reports.

Arturo Hernández
Deputy COO
Vert, Desarrollo Sustentable
March 27, 2020

About the assurance statement
Vert associates have the fundamental preparation to examine and validate the correct fulfillment of the necessary guidelines for elaborating and issuing Sustainability Reports, which allows them to express a professional opinion about the adherence of all the not financial information disclosed in this report to GRI 2016 standards, based at all times on the principles of independence, objectivity and confidentiality. Vert does not assume any commitment with regards to the information gathering processes implemented in this report. This verification is issued on March twenty-seventh, two thousand and twenty, and shall be in force provided that no modifications or publications are made after this date.

EXTERNAL AUDIT

This material references Disclosure 102-56 of GRI 102: General Disclosures 2016

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2019 and 2018, and Independent Auditors' Report Dated March 11, 2020

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Independent Auditors' Report and Consolidated Financial Statements for 2019 and 2018

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Independent Auditors' Report to the Board of Directors and Stockholders of Grupo Comercial Chedraui, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Entity) which include the consolidated statements of financial position as of December 31, 2019 and 2018 and as of January 1, 2018, the related consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years then ended December 31, 2019 and 2018, as well as the explanatory notes to the consolidated financial statements, which include a summary of the significant accounting policies applied.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Entity as of December 31, 2019 and 2018, as well as their financial performance and their cash flows for the years then ended, in conformity with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

Bases for the opinion

We have performed our audits in conformity with International Auditing Standards (IAS). Our responsibilities under these standards are explained more extensively in the section Auditors' responsibilities in relation to the audit of the consolidated financial statements of our report. We are independent from the Entity in conformity with the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) and that issued by the Mexican Institute of Public Accountants (IMCP Code of Ethics), and we have complied with the other ethical responsibilities in conformity with the IESBA Code of Ethics and the IMCP Code of Ethics. We believe that the audit evidence obtained provides a sufficient and adequate basis for our opinion.

Key audit matters

The key audit matters are those matters which, in our professional judgment, have been most important in our audit of the consolidated financial statements for the current period. These matters have been dealt with in the context of our audit of the consolidated financial statements taken as a whole and in the formation of our opinion on the latter, and we do not issue a separate opinion on these matters. We have determined that the matters described below are the key audit matters which should be communicated in our report.

Investment properties

To determine the fair value of the investment properties in accordance with International Accounting Standard 40 ("IAS 40"), certain judgments were used by management. There is a risk that the determination of the assumptions used by management to calculate future cash flows may not be reasonable based on current and future foreseeable conditions.

Our audit procedures to cover this risk included the following:

Controls and substantive testing over the financial projections that were used to determine the fair value of the investment properties, for which we ascertained the reasonability of the revenues and expenses used to determine the discounted future cash flows, also, we ascertained the arithmetical accuracy of the projections, and evaluated the assumptions used by the Entity to determine them, and confirmed, based on our knowledge of the Entity and the audited historical information, that any nonrecurring effect will be normalized so that such effects will not be considered in the financial projections. Additionally, we evaluated the reasonableness of the discount rate used, for which purpose we consulted with our financial advisory specialists. The results of our audit procedures were reasonable.

Notes 3 and 11 to the consolidated financial statements include the Entity's disclosures regarding investment properties.

Impairment of long-lived assets

The Entity has identified that the minimum cash generating units are the stores, for which an analysis is made as established in International Auditing Standard 36 ("IAS 36"), in which discounted future cash flows are calculated to determine if the value of the assets has been impaired and whether it is necessary to have appraisals conducted by an independent expert. There is a risk that the determination of the assumptions used by management to calculate future cash flows, as well as the appraisal value determined by the independent expert, may not be reasonable based on current and future foreseeable conditions.

Our audit procedures to hedge the risk in relation to the impairment of long-lived assets included:

Controls and substantive testing where we detail tested the projected income and expenses, and based on discounted cash flows; we further verified, based on our knowledge of the Entity and the audited historical information, that any nonrecurring effect will be normalized in the financial projections. We also evaluated the reasonableness of the discount rate used, for which purpose we consulted with our financial advisory specialists. The results of our audit procedures were reasonable.

IFRS 16 Leases

The Entity adopted for the first time as of January 1, 2018, *IFRS 16 Leases* (issued by the IASB in January 2016), which establishes new or modified requirements regarding lease accounting. It introduces significant changes to the lessee's accounting, eliminating the distinction between an operating and financial lease and requiring the recognition of a right of use asset and a lease liability for leases on the commencement date of all leases, except those that are considered short-term or low value assets. In contrast to the lessee's accounting, the requirements for the lessor remain significantly unchanged. The details for the new requirements are described in note 3. The initial application of the IFRS 16 was made using the retrospective method, that is, as if this new standard had always been applied, therefore the Entity restated the comparative consolidated financial statements as of December 31, 2018 and for the year then ended, as well as the consolidated statement of financial position as of January 1, 2018. The initial impact of the adoption, as of January 1, 2018, of IFRS 16 in the Entity's consolidated financial statements was to recognize right of use assets for $12,611,418 and lease liabilities for $14,978,066.

Our audit procedures to cover the risk in relation to the initial application of IFRS 16 included the following:

We identify the internal controls that the Entity implemented to ensure the completeness and valuation of the leases liability and the rights-of-use asset. We test the design and implementation of these controls and when we consider it applicable, we test their operating effectiveness.

We performed substantive tests that included testing the reasonableness of the assumptions

used to determine the value of the right-of-use assets, as well as the balance of the IFRS 16 lease liability (completeness of contracts, amount of future income, lease terms, etc.), we tested with the help of our Financial Valuation specialists, the reasonableness of the mechanics used to determine the discount rate used according to the requirements of IFRS 16. We verified the arithmetic accuracy of the calculations made by the management.

Our procedures included testing the reasonableness of the disclosures made by the Entity as included in Note 10. The results of our audit procedures were reasonable.

Other Matter

The accompanying consolidated financial statements have been translated into English for the convenience of readers.

Information other than the Financial Statements and Auditor's Report

Management is responsible for the other information. The other information comprises two documents, the Entity's Annual Report and the information that will be incorporated in the Annual Report which the Entity is required to prepare in accordance with article 33Ib) of the fourth title, first chapter of the General Provisions Applicable to Issuers of Securities and Other Participants in the Securities Market in Mexico (the requirements). As of the date of our auditor's report we have not yet obtained these documents and they will be available only after the issuance of this Audit Report.

Our opinion of the consolidated financial statements does not cover the other information and we do not express any form of security about it.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether if the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. When we read the Annual Report we will issue the auditors' legend about the reading thereof, required in Article 33 Fraction I, subsection b) numeral 1.2. of the Provisions or if we conclude that it is materially misstated we would be required to report this fact.

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

Management is responsible for the preparation and reasonable presentation of the accompanying consolidated financial statements in conformity with the IFRS, and for any internal control that management believes necessary to enable the preparation of the consolidated financial statements free from material misstatement due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's responsibilities in relation to the audit of the consolidated financial statements

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

expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and evaluate the risks of material misstatements in the consolidated financial statements, due to fraud or error, by designing and applying audit procedures which respond to these risks, and by obtaining audit evidence which is sufficient and appropriate to provide the basis for our opinion. The risk of not detecting material misstatements resulting from fraud is greater than those resulting from an error, because fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous declarations or the evasion of internal control.

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

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

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

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

- We obtained sufficient and adequate audit evidence related to the financial information of the entities and business activities which comprise the Entity in order to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the entities comprising the Entity. We are the only persons responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current

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

Galaz, Yamazaki, Ruiz Urquiza, S. C.
Member of Deloitte Touche Tohmatsu Limited

C. P. C. Erick J. Calvillo Rello
Mexico City, March 11, 2020

FINANCIAL STATEMENTS

This material references Disclosure 102-7 and 102-45 of GRI 102: General Disclosures 2016, and 201-1 of GRI 201: Economic Performance 2016

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2019, 2018 and January 1, 2018
(In thousands of Mexican pesos)

Assets	Notes	2019	2018 (Restated)	January 1, 2018 (Restated)
Current asset:				
Cash		$ 984,044	$ 1,251,570	$ 1,521,746
Accounts and notes receivables – Net	5	1,352,940	1,489,540	1,011,609
Recoverable taxes	6	2,253,490	2,329,193	1,430,164
Accounts receivables from related parties	26	59,195	25,105	17,098
Derivative financial instruments	7	-	4,689	-
Inventories	8	13,470,763	12,870,570	9,653,730
Prepayments		478,596	372,764	288,213
Total current assets		18,599,028	18,343,431	13,922,560
Non-current assets:				
Property, equipment and right-of-use assets - Net	10	52,183,713	53,830,352	42,559,527
Investment property	11	9,511,675	8,679,203	6,855,626
Investment in associates		6,413	8,071	9,916
Other and intangible assets – Net	9	5,372,151	5,527,917	2,147,553
Long-term related parties	26	37,035	37,035	37,035
Long-term accounts receivable		470,863	94,765	94,766
Derivative financial instruments	7	13,417	90,207	71,469
Deferred income tax asset	29	1,197,648	851,895	980,998
Total non-current assets		68,792,915	69,119,445	52,756,890
Total		$ 87,391,943	$ 87,462,876	$ 66,679,450

Equity and liabilities	Notes	2019	2018 (Restated)	January 1, 2018 (Restated)
Current liabilities:				
Accounts and notes payable to suppliers	14	$ 17,451,230	$ 17,427,136	$ 12,904,672
Factoring Corporativo, S.A. de C.V. – related party	14	994,698	1,371,207	1,692,238
Borrowings from financial institutions	15	1,206,856	72,616	150,000
Current portion of long-term liabilities	15	560,809	337,794	439,409
Current portion of obligations related to the right to collection trustor	20	75,107	122,412	112,993
Current portion of lease liabilities	17	560,233	574,617	512,579
Payable Taxes		573,983	431,635	786,822
Accrued expenses and other liabilities		3,545,641	3,699,248	2,459,364
Total current liabilities		24,968,557	24,036,665	19,058,077
Non-current liabilities:				
Long-term debt	16	8,733,073	9,716,473	4,476,418
Employee benefits	18	891,639	609,401	538,043
Collection rights of trust contracts	20	314,962	405,113	520,916
Deferred income tax liability	29	2,855,780	2,857,554	1,201,351
Derivative financial instruments	7	34,881	-	-
Lease liabilities	17	21,761,469	22,571,556	14,465,487
Other liabilities		421,252	438,922	233,915
Total non-current liabilities		35,013,056	36,599,019	21,436,130
Total liabilities		59,981,613	60,635,684	40,494,207
Stockholders' equity:				
Capital stock	21	252,120	252,120	252,120
Additional paid in capital	21	3,498,726	3,545,463	3,612,443
Retained earnings	23	23,377,497	22,369,278	21,606,041
Remeasurement of defined benefit obligations	22	(184,938)	(56,522)	(52,510)
Cumulative translation adjustment	22	465,706	560,589	581,422
Financial instruments measurement	22	(11,257)	74,434	56,871
Equity attributable to owners of the Entity		27,397,854	26,745,362	26,056,387
Non-controlling interest	24	12,476	81,830	128,856
Total stockholders' equity		27,410,330	26,827,192	26,185,243
Total		$ 87,391,943	$ 87,462,876	$ 66,679,450

The accompanying notes are part of the consolidated financial statements.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos)

	Notes	2019	2018 (Restated)
Revenues:			
Net sales		$ 129,442,594	$ 116,030,879
Cost of sales		101,490,777	91,311,317
Gross profit		27,951,817	24,719,562
Operating expenses:			
Wages and employee benefits		11,839,389	9,696,395
Professional services		1,502,701	2,065,132
Marketing expenses		1,228,443	1,290,131
Maintenance		1,026,353	993,530
Gas and electricity		1,902,965	1,597,954
Depreciation and amortization		3,550,964	3,096,920
Other expenses - net		1,324,952	818,365
Total operating expenses		22,375,767	19,558,427
Operating profit		5,576,050	5,161,135
Interest expense		(2,344,403)	(2,017,948)
Interest income		63,122	88,359
Exchange gain (loss) – Net		55,816	(8,195)
Other financing expenses		(885,465)	(788,611)
		(3,110,930)	(2,726,395)
Profit before tax		2,465,120	2,434,740
Income taxes	29	928,085	848,279
Consolidated profit for the year		$ 1,537,035	$ 1,586,461
Owners of the Entity		$ 1,566,131	$ 1,637,942
Non-controlling interest	24	(29,096)	(51,481)
Consolidated profit for the year		$ 1,537,035	$ 1,586,461
Other comprehensive income, net of income taxes:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	22	$ (128,416)	$ (4,012)
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustment	22	(94,883)	(20,833)
Financial instruments measurement	22	(85,691)	17,563
Total comprehensive income for the year		$ 1,228,045	$ 1,579,179
Owners of the Entity		$ 1,257,141	$ 1,630,660
Non-controlling interest	24	(29,096)	(51,481)
Total consolidated comprehensive income for the year		$ 1,228,045	$ 1,579,179
Basic and diluted earnings per share (in pesos)	25	$ 1.64	$ 1.70

The accompanying notes are part of the consolidated financial statements.


HOME BUDGET
STATEMENT
2018 Budget

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos)

		Stockholder' equity		
	Notes	Capital stock	Additional paid in capital	Retained earnings
Balance as of January 1, 2018 (Restated)		$ 252,120	$ 3,612,443	$ 21,606,041
SIBRA tax effect		-	-	(425,230)
Dividends paid	23	-	-	(376,633)
Comprehensive income for the year	23 and 24	-	-	1,637,942
Repurchase of shares		-	-	(33,197)
Movements of non-controlling interest	23 and 24	-	(66,980)	(39,645)
Balance as of December 31, 2018 (Restated)		252,120	3,545,463	22,369,278
IFRIC 23 fist time adoption impact		-	-	(42,551)
Dividends paid	23	-	-	(392,218)
Comprehensive income for the year	22	-	-	1,566,131
Repurchase of shares		-	-	(143,587)
Movements of non-controlling interest	23 and 24	-	(46,737)	20,444
Balance as of December 31, 2019		$ 252,120	$ 3,498,726	$ 23,377,497

The accompanying notes are part of the consolidated financial statements.

Other items of comprehensive income

	Remeasurement of defined benefit obligations	Cumulative translation adjustment	Financial instruments measurement	Non-controlling interest	Total
	$ (52,510)	$ 581,422	$ 56,871	$ 128,856	$ 26,185,243
	-	-	-	-	(425,230)
	-	-	-	-	(376,633)
	(4,012)	(20,833)	17,563	(51,481)	1,579,179
	-	-	-	-	(33,197)
	-	-	-	4,455	(102,170)
	(56,522)	560,589	74,434	81,830	26,827,192
	-	-	-	-	(42,551)
	-	-	-	-	(392,218)
	(128,416)	(94,883)	(85,691)	(29,096)	1,228,045
	-	-	-	-	(143,587)
	-	-	-	(40,258)	(66,551)
	$ (184,938)	$ 465,706	$ (11,257)	$ 12,476	$ 27,410,330

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2019 and 2018
(In thousands of Mexican pesos)

	2019	2018 (Restated)
Cash flow from operating activities:		
Profit before income tax	$ 2,465,120	$ 2,434,740
Adjustments for:		
Depreciation and amortization	3,550,061	3,052,708
Other asset movements	(5,893)	(74,108)
Gain on revaluation of investment properties	(349)	(303,215)
(Gain) loss on disposal of property and equipment	(65,941)	4,733
Interest income	(63,122)	(88,359)
Measurement of derivative financial instruments	30,666	(5,863)
Interest expense	2,344,403	2,017,947
	8,254,945	7,038,583
Movements in working capital:		
Accounts and notes receivables – Net	(262,065)	(109,264)
Inventories	(698,944)	(2,434,818)
Other assets – Net	(119,010)	(916,367)
Increase (decrease) in:		
Accounts and notes payable to suppliers	(252,063)	3,725,011
Other account payables and taxes	(1,524,926)	(587,758)
Changes in benefit obligations	156,217	67,288
Net cash generated by operating activities	5,554,154	6,782,675
Investing activities:		
Business acquisition	-	(4,445,732)
Acquisitions of property, equipment and investment property	(3,789,803)	(4,271,489)
Proceeds from disposal of property and equipment	1,039,461	16,561
Acquisition of other assets	(159,261)	(229,655)
Dividends received	1,657	1,843
Interest received	63,122	88,359
Net cash used in investing activities	(2,844,824)	(8,840,113)
Financing activities:		
Repayment of loans	(580,016)	(956,417)
Proceeds on issuances of loans	1,206,855	6,016,851
Interest payment	(2,344,403)	(2,017,948)
Dividends paid	(392,218)	(376,633)
Leases liability payment	(659,112)	(463,915)
Other capital movements	(66,551)	(102,170)
Payment of obligations related to the right of trust contract collection	(99,911)	(106,378)
Proceeds from disposal of own shares	243,363	82,857
Repurchase of treasury shares	(386,950)	(116,052)
Net cash used in investing activities	(3,078,943)	1,960,195
Net (decrease) increase in cash	(369,613)	(97,243)
Effects of exchange rate changes on the balances of cash held in foreign currencies	102,087	(172,933)
Cash at the beginning of the year	1,251,570	1,521,746
Cash at the end of the year (*)	$ 984,044	$ 1,251,570

(*) Includes current restricted cash for $106,155 and $180,138 at December 31, 2019 and 2018, respectively.

The accompanying notes are part of the consolidated financial statements.

1. Activities

Grupo Comercial Chedraui, S. A. B. de C. V. and Subsidiaries (the Entity or the Group) are engaged in the operation of self-service stores and real estate companies; they specialize in the sale of electronic goods, perishables, clothing, groceries and general merchandise.

The Entity is incorporated in Mexico; its domicile is located at Constituyentes No. 1150, Col. Lomas Altas, Miguel Hidalgo, 11950 Mexico City, and conducts its business primarily in Mexico and the United States of America (USA).

The financial statements are presented in thousands of pesos and are rounded to the nearest monetary unit.

2. Adoption of new and revised International Financial Reporting Standards

Application of new and revised International Financing Reporting Standards ("IFRS" or "IAS") that are mandatorily effective for the current year

In the current year, the Entity has applied a number of amendments to IFRS issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after January 1, 2019.

New and amended IFRS Standards that are effective for the current year

Impact of initial application of IFRS 16 Leases

In the current year, the Entity has applied IFRS 16 (as issued by the IASB in January 2016) that introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in note 3. The impact of the adoption of IFRS 16 on the Entity's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2018.

The Entity has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information.

(a) Impact of the new definition of a lease

The Entity has made use of the retrospective approach; therefore, the comparative information was restated as of the date of adoption January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

The Entity applies the definition of a lease and related guidance set out in IFRS 16 to all contracts entered into or changed on the beginning. In preparation for the first-time application of IFRS 16, the Entity has carried out an implementation project. For the initial adoption of IFRS 16, the Entity carried out a retrospective implementation project.

i. Former operating leases

IFRS 16 changes how the Entity accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Entity:

(a) Recognize right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments.
(b) Recognize depreciation of right-of-use assets and interest on lease liabilities in profit or loss.
(c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent-free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses generally on a straight-line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as tablet and personal computers, small items of office furniture and telephones), the Entity has opted to recognize a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

ii. Former finance leases

The main differences between IFRS 16 and IAS 17 with respect to contracts formerly classified as finance leases is the measurement of the residual value guarantees provided by the lessee to the lessor. IFRS 16 requires that the Entity recognizes as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Entity's consolidated financial statements for $157,148.

(b) *Financial impact of the initial application of IFRS 16*

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 16 for the current and prior years.

Impact on profit or loss	**2018**
Impact on net income for the year:	
Increase in depreciation of right-of-use asset (1)	$ 1,103,150
Increase in finance costs (1)	1,242,512
Decrease in other expenses (1)	(1,717,389)
Decrease in ISR (1)	(164,299)
Decrease in net income for the year	$ 463,975

Impact on assets, liabilities and equity as at January 1, 2018	**January 1,2018 As Reported**	**Adjustment**	**January 1,2018 As Restated**
Assets:			
Current assets:			
Recoverable taxes	$ 1,438,919	$ (8,755)	$ 1,430,164
Other current assets	12,492,396	-	12,492,396
Total current assets	13,931,315	(8,755)	13,922,560
Non-current assets:			
Property, equipment and right-of-use assets (1)	30,828,827	11,730,700	42,559,527
Other and intangible assets– Net (2)	2,294,512	(146,959)	2,147,553
Deferred income tax asset (3)	882,238	98,760	980,998
Other non-current assets	7,068,812	-	7,068,812
Total non-current assets	41,074,389	11,682,501	52,756,890
Total	55,005,704	11,673,746	66,679,450
Equity and liabilities			
Current liabilities:			
Current portion of lease obligations (2)	80,302	(80,302)	-
Current portion of lease obligations (1)	-	512,579	512,579
Other current liabilities	18,545,498	-	18,545,498
Total current liabilities	18,625,800	432,277	19,058,077
Non-current liabilities:			
Deferred income tax liability (3)	1,801,008	(599,657)	1,201,351
Leases obligations (2)	152,802	(152,802)	-
Leases obligations (1)	-	14,465,487	14,465,487
Other non-current liabilities (2)	458,543	(224,628)	233,915
	5,535,377	-	5,535,377
Total non-current liabilities	7,947,730	13,488,400	21,436,130
Total liabilities	26,573,530	13,920,677	40,494,207
Stockholders' equity:			
Retained earnings (1)	23,668,101	(2,062,060)	21,606,041
Cumulative translation adjustment	612,541	(31,119)	581,422
Other equity movements	3,868,924	-	3,868,924
Equity attributable to owners of the Entity	28,149,567	(2,093,181)	26,056,387
Non-controlling interest (5)	282,607	(153,751)	128,856
Total stockholders' equity	28,432,174	(2,246,932)	26,185,243
Total	$ 55,005,704	$ 11,673,746	$ 66,679,450

1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of assets for rights of use and liabilities for leases. It also resulted in a decrease in other lease expenses, an increase in the amortization of assets for right of use and an increase in interest expenses derived from lease obligation.

2) Assets and liabilities previously classified as finance leases under IAS 17 and presented under "Other assets" and "Finance lease obligations" for now are presented under "Lease liabilities", which are currently presented. There were no changes in the recognized liability. This affects both the circulating portion and the long-term portion.

3) Effect of deferred income tax from the initial adoption of IFRS 16.

4) Effect of conversion derived from the adjustment by the initial recognition of IFRS 16 in the foreign subsidiary.

5) Allocation of the effect of the initial recognition of IFRS 16 to the non-controlling interest in non-controlled subsidiaries at 100%.

Impact on assets, liabilities and equity as at December 31, 2018	December 31,2018 As Reported	Adjustment	December 31,2018 As Restated
Assets			
Current asset:			
Accounts and notes receivables – Net (6)	$ 1,335,029	$ 154,511	$ 1,489,540
Recoverable taxes (6)	2,224,882	104,311	2,329,193
Inventories (6)	13,084,244	(213,674)	12,870,570
Prepayments (6)	485,830	(113,066)	372,764
Other current assets	1,281,364	-	1,281,364
Total current assets	18,411,349	(67,918)	18,343,431
Non-current assets:			
Property, equipment and right-of-use assets - Net (1)	34,475,920	19,354,432	53,830,352
Other and intangible assets– Net (2) and (6)	5,694,601	(166,684)	5,527,917
Deferred income tax asset (3)	752,932	98,963	851,895
Other non-current assets	8,909,281	-	8,909,281
Total non-current assets	49,832,734	19,286,711	69,119,445
Total	68,244,083	19,218,793	87,462,876
Equity and liabilities			
Current liabilities:			
Current portion obligations	79,389	(79,389)	-
Current portion of lease obligations (1)	-	574,617	574,617
Accrued expenses and other liabilities (2)	3,718,544	(19,296)	3,699,248
Other current liabilities	19,762,800	-	19,762,800
Total current liabilities	23,560,733	475,932	24,036,665
Non-current liabilities:			
Deferred income tax liability (3)	3,622,641	(765,087)	2,857,554
Leases obligations (2)	90,568	(90,568)	-
Leases obligations (1)	-	22,571,556	22,571,556
Other liabilities (2)	675,460	(236,538)	438,922
Other non-current liabilities	10,730,987	-	10,730,987
Total non-current liabilities	15,119,656	21,479,363	36,599,019
Total liabilities	38,680,389	21,955,295	60,635,684

Impact on assets, liabilities and equity as at December 31, 2018	December 31,2018 reported	Restated	December 31,2018 restated
Stockholders' equity:			
Additional paid in capital	3,563,931	(18,468)	3,545,463
Retained earnings	24,872,364	(2,503,086)	22,369,278
Cumulative translation adjustment (4)	617,304	(56,715)	560,589
Other capital movements	270,032	-	270,032
Equity attributable to owners of the Entity	29,323,631	(2,578,269)	26,745,362
Non-controlling interest (5)	240,063	(158,233)	81,830
Total stockholders' equity	29,563,694	(2,736,502)	26,827,192
Total	$ 68,244,083	$ 19,218,793	$ 87,462,876

(1) The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of assets for rights of use and liabilities for leases. It also resulted in a decrease in other lease expenses, an increase in the amortization for Use Rights and an increase in interest expenses derived from the Payment Obligations.

(2) Assets and liabilities previously classified as finance leases under IAS 17 and presented under "Other assets" and "Obligations under finance leases", which are currently presented under "Lease liabilities". There were no changes in the recognized liability. This impacts both the circulating portion and the long-term portion.

(3) Effect of deferred income tax from the initial adoption of IFRS 16.

(4) Translation effect derived from the adjustment by the initial recognition of IFRS 16 and from the adjustments in the value of the assets and liabilities acquired in the foreign subsidiary.

(5) Allocation of the effect of the initial recognition of IFRS 16 and of the adjustments in the value of the assets and liabilities acquired to the non-controlling interest in non-controlled subsidiaries at 100%.

(6) As mentioned in note 12, during the year the entity concluded with the allocation of the purchase price of the assets and liabilities acquired from Fiesta in April 2018. Based on this conclusion, retrospective adjustments were made to the recognized provisional values. as of December 31, 2018.

The application of IFRS 16 has an impact on the consolidated statement of cash flows of the Entity.
Under IFRS 16, lessees must present:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability as part of operating activities;
- Cash paid for the interest portion of a lease liability as either operating activities or financing activities, as permitted by IAS 7 (the Entity has opted to include interest paid as part of financing activities); and
- Cash payments for the principal portion for a lease liability, as part of financing activities.

Under IAS 17, all lease payments on operating leases were presented as part of cash flows from operating activities. Consequently, the net cash generated by operating activities has increased by $1,646,071on December 31, 2018, being the lease payments, and net cash used in financing activities has increased by the same amount.

The adoption of IFRS 16 did not have an impact on net cash flows.

The impact of the application of IFRS 16 on basic and diluted earnings per share is disclosed in note 25.

Impact of application of Other amendments to IFRS Standards and Interpretations

In the current year, the Entity has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2019. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

The Group has adopted the amendments included in the Annual Improvements to IFRS Standards 2015–2017 Cycle for the first time in the current year. The Annual Improvements include amendments to four Standards:

IAS 12 *Income Taxes*

The amendments clarify that the Group should recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the Group originally recognized the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 *Borrowing Costs*

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

IFRS 3 *Business Combinations*

The amendments clarify that when the Group obtains control of a business that is a joint operation, the Group applies the requirements for a business combination achieved in stages, including premeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognized assets, liabilities and goodwill relating to the joint operation.

IFRS 11 *Joint Arrangements*

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the Group does not remeasure its PHI in the joint operation.

Amendments to IAS 19 *Employee Benefits Plan Amendment, Curtailment or Settlement*

The Group has adopted the amendments of IAS 19 for the first time in the current year. The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognized in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. The Group will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19:99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

IFRIC 23 Uncertainty over Income Tax Treatments	The Entity has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires the Entity to: ● Determine whether uncertain tax positions are assessed separately or as a group; and ● Assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: ○ If yes, the Entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. ○ If no, the Entity should reflect the effect of uncertainty in determining its accounting tax position using either the most likely amount or the expected value method.

New and revised IFRS Standards in issue but not yet effective

At the date of authorization of these financial statements, The Entity has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 10 and IAS 28 (amendments)	*Sale or contribution of assets between an investor and its associate or joint venture*
Amendments to IFRS 3	*Definition of a business*
Amendments to IAS 1 and IAS 8	*Definition of material*
Conceptual Framework	*Amendments to References to the Conceptual Framework in IFRS Standards*

The Administration do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Entity in future periods, except as noted below:

IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

Additional guidance is provided that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

3. Significant accounting polices

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards released by IASB.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment property and financial instruments, that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability if market participants would consider those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2, *Inventories* or value in use in IAS 36, *Impairment of assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **Level 2** inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and inputs are unobservable inputs for the asset or liability
- **Level 3** inputs are not based on observable market data (unobservable inputs).

c. ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Entity and entities (including structured entities) controlled by the Entity and its subsidiaries. Control is achieved when the Entity:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Entity reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Entity has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Entity considers all relevant facts and circumstances in assessing whether or not the Entity's voting rights in an investee are sufficient to give it power, including:

- The size of the Entity's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Entity, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Entity obtains control over the subsidiary and ceases when the Entity loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Entity gains control until the date when the Entity ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Entity and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Entity and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Entity's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Entity are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Entity's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Changes in the Entity's ownership interests in existing subsidiaries

Changes in the Entity's ownership interests in subsidiaries that do not result in the Entity losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Entity's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Entity.

When the Entity loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Entity had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Subsidiaries listed below are companies incorporated and operating in Mexico, except for Bodega Latina Co., which has its registered and operations in the United States of America (USA).

The shareholding in its capital during presented periods for which country of incorporation and operations is Mexico is listed below:

Company or Group	Participation rate	Activity
Tiendas Chedraui, S. A. de C. V.	99.88%	A chain of 306 self-service stores specializing in the sale of groceries, perishables, electronic goods, clothing and general merchandise. These stores operate under the followings types of stores: 179 Tiendas Chedraui, 19 Tiendas Chedraui Selecto, 56 Super Chedraui, 4 Super Chedraui Selecto, 15 Super Che and 33 Supercito.
Real estate division	99.99%	Five companies engaged in the acquisition, construction, sale and lease of real property used for real estate activities.
Services division	99.99%	Nine companies providing administrative and personnel services
Bodega Latina Co.	89.98%	A chain of self-service stores with 64 units located in the southern of USA and which operate under the El Super commercial name. and 61 units located in Texas (USA) that operate under the commercial name of Fiesta.
Grupo Crucero Chedraui, S. A. de C. V.	99.99%	Sub-holding company.
Fundación Antonio Chedraui Caram, A.C. and Liceo de Artes y Oficios, A. C.		A foundation whereby the Entity has control and is established to help create institutes, scholarships and support the humanistic, scientific, educational, art and teaching activities related to health and social assistance.
Supervisión y Mantenimiento de Inmuebles, S.A. de C.V.		A company over which the Entity exercises control, which establishes the maintenance of the commercial squares.

d. ***Detail of the subsidiaries not completely owned but whereby the Entity has a significant non-controlling interest***

Name of the subsidiary	Place of registration and operation	Proportion of shareholding and voting rights of the non-controlling interest		Assigned income to the non-controlling interest		Retained non-controlling interest	
		2019	2018	2019	2018	2019	2018
Bodega Latina Co.	USA	10.02%	10.02%	$ (34,478)	$ (45,523)	$ (26,980)	$ (63,281)

(i) The Entity owns 89.98% of the equity of Bodega Latina Co. and based on the contractual arrangements between the Entity and other investors, the Entity has the power to appoint and remove a majority of the Board of Bodega Latina Co. the relevant activities of Bodega Latina Co. are determined by the Board of Bodega Latina Co. based on a simple majority vote. Therefore, Bodega Latina Co. is controlled by the Entity and is consolidated into these consolidated financial statements.

A summary of the Bodega Latina Co.'s financial information before intercompany eliminations is detailed below:

	2019	2018 Restated
Current assets	$ 3,623,908	$ 3,681,713
Non-current assets	21,255,895	23,617,593
Current liabilities	4,346,937	3,502,340
Non-current liabilities	20,802,125	23,555,615
Equity attributable to owners of the Entity	(242,279)	398,492
Non-controlling interest	(26,979)	(134,515)
Incomes	51,303,822	43,524,968
Cost, expenses and taxes	51,647,912	42,494,263
Net (loss) of the year	(344,090)	(552,339)
Net (loss) profit of the year to owners of the equity of the Entity	(309,613)	(496,995)
Net (loss) profit of the year to non-controlling interest	(34,477)	(55,344)
Net (loss) of the year	(344,090)	(552,339)
Net cash flow from operating activities	531,041	1,043,676
Net cash flow from investing activities	1,613,589	(5,742,046)
Net cash flows from financing activities	(1,780,905)	4,122,766
Net decrease in cash flow	363,725	408,000

e. ***Financial instruments***

Financial assets and financial liabilities are recognized in the Entity's statement of financial position when the Entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

f. ***Financial assets***

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and

- The Entity may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting for any loss allowance.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Entity recognizes interest income by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in profit or loss and is included in the "finance income - interest income" line item.

(ii) Equity instruments designated as at FVTOCI

On initial recognition, the Entity may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not being reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Entity has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Entity designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Entity has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses'. Fair value is determined in the manner described in Note 21.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses';
- For debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the 'other gains and losses'. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;
- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the 'other gains and losses'; and
- For equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

See hedge accounting policy regarding the recognition of exchange differences where the foreign currency risk component of a financial asset is designated as a hedging instrument for a hedge of foreign currency risk.

Impairment of financial assets

The Entity recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Entity always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Entity recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iv) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Entity considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the Entity's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- An actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortized cost;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Entity presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Entity has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Entity assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

I. The financial instrument has a low risk of default,
II. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
III. Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Entity considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

The Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(v) Definition of default

The Entity considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (without taking into account any collateral held by the Entity).

Irrespective of the above analysis, the Entity considers that default has occurred when a financial asset is more than 90 days past due unless the Entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(vi) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. Significant financial difficulty of the issuer or the borrower;
b. A breach of contract, such as a default or past due event (see (ii) above);
c. The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d. It is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
e. The disappearance of an active market for that financial asset because of financial difficulties.

(vii) Write-off policy

The Entity writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Entity's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(viii) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Entity's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

If the Entity has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Entity measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Entity recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Entity has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

g. ***Financial liabilities and equity***

Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Entity, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Entity manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of an Entity of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Entity's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see Hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (Note 21) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognized in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Entity that are designated by the Entity as at FVTPL are recognized in profit or loss.

Fair value is determined in the manner described in note 19.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other gains and losses' line item in profit or loss (note 22) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Entity derecognizes financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Entity exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Entity accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognized in profit or loss as the modification gain or loss within other gains and losses

h. ***Derivative financial instruments***

The Entity enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps. Further details of derivative financial instruments are disclosed in notes 7.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. Derivatives are not offset in the financial statements unless the Entity has both legal right and intention to offset.

An embedded derivative is presented as a non-current asset or non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and is not expected to be realized or settled within 12 months.

i. ***Hedge accounting***

The Entity designates certain derivatives as hedging instruments in respect of interest rate risk in fair value hedges, cash flow hedges.

At the inception of the hedge relationship, the Entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Entity documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Entity actually hedges and the quantity of the hedging instrument that the Entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Entity adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Entity designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

Note 19 sets out details of the fair values of the derivative instruments used for hedging purposes.

Movements in the hedging reserve in equity are detailed in note 22.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Entity expects that some or all of the loss accumulated in the cash flow hedging reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Entity discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognized in other comprehensive income and accumulated in cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in cash flow hedge reserve is reclassified immediately to profit or loss.

j. ***Inventories and cost of goods sold***

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of indirect fixed and variable costs are assigned to inventories by using the method most applicable to the inventory in question, which is valued at its average cost. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

k. ***Property, equipment and right-of-use***

Property and equipment are initially recorded at cost.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. After the adoption of IFRS 1, the buildings are valued at historical cost and depreciated on a straight line.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

l. ***Investment property***

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

m. ***Intangible assets***

1. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

2. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and separately recognized from goodwill, its initial cost will be their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3. Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

n. ***Impairment of tangible and intangible assets other than goodwill***

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease (see Note 13).

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation

o. ***Goodwill***

Goodwill originated from a business acquisition is recognized at cost determined at the business acquisition date (see Note 12) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Entity's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

p. ***Investment in associates***

An associate is an entity over which the Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Entity's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Entity's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate. When necessary, the entire carrying amount of the investment including goodwill is tested for impairment in accordance with IAS 36, as a single asset by comparing its recoverable amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Entity retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Entity measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Entity accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Entity reduces its ownership interest in an associate or a joint venture but the Entity continues to use the equity method, the Entity reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When an Entity transacts with an associate or a joint venture of the Entity, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied and which form part of the net investment in the investee. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28.

q. ***Business combinations***

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Entity, liabilities incurred by the Entity to the former owners of the acquiree and the equity interests issued by the Entity in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share Based Payments* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

The non-controlling interests that are shareholdings and that grant their holders a proportional share of the Entity's net assets in the event of liquidation, can be measured initially at either fair value or at the value of the proportional participation of the non-controlling interest. In the recognized amounts of the net identifiable assets of the acquired company. The base measurement option is performed in each transaction. Other types of non-controlling interests are measured at fair value or, when applicable, based on what is specified by another IFRS.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

r. ***Leasing***

- The Entity as lessor

  The Entity enters into lease agreements as a lessor with respect to some of its investment properties.

  Leases for which the Entity is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

  When the Entity is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

  Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

  Amounts due from lessees under finance leases are recognized as receivables at the amount of the Entity's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases.

  When a contract includes lease and non-lease components, the Entity applies IFRS 15 to assign the corresponding consideration to each component under the contract.

- The Entity as lessee

The Entity assesses whether a contract is or contains a lease, at inception of the contract. The Entity recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Entity recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Entity uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Entity remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Entity applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Entity has not used this practical expedient.

s. ***Foreign currencies***

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except when they arise from exchange rate differences arising from transactions related to exchange rate risks.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period.

The adjustments corresponding to the goodwill and the fair value of identifiable acquired assets and assumed liabilities generated in the acquisition of an operation abroad are considered as assets and liabilities of said operation and are converted at the exchange rate in effect at the end of the reporting period. The resulting exchange differences are recognized in other comprehensive income.

t. ***Conversion of financial statements of subsidiaries in foreign currency***

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Entity's foreign operations are translated into Currency Units using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

u. ***Borrowing cost***

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

v. ***Employee benefits***

Retirement benefits costs from termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income, and
- Remeasurement.

The Entity presents the first two components of defined benefit costs in profit or loss in the line item. Gains and losses for reduction of service are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Entity's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Short-term employee benefits and others long-term benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Entity in respect of services provided by employees up to the reporting date.

Statutory employee profit sharing ("PTU")

PTU is recorded in the results of the year in which it is incurred and is presented in operating expenses in the consolidated statement of profit or loss and other comprehensive income.

As established by the Income Tax Law ("LISR"), as of December 31, 2019 and 2018, PTU is determined based on taxable income, according to the established legislation.

w. ***Income taxes***

Income tax expense represents the sum of the tax currently payable and deferred taxes.

1. Current tax

   Current income tax (ISR) is recognized in the results of the year in which is incurred.

   The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

   A provision is recognized for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

2. Deferred income tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

   Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, the Entity has recognized any deferred taxes on changes in fair value of the investment properties.

3. Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

x. ***Provisions***

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the cash value over time is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

y. ***Revenue recognition***

The entity recognizes income from the following sources:

- Sales of goods and dividend income.
- Income from the rental of premises.

- Sales of goods

The Entity sells clothes, general merchandise, electronic goods, groceries and perishable foods, mainly as retail sales and directly with customers through its points of sale.

Revenues are recognized when the benefits and risks of the goods have been transferred to the buyer. The buyer has the right to return the goods within 15 days after the sale. The Entity uses its historical experience to estimate the number of products returned to a portfolio level using an expected value method. It is considered highly probable that there will not be a significant reversal in the accumulated income recognized, consequently, a provision for refunds is not recognized

- Loyalty programs

  The Entity operates the 'Monedero Chedraui' and 'Cupones Chedraui' loyalty programs through which customers accumulate benefits in goods purchases or receive discount coupons, which provides them with a discount on future purchases. These points provide a discount to customers, which they would not receive if they did not buy the goods sold by the entity (they have a material right). The promise to give customers a discount is a separate performance obligation

  The selling prices for points are valued, based on the discounts granted when the benefits are exchanged by the client, considering the probability of redemption, being evidence of this, the historical experience of the Entity. A liability is recognized by income related to the loyalty program at the point of the initial sale. The loyalty program income is recognized when the client exchanges the benefits. The liabilities generated by the loyalty program are determined at fair value in proportion to the pattern of rights exercised by customers. As of December 31, 2019 and 2018, a balance of $294,496 and $218,562, respectively, is included in the balance sheet in creditors and accumulated expenses.

- Dividends and interest income

  Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Entity and the amount of income can be measured reliably).

4. Critical accounting judgments and key sources of estimation uncertainty

When applying the Entity's accounting policies, as described in Note 3, the Entity's management must utilize its judgment, estimates and assumptions regarding the book values of assets and liabilities. These estimates and assumptions are based on historical experience and other significant factors, although actual results may differ from these estimates.

Underlying estimates and assumptions are periodically reviewed. Accounting estimate reviews are recognized in the review period and future periods if they affect current and future periods.

a. Essential judgments when applying accounting policies

Below we present essential judgments, apart from those involving estimates, made by management during the application of the Entity's accounting policies, and which have a significant effect on the consolidated financial statements.

- The defined benefit obligation of the Entity is discounted at a rate set at market rates of high quality corporate bonds at the end of the reporting period. Are required to use professional judgment in establishing criteria for the bonuses it must include on the population from which the yield curve is derived. The most important criteria considered for the selection of bonds include the size of the issuance of corporate bonds, the classification and identification of atypical bonds are excluded.

- The calculation of the value in use to perform the impairment tests requires the Entity's base on its judgments to determine the future cash flows that should arise from the cash generating units and an appropriate discount rate to calculate the present value. Goodwill is assigned to each of the Entity's cash generating units which expects to obtain benefits from the synergies of this combination.

Control over Supervisión y Mantenimiento S.A. de C.V and Liceo de Artes y Oficios A.C.

Based on the contractual agreements between the Entity and other investors, the Entity has the power to appoint and remove the majority of the members of the Board of Directors of Supervisión y Mantenimiento S.A. de C.V and Liceo de Artes y Oficios A.C. which has the power to direct its relevant activities. Therefore, the Entity's management concluded that the Entity has the capacity to direct the relevant activities unilaterally and therefore has control over these entities.

b. Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimation of useful life

The Entity reviews the estimate of the useful life, residual value and amortization method for its fixed assets at the end of each reporting period and the effect of any change in the estimate is recognized prospectively. Furthermore, at the end of each reporting period the Entity reviews the book values of its tangible and intangible assets to determine whether there is any indication that they have suffered a loss from impairment.

Fair value of investment properties

The Entity reviews the fair value of the investment properties based on future cash flows, applying an appropriate discount rate. At the end of each period, if applicable, it makes the respective adjustments in results for the year.

Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Entity uses observable market data to the extent they are available. When the input data of level 1 are not available, the Entity hires qualified professional to perform independent valuation appraiser.

Assessment as to whether the right-of-use assets is impaired

When estimating the amount of the lease liability, the Entity uses estimates such as discount rates and the exercise of contract extension periods. These estimates have a significant impact in determining the values of these liabilities and assets.

5. Accounts and note receivable – Net

	2019	2018
Costumers	$ 1,317,108	$ 1,404,401
Allowance for doubtful accounts	(30,537)	(26,958)
	1,286,571	1,377,443
Sundry debtors	46,590	93,028
Notes receivable	19,779	19,069
	$ 1,352,940	$ 1,489,540

a. ***Accounts receivable from customers***

The accounts receivable from customers detailed in the above table are classified as accounts receivable and valued at their amortized cost, which is similar to its book value.

The accounts receivable from customers detailed in the preceding paragraphs include the amounts overdue at the end of the reporting period (see aging analysis below) for which the Entity has recognized an allowance for doubtful accounts because it is highly likely that customers will default on their payments. This provision is recorded following its determination, while the reserve amount is updated at least on every reporting date. The additional disclosures required by IFRS 7, "Presentation of financial instruments", for estimating the allowance for doubtful accounts have not been included as they are considered immaterial.

The accounts receivable aging past due but not fully included in the reserve is as follows:

	2019	2018
Up to 30 days	$ 41,433	$ 54,651
31 – 60 days	22,787	23,367
61 – 90 days	16,080	15,599
More than 90 days	253,447	124,599
Total	$ 333,747	$ 218,216

The reserve of uncollectible accounts as of December 31 is integrated as follows:

	2019	2018
Balance at the beginning of the year	$ (26,958)	$ (23,464)
Reserve increases	(8,401)	(9,231)
Reservation application	4,822	5,737
Balance at the end of the year	$ (30,537)	$ (26,958)

6. Recoverable taxes

	2019	2018
Income tax	$ 373,160	$ 409,390
Tax credits, mainly value added tax (VAT)	1,350,718	1,431,837
Recoverable tax (employment subsidy)	1,725	1,551
Recoverable tax for production and services (IEPS)	527,887	486,415
	$ 2,253,490	$ 2,329,193

7. Derivative financial instruments

The Entity has contracted derivatives to manage the loan interest rate risk, while also controlling the movement of the debt from fixed to variable rates and vice versa.

In November 2016, two swaps were contracted to fix the TIIE rate and cover part of the non-current loan that was held at that date with variable rate, the first of it is maturing in September 2023 with a notional of $500 million pesos and a fixed rate of 6.33% that covers a credit in one of the Group subsidiaries, while the second has a maturity in November 2022 with a notional of $500 million pesos and a fixed rate of 6.31%, which cover part of a non-current loan contracted by the Group.

In October 2017, three derivatives were contracted to fix the TIIE rate and cover long-term loans that were held at that date, with a variable rate; the first is a Swap with a notional amount of $1,004 million due on November 12, 2022 and a fixed rate of 7.15%. The second is a Swap with a notional amount of $669 million, due on November 12, 2022 and a fixed rate of 7.95%. The third derivative refers to a Swaption with which the option to cancel the Swap at a rate of 7.95% was acquired on March 11, 2019 at no cost to the Entity, which expired without executing the cancellation option.

Finally, during the month of December 2017, a Swap with a notional of $1,200 million pesos was contracted, with a maturity date of June 10, 2019 and a fixed rate of 7.80%, this derivative covers a credit for the same amount as the notional, but only for part of the term of the credit, that expired on the appointed date.

In July 2019, the Group, through its subsidiary Bodega Latina Corporation, contracted a Swap with a notional amount of USD125 million due on May 2, 2023 and a fixed rate of 1.4%, derivative partially covers a Bodega Latina credit.

Finally, during the month of August 2019, a Swap with a notional of $ 400 million pesos was contracted with a maturity date of November 10, 2027 and a fixed rate of 7.169% that partially covers a Company loan.

The Entity obtains financing under different conditions, when they are floating rate, in order to reduce their exposure to risks of volatility in interest rates and foreign currency, the entity contracts financial derivatives instruments to interest rate that convert the profile interest payments from variable to fixed converting the foreign currency debt into local currency rate. The negotiations with derivatives are conducted only with institutions of recognized solvency and limits have been established for each institution. The policy or the Entity is to not trade for speculative purposes with derivative financial instruments.

In case of any of its subsidiaries does not have necessary conditions to be able to contract a derivative that mitigates an exchange rate or interest risk rate, will be Grupo Comercial Chedraui, S. A. B. de C. V. who will contract it.

The Entity recognizes all the assets or liabilities that arise from operations with derivative financial instruments in the balance sheet at fair value, regardless of the purpose of their holding. The fair value is determined based on recognized market prices and when they are not listed on a market, it is determined according to valuation techniques accepted in the financial field.

When derivatives are contracted in order to hedge risks and comply with all hedging requirements, their designation is documented at the beginning of the hedging operation, describing the objective, characteristics, accounting recognition and how the measurement of the effectiveness, applicable to that operation.

Derivatives designated as hedges recognize changes in valuation according to the type of hedge in question: (1) when they are at fair value, fluctuations in both the derivative and the hedged item are valued at fair value and are recognized in profit or loss; (2) the present value of the cash flow is recognized in comprehensive income and is applied to results when the hedged item affects them; the ineffective portion is recognized in results;

The Entity suspends hedge accounting when the derivative has expired, has been sold, is canceled or exercised, when the derivative is not highly effective to offset changes in the fair value or cash flows of the hedged item or when the derivative entity decides to cancel the coverage designation.

By suspending hedge accounting, in the case of cash flow hedges, the amounts that have been recorded in stockholders' equity as part of comprehensive income, remain in the capital until the time when the effects of the forecasted transaction or firm commitment affect the results. In the event that the firm commitment or forecast transaction is no longer likely to occur, the gains or losses that were accumulated in the comprehensive income account are immediately recognized in results. When the coverage of a forecasted transaction was satisfactory and subsequently does not meet the effectiveness test, the accumulated effects on comprehensive income in stockholders' equity are carried proportionally to the results, to the extent that the forecasted asset or liability affect the results.

8. Inventories

	2019	2018
Finished goods	$ 13,065,117	$ 12,484,753
Raw materials	301,326	284,860
Productions in process	17,917	15,092
Others	86,403	85,865
	$ 13,470,763	$ 12,870,570

9. Other and intangible assets - Net

	2019	2018
Guarantee deposits	$ 499,957	$ 493,804
Goodwill (1) – Note 13	2,184,948	2,297,975
Other long-terms receivables	11,397	11,397
Other non-current assets, mainly prepaid expenses	396,167	331,275
Other assets	3,092,469	3,134,451
Intangibles:		
Software and licenses	2,009,027	1,856,432
Accumulated software and licenses amortization	(1,570,520)	(1,385,985)
	438,507	470,447
Fiesta Mart trademark	1,841,175	1,923,019
Total other and intangible assets – Net	$ 5,372,151	$ 5,527,917

(1) Represents the excess of the price paid for the market value of the assets and assumed liabilities of 29 stores located in southern Los Angeles California, and 3 stores located in Baja California Sur, Mexico, and 61 store located in Texas, so they have been considered as an asset intangible. Goodwill is subject to impairment testing at least annually.

The reconciliation of intangibles is as follows:

Cost	2019	2018
Balance at beginning of January	$ 1,856,432	$ 1,626,769
Disposals	(610)	(6)
Acquisitions	159,261	230,618
Foreign currency translation effect	(6,056)	(949)
Balance as of December:	$ 2,009,027	$ 1,856,432
Amortization		
Balance at beginning of January	$ (1,385,985)	$ (1,250,887)
Amortization cost	(185,139)	(135,098)
Disposals	604	-
Balance as of December:	$ (1,570,520)	$ (1,385,985)
Intangible – Net	$ 438,507	$ 470,447

10. Property and equipment - Net

a. The reconciliation of property and equipment is as follows:

Cost	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in process	Land	Total
Balance as of January 1, 2018	$ 23,047,799	$ 10,863,806	$ 2,203,918	$ 249,196	$ 1,186,958	$ 6,041,301	$ 43,592,978
Acquisitions	1,733,444	854,594	162,140	239,603	1,184,145	23,303	4,197,229
Net effect of foreign currency exchange differences	1,145	1,663	45	28	17	-	2,898
Acquisitions of Fiesta Mart	535,958	763,201	58,156	25,775	1,889	-	1,384,979
Disposals	(12,350)	(75,899)	(91,703)	(12,604)	(1,685)	286	(193,955)
Transfers	626,908	549,870	49,481	555	(1,523,393)	213,879	(82,700)
Balances at December 31, 2018	25,932,904	12,957,235	2,382,037	502,553	847,931	6,278,769	48,901,429
Incorporation of companies by control	-	2,917	6,648	363	-	-	9,928
Acquisitions	1,040,396	1,247,888	137,269	49,728	1,156,771	99,813	3,731,865
Net effect of foreign currency exchange differences	(71,087)	(113,627)	(4,142)	(1,277)	(378)	-	(190,511)
Disposals	(391,371)	(173,819)	(192,481)	(304,821)	(1,927)	(74,702)	(1,139,121)
Transfers	(132,555)	399,605	12,059	509	(795,731)	(220,264)	(736,377)
Balances at December 31, 2019	$ 26,378,287	$ 14,320,199	$ 2,341,390	$ 247,055	$ 1,206,666	$ 6,083,616	$ 50,577,213

Depreciation	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in process	Land	Total
Balance at January 1, 2018	(5,892,581)	(5,676,559)	(1,915,941)	(159,787)	-	-	(13,644,868)
Depreciation expenses	(728,046)	(1,086,848)	(157,038)	(28,475)	-	-	(2,000,407)
Transfers	-	38	(34)	(4)	-	-	-
Disposals	6,303	65,682	90,703	10,204	-	-	172,892
Balances at December 31, 2018	(6,614,324)	(6,697,687)	(1,982,310)	(178,062)	-	-	(15,472,383)
Incorporation of companies by control	-	(1,865)	(5,613)	(362)	-	-	(7,840)
Depreciation expenses	(686,946)	(1,369,562)	(174,814)	(28,116)	-	-	(2,259,438)
Transfers	-	474	(474)	-	-	-	-
Disposals	(193,674)	104,128	188,327	29,025	-	-	127,806
Balances at December 31, 2019	$ (7,494,944)	$ (7,964,512)	$ (1,974,884)	$ (177,515)	$ -	$ -	$ (17,611,855)
Total at December 31, 2018	$ 19,318,580	$ 6,259,548	$ 399,727	$ 324,491	$ 847,931	$ 6,278,769	$ 33,429,046
Total at December 31, 2019	$ 18,883,343	$ 6,355,687	$ 366,506	$ 69,540	$ 1,206,666	$ 6,083,616	$ 32,965,358

b. The Entity leases various assets, including buildings and computer equipment. The average lease term is as follows:

Leased assets	Average lease term 2019	Average lease term 2018
Vehicles	3 years	3 years
Buildings	30 years	30 years
Airplane	10 years	7 years
Computer equipment	5 years	5 years

The Entity has the option to purchase certain equipment for a nominal amount at the end of the lease period. The Entity's obligations are covered by the title to the assets leased that is maintained by the lessor.

The expired contracts were replaced by new leases with identical underlying assets. This resulted in the addition of rights-of-use assets of $54,674 and $555,378 in 2019 and 2018, respectively.
The analysis of the maturity of the lease liabilities is presented in note 17.

c. The following useful lives are used in the calculation of depreciation:

	Years
Buildings [3]	60
Store equipment	12 in average
Furniture and fixtures	10
Computer equipment [1]	3
Vehicles	4
Airplane [2]	15

(1) Presented within the furniture and fixtures heading
(2) Presented within the vehicles heading
(3) Improvements to leased properties are included in buildings and are amortized using the shorter of the life of the asset and the lease term.

d. The reconciliation of rights-of-use is as follows:

Right-of-use assets	Building	Store equipment	Vehicles	Airplane	Computer equipment	Intangible	Total
Balance as of January 1, 2018	$ 15,527,041	$ 114,862	$ 154,292	$ 584,978	$ 326,612	$ 14,012	$ 16,721,797
Acquisitions	1,682,475	-	31,602	-	10,467	-	1,724,544
Business acquisitions	7,075,616	-	-	-	-	-	7,075,616
Disposals	(234,570)	-	(3,361)	-	-	-	(237,931)
Reevaluations	257,502	8	-	-	-	-	257,510
Exchange effects	7,716	-	16	-	-	-	7,732
Balances at December 31, 2018	24,315,780	114,870	182,549	584,978	337,079	14,012	25,549,268
Acquisitions	342,572	3,150	41,773	213,829	49,008	-	650,332
Disposals	(283,382)	-	(4,931)	-	-	-	(288,313)
Reevaluations	188,290	5	-	-	-	-	188,295
Exchange effects	(627,062)	-	(757)	-	-	-	(627,819)
Balances at December 31, 2019	$ 23,936,198	$ 118,025	$ 218,634	$ 798,807	$ 386,087	$ 14,012	$ 25,471,763
Depreciation							
Balance at January 1, 2018	(3,516,181)	(37,052)	(81,159)	(277,125)	(185,229)	(13,633)	(4,110,379)
Depreciation expenses	(846,501)	(36,290)	(36,225)	(35,942)	(82,246)	(379)	(1,037,583)
Balances at December 31, 2018	(4,362,682)	(73,342)	(117,384)	(313,067)	(267,475)	(14,012)	(5,147,962)
Depreciation expenses	(933,980)	(36,304)	(36,616)	(48,164)	(50,382)	-	(1,105,446)
Balances at December 31, 2019	$ (5,296,662)	$ (109,646)	$ (154,000)	$ (361,231)	$ (317,857)	$ (14,012)	$ (6,253,408)
Total at December 31, 2018	$ 19,953,098	$ 41,528	$ 65,165	$ 271,911	$ 69,604	$ -	$ 20,401,306
Total at December 31, 2019	$ 18,639,536	$ 8,379	$ 64,634	$ 437,576	$ 68,230	$ -	$ 19,218,355

Total Property, equipment and right-of-use	Building	Store equipment	Furniture and fixtures	Vehicles	Construction in process	Land	Intangibles	Total
Property, equipment and right-of-use at December 31, 2018	$50,248,684	$ 13,072,105	$ 2,719,116	$ 1,270,080	$ 847,931	$6,278,769	$ 14,012	$ 74,450,697
Property, equipment and right-of-use at December 31, 2019	50,314,485	14,438,224	2,727,477	1,264,496	1,206,666	6,083,616	14,012	76,048,976
Depreciation of property, equipment and right-of-use at December 31, 2018	(10,977,006)	(6,771,029)	(2,249,785)	(608,513)	-	-	(14,012)	(20,620,345)
Depreciation of property, equipment and right-of-use at December 31, 2019	(12,791,606)	(8,074,158)	(2,292,741)	(692,746)	-	-	(14,012)	(23,865,263)
Total of property, equipment and right-of-use at December 31,2018	$ 39,271,678	$ 6,301,076	$ 469,331	$ 661,567	$ 847,931	$6,278,769	$ -	$ 53,830,352
Total of property, equipment and right-of-use at December 31, 2019	$ 37,522,879	$6,364,066	$ 434,736	$ 571,750	$ 1,206,666	$6,083,616	$ -	$ 52,183,713

e. Amounts recognized in the consolidated financial statements for leases:

	2019	2018 (Restated)
Depreciation of lease right-of-use assets	$ 1,120,703	$ 1,103,150
Interest accrued on lease liabilities	1,428,177	1,242,512
Expense related to short-term lease	48,512	47,674
Expense related to leasing of low value assets	5,606	7,360
Expense related to variable lease payments not included in the measurement of lease liabilities	66,935	79,133

The Entity has commitments of $560,233 and $574,617 as of December 31, 2019 and 2018, respectively, for short-term leases.

Some of the leases of properties in which the Entity participates as lessee contain variable lease payment terms that are related to sales generated in the leased stores. Variable payment terms are used to link lease payments to store cash flows and reduce fixed cost. The composition of the lease payments is detailed in the following table:

	2019	2018 (Restated)
Fixed payments	$ 2,087,289	$ 1,709,217
Variable payments, short-term and low value	121,052	134,167
Total lease payments	$ 2,208,341	$ 1,843,384

As of December 31, 2019 and 2018, variable payments constitute 5.8% and 7.5%; respectively of the Entity's total lease payments. The Entity expects this proportion to remain constant in future years. Variable payments depend on sales and consequently, on economic development during the following years. Taking into consideration the development of expected sales in the following years, it is expected that the expense for variable leases will continue to present a similar proportion of store sales in the following years.

11. Investment property

	2019	2018
Balances as of the beginning of the year	$ 8,679,203	$ 6,855,626
Acquisitions	201,115	63,783
Disposals	(105,380)	(242)
Transfers from property and equipment	736,388	1,456,821
Net gains on property revaluation	349	303,215
Balances as of year end	$ 9,511,675	$ 8,679,203

All the Entity's investment properties are free from third-party interests.

There has been no change in valuation technique on the current year. The fair value of the Entity's investment properties, considered the highest and best use of the property in its current use. The net gains on property revaluation is presented under other expenses-net in the consolidated statements of profit or loss and other comprehensive income.

The following information is relevant to investment properties classified as Level 3 fair value hierarchy:

Property	Fair Value hierarchy	Valuation Technique	Significant unobservable inputs	Value / Range	Relationship unobservable inputs of fair value
Land and construction	Level 3	Cash flows	Discount rate	10.75%	At higher discount rate, lower fair value
			Earnings before interest, taxes, depreciation and amortization	Based on the contractual rent at market price.	At higher earnings before interest , taxes, depreciation and amortization, fair value increased
			Growth rates	Mexico: 3.5%	At higher inflation rate, higher fair value.
			Occupation factor	90%, depending on location	At higher percentage of occupation, higher fair value

There were no transfers between levels of the fair value hierarchy during the year.

12. Business combinations

a. *Subsidiaries acquired*

Entity name	Principal activity	Date of acquisition	Proportion of voting equity interests acquired (%)	Consideration transferred
Fiesta Mart, LLC. (Fiesta)	Self-service stores - Retail	April 30, 2018	100%	4,951,445

Fiesta was acquired to continue with the expansion activities of the Entity in the United States.

b. *Assets acquired and liabilities recognized at the date of acquisition*

	Fiesta Mart, L.L.C. 2018
Current assets	
Cash and & cash equivalents (1)	$ 505,713
Accounts receivable from clients	164,575
Other accounts receivable (3)	217,940
Inventories (3)	944,074
Non-current assets	
Plant and equipment	1,314,739
Intangibles (2)	1,908,025
Deposits in guarantee	72,321
Current liabilities	
Trade and other payables (3)	(1,101,752)
Non-current liabilities	
Other payables	(112,193)
	$ 3,913,436

(1) Includes restricted cash for $197,721 as of April 30, 2018 for short-term.

(2) Includes the Fiesta Mart patent for $ 1,825,495 as of April 30, 2018.
(3) As a result of the conclusion of the purchase price allocation to the acquired assets and assumed liabilities, retrospective adjustments were made to the amounts initially recognized.

For fiscal purposes, it is required that the fiscal values of Fiesta assets be readjusted based on market values and other factors. As of the date of completion of these financial statements, the necessary market valuations and other calculations have been completed.

The accounts receivable acquired (which are composed mainly of accounts receivable from customers) include balances with a fair value of $164,575 that had gross contractual amounts of $172,091. The best estimate at the acquisition date of the contractual cash flows that are not expected to be collected amounts to $7,516.

c. ***Goodwill arising on acquisition***

	Fiesta Mart, LLC
Consideration transferred	$ 4,951,445
Less: fair value of identifiable net assets acquired	3,913,436
Goodwill arising on acquisition	$ 1,038,009

The goodwill arising from the acquisition of Fiesta represents amounts in relation to the benefits of the expected synergies, revenue growth, future market development and the work force that has gathered from Fiesta. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The goodwill that arose from the acquisition is amortizable to 15 years for tax purposes.

d. ***Net cash flows over the acquisition of subsidiaries***

	2018
Consideration paid in cash	$ 4,951,445
Less: cash and cash equivalent balances acquired	505,713
	$ 4,445,732

e. ***Net cash outflow on acquisition of subsidiaries***

Included in the net income is $273,285 attributable to the additional business generated by Fiesta. Revenue for the year includes $15,420,826 million in respect of Fiesta Mart.

Had these business combinations been effected at January 1, 2018, the revenue of the Entity from continuing operations would have been $123,486,729 and the income (loss) from operations would have been $1,909,558. Management considers these 'pro-forma' numbers to represent an approximate measure of the performance of the combined Entity on an annualized basis and to provide a reference point for comparison in future periods.

In determining the 'pro-forma' revenue and profit of the Entity Fiesta Mart been acquired at the beginning of the current year, management has:

- Calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements;
- Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Entity after the business combination.

13. Goodwill

	2019	2018
Cost		
Balance at the beginning of the year	$ 2,297,975	$ 1,203,533
Additional amounts recognized from business combinations occurring during the year	-	1,038,009
Disposals	(25,505)	-
Effect of foreign currency exchange differences	(87,522)	56,433
Balance at the end of the year	$ 2,184,948	$ 2,297,975

a. ***Allocation of goodwill to cash-generating units***

Goodwill has been allocated for impairment testing purposes to the following cash-generating units.

14. Accounts and notes payable to suppliers

The amount recognized for suppliers is based on source documentation, whether the amount indicated by the respective receipt or contract at the balance sheet date, or the disbursement required to settle the current obligation. The Entity has implemented financial risk management policies to ensure that all accounts payable is settled according to pre-agreed credit terms.

The debt with suppliers (including liabilities to affiliated parties related to suppliers) is calculated according to agreed contractual maturities. At December 31, 2019 and 2018 the Entity's debt obligation is composed as follows:

	2019	2018
Current	$ 5,683,239	$ 7,456,502
Up to 30 days	7,276,792	6,311,744
Up to 60 days	2,653,193	2,376,416
Up to 90 days	2,466,154	2,236,904
More than 90 days	366,550	416,777
	$ 18,445,928	$ 18,798,343

15. Borrowings with financial institutions

	2019	2018
Credit line contracted by Tiendas Chedraui, S. A. de C.V. with Banco Santander, S.A., contracted on December 31, 2019 at an annual fixed rate of 8.65%, due on January 2, 2020.	$ 10,053	$ -
Credit line contracted by Tiendas Chedraui, S. A. de C.V. with INBURSA, S.A., contracted on December 30, 2019 at an annual fixed rate of 8.03%, due on January 2, 2020.	700,000	-
Credit line contracted by Tiendas Chedraui, S. A. de C.V. with INBURSA, S.A., contracted on December 31, 2019 at an annual fixed rate of 8.03%, due on January 2, 2020.	154,000	-

	2019	2018
Credit line contracted by Tiendas Chedraui, S. A. de C.V. with INBURSA, S.A., contracted on December 30, 2019 at an annual fixed rate of 8.03%, due on January 2, 2020.	50,000	-
Credit line contracted by Bodega Latina Co. with Bank of America, N.A, for 15,537,000 US dollar, due on September 2020. The rate as of December 31, 2019 was Libor + 1.125%.	292,803	-
Credit line contracted by Tiendas Chedraui, S.A. of C.V. with Banco Santander S.A., contracted as on December 31, 2019, at an annual rate of TIIE + 1.25%. The rate as of December 31 was 9.85%. Its expiration date is January 2, 2019.	-	72,616
More circulating portion	560,809	337,794
Short-term liabilities	$ 1,767,665	$ 410,410

16. Long-term debt

	2019	2018
Loan entered into by Tiendas Chedraui, S. A. de C. V. warranted by Grupo Comercial Chedraui S.A.B. de C.V. and Inmobiliaria Kira S.A de C.V. from Scotiabank Inverlat, S.A., at an annual fixed rate of 7.65%, with payment of principal beginning on August, 2019, with expiration on July 27, 2023.	$ 431,250	$ 480,000
Loan from Banco Nacional de Comercio Exterior, S. N. C. warranted by Tiendas Chedraui, S. A. de C. V. and Inmobiliaria Kira, S. A. de C. V. at an annual rate of TIIE plus 0.98% with expiration on 10 years, with payment of principal beginning on July 4, 2017. The rate as of December 31, 2019 and 2018 was 8.95% and 9.13%, respectively.	1,169,113	1,331,596
Loan from Banco Nacional de Comercio Exterior, S. N. C. warranted by Tiendas Chedraui, S. A. de C. V. and Inmobiliaria Kira, S. A. de C. V. at an annual rate of TIIE plus 0.95% with expiration on 10 years from September, 2016 and payment of principal beginning on October 12, 2018. The rate as of December 31, 2019 and 2018 was 8.89% and 9.48%, respectively.	553,125	610,936
Loan entered into by Tiendas Chedraui, S. A. de C. V. from Banco Nacional de México, S.A., at an annual rate TIIE plus 1.33%, with two-year grace period for payments of principal as of December 8, 2018, ending on September 8, 2023. The rate as of December 31, 2019 and 2018 was 9.27% and 9.68%, respectively.	431,250	487,500

	2019	2018
Loan entered into by Comercial Chedraui, S.A.B. de C.V. from Banco Nacional de Comercio Exterior, S. N. C, warranted by Tiendas Chedraui, S. A. de C. V. at an annual rate TIIE plus 0.95%, with ten years as of November 2017 and payments of principal as of December 2019. The rate as of December 31, 2019 and December 31, 2018 was 8.89% and 9.48% respectively.	1,187,500	1,200,000
Line of Credit entered into by Bodega Latina Co. with Bank of America, N.A. for $ 60,000 US dollars, due in April 2021. The rate as of December 31, 2019 is Libor + 1,125%. The rate as of December 31,2019 was 2.82%	810,343	1,023,510
Syndicated Loan (intervention of 8 banks) entered into by Bodega Latina Co. with Bank of America, N.A. with endorsement granted by Grupo Comercial Chedraui, S.A.B de C.V., Tiendas Chedraui, S.A. de C.V., Inmobiliaria Kira, S.A. of C.V. and Fiesta Mart, L.L.C. at a Libor rate plus 1.25% with the first amortization as of October 30, 2021 and with a term of 5 years.	4,711,301	4,920,725
Long-term liabilities	9,293,882	10,054,267
Less - current portion	560,809	337,794
	$ 8,733,073	$ 9,716,473

At December 31, 2019 and 2018, the Entity was in compliance with the covenants set forth in each of the contracts.

a. ***Reconciliation of obligations derived from financing activities***

	Balance as of January 1, 2019	Acquisitions	Payments	Exchange effect	Balance as of December 31, 2019
Borrowings	$ 10,126,883	$ 1,206,855	$ (580,016)	$ (252,984)	$ 10,500,738
Leases obligations	23,146,173	546,545	(659,112)	(711,903)	22,321,703

	Balance as of January 1, 2018	Acquisitions	Payments	Exchange effect	Balance as of December 31, 2018
Borrowings	$ 5,065,827	$ 6,016,851	$ (956,417)	$ 622	$ 10,126,883
Leases obligations	14,978,066	8,631,101	(463,915)	921	23,146,173

17. Lease liabilities

Maturity	2019 Liabilities	2019 Interest	2018 Liabilities	2018 Interest
1 year	$ 560,233	$ 1,405,733	$ 574,617	$ 1,442,284
2 years	572,070	1,371,279	500,591	1,425,982
3 years	586,059	1,336,051	484,877	1,410,809
4 years	575,370	1,300,603	492,138	1,395,302
5 years	609,585	1,264,214	484,975	1,379,875
Subsequent years	19,418,385	15,874,656	20,608,975	17,844,099
	$ 22,321,702	$ 22,552,536	$ 23,146,173	$ 24,898,351
Maturity of short-term	$ 560,233	$ 1,405,733	$ 574,617	$ 1,442,284
Maturity of long-term	$ 21,761,469	$ 21,146,803	$ 22,571,556	$ 23,456,067

The Entity does not face a significant liquidity risk regarding its lease liabilities. Lease liabilities are monitored through the Entity's Treasury.

18. Employee benefits

a. *Defined contribution plans*

The Entity by law make payments equivalent to 2% of wage workers integrated (ceiling) plan defined contribution savings system of retirement establish by the law. The related expense was $81,140 and $65,433, respectively.

b. *Defined benefit plans*

The Entity maintains a defined benefit pension plan which covers all employees who reach 65 and 60 years of age, according to the benefit plan defined by the Entity.

This plan also provides seniority premium benefits, which consist of a lump sum payment of 12 days' wage for each year worked, calculated using the most recent salary, not to exceed twice the minimum wage established by law. The related liability and annual cost of such benefits are calculated by an independent actuary on the basis of formulas defined in the plans using the projected unit credit method.

The plans typically expose the Group to actuarial risks such as, investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities, debt instruments and real estates.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The present value of the defined benefit obligation and the labor cost of the current service and past service cost were calculated using the method of projected unit credit.

The main assumptions used for the purposes of actuarial valuation are the following:

c. *Nominal rates used in actuarial calculations are as follows:*

	2019 %	2018 %
Discount of the projected benefit obligation at present value	7.0	9.7
Salary increase	4.5	4.5
Salary increase (minimum by law)	3.5	3.5

Unamortized items are applied during the year.

d. ***The amounts recognized in the results of these defined benefits plan, are:***

Service cost:	2019	2018
Current service cost	$ 47,204	$ 49,915
Net interest expense	54,022	46,411
	$ 101,226	$ 96,326

Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in demographic assumptions	$ -	$ -
Actuarial losses arising from experience adjustments	201,531	5,885
Total	$ 201,531	$ 5,885

The remeasurement of the net defined benefit liability is included in other comprehensive income.

e. ***Changes in present value of the defined benefits obligations:***

	2019	2018
Present value of the defined benefit obligation as of January 1,	$ 609,401	$ 538,043
Incorporation of companies	9,556	-
Current service cost	101,226	96,326
Payments made against the reserve	(30,075)	(30,853)
Cost recognized through comprehensive income	201,531	5,885
Present value of the defined benefit obligation as of December 31.	$ 891,639	$ 609,401

The Entity engaged independent professionals to measure the present value of the defined benefit obligation and the market value of the respective assets for the pension plan, death or disability and seniority premium.

The appointed consultants issued their report in conformity with the guidelines of IFRS.

Adjustments to actuarial assumptions, including the change in the discount rate for valuing employee benefits, are recognized directly in other comprehensive income in stockholders' equity without affecting profit or loss.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate had been 100 basis points lower, the defined benefit obligation would have increased by $72,614.

If the expected salary growth had decreased by 100 basis points, the defined benefit obligation would have decreased by $56,783.

If the life expectancy had increased by one year for both men and women, the defined benefit obligation would have increased by $1,833.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

19. Financial instruments

a. *Capital management risk*

The Entity manages its capital to ensure that the Entity and its subsidiaries will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Entity's overall strategy remains unchanged from 2018.

The Entity's management reviews the capital structure when presenting his financial projections as part of the business plan to the Board of Directors and shareholders of the Entity. As part of this review, the Board considers the cost of capital and the associated risks.

The Entity is constituted as a S.A.B. de C.V. according to the terms of the Mexican Securities Exchange Commission and in accordance with the General Law of Commercial Companies; the fixed minimum capital is $183,436.

The capital structure of the Entity consists of net debt (borrowings as detailed in note 15 and 16 offset by cash and cash equivalents) and equity of the Entity (comprising issued capital, reserves, and retained earnings as detailed in Note 21).

The Entity is not subject to any externally imposed capital requirements.

The Entity's Boards of Directors reviews the capital structure of the Entity on a quarterly basis.

1. Gearing ratio

The gearing ratio at end of the reporting period was as follows

	2019	2018
Debt (i)	$ 10,500,738	$ 10,126,883
Cash	984,044	1,251,570
Net debt	$ 9,516,694	$ 8,875,313
Controlling interest (ii)	$ 27,397,854	$ 26,745,362
Net debt to equity ratio	34.73%	33.18%

(i) Debt is defined as long- and short-term borrowings, as described in Notes 15 and 16.
(ii) The controlling interest includes all capital and reserves of the Group that are managed as capital.

b. ***Financial instruments categories***

Financial assets	2019	2018
Cash	$ 984,044	$ 1,251,570
Loans and receivables:		
Accounts and notes receivable - Net	1,352,940	1,489,540
Current accounts receivable from related parties	59,195	25,105
Non-current accounts receivable from related parties	37,035	37,035
Long-term accounts receivable	470,863	94,765
Guarantee deposits (***)	499,957	493,804
At fair value		
Current derivative financial instruments	$ -	$ 4,689
Long term derivative financial instruments	13,417	90,207
Financial liabilities		
At amortized cost:		
Accounts and notes payable to suppliers	$ 18,445,928	$ 18,798,343
Other accounts payables (*)	3,053,933	2,801,652
Current portion of deferred revenue (*)	6,286	-
Current borrowing with financial institutions	1,206,856	72,616
Current portion of long-term debt	560,809	337,794
Current portion of lease obligations	560,233	574,617
Long-term debt	8,733,073	9,716,473
Current portion obligations related to the right to collection trustor	75,107	122,412
Collection rights of trust contracts	314,962	405,113
Deferred revenue (**)	32,333	-
Lease obligations	21,761,469	22,571,556
Derivative financial instruments	34,881	-

(*) Included in the balance into the accrued taxes and expenses.
(**) Included in the balance into the other long-term liabilities.
(***) Included in the balance into the other assets and intangibles – net.

c. ***Financial risk management objectives***

The activities carried out by the Entity expose it to a number of financial risks, including market risk (which encompasses foreign exchange, interest rate and price risks – such as investment in share certificates and commodity prices futures), credit risk and liquidity risks.

The Entity seeks to minimize the potential negative effects of these risks on its financial performance through an overall risk management program. Both, financial risk management and the use of derivative and non-derivative financial instruments are ruled by Entity policies approved by the Board of Directors and are carried out by the Entity's treasury, identifying, evaluating and covering the financial risks in cooperation with its subsidiaries.

In addition, the Board of Directors has approved the permissible limits associated losses.

d. ***Market risk***

The Entity's activities mainly expose it to exchange rate and interest rate financial risks.

e. ***Exchange risk management***

The Entity carries out transactions in foreign currency, thereby generating exposure to exchange rate fluctuations, which are handled within the parameters of the approved policies using foreign currency forwards.

The book values of the foreign currency-denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2019	2018
Assets	$ 230,282	$ 211,114
Liabilities	(1,384,363)	(1,399,929)
Net US dollar liabilities	$ (1,154,081)	$ (1,188,815)
Year-end exchange rate ($ per 1 dollar)	18.8	19.7

The book values of the foreign currency-denominated monetary assets and liabilities different its functional currency at the end of the reporting period are as follows:

	2019	2018
Assets	$ 11,719	$ 13,263
Liabilities	(40,510)	(36,234)
Net US dollar assets (liabilities)	$ (28,791)	$ (22,971)
Year-end exchange rate ($ per 1 dollar)	18.8	19.7

- Approximately 2.28% and 2.37% of goods inventories were imported by the Entity in 2019 and 2018, respectively.

- Transactions in thousands of US dollars as of December 31, 2019 and 2018 include import purchases of $88,232 and $83,122, respectively.

- **Foreign currency sensitivity analysis**

The Entity performs transactions in different currencies; however, its most significant exposure is with the US dollar.

The following analysis details the Entity's sensitivity to an increase and/or decrease of 20% in the exchange rate of the Mexican peso against the US dollar. Such fluctuation represents management's assessment of the possible reasonable change in the exchange rate.

The sensitivity analysis includes only the monetary position at the close of the period, eliminating the commitments covered with financial instruments, and the transactions performed in a functional currency comparable with the dollar.

When the peso appreciates, the results and stockholders' equity will increase; conversely, when the peso depreciates it would result in a decrease in results and stockholders' equity.

The exchange-parity variance results in an adjustment of $108,518 and $90,426 for the years ended December 31, 2019 and 2018, respectively.

The sensitivity analysis may not be representative of the exchange risk during the period due to variances in the net foreign currency-denominated position.

The most important commitments carried out in foreign currency are covered by a cash flow hedge instrument; consequently, the Entity does not expect significant adverse effects even if the exchange rate suffers major changes. Additionally, the Entity maintains a "natural" hedge when maintaining operations in areas whose operating currency is equivalent to that of exposure.

f. ***Interest rate risk management***

The Entity is exposed to interest rate risks because it obtains loans at both fixed and variable interest rates. The risk is managed by the Entity by maintaining an appropriate combination of fixed rate and variable rate loans and by using interest rate collars. Hedging activities are regularly assessed to align them with interest rates and the defined risk appetite, ensuring the application of more profitable hedging strategies.

The Entity's exposures to the interest rates of financial assets and liabilities are detailed in the following liquidity risk management section in this note.

- ***Interest rate sensitivity analysis***

  The following sensitivity analyses have been determined based on the exposure to interest rates both for the derivative instruments and non-derivative instruments at the end of the reporting period. For variable-rate liabilities, an analysis is prepared on the basis that the liability amount remains in effect at the close of the period.

  Management evaluates the rates based on the historical behavior of the market and projections obtained from public and private financial institutions. Based on these and the cash flows generated by its operation, it visualizes risks when the rates have a variance equivalent to 100 basis points above the average annual rate handled.

  If the exchange rates had been 100 points above or below the real rate obtained and all the other variables remained constant, the result and stockholders' equity would have varied by 987 and $28,987 and $5,220 as of December 31, 2019 and 2018, respectively, if such a situation should arise, the management would have to evaluate the option of contracting an instrument to cover the rates contracted or seek to renegotiate different payment or collection conditions.

  The sensitivity analysis may not be representative of the interest rate risk during the period due to variances in debt balances.

g. ***Credit risk management***

Credit risk refers to the risk that the counterparties may default on their contractual obligations, resulting in a loss for the Entity. The main credit risk relates to cash and cash equivalents, accounts receivable and derivative financial instruments. The Entity's policy is only to execute transactions with renowned institutions with a high credit rating, thereby minimizing the exposure to risks derived from cash and cash equivalents and derivative financial instruments.

The Entity only carries out transactions with entities that have a risk rating equivalent to the investment grade or higher. This information is provided by independent rating agencies and, if not available, the Entity uses other publicly available financial information and its own business records to qualify its principal customers. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the cumulative value of the completed transactions is distributed among the approved counterparties. The credit exposure is controlled by the counterparty limits that are reviewed and approved annually by the risk management committee.

In regard to accounts receivable, the Entity has credit and collection policies which include the periodic review and the creation of allowances in accordance with such policies. The maximum exposure to credit risk as of December 31, 2019 and 2018 is $2,273,608 and $2,168,186, respectively.

h. ***Liquidity risk management***

The Entity manages liquidity risk by maintaining adequate reserves, banking facilities and for obtaining loans, by continuously monitoring projected and real cash flows. The consolidated statement of financial position presents negative working capital; However, this situation does not represent a material risk of ongoing business since the Entity generates cash flows derived from its operation each year that are used to meet its obligations. Likewise, as of December 31, 2019, there are credit lines available for $7,486 million, as well as a current program of Stock Certificates of up to $10,000 million, including the short and long-term portion.

- Interest and liquidity risk tables

The following tables as of December 31, 2019 and 2018 show the Entity's remaining contractual maturities for non-derivative financial liabilities with agreed-upon payment periods. The tables have been designed based on the non-discounted cash flows of the financial liabilities as of the most recent date on which the Entity must make payments. The tables include both cash flows of interest and capital. To the extent that interest is at a variable rate, the undiscounted amount is derived from the curves in the interest rate at the end of the reporting period. The contractual maturity is based on the minimum date on which the Entity must make the payment.

2019	One year	Two years	Three years	More than three years	Total
Borrowings with financial institutions	$ 1,210,780	$ -	$ -	$ -	$ 1,210,780
Long-term liabilities (including current portion) (*)	1,062,209	2,587,895	3,364,901	3,832,284	10,847,289
Various debtors	3,053,933	-	-	-	3,053,933
Accounts and notes payable to suppliers	18,445,928	-	-	-	18,445,928
Collection rights of trust contracts (*)	114,552	78,645	78,043	316,746	587,986
Lease obligations	1,965,967	1,943,350	1,922,110	39,042,811	44,874,238
Total	$ 25,853,369	$ 4,609,890	$ 5,365,054	$ 43,191,841	$ 79,020,154

(*) TIIE 7.55% and LIBOR 2.37% for interest projection plus spread of each credit.

2018	One year	Two years	Three years	More than three years	Total
Borrowings with financial institutions	$ 72,655	$ -	$ -	$ -	$ 72,655
Long-term liabilities (including current portion) (*)	960,729	1,139,127	2,895,037	7,473,471	12,468,364
Various debtors	2,801,652	-	-	-	2,801,652
Accounts and notes payable to suppliers	18,798,343	-	-	-	18,798,343
Collection rights of trust contracts (*)	186,876	119,096	82,479	405,532	793,983
Lease obligations	2,016,901	1,926,573	1,895,686	42,205,364	48,044,524
Total	$ 24,837,156	$ 3,184,796	$ 4,873,202	$ 50,084,367	$ 82,979,521

(*) TIIE 8.87% and LIBOR 2.76% for interest projection plus spread of each credit.

The following tables as of December 31, 2019 and 2018 presents the liquidity analysis of the Entity's derivative financial instruments. The table has been designed based on non-discounted contractual cash inflows and outflows which are settled on a net basis, and non-discounted gross cash inflows and outflows of those derivatives that require a gross settlement. When the amount payable or receivable is not fixed, the amount disclosed was determined in reference to projected interest rates, as shown by the yield curves as of the end of the reporting period.

2019	Less than 1 year	More than 1 year and less than 5	More than 5 years	Total
Derivative financial instruments	$ (10,157)	$ (15,532)	$ (376)	$ (26,065)

2018	Less than 1 year	More than 1 year and less than 5	More than 5 years	Total
Derivative financial instruments	$ (39,057)	$ (70,585)	$ -	$ (109,642)

i. ***Fair value of financial instruments***

1. *Fair value of financial instruments recorded at amortized cost*

Except for what is detailed in the following table, Entity's management believe that the book values of the financial assets and liabilities recognized at amortized cost in the consolidated financial statements are approximate to fair value.

Financial Assets	2019	2018
Accounts and notes receivable - Net	$ 1,352,940	$ 1,489,540
Long term receivables	470,863	94,765
Current accounts receivable from related parties	59,195	25,105
Non-current accounts receivable from related parties	37,035	37,035

Financial Liabilities		
Current portion obligations related to the right to collection trustor	75,107	122,412
Current portion of deferred revenue	6,286	-
Collection rights of trust contracts	314,962	405,113
Deferred revenue	32,333	-
Borrowings with financial institutions	1,206,856	72,616
Current portion of long-term liabilities	560,809	337,794
Long-term debt	8,733,073	9,716,473

2. *Valuation techniques and assumptions used to determine fair value*

Financial instruments are shown at market value indicated by the financial institution with whom it was hired at the end of the year by which it is reported.

As of December 31, 2019:

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Interest rate TIIE Swap	$ 431,250	TIIE at 28 days	$ 3,248	$ 56,250 in 2019 81,250 in 2020 106,250 in 2021 131,250 in 2022 112,500 in 2023	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars. As of December 31, 2018, no collateral was held for these derivatives.
Interest rate TIIE Swap	198,492	TIIE at 28 days	1,373	$ 90,056 in 2019 64,062 in 2020 70,313 in 2021 64,118 in 2022	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Interest rate TIIE Swap	395,833	TIIE at 28 days As of December 31 the TIIE was 7.5555%	(6,643)	$ 50,000 in 2019 50,000 in 2020 50,000 in 2023 $ 200,000 in 2024 onwards	
Interest rate LIBOR swap	USD 125 millions	LIBOR at 28 days	8,796	$ 18,750 in 2021 62,500 in 2022 43,750 in 2023	
Interest rate TIIE Swap	914,248	TIIE at 28 days	(10,383)	106,798 in 2020 116,106 in 2021 691,643 in 2022 691,643 in 2022	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars. As of December 31, 2018, no collateral was held for these derivatives.
Swaption	609,498	TIIE at 28 days	(17,855)	52,095 in 2019 71,198 in 2020 77,404 in 2021 460,896 in 2022	
Total			$ (21,464)		

As of December 31, 2018:

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Interest rate TIIE Swap	$ 487,500	TIIE at 28 days	$ 26,838	$ 56,250 in 2019 81,250 in 2020 106,250 in 2021 131,250 in 2022 112,500 in 2023	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Interest rate TIIE Swap	288,549	TIIE at 28 days	10,680	$ 90,056 in 2019 64,062 in 2020 70,313 in 2021 64,118 in 2022	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Interest rate TIIE Swap	1,200,000	TIIE at 28 days	4,690	$ 1,200,000 in 2019	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Interest rate TIIE Swap	992,390	TIIE at 28 days	40,145	$ 78,143 in 2019 106,798 in 2020 116,106 in 2021 691,343 in 2022	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Interest rate TIIE Swap	669,332	TIIE at 28 days	11,984	$ 52,095 in 2019 71,198 in 2020 77,404 in 2021 460,897 in 2022	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Swaption	653,855	TIIE at 28 days	559	$653,855 in 2019	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Total			$ 94,896		

20. Collection rights of trust contracts

The Entity together with six group subsidiaries (trustors) established a non-business trust with Supervisión y Mantenimiento de Inmuebles, S.A. de C.V. (Supermant), in which a multiple banking institution was designated as the trustee and was instructed by Supermant to execute a loan with another multiple banking institution and to acquire a loan by subscribing the trustor assignment agreement, the accounts receivable, the existing and future collection rights of certain lease, advertising, and parking contracts.

The trust requires the creation of a cash reserve which will be recovered when the contract is concluded. Such reserve is presented under noncurrent assets as a long-term account receivable.

Per the trust contract, as the collection rights are realized, the resources obtained will be used to cover the trust's expenses, such as, mainly, manager fees, taxes incurred, commissions and interest on the agreed-upon debt; the remnant will be applied to advance payments of the contracted debt. If such remnant does not cover the minimum debt payment, the difference is obtained from the cash reserve discussed above, which must be replenished with the realization of future collection rights; if the reserves are insufficient, the trustors may, but are not obligated to, assign and contribute in favor of the trustee the eligible collection rights necessary to replenish such shortage.

As of December 31, 2019 and 2018, the Entity had recorded collection rights of $390,069 and $527,525, respectively, and a long-term account receivable as of December 31, 2019 and 2018 of $95,839 and $94,765, respectively. These are presented in the consolidated statement of financial position under the long-term accounts receivable line.

Revenues are recorded in the results of each year in the proportion in which such collection rights are earned or materialized.

21. Stockholders' equity

Common stock as of December 31, 2019 and 2018 is composed of 963,917,211 no-par value common shares. Fixed capital shares are non with draw able and variable capital may not exceed ten times the fixed capital.

a. A Stockholders' Ordinary General Meeting held on April 3, 2019 approved a cash dividend payable to the Entity's shareholders in the amount of $0.4069 (zero dot four zero six nine cents) for each share released and outstanding at the dividend payment date. The payment was made against the net tax income account of the Entity, through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores, and the dividend amount paid was $392,218.

b. A Stockholders' Ordinary General Meeting held on April 2, 2018 approved a cash dividend payable to the Entity's shareholders in the amount of $0.39 (thirty-nine cents) for each share released and outstanding at the dividend payment date. The payment was made against the net tax income account of the Entity, through S.D. Indeval, S.A. de C.V., Institución para el Depósito de Valores, and the dividend amount paid was $376,633.

c. Retained earnings include the statutory legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to the legal reserve until the reserve equals 20% of capital stock at par value. The legal reserve may be capitalized but may not be distributed unless the Entity is dissolved. The legal reserve must be replenished if it is reduced for any reason. As of December 31, 2019 and 2018, the legal reserve at par value was $36,687.

d. Stockholders' equity, except for restated paid-in capital and tax retained earnings will be subject to income tax payable by the Entity at the rate in effect upon distribution. Any tax paid on such distribution may be credited against annual and estimated income tax of the year in which the tax on dividends is paid and the following two fiscal years, against the tax of the year and the provisional payments thereof.

e. The balance of the tax income account as of December 31, are:

	2019	2018
Contributed capital account (CUCA)	$ 7,010,607	$ 6,818,330
Net tax profit account (CUFIN)	14,004,605	10,296,863

f. Capital risk management

The Entity manages its capital to ensure that it will continue as a going concern while maximizing stockholder profits by optimizing its capital structure.

The Entity's management reviews the capital structure when presenting its financial projections as part of the business plan to the Board of Directors and the Entity's stockholders. As part of this review, the Board of Directors considers the cost of capital and the associated risks.

The Entity is incorporated as an "S.A.B. de C.V." (Public Stock Entity with variable capital) pursuant to the Mexican Securities Act and, in conformity with the General Corporate Law, the minimum fixed capital is $183,436.

g. In 2010, the Entity signed an agreement with the minority shareholders of its subsidiary Bodega Latina Co., for the purchase of its shares to acquire all of them, starting in 2010 for USD $14 million and from 2012 for an amount of USD $10 million. The agreement does not require the sale of shares and only constitutes an offer to purchase.

At December 31, 2018, the Entity's subsidiary Bodega Latina Co. reduced its capital in 250,049 shares, which generated a premium reduction in capital of $48,512 for the overpayment on such shares.

22. Other comprehensive income

	2019	2018
Cumulative translation adjustment	$ 465,706	$ 560,589
Financial instruments measurement, net of deferred taxes	(11,257)	74,434
Remeasurement of defined benefit obligations, net of deferred taxes	(184,938)	(56,522)
	$ 269,511	$ 578,501

a. Cumulative translation adjustment

	2019	2018
Balance at beginning of the year	$ 560,589	$ 581,422
Cumulative translation adjustment	(94,883)	(20,833)
Balance at end of the year	$ 465,706	$ 560,589

b. Effect for financial instruments measurement

	2019	2018
Balance at beginning of the year	$ 74,434	$ 56,871
Net profit for financial instruments measurement	(122,418)	25,090
Income taxes related to valuation of derivative instruments	36,727	(7,527)
Balance at end of the year	$ (11,257)	$ 74,434

c. Remeasurement of defined benefit obligations

	2019	2018
Balance at beginning of the year	$ (56,522)	$ (52,510)
Remeasurement of defined benefit obligations	(183,449)	(5,733)
Income taxes related to remeasurement of defined benefit obligations	55,033	1,721
Balance at end of the year	$ (184,938)	$ (56,522)

23. Retained earnings

	2019	2018
Balance at beginning of the year	$ 22,369,278	$ 21,606,041
Net income attributable to owners of the Entity	1,566,131	1,637,942
IFRIC 23 adoption	(42,551)	-
Dividends paid	(392,218)	(376,633)
SIBRA tax effect	-	(425,230)
Purchase of non-controlling interest	(143,587)	(33,197)
Changes on non-controlling interest	20,444	(39,645)
Balance at end of the year	$ 23,377,497	$ 22,369,278

24. Non-controlling interest

	2019	2018
Balance at beginning of year	$ 81,830	$ 128,862
Participation in comprehensive income	(29,096)	(51,487)
Acquisition of non-controlling interest	(40,258)	4,455
Balance at end of the year	$ 12,476	$ 81,830

25. Earnings per share

	2019 Earnings per share	2018 Earnings per share
Basic and diluted earnings per share	$ 1.64	$ 1.70

The income and weighted average numbers of ordinary shares used in calculating basic and diluted earnings per share are as follows

	2019	2018
Net income attributable to owners of the Entity	$ 1,566,131	$ 1,637,942
Weighted average number of ordinary shares for the purposes of basic earnings per share	957,996,114	961,176,512
Treasury shares as of December 31,	$ 8,721,398	$ 3,014,173

26. Transactions and balances with related parties

The balances and transactions between the Entity and its subsidiaries, which are related parties of the Entity, have been eliminated in the consolidation and are not disclosed in this note. The transactions between the Entity and other related parties are detailed below.

a. Transactions with related parties, carried out in the ordinary course of business were as follows:

	2019	2018
Leases revenues	$ 182	$ 2,673
Administrative revenues	7,091	4,319
Financial portal revenues	6,240	6,240
Air transportation revenues	28,646	20,355
Concrete sale revenues	2,048	2,521
Interest revenues	214	-
Leases expenses	(33,217)	(32,535)
Maintenance expenses	-	(142,467)
Advertising expense	(15,075)	-
Interest expenses	-	(527)

b. Balances receivable from related parties are as follows:

	2019	2018
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$ 428	$ 63
SIBRA Sureste, S. A. de C. V.	-	127
Hípico Coapexpan, S.A. de C.V.	279	-
Others	58,488	32,932
Total	$ 59,195	$ 33,122

c. Balances receivable from related parties long-term are as follows:

	2019	2018
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$ 37,035	$ 37,035
Total	$ 37,035	$ 37,035

d. Balances payables to related parties short-term are as follows:

	2019	2018
Supervisión y Mantenimiento de Inmuebles, S. A. de C. V.	$ -	$ 7,971
Hípico Coapexpan, S. A. de C. V.	-	46
Total	$ -	$ 8,017
Accounts receivables from related parties	$ 59,195	$ 25,105

e. Average employee benefits granted to the Entity's key personnel were as follows:

	2019	2018
Direct benefits	$ 570,205	$ 532,933
Variable benefits	235,102	226,458
	$ 805,307	$ 759,391

The compensation of the directors and key executives is determined by the compensation committee based on the performance of the individuals and market trends.

27. Operating lease agreements

a. The Entity as Lessor

Lease agreements

Operating leases relate to leases of investment properties owned by the Entity with lease terms from 1 to 20 years, with the option of extending them for up to 20 additional years. All operating lease agreements include market and inflation lease review clauses with a variable rent for all the revenues generated. The lessee has no option to purchase the property at the date of expiry of the lease period.

The properties rental income earned by the Entity on its investment properties, all of which are leased under operating leases, amounted to $1,012,017 and $898,292, as of December 31, 2019 and 2018, respectively.

The operating expenses related to the rental income earned from the investment properties amounted to $329,884 and $110,493 as of December 31, 2019 and 2018, respectively.

- The Entity has non-cancellable operating leases receivable, as follows:

	2019	2018
No more than one year	$ 735,280	$ 760,945
More than 1 year and no more than 5 years	1,499,616	1,379,515
More than 5 years	963,545	912,182
	$ 3,198,441	$ 3,052,642

This includes obligations related to trust receivables for $390,069 and $527,525 in 2019 and 2018, respectively.

28. Financing cost

In 2019 and 2018, acquired qualifying assets amounted to $1,402,133 and $2,111,802, respectively, and capitalized comprehensive financing cost was $82,350 and $32,565, respectively. The capitalization of comprehensive financing cost was determined using an annualized average rate of 8.88% and 8.51% and in 2019 and 2018, respectively.

29. Income taxes

The Entity is subject to ISR. According to the Income Tax Law, the rate for 2019 and 2018 was 30% without foreseen changes for subsequently years. As a result of repeal of Income Tax Law in effect until December 31, 2013, the tax consolidation regime was eliminated, therefore, the Entity and its subsidiaries has the obligation of pay the deferred income tax determined at that date during the following next five years as of 2014, as follows: Pursuant to Transitory Article 9, section XV, subsection d) of the 2014 Tax Law, given that as of December 31, 2013, the Entity was considered to be a holding company and was subject to the payment scheme contained in Article 4, Section VI of the transitory provisions of the ISR law published in the Federal Official Gazette on December 7, 2009, or article 70-A of the ISR law of 2014 which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

As of December 31, 2018, the Entity completed the review process that the tax authority opened in two subsidiaries that applied fiscal stimulus on real estate contributions to investment companies in real estate (SIBRA).

The initial adoption of IFRIC 23, the Entity recognized a liability of $42,551 related to a position that was taken in 2016 related to a guarantee of debt between related parties within the Group. The authority reviewed this transaction and derived from this review, the Entity self-corrected and made a payment of $330,670 during the month of April 2019; however, this self-correction had a favorable effect on deferred ISR, so the amount of the liability recognized in the initial adoption of IFRIC 23 represents the net of these effects.

The cash flows of payments related to income tax increased during the year ended December 31, 2019 and 2018 were $1,121,129 and $1,318,287, which are presented within operating activities in the statement of cash flows.

The foreign subsidiary is subject to a federal income tax of 21% with no change foreseen for subsequent years; however, the state taxes of California, Texas, New Mexico, Nevada and Arizona (locations with presence of their stores) represent; on average, an additional rate of 5%, which may vary in subsequent years depending on the business loans for employment and incentives granted by the state government. The average state rate for 2018 was 8%.

a. Income taxes for the year ended December 31, are as follows:

ISR expense:	2019	2018
Incurred	$ 1,209,710	$ 843,443
Deferred	(281,625)	4,836
	$ 928,085	$ 848,279

b. The reconciliation of the legal and effective ISR rates expressed as a percentage of profit before taxes as of December 31 is as follows:

	2019	2018
Legal rate	30%	30%
Effects of inflation	1%	(3%)
Not deductible	6%	7%
Others, mainly expiration of tax loss carryforwards	1%	1%
Effective rate	38%	35%

c. The main items that give rise to the deferred ISR liability are:

	2019	2018
Deferred ISR asset:		
Effect of tax loss carryforwards	$ 590,888	$ 494,246
Allowance for doubtful accounts	11,498	8,763
Inventories	40,201	42,442
Accrued expenses	557,471	1,021,625
Deferred ISR asset	1,200,058	1,567,076
Deferred ISR liability:		
Other assets	(208,432)	(376,909)
Property and equipment	(2,649,758)	(3,195,826)
Deferred ISR liability	(2,858,190)	(3,572,735)
Total liability	$ (1,658,132)	$ (2,005,659)
Deferred tax assets	$ 1,197,648	$ 851,895
Deferred tax liabilities	(2,855,780)	(2,857,554)
Total liability	$ (1,658,132)	$ (2,005,659)

As of December 31, 2019 and 2018, the subsidiaries of the Entity, based on their tax-projections, recorded a deferred income tax asset corresponding to the tax loss carryforwards, because it is more likely than not that with the future fiscal profits, the deferred income tax recorded will be recovered.

The benefits of restated tax loss carryforwards for which the deferred ISR asset and tax credit, respectively, have been recognized, can be recovered subject to certain conditions. Expiration dates and restated amounts as of December 31, 2019, are:

Expiration year	Tax loss carryforwards
2021	$ 18,451
2022	58,580
2023	74,146
2024	101,634
2025	194,216
2026	42,454
2027	29,945
2028	41,368
2029	116,493
	$ 677,287

As of December 31, 2019, there is an asset for tax losses related to our operations in the United States for $387,702; these losses do not expire.

30. Contingencies

a. As of December 31, 2019 and 2018, the Entity has filed some protections lawsuits and proceedings for annulment challenging the rulings of various tax administrations and against some provisions arising from the 2014 tax reform, including the elimination of incentives provided by the law of the applicable income tax until December 31, 2014.

b. The Entity, as well as its assets, are not subject, with exception as indicated in the preceding paragraphs, to any legal action other than owns of its routing and activity.

c. According to Income Tax Law, companies that carry out transactions with related parties are subject to limitations and fiscal obligations, in the determination of agreed prices, since these must be equivalent to the prices used between independent parties in similar transactions. As of December 31,2019 and 2018 the Entity prepared an study with an independent third party to ensure that the transactions between related parties are equivalent.

d. The Entity is involved in many lawsuits and claims, arising from the normal course of its operations, which are expected that not have material effects in its financial position and future operating profit.

31. Reportable segments

IFRS 8 requires the classification of segments of operation identified based on internal reports about components of the Entity, which are regularly reviewed by the officer making the operational decisions of the Entity in order to allocate resources to the segments and assessing their performance.

The Entity's main business is the sale of electronic goods, groceries, and general goods in its stores, as well as operating real property.

a. Analytical information by operating segment:

Segments	Revenues (*) 2019	2018
Domestic supermarkets	$ 77,090,351	$ 71,587,204
US supermarkets	51,303,822	43,524,968
Real estate	1,048,421	918,707
Consolidated	$ 129,442,594	$ 116,030,879

* There are no individual clients that have contributed 10% or more of the Entity's revenues for 2019 and 2018.

Segments	Profit before financing cost, and income taxes 2019	2018
Domestic supermarkets	$ 3,749,376	$ 3,777,244
US supermarkets	1,118,554	595,007
Real estate	708,120	788,883
Consolidated	$ 5,576,050	$ 5,161,135

Segments	Total assets	
Domestic supermarkets	$ 49,875,131	$ 49,000,471
US supermarkets	22,903,212	24,912,003
Real estate	9,880,461	8,924,785
Non-assignable items	4,733,139	4,625,617
Consolidated	$ 87,391,943	$ 87,462,876

Segments	Depreciation and amortization	
Domestic supermarkets	$ 1,839,638	$ 1,671,471
US supermarkets	1,692,762	1,432,120
Real estate	18,564	6,671
Consolidated	$ 3,550,964	$ 3,096,920

Segments	Net fixed asset investments	
Domestic supermarkets	$ 2,717,324	$ 3,259,557
US supermarkets	871,365	948,149
Real estate	201,114	63,783
Consolidated	$ 3,789,803	$ 4,271,489

32. Authorization to issue the consolidated financial statements

The issuance of the accompanying consolidated financial statements was authorized on March 11, 2020 by Entity's Board of Directors; consequently, these consolidated financial statements do not include the events occurred after that date, is subject to the approval of the Entity's ordinary stockholders' meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law.

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This material references Disclosures 102-3 and 102-53 of GRI 102: General Disclosures 2016

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CHDRAUI

This annual report may contain future projections about Grupo Comercial Chedraui S.A.B. de C.V. and its subsidiaries based on assumptions made in good faith by management. Such information, as well as any statements about future events and expectations, are subject to risks and uncertainties as well as factors that could cause the results, performance or profits of the company to be completely different at any time in the future. Such factors include changes in general economic conditions, domestic and international governmental and/or business policies as well as changes in interest rates, inflation and volatility in foreign exchange rates, etc.
Because of these risks and factors, actual results could vary materially from the estimates presented in this document. Grupo Comercial Chedraui, S.A.B. de C.V. does not accept responsibility for any such changes.

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ANNUAL REPORT **2019**