

ANNUAL REPORT 2021

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Message to Shareholders

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

Dear Shareholders:

Chedraui has closed a particularly challenging yet constructive year, despite the uncertain backdrop in the early months as we used our competitive edges to achieve our objectives. Thanks to our solid values and our commitment to our customers and shareholders, we have strengthened the Company's brand position compared to the end of last year. Chedraui ended 2021 with a solid operating and financial position, driven by its highly effective execution capabilities and resilient business model. Today we are in a bolstered position compared to pre-pandemic years.

In this regard, one of the most significant achievements of the year was the acquisition of Smart & Final Holdings, a chain of self-service stores focused on offering a variety of groceries in traditional and price club presentations and sizes, fresh food, and supplies, free of membership fees and at attractive prices. Through this transaction, which was completed on July 28 and began to be consolidated in Chedraui's financial statements, the Company added 254 stores distributed in the states of California, Arizona, and Nevada, bringing the total number of U.S. stores from 123 in 2020 to 377 at the end of 2021. Additionally, through this transaction we acquired 16 stores in northwest Mexico as part of a joint venture that will allow us to grow our foothold in this region.

Smart & Final stores have become the perfect complement to El Super and our Fiesta stores in Texas, serving Latino and non-Latino consumers. This is thanks to it differentiated Every Day Low Prices strategy, which combines the primary assortment and convenience of traditional supermarkets with the sizes and prices of products found in retail warehouses and off-price stores, making Smart & Final a self-service option that not only appeals to single consumers and families, but also to commercial customers, such as restaurants, food trucks and other kinds of businesses.

In this way, we were able to expand and diversify the Company's U.S. customer base with an increased penetration in the institutional market, while strengthening our omnichannel strategy and generating synergies in merchandise procurement and distribution, as the operation includes the acquisition of 6 distribution centers managed by Smart & Final.

Turning to financial performance, this acquisition is partially reflected in full-year 2021 results, where sales in the U.S. Self-service division increased 54.7% YoY to Ps.97,299 million and EBITDA reached Ps.6,529 million, a growth of +55.2% YoY, with a margin of 6.7%. Following the same trend, the strong growth dynamics in the Mexico Self-service operation have continued. We opened 17 net stores in the country, maintaining the ongoing expansion of our sales floor.

Sales from the Mexico Self-service operation increased 9.4% YoY, ending at Ps.90,258 million, with a 7.1% increase in same-store sales, outpacing the 2.6% growth reported by the Mexican retailers' association (Asociación Nacional de Tiendas de Autoservicio y Departamentales, known by its Spanish acronym ANTAD), and achieving a 50 bps. increase in the omnichannel sales share, accounting for 4.1%. EBITDA from this division reached Ps. 6,831 million with a margin of 7.6%, an annual increase of 12.6% and a margin expansion of 22 bps.

With respect to the Real Estate division, 36,455 m2 of leasable area was added throughout 2021, an annual increase of 9.4%, which, together with the normalization of activity, led to a 9.1% increase in sales over the same period to Ps. 930 million.

Consolidated sales reached Ps.188,487 million, up 28.8% YoY, while EBITDA and Net Income increased 29.7% and 30.1%, respectively. On a comparable basis, that is, excluding the consolidation of Smart & Final, consolidated sales, EBITDA and Net Income increased by 2.7%, 8.1% and 46.4%, respectively. When comparing the last two years, Net Income grew 126.4%, reflecting the Company's optimal execution capacity.

Moving on to the financial picture, at the end of December 2021, Chedraui had Ps. 9,101 million in cash and temporary investments, generating more than Ps. 3,600 million in the year. Net debt increased from Ps. 3,903 million in 2020 to Ps. 8,466 million in 2021, due to the debt taken on to finance the acquisition of Smart & Final. As for the Company's leverage, the pro forma net debt to LTM EBITDA multiple , including Smart & Final's results, closed the year at 0.48x.

CAPEX in 2021 was Ps. 15,828 million, considering the acquisition of Smart & Final, the expansion plan in Mexico and major maintenance investments.

Transitioning toward ESG performance, the Company actively participated in the S&P CSA questionnaire for the first time in its history, reflecting its commitment to improve its sustainability performance. In Mexico, through Fundación Chedraui, we continue to support the communities where Chedraui operates to overcome the economic impacts caused by the health contingency, allocating approximately Ps. 303 million for this purpose as follows: i) donation of more than 11,000 tons of food to the general population through food banks and authorized institutions; ii) support to volunteer packers and other institutions with the delivery of MiChedraui e-wallets and other contributions; iii) delivery of medical equipment to hospitals in Veracruz; and iv) donations to help those affected by Hurricane Grace.

Likewise, Grupo Chedraui and Fundación Chedraui continue to promote the programs of the Liceo de Artes y Oficios schools in Veracruz, Villahermosa and Xalapa, mainly through online courses. Thus, during 2021, 5,271 students of all ages graduated from high school, technical careers, and intensive courses, compared to 4,078 in 2020. We know that one of the best ways to contribute to the country's development is to support the education of young Mexicans.

In the United States, we implemented zero-waste programs in more than half of our Smart & Final stores, while at El Super we transform organic waste into water, fertilizer, and energy. In addition, through the Smart & Final Foundation, we donated more than Ps.40 million to several foundations in the communities where we operate, and more than 1,500 tons of food to fight the effects of the pandemic.

On the environmental front, we continue to work on lowering our carbon footprint through the use of renewable energy and constant investments in energy-saving lighting. On the other hand, we continue our efforts to accurately measure the Company's environmental impact, both in Mexico and in the United States, with an approach of acting to mitigate these effects.

To conclude, I would like to highlight two important milestones in Grupo Chedraui's sustainability journey: i) its inclusion in Bloomberg's 2022 Gender equality index (GEI), made up of 418 companies worldwide recognized for their efforts to promote diversity and inclusion, as one of the 10 Mexican companies selected to be part of this index; and ii) the publication of its first materiality assessment, which is included in the sustainability section of this report.

We closed a year marked by great changes and challenges at Chedraui. In Mexico, we met our profitability goals thanks to outstanding above-market growth that attests to the trust consumers have in the Company. In the United States, we bolstered our footprint in the southwest of the country and reached a new complementary customer base. And on ESG matters, we continue to move forward in consolidating Chedraui as a benchmark for corporate sustainability.

With these encouraging achievements in hand, I have no doubt that Grupo Chedraui is well posed to tackle all the challenges that lie ahead in 2022. I would like to extend my sincere gratitude to all our employees for their efforts and commitment, and our shareholders for their confidence in us. We will continue to work hard to bring the products that our customers prefer, at the best price, to as many places as possible.



José Antonio Chedraui Eguía
Chief Executive Officer of Grupo Comercial Chedraui

CORPORATIVE PROFILE

About Chedraui

This material refers to content 102-1, 102-2, 102-3, 102-5, 102-6 and 102-16 of GRI 102: General Contents 2016.

Grupo Comercial Chedraui, S.A.B. de C.V., popularly known as Chedraui, is a retailer specializing in self-service stores. Chedraui operates multiple formats of retailing in Mexico and the United States, ranging from hypermarkets to proximity stores, making it a leading player in this sector, as well as a Real Estate division to manage shopping centers.

In July 2021, Chedraui acquired Smart & Final Holdings, a chain of warehouse-style, self-service stores with a strong foothold in the American Southwest and joint venture operations in Mexico.

Smart & Final's stores are recognized for combining an assortment of foods in traditional and club-price presentations and sizes, including a robust offering of well-known and own brands. This makes the format a great option for individual customers and small businesses (30% of the customer base), who are looking to satisfy their shopping needs at attractive prices without paying a membership fee, allowing the Company to grow and diversify its customer base.

Following the acquisition, the U.S. Self-service division operates three retail formats that serve different markets and complement each other. El Super attracts consumers of Mexican background in California, Arizona, Nevada, New Mexico, and part of Texas. Fiesta Mart, acquired in 2018, is a well-positioned niche chain present in the 3 largest cities in Texas (Houston, Dallas, and Austin) that caters to Hispanic customers, and the recently acquired Smart & Final, which serves both individuals and small businesses in the states of California, Arizona, and Nevada.

The Mexico Self-service division operates in 25 Mexican states with four self-service store formats: Tienda Chedraui, Súper Chedraui, Súper Che, and Supercito. In addition, Chedraui has a joint venture with 16 Smart & Final stores in Northwestern Mexico. Within this business division, the Company also operates the "Selecto" concept, implemented for the Chedraui and Súper Chedraui formats, conceived to serve the upper-income segment of the population.

The Real Estate division manages the real estate owned by Grupo Chedraui and its current leasable area, the planning of new stores, and the building and remodeling of stores in Mexico.



Place and Date of Incorporation: Xalapa - Enriquez Veracruz on April 23, 1987, with an unlimited duration.

Headquarters: Privada de Antonio Chedraui Caram #248, Colonia Encinal, 91180, Xalapa, Veracruz, Mexico.

Corporate Offices: Av. Constituyentes #1150, Lomas Altas, Delegación Miguel Hidalgo, 11950, Mexico City.

MISSION:

To provide our customers the products they prefer at the lowest price as far and wide as possible.

VISION:

To be a leading institutional company in the retail industry, holding true, over time and through its people, the core values on which the first Chedraui Store was built.





Chedraui Values

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 our customers, suppliers, shareholders, and co-workers.

COMMITMENT:

With loyalty and responsibility, we are committed to the Company's mission: "to provide our customers the products they prefer at the lowest price as far and wide as possible".

GOAL-ORIENTED:

All our actions are aimed at working on a profitable and efficient manner to guarantee the permanence and future of the Company, by achieving the objectives laid down and making best use of available resources, without any waste.

RESPECT:

We treat our collaborators, customers, and suppliers with dignity and fairness, avoiding any misuse of authority or power.

History

1970

Opening of the first Chedraui self-service store in Xalapa

1970-1980

Expansion to the cities of Veracruz, Villahermosa, and Xalapa

1985

Tiendas Chedraui, S.A. de C.V. is incorporated as a result of the merger of the 6 existing self-service stores

Chedraui's real estate operations started with the opening of shopping centers in Mexico

1987

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

1997

Opening of the first El Super store, in the city of Los Angeles, California, focused on the Hispanic consumer, primarily Mexican-American

2005

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

Introduction of the Súper Chedraui format, geared toward towns of at least 25,000 inhabitants and/or serving as a complement to the offering in big cities

2008

Bodega Latina acquires seven stores in Southwestern United States from Gigante, which were incorporated into the El Super operation

2010

Acquisition, through Bodega Latina, of 10 Fiesta Foods self-service stores located in Los Angeles, California, which were incorporated into the El Super format, and three stores in Baja California in Mexico

Grupo Comercial Chedraui completed its Initial Public Offering on the Mexican Stock Exchange

2012

Acquisition, through Bodega Latina, of 8 self-service stores in the United States, which were incorporated into El Super's operation

2018

Acquisition, through Bodega Latina, of Fiesta Mart, L.L.C., which operated 63 supermarket stores in the state of Texas, significantly strengthening Grupo Chedraui's presence in this country and making Bodega Latina the first supermarket chain engaged in serving the first, second and third generation Mexican-American customers in the United States

2020

Strong performance during the onset of the COVID-19 pandemic, outperformed competition in same-store growth, and opening of 13 net stores

Grupo Comercial Chedraui published its first Annual Sustainability Report

2021

Acquisition, through Bodega Latina, of Smart & Final Holdings, which operated 254 stores in California, Arizona, and Nevada, plus 16 additional stores in Northwestern Mexico through a joint venture. With this transaction, Chedraui more than tripled its number of stores in the United States, bringing this division to account for more than 50% of the Group's annual sales for the first time

Rebranding of the U.S. operation, replacing Bodega Latina with Chedraui USA

Chedraui Experience

This material refers to content 102-2, 102-4, 102-6 and 102-7 of GRI 102: General Contents 2016.

Chedraui's strategy is grounded on 3 pillars that set it apart from its competitors and allow it to provide a comprehensive and satisfying experience for all its customers:



LOWEST PRICE:

We constantly monitor the market at our competitors' stores, both centrally and locally, to adjust prices according to the findings, thus ensuring that we are the best option for our customers.

THE BEST STORE BY STORE ASSORTMENT:

Chedraui runs a permanent analysis of the products available in each store, in order to adapt the offerings in a timely and precise manner to meet the preferences of the customers who visit them, according to the region and socioeconomic level to which they belong. As a result, the smallest formats offer an average of 2,000 stock-keeping units (SKUs), while the largest stores handle around 85,000 SKUs.

OPTIMAL SHOPPING EXPERIENCE:

Each Chedraui store operates under common standards, ensuring that the customer's shopping experience is as satisfactory and comfortable as possible. In addition, its facilities comply with the most stringent health and sanitation standards (further strengthened in the wake of the COVID-19 pandemic) while offering a first-class shopping experience through adequate lighting and signposting of its branches, along with ample parking areas.

Own Brand

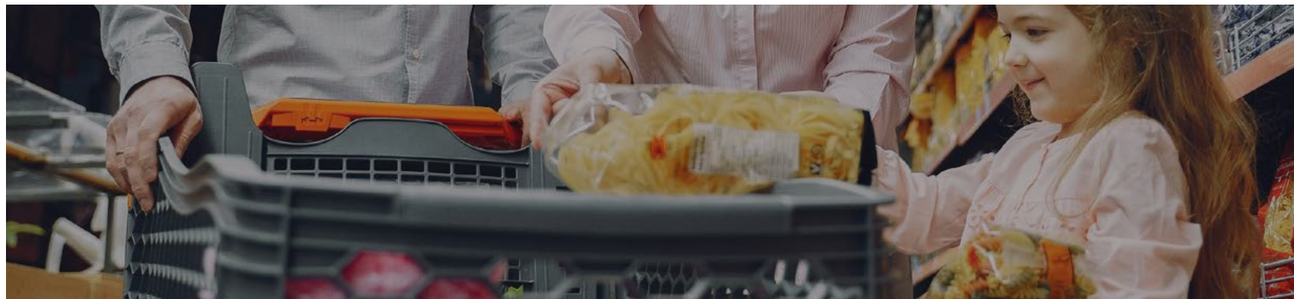
As part of our strategy for generating income, Chedraui offers own-brand food products (higher sales margin), which are supplied through third-party commercial agreements.

In Mexico, own-brand penetration in Self-service exceeded 7% in 2021

In the United States, own-brand products accounts for 30% of Smart & Final sales

To ensure that the quality of these products meets the Group's standards:

- The Company carries out quality and safety audits of suppliers who manufacture own-brand products, including the following evaluations: FSSC22000, ISO 22000, SQF, BRC, as well as industry specific
- Physical analysis and testing are performed
- Products are constantly improved through sensory panels and functionality testing
- In Mexico, all products are duly labeled and certified in compliance with official Mexican standards
- On the sustainability front, the Company is working to phase out all polystyrene foam items and replace them with more environmentally friendly products, which are currently under development



Self-service Stores in Mexico



Hypermarkets

Tiendas Chedraui:

Around **84,500** SKU's

Located in cities with populations of at least **100,000**

Average sales floor of **6,589** m^2

Products: Edible and non-edible groceries, perishables, general goods, apparel, and electronics.

Supermarket

Súper Chedraui:

Around **36,500** SKU's

Located in towns and cities with populations of at least **25,000**, as well as in some major cities to complement retail offering.

Average sales floor of **2,123** m^2

Products: Edible and non-edible groceries, perishables, and general goods.

Selecto Concept

Selecto:

Concept aimed at, and well-known by, the demographics with the greatest purchasing power. In addition to traditional items, the offering of this concept includes organic, kosher, gourmet and other high added value products.

Found in Tiendas Chedraui and Súper Chedraui.

# of Tiendas Chedraui Selecto: **21**
# of Súper Chedraui Selecto: **7**

Proximity

Súper Che:

Around **14,500** SKU's

Operates in large cities.

Average sales floor of **1,186** m^2

Products: Edible and non-edible groceries, and perishables.

Proximity

Supercito:

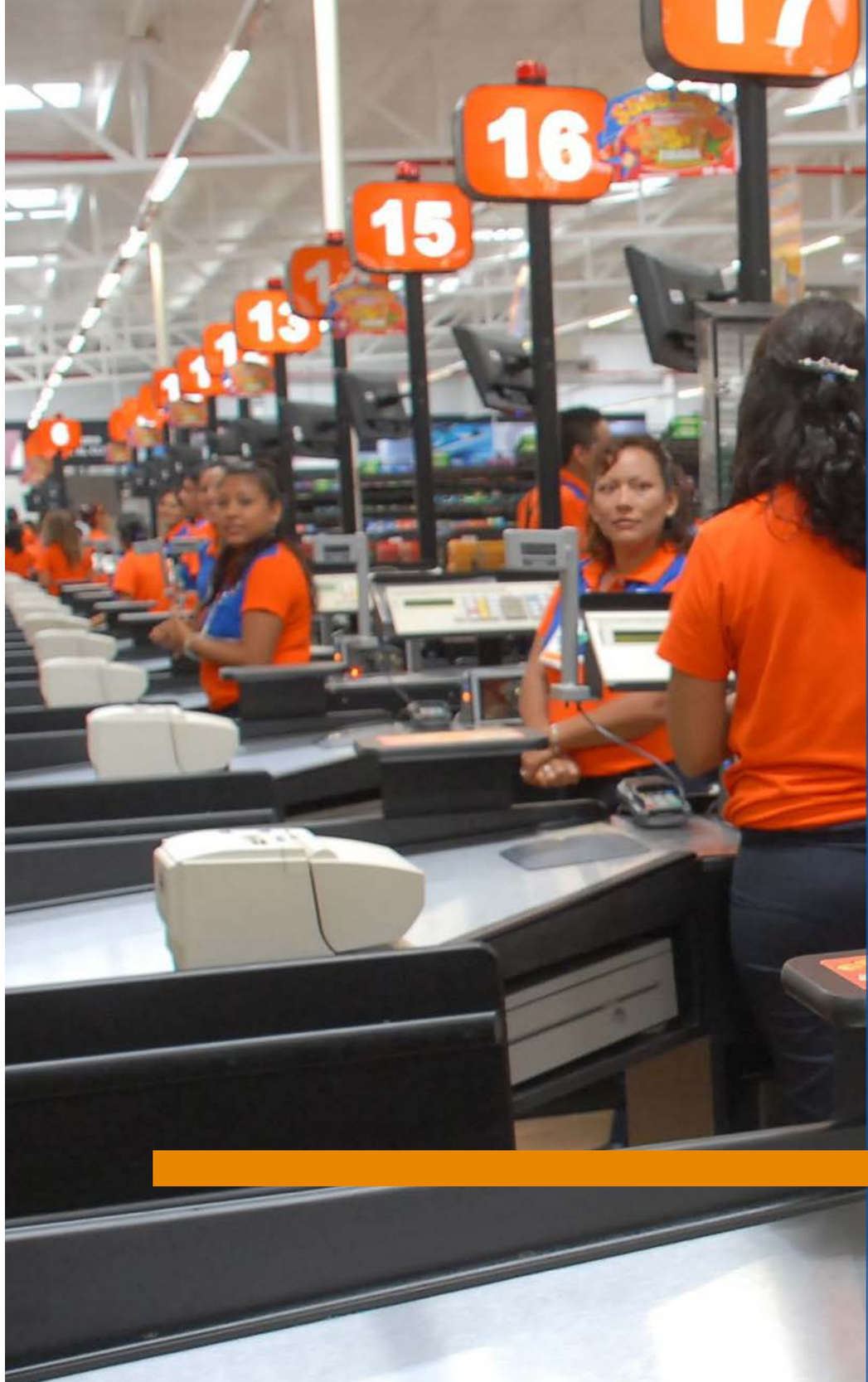
Around **2,000** SKU's

Operates in densely populated neighborhoods within big cities.

Average sales floor of **246** m^2

Products: Edible and non-edible groceries, and perishables.





Distribution Centers

Distribution Centers are a cornerstone of the Company's logistics strategy, providing economies of scale through a more efficient operation, as suppliers can deliver their products to three centralized locations instead of multiple store locations.

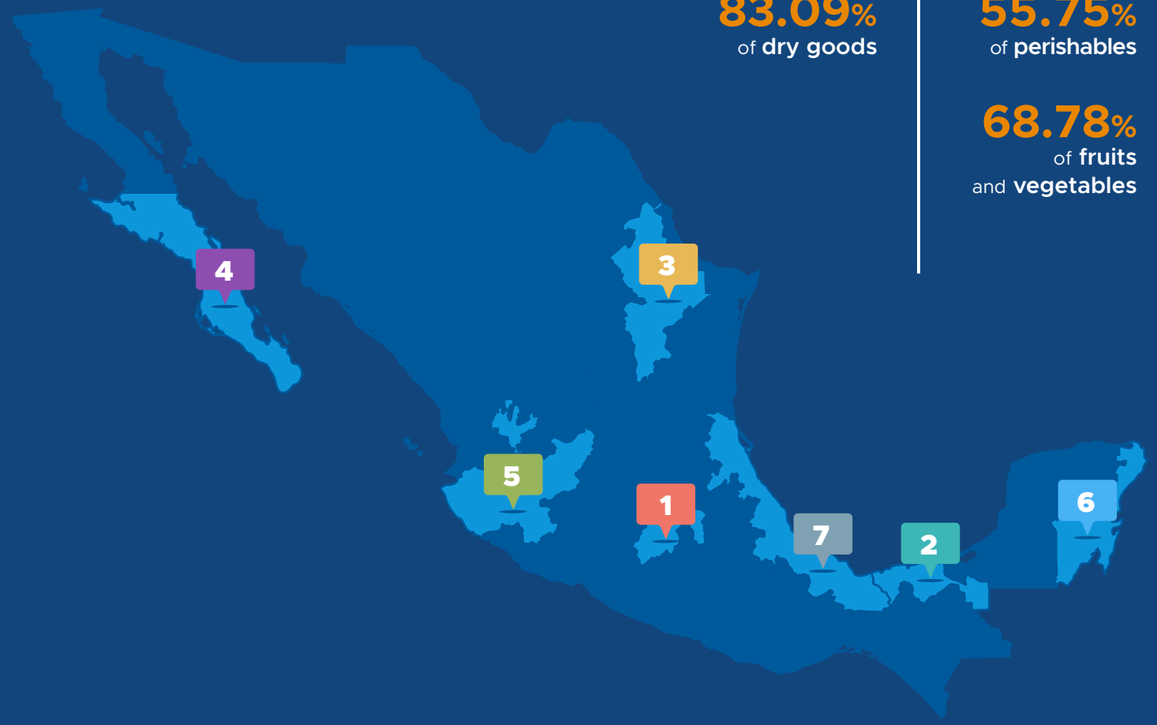
In addition, all Chedraui's stores in Mexico are supplied from one of its seven distribution centers. With this, Chedraui ensures the quality of its products and services, as well as achieving significant cost savings by reducing delivery times.

The Company's distribution centers are operated under a cross-docking model to move:

83.09% of **dry goods**

55.75% of **perishables**

68.78% of **fruits** and **vegetables**



1. ZUMPANGO, STATE OF MEXICO
2. VILLAHERMOSA, TABASCO
3. MONTERREY, NUEVO LEÓN
4. LA PAZ, BAJA CALIFORNIA SUR
5. GUADALAJARA, JALISCO
6. CANCÚN, QUINTANA ROO
7. VERACRUZ, VERACRUZ

Location and Main Features of the Distribution Centers

	Area:	Handling capacity:	Goods:	In 2021:	Docks:
ZUMPANGO, STATE OF MEXICO	59,100 m^2	361 stores	Dry, chilled and frozen	It handled 70.1 million cases of dry goods, 6.8 million cases of fruit and vegetables, and 12.7 million cases of perishables	188
VILLAHERMOSA, TABASCO	56,493 m^2	125 stores	Dry, chilled and frozen	It handled 36.7 million cases of dry goods, 4.4 million cases of fruit and vegetables, and 5.9 million cases of perishables	182
VERACRUZ, VERACRUZ	11,087 m^2	45 stores	Dry	It handled 17.9 million cases of dry goods	54
GUADALAJARA, JALISCO	9,166 m^2	38 stores	Dry and chilled	It handled 9.2 million cases of dry goods, and 931 thousand cases of fruit and vegetables	30
CANCÚN, QUINTANA ROO	6,201 m^2	37 stores	Dry	It handled 9.8 million cases of dry goods	20
MONTERREY, NUEVO LEÓN	883 m^2	18 stores	Dry, fruit and vegetables	It handled 1.4 million cases of dry goods, and 1.2 million cases of fruit and vegetables	16
LA PAZ, BAJA CALIFORNIA SUR	506 m^2	18 stores	Dry and frozen	It handled 962 thousand cases of dry goods, and 28 thousand cases of perishables	6

Self-service Stores in the United States:

El Super:

Around **12,000** SKU's

Average sales floor of **2,519** m^2

Products: Perishables, and high-quality groceries (55% are supplied from the distribution center in Los Angeles, California).

Footprint: California, Arizona, Nevada, Nuevo México y Texas.

Customers: Mainly Mexican-American and people of Latin American descent.

Fiesta:

Approximately **55,000** SKU's

Average sales floor of **3,248** m^2

Products: Perishables, and high-quality groceries, plus general goods, and apparel in some stores.

Footprint: Major cities in the state of Texas (Dallas, Austin, and Houston).

Customers: People of Latin American descent and other ethnicities.

Smart & Final:

Approximately **16,600** SKU's

Average sales floor of **1,897** m^2

Products: Edible and non-edible groceries, perishables, and club-sized goods.

Footprint: Arizona, California y Nevada.

Customers: Individual consumers, households, and small businesses.



For the optimization of our U.S. operations, we have 8 distribution centers in California that provide centralized logistic services to our retail stores, realizing significant cost efficiencies, but most importantly, processing efficiencies resulting in the timely delivery of goods to each store. These facilities serve our El Super and Smart & Final stores, while Fiesta is mainly supplied through third parties.



Real Estate Division

Chedraui's Real Estate division manages shopping centers anchored by one of the Company's retail stores. In addition, this division leases commercial spaces to third parties, with which we seek to enhance the value proposal we provide to our customers through an optimal shopping experience.

The segment's three main activities are:

Building and remodeling branches in Mexico

Managing Chedraui's owned and leased real estate properties

Marketing the Group's leasable area in Mexico

Geographical Footprint

This material refers to content 102-4 of GRI 102: General Contents 2016.

# of stores
UNITED STATES: 377

# of stores
MEXICO: 338



OPERATING AND FINANCIAL PERFORMANCE

This material refers to content 102-7 of GRI 102: General Contents 2016, and 201-1 of GRI 201: Economic Performance 2016.

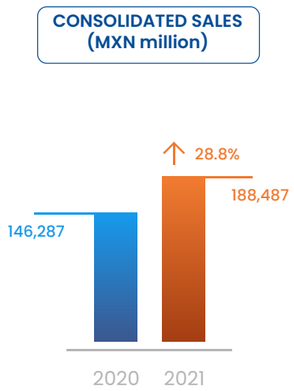
Grupo Comercial Chedraui

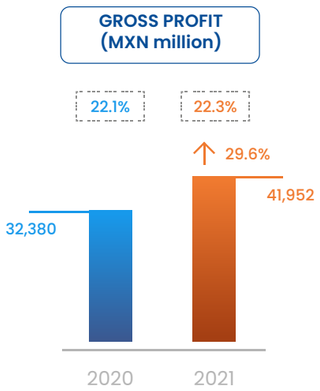
Consolidated Sales grew 28.8% in 2021, from Ps.146,287 million in 2020 to Ps.188,487 million. The U.S. Self-service segment posted a notable contribution of ~52% of consolidated sales, driven by the acquisition of Smart & Final at the end of July. On a comparable basis, excluding the effects of the Smart & Final consolidation, Consolidated Sales increased 2.7% YoY.

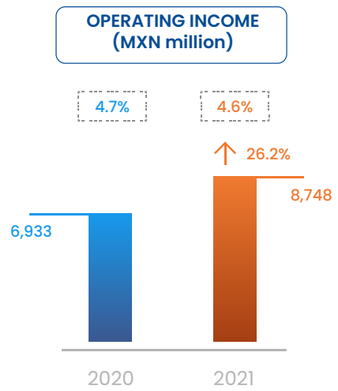
Gross Profit increased 29.6% in 2021, from Ps.32,380 million in 2020 to Ps.41,952 million, driven by the sharp rise in consolidated sales. Gross Margin was 22.3% (+0.2 p.p. YoY).

Following the positive sales trend fueled by the acquisition, Operating Income and EBITDA rose 26.2% and 29.7% YoY, reaching Ps. 8,748 million and Ps. 13,988 million, with margins of 4.6% (vs. 4.7% in 2020) and 7.4% (vs. 7.4% in 2020), respectively.

2021 Consolidated Net Income totaled Ps. 3,480 million, 30.1% YoY, with a net margin remaining unchanged at 1.8%. Margins across key P&L lines attest to the Company's execution capacity, as it was able to significantly scale up its operations, and consequently its earnings, without affecting its profitability metrics.





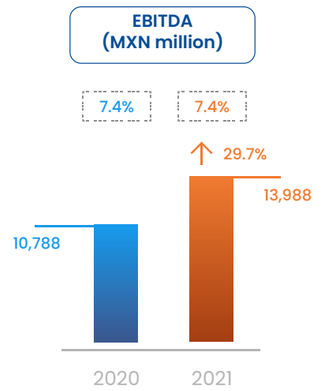


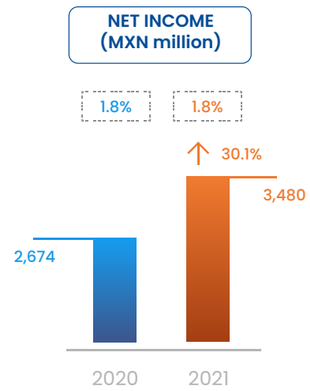
Consolidated Income Statement

Figures in millions of pesos	2020	2021	Change
Net Sales	146,287	188,487	28.8%
Gross Profit	32,380	41,952	29.6%
Operating Expenses (excluding depreciation)	21,591	27,964	29.5%
EBITDA	10,788	13,988	29.7%
Consolidated Net Income	2,674	3,480	30.1%
Controlling Interest	2,589	3,420	32.1%
Basic Earnings Per Share	2.71	3.57	31.7%
Outstanding Shares	963,917,211	963,917,211	N/A
Share Price (Dec. 31)	28.76	42.42	47.5%

Consolidated Balance Sheet

Figures in millions of pesos	2020	2021	Change
Cash	5,445	9,101	67.2%
Inventory	11,986	17,908	49.4%
Non-current Assets (Net)	69,172	108,803	57.3%
Total Assets	90,450	141,040	55.9%
Suppliers	19,493	27,404	40.6%
Total Liabilities	61,168	108,379	77.2%
Investments by Controlling Interest	29,289	32,543	11.1%





Guidance 2021

Metric	Target	Achieved
Consolidated Net Sales	Similar to 2020	+28.8% (+2.7% on a comparable basis)
Mexico SSS	Growth around 3.3%	+7.1%
US SSS (USD)	Considering 52 weeks In 2021 vs. 53 in 2020, a reduction in USD sales of between 1.7% and 1.9% is expected for El Super and Fiesta.	-0.10% (+1.9% comparable)
CAPEX / Consolidated Net Sales	Growth around 2%	~8%*
Sales Floor in Mexico	Growth around 0.7%	+0.7%
Mexico EBITDA Margin	Growth around 15 bps.	+20 bps.
Real Estate Division EBITDA Margin	Growth around 200 bps.	+740 bps.
El Super EBITDA Margin	Similar to 2020	+20 bps.
Fiesta EBITDA Margin	Similar to 2020	+80 bps.
Net Bank Debt / EBITDA	Around 0.2 times	0.61 times*
Store Openings	1 Tienda Chedraui 2 Súper Chedraui 5 Supercitos	1 Tienda Chedraui 2 Súper Chedraui 15 Supercitos

*Includes the amount paid for the Smart & Final acquisition.

Retail Operation Highlights

Self-service Stores in Mexico	2020	2021	Net Change
Tiendas Chedraui	202	203	1
Súper Chedraui	64	66	2
Súper Che	11	10	(1)
Supercitos	44	59	15
Total	321	338	17
Smart & Final *(Joint Venture)*	N/A	16	16

Self-service Stores in US	2020	2021	Net Change
El Super	64	64	-
Fiesta Mart	59	59	-
Smart & Final	-	254	254
Total	123	377	254



Total Self-service Stores	2020	2021	Net Change
Stores*	444	715	271

*Not including 16 Joint Venture stores in Mexico.

Sales floor (m²)	2020	2021	Change
Self-service Stores in Mexico	1,493,183	1,504,010	0.7%
Self-service Stores in US	352,861	834,636	136.5%
Total	1,846,044	2,338,646	26.7%

Self-service Retail in Mexico

During 2021, our expansion efforts in Mexico continued with the opening of 17 net stores, resulting in a 0.7% growth in sales floor.

In detail, sales floor expansion stemmed from: 1) the opening of 1 Chedraui Store and 2 Super Chedraui; 2) the opening of 15 Supercitos; and, 3) the conversion of 1 Súper Che to Supercito. It is worth mentioning that the new Chedraui and Súper Chedraui stores operate under the "Selecto" concept.

This growth came on the back of a strong same-store sales performance, which increased 7.1% YoY, outpacing the 2.6% average reported by the self-service segment of ANTAD members. Likewise, this division's net sales and EBITDA rose 9.4% and 12.6%, totaling Ps.90,258 million and Ps.6,831 million, respectively.

These results clearly validate the effectiveness of the three pillars that drive our operation and prompt customers to make Chedraui their supermarket of choice: the lowest price, the best store-by-store assortment, and an ideal shopping experience.



Figures in millions of pesos	2020	2021	Change
Sales	82,536	90,258	9.4%
EBITDA	6,068	6,831	12.6%
EBITDA Margin	7.4%	7.6%	0.2 p.p.

Self-service Retail in the US

The most relevant development for this division in the year was the incorporation of 254 Smart & Final stores in July, which more than tripled the number of operating Bodega Latina stores and led to an extension of 481,775 m2 (>100.0%) to the sales floor.

Thanks to this expansion, U.S. Self-service sales increased 54.7% YoY to Ps. 97,299 million in 2021, while EBITDA climbed 55.2% to Ps. 6,529 million, with a margin that remained unchanged at 6.7%. On a comparable-week basis, USD same-store sales increased 1.9%.

On the other hand, considering only El Super and Fiesta operations, EBITDA declined 0.1% on a year-over-year basis as expected.



Figures in millions of pesos	2020	2021	Change
Sales	62,899	97,299	54.7%
EBITDA	4,207	6,529	55.2%
EBITDA Margin	6.7%	6.7%	-
Comparable Sales	62,899	59,068	(6.1%)

EBITDA Breakdown

Figures in millions of pesos	2020	2021	Change
El Super	2,945	2,823	(4.2%)
Fiesta	1,262	1,378	9.2%
Smart & Final	-	2,328	-
Total	4,207	6,529	55.2%

Real Estate Division

In 2021, this division added 36,455 m2 of leasable area, up 9.4% compared to 2020. The Real Estate division's revenues rose 9.1% YoY, totaling Ps. 930 million. It is worth mentioning that all lease payments were normalized in 2021 and no COVID-19 related contract adjustment remain in force.

2021 EBITDA was Ps.628 million (+22.3% YoY), with a margin of 67.6% (+7.3 p.p. YoY), reflecting the division's full operational normalization.

Figures in millions of pesos	2020	2021	Change
Sales	852	930	9.1%
EBITDA	513	628	22.3%
EBITDA Margin	60.2%	67.6%	7.3 p.p.

Financing

At the end of 2021, Chedraui's net debt was Ps.8,466 million (+2.2 times), comprised of Ps.177 million in short-term debt, Ps.17,391 million in long-term debt, and Ps.9,101 million (1.67 times) in cash and temporary investments. This increase is mainly due to the debt entered into to carry out the acquisition of Smart & Final Holdings, as well as the consolidation of the latter's debt into Chedraui's balance sheet.

Consequently, net debt to EBITDA multiple closed at 0.61x, while the proforma estimate, considering Smart & Final's operations for the twelve-month period ended on December 31, 2021, closed at 0.48x.

It is worth to note that, although debt is reported on a consolidated basis, the debt contracted by the Mexican operation is in Mexican pesos, while the debt contracted by the U.S. operation is in U.S. dollars, which is not hedged since the exchange rate risk is naturally covered by the division's dollarized revenues.

Breaking down net debt by division, Ps.15,111 million comes from U.S. Self-service and Ps.-6,645 million from Mexico Self-service.

The accumulated CAPEX from January to December 2021 reached Ps.15,828 million, which includes the acquisition of Smart & Final.



SUSTAINABILITY

Stakeholders:

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

We maintain a close and active relationship with our stakeholders, which are entities, organizations and/or individuals that are impacted by and/or directly or indirectly affect our operations.

The main stakeholders identified by Chedraui's management, together with a description of the relevant topics of interest, means of communication used to notify and/or consult on its activities, and related departments that provide attention to the respective groups are set out below:



Stakeholders	Method of Engagement	Topics of Interest	Related Departments
Shareholders	Personal Attention E-mail Annual Report Regulatory Annual Filing Quarterly Reports Web Site Telephone Videoconference	Financial Performance Operating Performance	Administration and Finance Investor Relations General Management
Government Authorities	E-mail In-person Meetings Telephone Videoconference	Authorizations Agreements Regulatory Compliance	Legal Subdirection
Customers	Mobile App Personal Attention E-mail Satisfaction Surveys Advertising Social Media Web Site Telephone	Quality and Price of Products Special Offers and Promotions Additional Services Store Locations	Customer Service Commercial Commercial Strategy and Replenishment Logistics Information Technology
Collaborators	Personal Attention Training Chedraui te Escucha (system for suggestions, complaints, and reports) Work Climate Surveys Workshops and Campaigns	Working Conditions Organizational Culture Financial Performance Operational Performance	Human Resources Sustainability and Social Responsibility
Community	Personal Attention E-mail Web Site Telephone Events	Environmental Impact Social Integration Store Locations Roads	Expansion Logistics Sustainability and Social Responsibility
Financial Institutions	Personal Attention E-mail Annual Reports Regulatory Annual Filing Quarterly Reports Web site Telephone Videoconference	Financial Performance Operating Performance	Administration and Finance Investor Relations
NGOs	Personal Attention E-mail Web Site Telephone Events	Organizational Culture Environmental Impact Social Integration Store Locations	Logistics Sustainability and Social Responsibility
Suppliers	Personal Attention Chedraui te Escucha (system for suggestions, complaints, and reports) E-mail Telephone	Supplier Contracts Supplier Training	Commercial Strategy and Replenishment Logistics Loss Prevention
Unions	Personal Attention Chedraui te Escucha (system for suggestions, complaints, and reports) E-mail In-person Meetings Telephone Videoconference	Working Conditions Organizational Culture Financial Performance Operational Performance	Legal Subdirection Human Resources Sustainability and Social Responsibility

Frequency: Permanent Regular Yearly

Materiality

This material refers to content 102-42 and 102-46 of GRI 102: General Contents 2016 and 103-1 of GRI 103: Management Approach 2016.

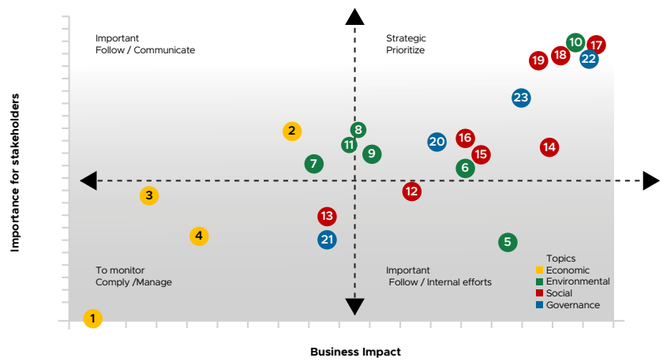
This year we carried out our first materiality assessment, through which we identified 23 material topics that already serve as guidelines for our business and sustainability strategies. The purpose of this study was to evaluate the relevance of different sustainability topics for our business and stakeholders. The findings of this analysis will allow us to adequately disclose our sustainability performance in accordance with the *Global Reporting Initiative Standards*, as well as to prioritize the aspects with the greatest potential to create shared value for the Company and our stakeholders.

In this context, material topics are those that, according to our Management Team and/or stakeholders (as defined by the Company), generate a greater impact, positive or negative, or pose risks to the operation.

As this is an initial materiality assessment and to narrow it down to sector-specific topics that will result in a useful and meaningful baseline for future revisions and updates, a list of the most important sustainability issues for the retail industry was prepared using local and global peers as benchmarks.

The material topics are ranked according to their impact (to what extent stakeholders perceive that Chedraui can influence each material topic) and relevance (how much it influences stakeholders' decisions regarding Chedraui), information that was collected through an online survey applied to all Stakeholders.

In summary, the selection and ranking of each material topic is based on an analysis that considers: 1) the relevant topics in the decisions of stakeholders; 2) the issues that generate a social, environmental, and economic impact for Grupo Chedraui; 3) industry trends; and, 4) generally accepted ESG practices.



1	Economic performance
2	Market presence
3	Indirect economic impacts
4	Purchases in support of local suppliers
5	Energy consumption
6	Water consumption
7	Consumer feedback
8	Waste management
9	Sustainability in the transportation of goods
10	Compliance with environmental laws and regulations
11	Supplier environmental assessment
12	Engagement with local communities
13	Social partnerships
14	Practices against forced or compulsory labor
15	Labor recruitment and retention
16	Job training and education
17	Occupational health and safety
18	Customer health and safety
19	Product responsibility
20	Corporate culture
21	Diversity in governance bodies
22	Anti-corruption policies and procedures
23	Transparency and accountability

The following conclusions can be drawn from Grupo Chedraui's materiality assessment:

- Stakeholders are more than pleased with the Company's economic performance, stating that it must continue managing issues on this front as usual and pursue its expansion plans;
- The growing importance of environmental issues in Chedraui's operations, especially its efforts to optimize energy and water consumption, in view of their impact, and to remain in full compliance with applicable laws and regulations;
- The high importance for stakeholders, as well as the great impact, of social and governance topics in the Company's operations, which is recognized for successfully addressing these issues, by diligently ensuring that its workforce is satisfied and well-protected, following best practices and adopting the necessary measures to guarantee a healthy organizational culture that values diversity, promotes transparency and has zero tolerance towards corruption.

Suppliers

This material references Disclosures 102-9 of GRI 10: General Disclosures 2016.

We strive to maintain strong relationships with our more than 2,200 suppliers, who, with their accessibility and delivery efficiency, provide us with the necessary support to implement our strategy of always offering quality products at the lowest prices.

Mexican companies supplying products to Grupo Chedraui are committed to:

- To have the registration and protection of the Mexican Institute of Industrial Property (Instituto Mexicano de la Propiedad Industrial, known as IMPI by its Spanish acronym) or, as the case may be, of Mexico's Copyright office (Instituto Nacional del Derecho de Autor).
- Comply with all the features, specifications, guidelines, and other requirements set forth in the applicable Official Mexican Standards (Normas Oficiales Mexicanas, known as NOM by its Spanish acronym).
- Provide Chedraui with the documents that prove the legal origin, ownership, or possession of the products and/or goods, as applicable by law.
- Assume liability for any event arising from the commercialization of the products and/or goods, as well as from related trademarks, designs, and brand names.

Suppliers are regularly audited by Global STD, which validates, among others, aspects regarding their commitment to the environment, health & safety, as well as occupational conditions. These audits are performed for the purpose of certifying suppliers and approving them to do business with Chedraui.

Each year, Chedraui sends a letter to its suppliers informing them of their performance on core strategic indicators, as well as reaffirming the commitment to continue improving the following year. Metrics reviewed from the supply chain side include Sales, Shortages, Inventories and Supplier Fill Rate, while making sure the Company and its suppliers work hand in hand to improve efficiency.

Since October 2020 and recognizing how its purchasing decisions can help preserve seas and other bodies of water, Grupo Chedraui has adopted a purchasing policy for sustainable seafood, becoming the first supermarket chain in Latin America to join this movement.

This supply policy requires the Company to source fish and seafood (fresh and frozen, national and imported, wild and aquaculture) from the following sources:

- Fisheries or fish farms certified to globally recognized standards, on the Seafood Watch green or yellow lists; or,
- Fisheries or fish farms that are part of a fishery and aquaculture improvement project (FIP/AIP).

Additionally, in line with the logistical and operational efficiency that sets us apart, and thanks to the support of our suppliers, we avoid consuming approximately **169,661 liters (equivalent to 449,603 kg CO2)**, through the use of backhaul services (a practice to improve efficiency that consists of planning a joint distribution route to ensure no vehicle travels unloaded).



Mexico

The Mexico division does not depend on any particular supplier, as no single supplier or group of suppliers accounted for more than 4.0% of total purchases in 2021. However, for illustrative purposes, the suppliers with the largest share of total purchases are shown below.

Main Suppliers

Supplier	% of Total Purchases
Marcas Nestlé S.A. de C.V.	4%
Kimberly Clark de México 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%
Procter & Gamble México Inc.	2%
Bimbo S.A. de C.V.	2%
Cervecería Modelo de México, S. de R. L. de C.V.	2%
Unilever de México S. de R.L. de C.V.	2%
Comercializadora Pepsico México S. de R.L. de C.V.	2%

Imported products accounted for approximately 1.9% of total purchases.



United States

In the United States division, GSC Wholesale, LLC remained the most important supplier, with a 12% share of total purchases in 2021.

Since a significant number of our suppliers in Mexico also have operations in the United States, we are able to offer the required product assortment in both countries without needing to import directly.



Collaborators

This material references Disclosures 102-8, 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 2018, 404-2 of GRI 404: Training and Education 2016, 405-1 of GRI and 405: Diversity and Equal Opportunity 2016.

Our team of collaborators is one of the main cornerstones of the Company's solid performance and growth, as it is thanks to their commitment, dedication, extensive experience and sense of responsibility that Chedraui is able to succeed in an industry where customer interaction is vital.

We do not discriminate against any customer or collaborator based on professional background, ethnicity, gender, religion, age, sexual orientation, skills, and nationality, in line with the United Nations Global Compact

As a leading company, we promote gender equity and human rights by respecting diversity. Through our Diversity and Inclusion Executive Committee, we promote a work culture that fosters equal opportunities for all collaborators, as well as dignified and respectful treatment for all our people.

Each member of the Chedraui team must understand and accept the Company's Diversity and Inclusion Policy. To make sure of this, we offer courses at our Corporate University.

We are firmly committed to adhere to all federal, state, and local laws and regulations applicable in each jurisdiction in which we operate, respecting the Human Rights of each collaborator, as well as to treat with dignity all the people who are part of the Organization.

In 2021, we were included in the Bloomberg's 2022 Gender-Equality Index, joining 418 companies globally and among the 10 Mexican companies selected. This was achieved thanks to the implementation of different initiatives, such as:

- Awareness campaigns and training to promote diversity and inclusion, as well as gender equality
- Ongoing efforts to provide better growth opportunities for everyone in the Company, promoting success stories
- Promoting diversity and inclusion internally and when hiring our collaborators, by always presenting shortlists of men and women
- Adding new family benefits to bring our collaborators closer to their families
- Regularly perform pay equity analysis to ensure men and women are paid equally across the organization.

=

Bloomberg

Gender – Equality Index

2022

General Organization Chart

Senior Executives
(Shown in the Executives subsection of this Report)

↓

Business Heads
(Senior Regional > Regional > Store > Store Assistant)

↓

Managers
(Departments - Operations - Corporate)

↓

Store, Administrative, and DC collaborators

Mexico

As of December 31, 2021, the Chedraui team in Mexico, which includes the Self-service and Real Estate divisions, was comprised of 43,445 collaborators, of which 89.2% worked in the self-service stores, 4.1% in the administration area and 6.7% in the distribution centers.

Collaborators in Mexico (including Real Estate division): 43,445 (69.0% of total collaborators)



Gender	% of Total Collaborators in Mexico
Male	53%
Female	47%
Age Category	**% of Total Collaborators in Mexico**
Under 40	71%
40 and over	29%
Senior Executives by Gender	**% Senior Executives in Mexico**
Male	75%
Female	25%
Directors and Managers by Gender	**% Directors and Managers in Mexico**
Male	82%
Female	18%

Note: The information provided does not include independent contractors.

Hiring

In Mexico, our hiring policy gives priority to community members (practically 100% of our collaborators) where the store is located to offer better customer service and promote a good work-life balance to our collaborators by encouraging family bonding.

In both Mexico and the United States, all collaborators are hired by one of the Group's subsidiaries.

Employee turnover in Mexico: 42.86%.

Support and benefits for collaborators

We have launched different programs designed to improve our collaborators' quality of life in multiple ways. These programs are part of our H&S policies, which include:

- **Mandatory benefits:** The Company complies with all requirements established by law. These include, but are not limited to, paid vacation, vacation bonus, food coupons, profit-sharing plan and savings fund.
- **Hybrid working scheme:** Collaborators, as long as their functions allow, may opt for a hybrid work model, which gives collaborators flexibility to work some days remotely and others on-site at the Group's offices.
- **Lactation rooms:** Work areas have spaces set up as breastfeeding rooms.
- **Health insurance:** The Company can offer major medical health insurance plans for its collaborators.
- **Satisfaction surveys:** Organizational health is monitored regularly.
- **Qualified medical care at workplaces.**

Additionally, there is a human resources risk map with different policies that include, but are not limited to, the prevention of psychosocial risks, internal medical care, socioeconomic studies of collaborators to guarantee a fair and competitive wage, among others.



Training

In Mexico, Chedraui Corporate University provides online training courses for all collaborators to improve their performance and foster their development as required.

The training is divided into theoretical and practical sessions, each with its respective evaluation, which considers the values of honesty, commitment, respect, and efficiency.

With the replacement chart, we prepare the trained and available staff needed to fill senior positions. We also plan ahead to meet staff requirements to sustain our store expansion strategy.

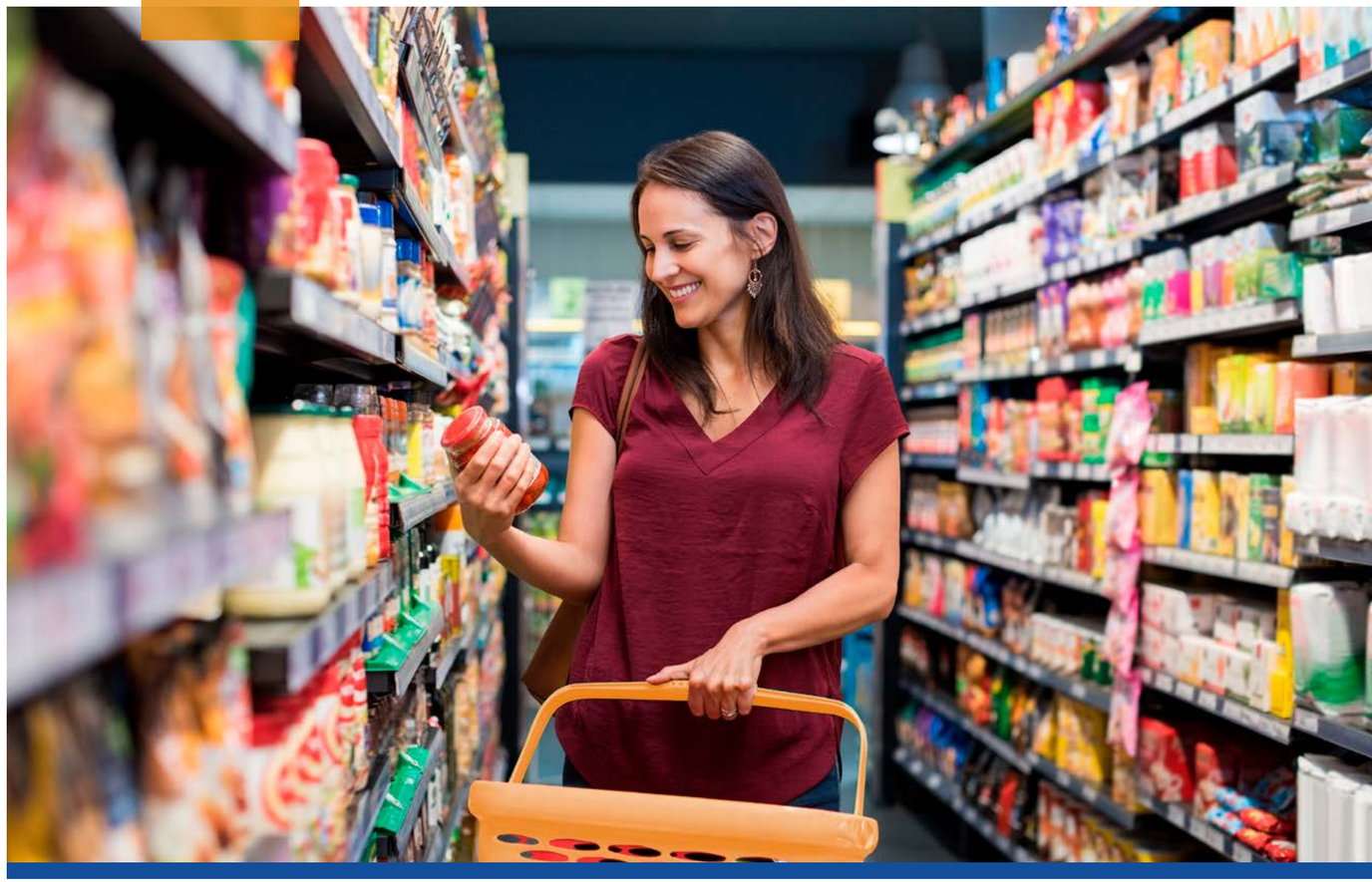
Total number of training hours provided to collaborators in Mexico: **864,771** hours with a total investment of Ps.8,000,000

Unions

62% of collaborators in Mexico belonged to a union at the end of 2021.

In this country, our collaborators are affiliated with 25 different unions, and labor relations with each one is governed by 289 collective bargaining agreements, which are negotiated annually and independently.

	2020	2021
Stores		
Total union collaborators	18,868	24,822
Total non-union collaborators	16,861	13,918
Distribution Centers		
Total union collaborators	1,455	1,821
Total non-union collaborators	1,018	1,111
Administration		
Total union collaborators	180	177
Total non-union collaborators	1,648	1,596
Total collaborators	40,030	43,445



Remuneration

In accordance with applicable regulations, we ensure that the labor rights of our managers and collaborators are respected by offering a combination of fixed salary and performance incentives for each business area. Depending on employee category, the variable pay can represent up to 50% of total compensation. Performance evaluations include indicators such as growth, performance relative to the competition, return on assets, and operating results, among others.

To complement mandatory labor compensation, we offer an additional medical service and, for those collaborators who wish to opt for voluntary retirement, we have a compensation plan drawn up in accordance with Mexico's Labor Law.

United States

At the end of 2021, the Chedraui team in the United States consisted of 19,493 collaborators, of which 90.0% worked in self-service stores, 6.1% in the administration area, and 3.9% in the distribution centers.

Collaborators in the United States: 19,493 (31.0% of total collaborators)

Gender	Smart & Final	El Super	Fiesta	Total
Total by Chain	8,303	6,093	5,097	19,493
Male	56%	42%	45%	49%
Female	44%	58%	55%	51%

Age Category	Smart & Final	El Super	Fiesta	Total
Under 40	64%	50%	49%	56%
40 or over	36%	50%	51%	44%

Senior Executives by Gender	Smart & Final	El Super	Fiesta	Total
Male	87%	90%	90%	89%
Female	13%	10%	10%	11%

Directors and Managers by Gender	Smart & Final	El Super	Fiesta	Total
Male	63%	84%	84%	75%
Female	37%	16%	16%	25%

Operational Collaborators by Gender	Smart & Final	El Super	Fiesta	Total
Male	56%	45%	45%	50%
Female	44%	55%	55%	50%

Representation of Minorities	Smart & Final	El Super	Fiesta	Total
Senior Executives	21%	70%	70%	49%
Directors and Managers	71%	96%	79%	81%
Operational Collaborators	74%	94%	97%	86%

Note: The information shown does not include independent contractors.

Hiring

In the United States, we are committed to fostering an inclusive workplace that promotes and respects diversity and equality. We are committed to build inclusive teams, cultivate leaders, and create a company suitable for everyone.

We seek to maximize the individual potential of our collaborators by bringing out the value of their unique strengths. We believe that the best way to achieve this is through a culture of meritocracy. When filling vacant posts, we give priority to internal staff based on their performance. With the implementation of this culture, promotions increased 70% and promotions for female collaborators climbed 154%.

Training

Metrics	Smart & Final	El Super	Fiesta	Total
# of training hours	105,897	138,096	145,908	389,901
Total Investment (USD$)	2,629,316	1,928,734	$1,559,789	4,558,050

Rotation

Rotation	Smart & Final	El Super	Fiesta
Store Staff	58.0%	82.4%	91.7%
Managers	9.0%	23.7%	26.8%
Administration	10.5%	14.7%	24.6%
Supply Chain	39.0%	62.6%	93.3%

Unions

2% of collaborators in the United States belonged to a union at the end of 2021.

Only the collaborators we took in as part of the acquisition of Grupo Gigante (belonging to El Super) are unionized in the United States. The total number of union collaborators was 486 (vs. 637 in 2020).

Remuneration

Directors and Managers Wage	Smart & Final	El Super	Fiesta
% Fixed	80%	78%	78%
% Variable	20%	22%	22%

Grupo Comercial Chedraui

Gender	# de Colaboradores
Male	32,700
Female	30,238
Total	**62,938**

Age Category	# of Collaborators
Under 40	41,704
40 or over	21,234
Total	**62,938**

Retention

Having an adequately trained and motivated collaborator base is absolutely necessary to promote the growth and success of Chedraui . Therefore, as we are part of an industry known for a high turnover rate, we work hard to lower this indicator. To this end, we implement actions that foster a sense of loyalty and community among our collaborators and encourage them to advance their careers at Chedraui.

Consolidated Employee Turnover Rate: 49.0%.

Unions

	2020	2021
Stores		
Total union collaborators	19,505	25,308
Total non-union collaborators	27,640	30,983
Distribution Centers		
Total union collaborators	1,455	1,821
Total non-union collaborators	1,169	1,863
Administration		
Total union collaborators	180	177
Total non-union collaborators	2,200	2,786
Total Collaborators	52,149	62,938

Chedraui te Escucha – Whistleblower Channel

We have an independent and anonymous whistleblower channel at the disposal of collaborators, suppliers, and carriers to report any breach of our Code of Ethics, as well as any criminal act or form of corruption such as bribery, money laundering, embezzlement, among others.

We stress the importance of reporting any suspected wrongdoing to https://www.tipsanonimos.com/chedrauiteescucha/ View/Home/ or using the whistleblower hotline 01-800-910-0013. Our call center 01-800-925-1111 is available for our customers to provide timely and reliable follow-up on any issue brought to our attention.

Health, Safety and Hygiene

We promote a culture of prevention among our collaborators through health and safety campaigns and the provision of personal protective equipment (PPE). We also undergo periodic evaluations, in which we have excelled at meeting all requirements of applicable standards and regulations, outperforming the industry as a whole.

Each of our workplaces have a Health & Safety Committee, which, together with the unions, promotes, guarantees, and monitors health & safety of all collaborators.

Our strong commitment to continuous improvement on this front is reflected in the comprehensive annual review of our health & safety policies and targets.

Grupo Chedraui is pleased to report that no severe or fatal workplace accidents were recorded in 2021.

COVID-19 Measures

- All collaborators are provided with the necessary protective equipment (masks, hand sanitizers, and gloves).
- Use of anti-COVID plastic barriers at sale points for greater protection of our customers and checkout area collaborators.
- Signposting to facilitate compliance with public health and social measures against COVID-19 inside and outside our stores, which must be observed without exception at all times.
- Physical access controls and sanitary checkpoints at entrances.
- Promotion of the pick-up service along with continued strengthening of the online shopping platform and home delivery service team to lower in-store traffic. Good results in Mexico where omnichannel share of total division sales increased from 3.6% in 2020 to 4.1% in 2021, while in the U.S. operation, penetration also exceeded 4.0% of Smart & Final's sales.
- Flexible work scheme that combines home office with in-site work for collaborators whose duties allow it.
- Since May 2020 to June 2021, we ran fundraising campaign in support of more than 8,000 volunteer packers. The resources collected amounted to Ps. 49 million, including donations from our customers, and a contribution from the Chedraui Foundation, which was transferred to e-wallets of the beneficiaries on a weekly basis.

Social Responsibility

As proof of its community engagement, Grupo Chedraui adheres to the following commitments, which are outlined in its Code of Ethics:

Compliance with *local laws and regulations:* The Company follows the laws of all regions where it operates and is committed to reporting any unlawful act to the competent authorities.

Human Rights: We respect Human Rights as stated in the Universal Declaration of Human Rights adopted by the United Nations.

Anticorruption: The Company is committed to promote anti-corruption practices among its executives, commission agents, suppliers, collaborators, customers, and any other person acting on its behalf, to prevent them from making an offer, promise to deliver, delivery of any object of value in exchange for a personal benefit. Likewise, they shall refrain from making any bribe, improper payment, corrupt payment or any undue payment to any public official, political party or third party, with the purpose of obtaining or maintaining a business, obtaining an improper advantage, or influencing any act or decision.

Discrimination: We treat every person with respect regardless of their individual condition, gender, age, ethnicity, religion, sexual preference or political orientation. We have implemented suitable mechanisms to ensure that the principles of non-discrimination are observed in every process, from hiring to engaging customers, suppliers, and other stakeholders.

Confidentiality of information: We adhere to international standards for information management, guaranteeing all our stakeholders the confidentiality of the data provided to the Company.

Conflicts of interest: We constantly carry out internal training and awareness programs to provide our collaborators with the right tools to avoid conflicts of interest.

Monopolistic practices: We encourage fair competition within Chedraui, both internally and with other competitors in the markets where we operate.

Fraud and money laundering: Grupo Chedraui complies with all legal provisions applicable to the economic activity it performs, particularly those related to the protection of the financial system and the domestic economy. Additionally, there are basic guidelines for the Prevention and Detection of Operations with Illegal Proceeds, Financing of Terrorism, and Fraud.

We stress the importance of reporting any suspected wrongdoing to https://www.tipsanonimos.com/chedrauiteescucha/View/Home/ or by using the whistleblower hotline 01-800-910-0013. Our call center 01-800-925-1111 is available for our customers to provide timely and reliable follow-up on any issue brought to our attention.



In addition, the Company is proud to support the community through:

Support for the elderly or senior citizens: To contribute to build a better society, we permanently support senior citizens through volunteer activities and campaigns.

Support for education, health, and social wellness institutions: We seek to support those institutions that aid the most vulnerable groups of society.

Accessibility to its facilities: We are committed to facilitate access to our facilities at all times to those who have any physical limitation.

Community development: As part of our commitment to the development of the communities where we have presence and influence, we support different initiatives aimed at promoting the growth of the communities where we operate.

Mexico

In Mexico, the Chedraui Foundation is the main tool with which Chedraui executes its Social Responsibility model, remaining close to the communities where it operates by providing support in the areas of education, health, housing, food, social wellness, sustainable development, and attention to people affected by natural disasters.

Mission: To contribute to the development of Mexican people, through decisive engagement in education, health, and social welfare.

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

Fundación Chedraui pursues sustainable development through its adherence to the UN Global Compact, aligning to the 10 Principles and 17 Sustainable Development Goals.

To be closer to the communities and people we serve and support, as well as to communicate about our activities carried out for the benefit of Mexican low-income families, in 2021 we launched our website: https://fundacionchedraui.mx/

FUNDACIÓN CHEDRAUI
ayudamos de corazón

Education

We have three Liceos de Artes y Oficios, A.C. schools, providing quality education in the cities of Xalapa, Veracruz, and Villahermosa to young Mexicans from the most disadvantaged and marginalized groups of society. Our educational offer includes high school, technical career, and intensive courses.

To extend the benefits of our schools to more and more people, in 2018 we initiated the development of an online education program, which we kicked off in 2019 prior to the pandemic, allowing us to continue with the education and training of our students through 2021 to 2022. Our online educational offering is open to the community at large and is available in the following website: https://www.liceodeartesyoficios.org/

Mission: To offer educational services and training to low-income youth and adults; aiming to develop in them aptitudes, attitudes, values, and principles that will lead them to a successful human and professional performance.

Vision: To be a free institution, with high social and academic commitment that integrates , within a short time frame, to the productive sector people with human quality and skills matching relevant quality standards.

Values: Eagerness to Serve, Responsibility, Respect, Honesty, Loyalty, and Commitment.

In these schools we train young people to continue their university studies, get a job, improve their own quality of life, or open and promote their own business, with the aim of improving their standard of living and that of their families.

We grant scholarships to our alumni with the best grades , so they may continue studying. We also grant scholarships to outstanding students at the University of Veracruz (Universidad Veracruzana) through the same institution's non-profit organization. We also collaborate with the Fundación Pro Empleo Xalapa in the creation of new micro- and small-sized enterprises in the region.

We encourage our collaborators to continue their studies, offering alternatives and opportunities to pursue secondary and higher education, opening the way to better positions and income within our organization.

During 2021, we continued to protect our students and teachers from the coronavirus by adopting an online learning model, allowing 5,271 students to graduate from the Liceo de Artes y Oficios Schools.

HEALTH

In collaboration with health institutions, we provide assistance in the care of people suffering from diseases and illnesses who lack financial means to access quality health services suited to their needs.

These institutions are:

- AHTECA (Spanish acronym for "Help me brother, I have cancer") in Xalapa, Veracruz
- Children's Hospital of Mexico "Federico Gómez" in Mexico City
- Regional Civil Hospital of Xalapa "Dr. Luis F. Nachón" through the Veracruz Public Assistance Trust (Patronato Pro Asistencia Pública de Veracruz)
- Fundación Casa Nueva, which helps people with addictions in Xalapa
- Instituto Down Xalapa, which provides specialized assistance to children suffering Down syndrome

During 2021, 192 medical equipment valued at Ps. 9.8 million were donated to 7 hospitals in the cities of Tuxpan, Poza Rica, Veracruz, Xalapa, Orizaba, Cordoba, and Coatzacoalcos.

NUTRITION

Committing time and resources is an excellent way to support a community. For this reason, we value the commitment of our collaborators, who, through an active volunteer program in all our stores, support us in the separation, selection, and delivery of food that does not meet the quality standards for sale, but is in perfect condition to be consumed.

The food is delivered directly through 338 stores to more than 82organizations dedicated to supporting Mexican families with limited resources, including the Mexican Association of Food Banks (Asociación de Bancos de Alimentos de México, "BAMX" for its Spanish acronym), Alimentos de México a Compartir (AMA), Fundación Emmanuel, whose mission is to assist people deprived of their freedom and their families, street children, and people in extreme poverty.

Likewise, Fundación Chedraui regularly makes in-kind donations, including perishable and non-perishable food, personal care products, cleaning supplies, furniture, household appliances, clothing and essential school materials, among others, directly or in alliance with our commercial partners, for the benefit of individuals, families, and communities most affected by the health contingency, including elderly groups and people who are unemployed or who have recently lost their jobs or their main income source.

During 2021, we donated 54,534,471 food items valued at more than Ps.206.8 million, up 50.9% compared to 2020.

SOCIAL WELLNESS

We continue to support different non-profit organizations and institutions engaged in the promotion of universal human values, mainly Caritas Mexicana, Caritas Xalapa, and other Regional Caritas. This is how Fundación Chedraui helps to improve the quality of life of people on low incomes.

INVESTMENT IN URBAN IMPROVEMENT

Investment in urban improvement in 2021 amounted to Ps. 10 million, benefiting the communities where we operate.

NATURAL DISASTER RELIEF

The Company cares about helping victims of natural disasters in the regions where it operates, donating a variety of items or providing financial support for different endeavors, including food, medicine, personal care, cleaning supplies, and even the repair or reconstruction of housing, including furniture and household items.

During 2021, we donated more than Ps.3 million in basic goods to 14,462 victims of Hurricane Grace in the state of Veracruz, mainly in the Poza Rica and Xalapa municipalities.



CHARITY CHECKOUT CAMPAIGNS

The goodwill and trust of our customers is reflected in the results of our charity checkout campaigns. In 2021, we collected Ps. 8.5 million, part of which was distributed to more than 8,000 volunteer packers through e-wallets in a weekly basis since May 2020, noting that this people had to suspend their activities due to the COVID-19 health contingency, as they are one of the most vulnerable groups to this disease. The remaining funds were donated to 7 institutions engaged in providing health, education, and social wellness to low-income Mexican households.

Additionally, together with our commercial partners, such as Colgate, Kinberly Clark, Azor, and Fantex, we donated more than Ps.3 million in essential school items, personal care, and cleaning supplies to several welfare and health institutions in Mexico City and the state of Veracruz.

Total contributions made by Fundación Chedraui for education, health, food, housing, social wellness, and disaster relief **amounted to Ps. 309,464,972.**

United States

The U.S. Self-service division fulfills its commitment to social responsibility through the Smart & Final Charitable Foundation, which supports the communities we serve through our Pillars of Approach by providing funding and goods to nonprofit organizations. The following are some of the ways we give back to our communities:



Health & Well-being



Fight Against Hunger



Team Sports & Youth Development



Education



Disaster Relief



In 2021:

Monetary Donation	Fundraising
USD$710k 21% to Fight Against Hunger 21% for Health & Well-being 29% for Team Sports & Youth Development 28% for Disaster Relief	**USD$1.27 milion** · USD$304k Pasta Marathon · USD$515k Olive Crest · USD$450k City of Hope

Smart & Final CHARITABLE FOUNDATION

Food Donation	COVID-19 Volunteering
3.3 million pounds donated during the pandemic =2.75 million plates of food	· 60 collaborators gave online lessons in 27 schools, donating USD$250 to each institution · 4 associates donated 300 food packages for Mother's Day · 591 collaborators virtually participated in the Walk for Hope · 33 collaborators prepared, cooked, and served food to more than 400 veterans and their families on Veterans Day · 40 collaborators collected and packaged pasta and sauce for the Pasta Marathon

In 2021, the Smart & Final Charitable Foundation was recognized by the West Valley Food Pantry, Woodland Hills, for its support during the initial stage of the pandemic and for the close relationship these institutions continue to maintain.

On the other hand, El Super format is launching a food donation program starting in April 2022.

Environmental

This material refers to content 102-11 of GRI 102: General Contents 2016.

We commit the necessary resources to contribute to the conservation of the environment, pursuing to build a rich legacy that will last for generations to come.

We constantly work to reduce our carbon footprint, caring for and protecting the environment, while operating on an uninterrupted basis through our stores, distribution centers, and corporate offices to offer our customers products of the highest quality and assortment at the best price.

Good economic performance is not an optimal parameter for growth if it is not complemented by improvements in social and environmental aspects. We are committed to comply at all times with environmental laws, to adopt procedures to reduce and eliminate toxic and hazardous materials to avoid air, soil, and water pollution, and to care for and reforest green areas.

We established a sustainability committee, which meets periodically and is chaired by the Head of Sustainability and Social Responsibility and comprised of the group's key executive officers.

Mexico

Community Sustainability Projects

Aware of the impacts that the opening of a new store may cause, the Company carries out sustainability projects focused on the preservation of the biodiversity of the environments where it plans to establish new self-service stores.

In this sense, prior to the construction of the new stores, studies and surveys are carried out to evaluate the economic potential, the social benefit, and the impacts that the construction and its operation will cause, implementing in all cases preventive and/or mitigation measures to improve the original environmental conditions of the selected site.

Among these actions are:

- Promote environmental awareness in the community
- Support authorized food banks
- Promote a cordial atmosphere among neighbors
- Seek the social welfare of the community

We continue to oversee and safeguard maintenance work on the more than 100 hectares reforested in the states of Oaxaca and Veracruz in 2019. In 2021, Fundación Chedraui formed an alliance with Nestlé to reforest 70 hectares in the North of the Valley of Mexico during summer 2022 by using drones.

Carbon Footprint

Through an efficient use of energy and water resources and extensive recycling of materials such as cardboard, paper, plastic, and other actions, we aim to minimize our ecological footprint as much as possible.

In recent years, we have devoted efforts and resources to the required modernization of our energy sources, replacing conventional ones with cleaner and more advanced ones.

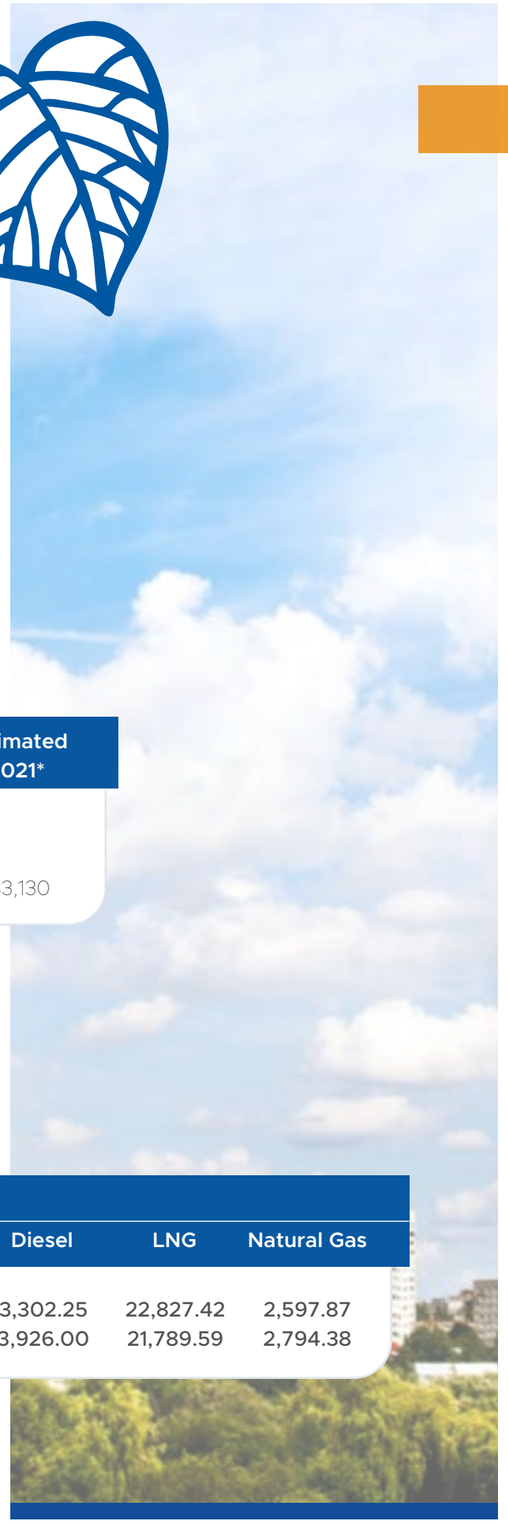
Emissions Tons CO2	2019	2020	Estimated 2021*
Scope 1	96,815	82,638	
Scope 2	82,638	75,911	
Total	179,453	168,798	183,130

** Definitive emissions data for 2021 will be published on our corporate website in May 2022.*

Breakdown of emissions by energy sources 2019 and 2020

Emissions	Tons CO_2					
	Electricity	Cooling Gas	Gasoline	Diesel	LNG	Natural Gas
2019	82,638.02	66,706.24	1,381.53	3,302.25	22,827.42	2,597.87
2020	75,911.08	63,104.14	1,272.97	3,926.00	21,789.59	2,794.38

** Emissions data for 2021 will be published on our corporate website in May 2022.*



The efforts mentioned in this section contributed to reduce our carbon footprint by 195,922 tons CO^2, which is equal to planting 9,796,120 trees, or taking out of circulation 81,635 cars, or cutting down oil consumption by 95,572 barrels.

Energy use

Chedraui is constantly seeking to improve its energy use through contracts with third parties and the implementation of cutting-edge projects that allow us to make our operation more efficient while taking care of the environment.

Objective: Replace all lighting fixtures on our sales floors with LED technology by 2025.



In 2021:

70% of the branches' energy requirements come from renewable sources (wind and solar energy)



With the use of solar panels in the perishable storage chambers in the distribution centers in Mexico, we improved the electrical energy consumption of these facilities by **4.4%**



We achieved a **21.1% saving in total electricity supply costs in Mexico** thanks to the implementation of wind energy

Energy Consumption Mwh	2020	2021	% Ch.
Total	**500,336**	**505,087**	**0.95%**

These endeavors allowed us to save 378,852 Mwh through wind energy consumption, save 3,992 Mwh through solar energy consumption, and save 13,759 Mwh through the use of LED lights.

Water Management

The Company constantly promotes among its collaborators the good habit of saving as much water as possible through awareness campaigns, in addition to technological optimizations (smart toilets and water treatment plants).

In 2021:



With the replacement of hydro-pneumatic tanks in the distribution centers in Mexico, we reduced water consumption by approximately **2,000 m³** per year, down **10.56%** vs. 2020.

Throughout the entire operation, we saved **48,759,002 liters** and reused **236,836 m³ of water**, equivalent to the annual consumption of **2,173** people and/or **113** Olympic-sized swimming pools.



Water consumption M³	2020	2021	% Ch.
Total	**1,179,627**	**1,130,868**	**(4.13%)**

Paper Savings

Thanks to our e-ticket program, we saved 3,395 km of paper, or 39,905 rolls, by e-mailing tickets and promotions to our customers instead of using printouts.

Recycling

We incorporate sustainable practices in our processes to protect the environment. For example, in both Mexico and the United States, it is mandatory for our facilities to properly separate waste.

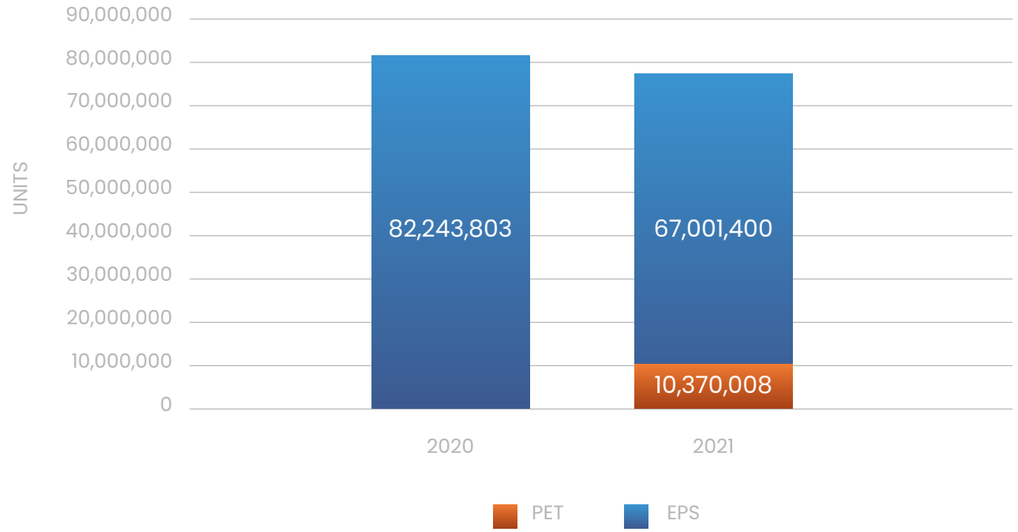
We offer plastic bags that comply with the regulations and standards of the respective authorities in each of our stores. To minimize plastic consumption and help our customers improve their shopping experience, we have reusable eco-friendly bags available in the checkout and fruit & vegetable areas. Additionally, we encourage our customers to bring their own containers for the sale of bulk products (hot and cold deli counters) and we eliminated the use of straws from our in-store consumption stations.

We also market products with the lowest environmental impact packaging and promote the consumption of fresh, organic, and natural products for a healthier diet.

In 2021:

- From November 10, 2020 to November 11, 2021, Grupo Chedraui participated in the return and recycling program for original HP ink and toner cartridges, HP Planet Partners, certified by HP itself.
- Chedraui's operation uses trays for the sale of meats, which until 2020 were completely made of expanded polystyrene (EPS), using more than 82 million trays in different varieties. This year we started to gradually replace this material with PET, a more sustainable material as it allows us to recover up to 52% of the waste.

USE OF EPS – PET



We closed 2021 with a PET consumption of 13%, climbing to 23% by the end of February 2022.

Consequently, in 2021 we recycled 36,768 tons of cardboard and 2,079 tons of plastic wraps, which together is equivalent to planting 625,000 trees, saving more than 147 million liters of water, reducing the consumption of 85,869 oil barrels, or not using 22,000 MW/h of energy.

United States

Energy Use

Electricity Comsuption (kWh)	2020	2021	% Ch.
Smart & Final	277,802	245,490	(11.6%)
El Super	103,143	99,626	(3.4%)
Fiesta	176,849	168,533	(4.7%)
Total	**557,795**	**513,649**	**(7.9%)**

Natural Gas Consumption (thm)	2020	2021	% Ch.
Smart & Final	2,276,576	1,878,973	(17.5%)
El Super	1,884,553	1,811,457	(3.9%)
Fiesta	1,164,468	1,143,318	(1.8%)
Total	**5,325,597**	**4,833,748**	**(9.2%)**

Water Management

Water Consumption (kilogallons, including irrigation)	2020	2021	% Ch.
Smart & Final	185,144	170,901	(7.7%)
El Super	156,818	152,572	(2.7%)
Fiesta	176,270	177,433	(0.7%)
Total	**518,232**	**500,906**	**(3.3%)**

Initiatives by Chain

Smart & Final

Zero Waste Program implemented in more than half of the Smart & Final stores. It consists of collecting organic food waste for recycling, channeling organic products from the garbage container to a reusable food source.

	Organic Tons	Waste Tons (Landfill)	Total Tons	Diversion % (Not Landfill)
2020	7539	20,781	66,328	68.9%
2021	11,858	14,489	61,920	76.8%
Var. %	57.3%	(30.3%)	(6.6)	11.5%

El Super

Implementation of the Grind2Energy™ program in 13 El Super stores.

This food waste recycling system is an alternative to traditional landfill and composting programs that does not require the use of sewers. With this closed-loop solution, we can recover valuable resources by recycling discarded food into clean water, fertilizer to grow more food, and renewable energy in the form of electricity, heat or compressed natural gas.



Powering **244** homes for one month

Energy

Slurry was used to generate 220,361 kWh

CO_2 Reduction

By diverting waste from landfills, reduced carbon emissions by 831 TCO_2e



Equivalent to driving 2.0 million fewer miles



69 tons of fertilizer

Bio-solids for fertilizers

Slurry residues resulted in 69 tons of fertilizer after energy extraction

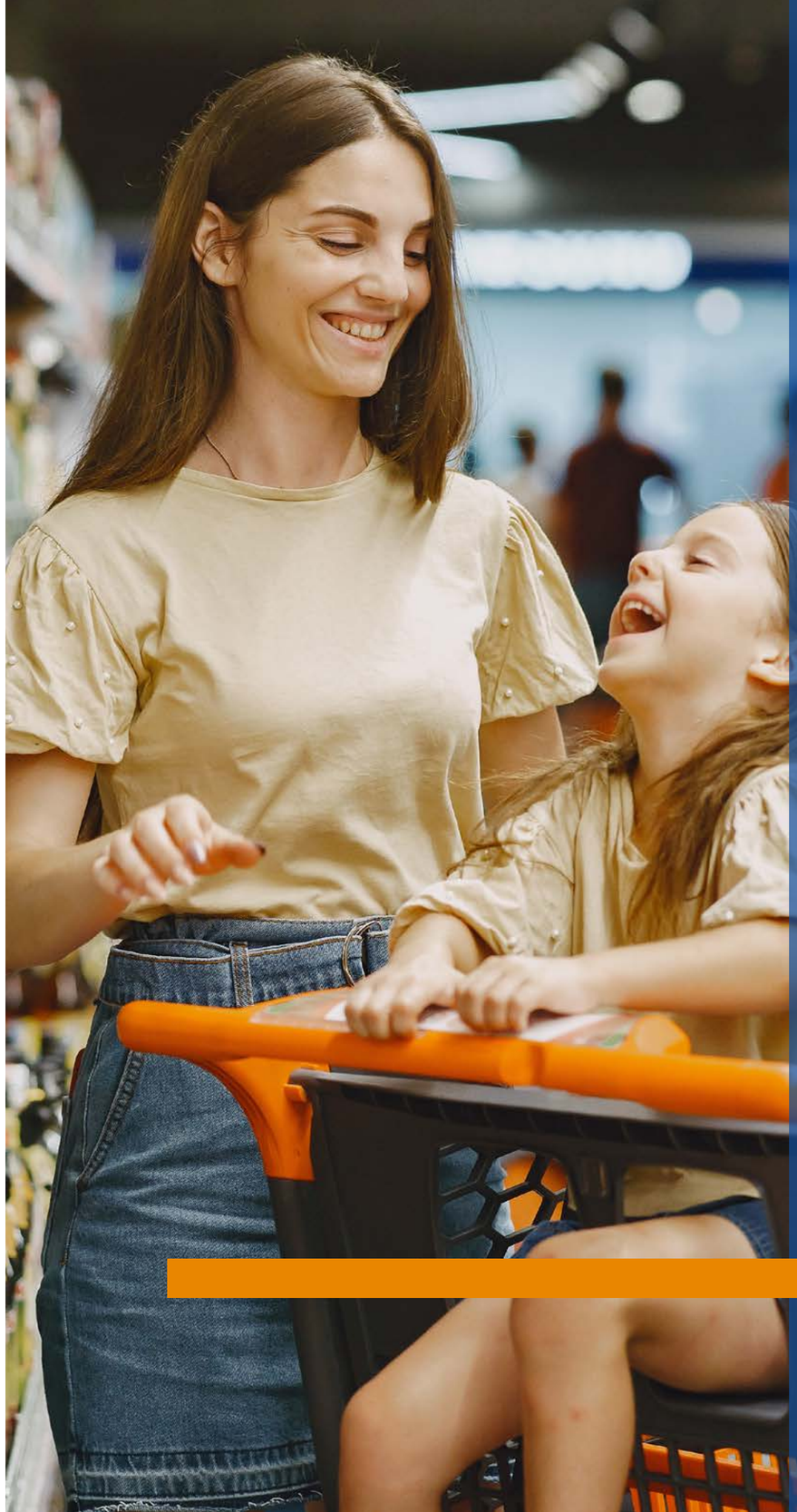
Reciclaje

Material	Smart & Final	El Super	Fiesta	Total
Cardboard	**35,573** tons	**14,939** tons	**7,765** tons	**58,277** tons
Organic Waste	**11,858** tons	**1,210** tons	**0** tons	**13,068** tons



Smart & Final and El Super in California offer customers reusable bags made of 40% post-consumer recycled material. This helps reduce the number of bags sent to landfills, in turn lowering their use at the source. A plastic bag is used for approximately 12 minutes, and its decomposition can take more than 500 years, releasing contaminants into the soil and water.





CORPORATE GOVERNANCE

Shareholder Structure

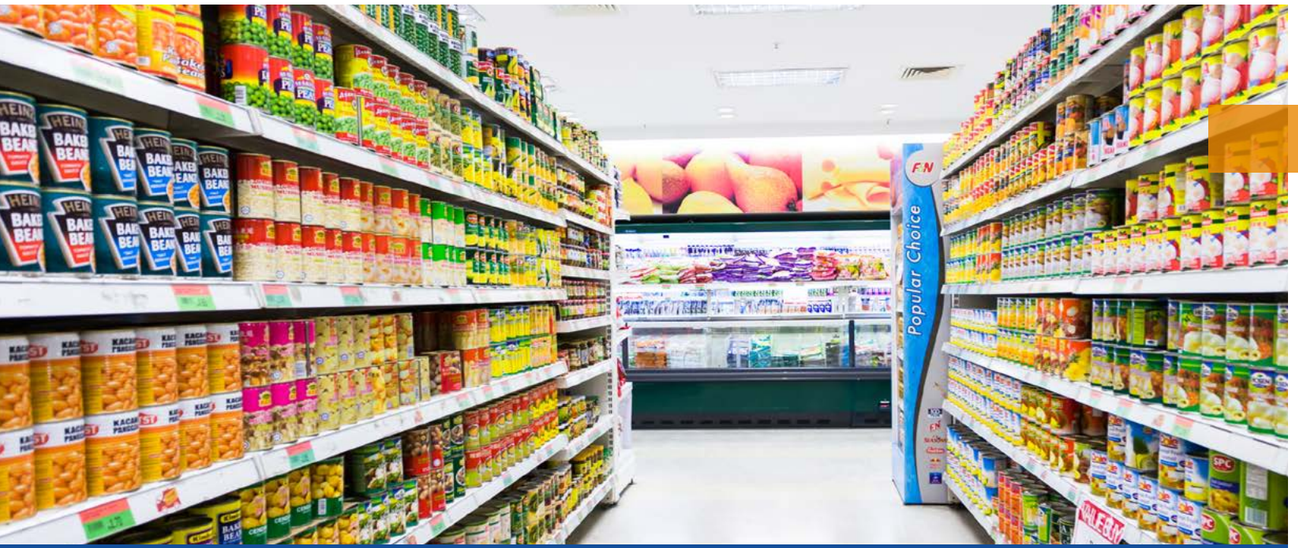
This material references disclosure 102-7 of GRI 102: General Disclosures 2016.

Grupo Comercial Chedraui has been listed on the Mexican Stock Exchange since April 30, 2010, under the ticker symbol “CHDRAUI”.

As of December 31, 2021, the Company’s stockholders’ equity was comprised of 963,917,211 series “B” shares, ordinary, nominative and without par value. The 15.3% of the shares are considered as free float.

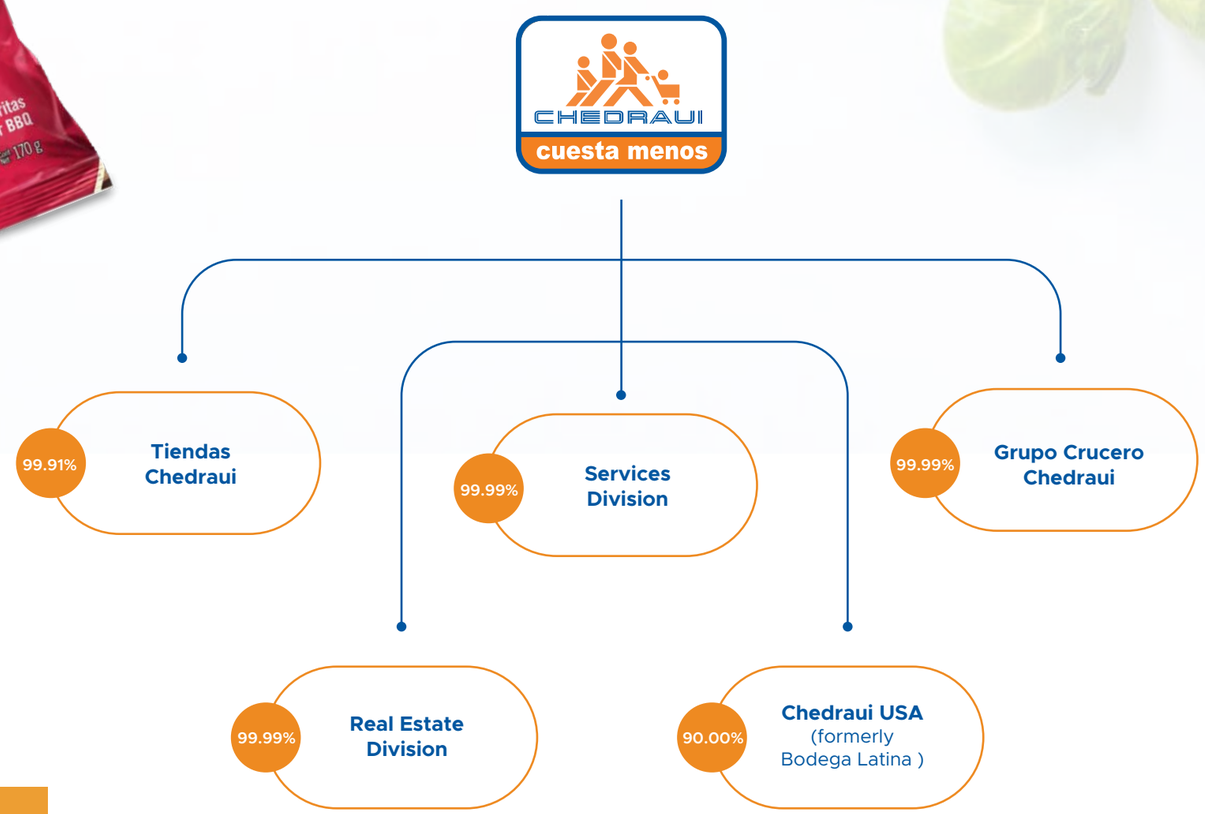
The Chedraui family as a whole, considering the direct holdings together with a trust 510 million shares, owns 84.6% or 807,653,541 shares of Grupo Comercial Chedraui S.A.B. de C.V.’s equity.





Corporate Structure

This material references disclosure 102-45 of GRI 102: General Disclosures 2016.



Grupo Comercial Chedraui

- Self-service stores in Mexico
- Self-service stores in the United States
- Real Estate Division



KEY Executives

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

Chief Executive Officer of Grupo Comercial Chedraui

Lic. Antonio Chedraui Eguía
Date of Appointment: 01/01/1995

Deputy Chief Executive Officer of Administration and Finance, Human Resources and IT

Lic. Humberto Tafolla Núñez
Date of Appointment: 02/02/2020

Deputy Chief Executive Officer of Commercial, operations and logistics

Lic. Arturo Eduardo Antonio Vasconcelos y de Pablo
Date of Appointment: 02/02/2020

Chairman of Chedraui USA

Lic. José Ramón Chedraui Eguía
Date of Appointment: 01/01/2009

Chedraui USA Chief Executive Officer

Ing. Carlos Smith Matas
Date of Appointment: 11/12/1997

Chedraui USA's Chief Financial Officer

Jack Hook, MBA
Date of Appointment: 07/01/2008

Director of Real Estate

Lic. Alfredo Chedraui López
Date of Appointment: 12/01/2008

Director of Operations of Chedraui Mexico

Lic. Jorge Luis Tawil Hernández
Date of Appointment: 05/03/2021

Director of Human Resources Chedraui Mexico

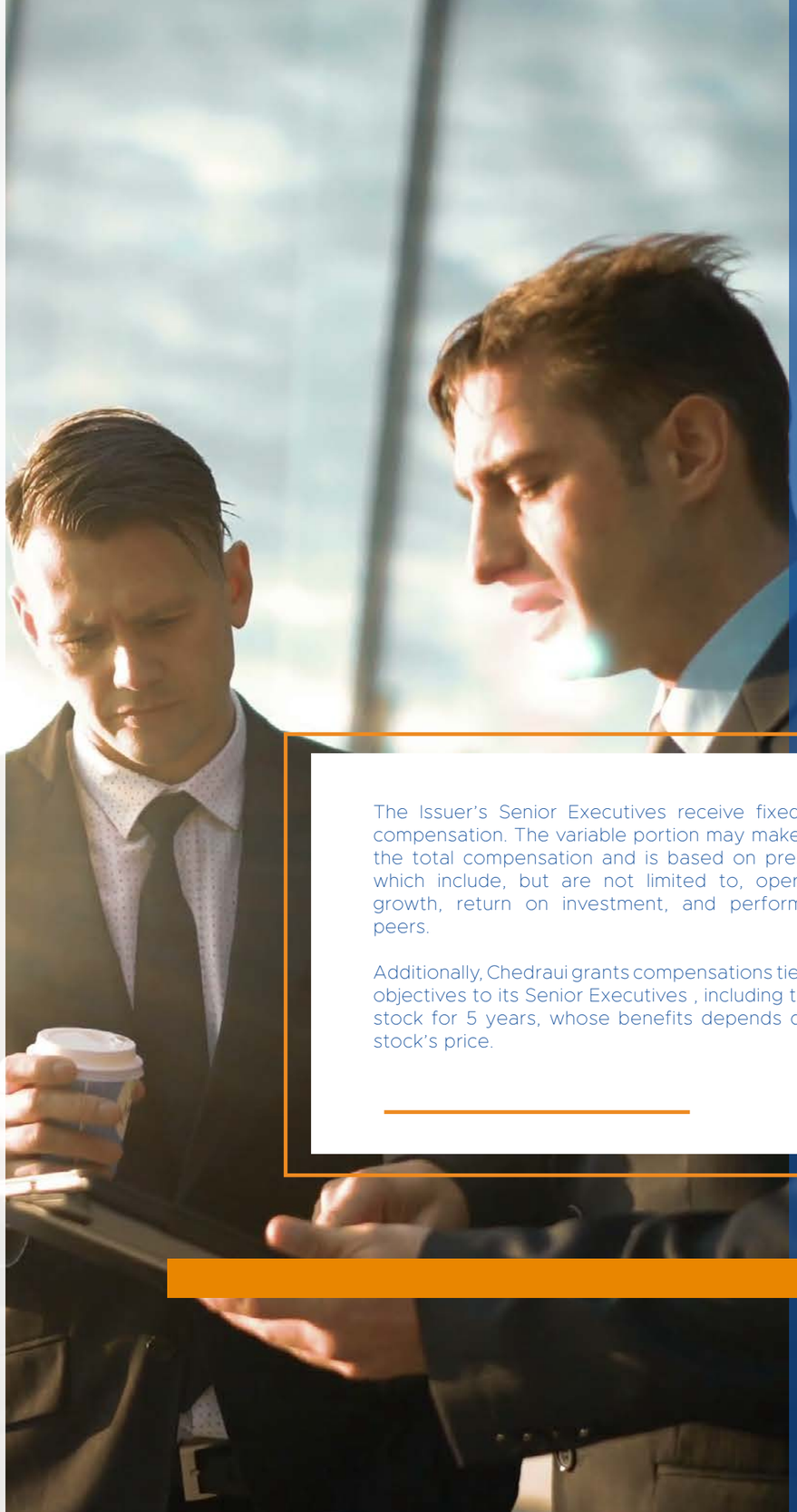
Ing. Sergio Estrada Rentería
Date of Appointment: 04/01/2018

Director of IT Mexico

Lic. Pilar Rojas Suárez
Date of Appointment: 09/09/2013

Director of Sustainability and Social Responsibility

Lic. Ignacio González Quirasco
Date of Appointment: 09/02/2014



The Issuer's Senior Executives receive fixed and variable compensation. The variable portion may make up to 50% of the total compensation and is based on preset indicators, which include, but are not limited to, operating income, growth, return on investment, and performance against peers.

Additionally, Chedraui grants compensations tied to long-term objectives to its Senior Executives , including the Company's stock for 5 years, whose benefits depends directly on the stock's price.



Board of Directors

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

Member	Position	Date of appointment
Alfredo Chedraui Obeso	Chairman	05/04/2010
José Antonio Chedraui Obeso	Related Director	05/04/2010
José Antonio Chedraui Eguía	Related Director	02/02/1995
Agustín Irurita Pérez	Independent Director	23/02/2000
Francisco José Medina Chávez	Independent Director	05/04/2021
Federico Carlos Fernández Senderos	Independent Director	06/06/2008
Clemente Ismael Reyes-Retana Valdés	Independent Director	17/04/2009
Cecilia Goya Meade	Independent Director	04/04/2016
Julio Gutiérrez Mercadillo	Independent Director	09/04/2013
José Antonio Meade Kuribreña	Independent Director	10/12/2021
José Ramón Chedraui Eguía	Secretary of the Board	01/01/2009

During 2021, the average attendance of Board members at meetings was 100%.

Committees

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

Audit and Corporate Practices Committee

The Audit and Corporate Practices Committee is composed of 3 members who qualify as independent under the Securities Market Law, and among them is a financial expert, allowing us to fully comply with the regulatory standards related to director independence and financial expertise.

Integration:

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

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

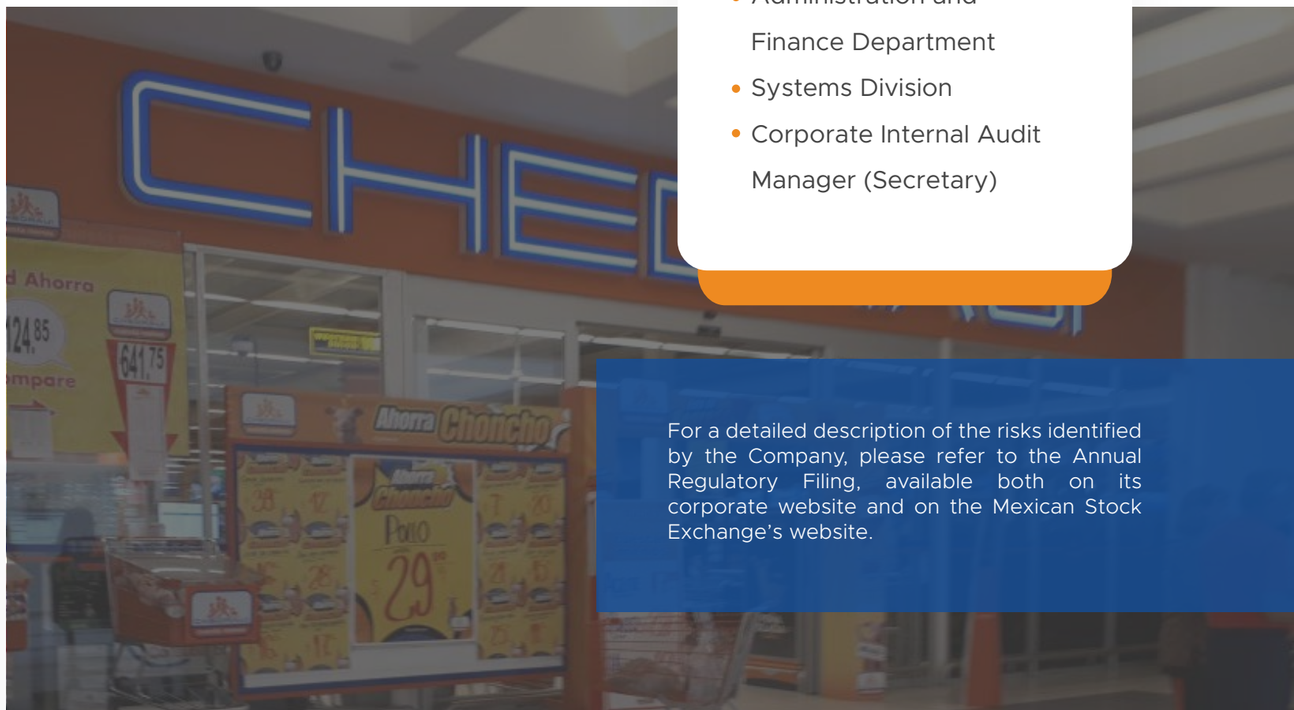
Among the main functions of this committee are:

- To supervise and analyze the reports made by the Company's external auditors
- To report to the Board of Directors regarding existing internal controls and any irregularities related thereto
- Overseeing the conduct of related party transactions, the activities of the Chief Executive Officer and the internal audit function
- Submit an annual report to the Board of Directors
- Determine the economical compensation for directors and key executives and provide feedback to the Board of Directors regarding their performance

Risk Assessment Committee

The Risk Assessment Committee's purpose is to assess the risks to which Chedraui is subject and thus recommending the best approach to handle them.The Committee meets every four months and is currently composed of the following members:

- Deputy Director of Internal Audit (Chairman)
- Commercial Management
- Operations Management
- Administration and Finance Department
- Systems Division
- Corporate Internal Audit Manager (Secretary)



For a detailed description of the risks identified by the Company, please refer to the Annual Regulatory Filing, available both on its corporate website and on the Mexican Stock Exchange's website.

Sustainability Committee

To ensure the proper execution of our sustainability initiatives, the Company has established a sustainability committee, which is chaired by the Director of Sustainability and Social Responsibility and integrated by the main directors of Grupo Chedraui and Fundación Chedraui.

The Committee is in charge of overseeing the progress made in Grupo Chedraui's Sustainability Strategy, with the main objective being the reduction of our carbon footprint.

Diversity and Inclusion Committee

The Diversity and Inclusion Executive Committee is a multidisciplinary team responsible for creating and promoting strategies and initiatives that enable the identification, development, promotion and retention of employees, avoiding discrimination based on gender, sexual orientation, ethnic origin, marital status or any other legally protected status.

Among the main purposes of this Committee are:

Promote an Organizational Culture that embraces diversity and inclusion

Act as a watchdog in the implementation of strategies, programs, and initiatives

Formulate guidelines to eliminate gaps, barriers, and obstacles that prevent hinder diversity and inclusion

Actions Promoted by the Diversity and Inclusion Committee:

- Advertising of the awareness campaign: "Diversity make us great, inclusion unites and strengthens us"
- Assessment of the Corporate Gender Strategy (WEP, Women's Empowerment Principles), achieving a progress of 53% to 62% compared to the previous year
- Promote shortlists of men and women to fill all vacancies
- Lactation rooms have been set up in workplaces
- Employee benefits exceeding those established by federal regulation, including reduced workweek hours when returning from parental leave
- Implementation of flexible work schedules and hybrid work options (a balance of on-site and remote work) for the benefit of employees and their families
- Implementation of comprehensive surveys in both Mexico and the United States to understand employee sentiment across the Company



Integration:

NAME	POSITION IN THE COMPANY	POSITION IN THE COMMITTEE
José Antonio Chedraui Eguía	Chief Executive Officer	Committee Chairman
Humberto Tafolla Núñez	Deputy Chief Executive Officer of Administration and Finance, Human Resources and IT	*Sponsor*
Arturo Vasconcelos y de Pablo	Deputy Chief Executive Officer of Commercial, Operations and Logistics	*Sponsor*
María del Pilar Rojas Suarez	Director of IT	*Sponsor*
Jorge Tawil Hernández	Director of Operations	*Sponsor*
Sergio Estrada Rentería	Director of Human Resources	*Sponsor*
María de Lourdes Aguilar Pérez	Senior Manager of Human Resources / Mexico City Office	Member
José Armando Corona Orta	Deputy Director of Talent Planning and Training / Xalapa Office	Member
Maricela Liahut Franco	Regional Director of Operations, Veracruz Zone / Stores	Member
María Christian Marín Millán	Deputy Corporate Director of Operations / Xalapa Office	Member
Arní Mauricio López Moreno	Labor Relations Manager / Xalapa Office	Member

Extended Committee:

NAME	POSITION IN THE COMPANY	POSITION IN THE COMMITTEE
José Carlos Meza Alvarado	Demand Planning and Replenishment Manager / Mexico City Office	Member
Natalia Trejo Juárez	Commercial Strategy Leader at Supercito / Stores	Member
Edgar Eduardo Barrera Peña	Deputy of Maintenance / Mexico City Office	Member
Julieta Montaño	Deputy Manager of Design and Content / Mexico City Office	Member
Luis José del Castillo González	Human Resources Manager / Distribution Centers	Member
Mario Viveros Castillo	Regional Manager of Operations, Mexico City Zone / Stores	Member
Erika María Flores Rivera	Manager of Distribution Centers	Member



Code of Ethics

This material refences disclosures 102-11, 102-16, 102-17 and 102-25 of GRI 102: General Disclosures 2016 and, 205- 2 of GRI 205: Anti-Corruption 2016.

Chedraui is founded on solid ethical values that have allowed us to achieve sustainable growth since its incorporation. In this regard, our Code of Ethics clearly establishes the principles of conduct by which all our employees, suppliers and service providers who have a relationship with us must abide.

These principles are transmitted through ethical standards and conduct that must be followed in all lines of operation. The Code also includes a guide to orient the actions of our employees in the event of any situation that is not duly indicated in the Code.

To honor the solid ethical values that have allowed us to achieve sustainable growth since our incorporation, the Code outlines the commitments we have made to our stakeholders are outlined, highlighting our absolute commitment to fair, honest, transparent, and respectful treatment, free from discrimination based on religious, ethnic, gender, sexual, and political reasons, among others.

In order to ensure that our employees are fully familiar with the code of ethics and thus comply with its policies, we constantly share and promote the code, with special emphasis on the importance of reporting any act that goes against them. In this way, we honor our commitment to the prevention of criminal acts and any form of corruption such as bribery, money laundering, and embezzlement, among others.

That is why it is an indispensable requirement for anyone aspiring to join the Chedraui Team to sign their commitment to the Code of Ethics during the induction course.

Likewise, key executive officers reaffirm their commitment year after year by signing a document in which they adhere to the Code of Ethics and are bound to comply with all our corporate policies.

At Chedraui we have an anonymous whistleblower mechanism where any issue reported is followed up accurately and quickly. Employees, suppliers, and carriers may visit the website www.tipsanonimos.com/chedrauiteescucha or by telephone at 01-800-910-0013. Customers can also call our Call Center at 01-800-925-1111 or visit www.chedraui.com.mx.

Any employee who infringes our Code of Ethics will be sanctioned accordingly, based on the severity of the breach and damage caused as established in the Disciplinary Guidelines.



Noteworthy Policies in the Code of Ethics:

Anti-Corruption Practices:
At Chedraui we promote anti-corruption practices among our executives, commission agents, suppliers, employees, customers, and any other person acting on our 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 gaining or securing business, taking an improper advantage, or influencing any act or decision.

In the corporate transparency index conducted each year by Mexicans Against Corruption and Impunity (Mexicanos Contra la Corrupción y la Impunidad) and Mexico Transparency (Transparencia México), which includes 500 companies and is published by Expansión magazine, we obtained a score of 96.08 out of a maximum of 100.

Travel Expenses Policy:
Determines how employees or executives should act when offered or requested travel, tickets, or any other form of entertainment directly or indirectly from any third party with whom they have or intend to have a business relationship.

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

Policies to Prevent Fraud and Money Laundering:
The Company and its affiliates must comply with multiple legal provisions applicable to the economic activity it performs, especially 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:
Grupo Chedraui and its employees must avoid conflicts of interest, which may arise when a person is or may be influenced by personal considerations, generally economic, when making decisions that put their assets at risk. This includes refraining from using privileged financial information to benefit oneself, a direct or indirect family member, or third parties, to the detriment of the Company's assets, its shareholders, or to the detriment of customers. It also establishes the principles to avoid anti-competitive practices by collaborators and the Company in particular.



Personal Data Protection

This material references disclosures 103-2 of GRI 103: Management Approach 2016.

Grupo Chedraui has established a regulatory framework with effective security, privacy, and personal data protection measures, which complies with the applicable legal provisions and meets the expectations of the individuals who provide their personal information to the different departments, areas, or business segments of the Group.

For this purpose, the Company has a 360° Security Assessment system, based on the NIST (National Institute of Standards and Technology, an agency of the U.S. Department of Commerce) cybersecurity framework.

In this regard, by using physical security, internal security, transactional security, and management and monitoring tools, Chedraui:

Identifies: Understanding the business context, resources supporting critical functions, and risks related to cybersecurity enables an organization to focus and prioritize its efforts in accordance with its risk management strategy and business needs.

Protect: Using adequate security measures to ensure the delivery of critical infrastructure services.

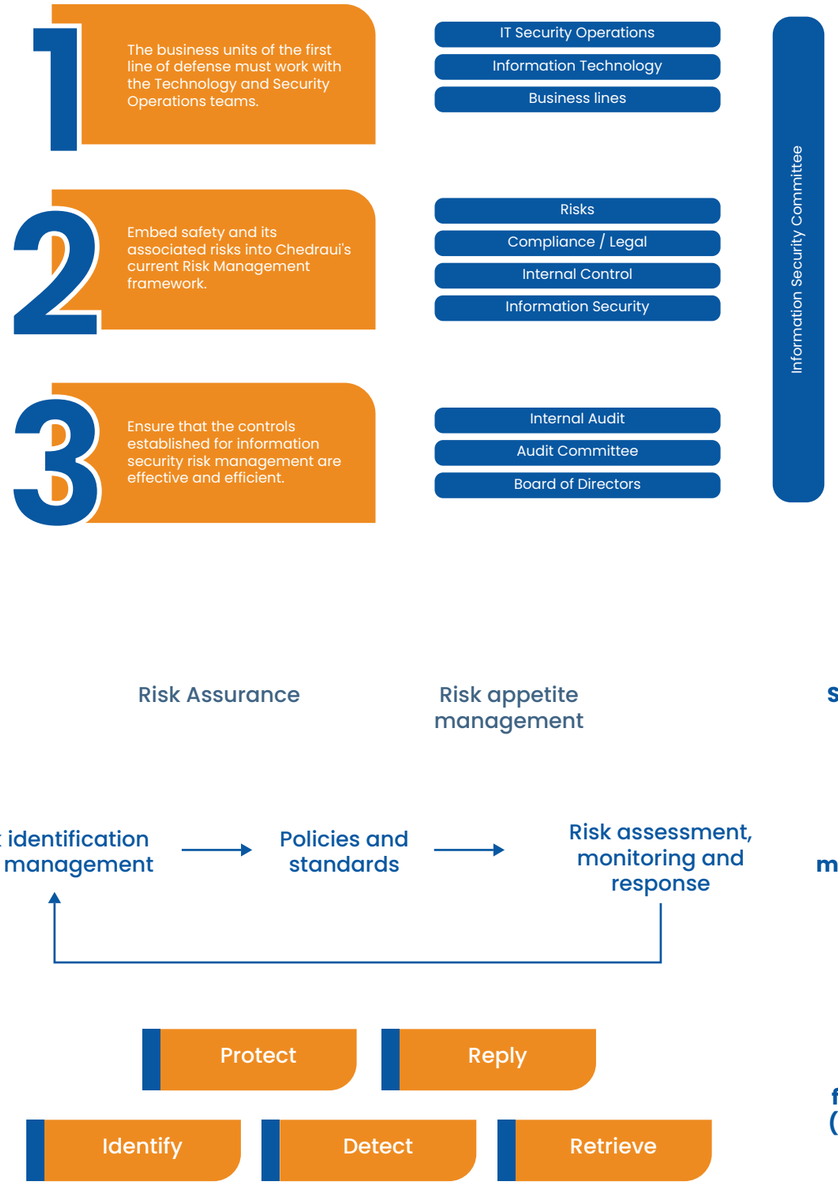
Detect: We perform the necessary activities to identify the occurrence of a cybersecurity event, allowing the timely discovery of them.

Respond: We act on a detected cybersecurity incident, developing the capacity to contain its impact.

Recover: We have backup systems to restore any capabilities or services that have been impaired due to a cybersecurity incident. This function supports timely recovery of normal operations to reduce the impact of a cybersecurity incident.



Chedraui Operating Model: 3 Lines of Defense:



ABOUT THIS REPORT

Elaboration

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.

This Annual Sustainability Report, dated April 25th, 2021, covers the full year of operation, from January 1 to December 31, 2021, and corresponds to the 3rd annual sustainability report prepared by Grupo Comercial Chedraui, S.A.B. de C.V.

As part of its gradual process towards a greater adherence to the standards established by the Global Reporting Initiative, which entails increased transparency and depth in the reporting process, Grupo Chedraui carried out its first materiality assessment, resulting in a list of 23 material topics (described in the Materiality subsection - Page 32), whose implications and related information are covered in this report, in accordance with the Essential option of the GRI Standards.

The investor relations team, which prepares Grupo Chedraui's reports, supported by the opinion of IRDesign, a firm specialized in the preparation of sustainability reports, determined the following points as core topics for a better understanding of this report:



Grupo Chedraui believes that these aspects, together with their respective breakdown, reasonably cover the performance, progress, achievements, and issues that the Company's stakeholders may deem most important. In this regard, the Company will welcome any feedback and suggestions, and will be more than pleased to address any question from its stakeholders in connection with the preparation of its annual sustainability report.

Additionally, to verify the information disclosed in this report, as well as to provide greater certainty to the statements included, the following materials:

- Verification letter of Vert, Desarrollo Sustentable, on GRI methodological compliance
- Report of the External Auditor on financial information
- Remote Verification of 2020 GHG Emissions Inventory & Emissions corresponding to Tiendas Chedraui, S.A. de C.V., in accordance with Mexico's environmental regulations and the reporting requirements of the National Emissions Registry

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 ease their understanding.

BALANCE

The information presented impartially exposes Grupo Chedraui's operating performance, without omitting information on actions that could have been better executed or that had negative impact during 2021.

CLARITY

The information covered in this report is drafted and organized in a simple and straightforward manner, using two tables of contents, one to ease the search for relevant information, and the other one to reference the compliance with GRI Standards.

COMPARABILITY

The report contains the necessary historical information to clearly show Grupo Chedraui's progress in the material topics selected, which will remain in future editions, and was prepared in accordance with GRI Standards for consistency with the previous year.

RELIABILITY

To guarantee the veracity and certainty of the report, the Company annexes as sources of external verifications, the letter from Vert, Desarrollo Sustentable, regarding the GRI methodological adherence, the audit report from the firm Galaz, Yamazaki, Ruiz Urquiza, S. C., member of Deloitte Touche Tohmatsu Limited, regarding the Company's financial statements and a GHG Emissions Report, verified by OC-VV-GEI SOLAL, S.C.

TIMELINESS

To make available to its stakeholders the relevant information of this fiscal year in a timely and appropriate manner in accordance with the accepted customs in the publication of this type of documents, Grupo Chedraui began the preparation of this report in advance.

GRI Index

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

DISCLOSURE	DISCLOSURE TITLE	PAGE	SECTIONS
	GRI 101: Foundations 2016		
	1.- Reporting principles	75	Preparation
	2.- Using GRI Standards for sustainability reporting	74	Preparation
	3.- Making claims related to the use of the GRI Standards	74	Preparation
	GRI 102: General Disclosures 2016		
	1.- Organizational Profile		
102-1	Name of the organization	6	About Chedraui
102-2	Activities, brands, products, and services	6 y 12	About Chedraui Chedraui Experience
102-3	Location of headquarters	6	About Chedraui
102-4	Location of operations	12 y 21	Experiencia Chedraui Geographic Footprint
102-5	Ownership and legal form	6	About Chedraui
102-6	Markets served	12	Chedraui Experience
102-7	Scale of the organization	12, 22 y 60	Chedraui Experience Operating and Financial Performance Shareholder Structure
102-8	Information about employees and other workers	35	Employees
102-9	Supply chain	33	Suppliers
102-11	Precautionary principle or approach	51 y 69	Environmental Code of Ethics
	2.- Strategy		
102-14	Statement from senior decision-makers	4	Message to Shareholders
	3.- Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	6 y 35	About Chedraui Colaboradores
102-17	Mechanisms for advice and concerns about ethics	35 y 69	Employees Code of Ethics
	4.- Governance		
102-18	Governance structure	64 a 68	Board of Directors Committees
102-22	Composition of the highest governance body and its committees	64 a 68	Board of Directors Committees
102-23	Chair of the highest governance body	64	Board of Directors
102-25	Conflicts of interest	69	Code of Ethics
102-35	Remuneration policies	62	Key Executives
102-36	Process for determining remuneration	62	Key Executives

DISCLOSURE	DISCLOSURE TITLE	PAGE	SECTIONS
	5.- Stakeholder engagement		
102-40	List of stakeholder groups	30 y 31	Stakeholders
102-41	Collective bargaining agreements	35	Employees
102-42	Identifying and selecting stakeholders	30, 31, 32 y 74	Stakeholders Materiality Preparation
102-43	Approach to stakeholder engagement	30 y 31	Stakeholders
102-44	Key topics and concerns raised	30 y 31	Stakeholders
	6.- Reporting Practices		
102-45	Entities included in the consolidated financial statements	61	Corporate Structure
102-46	Defining report content and topic Boundaries	32 y 74	Materiality Preparation
102-50	Reporting period	74	Preparation
102-51	Date of most recent repot	74	Preparation
102-53	Contact point for questions regarding the report	160	Back cover
102-54	Claims of reporting in accordance with GRI Standards	74	Preparation
102-55	GRI content index	76 a 78	GRI Content Index
102-56	External assurance	79 y 81	Letters of Verification

DISCLOSURE	DISCLOSURE TITLE	PAGE	SECTIONS
	GRI 103: Management Approach Disclosures 2016		
103-1	Explanation of the material topic and its boundary	32 y 74	Materiality Preparation
103-2	The management approach and its components	44 a 58 y 72 a 73	Social Responsibility Environmental Personal Data Protection

DISCLOSURE	DISCLOSURE TITLE	PAGE	SECTIONS
	GRI 200: Economics 2016		
	GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	22 y 23	Operating and Financial Performance
	GRI 205: Anti-Corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	69	Code of Ethics

DISCLOSURE	DISCLOSURE TITLE	PAGE	SECTIONS
	GRI 300: Environmental 2016		
	GRI 303: Water 2016		
103	Management approach disclosures	51	Environmental
303-3	Water recycled and reused	51	Environmental
	GRI 305: Emisions 2016		
103	Management approach disclosures	51	Environmental
305-5	Reduction of GHG emissions	51	Environmental

DISCLOSURE	DISCLOSURE TITLE	PAGE	SECTIONS
	GRI 401: Employment 2016		
	GRI 401: Empleo 2016		
103	Management approach disclosures	35	Employees
401-1	New employee hires and employee turnover	35	Employees
	GRI 403: Occupational Health and Safety 2018		
103	Management approach disclosures	35	Employees
403-1	Occupational health and safety management system	35	Employees
	GRI 404: Training and Education 2016		
103	Management approach disclosures	35	Employees
404-2	Programs for updating employee skills and transition assistance programs	35	Employees
	GRI 405: Diversity and Equal Opportunity 2016		
103	Management approach disclosures	35 y 62	Employees Key Executives
405-1	Diversity of governance bodies and employees	35 y 62	Employees Key Executives

EXTERNAL ASSURANCE

Letter of Verification

This material refers disclosures 102-56 of GRI 102: General Disclosures2016.

VERT
DESARROLLO SUSTENTABLE

Informe Anual Sustentable Grupo Comercial Chedraui, 2021
Carta de Verificación Externa e Independiente

A los grupos de interés de Grupo Comercial Chedraui, S.A.B. DE C.V (Chedraui), la presente corresponde a la opinión de Vert, Desarrollo Sustentable (Vert), respecto al Informe Anual Sustentable 2021 de Chedraui.

El objetivo de Vert, es emitir una verificación independiente acerca de los contenidos de este informe, tomando como referencia los estándares del Global Reporting Initiative.

Metodología de Verificación:

Con el objetivo de tener una total compresión de la estructura de las memorias, Vert realizó entrevistas y reuniones con el equipo de Relación con Inversionistas de Chedraui (responsable de la elaboración del informe en cuestión) quienes a su vez actuaron como un enlace de comunicación con los demás departamentos de la Compañía, para que Vert pudiera solicitar a los distintos colaboradores de Chedraui, la información requerida para su preparación.

Asimismo, se llevaron a cabo evaluaciones sobre los mecanismos de recolección de información utilizados para recabar los números expresados en el contenido del documento, examinando la información cualitativa y cuantitativa comprendida en el interior de este informe.

Por último, se validó la correcta aplicación de los temas con base en las Guías de Elaboración de los Estándares GRI 2016, verificando su veracidad, trazabilidad y materialidad, con base en el material proporcionado por Chedraui y su equipo, estableciendo las bases para el cumplimiento de los principios de equilibrio, claridad, comparabilidad, puntualidad, y fiabilidad, en estas memorias y para las memorias subsecuentes.

Conclusiones:

Como resultado del proceso de verificación, se concluyó que el Informe Anual Sustentable 2021 de Grupo Comercial Chedraui fue elaborado de conformidad con la opción Esencial de los Estándares GRI 2016. No se encontró evidencia que nos haga pensar que el cumplimiento y apego a la metodología GRI no se haya realizado de manera adecuada, ni de que existan errores en la información presentada o que se haya omitido algún tema material intencionalmente.

Sergio Vázquez
Gerente de Operaciones
Vert, Desarrollo Sustentable
19 de abril de 2022

Sobre la verificación
Los asociados de Vert poseen la preparación fundamental para examinar y validar el correcto cumplimiento de los lineamientos necesarios para la realización y publicación de Informes de Sustentabilidad, lo cual les permite expresar una opinión profesional acerca del apego de todo el contenido no financiero del informe a los estándares GRI 2016, basándose en todo momento en los principios de independencia, objetividad y confidencialidad. Vert no asume compromiso alguno sobre los procesos de recopilación de la información implementada en este informe. Esta verificación es emitida el día ocho de abril del año dos mil veintidós y será vigente toda vez que no se ejecuten modificaciones o publicaciones posteriores a esta fecha.



Verification of GHG Emissions

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

SOLAL, S.C.

Dictamen de Verificación Remota

del Inventario de emisiones de GEI 2020 para el Registro Nacional de Emisiones de

TIENDAS CHEDRAUI, S.A. DE C.V.

El equipo verificador asignado por el OC-VV-GEI SOLAL, S.C., en adelante denominado SOLAL, quien fue contratado para la verificación del reporte de emisiones de GEI en el Registro Nacional de Emisiones (RENE) del establecimiento de nombre **TIENDAS CHEDRAUI, S.A. DE C.V.** del **Sector VI. Comercio y Servicios**, cuyo representante legal vigente es **Rolando Jorge Hernández**; y con base en el Reglamento de la Ley General de Cambio Climático en materia del RENE y en los lineamientos establecidos en el documento "Criterios para la verificación de los reportes de Emisiones de Compuestos y Gases de Efecto Invernadero en el marco del Registro Nacional de Emisiones" vigentes y la NMX-SSA-14064-3-IMNC-2007 o la que la sustituya, otorga un:

DICTAMEN POSITIVO

Con respecto a la información contenida en la Cédula de Operación Anual con número de bitácora: SOL-TCH01/RENE001/21 y NRA TCH300000002 del periodo del periodo **01/01/2020** al **31/12/2020**, con **169,257.46** toneladas de CO_2 equivalente verificadas, que se desglosan de la siguiente manera:

Categorías de emisión	Emisiones del reporte original ($t\ CO_2e$)	Emisiones calculadas por SOLAL (tCO_2e)	Diferencia con reporte original (tCO_2e)	Discrepancia con reporte original (%)
Emisiones directas provenientes de combustión en fuentes fijas	24,583.97	26,537.82	1,953.85	7.95%
Emisiones directas provenientes de fuentes móviles	5,198.97	4,943.49	255.48	4.91%
Emisiones directas provenientes de procesos industriales o actividades comerciales y de servicios	63,104.14	63,227.05	122.90	0.19%
Emisiones directas provenientes de fugas en el sector energía	0.00	0.00	0.00	0.00%
Emisiones directas provenientes de actividades agropecuarias	0.00	0.00	0.00	0.00%
Total Alcance 1 (Emisiones directas)	92,887.08	94,708.35	1,821.28	1.96%
Emisiones indirectas provenientes del consumo de energía eléctrica	75,911.08	74,549.11	1,361.97	1.79%
Emisiones indirectas provenientes del consumo de energía térmica	0.00	0.00	0.00	0.00%
Total Alcance 2 (Emisiones indirectas)	75,911.08	74,549.11	1,361.97	1.79%
TOTAL (Directas + Indirectas)	168,798.16	169,257.46	459.31	0.27%

El proceso de verificación incluyó:

- Revisión documental, de las instalaciones, de sistemas de información y entrevistas desarrolladas el día **14/09/2021**.
- Verificación de reporte original de fecha **18/05/2021** con **168,798.16** toneladas de CO_2 equivalente y discrepancia de **0.27%**.

María Guadalupe Ibáñez Rodríguez
Verificador Líder
Querétaro, Qro, 22 de octubre de 2021

Miguel Ángel Ortiz Rosa Delgado
Revisor Técnico Independiente
Querétaro, Qro, 22 de octubre de 2021

SOLAL, S.C., Organismo de certificacion para la validacion y verificacion de emisiones de GEI.
Acreditacion EMA: GEI 002/15, Aprobacion: PFPA-APR-OC-RENE-004/2020.
Camino Real de Carretas 399, Milenio III, 76060, Queretaro, Queretaro, Mexico.
www.solal.com.mx; contacto@solal.com.mx

IAF ema ORGANISMO DE CERTIFICACIÓN ACREDITADO GEI002/15

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, 2021 and 2020, and Independent Auditors' Report Dated March 16, 2022

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

Independent Auditors' Report and Consolidated Financial Statements for 2021 and 2020

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Consolidated Statements of Changes in Stockholders' Equity	92
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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, 2021 and 2020, the related consolidated statements of profit or loss and other comprehensive income, changes in stockholders' equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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:

Control and substantive testing over the financial projections that were used to determine the fair value of the investment properties, for which we tested the reasonability of the revenues and expenses used to determine the discounted future cash flows, also, we tested the arithmetical accuracy of the projections, and evaluated the assumptions used by the Entity to determine them, and confirmed, their alignment to the budgets approved by the Board of Directors. Additionally, we evaluated the reasonableness of the discount rate used determined by an external specialist, for which purpose we involved our financial advisory specialists. The results of our audit procedures were reasonable.

Notes 3 and 12 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 performed as required by International Auditing Standard 36 ("IAS 36"), in which the value in use, either using discounted future cash flows or; if necessary, it hires independent experts to calculate the fair value to determine if the carrying value of the assets is impaired. Furthermore, intangibles and goodwill have been assigned to the group of Cash Generate Units (CGUs) that benefited from the synergies generated in the acquisitions and they are subject to annual impairment tests. There is a risk that the determination of the assumptions used by management to calculate future cash flows, as well as the fair value determined by the independent expert, may not be reasonable based on current and future foreseeable conditions.

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

Control and substantive testing where we detail tested the projected income and expenses and based on such discounted cash flows; we further verified, based on our knowledge of the Entity and the audited historical information, that any nonrecurring effect was normalized in the financial projections. We also, involved our valuation specialists to support us in: reviewing the conclusion of CGUs according to management, evaluating the valuation methodology used, evaluating the reasonableness of the assumptions used in the valuation (projected information, the effect of taxes on the valuation, future investments in long- lived assets, the discount rate used) and to test the determination of the value in use of certain CGUs through the review of a sample of the appraisals made by external specialists. The results of our audit tests were reasonable.

Smart and Final acquisition

As mentioned in Note 15, on July 28, 2021, the acquisition process of Smart & Final Holding, Inc. (Smart & Final) and its subsidiaries concluded, through this, the Entity acquired 100% of the capital stock of Smart & Final. The consideration paid for the acquisition was US$593.5 million, this acquisition generated intangible assets (brands) and goodwill for approximately US$87 and US$149 million, respectively. We have identified that this acquisition is a key audit matter since there is a risk that the determination of fair values are incorrect or contains bias since it requires management to make significant estimates and assumptions related to its projections of future income, operating margins and the selection of an appropriate discount rate.

Our audit procedures to mitigate the risk in connection with the Smart & Final acquisition included reviewing the supporting documentation for the acquisition; auditing the payment of this transaction and the issuance of the related debt, as well as auditing the purchase price allocation to the assets and liabilities acquired in accordance with IFRS 3, for which we were assisted by our specialists in fair value, tax and pension valuation, and also reviewed the disclosures included in the notes to the consolidated financial statements. 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 Consolidated Financial Statements and the independent 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 33 Fraction I, subsection b) 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
March 16, 2022



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

Grupo Comercial Chedraui, S. A. B. de C. V. y Subsidiarias

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021 and 2020
(In thousands of Mexican pesos)

Assets	Notes	2021	2020
Current asset:			
Cash	5	$ 9,101,201	$ 5,444,663
Accounts and notes receivables – Net	6	2,196,814	1,338,964
Recoverable taxes	7	2,002,555	1,990,822
Accounts receivables from related parties	28c	66,348	34,132
Inventories	9	17,907,556	11,986,170
Assets classified as held for sale		95,296	-
Prepayments		866,717	483,003
Total current assets		**32,236,487**	**21,277,754**
Non-current assets:			
Property and equipment – Net	10	42,177,625	32,812,026
Right of use assets – Net	11	41,916,257	19,105,373
Investment properties	12	10,995,934	9,810,731
Investment in associates and join ventures	13	941,263	139,335
Other and intangible assets – Net	14	12,385,983	5,970,254
Long-term related parties	28d	37,035	37,035
Long-term accounts receivable		100,000	300,000
Deferred income tax asset	31b	249,052	997,349
Total non-current assets		**108,803,149**	**69,172,103**
Total		**$ 141,039,636**	**$ 90,449,857**

Equity and liabilities	Note	2021	2020
Current liabilities:			
Accounts and notes payable to suppliers	17	$ 26,284,436	$ 18,450,947
Factoring Corporativo, S.A. de C.V. – related party	17	1,119,735	1,041,955
Borrowings from financial institutions	18	-	2,000,000
Current portion of long-term liabilities	19	176,568	1,161,899
Current portion of lease liabilities	20	2,176,948	602,107
Payable taxes		1,025,089	573,411
Derivative financial instruments		-	54,622
Accrued expenses and other liabilities		7,761,104	3,863,196
Total current liabilities		**38,543,880**	27,748,137
Non-current liabilities:			
Long-term debt	19	17,390,970	6,185,526
Employee benefits	21	2,868,502	1,073,138
Deferred income tax liability	31b	2,625,453	2,607,595
Derivative financial instruments	22	45,421	253,193
Lease liabilities	20	44,596,809	22,330,604
Other liabilities		2,308,202	970,210
Total non-current liabilities		**69,835,357**	**33,420,266**
Total liabilities		**108,379,237**	**61,168,403**
Stockholders' equity:			
Capital stock	23	252,120	252,120
Additional paid in capital	23	3,526,882	3,474,014
Retained earnings	25	28,498,035	25,577,448
Remeasurement of defined benefit obligations	4	(167,564)	(242,387)
Cumulative translation adjustment	24	464,107	438,108
Financial instruments measurement	24	(30,085)	(210,376)
Equity attributable to owners of the Entity		**32,543,495**	**29,288,927**
Non-controlling interest	26	116,904	(7,473)
Total stockholders' equity		**32,660,399**	**29,281,454**
Total		**$ 141,039,636**	**$ 90,449,857**

The accompanying notes are part of the consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020
(In thousands of Mexican pesos)

	Notes	2021	2020
Revenues:			
Net sales		$ 188,486,814	$ 146,287,327
Cost of sales		146,534,618	113,907,525
Gross profit		**41,952,196**	**32,379,802**
Operating expenses:			
Wages and employee benefits		18,719,876	14,113,827
Professional services		2,110,357	1,406,739
Marketing expenses		1,397,558	1,147,476
Maintenance		1,617,730	1,178,089
Gas and electricity		2,466,788	1,898,159
Depreciation and amortization		5,239,802	3,854,953
Other expenses - net		1,651,808	1,847,060
Total operating expenses		**33,203,919**	**25,446,303**
Operating profit		**8,748,277**	**6,933,499**
Interest expense		(2,657,550)	(2,306,195)
Interest income		134,756	136,066
Exchange gain (loss) – Net		25,259	(9,537)
Other financing expenses		(1,355,688)	(1,006,283)
		(3,853,223)	**(3,185,949)**
Share of profit in associates and joint ventures		54,471	-
Profit before tax		4,949,525	3,747,550
Income taxes	31	1,469,028	1,073,108
Consolidated profit for the year		**$ 3,480,497**	**$ 2,674,442**
Owners of the Entity		$ 3,420,248	$ 2,589,117
Non-controlling interest	26	60,249	85,325
Consolidated profit for the year		**$ 3,480,497**	**$ 2,674,442**
Other comprehensive income, net of income taxes:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligations	24	$ 74,823	$ (57,449)
Items that may be reclassified subsequently to profit or loss:			
Cumulative translation adjustment	24	25,999	(27,598)
Financial instruments measurement	24	180,291	(199,119)
Total comprehensive income for the year		$ 3,761,610	$ 2,390,276
Owners of the Entity		$ 3,701,361	$ 2,304,951
Non-controlling interest	26	60,249	85,325
Total consolidated comprehensive income for the year		$ 3,761,610	$ 2,390,276
Basic and diluted earnings per share (in pesos)	27	$ 3.57	$ 2.71

The accompanying notes are part of the consolidated financial statements.



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

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2021 and 2020
(In thousands of Mexican pesos)

		STOCKHOLDER' EQUITY				OTHER ITEMS OF COMPREHENSIVE INCOME			
	Notes	Capital stock	Additional paid in capital	Retained earnings	Remeasurement of defined benefit obligations	Cumulative translation adjustment	Financial instruments measurement	Non-controlling interest	Total
Balance as of January 1, 2020		$ 252,120	$ 3,498,726	$ 23,377,497	$ (184,938)	$ 465,706	$ (11,257)	$ 12,476	$ 27,410,330
Dividends paid	25	-	-	(427,882)	-	-	-	-	(427,882)
Comprehensive income for the year	24	-	-	2,589,117	(57,449)	(27,598)	(199,119)	85,325	2,390,276
Repurchase of shares		-	-	49,052	-	-	-	-	49,052
Other	25 and 26	-	(24,712)	(10,336)	-	-	-	(105,274)	(140,322)
Balance as of December 31, 2020		252,120	3,474,014	25,577,448	(242,387)	438,108	(210,376)	(7,473)	29,281,454
Dividends paid	25	-	-	(457,858)	-	-	-	-	(457,858)
Comprehensive income for the year	24	-	-	3,420,248	74,823	25,999	180,291	60,249	3,761,610
Repurchase of shares		-	52,868	(84,234)	-	-	-	-	(31,366)
Other	25 and 26	-	-	42,431	-	-	-	64,128	106,559
Balance as of December 31, 2021		$ 252,120	$ 3,526,882	$ 28,498,035	$ (167,564)	$ 464,107	$ (30,085)	$ 116,904	$ 32,660,399

The accompanying notes are part of the consolidated financial statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020
(In thousands of Mexican pesos)

	2021	2020
Cash flow from operating activities:		
Profit before income tax	$ 4,949,525	$ 3,747,550
Adjustments for:		
Depreciation and amortization	5,400,238	3,798,854
Other asset movements – mainly exchange fluctuation	44,527	24,595
Loss (gain) on disposal of property and equipment	159,435	20,660
Interest income	(134,756)	(136,069)
Other movements in equity	102,429	-
Disposal of participation in other companies	135,000	-
Measurement of derivative financial instruments	(90,015)	87,231
Interest expense	2,657,550	2,306,196
	13,223,933	9,849,017
Movements in working capital:		
Accounts and notes receivables – Net	690,067	74,818
Inventories	(589,383)	1,619,576
Share of other comprehensive income of associates and joint ventures	(54,471)	-
Other assets – Net	(284,232)	38,907
Increase (decrease) in:		
Accounts and notes payable to suppliers	4,434,934	923,655
Other account payables and taxes	(1,487,695)	(293,129)
Changes in benefit obligations	169,731	104,707
Net cash generated by operating activities	**16,102,884**	**12,317,551**
Investing activities:		
Business acquisition	(11,481,519)	(22,500)
Acquisitions of property, equipment and investment property	(4,136,536)	(2,348,427)
Proceeds from disposal of property and equipment	71,704	10,762
Acquisition of other assets	(210,049)	(179,016)
Dividends received	-	2,078
Acquisition of shares in associate	-	(135,000)
Interest received	134,756	136,069
Net cash used in investing activities	**(15,621,644)**	**(2,536,034)**

	2021	2020
Financing activities:		
Repayment of loans	(8,235,356)	(3,493,783)
Proceeds on issuances of loans	16,296,770	2,000,000
Interest payment	(2,657,550)	(2,306,195)
Dividends paid	(457,858)	(427,882)
Leases liability payment	(1,390,792)	(564,555)
Other movements in equity	-	(140,324)
Payment of obligations related to the right of trust contract collection	-	(390,069)
Premium on sale of shares	56,997	-
Proceeds from sale of treasury shares	216,547	269,002
Repurchase of treasury shares	(300,781)	(219,950)
Net cash used in investing activities	**3,527,977**	**(5,273,756)**
Net increase in cash	4,009,217	4,507,761
Effects of exchange rate changes on the balances of cash held in foreign currencies	(352,679)	(47,142)
Cash at the beginning of the year	5,444,663	984,044
Cash at the end of the year	**$ 9,101,201**	**$ 5,444,663**

The accompanying notes are part of the consolidated financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021 and 2020
(In thousands of Mexican pesos)

1. Activities and relevant event of the year

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.

Smart & Final acquisition (note 15)

On July 28, 2021 Grupo Comercial Chedraui, S.A.B. of C.V. acquired through its subsidiary, Bodega Latina Corporation, all of the shares of Smart & Final Holding Inc. The acquired business was first consolidated in the Entity's Consolidated Financial Statements as of that date, the purchase price paid was US$593.5 million.

This new entity, Smart & Final, a small and fast price club for families and businesses offers a unique option with a variety of groceries in traditional and club-style presentations and sizes, fresh foods and supplies, without paying a membership and with excellent prices.

Smart & Final operates 254 stores in California, Arizona and Nevada. It also operates 16 additional stores in northwestern Mexico through a joint venture.

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

Initial impact of the application of the Reform of the reference interest rate

The amendments are relevant to the following types of hedging relationships and financial instruments of the Entity, all of which extend beyond 2021, the date on which the reform is expected to be implemented:

- Fair Value Hedges where LIBOR is linked to derivatives and are designated as fair value hedges for fixed rates of debt with respect to the LIBOR component of risk.
- Cash Flow Hedges where IBOR is linked to derivatives designated as IBOR Cash Flow Hedges related to bank loans; and
- Bills of exchange and lease liabilities that are referenced to LIBOR and are subject to interest rate benchmark reform.

The application of the modifications impacts the accounting of the Entity as follow:

- The Entity has issued debt denominated at a variable rate; its fair value is hedged using the fixed rate with LIBOR rate swaps. The amendments allow the continuation of hedge accounting even if in the future the reference rate, LIBOR, may not be separately identifiable and there is uncertainty about the replacement of variable free rates, including interest rate swaps. However, this does not extend to the requirement that interest rate risk components must continue to be measured reliably. If the risk component cannot be measured reliably, the accounting relationship will be discontinued.

The Entity will continue to apply the amendments of Phase 1 of IFRS 9/IAS 39 until the uncertainty arising from the reference rate reform with respect to the time and amount of the underlying cash flows to which the Entity is exposed ends. The Entity expects that the uncertainty continues until its IBOR-referenced contracts are amended to a specific date on which the reference rates will be replaced and the cash flow basis of the alternative reference rates is determined, including any fixed spread.

As a result of the Phase 2 modifications:

- When the contractual terms of the Entity's loans are modified, as a direct consequence of the reference rate reform and the new base to determine the contractual cash flows is equivalent to the immediate base that precedes the change, the Entity will change the basis for determining the contractual cash flows prospectively by reviewing the effective interest rate. If additional changes are made, which are not directly related to the reform, the requirements of IFRS 9 apply to other modifications.
- When changes are made to the hedging instruments, items and risk hedged as a result of the reference rate reform, the Entity updates the hedging documentation without discontinuing the hedging relationship and, in the event of a hedging of cash flows, the amount accumulated in the cash flow hedge reserve is considered based on SONIA.
- For the Entity, the fair value of hedges of a non-contractual reference interest rate, in transition to the alternative reference rate, if that risk rate cannot be identified separately at the date of designation, it will be considered that has complied with the identifiable separation at the date of designation, if the Entity reasonably expects that the term of the specific component of the interest rate will be within a period of 24 months from the date on which the reference rate is designated alternative, regardless of the term for which that coverage was determined. The 24-month period applies on a rate-by-rate basis.

Note 19 provides the required disclosures related to these modifications.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021— Amendment to IFRS 16

In the year, the Entity has decided not to apply the amendments of the IFRS 16 (as issued by the IASB in May 2021). The revaluation of the lease contracts had an immaterial impact on the right-of-use assets and lease liabilities.

New and revised IFRS Standards issued 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 IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IFRS 3	*Reference to the Conceptual Framework*
Amendments to IAS 16	*Property, Plant and Equipment—Proceeds before Intended Use*
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	*Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases*
Amendments to IAS 1 and IFRS Practice Statement	*Disclosure of Accounting Policies*
Amendments to IAS 8	*Definition of Accounting Estimates*
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The directors 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.

Annual Improvements to IFRS Standards 2018–2021

The Annual improvements include amendments to various standards, being the most relevant for the Entity the following:

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

The amendments are applied prospectively, for example, the fair value measurement on or after the initial date of application of the amendments applied to the Entity.

The amendment is effective for annual periods beginning on or after 1 January 2022, 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.

i. 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 considers 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 leasing transactions that are within the scope of IFRS 16, 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.** Cinputs are not based on observable market data (unobservable inputs).

Going concern basis

The consolidated financial statements have been prepared by management assuming that the Entity will continue operating as a going concern.

During 2021, due to the declaration of the COVID-19 pandemic, the application of sanitary containment measures continued in the locations where the Entity operates in line with the regulations of the local and federal health authorities. Due to the uncertainty and duration of this pandemic, the Entity analyzed the applicability of the going concern assumption, concluding it is reasonable to assume that the Entity will continue operating as a going concern in the near future.

The retail segment is considered essential activity and therefore its operation has not been affected. Revenues in the retail segment increased 9% compared to the previous year; this growth was driven by higher demand, a consequence of the current context of COVID-19, along with a successful commercial strategy.

In the real estate segment, a total of 26,539 square meters of leasable area were incorporated; with an increase in revenues of 12.7%, compared to the previous year, which shows a recovery of the sector in the middle of the current context of COVID-19. As of December 31, 2021, this segment holds lease receivables of $31,870, net of is expected credit loss reserve.

The increase in total revenues resulted in a better financial position of the Entity, which allowed pre- payment of bank loans. See note 19 and the recovery of the lease receivables for the settlement of the obligations under the collection trust.

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 acquirer'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 and in the USA for Bodega Latina Co., is listed below:

Company or Group	Participation rate	Activity
Tiendas Chedraui, S. A. de C.V.	99.91%	A chain of 338 self-service stores specializing in the sale of groceries, perishables, electronic goods, clothing and general merchandise. These stores operate under the following formats of stores: 182 Tiendas Chedraui, 21 Tiendas Chedraui Selecto, 59 Super Chedraui, 7 Super Chedraui Selecto, 10 Super Che and 59 Supercito.
Real estate division	99.99%	Seven companies engaged in the acquisition, construction, sale and lease of real property used for real estate activities.
Services division	99.99%	Four companies providing administrative and personnel services.
Bodega Latina Co.	90.00%	Chain of self-service stores with 64 stores located in the southern California, USA, that operate under the commercial name El Super, 59 stores located in Texas, USA, that operate under the commercial name of Fiesta Mart, 254 stores under the name of Smart & Final that operate in the south of USA and 16 stores in a Joint Venture under the commercial name of Smart & Final that operate in the Northwest of Mexico.
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 wellness.
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	
		2021	2020	2021	2020	2021	2020
Bodega Latina Co.	USA	10.00%	10.01%	$ 64,044	$ 80,903	$ 19,394	$ (66,007)

(i) The Entity owns 90.00% 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:

	2021	2020
Current assets	$ 11,878,366	$ 4,002,421
Non-current assets	61,685,655	21,784,099
Current liabilities	13,864,312	5,227,625
Non-current liabilities	59,505,761	21,218,296
Equity attributable to owners of the Entity	(401,835)	(593,394)
Non-controlling interest	19,394	(66,007)
Incomes	97,299,053	62,899,320
Cost, expenses and taxes	96,658,620	62,091,102
Net income (loss) of the year	640,433	808,217
Net income (loss) profit of the year to owners of the equity of the Entity	576,390	727,314
Net income (loss) profit of the year to non-controlling interest	64,043	80,903
Net income (loss) of the year	640,433	808,217
Net cash flow from operating activities	6,135,279	3,056,908
Net cash flow from investing activities	(13,869,963)	753,646
Net cash flows from financing activities	9,502,233	(3,495,556)
Net increase in cash flow	1,767,549	314,998

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 investment's 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 22.

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 investment's 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 investment's 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.

(i) 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 considered 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 are 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.

(ii) 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 considering 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.

(iii) 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.

(iv) 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, considering legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) 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 investment's 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 investment's 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 24) 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 22.

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 24) 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 8.

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 22 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 24.

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 Entity 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 lease income 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 Entity 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 16).

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 15) 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 and join venture

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.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

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.

The Entity continues using the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no revaluation at fair value on these changes in the participation.

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 Entity 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 Entity 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 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. In relation to contracts that contain lease components and one or more additional lease or non-lease components, the Entity assigns the consideration of the contract to each lease component under the relative sales price method independent of the lease component and relative sales price independent aggregate for all non-lease components.

- 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.

Lease 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.

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, 2021 and 2020, 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 Entity 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, considering 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. Workers compensation

The Entity is liable for losses on claims up to $500 dollars to its workers in the USA. The rest of the obligations for accidents of workers in the USA are covered by the Entity's insurance policies, the Entity has granted letters of credit as guarantee for the insurance. Significant judgment is required to estimate Incurred But Not Reported (IBNR) amounts, as parties have yet to assert such claims. Workers' compensation liabilities are calculated on a present value basis utilizing a risk-adjusted discount rate. The liability as of December 31, 2021 is approximately $1,022,000.

z. General Liability

The Entity is liable for losses on general liability claims up to $250 dollars, in its stores in the USA. The rest of the obligations for accidents that occur in its stores in the USA are covered by an insurance company; however, significant judgment is required to estimate IBNR amounts as parties have yet to assert such claims. The liability as of December 31, 2021 is approximately $599,000.

aa. Revenue recognition

The entity recognizes income from the following sources:

- Sales of goods and dividend income.
- Income from the lease 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, 2021, and 2020, a balance of $333,411 and $350,515, respectively, is included in the balance sheet in creditors and accumulated expenses.

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 in the consolidated financial statements. The estimates and relative assumptions are based on experience and other factors that are considered relevant, the context of the COVID-19 pandemic has a short-term impact, the estimates are long- term, so the main impact is on the financial inputs that capture the uncertainty of the current moment. Actual results could 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 Entity is primarily self-insured for Workers' compensation, auto, medical and general liability. The Entity recognizes its self-insurance liabilities using actuarial estimates, based on claims filed and an estimate of claims incurred but not yet reported ("IBNR") and the Company updates these reserves as new information becomes known. Actual claims experience can affect these estimates, and to the extent that subsequent claim costs vary from estimates, future profits could be affected. The Entity has purchased stop-loss coverage to limit its exposure to any significant exposure on a per-claim basis. The Entity is insured for covered costs in excess of these per claim limits.

- 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.

- The calculation of the value in use to perform the impairment tests requires that the Entity; based on its judgment, determine the cash-generating units appropriate to its environment to determine discounted future cash flows at an appropriate discount rate to calculate present value. Goodwill is assigned to each of the Entity's cash-generating units that expects to obtain benefits from certain synergies. In its case, the impact would be recorded in the corresponding asset item and the result of the period.

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.

Determination of future cash flows for impairment assessment

When performing impairment tests on its long-lived assets, the Entity makes estimates of the value in use assigned to its property and equipment, intangible assets, goodwill and cash-generating units. The value in use calculations require the Entity to determine the future cash flows that will arise from the cash-generating units and an appropriate discount rate to calculate the present value. The Entity uses projections of future cash flows using estimates of market conditions, determination of prices and sales volumes.

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.

Lease liability and right-of-use assets determination

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. Cash and cash and equivalents

	2021	2020
Cash	$ 362,301	$ 157,226
Bank balances	2,142,740	864,019
Cash equivalents	6,596,160	4,423,418
	$ 9,101,201	$ 5,444,663

6. Accounts and note receivable – Net

	2021	2020
Costumers	$ 423,731	$ 463,963
Allowance for doubtful accounts	(56,956)	(62,591)
	366,775	401,372
Sundry debtors	1,809,381	914,421
Advance payments	1,460	3,222
Notes receivable	19,198	19,949
	$ 2,196,814	$ 1,338,964

a. Accounts receivable from customers

The customer balances disclosed in the table above are classified as accounts receivable and therefore are valued at amortized cost, which is similar to their book value, 99% of the retail sales are made in cash. As of December 31, 2021, and 2020 the accounts receivable related to the real estate segment increased due to the context of COVID-19, closing with a net balance of $10,071 and $44,290 respectively.

The accounts receivable from customers detailed in this Note included 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:

	2021	2020
Up to 30 days	$ 8,743	$ 17,266
31 – 60 days	2,214	8,736
61 – 90 days	8,177	6,131
More than 90 days	14,820	29,929
Total	$ 33,954	$ 62,062

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

	2021	2020
Balance at the beginning of the year	$ (62,591)	$ (30,537)
Reserve increases	(13,843)	(40,709)
Reservation application	19,478	8,655
Balance at the end of the year	$ (56,956)	$ (62,591)

7. Recoverable taxes

	2021	2020
Income tax	$ 284,738	$ 247,634
Tax credits, mainly value added tax (VAT)	1,339,311	1,209,609
Recoverable tax (employment subsidy)	1,086	1,313
Recoverable tax for production and services (IEPS)	377,420	532,266
Total	$ 2,002,555	$ 1,990,822

8. 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.

At the end of 2021, there is one swap to fix the LIBOR rate due in July 2025 with a notional of US$200 million and a fixed rate of 1.409% that covers a long-term loan contracted by a subsidiary of the Entity.

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.

9. Inventories

	2021	2020
Finished goods	$ 17,432,296	$ 11,575,735
Raw materials	343,785	286,051
Productions in process	17,145	16,839
Others	114,330	107,545
	$ 17,907,556	$ 11,986,170



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, 2020	$ 26,378,287	14,320,199	2,341,390	247,055	1,206,666	6,083,616	50,577,213
Acquisitions	758,678	922,706	162,216	10,129	481,789	12,909	2,348,427
Net effect of foreign currency exchange differences	93,774	129,913	4,765	1,077	631	-	230,160
Business acquisition	-	31,554	-	-	-	-	31,554
Disposals	(30,642)	(436,047)	(268,872)	(30,424)	(4,181)	-	(770,166)
Transfers to investments properties	195,670	126,845	17,749	32,122	(694,713)	23,273	(299,054)
Balances as of December 31, 2020	27,395,767	15,095,170	2,257,248	259,959	990,192	6,119,798	52,118,134
Acquisitions	1,084,355	1,149,640	181,503	8,530	1,455,360	257,148	4,136,536
Net effect of foreign currency exchange differences	209,304	223,592	4,828	3,776	614	2,242	444,356
Business acquisition (note 15)	4,851,648	4,228,052	75,710	90,528	7,419	70,986	9,324,343
Disposals	(20,530)	(163,276)	(113,106)	(55,458)	(1,570)	(149,658)	(503,598)
Transfers to investments properties and assets classified as held for sale	37,464	292,827	27,726	74	(1,582,906)	(55,698)	(1,280,513)
Balances as of December 31, 2021	**$ 33,558,078**	**$ 20,826,005**	**$ 2,433,909**	**$307,409**	**$ 869,109**	**$ 6,244,818**	**$ 64,239,258**
Depreciation							
Balance as of January 1, 2020	$ (7,494,944)	$ (7,964,512)	$ (1,974,884)	$ (177,515)	$ -	$ -	$ (17,611,855)
Depreciation expenses	(774,736)	(1,451,578)	(180,209)	(26,470)	-	-	(2,432,993)
Transfers	(2,882)	2,150	737	(5)	-	-	-
Disposals	44,313	412,538	266,833	15,056	-	-	738,740
Balances as of December 31, 2020	(8,228,249)	(9,001,402)	(1,887,523)	(188,934)		-	(19,306,108)
Depreciation expenses	(1,052,994)	(1,739,660)	(196,716)	(37,005)	-	-	(3,026,375)
Business acquisition	(2,214)	-	-	-	-	-	(2,214)
Transfers	609	(421)	411	(5)	-	-	594
Disposals	11,274	145,643	64,199	51,354	-	-	272,470
Balances as of December 31, 2021	$ (9,271,574)	$ (10,595,840)	$ (2,019,629)	$ (174,590)	$ -	$ -	$ (22,061,633)
Total as of December 31, 2020	$ 19,167,518	$ 6,093,768	$ 369,725	$ 71,025	$ 990,192	$ 6,119,798	$ 32,812,026
Total as of December 31, 2021	$ 24,286,434	$ 10,230,165	$ 414,280	$ 132,819	$ 869,109	$ 6,244,818	$ 42,177,625

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

	Years
Buildings [3]	60
Improvement to lease properties	30 in average
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 short of the life of the asset and the lease term.

11. Right-of-use assets – Net

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

Gross right-of-use assets	Building	Store equipment	Vehicles	Airplane	Computer equipment	Intangible	Total
Cost:							
Balance as of January 1, 2020	$ 23,936,198	$ 118,025	$ 218,634	$ 798,807	$ 386,087	$ 14,012	$ 25,471,763
Acquisitions	282,703	-	32,170	-	2,021	-	316,894
Others	(89,198)	11	80	(2,523)	-	-	(91,630)
Disposals	(239,264)	-	(11,555)	-	-	-	(250,819)
Reevaluations	221,619	3	-	-	-	-	221,622
Exchange effects	782,688	-	1,036	-	-	-	783,724
Balances as of December 31, 2020	24,894,746	118,039	240,365	796,284	388,108	14,012	26,451,554
Business acquisition	22,928,112	-	-	-	-	-	22,928,112
Acquisitions	232,118	33,289	78,417	-	1,779	-	345,603
Others	(17,389)	(323)	(30)	80	1,778	-	(15,884)
Disposals	(8,680)	(18,470)	(55,339)	-	(1,656)	-	(84,145)
Reevaluations	554,660	-	-	-	-	-	554,660
Exchange effects	1,149,285	-	636	-	-	-	1,149,921
Balances as of December 31, 2021	$ 49,732,852	$ 132,535	$ 264,049	$ 796,364	$ 390,009	$ 14,012	$ 51,329,821
Depreciation:							
Balance as of January 1, 2020	$ (5,296,662)	$ (109,646)	$ (154,000)	$ (361,231)	$ (317,857)	$ (14,012)	$ (6,253,408)
Disposals	27,602	-	8,475	-	-	-	36,077
Depreciation expenses	(977,275)	(3,580)	(37,001)	(64,051)	(46,943)	-	(1,128,850)
Balances at December 31, 2020	(6,246,335)	(113,226)	(182,526)	(425,282)	(364,800)	(14,012)	(7,346,181)
Disposals	1,079	1,327	11,126	-	1,283	-	14,815
Depreciation expenses	(1,961,588)	(2,761)	(35,273)	(60,739)	(21,837)	-	(2,082,198)
Balances at December 31, 2021	$ (8,206,844)	$ (114,660)	$ (206,673)	$ (486,021)	$ (385,354)	$ (14,012)	$ (9,413,564)
Net book value:							
Total at December 31, 2020	$ 18,648,411	$ 4,813	$ 57,839	$ 371,002	$ 23,308	$ -	$ 19,105,373
Total at December 31, 2021	$ 41,526,008	$ 17,875	$ 57,376	$ 310,343	$ 4,655	$ -	$ 41,916,257

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

Leased assets	Average lease term 2021	Average lease term 2020
Vehicles	3 years	3 years
Buildings	25 years	25 years
Airplane	10 years	10 years
Computer equipment	3 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 $1,390 in 2020, respectively.

The maturity analysis of the lease liabilities is presented in note 20.

Amounts recognized in the consolidated financial statements for leases:

	2021	2020
Depreciation of lease right-of-use assets	$ 1,967,988	$ 1,187,419
Interest accrued on lease liabilities	2,189,905	1,573,309
Expense related to short-term lease	89,282	69,137
Expense related to leasing of low value assets	8,457	9,162
Expense related to variable lease payments not included in the measurement of lease liabilities	109,851	95,325



The Entity has commitments of $2,176,948 and $602,107 as of December 31, 2021 and 2020, respectively, for short-term leases.

Some of the leases of properties in which the Entity is a 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:

	2021	2020
Fixed payments	$ 3,570,165	$ 2,108,217
Variable payments, short-term and low- value leases	207,590	173,624
Total lease payments	$ 3,777,755	$ 2,281,841

As of December 31, 2021, and 2020, variable payments constitute 5.5% and 7.6%; 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 in a similar proportion of store sales.

12. Investment property

	2021	2020
Balances as of the beginning of the year	9,810,731	9,511,675
Transfers from property and equipment	1,232,643	299,056
Transfers to assets classified as held for sale	(47,440)	-
Balances as of year end	$10,995,934	$ 9,810,731

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 is considered the highest and best use of the property in its current use. The net gain on property revaluation is presented under other expenses-net in the consolidated statements of profit or loss and other comprehensive income.

The Entity receives lease income from investment properties, all of which are under operating leases, amounting to $916,001 and $811,908 for 2021 and 2020, respectively. Operating expenses directly related to investment properties were $314,067 and $347,247 for 2021 and 2020, respectively.

During 2021, lease income increased by 12.7%, compared to the previous year in which the real estate segment was affected by the current COVID19 pandemic mainly due to temporary discounts in lease revenue. The fair value of the investment properties is determined using long-term assumptions and the effect of the pandemic is envisioned only in the short-term, therefore management carried out the valuation as of December 31, 2021 considering a constant recovery.

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	10.83%	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
			Occupancy rate	97%, depending on location	A higher occupancy rate results in higher fair value

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

13. Investment in associates and join ventures

As of December 31, 2021, the entire share in the results of associates and joint ventures for $54,471 corresponds to the investment in Smart & Final del Noroeste, S.A. of C.V.

Name	Type of invest	Principal activity	Place of incorporation and principal place of business	Investment in Joint Venture and Associates 2021	2020
Smart & Final del Noroeste, S.A. de C.V.	Join venture	It operates 16 stores in the Northwest of Mexico	Mexico	$ 936,928	$ -
Others	Associate	Real Estate	Mexico	4,335	4,335
Puerta Aragón, S.A. de C.V.	Associate	Real Estate	Mexico	-	135,000
Total				$ 941,263	$ 139,335

14. Other and intangible assets - Net

	2021	2020
Guarantee deposits	$ 1,270,825	$ 489,934
Goodwill (1) – Note 16	5,452,219	2,310,527
Other long-terms receivables	-	5,693
Advances for acquisition of property and equipment	164,445	747,828
Other non-current assets, mainly prepaid expenses	406,734	79,914
Other assets	7,294,223	3,633,896
Intangibles:		
Software and licenses	3,134,412	2,194,813
Accumulated software and licenses amortization	(1,829,213)	(1,807,442)
	1,305,199	387,371
Fiesta Mart trademark	2,011,008	1,948,987
Smart & Final trademark	1,775,553	-
Total other and intangible assets – Net	$ 12,385,983	$ 5,970,254

(1) Represents the excess of the price paid for the market value of the assets and assumed liabilities related to:

	2021	2020
Cash generating units to which goodwill is assigned:		
254 tiendas in California, USA	$ 3,075,361	$ -
61 stores in Texas USA	1,143,502	1,108,227
29 stores in the south of Angeles USA	1,007,040	975,984
3 stores in Baja California Sur Mexico	216,026	216,026
5 stores in the center of Mexico	10,290	10,290
Total	$ 5,452,219	$ 2,310,527

The reconciliation of intangibles is as follows:

	2021	2020
Cost		
Balance at beginning of January	$ 2,194,813	$ 2,009,027
Disposals	(296,749)	(543)
Acquisitions	210,049	179,017
Acquisitions of Smart & Final	1,022,549	-
Foreign currency translation effect	3,750	7,312
Balance as of December:	$ 3,134,412	$ 2,194,813
Amortization		
Balance at beginning of January	$ (1,807,442)	$ (1,570,520)
Amortization cost	(292,258)	(237,011)
Disposals	270,487	89
Balance as of December:	$ (1,829,213)	$ (1,807,442)
Intangible – Net	$ 1,305,199	$ 387,371

15. Business combination

a. Subsidiary acquired

Name of entity	Principal activity	Acquisition date	Units acquired	Consideration transferred in thousand dollars	Consideration transferred in thousands of Mexican pesos
Smart & Final Holdings Inc.	Self- service stores	July 28, 2021	254 stores	$ 593,501	$ 11,842,436

Business acquisition

During 2021 the Entity acquired 100% of the capital stock of Smart & Final Holdings Inc. Acquiring 254 stores and 16 stores under a Joint Venture format under the name Smart & Final del Noroeste, S.A de C.V. The acquisition was made to expand the Entity's geographic location.

b. Consideration transferred

	2021 thousands of US dollars	2021 thousands of Mexican pesos
Cash consideration	$ 593,501	$11,842,436

Costs related to the acquisition of $283,378 were excluded from the consideration transferred and were recognized as an expense in the period, within "other expenses" in the statement of income and other comprehensive income.

c. Assets acquired and liabilities assumed are as set out in the table below

Current assets	Smart & Final Holdings Inc.
Cash and cash and equivalents	$ 360,917
Accounts and notes receivables – Net	865,332
Inventories	5,094,771
Other accounts receivables	224,327
	$ 6,545,347
Non-current assets	
Property and equipment – Net	$ 9,322,129
Investment in join ventures	856,005
Other assets (*)	3,529,962
Right of use assets	22,928,112
	$ 36,636,208
Current liabilities	
Accounts payables and other accounts payables	$ (7,003,784)
Accrued expenses and other liabilities	(1,584,943)
	$ (8,588,727)
Non-current assets	
Lease liabilities	$ (21,566,218)
Deferred taxes	(1,040,381)
Other liabilities	(3,125,032)
	$ (25,731,631)
	8,861,197

(*) Includes Smart & Final trademark of $1,735,955.

The initial accounting for the acquisition of Smart & Final Holding Inc. has only been provisionally determined at the end of the reporting period. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations had not been finalized and they have therefore only been provisionally determined based on the Entity's best estimate of the likely tax values.

d. Goodwill that arises from the Acquisition

	Smart & Final Holdings Inc. thousands of US dollars	Smart & Final Holdings Inc., thousands of Mexican pesos
Consideration transferred	$ 593,501	$ 11,842,436
Less: fair value of the assets acquired	444,092	8,861,197
Goodwill	$ 149,409	$ 2,981,239

Goodwill arising on the acquisition of Smart & Final Holdings Inc. included amounts in relation to the benefits of expected synergies, revenue growth, future market development and the workforce that has been assembled from Smart & Final Holdings Inc. 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 not redeemable for tax purposes.

e. Net cash outflow on acquisition of subsidiaries

	2021
Consideration paid in cash	$ 11,842,436
Less: cash and cash equivalent balances acquired	360,917
	$ 11,481,519

f. Effect of acquisitions on the results of the Entity

The result for the year includes a loss of $434,798 attributable to additional business generated by Smart & Final Holdings Inc. and income for the year includes $38,230,742 related to the acquisition of Smart & Final Holdings Inc.

If these business combinations had been occurred on January 1, 2021, the Entity's income from continuing operations would have been $233,448,396, while the result of the year from continuing operations would have been $2,629,888.

In determining the Entity's income and profit, if Smart & Final Holdings Inc. had been acquired at the beginning of the current reporting period, management would have:

- Calculated the depreciation of property and equipment acquired based on their fair value at initial recognition for the business combination, and not the book values recognized in the financial statements prior to the acquisition;
- Based on borrowing costs on funding levels, credit ratings and the Entity's liability/equity position, after the business combination.

16. Goodwill

	2021	2020
Cost		
Balance at the beginning of the year	$ 2,310,527	$ 2,184,948
Additional amounts recognized from business combinations occurring during the year (note 15 for 2021)	2,981,239	10,290
Effect of foreign currency exchange differences	160,453	115,289
Balance at the end of the year	$ 5,452,219	$ 2,310,527

a. Allocation of goodwill to cash-generating units

For purposes of performing impairment tests, goodwill was assigned to the group of cash-generating units that benefited from the synergies generated by the acquisitions.

2. 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, 2021 and 2020, the Entity's debt obligation is composed as follows:

	2021	2020
Current	$ 11,183,460	$ 6,100,690
Up to 30 days	10,580,627	8,242,474
Up to 60 days	3,120,496	2,410,899
Up to 90 days	2,065,116	2,336,755
More than 90 days	454,472	402,084
	$ 27,404,171	$ 19,492,902

18. Borrowings with financial institutions

Public debt certificates (CEBURES)	2021	2020
Public debt certificates were issued on November 26, 2020 that allow the Entity to use them as working capital. CEBURES accrue interest at a variable rate of TIIE + 0.36% due on November 25, 2021. The rate as of December 31, 2020 was 4.85%	$ -	$ 1,000,000
Public debt certificates were issued on December 3, 2020 that allow the Entity to use them as working capital. CEBURES accrue interest at a variable rate of TIIE + 0.34% maturing on October 2, 2021. The rate as of December 31, 2020 was 4.83%	-	1,000,000
Short term debt certificates	**$ -**	**$ 2,000,000**

19. Long-term debt

	2021	2020
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 0.85% with expiration on 10 years, with payment of principal beginning on July 4, 2017. The rate as of December 31, 2020 was 5.49%. The loan was prepaid on December 6, 2021.	-	$ 1,068,533
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 0.85% with expiration on 10 years from September, 2016 and payment of principal beginning on October 12, 2018. The rate as of December 31, 2021 and 2020 was 5.84% and 5.45%, respectively.	26,568	179,217
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 0.85%, with ten years as of November 2017 and payments of principal beginning on December 2019. There was a prepayment of $300 million pesos, with a new expiration date on May 10, 2026. The rate as of December 31, 2021 and December 31, 2020 was 5.84% and 5.45% respectively. This loan was prepaid during February 2022.	662,500	1,112,500

	2021	2020
Syndicated loan contracted on July 26, 2021 for $620 million dollars, entered into by Bodega Latina Co., with the guarantee of Grupo Comercial Chedraui, S.A.B. de C.V, Tiendas Chedraui, S.A. de C.V., Inmobiliaria Kira, S.A, Fiesta Mart Invesments, L.L.C., Fiesta Mart Holdings, L.L.C, Fiesta Mart, L.L.C., with the participation of 3 leading banks: Bank of America, N.A., BBVA Bancomer S.A. and Scotiabank Inverlat, S.A., as well as 8 additional banks. The agreed rate of Libor plus 1.55%. with expiration on 5 years.	$ 12,761,770	$ -
Refinanced syndicated Loan on July 26, 2021 for $200 million dollars (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., Fiesta Mart Invesments, L.L.C., Fiesta Mart Holdings, L.L.C, Fiesta Mart, L.L.C., with the participation of 3 leading banks: Bank of America, N.A., BBVA Bancomer S.A. and Scotiabank Inverlat, S.A., at a Libor rate plus 1.25% with a term of 4 years.	4,116,700	4,987,175
Long term debt	17,567,538	7,347,425
Less – current portion	176,568	1,161,899
	$ 17,390,970	$ 6,185,526

The Entity currently has two contracts, one for US$ 200 million and the other for US$ 620 million, signed on July 26, 2021, which already include the mechanism to replace the LIBOR rate with a new rate called SOFR (Secured Overnight Financing Rate, for its acronym in English), when the bank so communicates. The reference rate will be determined by the value of the SOFR at the time of substitution plus 11,448 basis points for having monthly maturities. The Entity assumes not to implement changes in risk management due to the change in the reference rate.

At December 31, 2021 and 2020, the Entity was in compliance with the covenants set forth in each of the contracts.

a. Reconciliation of obligations derived from financing activities

	1, 2021	Acquisitions	Other	Payments	Exchange effect	Balance as of December 31, 2021
Borrowings from financial institutions	$ 9,347,425	$ 16,296,770	$ -	$ (8,235,357)	$ 158,700	$ 17,567,538
Leases obligations	$ 22,932,711	$ 24,237,565	$ 467,339	$ (1,390,792)	$ 526,934	$ 46,773,757

	1, 2020	Acquisitions	Other	Payments	Exchange effect	Balance as of December 31, 2020
Borrowings from financial institutions	$ 10,500,738	$ 2,000,000	$ -	$ (3,493,783)	$ 340,470	$ 9,347,425
Leases obligations	$ 22,321,702	$ 316,894	$ (90,262)	$ (564,555)	$ 948,932	$ 22,932,711

20.Lease liabilities

	2021 Liabilities	2021 Interest	2020 Liabilities	2020 Interest
Maturity:				
1 year	$ 2,176,948	$ 2,784,356	$ 602,107	$ 1,442,142
2 years	1,999,433	2,660,570	626,363	1,405,257
3 years	2,360,235	2,527,852	612,872	1,367,914
4 years	2,515,476	2,392,406	648,557	1,329,562
5 years	2,787,577	2,261,658	700,149	1,288,280
Subsequent years	34,934,088	19,239,334	19,742,663	15,457,965
	$ 46,773,757	$ 31,866,176	$ 22,932,711	$ 22,291,120
Maturity of short-term	$ 2,176,948	$ 2,784,356	$ 602,107	$ 1,442,142
Maturity of long-term	$ 44,596,809	$ 29,081,820	$ 22,330,604	$ 20,848,978

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

21. 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 $97,468 and $88,881, respectively. The Entity makes payments to defined contribution plans in the US, also known as 401 (k) plans, in which the Entity makes contributions to the individual funds of its employees, in proportion to the voluntary contributions made by the employees. The expense for this item was $76,214 in 2021.

b. *Defined benefit plans*

Seniority premium in Mexico: 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 is approximately of $1,125,000.

Smart & Final pension plan: As a result of the acquisition of Smart & Final Inc., see note 15, there is a defined benefit plan which, prior to June 1, 2008, covered substantially all full-time employees following a vesting period of 5 years (the "Participants") and provided defined benefits based on the years of service and final average salary at the time of retirement. This plan was frozen for the accruing of future benefits for the majority of the Participants (the "Frozen Participants") effective June 1, 2008. As of December 31, 2020, there were approximately 436 hourly paid employees in Entity's distribution and transportation operations accruing future benefits under this plan and who remain eligible for participation in this pension plan (the "Active Participants"). No new employees are eligible for participation in the Smart & Final Pension Plan with the exception of eligible new hires in Smart & Final's distribution and transportation operations. The Entity makes contributions to the Smart & Final Pension Plan in accordance with the requirements of the "Employee Retirement Income Security Act of 1974, as amended". The net defined benefit pension liability as of December 31, 2021 is approximately $1,374,072.

Supplemental executive retirement plan (the "SERP"): As a result of the acquisition of Smart & Final Inc., see note 15, there is a nonqualified defined benefit supplemental executive retirement plan which provides supplemental income payments for certain current executives and former corporate officers in retirement. No new participants are eligible for participation and service and compensation accruals were frozen effective January 1, 2008. The defined benefit net liability as of December 31, 2021 is approximately $9,387.

Post-employment and post-retirement benefits: As a result of the acquisition of Smart & Final Inc., see note 15, there is a plan that offers health benefits for certain employees who have retired from the Entity. Prior to June 1, 2008, substantially all full-time employees could become eligible for such benefits if they reached retirement age while still working for the Entity. The Entity froze the accruing of benefits for eligible participants effective June 1, 2008. Participants who were eligible for a retiree medical benefit and retired prior to June 1, 2009 continue to be eligible for retiree medical coverage. Net defined benefit liability as of December 31, 2021, is approximately $360,000.

The related liability and the annual cost of following plans are calculated by an independent actuary in accordance with the bases defined in the plans, using the projected unit credit method.

c. *Deferred compensation plan*

As a result of the acquisition of Smart & Final Inc., see note 15, the Entity maintains two voluntary, contributory, nonqualified deferred compensation plans, one of which no longer permitted deferrals after January 1, 2019, and one of which, for each year, permits key employees to elect to defer up to 100% of their compensation for such year until retirement. The retirement benefit to be provided under the plans is a function of the participant's deferred compensation and earnings thereupon. The plans are designed to primarily fund the retirement liability through maintenance of certain investments, including participant cash deferrals. The long-term liability for this deferred compensation as of December 31, 2021 is $534,327 and is presented under Other long-term liabilities in the consolidated statement of financial position. The Entity maintains certain investments, including corporate-owned life insurance policies, that had a fair value that offsets the participant liabilities at the end of each year.

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:

d. Nominal rates used in actuarial calculations are as follows:

	2021 %	2020 %
Discount of the projected benefit obligation at present value	8.00	6.75
Discount of the projected benefit obligation at present value in the USA	2.80	-
Salary increase	4.50	4.50
Salary increase in the USA	3.25	-
Salary increase (minimum by law)	3.50	3.50

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

	2021	2020
Service cost:		
Current service cost	$ 167,806	$ 76,180
Net interest expense	101,286	59,044
	$ 269,092	$ 135,224
Remeasurement on the net defined benefit liability:		
Actuarial (gains) losses arising from changes in demographic assumptions	$ (106,890)	$ 82,071

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

f. The amount included in the statements of financial position that arises from the Entity's obligation with respect to its defined benefit plans is as follows:

	2021	2020
Defined benefit obligations	$ 6,851,383	$ 1,080,215
Fair value of plan assets	(3,982,881)	(7,077)
Net liability arising from defined benefit obligation	$ 2,868,502	$ 1,073,138

g. Changes in the present value of the defined benefit obligation:

	2021	2020
Opening defined benefit obligation	$ 1,080,215	$ 897,958
Business acquisition	5,674,401	20,373
Current service cost	167,806	75,770
Interest cost	193,223	59,522
Benefits paid	(157,372)	(55,261)
Cost recognized via comprehensive income	(106,890)	81,853
Closing defined benefit obligation	$ 6,851,383	$ 1,080,215

h. Movements in the fair value of plan assets in the year were as follows:

	2021	2020
Opening fair value of plan assets	$ 7,077	$ 6,815
Business combination	3,378,695	-
Interest income	91,937	262
Contributions from the employer	1,060	-
Contributions from plan participants	92,934	-
Administrative expenses	(51,364)	-
Benefits paid	(86,443)	-
Closing fair value of plan assets	3,433,896	7,077
Insurance policy reserve fund	548,985	-
Final fair value of plan assets	$ 3,982,881	$ 7,077

The plan's assets are managed by specialists in external investment portfolios or assigned to investment funds that follow investment indices or indicators, which are periodically adjusted as decided by the Entity. The portfolio administrators allocate the plan assets according to the instructions of the Entity. The Entity's investment strategy has been to allocate the largest proportion of plan assets to investments in shares to achieve returns that make plan assets grow to cover labor liabilities, but always within acceptable risk ranges.

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 $84,343.

If the expected salary growth had decreased by 100 basis points, the defined benefit obligation would have decreased by $70,598.

If the life expectancy had increased by one year for both men and women, the defined benefit obligation would have increased by $1,874.

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.

22. 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 2020.

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 18 and 19 offset by cash and cash equivalents) and equity of the Entity (comprising issued capital, reserves, and retained earnings as detailed in Note 23).

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:

	2021	2020
Debt (i)	$ 17,567,538	$ 9,347,425
Cash	9,101,201	5,444,663
Net debt	$ 8,466,337	$ 3,902,762
Controlling interest (ii)	32,660,399	29,288,927
Net debt to equity ratio	25.92%	13.33%

(i) Debt is defined as long- and short-term borrowings, as described in Notes 18 and 19.

(ii) The controlling interest includes all capital and reserves of the Group that are managed as capital.

b. *Financial instruments categories*

	2021	2020
Financial assets		
Cash	$ 9,101,201	$ 5,444,663
Loans and receivables:		
Accounts and notes receivable - Net	$ 2,196,814	$ 1,338,964
Current accounts receivable from related parties	66,348	34,132
Non-current accounts receivable from related parties	37,035	37,035
Long-term accounts receivable	100,000	300,000
Guarantee deposits (**)	1,270,825	489,934

Financial liabilities	2021	2020
At amortized cost:		
Accounts and notes payable to suppliers and related parties	$ 27,404,171	$ 19,492,902
Other accounts payables (*)	7,117,313	3,651,349
Debt securities listed in the current stock exchange	-	2,000,000
Current portion of long-term debt	176,568	1,161,899
Current portion of lease obligations	2,176,948	602,107
Long-term debt	17,390,970	6,185,526
Lease obligations	44,596,809	22,330,604
Derivative financial instruments	-	54,622
Long-term derivative financial instruments	45,421	253,193

(*) Included in the balance into the accrued taxes and expenses.

(**) Included in the balance into the other long-term liabilities.

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:

In thousands of US dollars	2021	2020
Assets	$ 645,495	$ 216,607
Liabilities	(3,391,144)	(1,307,276)
Net US dollar liabilities	$(2,745,649)	$ (1,090,669)
Year-end exchange rate ($ per 1 dollar)	20.58	19.95

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:

In thousands of US dollars	2021	2020
Assets	$ 11,099	$ 9,222
Liabilities	(31,162)	(28,791)
Net US dollar assets (liabilities)	$ (20,063)	$ (19,569)
Year-end exchange rate ($ per 1 dollar)	20.58	19.95

- Approximately 1.90% and 1.72% of goods inventories were imported by the Entity in 2021 and 2020, respectively.

- Transactions in thousands of US dollars as of December 31, 2021 and 2020 include import purchases of $77,351 and $64,675 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 $82,595 and $78,076 for the years ended December 31, 2021 and 2020, 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.

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 $33,407 and $34,370 as of December 31, 2021 and 2020, 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, 2021 and 2020 is $3,727,977 and $2,268,353, 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, 2021, there are credit lines available for $8,296 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, 2021 and 2020 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.

2021	One year	Two years	Three years	More than three years	Total
Borrowings with financial institutions	$ 512,038	$ 476,082	$ 466,917	$ 17,530,098	$ 18,985,135
Various debtors	7,117,313	-	-	-	7,117,313
Accounts and notes payable to suppliers	27,404,171	-	-	-	27,404,171
Lease obligations	4,961,304	4,660,003	4,888,088	64,130,539	78,639,934
Total	$ 39,994,826	$ 5,136,085	$ 5,355,005	$ 81,660,637	$ 132,146,553

(*) TIIE 5.71% and LIBOR 0.29% for interest projection plus spread of each credit.

2020	One year	Two years	Three years	More than three years	Total
Borrowings with financial institutions	$ 2,086,134	$ -	$ -	$ -	$ 2,086,134
Long-term liabilities (including current portion) (*)	1,376,583	3,088,880	2,231,817	1,202,453	7,899,733
Various debtors	3,651,349	-	-	-	3,651,349
Accounts and notes payable to suppliers	19,492,899	-	-	-	19,492,899
Lease obligations	2,044,249	2,031,621	1,980,786	39,167,176	45,223,832
Total	$ 28,651,214	$ 5,120,501	$ 4,212,603	$ 40,369,629	$ 78,353,947

(*) TIIE 4.48% and LIBOR 0.76% for interest projection plus spread of each credit.

The following tables as of December 31, 2021 and 2020 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.

2021	Less than 1 year	More than 1 year and less than 5	More than 5 years	Total
Derivative financial instruments	$ 2,623	$ 6,778	$ -	$ 9,401

2020	Less than 1 year	More than 1 year and less than 5	More than 5 years	Total
Derivative financial instruments	$ 36,371	$ 45,420	$ 625	$ 82,416

i. Fair value of financial instruments

1. Fair value of financial instruments recorded at amortized cost

Entity's management believe that the book values of the financial assets and liabilities recognized at amortized cost in the consolidated financial statements, approximate to fair value.

	2021	2020
Financial Assets		
Accounts and notes receivable - Net	$ 2,196,814	$ 1,338,964
Long term receivables	100,000	305,693
Current accounts receivable from related parties	66,348	34,132
Non-current accounts receivable from related parties	37,035	37,035
Financial Liabilities		
Current portion of deferred revenue	151,274	106,290
Debt securities	-	2,001,133
Current portion of long-term liabilities	176,568	1,161,899
Long-term debt	17,390,970	6,185,526

2. Valuation techniques and assumptions used to determine fair value

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

As of December 31, 2021:

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Swap rate LIBOR	200 million USD	LIBOR at 28 days	(45,421)	200 million in 2025	
		Total	$ (45,421)		

As of December 31, 2020:

Type of derivative contract or value	Notional amount	Reference variable	Fair Value	Amount due by year	Collateral
Interest rate TIIE Swap	$ 134,430	TIIE at 28 days	$ (2,643)	$ 64,042 in 2020 70,313 in 2021 106,250 in 2022 64,117 in 2023	No collateral while the credit line or "Threshold" is not exceeded $27 million of US dollars.
Interest rate TIIE Swap	345,833	TIIE at 28 days	(27,983)	$ 50,000 in 2020 50,000 in 2021 50,000 in 2022 50,000 in 2023	
		As of December 31, the TIIE was 4.4842%		$200,000 in 2024 onwards	
Interest rate LIBOR Swap	250,000 USD	LIBOR at 28 days	(248,671)	250,000 in 2021	
Interest rate TIIE Swap	636,188	TIIE at 28 days	(28,518)	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.
Total			$ (307,815)		

During 2021, the derivative financial instruments that hedged interest rates in Mexico were canceled because the credits that were used as notional were prepaid.

23. Stockholders' equity

Common stock as of December 31, 2021 and 2020 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 5, 2021 approved a cash dividend payable to the Entity's shareholders in the amount of $0.4750 (zero dot four seven five zero 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 $457,858.

b. A Stockholders' Ordinary General Meeting held on April 6, 2020 approved a cash dividend payable to the Entity's shareholders in the amount of $0.4439 (zero dot four three 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 $427,882.

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, 2021, and 2020, 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:

	2021	2020
Contributed capital account (CUCA)	$ 7,762,952	$ 7,231,441
Net tax profit account (CUFIN)	16,011,592	15,002,098

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.

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, 2021, no liability related to this agreement has been recorded.

24. Other comprehensive income

	2021	2020
Cumulative translation adjustment	$ 464,107	$ 438,108
Financial instruments measurement, net of deferred taxes	(30,085)	(210,376)
Remeasurement of defined benefit obligations, net of deferred taxes	(167,564)	(242,387)
Total	$ 266,458	$ (14,655)

a. Cumulative translation adjustment

	2021	2020
Balance at beginning of the year	$ 438,108	$ 465,706
Cumulative translation adjustment	25,999	(27,598)
Balance at end of the year	$ 464,107	$ 438,108

b. Effect for financial instruments measurement

	2021	2020
Balance at beginning of the year	$ (210,376)	$ (11,257)
Net profit (loss) for financial instruments measurement	257,558	(284,456)
Income taxes related to valuation of derivative instruments	(77,267)	85,337
Balance at end of the year	$ (30,085)	$ (210,376)

c. Remeasurement of defined benefit obligations

	2021	2020
Balance at beginning of the year	$ (242,387)	$ (184,938)
Remeasurement of defined benefit obligations	106,890	(82,071)
Income taxes related to remeasurement of defined benefit obligations	(32,067)	24,622
Balance at end of the year	$ (167,564)	$ (242,387)

25. Retained earnings

	2021	2020
Balance at beginning of the year	$ 25,577,448	$ 23,377,497
Net income attributable to owners of the Entity	3,420,248	2,589,117
Dividends paid	(457,858)	(427,882)
Acquisition of non-controlling interest	(84,234)	49,052
Changes on non-controlling interest	42,431	(10,336)
Balance at end of the year	$ 28,498,035	$ 25,577,448

26. Non-controlling interest

	2021	2020
Balance at beginning of year	$ (7,473)	$ 12,476
Participation in comprehensive income	60,249	85,325
Dividends paid	-	(84,182)
Acquisition of non-controlling interest	64,128	(21,092)
Balance at end of the year	$ 116,904	$ (7,473)

27. Earnings per share

	2021 Mexican pesos per share	2020 Mexican pesos per share
Basic and diluted earnings per share	$ 3.57	$ 2.71

The income and weighted average numbers of ordinary shares used in calculating basic and diluted earnings per share are as follows.

	2021	2020
Net income attributable to owners of the Entity	$ 3,420,248	$ 2,589,117
Weighted average number of ordinary shares for the purposes of basic earnings per share	957,605,673	954,544,885
Treasury shares as of December 31,	$ 8,963,971	$ 8,002,389

28. 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:

	2021	2020
Leases revenues	$ -	$ 30
Administrative revenues	6,240	9,740
Financial portal revenues	7,361	6,240
Air transportation revenues	19,845	18,240
Concrete sale revenues	83	636
Interest revenues	-	537
Leases expenses	(35,457)	(35,315)
Interests expenses	(434)	(335)
Advertising expense	(14,115)	(12,095)

During the year ended December 31, 2021, the Entity acquired from its related parties an additional investment in an entity that operates the shopping center called "Puerta Aragón" as follows:

	2021	2020
Land	$ 173,016	$ -
Building	988,115	-
Total	$ 1,161,131	$ -

b. Balance due to related parties are as follows:

	2021	2020
Hípico Coapexpan, S.A. de C.V.	$ (348)	$ -
Total	$ (348)	$ -

c. Balances receivable from related parties are as follows:

	2021	2020
Smart & Final del Noroeste, S.A de C.V.	$ 33,038	$ -
Others (mainly officers)	33,658	34,132
Total	$ 66,348	$ 34,132

d. Balances receivable from related parties long-term are as follows:

	2021	2020
Operadora de Inmobiliarias del Sureste, S. A. de C. V.	$ 37,035	$ 37,035
Total	$ 37,035	$ 37,035

e. Compensation to Administration employees and other key executives during the year, were as follows:

	2021	2020
Direct benefits	$ 849,165	$ 615,091
Variable benefits	322,681	274,145
	$ 1,171,846	$ 889,236

The compensation of the directors and key executives is determined by the Compensations' committee based on the performance of the individuals and market trends.

29. Operating lease agreements

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 lease income earned by the Entity on its investment properties, all of which are leased under operating leases, amounted to $916,001 and $811,908, as of December 31, 2021 and 2020, respectively.

The operating expenses related to the lease income earned from the investment properties amounted to $314,067 and $347,247 as of December 31, 2021 and 2020, respectively.

- The Entity has non-cancellable operating leases receivable, as follows:

	2021	2020
No more than one year	$ 869,205	$ 797,427
More than 1 year and no more than 5 years	1,595,635	1,556,758
More than 5 years	700,934	882,023
	$ 3,165,774	$ 3,236,208

30. Financing cost

In 2021 and 2020, acquired qualifying assets amounted to $669,666 and $1,153,799, respectively, and capitalized comprehensive financing cost was $19,137 and $54,209, respectively. The capitalization of comprehensive financing cost was determined using an annualized average rate of 4.91% and 6.99% and in 2021 and 2020, respectively.

31. Income taxes

The Entity is subject to ISR. According to the Income Tax Law, the rate for 2021 and 2020 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.

The cash flows of payments related to income tax increased during the year ended December 31, 2021 and 2020 were $1,390,253 and $1,503,968, 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 2021 and 2020 was 6% respectively.

In March 27, 2021, in the foreign subsidiary, the US Congress enacted the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The CARES Act is an emergency economic stimulus package of approximately $2 billion dollars in response to the COVID-19 Pandemic, which among other things contains numerous provisions on income taxes. These tax provisions applied retroactively for the years ending before December 31, 2021. The Entity has evaluated the provisions of the CARES Act and has incorporated their impact in the consolidated financial statements, having a benefit in the income tax provision of $160,827 as of December 31, 2020.

Income taxes for the year ended December 31, are as follows:

	2021	2020
ISR expense:		
Incurred	$ 1,840,719	$ 962,294
Deferred	(371,691)	110,814
	$ 1,469,028	$ 1,073,108

a. The reconciliation of the legal and effective ISR rates expressed as a percentage of profit before taxes as of December 31 is as follows:

	2021	2020
Legal rate	30%	30%
Effects of inflation	(4%)	(3%)
Not deductible items	4%	4%
CARES Act	-	(5%)
Differences in statutory rates in other jurisdictions	(1%)	1%
Others	1%	2%
Effective rate	30%	29%

b. The main items that give rise to the deferred ISR liability are:

	2021	2020
Deferred ISR asset:		
Effect of tax loss carryforwards	$ 246,512	$ 239,556
Allowance for doubtful accounts	15,642	17,230
Inventories	186,689	223,671
Accrued expenses	1,910,779	844,339
Deferred ISR asset	$ 2,359,622	$ 1,324,796
Deferred ISR liability:		
Other assets	$ (184,378)	$ (130,962)
Property and equipment	(4,551,645)	(2,804,080)
Deferred ISR liability	$ (4,736,023)	$(2,935,042)
Total liability	$ (2,376,401)	$ (1,610,246)

	2021	2020
In Statements of Financial Position:		
Deferred tax assets	$ 249,052	$ 997,349
Deferred tax liabilities	(2,625,453)	(2,607,595)
Total liability	$ (2,376,401)	$ (1,610,246)

As of December 31, 2021 and 2020, 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, 2021, are:

Expiration year	Tax loss carryforwards
2022	$ 14,844
2023	33,427
2024	17,295
2025	46,693
2026	45,287
2027	701
2028	44,127
2029	924
2030	5,515
2031	56,647
Total	$ 265,460

As of December 31, 2021, and 2020 there is an asset for net operating losses related to our operations in the USA for $9,244 and $26,931 respectively; these net operating losses do not expire.

The Entity does not have records of deferred tax liabilities due to the difference in rates on reinvested earnings since the Entity, in its functions as Holding Company, maintains control of the dividend policy that its subsidiaries issue and has estimated that such dividends are not subject to distribution in the foreseeable future. This, in accordance with paragraph 39 of IAS12.

32. Contingencies

a. 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.

b. 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 31,2021 and 2020 the Entity prepared an study with an independent third party to ensure that the transactions between related parties are equivalent.

c. 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.

33. 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:

Revenues (*)

Segments	2021	2020
Domestic supermarkets	$ 90,258,157	$ 82,535,668
USA supermarkets	97,299,053	62,899,320
Real Estate lease income	929,605	852,339
Consolidated	$ 188,486,815	$ 146,287,327

* There are no individual clients that have contributed 10% or more to the Entity's revenues in 2021 and 2020.

Operating profit

Segments	2021	2020
Domestic supermarkets	$ 4,919,683	$ 4,081,633
USA supermarkets	3,223,857	2,356,965
Real estate	604,737	494,901
Consolidated	$ 8,748,277	$ 6,933,499

Total assets

Segments	2021	2020
Domestic supermarkets	$ 45,285,358	$ 46,528,937
USA supermarkets	26,291,178	25,786,521
Real estate	12,194,603	10,039,640
Non-assignable items	10,020,502	8,094,759
Consolidated	$ 93,791,641	$ 90,449,857

Depreciation and amortization

Segments	2021	2020
Domestic supermarkets	$ 1,911,017	$ 1,986,403
USA supermarkets	3,305,519	1,849,984
Real estate	23,266	18,566
Consolidated	$ 5,239,802	$ 3,854,953

Property and equipment and Investment properties

Segments	2021	2020
Domestic supermarkets	$ 1,473,626	$ 1,219,699
USA supermarkets	1,476,586	829,672
Real estate	1,186,324	299,056
Consolidated	$ 4,136,536	$ 2,348,427

34. Authorization to issue the consolidated financial statements

The issuance of the accompanying consolidated financial statements was authorized on March 16, 2022 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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CHDRAUI

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This material references disclosures 102-3 and 102-53 of GRI 102: General Disclosures 2016.

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ANNUAL REPORT
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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.