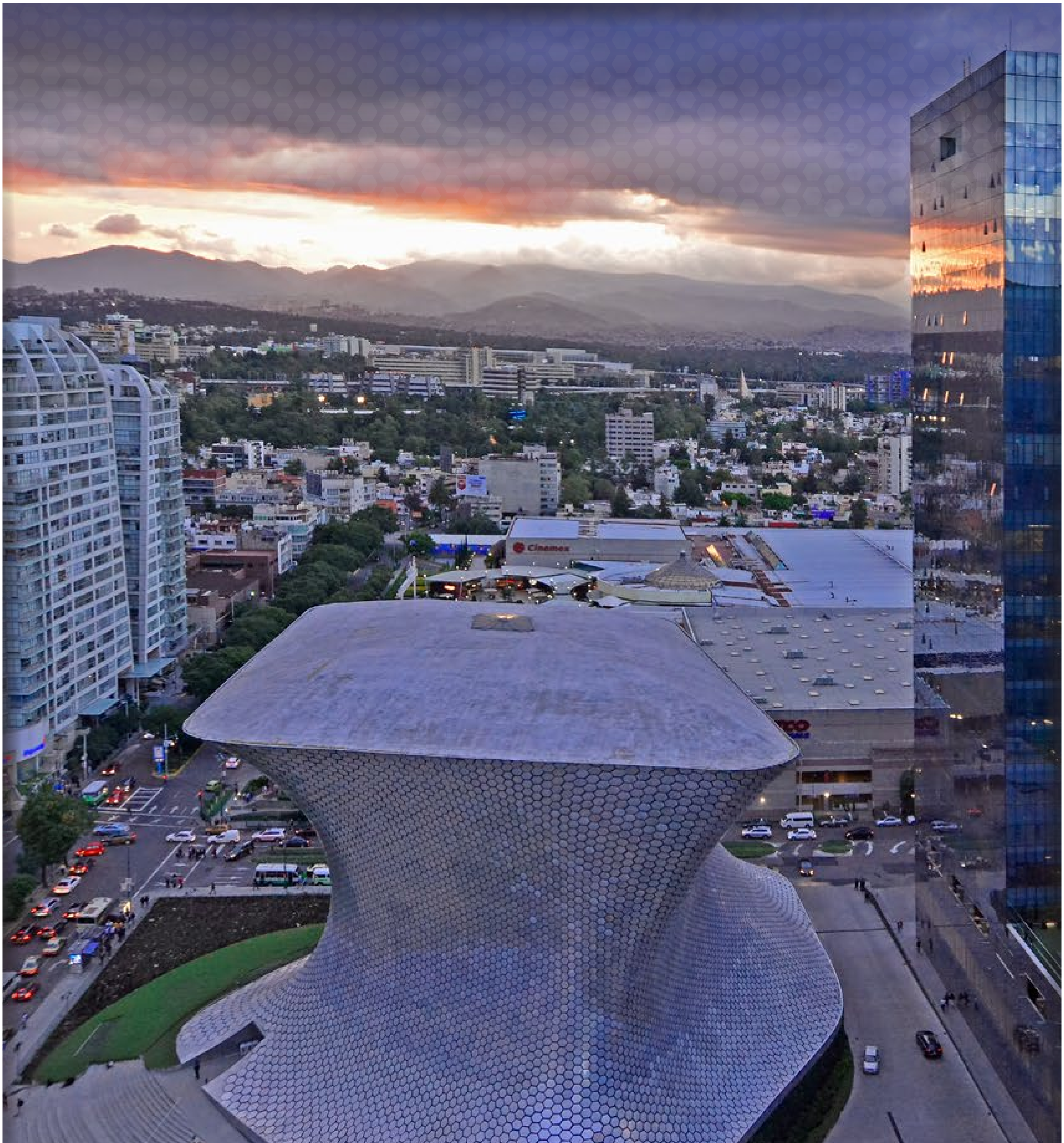


GRUPO CARSO

2020 ANNUAL REPORT

INDEX

Plataforma Maloob

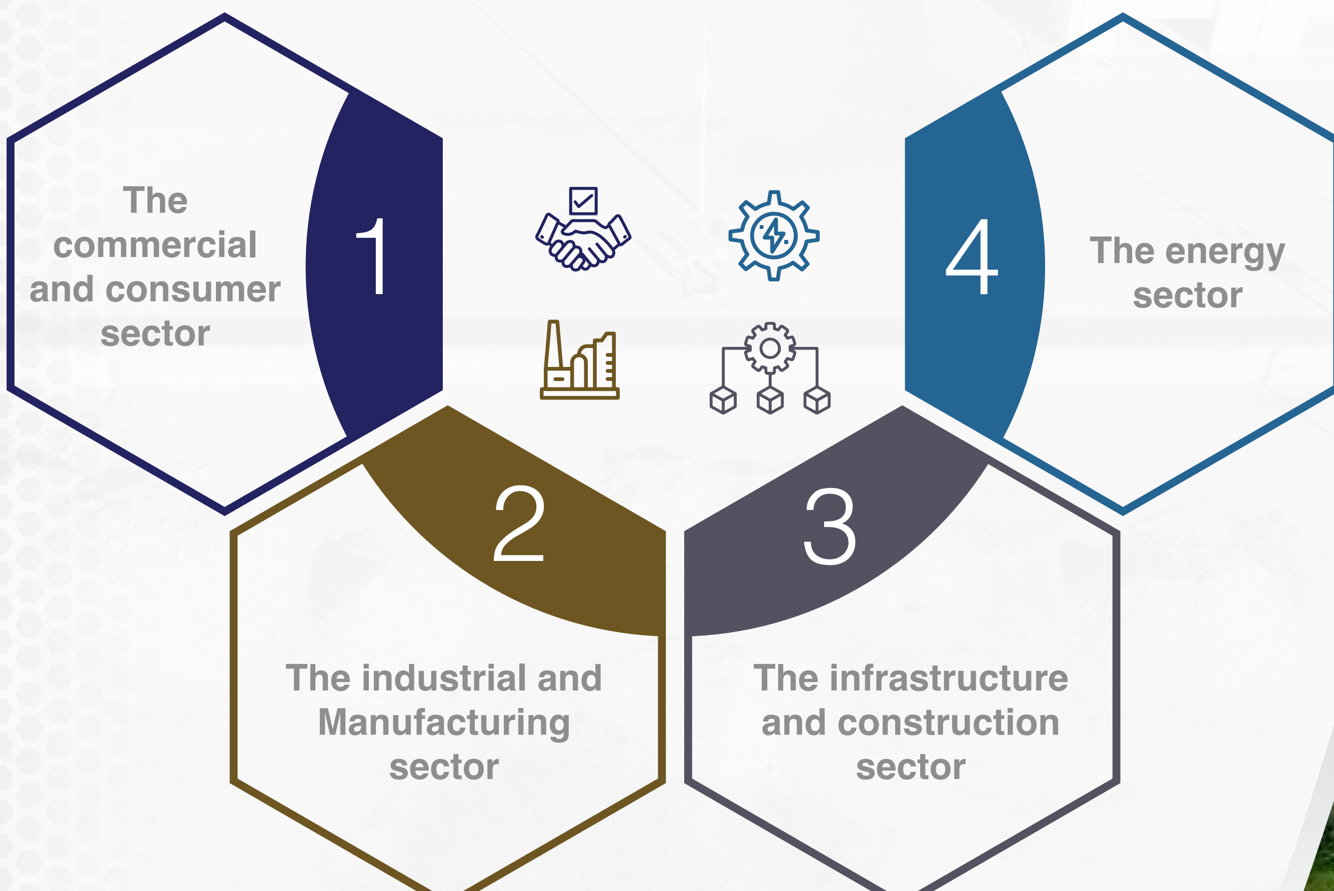
CORPORATE PROFILE

Grupo Carso is one of the largest and most important diversified conglomerates in Latin America. The Group has a significant presence in the Mexican economy, where it remains one of the market leaders thanks to an exceptional portfolio of formats, products and services.

Since its inception 41 years ago, Grupo Carso has been characterized by its dynamism, its innovation in processes and technology, and sustainable resource management. Within its constituent sectors, it has achieved operating synergies, profitability and has generated steady cash flows, which has meant a track record of long-term value creation for shareholders.


Condumex

The Group is comprised of four sectors:

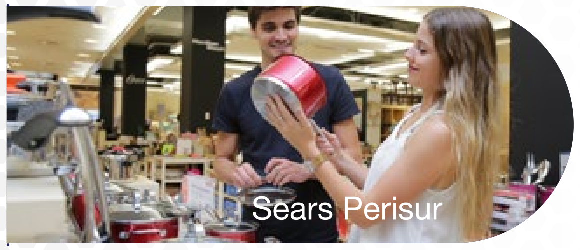



Land Drilling.

"Grupo Carso continues to be one of the principal market leaders in Mexico, thanks to its outstanding portfolio of formats, products and services."

DIVISIONS,
PRODUCTS AND SERVICES

COMMERCIAL AND CONSUMER


Sears Perisur

Grupo Sanborns

Grupo Sanborns operates some of the most successful commercial formats in Mexico, with widely recognized brands.

It caters to a large percentage of middle-, high middle- and high-income consumers through 439 stores and 1,200,000 square meters of floor space.

Formats:
- Department stores and boutiques
- Store-Restaurant
- Entertainment, electronics, and technology stores

Main Brands:
- Sears
- Sanborns
- iShop
- MixUp
- Saks Fifth Avenue

41.8% Contribution to Sales

18.9% Contribution to Operating Income

INDUSTRIAL AND MANUFACTURING


Condumex Plant

Grupo Condumex

Condumex has a portfolio of products and services focused on the telecommunications, construction, electricity, energy, automotive and mining industries.

Services and Products
- Cables (electrical, telephony, electronic, coaxial, fiber optics, mining, automotive, among others).
- Automotive electrical harnesses
- Precision steel tubing
- Power transformers
- Alternative energy

Main Brands:
- Condumex
- Latincasa
- Vinanel
- Condulac
- IEM
- Precitubo
- Sitcom
- Microm
- Sinergia
- Equiter
- Logtec

34.8% Contribution to Sales

46.2% Contribution to Operating Income

INFRASTRUCTURE AND CONSTRUCTION


Maloob Oil Platform

Carso Infraestructura y Construcción

Carso Infraestructura y Construcción provides service to 5 sectors: the chemical and petroleum industry; the installation of pipelines; infrastructure, civil construction, and the housing industry.

It engages in the construction of:
- Roads, tunnels, water treatment plants, and infrastructure works in general
- Offshore platforms and rigs for the chemical and petroleum industries
- Drilling of oil and geothermal wells, and drilling services
- Commercial strips, industrial plants, office and apartment buildings
- Telecommunications, gas pipelines and aqueduct facilities.

Main Brands:
- CICSA
- Swecomex
- Bronco Drilling
- Cilsa
- GSM
- PC Construcciones
- Urvitec

25.9% Contribution to Sales

33.3% Contribution to Operating Income

ENERGY


Samalayuca-Sásabe gas pipeline

Carso Energy

Carso Energy participates in the energy and petroleum industries. It is presently performing gas transportation services for the Federal Electricity Commission. Its objective is to take advantage of energy business opportunities in Mexico and other countries.

It engages in:
- Gas transportation services.

Main Brands:
- Carso Energy
- Carso Oil & Gas
- Carso Electric

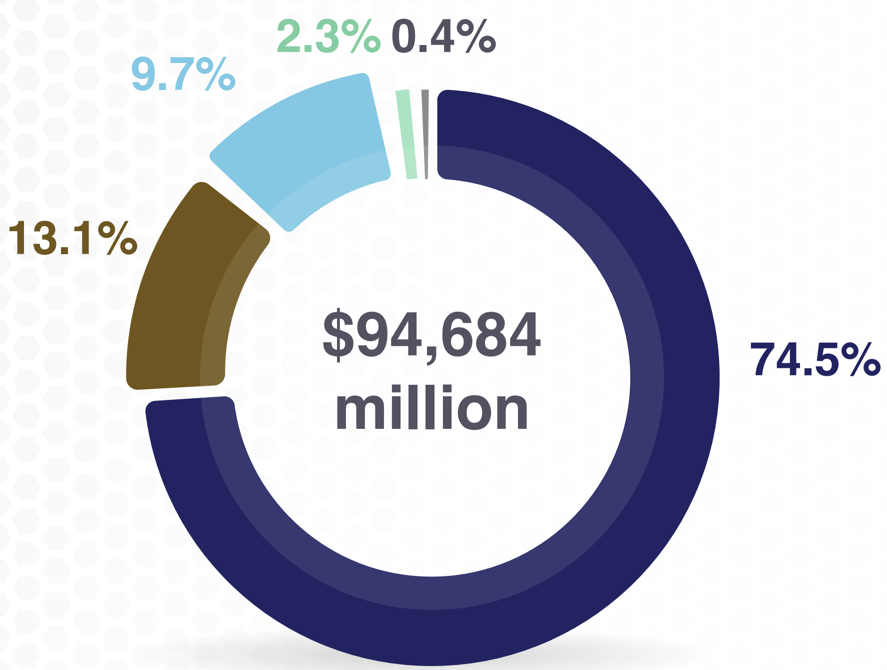
1.0% Contribution to Sales

-2.1% Contribution to Operating Income

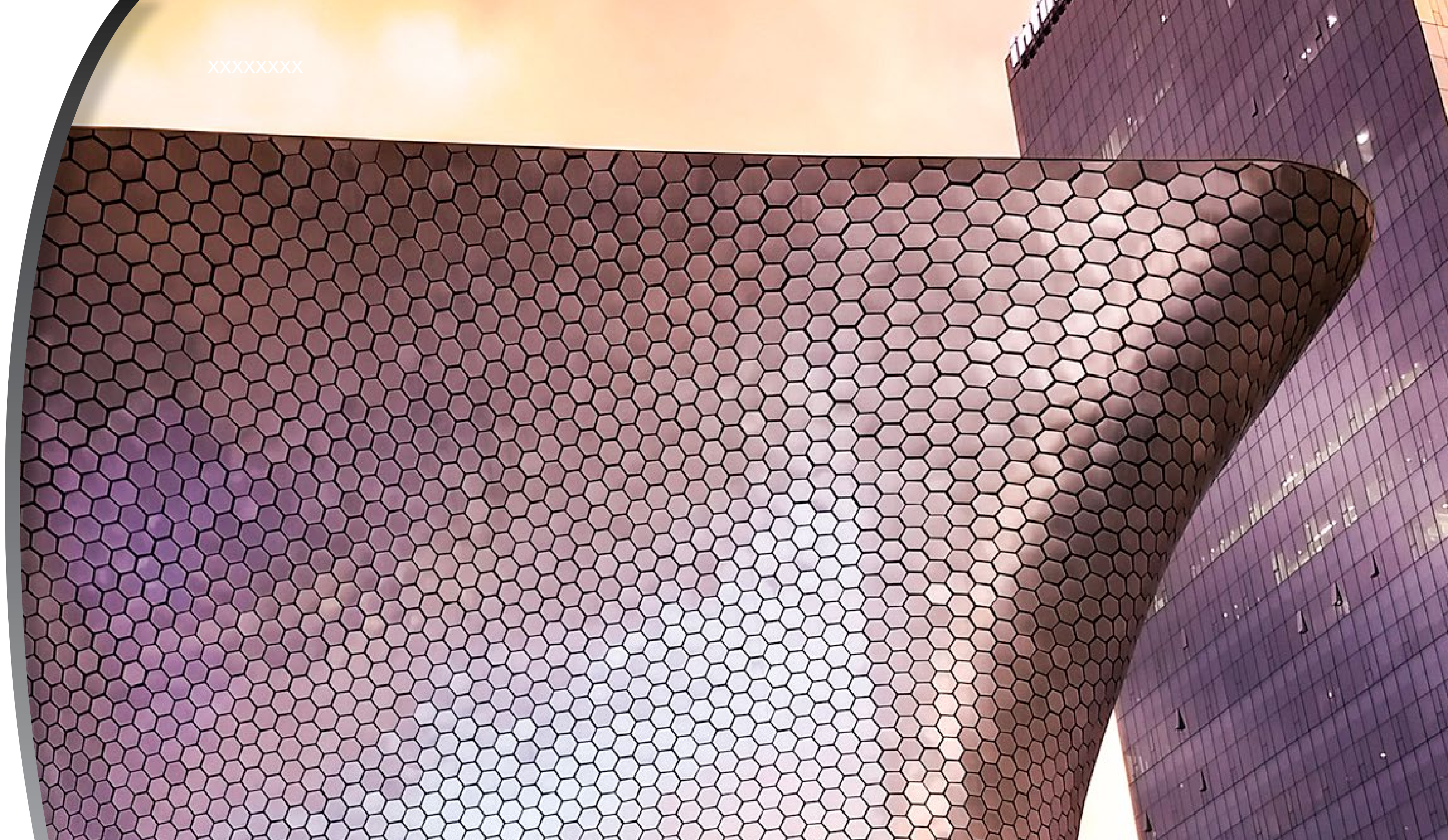

Mitla-Tehuantepec Highway

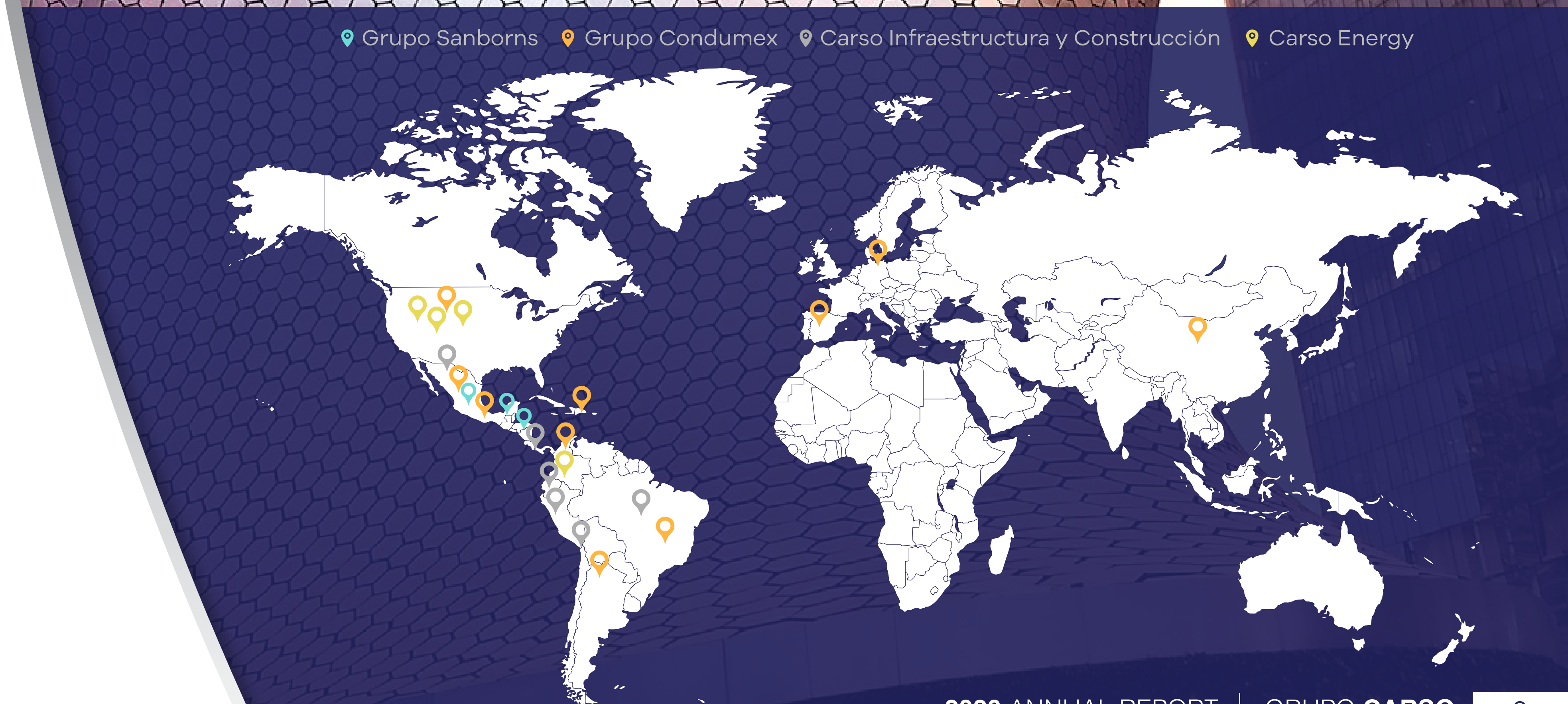
GEOGRAPHICAL PRESENCE

Sales per Geographical Division



- Mexico
- North America
- Central America, South America and The Caribbean
- Europe
- Rest of the World



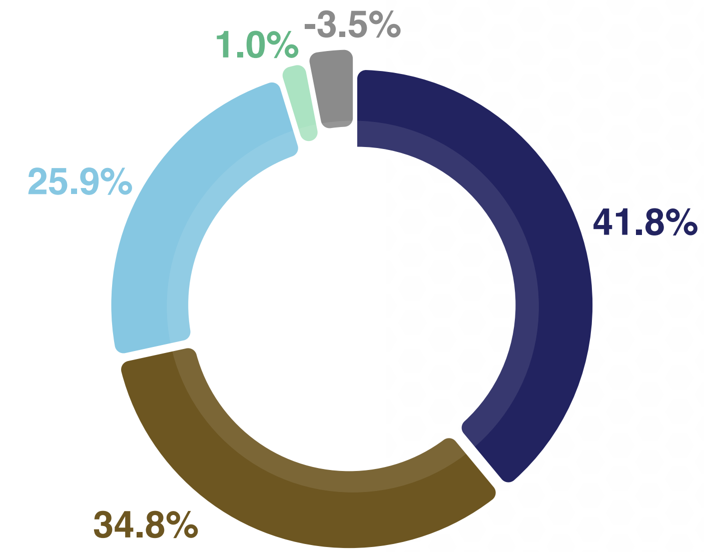


RELEVANT FINANCIAL DATA

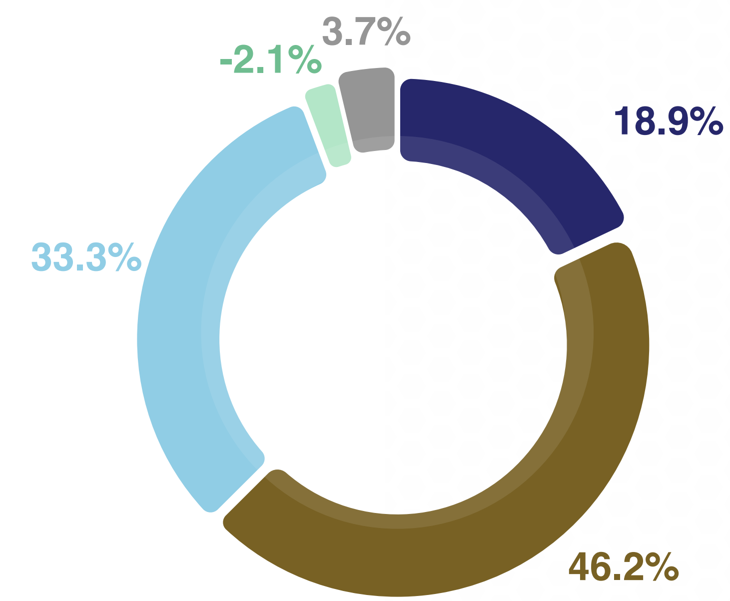
(Amounts in thousand pesos, except earnings per share, which is shown in pesos, and outstanding shares)	2018	2019	2020	Var % 2020-2019
Sales	96,639,833	102,477,596	94,684,370	-7.6%
Gross Profit	28,659,561	29,139,883	23,728,955	-18.6%
Operating Income	11,032,226	11,453,226	8,916,259	-22.2%
EBITDA	14,433,693	14,481,063	11,206,330	-22.6%
Controlling Participation in Net Income	9,170,294	7,547,361	5,706,408	-24.4%
Earnings per share (EPS)*	4.02	3.31	2.51	-24.2%
Margins				
Gross	29.7%	28.4%	25.1%	-3.4 pp
Operating	11.4%	11.2%	9.4%	-1.8 pp
EBITDA	14.9%	14.1%	11.8%	-2.3 pp
Net	9.5%	7.4%	6.0%	-1.3 pp
Revenues				
Retail	51,755,422	53,288,479	39,612,874	-25.7%
Industrial	30,929,859	31,746,579	32,936,523	3.7%
Infrastructure and Construction	15,504,207	19,537,994	24,541,851	25.6%
Energy	72,354	51,570	911,757	1668.0%
EBITDA**				
Retail	7,200,612	6,789,470	2,040,573	-69.9%
Industrial	4,404,034	4,240,699	4,653,908	9.7%
Infrastructure and Construction	2,235,328	2,706,603	3,644,920	34.7%
Energy	-37,396	-9,324	560,633	NA
EBITDA Margins				
Retail	13.9%	12.7%	5.2%	-7.6 pp
Industrial	14.2%	13.4%	14.1%	0.8 pp
Infrastructure and Construction	14.4%	13.9%	14.9%	1.0 pp
Energy	-51.7%	-18.1%	61.5%	79.1 pp
Total Assets	144,222,024	150,453,925	169,826,599	12.9%
Total Liabilities	51,835,944	55,809,365	69,111,756	23.8%
Stockholders' Equity	92,386,080	94,644,560	100,714,843	6.4%
Compounded Average Outstanding Shares ('000)	2,281,595	2,280,862	2,276,143	-0.2%

*EPS: Calculated as Controlling Participation in Net Income divided by the compounded average shares outstanding.
**EBITDA: Income before income taxes plus depreciation and amortization, interest expense, impairment of machinery and equipment and exploration expenses, and effect on valuation of derivative financial instruments, less interest income, net foreign exchange gain, surplus from appraisals of shopping centers and equity in earnings of associated companies and joint ventures. Conciliatin in Note 30 of the Financial Statements.
pp:Variation in percentage points.

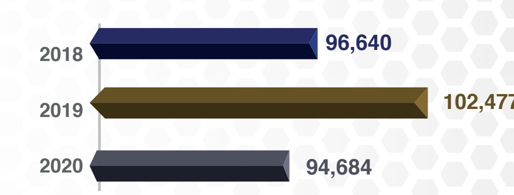
Participation in Sales per Subsidiary



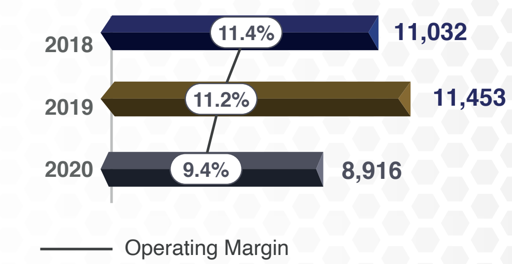
Contribution to Operating Income per Subsidiary



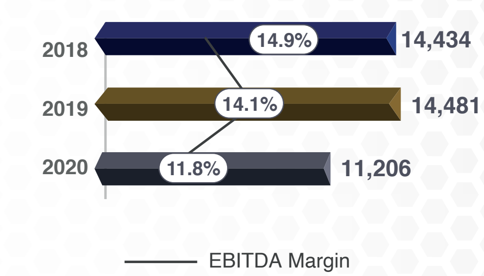
Sales
(million pesos)



Operating Income*
(million pesos)



EBITDA*
(million pesos)



*Note: For the calculation of 2018 EBITDA, the net effect of the depreciation of fixed assets, exploration and mercantile credit expenses and the reappraisal of investment properties were included. For the calculation of 2019 EBITDA the net effect of the reappraisal of investment properties, the reversion of the depreciation of fixed assets and repair of the environment were not included. For the calculation of 2020 EBITDA, the net effect of the reappraisal of investment properties, the valuation of labor obligations, deterioration of exploration expenses, depreciation of fixed assets and repair of the environment were not included.

LETTER TO THE SHAREHOLDERS

2020 Annual Report

Letter from the Chairman of the Board of Directors to the Shareholders of Grupo Carso

Economic Outlook

2020 was a year marked by a worldwide crisis, caused by the COVID-19 pandemic, which at this time has already surpassed 100 million confirmed cases throughout the world and several million deaths. The travel restrictions imposed in order to mitigate the propagation of the virus, along with a lack of knowledge in regard to an effective treatment gave rise to temporary shutdowns in a large part of the world's economy, especially during the first half of the year, causing a drop of 8.93% in the GDP of the world during the second quarter and 3.50% for all of the year, even with the activation of unprecedented monetary stimulus programs.

The United States economy shrank by 3.50%, caused mainly by a drop of 7.31% in the aggregate demand of the services sector, as well as by a drop of 5.27% in fixed gross investments. As a result, the Federal Reserve lowered the reference interest rate two times, to end the year at a range of 0.00% and 0.25%. Additionally, stimulus payments in the amount of around 3.5 billion dollars were distributed during 2020, raising the public debt as a percentage of GDP from 108.68% to 131.18%.

In Mexico, GDP fell by 8.46%, with secondary activities showing the greatest impact (-10.20%), the hardest hit being construction and manufacturing, with drops of 17.42% and 10.34%, respectively. Tertiary activities, which represent 64.05% of economic activity, fell 7.85%, affected mainly by commerce, which diminished by 9.67% and by tourism.

The Mexican peso underwent a devaluation of 5.22%, closing at $19.91 against the dollar, showing a high volatility during the initiation of the pandemic and reaching a maximum exchange rate of $25.36. Its recovery took place during the end of the year because of the current-account surplus, which reached 26,571 MDD, representing 2.41% of the GDP and because of the difference in interest rates between Mexico and the United States. Banxico lowered the benchmark interest rate on seven occasions during 2020, to close at 4.25%, down from 7.25% the previous year.

Inflation in Mexico closed at 3.15%; the underlying component increased by 3.80%, offset by the smaller rise of core inflation of 1.18%, which benefited from the fall of petroleum prices – mainly gasoline –, which fell by 8.90% during the year.

The trade balance had a historic surplus of $34,476 MDD, compared to $5,409 MDD for the previous year. The oil balance had a deficit of $13,995 MDD, $7,370 MDD less than in 2019, while the non-petroleum balance increased its surplus by $21,698 MDD, to close at $48,471 MDD. In exports, manufacturing, which has the greatest weight, fell by 8.92%, while importations fell in all categories, especially in consumer goods, which fell by 26.20%, while capital goods fell by 16.87%. The latter is explained by the decrease of investments in the country.

The public balance had a deficit of 674,160 MDP (2.90% of the GDP) compared to the previous year's deficit of 393,608 MDP (1.60% of the GDP). This increase was due to lower revenue (-4.10% real), impacted mainly by the drop in oil prices, which fell by 38.70% in real terms, and which were not compensated by the drop of 4.90% in real expenses.

Grupo Carso

In 2020 consolidated sales totaled $94,684 million pesos, decreasing by 7.6% during the year. The operating income and the EBITDA were $8,916 and $11,206 million pesos, decreasing by 22.2% and 22.6%, respectively. These results reflect the closure of operations to contain the spread of the virus and mainly affected the stores of the commercial division.

In Grupo Sanborns, sales fell by 25.7% due to the temporary closure of 48.1% of the units of all the formats at the beginning of 2020, including all the Sears, Saks Fifth Avenue, Sanborns Café and 62.7% of the Sanborns stores, brought about by the health emergency of the Covid-19 pandemic. This is the reason the strategic focus of this Division was directed towards online business, offering all products and services of the physical stores through the internet. Its e-commerce reached a maximum penetration of 85.7% in some of its formats during the third quarter and stabilized at 8.0% of consolidated sales towards the end of the year, which was a growth of 400% with respect to the previous year. Initiatives were carried out throughout the supply chain to increase the marketplace providers for ClaroShop as well as for Sears and Sanborns, improve customer services and promotions, and to reduce delivery times. Due to the prevailing uncertainty of those times, investments in the commercial segment were put on hold, and the payment of dividends was not scheduled for the year. A strict control over operating expenses was instituted, endeavoring not to affect either the quality of our products or our service standards. The inventories were optimized, and we managed to maintain our financial balance and our commitments with our employees and customers.

Grupo Condumex increased its sales by 3.7% in 2020, mainly due to a favorable effect in the average exchange rate, combined with a significant recovery in the sale of telecommunications cables in the national and exportation markets as well as in the sale of harnesses and cables for the automotive industry after the closures caused by the pandemic. In 2020 we were awarded the "Supplier Quality Excellence Award" by GM for our commitment to quality and services in our operations in Apaseo, Jaral de Berrios and San Felipe. We also continued to promote innovation through our Carso Research and Development Center (CIDEC), providing leading-edge processes and products on a worldwide scale, such as the flat aluminum battery cable, with 48 Volt automotive connectivity, for which we own the Industrial Design Rights in Mexico. High voltage automotive cables by Condumex have been developed and approved in Europe, where they show a clear tendency towards growth because of the increase in the use of electric vehicles. The process in the lines to produce FTTH cable connections has been redesigned, raising their production by 70%, from 170,000 to 289,000 units per month.

Carso Infraestructura y Construcción achieved a growth of 25.6% in sales and 34.7% in EBITDA. This was due mainly to the progress in the construction of the two offshore platforms Maloob E and Maloob I for Pemex in the Bay of Campeche and three offshore infrastructure platforms, as well as to a greater volume of contracts for land drilling and for the reworking of oil wells. In the year we satisfactorily completed the construction of the Samalayuca-Sásabe gas pipeline, which was begun in 2015, and which has been available since the beginning of 2021 for the transmission of natural gas from Texas for use by the CFE power plants located in Chihuahua and Sonora, as well as for the North and Northeast part of the country. As for infrastructure projects, we have continued the development of various national highways, and the FONATUR has awarded us – through an international public bidding process – the contract for the supply of materials and construction of the Escarcega-Calkini section of the Tren Maya platform and railroad. This Project represents an opportunity to promote the social, cultural, and economic development of the Yucatan Peninsula through a comprehensive and sustainable project that will create jobs and the possibility of an improvement in the living conditions of the people living in Southeastern Mexico.

In Carso Energy, revenue from the two gas pipelines in Texas in which we have a 51% share continued to grow, maintaining their availability in conformance with the contractual requirements. The most significant events of the year were: i) The acquisition of two hydroelectric plants in Panama from *Promotora del Desarrollo de America Latina, S.A. de C.V. (IDEAL)*, as part of the strategy for growth in the energy sector, and ii) the completion of the construction of the Samalayuca-Sásabe gas pipeline, which has been available for the transmission of natural gas for the CFE since February of 2021. On another note, regarding hydrocarbons in Mexico, the planning and permits procedures were continued for the exploration of blocks 12 and 13, which will begin early in 2021. About clean energy, particularly in geothermal, we have continued with the necessary procedures to obtain the concession.

The financial situation of Grupo Carso continues to be solid. The net cash flow from operations was $10,723 million pesos, and the 12-months net debt to EBITDA ratio was 0.87 times. The amount of the resources utilized for investment in fixed assets grew by 25.6%, for a total of $4,629 million pesos. Due to the uncertainty caused by the pandemic, the payment of dividends was not scheduled and the GCARSO Series A-1 share fell by 4.9%, from $69.8 to $66.4 pesos as of December 31, with a high trading and forming a part of the IPC/S&P Index of the Mexican Stock Exchange.

At the start of the pandemic the Carlos Slim Foundation took urgent measures, and despite the uncertainty and lack of knowledge regarding the behavior and scope of this new virus, the necessary actions were quickly identified and implemented, such as:

- Donation of equipment and reagents for PCR, Antigen and Serology tests, as well as ventilators and medications.

- Provision of protective equipment to health personnel, such as N95 masks, gloves, medical caps and gowns.

- We provided food for the health personnel in 35 hospitals.

- In order to expedite access to the vaccine, we carried out the necessary agreements, accepting the risk involved in the transfer of AstraZeneca technology to ensure the production of at least 150 million doses in and for Latin America in the mAbxience Laboratories of Argentina and Liomont in Mexico.

- We supported the expansion of capacity of several hospitals, as for example the Temporary COVID-19 Unit of Mexico City, which has changed the life and destiny of thousands of persons and their families. This Unit was forced to continuously expand its capacity in accordance with the circumstances, to finally become, with its 607 beds, an important facility in the treatment of COVID-19 in Mexico City. It has an exceptional group of people who have treated more than 8,000 patients and will continue to operate as long as necessary.

- We established the Monitor system, that has been a valuable adjunct in the prevention of contagion and in the provision of timely medical treatment for all our collaborators, thus decreasing the cases of serious illness and death.

In the name of the Board of Directors, I wish to express my appreciation to all our shareholders, clients and providers for the confidence they have shown in us. To all our collaborators, besides my appreciation, I want to call upon them to continue forward with us, so that together we may overcome these difficult times and make it possible for Grupo Carso to meet its goals and continue its contribution to the development of the country.

Sincerely,

Mr. Carlos Slim Domit
Chairman of the Board of Directors

Swecomex Guadalajara Plant

REPORT OF THE CHIEF EXECUTIVE OFFICER TO THE BOARD OF DIRECTORS ON THE RESULTS OF THE 2020 FISCAL YEAR

In the difficult year of 2020, the consolidated sales of Grupo Carso reached $94,684 million pesos, 7.6% below 2019. This reduction is explained principally by the performance of Grupo Sanborns, which represents 41.8% of the total revenue and which fell by 25.7%, due primarily to the temporary closure of stores in order to address the COVID-19 pandemic. These results were offset by greater sales in the rest of the divisions, such as Grupo Condumex, which saw a recovery in the demand for automotive harnesses and cables after the temporary shutdowns caused by the pandemic, and which contributed 34.8% of the total revenue. In Carso Infraestructura y Construcción sales increased by 25.6%, mainly from the construction of offshore platforms, drilling services, the completion of the Samalayuca-Sásabe gas pipeline, and the reopening of highway projects, representing 25.9% of the Company's total revenue. Additionally, the Carso Energy division, which represents 1% of the revenue, grew by 1,668.0% from the acquisition of Ideal Panamá.

The income from operations fell from $11,453 million in 2019 to $8,916 million in 2020. The main reason for this reduction was due to a drop of 25.7% in Grupo Sanborns' operations income, caused by the closure of its stores and the drop in sales due to the pandemic. At the same time, the Industrial, Infrastructure and Construction and Energy Divisions increased their operating income by 7.3%, 39.9% and 955%, respectively.

Accumulated EBITDA totaled $11,206 million pesos, a reduction of 22.6%. For purposes of this calculation, extraordinary items or items that do not imply cash flow, such as the reappraisal of investment properties, are not considered. The corresponding EBITDA margin was 11.8%, compared to 14.1% for the previous year.

A gain from Exchange rates during 2020, added to a lower loss from coverage operations, are the reason the integral financing result (RIF) is $587 million, compared to a cost of $1,097 million for the same item in 2019.

The net controlling income was $5,706 million pesos, a decrease of 24.4%, compared to the income of $7,547 million reached in 2019.

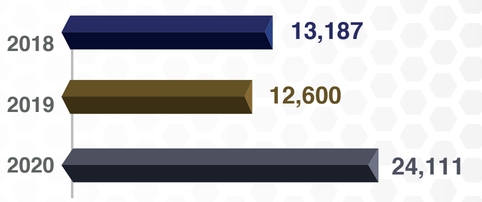
Total debt on December 31, 2020, was $24,111 million pesos, consisting basically of the financing for the Samalayuca-Sásabe gas pipeline, the debt of USD $400 million of Ideal Panama, acquired in February of 2020, and the two stock certificates for $3,000 y $3,500 million pesos, issued in 2018 and 2020, respectively, compared to the debt at the end of the previous year, which was $12,600 million pesos.

The net indebtedness was $9,705 million pesos, compared to the net indebtedness of $2,741 million pesos on December 31 of 2019. The cash and cash equivalents totaled $14,406 million pesos, compared to $9,859 million pesos at the end of December of 2019.

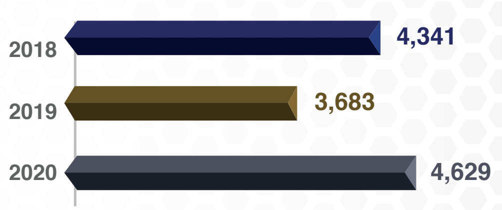
The Grupo Carso financial situation shows a 12-month net indebtedness-EBITDA ratio of 0.87 times, compared to 0.19 in 2019. The coverage of interest index, measured as interest paid/EBITDA was 0.20 times.

At the present time, since 2017, the Company has a dual stock market certificates program for $10,000 million pesos, with an issuance of $3,000 million pesos on March 16 of 2018, and one for $3,500 million pesos on March 13 of 2020, both of them with expiration dates of 3 years.

Total Debt
(million pesos)

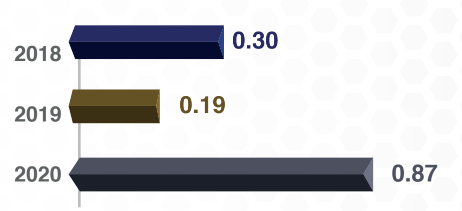


Capital Expenditures
(million pesos)




Condumex Harnesses

Net Debt/EBITDA
(times)



COMMERCIAL AND CONSUMER DIVISION

GRUPO SANBORNS

During the year 2020, the commercial and consumer division sales totaled $39,613 million pesos, which is $13,676 million pesos less than in 2019, representing a drop of 25.7%. This was due to the extraordinary actions taken to address the health emergency brought about by the COVID-19 pandemic, in which the mitigation and prevention measures to protect our clients, employees, providers and the public in general implied the temporary closure – from March 31 to June 15 of 2020 – of all 97 Sears and Saks Fifth Avenue stores, 96 Sanborns stores and 22 Sanborns Cafés. The rest of the Sanborns stores stayed open and continued to provide essential products and services in the pharmacy and telecommunications departments. Most of the iShop stores and Dax stores continued open, since they are self-service, as well as the digital stores and distribution centers.

The revenue from credit decreased by 9.8%, totaling $3,586.9 million pesos, compared to $3,975 million pesos recorded in 2019. Given the fact of the health emergency, payments by credit cards were received digitally and the granting of controlled credit and timely support to debtors continued.

The operating income fell from $4,699 million pesos in 2019 to $1,681 million pesos in 2020, which was a drop of 64.2%. This reduction was due to less sales and a greater proportion of electronic, telephony, computers, and technological items in the mix of sales. At the same time, the operating and administration expenses were reduced by 15.9%, with savings related to lesser rental payments, consumption of electricity, banking fees and advertising expenses.

Items not considered for the calculation of annual EBITDA were: Other Net Income in the amount of $1,470 MM in 2020, consisting of a -$45 MM reduction in the value of investment properties, $1,489 MM in labor obligations from the updating of the employee pension plan, and $26 MM from the reversion of depreciation. The EBITDA for 2020 was $2,041 MM, with a margin of 5.2%.

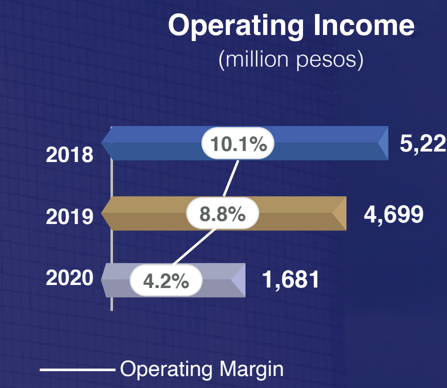
The net controlling income of Grupo Sanborns was reduced by 75.3% for a total of $727 million pesos, compared to $2,949 million pesos in 2019. This reduction was due to the above results, as well as to the comprehensive financing result, which represented an expense of $472 million pesos and which was greater than the $377 million pesos for the previous year, due mainly to the Group's dollar position in 2020, which caused an exchange loss that year, whereas there was a gain in 2019.

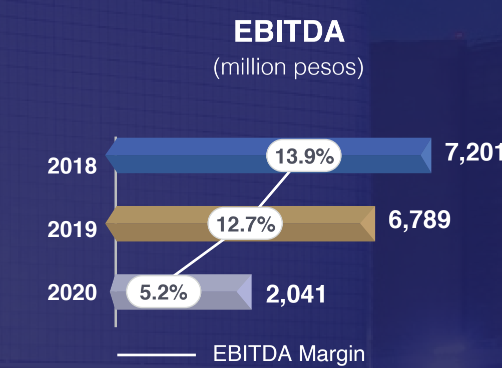
Grupo Sanborns' capital investments totaled $467 million pesos, consisting of an investment in expansion carried out during the first quarter of the year. During the final days of December there were 439 units in operation of all the formats, with a sales floor area of 1,200,799 square meters.

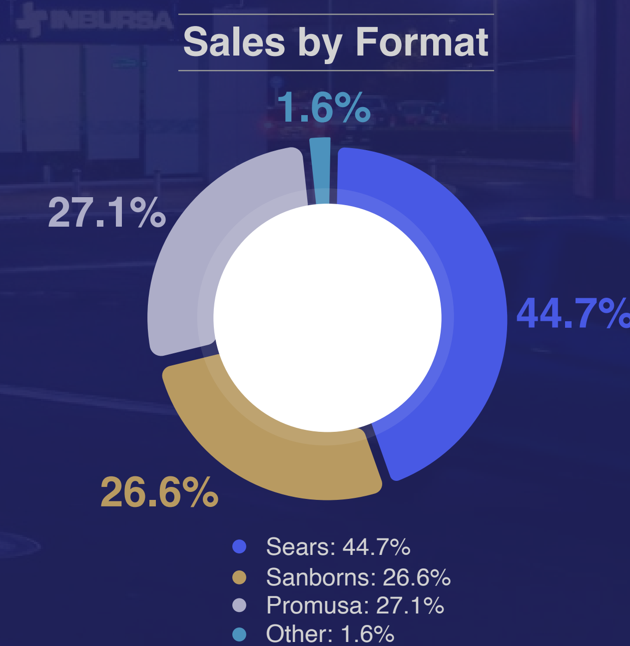
Sears Perisur

“439 **units operating** at the end of December”

Sears Perisur







INDUSTRIAL AND MANUFACTURING DIVISION

GRUPO CONDUMEX

During 2020 the sales of Grupo Condumex increased by 3.7% to a total of $32,937 million pesos, compared to a total of $31,747 million pesos recorded the previous year. This increase was because a favorable exchange rate, combined with a significant recovery of volumes after the shutdowns caused by the pandemic, which affected the greater part of production plants in the industrial sector.

The deleterious effects of the pandemic began towards the end of March. However, after the renewal of activities beginning on June 15 of 2020, a significant recovery in Grupo Condumex was observed, with good volume levels in its various sectors, a favorable adjustment of prices from the effect of the appreciation of metal prices and the exchange rate; as well as a better performance in automotive cables and harnesses -which returned to production in order to replace inventory and to meet demand- principally for exportation. There was also an increase in the sale of copper cables, fiber optics, coaxial cables, and telecom installation services. In the construction division there was less dynamism in the national construction markets and exportation due to the contraction of the economy.

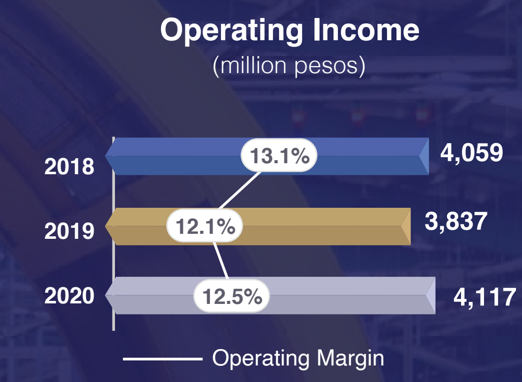
Operating income and EBITDA totaled $4,117 and $4,654 million pesos, representing increases of 7.3% and 9.7%, respectively, compared to the figures for 2019.

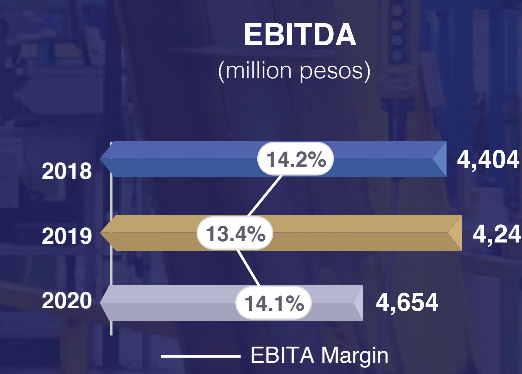
Controlling net income for Grupo Condumex improved by 42.3%, totaling $2,606 million pesos, compared against $1,832 million pesos in 2019.

Grupo Condumex's capital investments during the year totaled $365 million pesos. These investments were mainly for the purpose of maintaining the Group's industrial plant in good conditions and for the updating of its technology.

Arcomex Plant

Latincasa Plant





> **40% Growth in the controlling net income**

INFRASTRUCTURE AND CONSTRUCTION DIVISION

CARSO INFRAESTRUCTURA Y CONSTRUCCIÓN

The sales of Carso Infraestructura y Construcción increased by 25.6% to the amount of $24,542 million pesos during 2020, compared against $19,538 million pesos for the previous year. This increase is explained primarily by the Group's Manufacturing and Services for the Oil and Chemical Industry sector, and the progress in the construction of the Maloob E-I platforms for Pemex and three UIM (Unidad de Infraestructura Marina) platforms. The income from the drilling of land wells also increased, with the reactivation of the contract for the reworking of wells. The Installation of Pipelines sector improved its revenue from the increase in the volumes of various Telecommunications projects and the progress and completion in the construction of the Samalayuca-Sásabe gas pipeline. The infrastructure segment improved due to various highway projects, both in Mexico and abroad, as well as from the inclusion of the Tren Maya Section II project. On the other hand, the civil construction and housing division reported a decrease, due to the health contingency.

Greater profitability in the Infrastructure, Manufacturing and Services for the Oil and Chemical Industry sectors, as well as in the Installation of Pipelines, was reflected in the operating income and EBITDA during the year, with solid increases of 39.9% and 34.7%, respectively.

Controlling net income rose from $1,556 million pesos in 2019 to $2,211 million pesos in 2020, for an increase of 42.1%.

The projects at the end of 2020 included the construction of the Las Varas-Vallarta Highway, the Mitla-Tehuantepec Highway, various real estate projects, the installation services for Telecommunications, the Maloob E-I platforms, and various oil industry services and rigs, as well as the initiation of construction of the 2nd section of the Escarcega-Calkini platform and bed for the Tren Maya railroad.

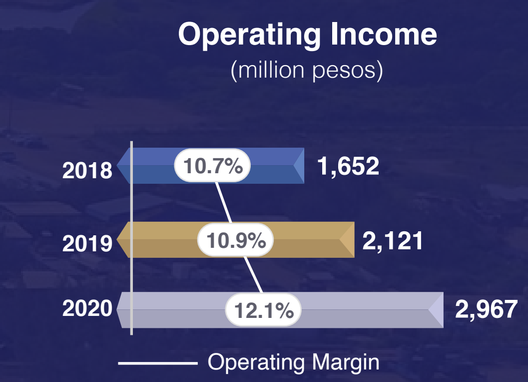
On December 30 of 2020 Carso Infraestructura had a backlog totaling $48,313 MM, compared to $21,043 MM in the same period of the preceding year.

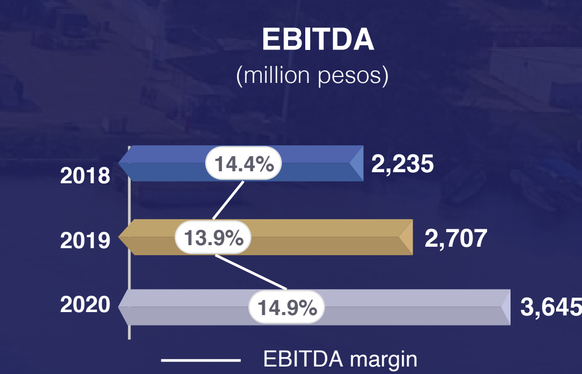
The investments in fixed assets made by Carso Infraestructura y Construcción during 2020 totaled $509 million pesos.


Tren Maya, Tramo II

Maloob E and Maloob I Oil Platforms

42.1% increase in the controlling net income





THE ENERGY DIVISION

CARSO ENERGY

Carso Energy sales were $912 million pesos, an increase of 1,668.0%, including the income from the two hydroelectric plants in Panama, which were acquired in February of 2020.

Accumulated EBITDA was $561 million pesos, an improvement versus 2019, given the incorporation of the operating results of Panama.

During the year, the effects of the deterioration of exploration investments in Colombia were felt, which explains the operating loss of $183 million pesos, compared to a loss of $17 million pesos in the previous year.

The Waha-Presidio and Waha-San Elizario gas pipelines, both in Texas and in which we hold a participation of 51%, reported significant revenue and profits during 2020, but they are not consolidated and therefore they are not reflected in operational results of this division, but rather in the results of associated companies.

The net results of the energy sector, consolidated in the Carso Energy controller, was $735 MM, compared to $634 MM in 2019, increasing by 16.0% due to the results of the participation in the gas pipelines in Texas, in addition to the extraordinary revenue from the effects of the exchange rate.

The construction of the Samalayuca-Sásabe gas pipeline, located between the states of Chihuahua and Sonora, was concluded in 2020. Grupo Carso has a participation of 100% in the project, and it became available for gas transportation services for the Federal Electricity Commission (CFE) in February of 2021, in conformance with the contract subscribed with the said Commission.

The exploration of the two geothermal energy fields in the states of Baja California and Guanajuato, in which Carso has a participation of 70% of the capital, was suspended for several months of the year because of the pandemic.

The investments in fixed assets carried out by Carso Energy during 2020 were in the amount of $3,304 million pesos, in addition to the acquisition of the hydroelectric plants, representing an increase of $11,143 million pesos in assets.

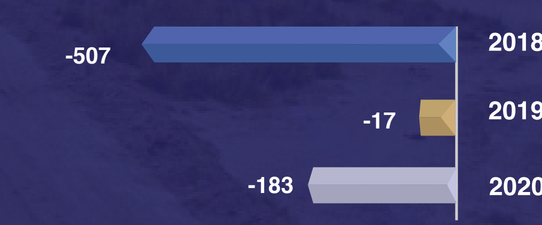
"During the year of 2020 Carso Energy invested 67.1% more in fixed assets than in 2019"

Samalayuca-Sasabe gas pipeline

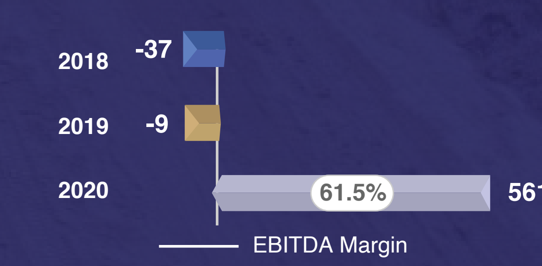
Sales
(million pesos)

Note: Beginning in 2017 Carso Energy does not reflect the income generated by the Jack-UP rig "Independencia I", but instead the income from the production and sale of oil through Tabasco Oil Company. In 2018 Other Expenses in the amount of $373 million pesos in exploration investments in Colombian oil fields were recorded. In 2020, through its indirect subsidiary Carso Energy Corp., Carso Energy acquired from Promotora del Desarrollo de América Latina, S. A. de C. V., 100% of the shares representing the company capital of Ideal Panamá, S. A. (Ideal Panama), thus obtaining the control of that entity. The principal activities of Ideal Panama consist in the generation and marketing of electricity, as well as the operation and maintenance of hydroelectric plants.

Operating Income
(million pesos)



EBITDA
(million pesos)



ASSOCIATED COMPANIES

Grupo Carso maintains significant investments in companies of different industries, such as 36.5% of Elementia, S.A.B. de C.V. (construction cement and materials); 15.5.% of GMéxico Transportes, S.A.B. de C.V. (a railroad Company); 51% of the shares of Transpecos Pipeline L.L.C. and Comanche Trail Pipeline L.L.C., which manage the Waha–San Elizario and Waha–Presidio gas pipelines in Texas, US.A., as well as 14.4% of the shares of Inmuebles SROM, S.A. de C.V. company which owns real estate properties in several shopping centers in Mexico.

The sales and EBITDA of the above-named companies that would proportionately correspond to Grupo Carso are $19,532 and $6,085 million pesos, respectively.

Sincerely,

Engr. Antonio Gómez García
Chief Executive Officer

LOCATION AND FEATURES OF THE GAS PIPELINES

The Waha-Presidio and Waha-San Elizario gas pipelines located in Texas, U.S.A., have been generating income from the transportation of gas to the Federal Electricity Commission (CFE) since 2017.

Waha-Presidio

- 51% owned by Carso Energy
- Length: 238 km, with a diameter of 42 inches
- Revenue from a 25-year contract in USD for the transmission of gas.

Waha-San Elizario

- 51% owned by Carso Energy
- Length: 313 Km and a diameter of 42 inches,
- Revenue from a 25-year contract in USD for the transmission of gas

In September of 2015, the CFE selected Carso Electric, a subsidiary of Carso Energy S.A., for the construction and operation of a gas pipeline in the state of Chihuahua, Mexico. Towards the end of 2020 construction of the Samalayuca-Sásabe gas pipeline was completed and it was placed into service for the transportation of natural gas.

Samalayuca-Sásabe

- 100% owned by Carso (Consolidated with Grupo Carso)
- $471 USD was offered as VPN
- Length: 624 Kms and a diameter of 36 inches
- Contract for the transportation of gas
- 25 years of revenue in USD
- Estimated initiation of operations: 2021.

Regulator, measurement, and control station in 023 position

SUSTAINABILITY ACTIVITIES

SOCIAL PERFORMANCE

Regarding sustainability, the Carlos Slim Foundation operates more than 100 programs and projects in 13 different areas, among them education; employment; health; sports; the environment, and culture, reaching millions of beneficiaries in Mexico and other Latin American countries

The “Mexico United” Program continues to address the damages caused by the earthquake of September 2017, applying the resources contributed by donors, which the Carlos Slim Foundation multiplies six times. The said resources have repaired 246 schools, 2,285 homes, 104 hospitals, 4 markets and rehabilitated or rebuilt 48 cultural patrimony structures in Mexico, principally in Mexico City, Morelos, the State of Mexico, and Oaxaca. Every month the Mexico United Program publishes an activities report to keep donors and the general public informed in regard to the progress accomplished.

In 2020, in response to the COVID-19 pandemic caused by the appearance of the Sars-CoV-2 corona virus, the Carlos Slim Foundation responded with permanent actions in support of the population. The most important of those actions, among others, are:

- The collaboration agreement signed between FCS and AstraZeneca to contribute to the production and distribution, at no profit, of 150 million COVID-19 vaccinations in Latin America. 77.4 million of those vaccinations are for Mexico. The vaccine, developed by the University of Oxford and AstraZeneca, will help to prevent a greater loss of human lives and to revive the economy. Also participating in the collaboration agreement are the biotechnology companies mAbxience of Argentina and Liomont of México, as well as the governments of several Latin American countries.

- Support to the conversion of spaces to spaces for the treatment of COVID-19 in three of the largest cities in Mexico: Mexico City, Guadalajara, and Monterrey. One of the most important of those converted spaces is the Temporary COVID-19 Unit (UTC-19) of Mexico City, in which more than 8,200 patients have been treated up to March 31 of 2021. The UTC-19 has 617 beds, 60 of them for therapy

- Contribution to the diagnostic capacity of the country by the donation of equipment and more than half a million kits for COVID tests to the Diagnostic and Epidemiological Reference Institute laboratories (INDRE), the State Public Health laboratories and to highly specialized National Health Hospitals such as the Salvador Zubiran National Institute of Medical Science and Nutrition, the National Institute of Respiratory Diseases (INER) and the General Hospital of Mexico.

- The donation of more than 2.2 million pesos worth of Personal Protection Equipment for health workers (N95 masks; surgical masks; standard polycarbonate safety goggles; discardable gloves; gowns, caps and discardable surgical shoe covers), as well as other medical equipment (vital support ventilators). The Foundation also contributed, along with other organizations, to the development and production of the first ventilators made in Mexico for the treatment of seriously ill patients.

- Contribution of food for the health personnel in 35 public hospitals, donating, up to the present date, more than 1.7 million pesos in meals elaborated by Sanborns for more than 4 thousand health professionals and workers in the said hospital centers.

- Support to the research and protocols for the treatment of COVID-19 patients in the National Institute of Respiratory Diseases (INER), the Salvador Zubiran National Institute of Medical Science and Nutrition, and the National Institute of Cancerology.

- The creation of a tutorial and courses hub for health professionals; the elaboration of protocols for the containment of the pandemic and for the return of workers to their jobs; the creation of a site with information on COVID-19, with downloadable graphic material and audio-visual videos for the public in general.

In addition to the Foundation’s activities, Grupo Carso maintained investments in education, health, infrastructure and community development through the following initiatives:

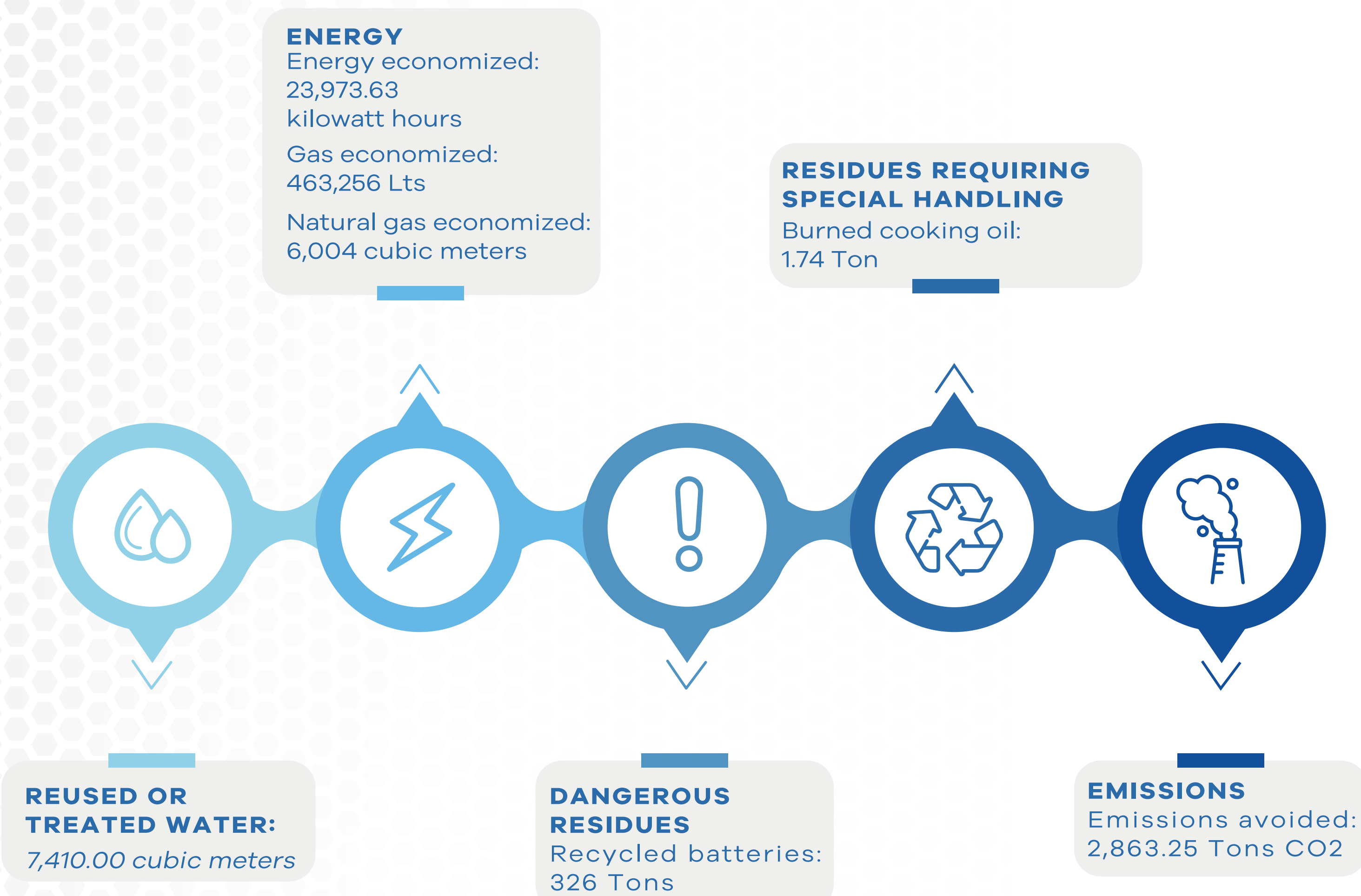
- Corporate volunteering in Condumex work centers
- Participation in annual campaigns for the prevention and control of medical ailments in collaboration with the Carlos Slim Health Institute
- The Carso Training Centers for the public in general
- The Carso Research and Development Center (CIDEC)
- Academic linkage for technological innovation projects by Condumex and Carso Infraestructura y Construcción.
- Program for the rescue of real estate assets in Sanborns,
- Program for the contracting of persons with disabilities in Sanborns and Sears through the Mexican Confederation of Organizations for Persons with Disabilities (CONFE), the Multi-Attention Center (CAM), the YMCA and DIF.
- Free courses in the platform “Train yourself for a job” of the Carlos Slim Foundation, accessible to the public, along with the *Bolsa de Trabajo* (Jobs Basket), which includes recruitment procedures for companies of the Carso group.
- The Organ Donation campaign, on a national level, with all the Group’s employees and their families, through videos, chats and triptychs, with 5,570 Sears collaborators in 46 localities and 77 volunteers.

For more information go to http://www.fundacioncarlosslim.org/

ENVIRONMENTAL PERFORMANCE

Grupo Sanborns

One of Grupo Sanborns characteristics is its scrupulous compliance with the environmental standards to which it is subject. It takes great care in ensuring, in each of the units or establishments in which it operates, that all the corresponding authorizations have been obtained and that all the environmental requirements are being observed. It pays special attention to matters concerning the control and management of residual waters, emissions into the atmosphere, and the management and final disposal of solid residues and dangerous materials when they must necessarily be generated in the operation of its business. Towards these effects, it normally contracts the services of specialized companies, duly authorized by the respective environmental or sanitary authorities. In this sector Grupo Sanborns has a low environmental impact.



Grupo Condumex

In 2020, 16 work centers of the Condumex Group, including the Automotive Cables and Parts sector, had a certification in the ISO 14001:2015 standard. Eight of the said work centers have a third party certification and the other eight have an internal certification issued by the CIDEC. Seven work centers do not yet have a certification because they are engaged in the process of implementation of an environmental management system.

The work centers recorded a total consumption of energy of 140,090,178 kWh, of which the consumption of clean energy was 89,697,277 kWh, while their consumption of self-generated renewable energy from solar panels was 1,788,672 kWh.

In regard to the consumption of water in the 25 work centers, a total consumption of 339,541 cubic meters was recorded, with a discharge of 64,501 cubic meters.

In the reutilization and recycling of residues requiring special handling, a total of 6,190,440 kilograms of residues requiring special handling was collected and recycled. Of this total, 1,057,128 kilograms were paper and cardboard, 651,829 kilograms was PET and plastic, and 476,333 kilograms was aluminum. 411,530 kilograms of dangerous residues and 162,025 kilograms of used oil were sent to be treated and for final disposal.

In the Cables Sector, the Company Latincasa maintains a nursery with 1,038 plant specimens of various species, 32 of which are classified as protected species to some degree or other, in accordance with the NOM-059-SEMARNAT-2010 standard, while the other 1,006 specimens are kept in a nursery that was installed in 2013, in which plant species that are appropriate for reforestation activities in the industrial zone of San Luis Potosi are maintained and reproduced.

The IEM Plant submitted its voluntary report, through the GEI Program on gas emissions that produce the greenhouse effect, sponsored and coordinated by CESPEDES and the Sub-Secretariat of Environmental Development and Standardization of the SEMARNAT (Secretariat of the Environment and Natural Resources).

The Company NACEL of Vallejo and Latincasa continue to hold their Clean Industry designation, and NACEL of Guadalajara was awarded the title of Environmental Leader by the Secretariat of the Environment and Territorial Development (SEMADET), becoming the only Company in Jalisco to earn that designation.

In 2020 the "Recycling Against Cancer" campaign was continued, during which 729 Kilograms of plastic caps were gathered and donated to the "Banco de Tapitas, A.C." associations and to the Asociación Mexicana de Ayuda a Niños con Cáncer I.A.P (AMANC, Mexican Association for Assistance to Children with Cancer). The plastic caps are recycled and the funds thus raised are used by the associations to assist persons with cancer by providing them with information, orientation, caregivers and medications.

Finally, Condumex reaffirms its commitment of continuing to offer technological solutions to the most demanding markets and industries with innovations such as the MinLed Cable, the most sophisticated cable in the mining industry, which, in addition to ensuring continuous operation because of its luminescence, can now be illuminated in other colors that make it visible even under snow.

Carso Infraestructura y Construcción, S. A. de C. V.

In the Infrastructure and Pipeline sectors, their environmental certifications under the international ISO 14001:2015 standard continue to be valid. In 2020 the certificate of compliance under the requirements of the NMX-SAA-14001-IMNC-2015 / ISO 14001:2015 Standard for the design, fabrication, repair and maintenance of offshore platforms, as well as for the fabrication of structural pipes and components of metal-mechanical structures, continues to be in effect, and valid until August 31 of 2023.

In the Infrastructure, Pipelines, Civil Construction and Central sectors, the Company continues with the implementation of its Plan for the Handling of Residues (residues requiring special handling and dangerous residues), in which a total of 764,111 Kg of residues were no longer sent to a sanitary landfill, with several environmental benefits. Additionally, 6,690 Kg of paper and cardboard, 1,230 kg of PET and plastic, and 13,214 kg of aluminum were recycled. In 2020, 216,267 kg of dangerous residues were disposed of, including 8,669 Kg of used oil, all in an environmentally adequate manner.

In 2020, in spite of the pandemic and with the purpose of propitiating environmental awareness, the company's personnel continued to participate in the "Recycling Against Cancer" campaign with the collection and recycling of a total of 228 kg of plastic caps, which were donated to the "Banco de Tapitas" of the "Alianza Anticancer, A.B.P" Association and to the "Angeles en Libertad A.C" Association. In the "Pilotón" campaign a total of 10 kg of used alkaline batteries was collected.

In the rescue and relocation of flora and fauna activities there is presently a total of 11,013 specimens of flora and 1,387 specimens of fauna that have been rescued and relocated. In these groups, 5,111 specimens of flora and 307 of fauna are considered to be threatened to some degree or other, according to the NOM059-SEMARNAT-2010 Standard.

In the "Las Varas -Vallarta" project, the restoration of 450 linear meters of low caducifolic jungle was carried out, with the planting of 150 specimens of Tabebuia rosea, Tabebuia donnel smithii, Enterolobium cyclocarpum, Ceiba pentrandra and Bursera simaruba, from a materials bank located in Las Lomas, Ejido Sayulita, Municipality of Bahia de Banderas, in the state of Nayarit.

Labor, Health and Safety Performance

Grupo Carso is a source of employment for more than 76 thousand full and part-time workers in Mexico, Latin America and some countries in Europe. In 2020, the number of jobs decreased by 1.8% from the previous year. The Group's employees have salaries that are in accordance with the laws, market, performance and level of responsibility within the areas in which they are employed.

	2018	2019	2020	Var% 2020 -2019
Officers				
Key personnel	997	1,046	1,055	0.9%
Unionized	0	0	0	0.0%
Employees				
Key personnel	20,993	21,336	21,981	3.0%
Unionized	33,892	34,526	28,718	-16.8%
Employees				
Key personnel	5,278	8,862	3,102	-65.0%
Unionized	12,278	11,885	21,395	80.0%
	73,438	77,655	76,251	-1.8%

Among the benefits in place in the three Divisions of Grupo Carso are the following:

- Digital scholarships and scholarships for the employees' children and direct family members.
- Home Office Program, flexible hours for parents, economic assistance for funeral expenses, and paid holidays.
- Self-Managed Health and Safety Insurance Program in the workplace in Grupo Condumex,
- Developing Professionals Program in Carso Infraestructura y Construcción and Condumex (PRODES),
- Health prevention campaigns in collaboration with the Mexican Social Security Institute (IMSS) and the Secretariat of Health (SSA).
- Civil Protection Programs, with the training of volunteer brigades.
- Personal development programs, through ASSUME, CRESE and the Social Welfare Program.
- Courses through the "Train Yourself for a Job" platform of the Carlos Slim Foundation for the basic training of operations personnel.
- Training and Instruction Programs in sales and management skills
- Courses, conferences, and workshops delivered by the Carso Training Center.

Courses in technical, operational, formative, development, safety and health training

In 2020, a total of 51,469 courses, which were completed by 386,014 trainees, were held in Carso Infraestructura, Condumex, Sears, Sanborns, Promotora Musical, Dax and Saks Fifth Avenue. Upon the opening and reopening of stores, 162 persons were trained in Sanborns. Regarding the training of personnel in Sears, an average of 53 courses per employee were held, and 697 managers and supervisors were trained according to their functions. A physical presence seminary was held, as well as a virtual classroom with 833 awareness-of-product events. In ClaroShop an average of 2 courses per collaborator were delivered. Additionally, 6,338 persons were trained as team members in Condumex and CICSA.

In Sears, the Carso platform "Train Yourself for a Job" of the Carlos Slim Foundation was installed. The platform contains courses that improve the skills of all the employees in the units, corporate divisions and distribution centers, and the courses have produced a total of 155,176 certificates and 6,840 registered collaborators.

Flexible Hours and Professional Development Programs.

In 2020 in Carso Infraestructura and Condumex 2,647 employees benefitted from the Home Office program, a huge increase compared against the total of 98 persons the previous year, and which was the result of the COVID-19 pandemic.

HOME OFFICE

2,647 collaborators

Scholarships

633 Telmex scholarships were awarded to employees or their children during the year.

	2020	2019
Digital scholarships *Announcement for children of employees*	N/C	699
Telmex scholarships *2019 announcement for direct family members of employees*	633	714

N/C No Call

ASUME

The **ASUME program (Association for the Progress of Mexico)** reached 186 groups, 4,076 collaborators and 354 facilitators graduated from Grupo Carso companies.

Asume	Groups	Participating	Facilitators
2020	186	4,076	354
2019	280	3,477	239
Var% 20 vs. 19	-33.5%	17.2%	48.1%

Social Welfare

3 fundamental aspects were a part of the Social Welfare program: Training, Health and Culture, and Recreation, all of which included activities through video conferences to a massive degree. In 2020 events were organized in which 93,678 persons benefitted from the various programs, including collaborators and family members of collaborators.

Social Welfare	Collaborators
2020	93,678
2019	60,369
2018	41,672
Var% 20 vs. 19	55.1%

CRESE

The Human Quality and Social Responsibility Management System was continued in the Company CRESE, in which 95 units were audited internally in Sears in 2020.

Train Yourself for a Job

In the Carlos Slim Foundation "Train Yourself for a Job" platform work continued, both as a form of entertainment and as a means for developing talent for operational maintenance and sales in Sears, producing a total of 1,540 certificates in 2020, compared to 550 collaborators in the previous year.

With the support of the Carlos Slim Foundation, actions were established for prevention and care, to thereby minimize the effects of the COVID-19 pandemic. The strategy towards that end was developed in 5 stages: awareness; prevention; containment; supervision; and continuous improvement.

The Mexican Center for Philanthropy (CEMEFI) awarded the Socially Responsible distinction to Grupo Condumex for the ninth consecutive year, and to Carso Infraestructura y Construcción for the tenth consecutive year.

Companies with the Socially Responsible distinction:
CONDUMEX: 9 consecutive years
CICSA: 10 consecutive years

Large Companies 2020	Small Companies PYMES 2020
Concensol, S.A de C.V	Servicios Integrales GSM, S de R.L de C.V
Operadora Cicsa, S.A de C.V	Conticon, S.A de C.V
Cordaflex S.A, de C.V	Conalum, S.A de C.V
Condumex, S.A de C.V	
Carso Infraestructura y Construcción, S.A de C.V	
Arneses Eléctricos Automotrices, S.A de C.V	
Arcomex, S.A de C.V	
Arneses Electrónicos Arnelec, S.A de C.V	

Yammer

The main benefits from using the "Yammer" tool consist in the promotion of a digital transformation culture, providing communication in real, fluid, and spontaneous time, as well as creating integration between workers and the workplace. The Grupo Carso Code of Ethics was disseminated to all its personnel in 2020 through the "Carso Train Yourself" platform.

URL: http://www.carso.com.mx/ES/responsabilidad-social/Paginas/gestion_rse_carso.aspx

BOARD OF DIRECTORS

Board Members	Position*	Years as Board Member**	Type of Member***
Carlos Slim Helú	COB – Carso Infraestructura y Construcción COB – Minera Frisco Honorary Life COB – Grupo Carso – Teléfonos de México – América Móvil	Twenty	Patrimonial Related
Carlos Slim Domit	COB – Grupo Carso COB – Grupo Sanborns COB – América Móvil COB – Teléfonos de México	Thirty	Patrimonial Related
Antonio Cosío Ariño	CEO – Cía. Industrial de Tepeji del Río	Thirty	Independent
Arturo Elías Ayub	Director of Strategic Alliances, Communication and Institutional Relations – Teléfonos de México CEO – Fundación Telmex	Twenty-Three	Related
Claudio X. González Laporte	COB – Kimberly Clark de México	Twenty-Eight	Independent
José Humberto Gutiérrez Olvera Zubizarreta	Business Consultant	Thirty	Independent
Daniel Hajj Aboumrad	CEO – América Móvil	Twenty-Six	Related
David Ibarra Muñoz	CEO – David Ibarra Muñoz Firm	Nineteen	Independent
Rafael Moisés Kalach Mizrahi	COB and CEO– Grupo Kaltex	Twenty-Seven	Independent
José Kuri Harfush †	COB – Janel	Thirty-one	Independent
Patrick Slim Domit	Vice- Chairman – Grupo Carso Vice Chairman – América Móvil CEO – Grupo Sanborns Commercial Director of Mass Market – Teléfonos de México COB – Grupo Telvista COB – Sears Operadora México	Twenty-Five	Patrimonial Related
Marco Antonio Slim Domit	COB – Grupo Financiero Inbursa COB – Inversora Bursátil COB – Seguros Inbursa COB – Impulsora del Desarrollo y el Empleo en América Latina	Thirty	Patrimonial Related
Alternate Board Members			
Julio Gutiérrez Trujillo	Business Consultant	Sixteen	Independent
Antonio Cosío Pando	General Manager – Cía. Industrial de Tepeji del Río	Nineteen	Independent
Alfonso Salem Slim	Vice-Chairman – Impulsora del Desarrollo y el Empleo en América Latina COB –Inmuebles Carso	Twenty	Patrimonial Related
Antonio Gómez García	CEO – Grupo Carso CEO – Carso Infraestructura y Construcción COB and CEO – Grupo Condumex	Seventeen	Related
Fernando G. Chico Pardo	CEO – Promecap COB – Grupo Aeroportuario del Sureste	Thirty-One	Independent
Treasurer			
Arturo Spínola García	CFO and Administration Director – Carso Infraestructura y Construcción and Grupo Condumex	Seven	
Secretary of the Board			
Alejandro Archundia Becerra	General Manager Corporate Legal – Grupo Condumex	Eight	

* Based on board of directors information.
** The seniority of the Board members was considered to begin in 1990, on the date in which the stock of Grupo Carso, S.A.B. de C.V. was first listed in the Mexican Stock Market.
*** Based on board of directors' information. The term "Independent Board members" is in accordance with the definition of the term in the Stock Market Law.
† Deceased in July of 2020.

REPORT OF THE BOARD OF DIRECTORS

Reports by the Board of Directors of Grupo Carso, S.A.B. de C.V. on the principal accounting and information policies and criteria that were followed in the preparation of the Company's financial statements and on the operations and activities in which it engaged, are in conformance with Article 28, Fraction IV, subparagraphs d) and e) of the Stock Market Law.

Main accounting and information policies and criteria followed in the preparation of the financial statements.

The Board of Directors reviewed and approved, with the prior favorable opinion of the Company Practices and Auditing Committee, the accounting and information policies and criteria utilized in the preparation of the consolidated financial statements of Grupo Carso, S.A.B. de C.V., and subsidiary companies up to December 31 of 2020, in which reference is made to the following aspects, among others:

1. Activities
2. Significant events
3. Combination of businesses
4. Consolidated subsidiaries
5. Cash and cash equivalents
6. Held-to-maturity securities
7. Accounts receivable
8. Recoverable taxes
9. Inventories
10. Rights of use assets
11. Lease liabilities
12. Administration of financial risks
13. Financial instrument
14. Derivative financial instruments
15. Real estate, machinery and equipment
16. Investment properties
17. Investments in shares of associated companies, joint ventures and other
18. Other assets
19. Intangible assets
20. Short- and long-term debt
21. Other accounts payable and accumulated liabilities
22. Provisions
23. Employee retirement benefits
24. Accounting capital
25. Balances and transactions with related parties
26. Revenue
27. Itemized costs/expenses
28. Other (income) expenses, Net
29. Tax on profits
30. Commitments
31. Contingencies
32. Segment Information
33. Adoption of the new and revised International Standards on Financial Information
34. Principal accounting policies
35. Critical accounting opinions and key sources of uncertainty in the estimates.
36. Transactions that did not produce cash flow
37. New and revised IFRS's that were not in effect at the time
38. Events that occurred after the reporting date
39. Authorization for the issuance of the consolidated financial statements.

The details and scope of the accounting and information policies and criteria indicated above are found in Note No. 34, Principal accounting policies of the said financial statements, and their respective texts are considered to be reproduced here in an integral manner as if they had in fact been inserted to the letter.

Matters established in the Stock Market Law

During the fiscal year of 2020 and up to the present date, the Board of Directors of Grupo Carso, S.A.B. de C.V. held several meetings in which the information relative to the Company's and its subsidiaries' results and operations, as well as the Company's consolidated and unconsolidated financial statements, were presented to the Board members. In the said meetings the Board members dealt with various matters, among them some of the provisions established in the Stock Market Law, and they approved, after the favorable opinion of the Company Practices and Auditing Committee, the following matters:

1) The operations with related parties successively carried out by some subsidiaries of Grupo Carso, S.A.B. de C.V., each of which represent more than one percent of the consolidated assets of the Company, in conformance with the following:

a) Transactions carried out in the amount of 5,675,434 thousand of pesos between Red Nacional Última Milla, S.A. P.I. de C.V. and (i) Carso Infraestructura y Construcción, S.A. de C.V. ("CICSA") and some of its subsidiaries: down pipes, maintenance, and conduits; and (iii) Grupo Condumex, S.A. de C.V. ("Grupo Condumex") and some of its subsidiaries: sale of cabinets for telecommunications.

b) Transactions carried out for 2,180,710 thousand of pesos between Aptiv Services US LLC and other companies of Grupo Aptiv and Grupo Condumex and some of its subsidiaries: sale of harnesses and cables, and automotive engineering services.

c) Transactions carried out for 1,894,917 thousand of pesos between Claro, S.A. and (i) CICSA and some of its subsidiaries: fabrication and installation of radio bases; installation of fiber optic cable and design of networks, including the sale of copper telephone and fiber optic cable; and (iii) Grupo Condumex and some of its subsidiaries: sale of wire and fiber optic cable.

d) Transactions carried out for 1,747,885 thousands of pesos between Teléfonos de México, S.A.B. de C.V. and (i) Grupo Condumex and some of its subsidiaries: sale of telephone cable and fiber optic cable, telephone installation services and the sale of telephony items; (ii) Cicsa and some of its subsidiaries: long-distance optic fiber loops and the customization of telephony sites; (iii) Grupo Sanborns, S.A.B. de C.V. and some of its subsidiaries: Dining hall services, and (iv) Carso Eficentrum, S.A. de C.V.: commissions from the sale of scrap metal and for the salvage and replacement of automobiles for fleets.

All the operations with related parties were reviewed by Galaz, Yamazaki, Ruiz Urquiza, S.C. and a summary of the said operations is found in Note 25 of the financial statements rendered by Grupo Carso, S.A.B. de C.V. and its subsidiaries up to December 31 of 2020.

2) The ratification by the accounting firm Galaz, Yamazaki, Ruiz Urquiza, S.C. to provide the external auditing services of the consolidated financial statements of Grupo Carso, S.A.B. de C.V. and of its subsidiaries up to December 31 of 2020, as well as the ratification of its fees.

3) The consolidated financial statement of Grupo Carso, S.A.B. de C.V. and its subsidiaries up to December 31 of 2020, to be submitted to the consideration of the annual ordinary general assembly of the Company's shareholders.

Mexico City, on March 29 of 2021

Chairman of the Board of Directors
Mr. Carlos Slim Domit

PRACTICES AND AUDITING COMMITTEE OF GRUPO CARSO, S.A.B. DE C.V.

Rafael Moisés Kalach Mizrahi Chairman
Antonio Cosío Ariño
David Ibarra Muñoz

Annual Report

To the Board of Directors:

In my capacity as Chairman of the Company Practices and Auditing Committee of Grupo Carso, S.A.B. de C.V. ("the Committee"), I am hereby submitting the following annual report on activities during the fiscal year of 2020.

Purview of the Company Practices, Evaluation and Compensation Committee

The general director of Grupo Carso, S.A.B. de C.V. (the "Company") and the relevant Board members of the juridical persons that it controls have satisfactorily accomplished the objectives and met the responsibilities with which they were entrusted.

The operations with related parties that were submitted to the Committee for their consideration have been approved. Among those operations are the following significant transactions, each of which, successively executed, represents more than one percent of the Company's consolidated assets:

"Red Nacional Última Milla, S.A. P.I. de C.V. for the concept of down pipes, maintenance and conduits and the sale of cabinets for telecommunications; Aptiv Services US LLC and other companies of Grupo Aptiv for the sale of harnesses and cables and automotive engineering services; Claro, S.A. for the fabrication and installation of radio bases, the installation of fiber optic cable and design of networks, including the sale of copper telephone and fiber optic cable and the sale of wire and fiber optic cable; Teléfonos de México, S.A.B. de C.V. for the sale of telephone cable and fiber optic cable, telephone installation services and the sale of telephony items, long-distance optic fiber loops and the customization of telephony sites; dining hall services, and commissions from the sale of scrap metal and for the salvage and replacement of automobiles for fleets."

All the operations with related parties were carried out at market prices and reviewed by the Galaz, Yamazaki, Ruiz Urquiza, S.C. accounting firm ("the Firm"), the juridical person who carried out the audit of the financial statements of Grupo Carso, S.A.B. de C.V. and Subsidiaries and of the majority of its other subsidiaries up to December 31 of 2020, a summary of which can be found in a note to the said financial statements.

The Chief Executive Officer of the Company does not receive any remuneration for the performance of his activities as such. The Company does not have any employees, and, in regard to the integral remunerations of the relevant Directors of the companies that are controlled by the Company, we have ascertained that they have all complied with the policies approved by the Board of Directors in that respect.

The Board of Directors of the Company did not grant any dispensation so that any councilor, director or person of authority could take advantage – to his own benefit or to the benefit of a third party – of business opportunities corresponding to the Company or to juridical persons that it controls or in which it has a significant influence. On its own part, the Committee also did not grant dispensations for the transactions referred to in subparagraph c) of Fraction III of Article 28 of the Stock Market Law.

Auditing functions

We submitted to the consideration of the Board of Directors of the Company the ratification of Galaz, Yamazaki, Ruiz Urquiza, S.C. to carry out the external audit of the financial statements of Grupo Carso, S.A.B. de C.V. and Subsidiaries and of the majority of its other subsidiaries up to December 31 of 2020 ("the Audit"), as well as the ratification of its fee for the said service. Towards that effect, we considered that the resources proposed by the Accounting Firm for the execution of the auditing program were reasonable, given the scope of the said audit, the nature and complexity of the Company's operations, and its structure. We also reviewed the terms in the request for the Audit.

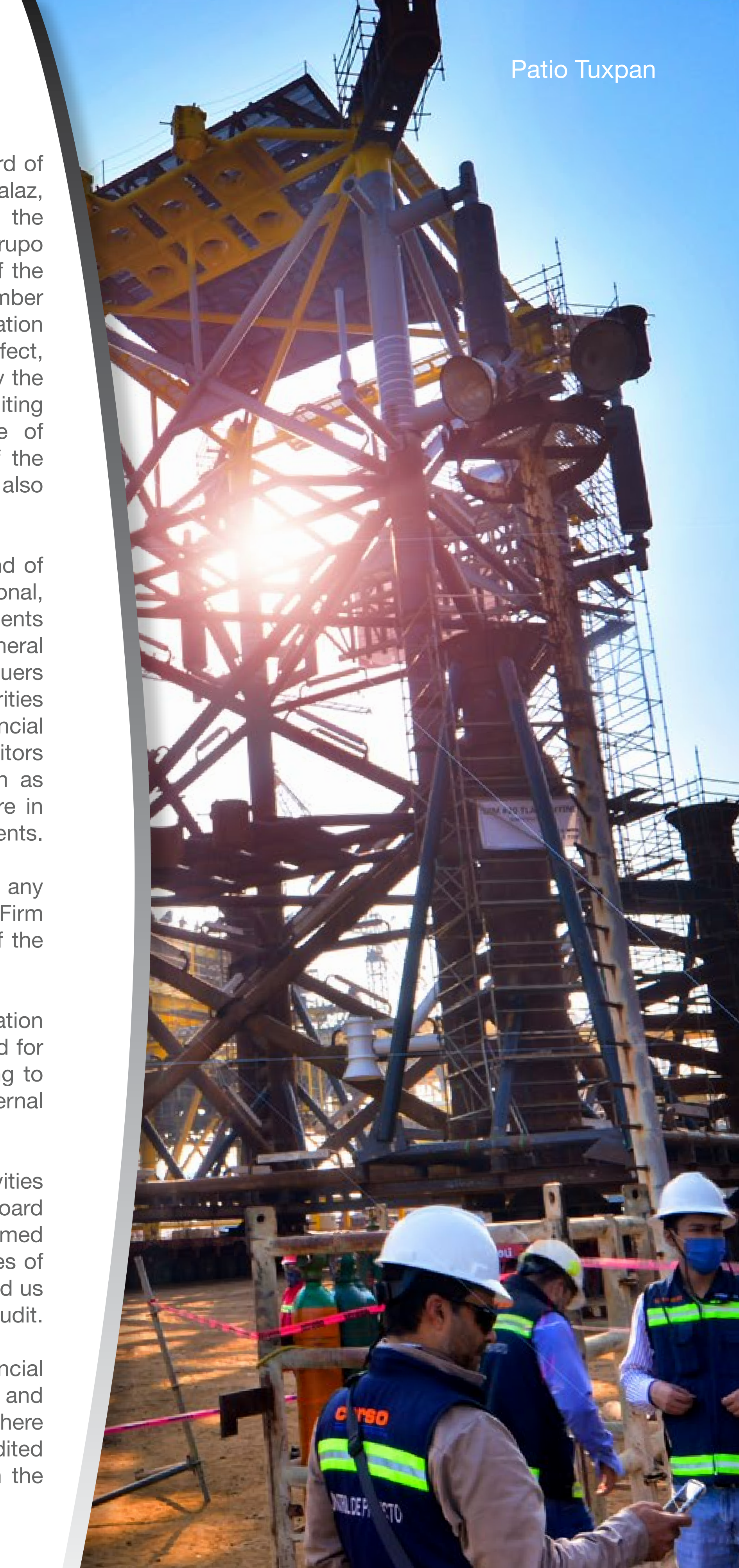
We evaluated the conformance of the Firm and of the External Independent Auditor with the personal, professional and Independence requirements referred to in Article 6 of the Provisions of a General Nature applicable to the entities and issuers supervised by the National Banking and Securities Commission who contract external basic financial statement auditing services ("the External Auditors Circular") and determined that both the Firm as well as the Independent External Auditor were in satisfactory compliance with the said requirements.

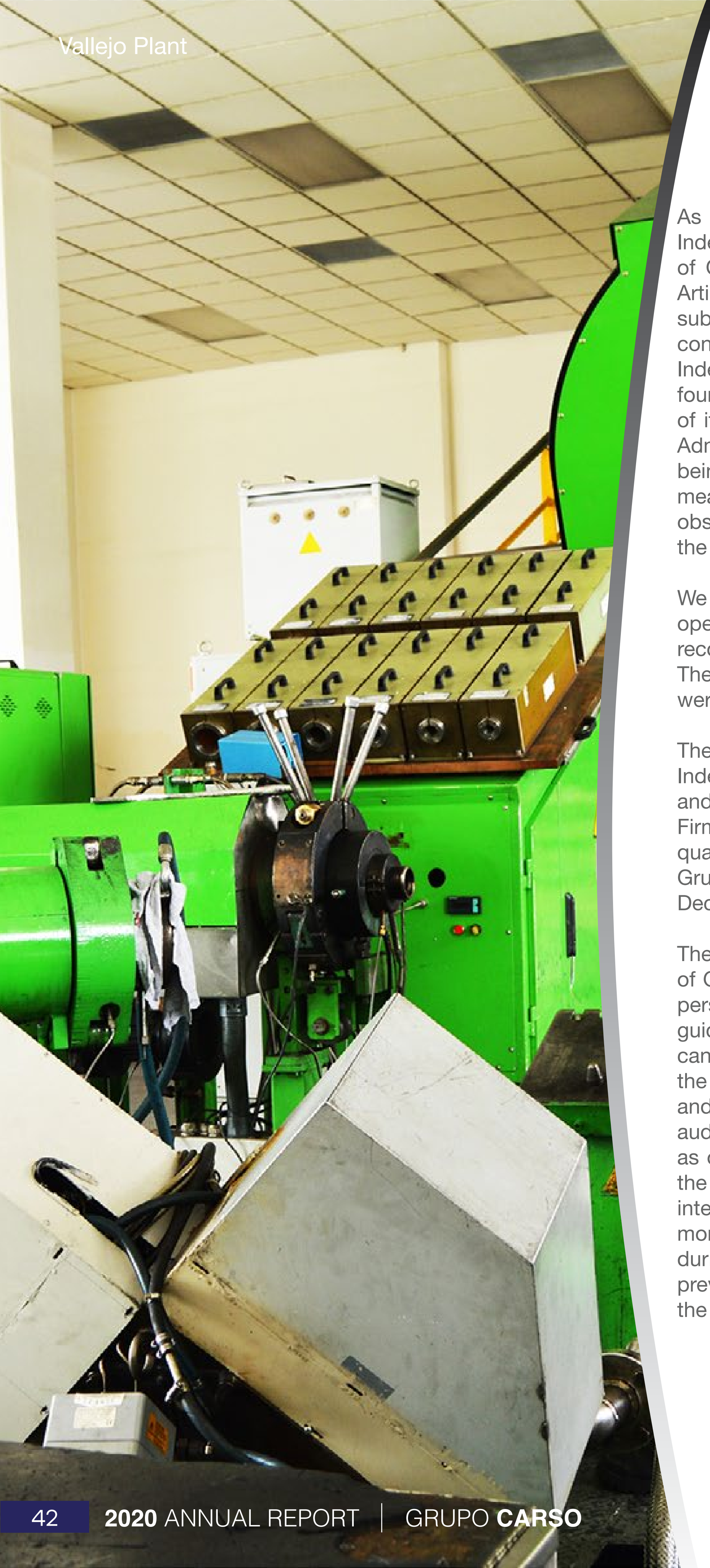
We did not find it necessary to implement any measure to guarantee the independence of the Firm and of the Independent External Auditor or of the personnel who participated in the audit.

We obtained from the Firm the usual declaration of compliance with the quality control standard for the performance of the services corresponding to the Audit, as referred to in Article 20 of the External Auditors' Circular.

We carried out a punctual follow-up on the activities realized by the Firm in the Audit and kept the Board of Directors of the Company continuously informed of its progress. We also monitored the activities of the External Independent Auditor, who informed us of its activities and on the development of the Audit.

After a review of the opinion and of the financial statements of Grupo Carso, S.A.B. de C.V., and Subsidiaries up to December 31 of 2020 there were no important adjustments to the audited numbers or any exceptions to be revealed in the said statements.


Patio Tuxpan



As a result of the review of the External Independent Auditor's Observations (the "Letter of Observations"), as established in Fraction I of Article 15 of the External Auditors Circular, on the substantive procedures, the evaluation of internal controls and the relevant matters that the External Independent Auditor provided to the Company, we found various comments on the Issuer and some of its subsidiaries. In that respect, the Company's Administration informed us that a Plan of Action is being prepared, with the preventive and corrective measures to be taken and the period in which those observations will be addressed, in conformance with the indications in the applicable legal provisions.

We did not learn of any violation of the Company's operating guidelines and policies or of its accounting records, or violations by the entities that it controls. Therefore, no preventive or corrective measures were implemented in that respect.

The performance of the Firm and of the External Independent Auditor was as had been expected, and the objectives that were set at the time the Firm was contracted were achieved. Likewise, the quality of the opinion of the financial statements of Grupo Carso, S.A.B. de C.V. and Subsidiaries up to December 31 of 2020 was satisfactory.

The internal control and internal auditing system of Grupo Carso, S.A.B. de C.V. and of the juridical persons it controls is satisfactory and meets the guidelines approved by the Board of Directors, as can be gathered from the information provided to the Committee by the Company's Administrators and by the persons responsible for the internal audit of both Grupo Carso, S.A.B. de C.V. as well as of Grupo Sanborns, S.A.B. de C.V. in regard to the activities they carried out in compliance with the internal audit plan under their responsibility and the monitoring of the principal findings they discovered during the fiscal year of 2020, or which they had previously reported, as well as from the opinion of the external audit.

According to what was reported to us by the Administration, and from the meetings we held with the external and internal auditors without the presence of Company officers, and as far as we are aware, no relevant observations were made by shareholders, councilors, Board members, employees or by any third party in general in regard to the accounting, internal controls or other subjects related to the internal or external audit, nor were any denunciations made by the said persons in regard to irregularities in the administration of the Company or of the juridical persons it controls.

During the period of this report, we ensured that the accords adopted by the shareholders assembly and the Company's Board of Directors were duly complied with. Also, in accordance with the information provided to us by the Company's Administration, we verified that the Company has controls in place that allow us to determine that it is in compliance with the applicable provisions in regard to the stock market, that its legal department reviews the said compliance at least once a year, and that there have been no adverse observations in that respect nor any adverse change in its legal situation.

In regard to the financial information that the Company is preparing for submission to the Bolsa Mexicana de Valores, S.A.B. de C.V. and to the National Banking and Securities Commission, we have ensured that the said information is being elaborated under the same accounting policies, criteria and practices under which the annual report was elaborated.

Finance and Planning Functions

Due to the Covid-19 pandemic, neither the Company nor the juridical persons it controls made any important investments in the fiscal year of 2020, and, in respect to the investments that were made, we ensured that their financing was carried out in a manner that was in keeping with the Company's medium- and long-term strategic plan. Additionally, we periodically verified that the Company's strategic position was in accordance with the said plan. We also reviewed and evaluated the Budget for the fiscal year of 2020, along with the financial projections that were considered for its elaboration, including the Company's principal investments and financing transactions, which we considered to be viable and in keeping with the Company's investing and financing policies and its strategic outlook.

In the elaboration of this report the Company Practices and Audits Committee relied on the information that was provided by the Director General of the Company, the relevant Directors of the juridical persons controlled by the Company, and the information provided by the external auditor.

Mexico City, March 29, 2021

Chairman
Mr. Rafael Moisés Kalach Mizrahi

CONSOLIDATED FINANCIAL STATEMENTS

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

(Amounts in thousands of Mexican pesos)

Opinion

We have audited the accompanying consolidated financial statements of Grupo Carso, S.A.B. de C.V. and its subsidiaries (the "Entity" or "Grupo Carso"), which comprise the consolidated statements of financial position as of December 31, 2020, 2019 and 2018, and the related consolidated statements of income and other comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Grupo Carso, S.A.B. de C.V. and subsidiaries as of December 31, 2020, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board.

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Independent Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Entity in accordance with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants' (IESBA Ethics Code) and with the ethical requirements that are relevant to our audit of the consolidated financial statements in accordance with the Code of Ethics issued by the Mexican Institute of Public Accountants (IMCP Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Ethics Code and IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of 2020 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Acquisition of new business, see Note 3

The Grupo Carso's strategy in the energy segment (Carso Energy), the oil, gas and other hydrocarbon exploration and production sector, as well as electric power and natural gas transport. As part of the business strategy to grow in this segment, the Administration of the Entity acquired Ideal Panamá, S.A., a Panamanian entity (Ideal Panama) operating two hydroelectric plants in Panama, amounting to $174,185, on February 5, 2020. Consequently, the purchase price was allocated to the acquired assets and the liabilities assumed.

Determining the fair value of the assets and liabilities assumed requires management to make significant estimates and assumptions related to the technical valuation of intangible assets, ownership, plant and equipment, financial liabilities, and book capital value, through the methodology of discounted cash flows, future cash flow forecasts and the selection of the discount rate, conducting audit procedures to assess the reasonableness of these estimates and assumptions required a high degree of audit judgment and a greater degree of effort, including the need to involve our fair value specialists.

Our audit procedures included, but are noted:

i. We review the Entity's authorization related to the acquisition; corroborate the consideration paid including contingent considerations approved by the relevant authority of the Administration.

ii. We read the buying and selling agreements, evaluate the assumptions and methods used to identify fair value estimates and the correct application of the standard.

iii. We evaluate the methodology used to estimate the fair value of Ideal Panama's book capital, challenge the projection period which is in accordance with accepted practices in the financial field, we test the reasonableness of the discount rate.

iv. We test the recognition of financial liabilities assumed at fair value.

v. We challenge the reasonableness of the assumptions of the valuation: Estimates of cash flows, projection period, remaining useful life, term of the concession and other relevant ones.

vi. We challenged that the transaction was not within the scope of IFRS 3 "Business combination".

vii. We involve our tax specialist to validate the tax implications of this operation determined by admiration.

Impairment of tangible assets related to the business segment see Note 15

The Entity has a policy to evaluate the on-the-record values of its tangible assets annually. Grupo Carso uses the "Discounted Cash Flows" (DCF) valuation methodology under the revenue approach. This requires the Administration of the Entity to make significant estimates and assumptions related to future revenue forecasts, long-term growth rates, costs and expenses, equipment maintenance, and selection of discount rates according to the current business situation.

We have considered that the assessment of tangible assets, specifically those related to the business segment's effective Generating Unit (UGE), as a key audit issue, because management makes significant judgments in determining the recovery value of such assets, including expected cash flows, applied discount rates and long-term growth rates, and also for current economic changes in the commercial segment caused by the COVID-19 pandemic , this required a high audit effort including the need to incorporate our fair value specialists.

Our audit procedures included, but are noted:

i. We gained an understanding of internal controls as well as tested their design and implementation.

ii. We review the impairment models made by the administration, for those UGEs whose values in books are subject to significant judgment.

iii. We have discussed key management assumptions regarding cash flow forecasts, discount rates and long-term growth rates based on our knowledge of business, industry and audited historical information.

iv. We involve our specialists to challenge the assumptions used by management to validate the reasonableness of information with business market and industry behavior, including the current business situation.

The results of our audit tests were reasonable.

Paragraph of emphasis-Significant event

Without involving proviso in our view, we draw attention to Note 2a detailing the impacts of the COVID-19 global pandemic on the economy of Grupo Carso's business segments.

Other matter

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

Additional information other than the consolidated financial statements and the independent auditors' report

The Entity's Administration is responsible for the other additional information. The other information includes, i) the information that will be incorporated in the Annual Report that the Entity is required to prepare pursuant to Article 33 Section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and Other Participants of the Stock Market in Mexico and the Instructions accompanying such provisions (the Provisions). The Annual Report is expected to be available for our reading after the date of this audit report; and ii) other additional information, which is a measure not required by IFRS, and has been incorporated for the purpose of evaluating the performance of each of the operating segments, in relation to their Profit before Financing, Taxes, Depreciation and Amortization (EBITDA) of the Entity, this information is presented in

Note 32.

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

In relation to our audit of the consolidated financial statements, our responsibility will be to read the Annual Report, when it is available, and when we do so, consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or that appears to contain a material error. When we read the Annual Report, we will issue the legend about the reading of the annual report, required in Article 33 Section I, subsection b) number 1.2. of the Provisions. Also, and in relation to our audit of the consolidated financial statements, our responsibility is to read and recalculate the other information, which is the measure not required by IFRS and in doing so consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or that appears to contain a material error. If based on the work we have done, we conclude that there is a material error in the other information; we would report such fact. We have nothing to report on this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for the internal control as management determines is necessary to enable the preparation of consolidated financial statements that are 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 consolidated financial reporting process.

Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely 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 have communicated 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 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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. Abel García Santaella

Mexico City, Mexico
March 19, 2021

Grupo Carso, S.A.B. de C.V. and Subsidiaries

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos)

Assets	Notes	2020	2019	2018
Current assets:				
Cash and cash equivalents	5	$ 11,764,102	$ 8,157,905	$ 7,767,473
Investments in securities	6	2,642,169	1,701,400	1,150,223
Accounts receivable	7	22,525,829	23,927,274	20,304,208
Due from related parties	25	5,187,980	4,954,593	4,707,977
Recoverable taxes	8	4,324,177	3,518,324	3,434,541
Inventories, net	9	16,020,744	17,652,566	17,764,614
Prepaid expenses		2,111,152	1,205,357	711,584
Derivative financial instruments	14	12,255	7,928	2,546
Total current assets		64,588,408	61,125,347	55,843,166
Non-current assets:				
Long-term accounts receivable		1,300,714	1,247,322	1,298,978
Real estate inventories		987,265	993,454	937,489
Property, machinery and equipment	15	50,177,463	36,535,171	35,620,311
Right of use assets	10	4,955,605	5,634,158	6,059,684
Investment property	16	3,392,635	3,233,907	3,068,498
Investment in associates and joint ventures	17	36,399,802	34,882,564	34,760,628
Employee retirement benefits	23	820,955	226,361	562,981
Derivative financial instruments	14	-	16,479	478,895
Intangible assets	19	1,459,712	1,470,388	1,219,978
Deferred income tax asset	29	5,354,451	4,627,641	3,919,730
Other assets	18	389,589	461,133	451,686
Total non-current assets		105,238,191	89,328,578	88,378,858
Total assets		$ 169,826,599	$ 150,453,925	$ 144,222,024

Liabilities	Notes	2020	2019	2018
Current liabilities:				
Loans payable to financial institutions and other	20	$ 3,113,436	$ 325,632	$ 434,031
Current portion of long-term debt	20	177,531	91,911	82,871
Current lease obligation	11	1,262,736	1,369,319	1,375,573
Trade accounts payable		11,623,855	10,884,731	11,278,375
Due to related parties	25	710,794	626,849	1,391,370
Other accounts payable and accrued liabilities	21	6,962,741	8,220,283	6,564,310
Provisions	22	5,609,257	3,721,185	3,260,535
Direct employee benefits		841,370	1,000,130	960,648
Derivative financial instruments	14	263,620	260	8,870
Advances from customers		4,359,491	3,648,082	1,157,085
Total current liabilities		34,924,831	29,888,382	26,513,668
Non-current liabilities:				
Long-term debt	20	20,820,230	12,182,750	12,669,891
Lease obligation	11	4,553,355	5,360,885	5,748,808
Deferred income taxes	29	5,815,822	5,108,502	4,962,615
Other long-term liabilities		940,533	1,456,792	1,772,204
Employee retirement benefits	23	625,493	1,204,563	168,758
Derivative financial instruments	14	1,431,492	607,491	-
Total non-current liabilities		34,186,925	25,920,983	25,322,276
Total liabilities		69,111,756	55,809,365	51,835,944
Stockholders' equity:	24			
Capital stock		2,531,579	2,534,392	2,534,812
Net stock issuance premium		2,392,896	2,392,896	2,392,896
Retained earnings		83,757,218	78,277,075	72,976,607
Accumulated other comprehensive income		3,696,994	3,105,000	6,104,230
Controlling interest		92,378,687	86,309,363	84,008,545
Non-controlling interest		8,336,156	8,335,197	8,377,535
Total consolidated stockholders' equity	24	100,714,843	94,644,560	92,386,080
Total liabilities and stockholders'equity		$ 169,826,599	$ 150,453,925	$ 144,222,024

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

As of December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos, except for basic earnings per common share data)

	Notes	2020	2019	2018
Net income	26	$ 94,684,370	$ 102,477,596	$ 96,639,833
Cost of net income	27	70,955,415	73,337,713	67,980,272
Gross operating income		23,728,955	29,139,883	28,659,561
Sales expenses	27	10,912,640	13,106,785	12,608,993
Administrative expenses	27	4,857,215	4,694,445	4,698,683
Statutory employee profit sharing		190,805	259,875	266,293
Other (income) expenses, net	28	(1,147,964)	(374,448)	53,366
Interest expense		2,272,753	1,185,672	1,094,294
Interest income		(1,269,193)	(743,397)	(585,814)
Foreign exchange gain		(6,302,703)	(944,813)	(2,176,632)
Foreign exchange loss		5,488,139	1,172,371	1,930,745
Effects of valuation of derivative financial instruments		397,890	426,908	(289,436)
Share of results of associates and joint ventures	17	(757,815)	(978,063)	(787,689)
Income before income taxes		9,087,188	11,334,548	11,846,758
Income taxes	29	2,639,419	2,928,598	1,473,481
Consolidated net income for the year		$ 6,447,769	$ 8,405,950	$ 10,373,277
Other comprehensive income:				
net of income tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		$ (288,373)	$ (347,438)	$ (248,055)
Valuation of derivative financial instruments		(498,937)	(417,849)	166,857
(Loss) gain in valuation of equity financial instruments		1,922,915	(358,551)	5,677,751
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of net defined benefits liability		(78,337)	(980,514)	142,955
Other results		426	(1,324)	(56,804)

(Continue)

	Notas	2020	2019	2018
Share of associates and joint ventures' other comprehensive income		(532,729)	(1,094,901)	(403,767)
Total other comprehensive income		524,965	(3,200,577)	5,278,937
Consolidated comprehensive income of the year		$ 6,972,734	$ 5,205,373	$ 15,652,214
Consolidated net income attributable to:				
Controlling interest		$ 5,706,408	$ 7,547,361	$ 9,170,294
Non-controlling interest		741,361	858,589	1,202,983
		$ 6,447,769	$ 8,405,950	$ 10,373,277
Basic earnings per common share attributable to controlling interest:				
Continuing operations		$ 2,507	$ 3,309	$ 4,019
Weighted average number of shares ('000)		2,276,143	2,280,862	2,281,595
Consolidated comprehensive income attributable to:				
Controlling interest		$ 6,298,402	$ 4,548,131	$ 14,421,103
Non-controlling interest		674,332	657,242	1,231,111
		$ 6,972,734	$ 5,205,373	$ 15,652,214

(Concluded)

Grupo Carso, S.A.B. de C.V. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos)

	Capital stock	Net stock issuance premium	Retained earnings	Other comprehensive income: Gain (losses) in translation effects of foreign operations	(Losses) gain in valuation of derivative financial operations instruments	Actuarial (losses) gain	Gain in valuation of financial instruments of capital	Share in the ownership in other comprehensive results	Participación en otros resultados integrales de asociadas	Total controlling interest	Non-controlling interest	Total stockholders' equity
Consolidated balances as of December 31, 2018	$ 2,534,882	$ 2,392,896	$ 66,067,978	$ 878,490	$ (183,902)	$ (474,875)	$ -	$ (812,864)	$ 1,446,572	$ 71,849,177	$ 8,101,616	$ 79,950,793
Repurchase of own shares	(70)	-	(19,710)	-	-	-	-	-	-	(19,780)	-	(19,780)
Cash dividends declared	-	-	(2,099,025)	-	-	-	-	-	-	(2,099,025)	-	(2,099,025)
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(691,879)	(691,879)
Decrease in repurchase of shares of subsidiary	-	-	(75,742)	-	-	-	-	-	-	(75,742)	(225,225)	(300,967)
Acquisition of non-controlling interest of subsidiaries	-	-	(67,188)	-	-	-	-	-	-	(67,188)	(38,088)	(105,276)
Balances before comprehensive income	2,534,812	2,392,896	63,806,313	878,490	(183,902)	(474,875)	-	(812,864)	1,446,572	69,587,442	7,146,424	76,733,866
Consolidated comprehensive income of the year	-	-	9,170,294	(242,849)	155,550	131,517	5,677,437	(53,982)	(416,864)	14,421,103	1,231,111	15,652,214
Consolidated balances as of December 31, 2018	2,534,812	2,392,896	72,976,607	635,641	(28,352)	(343,358)	5,677,437	(866,846)	1,029,708	84,008,545	8,377,535	92,386,080
Repurchase of own shares	(420)	-	(106,800)	-	-	-	-	-	-	(107,220)	-	(107,220)
Cash dividends declared	-	-	(2,143,741)	-	-	-	-	-	-	(2,143,741)	-	(2,143,741)
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(701,941)	(701,941)
Decrease in repurchase of shares of subsidiary	-	-	(23,424)	-	-	-	-	-	-	(23,424)	(58,391)	(81,815)
Acquisition of non-controlling interest of subsidiaries	-	-	27,072	-	-	-	-	-	-	27,072	60,752	87,824
Balances before comprehensive income	2,534,392	2,392,896	70,729,714	635,641	(28,352)	(343,358)	5,677,437	(866,846)	1,029,708	81,761,232	7,677,955	89,439,187
Consolidated comprehensive income of the year	-	-	7,547,361	(331,518)	(389,032)	(881,796)	(357,991)	(1,511)	(1,037,382)	4,548,131	657,242	5,205,373
Consolidated balances as of December 31, 2019	2,534,392	2,392,896	78,277,075	304,123	(417,384)	(1,225,154)	5,319,446	(868,357)	(7,674)	86,309,363	8,335,197	94,644,560
Repurchase of own shares	(2,813)	-	(572,449)	-	-	-	-	-	-	(575,262)	-	(575,262)
Dividends declared to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(788,217)	(788,217)
Decrease in repurchase of shares of subsidiary	-	-	(13,533)	-	-	-	-	-	-	(13,533)	(50,487)	(64,020)
Restructuring effect on Associate	-	-	141,539	-	-	-	-	-	(287,871)	(146,332)	(631)	(146,963)
Acquisition of non-controlling interest of subsidiaries	-	-	218,178	-	-	-	-	-	-	218,178	164,722	382,900
Balances before comprehensive income	2,531,579	2,392,896	78,050,810	304,123	(417,384)	(1,225,154)	5,319,446	(868,357)	(295,545)	85,792,414	7,660,584	93,452,998
Consolidated comprehensive income of the year	-	-	5,706,408	(277,095)	(480,097)	(61,523)	1,928,030	415	(229,865)	6,586,273	675,572	7,261,845
Consolidated balances as of December 31, 2020	$ 2,531,579	$ 2,392,896	$ 83,757,218	$ 27,028	$ (897,481)	$ (1,286,677)	$ 7,247,476	$ (867,942)	$ (525,410)	$ 92,378,687	$ 8,336,156	$ 100,714,843

Grupo Carso, S.A.B. de C.V. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos)

	2020	2019	2018
Cash flows from operating activities:			
Consolidated net income for the year	$ 6,447,769	$ 8,405,950	$ 10,373,277
Adjustments not requiring (providing) cash:			
Income tax recognized in results	2,639,419	2,928,598	1,473,481
Depreciation and amortization	3,442,981	3,280,935	3,155,491
Gain on sale of property, machinery and equipment and others assets	(6,968)	(12,071)	(13,908)
Derecognition of property, machinery and equipment and intangible assets	-	567	2,761
Impairment of property, plant and equipment	(20,855)	(68,887)	10,375
Impairment of exploration capitalized expense	371,998	-	372,850
Impairment of concession	-	-	84,659
Fair value gain on investment property	(115,708)	(225,440)	(221,908)
Share of results of associates and join ventures	(757,815)	(978,063)	(787,689)
Fair value gain on derivative financial instruments	-	(21,222)	(9,414)
Interest income	(4,856,056)	(4,717,989)	(4,379,795)
Interest expense	2,272,753	1,185,672	1,094,294
Employee retirement benefits rethinking effect	(1,410,828)	-	-
Dividends received from associates measured at fair value	(651,900)	(745,028)	(558,772)
Other items	304,030	(745,497)	(132,756)
	7,658,820	8,287,525	10,462,946
Items related to operating activities:			
(Increase) decrease in:			
Accounts receivable	1,062,936	(3,065,774)	827,027
Interest income	3,654,537	3,970,601	3,775,271
Other accounts receivable	273,439	(491,067)	653,389
Due from related parties	(233,387)	(246,616)	(617,387)
Recoverable taxes	(779,570)	(314,377)	(499,706)
Inventories	1,660,297	112,048	(1,254,953)
Prepaid expenses	(905,795)	(493,773)	(12,658)
Long-term accounts receivable	(53,392)	51,656	126,083
Real estate inventories	6,189	(55,965)	(25,512)
Other assets	(455,628)	(321,151)	(374,902)
(Decrease) increase in:			
Trade accounts payable	711,443	(393,644)	1,366,532
Due to related parties	83,945	(764,521)	(499,539)
Other accounts payable and accrued liabilities	(1,436,217)	392,849	(288,881)
Provisions	1,865,395	460,650	(227,854)
Direct employee benefits	(158,760)	39,482	(27,555)
Advances from customers	711,409	2,490,997	918,954
Other long-term liabilities	(520,328)	(315,412)	216,275
Employee retirement benefits	(66,638)	391,911	(14,478)

(Continue)

	2020	2019	2018
Income taxes paid	(2,956,176)	(1,997,182)	(3,776,476)
Derivative financial instruments	600,576	652,059	(149,448)
Net cash flows provided by operating activities	10,723,095	8,390,296	10,577,128
Cash flows from investing activities:			
Acquisition of securities	(5,611,761)	(4,688,627)	(2,279,153)
Proceeds on disposal of held-to-maturity securities	5,053,892	4,137,450	1,906,317
Purchase of property, machinery and equipment	(4,628,626)	(3,682,850)	(4,340,943)
Proceeds on disposal of property, machinery and equipment	47,561	96,155	77,515
Investment in exploration expenses	(207,030)	(305,274)	(872,187)
Interest received	1,269,193	743,470	584,138
Dividends received	2,069,650	1,375,570	1,189,887
Derivative financial instruments	-	8,675	(28,137)
Acquisitions of investment properties	(600)	(2,276)	(62,890)
Acquisitions the Ideal Panama	(174,185)	-	-
Aportion/acquisition of subsidiaries, associates and joint ventures shares	(39,692)	(1,308,515)	(1,300,552)
Net cash flows used in investing activities	(2,221,598)	(3,626,222)	(5,126,005)
Cash flows from financing activities:			
Proceeds from loans and borrowings	11,314,723	1,887,210	7,754,302
Payment of borrowings and long-term debt	(10,462,708)	(2,473,710)	(4,794,250)
Interest paid	(1,760,296)	(1,087,761)	(1,119,061)
Repayment of lease liabilities	(1,162,544)	(851,115)	(759,141)
Dividends paid	(788,217)	(2,845,682)	(2,790,904)
Repurchase of own shares	(575,262)	(107,220)	(19,780)
Repurchase of subsidiary shares	(64,020)	(81,815)	(300,967)
Derivative financial instruments	-	(1,446)	3,752
Decrease (acquisition) of non-controlling interest	-	87,824	(105,276)
Net cash flows used in financing activities	(3,498,324)	(5,473,715)	(2,131,325)
Effects of exchange rate changes on cash and cash equivalents	(1,396,976)	1,100,073	116,310
Net increase in cash and cash equivalents	3,606,197	390,432	3,436,108
Cash and cash equivalents at beginning of the year	8,157,905	7,767,473	4,331,365
Cash and cash equivalents at end of the year	$ 11,764,102	$ 8,157,905	$ 7,767,473

(Concluded)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2020, 2019 and 2018
(In thousands of Mexican pesos ($) and thousands of U.S. dollars (US$))

1. Activities

Grupo Carso, S.A.B. de C.V. and Subsidiaries (the Entity or Grupo Carso) with address at Lake Zurich No. 245 Edificio Frisco Piso 6, Col. Ampliación Granada in Mexico City, postal code 11529, is a Sociedad Anónima Bursatil incorporated in Mexico, holding shares of a group of companies which are mainly dedicated to the Commercial, Industrial, Infrastructure and construction and Energy segments (see Note 4).

2. Significant events

a. *Overall risk of operation*

As of December 31, 2019, the SARS-COV-2 virus outbreak, which causes COVID-19 disease, has strongly impacted many local economies around the world. In many countries, businesses have been forced to halt their operations for long and/or indefinite periods of time. Measures taken to contain the spread of the virus include travel bans, quarantines, social estating and non-essential service closures have detonated significant disruptions from many businesses globally, resulting in an economic slowdown. Stock markets around the world have also experienced high volatility and significant weakening.

Since the beginning of the health emergency, Grupo Carso implemented various prevention and mitigation measures to preserve the health of its customers, collaborators, suppliers and the general population. Investments in the commercial segment were stopped from that date and no dividend payment was scheduled for this year 2020. Strict control of operating expenses was carried out in all segments, trying not to affect the quality of our products or the standard at the level of our services. Inventories were optimized and the financial balance and attention to customer engagements was sought.

In particular, considering the circumstances for each segment, different effects and actions were taken to address them, in accordance with the following:

Commercial Segment- Sanborns Group .

This segment operates department stores and boutiques, shops-restaurants and electronics, technology and entertainment stores. Its main brands are Sears, Sanborns, Ishop, Mixup and Saks Fifth Avenue.

The short-term strategy pursued by Grupo Sanborns to deal with this emergency was to boost online business, offering all the products, which any customer could find in a physical store, the above by the health emergency, which was affecting the rest of the business formats that had to be temporarily closed to ensure social estating. This phase had its most important manifestation in April and May, although in several states of the Mexican republic it extended even until June and July; the reopening was carried out on a limited basis, always following the protocols indicated by the respective authority, making those adjustments and logistical preparations, to ensure appropriate hygiene conditions, both in stores to receive our customers again, while continuing to strengthen the sale through digital channels. In Mexico City and the State of Mexico, as of December 19, the "red light" health strategy for all non- essential activities was announced again, also in several states of the Mexican Republic; local authorities also implemented reduced operating hours and permitted capacity. Resuming the opening from 1st and 8th February in the State of Mexico and Mexico City, respectively complying with the health measures imposed by the respective authority.

In response to COVID-19's health emergency, investments were stopped and no dividend payment was decreed. Expense control was carried out without affecting the image and service, obtaining a reduction in administration and sales expenses of approximately $2,521 million pesos which represented 16.0% when compared against those recorded in December 2019. Inventory was optimized, reducing by 15.8% at the end of December 2020 versus December 2019 inventory, by decrease in purchases. The decline in the credit portfolio was evident due to the temporary closure of physical stores. In the face of the health emergency, the receipt of credit card payments was digitally and other channels were implemented in bank branches and in boxes at some outlets not affected by the closure.

Controlled credit and timely support to debtors continued during the health crisis. Credits were also contracted to meet the obligations, however, due to the gradual opening of the stores and the strategies mentioned above, Grupo Sanborns did not submit debt at the end of 2020, while its cash amount totaled $3,991 million. Based on our estimates and the economy's behavior since the return to "new normal" we consider it to regenerate positive cash flows for its operations. In addition, Grupo Sanborns continued to meet its obligations to its creditors, including payment of full salaries, even during the full temporary closure of some of its stores, maintaining the workforce without renewing any contracts.

Analysis of the main items in the consolidated statements of income and their impact derived from the pandemic:

The consolidated sales of Grupo Sanborns accumulated as of December 2020 were $ 39,612 million, which represented a decrease in sales of 25.7% and a decrease of 29.0% in sales of comparable stores, the above, derived from the health emergency due to the pandemic of Covid-19. From March 31 to June 15, 2020, all Sears and Saks Fifth Avenue stores were temporarily closed to the public. Sanborns temporarily closed 96 stores and 22 Sanborns Café, while the rest continued to provide essential products and services in the pharmacy, other pharmacy and telecommunications departments. Fulfilling the sanitary measures, the iShop stores the operation was variable depending on the city and the restrictions in the shopping centers. Dax stores continued to operate as they were self-service stores. The Loreto and Plaza Inbursa shopping centers closed temporarily, keeping only the restaurant service under the option of selling prepared food and take away drinks. The sale and service to our customers continued through their digital stores.

During 2020, 11 Sanborns stores were closed in Mexico, the 3 stores in Central America, the Saks Fifth Avenue store in Plaza Carso was also closed and replaced by the Sanborns Home & Fashion format, towards the end of December a Sears department store in the city of Monterrey, on the other hand, 3 iShop was opened.

Grupo Sanborns' consolidated gross margin during 2020 was 34.4% compared to 38.2% as a result of a greater weight in the sale of technology items within the mix. Gross profit totaled $ 13,609 million pesos, a decrease of (33.1%) compared to that presented during 2019.

A cost control was carried out without affecting the image and the service, the main savings were observed in sales expenses related to rents, lower consumption of electricity and payment of bank commissions. In administration expenses, savings were observed due to lower expansion expenses and payment of fees. Additionally lower advertising, promotion and depreciation expenses. We continue to implement additional measures to reduce overhead costs.

Derived from the closure of physical stores due to the Covid-19 pandemic and the aforementioned points, the accumulated operating profit at the end of December 2020 totaled $ 1,681 million compared to $ 4,699 million, influenced by the aforementioned.

Sanborns Group consolidated net income declined (73.7%) totaling $814 million pesos comparatively with net income of $3,090 million pesos recorded at the end of December 2019.

Industrial and manufacturing segment

This business segment provides services and products, mainly: (i) Cables (energy, telecommunications, electronics, coaxial, fiber optic, mining and automotive, among others), (ii) Automotive electrical harnesses, (iii) Precision steel pipes, (iv) Power transformers, and v) Alternate energies. This is focused on meeting the needs of the electrical, automotive, mining, telecommunications and construction energy industry.

There were temporary plant closures and a significant decrease in sales of the sectors, which were gradually recovered during the second half of the year once the confinement and reactivation of certain productive sectors of the country was lifted, so that all plants were reactivated and projected expectations exceeded, reflected in sales and operating profits in this year greater than 2019, despite the above circumstances.

Cables

Technical shutdowns and reduction of operations were generated at plants in Mexico (Guadalajara, San Luis Potosí, Vallejo, Conticon, Conalum and IEM) as well as in foreign entities (Brazil and Spain) by federal decrees in Mexico and other countries, interrupting the production and marketing of our products, which caused significant reduction in production volumes due to lower purchases from our customers, both domestic and export markets. However, annual figures achieved an increase from 2019.

Investments and expenses have been minimized to operate, the workforce has been maintained, respecting the decision of zero redundancies in these situations. At the end of 2020, sales and operating result were higher compared to 2019 by 5.3% and 11.1%, respectively.

Autoparts

During the months of April and May, our main customers: General Motors, Audi, Volkswagen and the customers "Tier One", closed their plants interrupting their production and impacting the sales volumes of the Automotive Cable and Arneses, causing a contraction at the end of the first half of 2020 of 26.5% and 34.8% in sales and operating result, respectively, compared to 2019. Starting in the second half of the year, shipowners are restarting activities and thereby a significant increase in the sales volumes of harnesses and automotive cable that are additionally benefited by the average fluctuation in weight against the US dollar. At the end of 2020, sales and operating result were higher by 1.9% and 21.5% compared to the end of 2019.

Infrastructure and Construction Segment

The Manufacturing and Services, Infrastructure and Pipeline Facilities sectors improved their results compared to 2019 due to the obtaining of new projects and the consolidation of those from 2019, such as the maloob-E and Maloob-I marine infrastructure units, supply of materials and construction of the platform and via the Maya Train Tramo II from Escárcega to Calkiní, as well as by obtaining a higher volume of work in national territory mainly in the field of telecommunications.

The Building, Facilities and Housing sector had a contraction in its results due to the effects of the pandemic on the real estate market, which temporarily suspended some projects. However, Carso Infrastructure and Construction maintains an important backlog and continues to participate in public and private tenders.

Energy Segment

It participates in the energy and oil industry, is mainly engaged in the provision of gas transport services for the Federal Electricity Commission. This segment has continued its operations without significant changes, so its workforce has not been diminished or has submitted temporary or definitive suspensions in the execution of its derivative contracts that the nature of its operations is related to energy generation, which is considered as an essential activity at the national and foreign level where it has a presence. The segment completed the construction of the Samalayuca-Sásabe pipeline and maintains its plans in hydrocarbons and geothermal power generation.

b. In October 2019, PEMEX Exploration and Production (PEP) awarded the consortium formed by its subsidiary Operadora Cicsa, S. A. de C. V. (CICSA Operator) and Permaducto, S.A. de C.V. a contract for the engineering, procurement and construction of two marine infrastructure units called MALOOB-E and MALOOB-I, to be installed in the Campeche probe, Golf of Mexico to be executed in 550 days with maturity on May 2, 2021 , amounting to $1,438,672 and USD $69,505, both amounts correspond to the CICSA Operator stake representing 45.30% of the total contract. As of December 31, 2020, approximately 83% progress is made. In July 2020, change order 01 was protocolized to the original contract for the incorporation of extraordinary work for the "Engineering, procurement and manufacture of three marine infrastructure units UIM-17, UIM-20 and UIM-26 to be installed in the probe of Campeche, Gulf of Mexico" to be executed in 223 days with original expiration date as of February 10, 2021 , amounting to $78,343, as of December 31, 2020, a progress of approximately 90%, was made on March 17, 2021, an exchange order was formalized establishing an extension derived from the arrears in the payment of the advance by PEP and the end date of work on May 17, 2021.

c. During July 2019, Sanborns Group acquired 33.2719% of Miniso BF Holding's shares, S. de R.L. de C.V. (Miniso), gaining significant influence. Currently, Miniso has 100 stores in the Mexican Republic.

3. Business combination

a. Acquired subsidiary

On February 5, 2020, through its indirect subsidiary Carso Energy Corp., the Entity acquired, from Promotora del Desarrollo de América Latina, S.A. de C.V., 100% of the shares representative of the share capital of Ideal Panama, S.A. (Ideal Panama), thus gaining control of it. Ideal Panama's main activities consist of the generation and commercialization of electricity, as well as the operation and maintenance of hydroelectric plants. Ideal Panama currently operates two hydroelectric plants in Panama, since 2012, with a combined capacity of 145 MW.

The consideration consisted of a cash payment of USD$13,532 and a debt assignment of $137,196, for a total consideration of USD$150,728.

Assets acquired and liabilities assumed at the date of acquisition in US dollars are as follows:

	Fair value	Fair Value
Current assets:		
Cash and cash equivalents	$ 81,685	USD$ 4,320
Account receivable and others	39,367	2,082
Inventories	28,646	1,515
Non-current assets		
Propery, machinery and equipment	10,619,316	561,616
Other assets	37,590	1,988
Deferred income tax	22,085	1,168
Current liabilities		
Account payable and acrrud labilities	50,164	2,653
Taxes and obligations payable	3,593	190
Due to related parties	39,292	2,078
Non current liabilities:		
Deferred income taxes	391,652	20,713
Employee retirement benefits	6,391	338
Long-term debt	7,487,558	395,989
Net assets acquired at fair value	$ 2,850,039	USD$ 150,728

Net cash flows on the acquisition of subsidiaries

	2020	2020
Cash-paid consideration	$ 255,870	USD$ 13,532
Less: cash balances and cash equivalents purchased	81,685	4,320
	$ 174,185	USD$ 9,212

Effect of acquisitions on the Entity's results

Had such a business combination been made as of January 1, 2020, the Entity's revenue from continuing operations would have amounted to $977 million, while the result of the year of continuing operations would have amounted to $527 million. The Administration of the Entity considers that these "pro forma" figures represent an approximate measure of the Combined Entity's performance on an annualized basis and provide a benchmark for comparison for future periods.

4. Consolidated subsidiaries

The ownership percentages over the capital stock of its subsidiaries as of December 31 2020, 2019 and 2018 are shown below:

Subsidiary	Country of incorporation and operations	Activity	Ownership % December 31, 2020	December 31, 2019	December 31, 2018
Carso Infraestructura y Construcción, S.A. de C.V. and subsidiaries (CICSA)	Mexico, Central America and South America	Operation of several engineering areas including those related to infrastructure, such as: highway construction and maintenance, water systems, water treatment plants and dams; duct line installations for the telecommunications and gas sectors, including fiber-optic networks and gas pipelines, among others; oil well drilling and services related to the industry; design and construction of oil platforms and oil industry equipment; the construction of industrial, commercial and residential real property.	99.93	99.93	99.93
Grupo Condumex, S.A. de C.V. and subsidiaries (Condumex)	Mexico, U.S., Central America, South America and Spain	Manufacture and sale of goods, mainly cable to construction, automotive, energy and telecommunications markets; manufacture of autoparts, mainly for the OEM industry, manufacture and sale of copper and aluminum products; manufacture and sale of transformers and lighting solutions.	99.58	99.58	99.58
Grupo Sanborns, S.A.B. de C.V. and subsidiaries (Sanborns)	Mexico, El Salvador and Panama	Operation of department stores, gift shops, record stores, restaurants, coffee shops and management of shopping malls mainly through the following commercial brands: Sanborns, Sears, Saks Fifth Avenue, Mix-up, Claro Shop and iShop.	86.34	86.21	86.06
Carso Energy, S.A. de C.V. and subsidiaries	Mexico, US and Colombia	Holding of shares of companies in the exploration and production of oil, gas and other hydrocarbons as well as electricity and gas transportation sectors.	95.42	95.90	93.80

5. Cash and cash equivalents

	2020	2019	2018
Cash	$ 5,825,556	$ 6,424,772	$ 5,004,407
Cash equivalents:			
Demand deposits	1,353,760	758,856	505,983
Banking paper	2,850,815	635,308	558,557
Government paper	130,661	108,987	130,796
Certificates of deposit	619,091	26,829	19,460
Demand deposits in U.S. dollars	973,191	201,361	1,546,330
Other	11,028	1,792	1,940
	$ 11,764,102	$ 8,157,905	$ 7,767,473

They consist mainly of bank deposits in checking accounts and investments in short-term securities, highly liquid, easily convertible into cash or with maturity of up to three months from the date of acquisition and subject to non-significant risks of changes in value. Cash is presented at face value and the equivalents are valued at fair value; fluctuations in their value are recognized in the results of the period. Cash equivalents are represented by daily money table investments, mainly by banking, government and on-sight investments in U.S. pesos and dollars.

For purposes of consolidated cash flow statement, cash and cash equivalents include cash and banks and investments in instruments in the money market. Cash and cash equivalents at the end of the period as shown in the consolidated statement of cash flows.

6. Investments in securities

	2020	2019	2018
Banking paper	$ 1,449,094	$ 181,586	$ 85,265
Demand deposits in U.S. dollar	1,180,939	708,164	895,871
Government paper	12,136	811,650	169,087
	$ 2,642,169	$ 1,701,400	$ 1,150,223

Investments in securities were classified as fair value through profit and loss.

7. Accounts receivables, net

	2020	2019	2018
Clients	$ 16,412,232	$ 19,945,322	$ 17,636,380
Allowance for doubtful accounts	(951,044)	(764,505)	(994,094)
	15,461,188	19,180,817	16,642,286
Unbilled work completed	6,087,792	3,474,149	2,942,915
Sundry debtors	672,180	742,321	346,963
Other	304,669	529,987	372,044
	$ 22,525,829	$ 23,927,274	$ 20,304,208

a. Accounts receivable do not accrue interest and generally have a period of 30 to 90 days.

b. For terms and conditions related to accounts receivable with related parties, see Note 25.

As of December 31, 2020, 2019 and 2018, the maximum exposure to credit risk for customers was as follows:

	Book value			Expected credit reverse		
Category	**Dec 2020**	**Dec 2019**	**Dec 2018**	**Dec 2020**	**Dec 2019**	**Dec 2018**
Null	$ 3,000,769	$ 8,974,759	$ 5,649,507	$ 250	$ 92	$ 147
Low	6,837,056	6,692,654	6,323,647	148,001	96,592	301,181
Moderate 1	2,614,944	2,261,349	2,315,976	62,351	95,523	46,435
Moderate 2	1,372,612	896,482	1,531,401	75,289	90,058	50,955
High 1	879,665	484,947	811,892	87,931	87,090	58,975
High 2	268,114	134,271	200,994	49,455	40,035	32,179
Critical	1,439,072	500,860	802,963	527,767	355,115	504,222
	$ 16,412,232	$ 19,945,322	$ 17,636,380	$ 951,044	$ 764,505	$ 994,094

As of December 31, 2020, the amount in books of the Entity's most significant portfolio corresponds to the Low segment, for $6,837,056, December 31, 2019 corresponds to the Null segment, which was $8,974,759 and December 31, 2018, corresponds to the Low segment, which was $6,323,347, equivalent to 41.66%, 45.00% and 35.86% , of the total portfolio, respectively and 15.56% , to 0.01% and 30.30% of the estimate of recorded doubtful collection accounts ($951,044 in 2020, $764,505 in 2019 and $994,094 in 2018). By estimating doubtful collection accounts in the most significant segment is the Critical with an amount of $527,767 and a percentage of the estimate of doubtful collection accounts of 55.49% in 2020, $355,115 and a percentage of the estimate of total doubtful collection accounts of 46.45% in 2019 and an amount of $504,222 and a percentage of the estimate of total doubtful collection accounts of 50.72% in 2018.

The following is a summary of the Entity's exposure to the credit risk forcustomers

Concept	2020 No credit Impaired	2020 With credit impairment	2019 No credit impaired	2019 With credit impairment	2018 No credit impaired	2018 With credit impairment
Total client gross carrying amount	$ 3,693,390	$ 12,718,842	$ 9,270,726	$10,674,596	$ 5,801,620	$ 11,834,760
Estimate for credit losses	-	951,044	92	764,413	147	993,947

Constant reviews are carried out to adapt the model to any endogenous and exogenous changes that cause calibration.

The Entity uses the estimated factors previously described to make the estimate for expected credit loss.

The model used to determine the client's credit risks for each business unit of the Group identifies each account receivable individually as for the level of indebtedness, the ability to pay, the amount of payment to the principal, the maturity and the payment behavior to establish the corresponding risk level and the discount factor for depletion of the financial assets associated with granting of credit.

The following table provides information on credit risk exposure and expected credit losses for customers as of December 31, 2020, 2019 and 2018.

Concept	Book value 2020	Book value 2019	Book value 2018	Expected credit reverse 2020	Expected credit reverse 2019	Expected credit reverse 2018	Discount factor 2020	Discount factor 2019	Discount factor 2018
Null	$ 3,000,769	$ 8,974,759	$ 5,649,507	$ 250	$ 92	$ 147	0.00%	0.00%	0.00%
Low	6,837,056	6,692,654	6,323,647	148,001	96,592	301,181	0.47%	2.03%	2.62%
Moderate 1	2,614,944	2,261,349	2,315,976	62,351	95,523	46,435	2.38%	4.22%	1.28%
Moderate 2	1,372,612	896,482	1,531,401	75,289	90,058	50,955	5.49%	10.05%	3.33%
High 1	879,665	484,947	811,892	87,931	87,090	58,975	10.00%	17.96%	7.26%
High 2	268,114	134,271	200,994	49,455	40,035	32,179	18.45%	29.82%	16.01%
Critical	1,439,072	500,860	802,963	527,767	355,115	504,222	36.50%	70.71%	62.67%
Total	$16,412,232	$19,945,322	$17,636,380	$ 951,044	$ 764,505	$ 994,094	7.41%	6.03%	6.74%

8. Recoverable taxes

	2020	2019	2018
Recoverable value-added tax	$ 3,379,482	$ 2,621,580	$ 2,310,703
Recoverable income tax	634,091	630,068	860,611
Other recoverable taxes	310,604	266,676	263,227
	$ 4,324,177	$ 3,518,324	$ 3,434,541

Maya Train Section II

9. Inventories

	2020	2019	2018
Raw materials and auxiliary materials	$ 2,882,093	$ 3,032,930	$ 3,230,685
Production-in-process	682,953	758,265	698,468
Finished goods	1,051,441	845,882	837,268
Merchandise in stores	10,262,174	12,184,641	12,016,272
Land and housing construction in progress	34,427	66,200	155,028
	14,913,088	16,887,918	16,937,721
Merchandise in-transit	409,221	520,888	584,252
Replacement parts and other inventories	698,435	243,760	242,641
	$ 16,020,744	$ 17,652,566	$ 17,764,614

The costs of inventories recognized in results as a cost of sales are those shown in the consolidated statements of income and other comprehensive income as of December 31, 2020, 2019 and 2018, respectively.

10. Lease right of use assets

The Entity leases various properties. The average lease term in the commercial sector is 15 years for the comertial sector, 8 years for the industrial sector, 4 years for the infrastructure and construction sector for 2020, 2019 and 2018 respectively, and 5 years in the Energy sector during 2020 and 2019.

The Entity has the option to purchase certain manufacturing equipment for a nominal amount at the end of the lease period. The Entity's obligations are guaranteed by the lessor's title to the assets leased in such leases.

The expired contracts were replaced by new lease arrangements with identical underlying assets. This resulted in the addition of rights-of-use assets of $387,915 $560,106 and $967,386 in 2020, 2019 and 2018, respectively.

The maturity analysis of the lease liabilities is presented in Note 11.

Right of use assets	Property and others
Cost:	
Balance as of January 1st, 2018	$ 6,994,161
Additions	1,810,318
Disposals	(827,038)
Balance as of December 31, 2018	7,977,441
Additions	1,386,420
Disposals	(826,313)
Balance as of December 31, 2019	8,537,548
Additions	675,545
Disposals	(531,244)
Balance as of December 31, 2020	$ 8,681,849

	Property and others
Depreciation:	
Balance as of January 1st, 2018	$ (979,961)
Charge for the year	(937,796)
Balance as of December 31, 2018	(1,917,757)
Charge for the year	(1,003,187)
Disposals	17,554
Balance as of December 31, 2019	(2,903,390)
Charge for the year	(826,894)
Disposals	4,040
Balance as of December 31, 2020	$ (3,726,244)
Net cost:	
Balance as of December 31, 2020	$ 4,955,605
Balance as of December 31, 2019	$ 5,634,158
Balance as of December 31, 2018	$ 6,059,684

Amounts recognized in the consolidated statement income	2020	2019	2018
Depreciation expense on rights-of-use assets	$ 826,894	$ 1,003,187	$ 937,796
Interest expense on lease liabilities	556,929	563,954	187,905
Expense relating to short-term leases	25,878	25,662	22,885
Expense relating to leases of low-value assets	3,881	7,609	7,281
Expense related to variable lease payments not included in the measurement of lease liabilities	-	70,325	81,501

The Entity has commitments of $$1,262,736, $1,369,319 and $1,375,573 as of December 31, 2020, 2019 and 2018, respectively, for short-term leases, and the total cash outflows $851,115 and $759,141 for 2020, 2019 and 2018, respectively.

11. Lease liabilities

	2020	2019	2018
Maturity analysis:			
Year 1	$ 1,507,933	$ 1,863,754	$ 1,941,403
Year 2	1,398,502	1,406,392	1,456,380
Year 3	1,207,909	1,199,091	1,193,503
Year 4	1,025,188	1,096,715	1,152,924
Year 5	875,539	959,040	1,062,788
Later	2,072,934	3,162,014	3,540,961
	8,088,005	9,687,006	10,347,959
Less: Unearned interest	(2,271,914)	(2,956,802)	(3,223,578)
	$ 5,816,091	$ 6,730,204	$ 7,124,381
Analyzed as:			
Non-current	$ 4,553,355	$ 5,360,885	$ 5,748,808
Current	1,262,736	1,369,319	1,375,573
	$ 5,816,091	$ 6,730,204	$ 7,124,381

From April to December 2020, the Entity has benefited from obtaining discounts on the payment of rent for leases of stores located throughout the Mexican Republic. The discount for lease payments was $247,477, which were recognized in the statement of income and other comprehensive items. The Entity continued to recognize interest expense on lease liabilities.

12. Financial risk management

The Entity's Corporate Treasury function offers services to the businesses, coordinates access to national and international financial markets, supervises and manages the financial risks related to the Entity's operations through internal risk reports, which analyze exposures by grade and magnitude of risks. These risks include market risk (including exchange rate risk, interest rate risk at fair value, and price risk), credit risk, liquidity risk, and cash flow interest rate risk.

The Entity has exposure to market, operating and financial risks derived from the use of financial instruments such as interest rate, credit, liquidity and exchange risk, which are managed centrally by the corporate treasury. The Entity seeks to minimize its exposure to these risks by using derivative financial instruments hedges. The use of derivative financial instruments is governed by the Entity's policies, approved by the Board of Directors, which establish the principles for contracting them. Compliance with these policies and exposure limits are reviewed by internal audit on an ongoing basis.

The financial instrument classes and amounts at December 31, 2020, 2019 and 2018, are summarized below:

	2020	2019	2018
Financial assets			
Cash and cash equivalents	$ 11,764,102	$ 8,157,905	$ 7,767,473
At amortized cost:			
Investments in securities	2,642,169	1,701,400	1,150,223
Accounts receivable in the short and long-term	17,738,751	21,700,447	18,660,271
Due from related parties	5,187,980	4,954,593	4,707,977
Measured at fair value:			
Derivative financial instruments	12,255	24,407	481,441
Financial liabilities			
At amortized cost:			
Loans with financial institutions and long-term debt	$ 24,111,197	$ 12,600,293	$ 13,186,793
Trade accounts payables	11,623,855	10,884,731	11,278,375
Due to related parties	651,600	606,681	943,838
Other payables	2,767,664	2,847,466	2,635,716
Lease Liabilities	5,816,091	6,730,204	7,124,381
Measured at fair value:			
Derivative financial instruments	1,695,112	607,751	8,870

The Board of Directors establishes and monitors the policies and procedures used to measure risks, which are described below:

a. Capital risk management - The Entity manages its capital to ensure that it will continue as a going concern, while it maximizes returns to its shareholders through the optimization of the balances of debt and equity. The capital structure of the Entity is composed by its net debt (mainly the bank loans, in and debt securities detailed in Note 20) and stockholders' equity (issued capital, capital reserves, retained earnings and non-controlling equity detailed in Note 24). The Entity is not subject to any kind of capital requirement.

Leverage level

The leverage level at year-end is as follows:

	2020	2019	2018
Debt	$ 24,111,197	$ 12,600,293	$ 13,186,793
Cash and cash equivalents (including cash and bank balances in a disposition group held for sale)	(14,406,271)	(9,859,305)	(8,917,696)
Net debt	$ 9,704,926	$ 2,740,988	$ 4,269,097
Heritage	$ 92,307,717	$ 86,309,363	$ 84,008,545
Share of net debt to equity	10.5%	3.2%	5.1%

Debt is defined as long- and short-term loans (excluding derivatives and financial collateral contracts) as detailed in notes 14 and 20.

The equity includes all the capital and reserves of the Entity that are managed as capital.

b. Interest rate risk management - The Entity is exposed to interest rate risks from customer loans and financial debt contracted at variable rates. The Entity has short-term loans primarily for working capital and in some cases has long-term loans that are intended for certain projects whose completion will meet their obligations, and in some cases, depending on the proportion of short-term debt and long term, are contracted interest rate hedges (swap contracts). Hedging activities are regularly evaluated to ensure that they are properly aligned with interest rates and the respective risks and to facilitate the application of more profitable hedge strategies. Hedge contracts are detailed in Note 14.

The Entity's exposure to interest rate risks is primarily based on the Mexican Interbank Equilibrium Offered rate (TIIE) applicable to financial liabilities and its customer portfolio. Accordingly, it periodically prepares a sensitivity analysis by considering the cost of the net exposure from its customer portfolio and financial liabilities derived that earn and bear interest at variable interest rates; it also prepares an analysis based on the amount of outstanding credit at the end of the period.

If benchmark interest rates had increased or decreased by 100 basis points in each reporting period and all other variables had remained constant, the pretax profit of 2020, 2019 and 2018 would have increased or decreased by approximately $193,119, $107,873 and $90,092, respectively.

c. Exchange risk management -

i. The functional currency of the entity is primarily the Mexican peso and accordingly, it is exposed to the Mexican peso currency risk against the U.S. dollar in connection with commercial and financing operations. In some cases, these operations represent a natural hedge; while in other cases operations are hedged contracting currency forwards. Because the Entity has investments in foreign subsidiaries, it is exposed to the risk of foreign currency translation. The foreign operations maintain monetary assets and liabilities denominated in various currencies, mainly the U.S. dollar, Euro and Brazilian real, resulting in exposure to foreign exchange risk, which is naturally hedged by the same business operations. The carrying values of monetary assets and liabilities denominated in foreign currency and which primarily generate exposure for the Entity at the end of the reporting period, are as follows (figures in thousands):

	Liabilities			Assets		
	2020	2019	2018	2020	2019	2018
U.S. Dollar (US)	USD$ 637,047	USD$ 669,122	USD$ 637,719	USD$ 467,184	USD$ 354,145	USD$ 384,359
Euro (EU)	4,734	4,698	4,763	13,683	12,512	13,582
Brazilian realis (RA)	121,498	84,944	70,815	285,903	232,698	232,031
Colombian peso	31,488,830	30,053,623	82,163,447	47,520,424	35,414,836	64,396,916
Peruvian Sol	50,792	63,653	49,533	84,686	92,390	75,612

Foreign Currency sensitivity analysis

The following table indicates the Entity's sensitivity to a 10% increase or decrease of the Mexican peso versus the US dollar and other foreign currency. This percentage is the sensitivity rate used to internally report the exchange rate risk to key management personnel and also represents management's evaluation of the possible fair value change to exchange rates. The sensitivity analysis only includes monetary items denominated in foreign currency and adjusts their conversion at the end of the period by applying a 10% fluctuation; it also includes external loans. A negative or positive figure, respectively (as detailed in the following table), indicates a (decrease) or increase in net income derived from a decrease in the value of the Mexican peso of 10% with regard to the US dollar (figures in thousands):

	Stockholders' equity(1)			Liabilities			Assets		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
USD	USD$ -	USD$ -	USD$ -	USD$ 63,705	USD$ 66,912	USD$ 10,988	USD$ 46,718	USD$ 35,415	USD$ 34,885
EU	(189)	(144)	29	473	470	476	1,368	1,251	1,358
RA		-	-	12,150	8,494	7,082	28,590	23,270	23,303
Colombian peso		-	-	3,148,883	3,005,362	8,216,345	4,752,042	3,541,484	6,439,692
Peruvian New Sol		-	-	5,079	6,365	4,953	8,469	9,239	7,561

(1) Represents the results of changes to the fair value of derivative instruments designated as cash flow hedges.

ii.Forwards contracts denominated in foreign currency

The Entity designated certain forwards contracts denominated in foreign currency as cash flow hedges intended for the acquisition of raw materials. The following table indicates the forwards contracts denominated in foreign currency in effect at the end of the reporting period:

Cash flow hedges	Average exchange			Notional			Fair value		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Euro purchase More than 12 months	$24.5169	$21.049	$22.7568	$3,400	$6,000	$1,500	$2,697	$2,061	$(412)

d. Credit Risk Management - Note 7 details the Entity's maximum exposure to credit risk and the measurement bases used to determine expected credit losses.

Credit risk refers to the risk that one of the parties will default on its contractual obligations resulting in a financial loss for the Entity, and originates mainly on accounts receivable to clients and liquid funds. Credit risk on cash and cash equivalents and derivative financial instruments is limited because counterparties are banks with high credit ratings assigned by credit rating agencies. Maximum exposure to credit risk is represented by your balance in books. The other exposure to credit risk is represented by the balance of each financial asset mainly in commercial receivables. The Entity sells its products and/or services to customers who have demonstrated their economic solvency, and periodically evaluates the financial conditions of its customers and maintains collection insurance contracts for domestic and export sales. Therefore, the Entity does not consider that there is a significant risk of loss from a concentration of credit in its customer base in the commercial sector, as they are diluted by 1,733,870 customers, which do not represent a concentration of risk in the individual and industrial and infrastructure and construction sectors, although the risk of credit concentration is higher.

e. Liquidity risk management - Corporate Treasury has the ultimate responsibility for liquidity management, and has established appropriate policies to control this through monitoring of working capital, managing short, medium and long-term funding requirements, maintaining cash reserves and available credit lines, continuously monitoring cash flows (projected and actual), and reconciling the maturity profiles of financial assets and liabilities.

The following table details the remaining contractual maturities of the Entity's non-derivative financial liabilities, based on contractual repayment periods. The contractual maturities are based on the dates on which the Entity shall make each payment.

The amounts contained in the loans payable to credit institutions include fixed and variable interest rate instruments detailed in Note 20. If changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period under review, these are presented at fair value. The Entity expects to meet its obligations with cash flows from operations and resources received at the maturity of financial assets.

As of December 31, 2020	Weighted average effective interest rate	1 year	Between 1 and 3	More than 3 years	Total
Loans with financial institutions and others	MX 7.90% USD 4.494%	$ 3,290,967	$ 3,500,000	$ 17,320,230	$ 24,111,197
Trade accounts payables		11,623,855	-	-	11,623,855
Due to related parties		651,600	-	-	651,600
Other accounts payable and accrued liabilities		2,767,664	-	-	2,767,664
Lease liabilities		1,507,933	2,606,411	3,973,661	8,088,005
Derivative financial instrument		263,620	-	1,431,492	1,695,112
Total		$ 20,105,639	$ 6,106,411	$ 22,725,383	$ 48,937,433

As of December 31, 2019	Weighted average effective interest rate	1 year	Between 1 and 3	More than 3 years	Total
Loans with financial institutions and others	MX 8.582% USD 5.027%	$ 417,543	$ 3,000,000	$ 9,182,750	$ 12,600,293
Trade accounts payables		10,884,731	-	-	10,884,731
Due to related parties		606,681	-		606,681
Other accounts payable and accrued liabilities		2,847,466	-	-	2,847,466
Lease liabilities		1,863,754	2,605,483	5,217,769	9,687,006
Derivative financial instruments		260	-	607,491	607,751
Total		$ 16,620,435	$ 5,605,483	$ 15,008,010	$ 37,233,928

As of December 31, 2018	Weighted average effective interest rate	1 year	Between 1 and 3	More than 3 years	Total
Loans with financial institutions and others	MX 8.233% USD 3.553%	$ 516,902	$ -	$ 12,669,891	$ 13,186,793
Trade accounts payables		11,278,375	-	-	11,278,375
Due to related parties		943,838	-	-	943,838
Other accounts payable and accrued liabilities		2,635,716	-	-	2,635,716
Lease liabilities		1,941,403	2,649,883	5,756,673	10,347,959
Derivative financial instruments		8,870	-	-	8,870
Total		$ 17,325,104	$ 2,649,883	$ 18,426,564	$ 38,401,551

f. Market risk - The Entity has commodity contracts to cover risks of fluctuations in the prices of certain metals.

Exposure to market risk is measured using sensitivity analysis. There have been no changes in exposure to market risks or the manner in which those risks are being managed and measured.

13. Fair value of financial instruments

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics;
- The carrying amounts of financial instruments;
- Fair values of financial instruments (except financial instruments when the book value approaches its fair value); and
- Levels of fair value hierarchy of financial assets and financial liabilities for which fair value was disclosed.

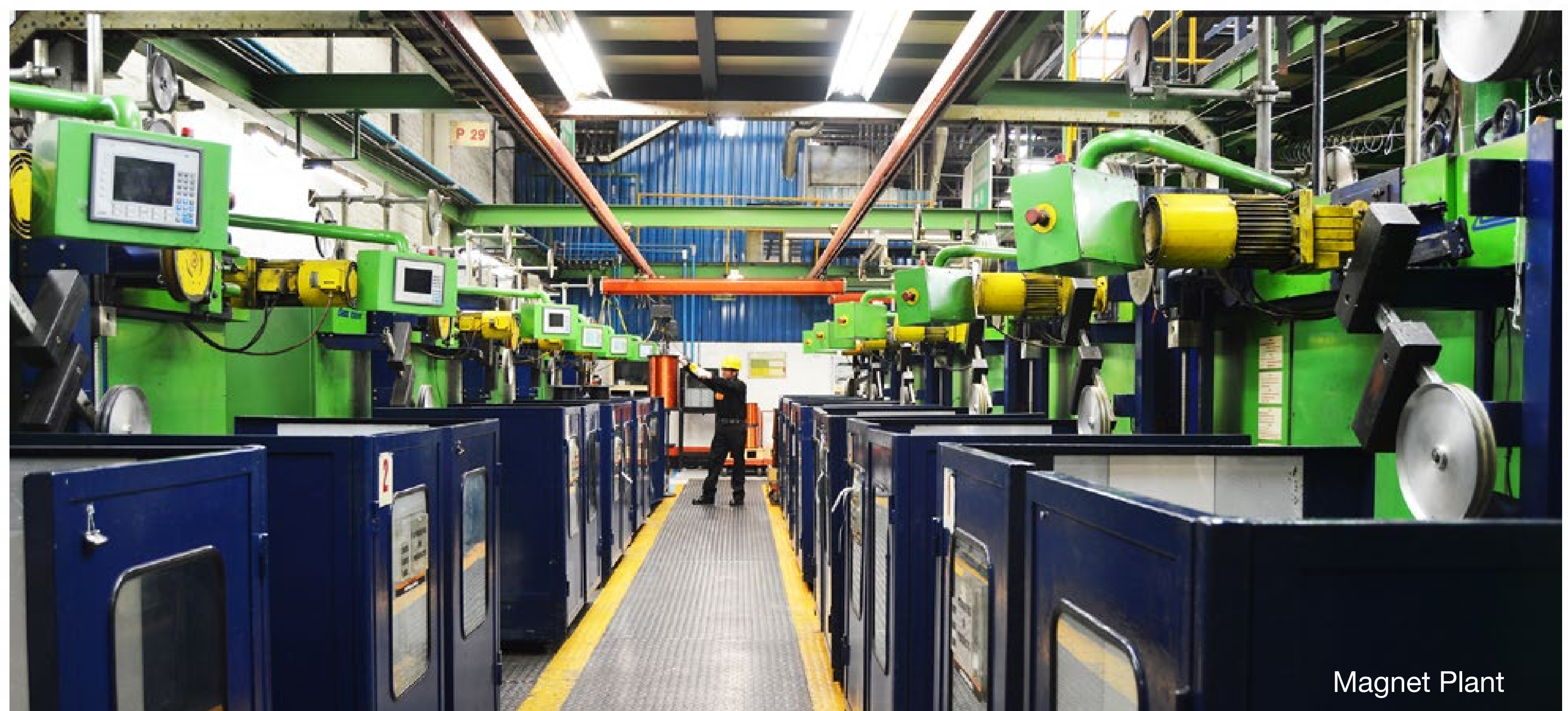
Fair value hierarchy levels 1 to 3 are based on the degree to which fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets, for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (it is that is, derivatives of prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

a. Fair value of the Entity's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Entity's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used).

Financial assets/ financial liabilities	31/12/20	Fair value as of 31/12/19	31/12/18	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
1) Foreign currency forward contracts (see Note 14) (i)	Assets -$ 2,697	Assets -$ 2,061	Liabilities -$ 412	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A
2) Interest rate swaps, copper and aluminum shopping cart(see Note 14) (i)	Liabilities -$ 1,685,554	Liabilities -$ 585,405	Assets -$ 472,982	Level 2	Discounted cash flows.	N/A	N/A



Magnet Plant

(i) Represents financial instruments that are measured at fair value after initial recognition, grouped into levels ranging from 1 to 3 based on the degree to which the fair value is observed, and these Level 2 indicators derived from other than quoted prices, but including indicators that are observable for the asset or liability either directly or indirectly derived from these quoted prices. During the years ended December 31, 2020, 2019 and 2018 there were no transfers between levels, both years corresponded to Level 2.

b. Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

The fair value of financial instruments presented below has been determined by the Entity using available market information or other valuation techniques that require judgment in developing and interpreting the estimates of fair values also makes assumptions that are based on market conditions existing at each of the dates of the statement of financial position. Consequently, the estimated amounts presented are not necessarily indicative of the amounts the Entity could realize in a current market transaction. The use of different assumptions and / or estimation methods may have a material effect on the estimated fair value amounts.

The amounts of cash and cash equivalents of the Entity, as well as accounts receivable and payable to third parties and related parties, and the current portion of loans from financial institutions and long-term debt approximate their fair value because they short-term maturities. The long-term debt of the Entity is recorded at amortized cost and includes fixed and variable interest generating debt related to market indicators.

To obtain and disclose the fair value of long-term debt quoted market prices or quotations from similar instruments operators are used. To determine the fair value of other financial instruments techniques such as estimated cash flows, considering the timing of cash flows in the intertemporal market curves and discounting such flows with rates that reflect the counterparty risk and the risk of the Entity for the reference period. The fair value of interest rate swaps is calculated as the present value of future estimated net cash flows. The fair value of currency futures is determined using quoted forward exchange rates at the date of statement of financial position.

The carrying amounts of financial instruments by class and their estimated fair values are as follows:

	December 31, 2020		December 31, 2019		December 31,2018	
	Carrying amounts	**Fair value**	**Carrying amounts**	**Fair value**	**Carrying amounts**	**Fair value**
Financial assets:						
Cash and cash equivalents	$ 11,764,102	$ 11,764,102	$ 8,157,905	$ 8,157,905	$ 7,767,473	$ 7,767,473
Instruments available-for-sale:						
Fixed-term securities	2,642,169	2,642,169	1,701,400	1,701,400	1,150,223	1,150,223
Loans and receivables:						
Accounts receivable in the short and long term	23,826,543	24,583,293	25,174,596	25,173,902	21,603,186	21,064,607
Due to related parties	5,187,980	5,187,980	4,954,593	4,954,593	4,707,977	4,707,977
Accounts and loans payable:						
Loans payable to financial institutions including current portion of long-term debt and others	(17,611,197)	(16,432,367)	(9,600,293)	(9,600,293)	(10,186,793)	(10,537,085)
Debt securities	(6,500,000)	(6,424,790)	(3,000,000)	(2,991,000)	(3,000,000)	(3,125,474)
Trade accounts payable	(11,623,855)	(11,623,855)	(10,884,731)	(10,884,731)	(11,278,375)	(11,278,375)
Due to related parties	(651,600)	(651,600)	(606,681)	(606,681)	(943,838)	(943,838)
Lease liabilities	(5,816,091)	(5,816,091)	(6,730,204)	(6,730,204)	(7,124,381)	(7,124,381)
Other accounts payable and accrued liabilities	(2,767,664)	(2,767,664)	(2,847,466)	(2,847,466)	(2,635,716)	(2,635,716)
Total	$ (1,549,613)	$ (461,177)	$ 6,319,119	$ 6,327,425	$ 59,756	$ (954,589)

The fair values shown at December 31, 2020, 2019 and 2018, except for the receivables form commercial customers and debt securities approximate their carrying value because the values observed in the market are very similar to those recorded in these periods.

14. Derivative financial instruments

The purpose of contracting derivative financial instruments is: (i) to partially cover the financial risks exposures of exchange rates, interest rates, and prices of certain metals; or (ii) to realize financial returns due to the behavior of the underlying. The decision to contract an economic or finance hedge is based on current market conditions, the expectation of market conditions at a given date, and the domestic and international economic context of the economic indicators that influence the Entity's operations.

The transactions on currency and interest rate forwards and swaps are summarized below:

		Notional			Valuation as of December 31, 2020			
Instrument	Designated as	Amount ('000)	Unit	Maturity	Asset (liability)	Net income of the year	Income of prior year	(Gain) loss on settlement
Dollar forwards	Purchase	15,000	USD	During 2020	$ -	$ -	$ -	$ (19,725)
LIBOR swaps to fixed rate	Purchase	50,000	USD	February 2030 and February 2035	(157,469)	107,102	(50,367)	12,680
TIIE swaps to fixed rate	Purchase	3,650,000	MX	April 2022 and April 2027	(263,631)	273,247	16,479	15,882
Total at December 31, 2020					$(421,100)	$ 380,349	$ (33,888)	$ 8,837
Total at December 31, 2019					$ (33,888)	$ 460,274	$(446,386)	$ (33,431)
Total at December 31, 2018					$ 426,386	$(130,557)	$(295,829)	$ (61,396)

Open and closed transactions with hedge currency forwards are summarized below:

	Nocional			Valuation as of December 31, 2020		
Instrument	Amount ('000)	Unit	Maturity	Asset (liability)	Comprehensive income	(Gain) loss on settlement
Euro forwards purchase	3,400	Thousand Euros	January to December 2020	$ 2,697	$ (1,888)	$ (630)
Total at December 31, 2020				$ 2,697	$ (1,888)	$ (630)
Total at December 31, 2019				$ 2,061	$ (1,442)	$ 1,446
Total at December 31, 2018				$ (412)	$ 288	$ (9,659)

Transactions on interest rate swaps are summarized below:

	Notional			Valuation as of December 31, 2020		
Instrument	Amount ('000)	Unit	Maturity	Asset (liability)	Comprehensive income	(Gain) loss on settlement Cost of sales
LIBOR swaps to fixed rate	390,580	USD	January 2035	$ (1,274,023)	$ 891,816	$ 115,117
Total at December 31, 2020				$ (1,274,023)	$ 891,816	$ 115,117
Total at December 31, 2019				$ (557,124)	$ 463,499	$ 7,961
Total at December 31, 2018				$ 52,509	$ (36,756)	$ 39,635

The transactions opened and settled with hedge metals swaps are summarized below:

Instrument	Notional: Amount ('000)	Notional: Unit	Maturity	Valuation as of December 31, 2020: Asset (liability)	Valuation as of December 31, 2020: Comprehensive income	(Gain) loss on settlement Cost of sales
Copper Swaps purchase	297	Tons	January to December 2020	$ 9,164	$ 10,940	$ -
Copper Swaps purchase	1,750	Tons	January to November 2020	-	-	(606)
Aluminum Swaps purchase	50	Tons	January to March 2020	405	284	-
Aluminum Swaps purchase	300	Tons	January to October 2020	-	-	(650)
Total at December 31, 2020				$ 9,569	$ 11,224	$ (1,256)
Total at December 31, 2019				$ 5,607	$ (4,532)	$ 8,675
Total at December 31, 2018				$ (5,913)	$ 4,140	$ 16,468

15. Property, machinery and equipment

The reconciliation between the carrying amount at the beginning and end of the year 2020, 2019 and 2018 is as follows:

	Balances as of December 31, 2019	Additions	Business acquisition	Retirements / Disposals	Transfers	Exchange differences on translation	Balances as of December 31, 2020
Investment:							
Land	$ 3,751,173	$ 119,877	$ 121,026	$ -	$ (7,790)	$ 10,464	$ 3,994,750
Buildings and leasehold improvements	16,326,099	143,779	13,658,186	(401,370)	(142,844)	932,483	30,516,333
Machinery and equipment	20,556,885	123,287	68,716	(479,700)	806,852	(11,160)	21,064,880
Furniture and equipment	6,889,972	98,414	1,617	(161,710)	720	7,219	6,836,232
Computers	2,154,329	29,907	7,637	(51,989)	35,100	12,203	2,187,187
Vehicles	1,169,016	30,619	15,657	(70,834)	18,317	6,142	1,168,917
Construction in progress	13,829,180	4,082,743	-	671	(1,093,239)	639,066	17,458,421
Total investment	64,676,654	4,628,626	13,872,839	(1,164,932)	(382,884)	1,596,417	83,226,720
Accumulated depreciation:							
Buildings and leasehold improvements	(8,047,824)	(860,034)	(3,030,428)	178,951	101,036	(220,242)	(11,878,541)
Machinery and equipment	(12,736,023)	(798,886)	(46,518)	465,020	(165,056)	27,859	(13,253,604)
Furniture and equipment	(4,543,601)	(436,948)	(1,149)	125,248	(475)	2,416	(4,854,509)
Computers	(1,807,585)	(159,944)	(6,491)	54,448	(608)	(3,958)	(1,924,138)
Vehicles	(732,493)	(113,942)	(13,551)	42,648	3,367	(813)	(814,784)
Total accumulated depreciation	(27,867,526)	(2,369,754)	(3,098,137)	866,315	(61,736)	(194,738)	(32,725,576)
Impairment:							
Land	(16,497)	-	-	-	-	-	(16,497)
Buildings and leasehold improvements	(93,450)	25,190	-	-	-	-	(68,260)
Machinery and equipment	(155,662)	(10,454)	-	-	-	(71,998)	(238,114)
Furniture and equipment	(1,012)	817	-	-	-	-	(195)
Computers	(820)	701	-	-	-	-	(119)
Vehicles	(6,516)	6,020	-	-	-	-	(496)
Accumulated impairment losses	(273,957)	22,274	-	-	-	(71,998)	(323,681)
Net investment	$ 36,535,171	$ 2,281,146	$ 10,774,702	$ (298,617)	$ (444,620)	$ 1,329,681	$ 50,177,463

	Balances as of December 31, 2018	Additions	Retirements / disposals	Transfers	Exchange differences on translation	Balances as of December 31, 2019
Investment:						
Land	$ 3,760,683	$ 5,594	$ (235)	$ (12,772)	$ (2,097)	$ 3,751,173
Buildings and leasehold improvements	16,116,388	287,670	(76,692)	15,583	(16,850)	16,326,099
Machinery and equipment	20,348,503	319,924	(307,073)	289,553	(94,022)	20,556,885
Furniture and equipment	6,571,969	324,081	(32,374)	192	26,104	6,889,972
Computers	2,113,119	46,177	(43,768)	78,295	(39,494)	2,154,329
Vehicles	1,019,981	63,094	(106,369)	186,550	5,760	1,169,016
Construction in progress	12,370,900	2,636,310	-	(598,789)	(579,241)	13,829,180
Total investment	62,301,543	3,682,850	(566,511)	(41,388)	(699,840)	64,676,654
Accumulated depreciation:						
Buildings and leasehold improvements	(7,586,653)	(524,492)	46,894	(5,624)	22,051	(8,047,824)
Machinery and equipment	(12,327,906)	(759,838)	271,598	6,373	73,750	(12,736,023)
Furniture and equipment	(4,079,333)	(473,722)	29,156	229	(19,931)	(4,543,601)
Computers	(1,716,011)	(162,402)	39,873	595	30,360	(1,807,585)
Vehicles	(687,589)	(107,823)	66,824	(2,826)	(1,079)	(732,493)
Total accumulated depreciation	(26,397,492)	(2,028,277)	454,345	(1,253)	105,151	(27,867,526)
Impairment:						(16,497)
Land	(6,814)	10,317	-	-	-	
Buildings and leasehold improvements	(85,830)	(7,620)	-	-	-	(93,450)
Machinery and equipment	(162,613)	1,272	-	2,694	2,985	(155,662)
Furniture and equipment	(1,004)	(8)	-	-	-	(1,012)
Computers	(963)	143	-	-	-	(820)
Vehicles	(6,516)	-	-	-	-	(6,516)
Accumulated impairment losses	(283,740)	4,104	-	2,694	2,985	(273,957)
Net investment	$ 35,620,311	$ 1,658,677	$ (112,166)	$ (39,947)	$(591,704)	$ 36,535,171

	Balances as of December 31, 2017	Additions	Retirements / disposals	Transfers	Exchange differences on translation	Balances as of December 31, 2018
Investment:						
Land	$ 3,762,189	$ 3,268	$ -	$ (2,226)	$ (2,548)	$ 3,760,683
Buildings and leasehold improvements	15,111,504	1,193,596	(188,162)	37,614	(38,164)	16,116,388
Machinery and equipment	20,114,491	324,476	(197,651)	197,785	(90,598)	20,348,503
Furniture and equipment	6,059,399	623,968	(102,820)	(675)	(7,903)	6,571,969
Computers	2,018,268	103,242	(43,763)	35,598	(226)	2,113,119
Vehicles	1,004,035	49,069	(88,144)	65,405	(10,384)	1,019,981
Construction in progress	10,622,015	2,043,324	(1,863)	(342,353)	49,777	12,370,900
Total investment	58,691,901	4,340,943	(622,403)	(8,852)	(100,046)	62,301,543
Accumulated depreciation:						
Buildings and leasehold improvements	(7,183,909)	(491,461)	85,000	(13,272)	16,989	(7,586,653)
Machinery and equipment	(11,900,604)	(749,038)	184,785	54,946	82,005	(12,327,906)
Furniture and equipment	(3,666,128)	(508,827)	83,748	7,453	4,421	(4,079,333)
Computers	(1,606,878)	(150,885)	35,971	3,774	2,007	(1,716,011)
Vehicles	(658,277)	(104,104)	70,121	(19,461)	24,132	(687,589)
Total accumulated depreciation	(25,015,796)	(2,004,315)	459,625	33,440	129,554	(26,397,492)
Impairment:						
Land	(26,814)	-	-	-	-	(26,814)
Buildings and leasehold improvements	(101,666)	15,836	-	-	-	(85,830)
Machinery and equipment	(131,236)	(31,564)	-	-	187	(162,613)
Furniture and equipment	(6,779)	5,775	-	-	-	(1,004)
Computers	(541)	(422)	-	-	-	(963)
Vehicles	(6,516)	-	-	-	-	(6,516)
Accumulated impairment losses	(273,552)	(10,375)	-	-	187	(283,740)
Net investment	$ 33,402,553	$ 2,326,253	$ (162,778)	$ 24,588	$ 29,695	$ 35,620,311

Total transfers during 2020, 2019 and 2018 to investment properties were $42,420, $46,027 and $27,748, respectively, and $2,615 to other assets in 2018.

16. Investment properties

	2020	2019	2018
Fair value of investment properties	$ 3,392,635	$ 3,233,907	$ 3,068,498

The changes in investment properties are as follows:

	2020	2019	2018
Balance at beginning of year	$ 3,233,907	$ 3,068,498	$ 2,812,198
Additions	600	2,276	62,890
Transferred from property, machinery and equipment	42,420	(62,307)	(28,498)
Gain on property revaluation	115,708	225,440	221,908
Balance at end of year	$ 3,392,635	$ 3,233,907	$ 3,068,498

All of Grupo Carso's investment properties are held under total ownership.

Grupo Carso obtains valuations performed by independent experts with the qualifications and relevant experience in the locations and categories of investment properties maintained.

Valuation considers several techniques under the following approaches:

The Entity, through its subsidiaries, has two shopping malls, Loreto and Plaza Inbursa located in Mexico City, which generate rental income that is recognized as leasing services as earned and amounted to $132,428, $231,852 and $231,370 for the years ended December 31, 2020, 2019 and 2018, respectively. At December 31, 2020, 2019 and 2018 the occupancy rate of shopping centers is of 72%, 85% and 92%, respectively.

Direct operating expenses including maintenance costs incurred in relation to the investment property are recognized in income and constitute approximately 65%, 40% and 37%, of rental income for years ended December 31, 2020, 2019 and 2018, respectively.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Details of the Entity investment properties and information about the fair value hierarchy as of December 31, 2020, 2019 and 2018 are as follows:

	2020		2019		2018	
	Level 3	Fair value	Level 3	Fair value	Level 3	Fair value
Shops located in Mexico City	$2,462,521	$2,462,521	$2,507,271	$ 2,507,271	$2,415,553	$2,415,553
Land located in Baja California and others (1)	842,757	842,757	639,879	639,879	566,543	566,543
Land and buildings	87,357	87,357	86,757	86,757	86,402	86,402
Total	$3,392,635	$3,392,635	$3,233,907	$ 3,233,907	$3,068,498	$3,068,498

(1) The investment properties are made up of land located in Baja California, land and industrial buildings in the State of Mexico, Querétaro and Guanajuato.

For investment properties categorized into Level 3 of the fair value hierarchy, the following information is relevant:

	Valuation technique(s)	Significant unobservable input(s)	Sensitivity
Shops located in Mexico City	Cost approach to replacement and revenue focus through 2019	As of December 31, 2020, fair value was determined on the basis of the replacement cost approach, which reflects the acquisition or construction prices of a substitute and comparable utility asset, adjusted for obsolescence. Capitalization rate, taking into account the capitalization of rental income potential, nature of the property, and prevailing market condition of 7.5% - 9.1% and 7.4% - 8.9% in 2019 and 2018, respectively. Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparable and the property, at an average of $368 and $346 Mexican pesos per square meter (sqm) per month in 2019 and 2018, respectively.	A slight increase in material prices would result in a significant increase in fair value and vice versa. A slight increase in the capitalization rate used would result in a significant decrease in fair value, and vice versa. A variation of minus 50 basis points would result in an increase in its fair value of $167,151 and an increase of 50 points would result in a decrease in its fair value of $147,487.
Land	Market approach	There have been no appraisals in the last 3 years because market conditions have not changed and are not expected to change in the following periods.	A significant increase in the market rent used would result in a significant increase in fair value, and vice versa.

17. Investment in associates and joint ventures

a. The main associated and joint-venture entities and their activities are the following:

Associated	Ownership percentage 2020	2019	2018	Location	Activity
Elementia, S. A. de C. V. (Elementia)	36.47	36.47	36.47	Mexico	Manufacture and sale of high technology products for the cement, concrete, polyethylene, styrene, copper and aluminum production industries.
Infraestructura y Transportes México, S.A. de C.V. (ITM)	16.75	16.75	16.75	Mexico	Holding of shares.
Inmuebles SROM, S.A. de C.V. (1)	14.00	14.00	14.00	Mexico	Real estate leasing.
Miniso BF Holding S.R.L. de C.V.	33.27	33.27	-	Mexico	Operation of multi-category stores of low-cost products, under the model of specialized franchises
Grupo Telvista, S.A. de C.V. (1)	10.00	10.00	10.00	Mexico	Specializes in providing customer care solutions and provides English and Spanish contact center outsourcing.
Infraestructura y Saneamiento Atotonilco, S.A. de C.V. (joint venture)	42.50	42.50	42.50	Mexico	Construction of wastewater treatment plant.
Constructora MT de Oaxaca, S.A. de C.V. (joint venture)	40.00	40.00	40.00	Mexico	Highway construction.
Trans-Pecos Pipeline, LLC (joint venture)	51.00	51.00	51.00	United States	Design, development, construction and operation of a new natural gas transportation pipeline.
Comanche Trail Pipeline, LLC (joint venture)	51.00	51.00	51.00	United States	Design, development, construction and operation of a new natural gas transportation pipeline.

Companies at Market Value	% of participation 2020	2019	2018	Country of incorpora tion	Activity
GMéxico Transportes, S. A. B. de C. V.	15.14	15.14	15.14	Mexico	Rail transport.
Grupo Cuprum, S. A. P. I. de C. V. (Cuprum)	10.00	10.00	10.00	Mexico	Manufacture of aluminum products.

(1) It has significant influence even when it does not have more than 20% participation by agreements between shareholders.

b. The recognition of the equity method on the main associates and joint-venture and other entities was as follows:

2020	Stockholders' equity	Net income	Ownership percentage	Investment in shares	Equity in income
Elementia (1)	$ 20,092,656	$ (516,680)	36.47	$ 7,881,200	$ (188,411)
ITM	11,615,010	(504,915)	16.75	1,945,514	(84,574)
Inmuebles SROM, S. A. de C. V.	13,134,846	1,298,790	14.00	1,838,878	181,831
Miniso BF Holding, S. de R. L. de C. V.	(68,994)	(950,238)	33.27	797,353	(316,162)
Grupo Telvista, S. A. de C. V. (5)	2,476,654	61,868	10.00	247,665	6,187
Infraestructura y Saneamiento Atotonilco, S. A. de C. V.	125,634	(8,169)	42.50	(54,523)	(3,472)
Constructora MT de Oaxaca, S. A. de C. V.	412,120	(196,654)	40.00	(76,173)	(78,662)
Trans-Pecos Pipeline, LLC. (3)	6,025,823	1,166,291	51.00	3,073,169	594,808
Comanche Trail Pipeline, LLC. (4)	3,455,090	868,245	51.00	1,762,097	442,805
Other Associates				55,757	203,465
Total investment in associated entities				17,470,937	757,815
Other investments				2,040	-
Total investment in associated entities				17,472,977	757,815
Entities at fair value				**Fair value**	
GMéxico Transportes, S. A. B. de C.V.			15.14	18,464,305	-
Cuprum (2)			10.00	430,997	-
PBF Energy, Inc.				31,523	-
				18,926,825	-
Total investment in associated entities and joint ventures				$ 36,399,802	$ 757,815

2019

	Stockholders' equity	Net income	Ownership percentage	Investment in shares	Equity in income
Elementia (1)	$ 20,896,256	$ (1,637,069)	36.47	$ 8,174,128	$ (622,006)
ITM	12,119,926	3,222,759	16.75	2,030,088	539,813
Inmuebles SROM, S. A. de C. V.	17,959,703	1,207,231	14.00	2,441,613	169,012
Miniso BF Holding, S. de R. L. de C. V.	826,940	(245,777)	33.27	1,081,485	(52,187)
Grupo Telvista, S. A. de C. V.	2,332,713	55,739	10.00	233,271	5,574
Infraestructura y Saneamiento Atotonilco, S. A. de C. V.	133,803	(6,880)	42.50	(51,051)	(2,924)
Constructora MT de Oaxaca, S. A. de C. V.	412,820	9,007	40.00	2,489	(161,251)
Trans-Pecos Pipeline, LLC.	5,847,584	865,432	51.00	2,982,268	440,826
Comanche Trail Pipeline, LLC.	3,402,854	729,402	51.00	1,735,456	372,540
Other Associates				117,195	288,666
Total investment in associated entities				18,746,942	978,063
Other investments				2,040	-
Total investment in associated entities				18,748,982	978,063
Entities at fair value				**Fair value**	
GMéxico Transportes, S. A. B. de C. V.			15.14	15,589,735	-
Cuprum (2)			10.00	421,385	-
PBF Energy, Inc.				122,462	-
				16,133,582	-
Total investment in associated entities and joint ventures				$ 34,882,564	$ 978,063

2018

	Stockholders' equity	Net income	Ownership percentage	Investment in shares	Equity in income
Elementia (1)	$ 23,207,555	$ (223,557)	36.47	$ 9,017,067	$ 82,914
ITM	8,897,167	(982,561)	16.75	1,490,275	(164,580)
Inmuebles SROM, S. A. de C. V.	16,232,859	1,258,235	14.00	2,272,600	187,088
Grupo Telvista, S. A. de C. V.	2,357,049	(12,489)	10.00	235,705	(1,249)
Infraestructura y Saneamiento Atotonilco, S. A. de C. V.	140,682	(124,445)	42.50	(48,127)	(52,889)
Constructora MT de Oaxaca, S. A. de C. V.	409,349	(591)	40.00	163,740	(236)
Trans-Pecos Pipeline, LLC.	6,071,716	771,950	51.00	3,096,575	372,814
Comanche Trail Pipeline, LLC.	1,842,697	608,525	51.00	1,842,697	327,512
Other Associates				159,239	36,315
				18,229,771	787,689
Other investments				2,041	-
Total investment in associated entities				18,231,812	787,689
Entities at fair value				**Fair value**	
GMéxico Transportes, S. A. B. de C. V.			15.14	15,912,581	-
Cuprum (2)			10.00	616,235	-
				16,528,816	-
Total investment in associated entities and joint ventures				$ 34,760,628	$ 787,689

(1) The investment in shares includes goodwill of $554,284. In 2020 and 2019, partner participation in other comprehensive results is recognized for $245,716 and $220,933.

(2) As the investment in the shares of Cuprum includes goodwill of $45,092.

(3) As of December 31, 2020, the investment in shares includes a dividend payment of $253,705 and a loss of $250,244, which is recognized as other comprehensive income in the consolidated statement of income.

(4) As of December 31, 2020, the investment in shares includes a dividend payment of $173,140 and a loss of $243,024, which is recognized as other comprehensive income in the consolidated statement of income.

(5) As of December 31, 2020, the investment in shares includes a dividend payment of $82,073, which is recognized as other comprehensive income in the consolidated statement of income.

Regarding Grupo Telvista, S. A. de C. V. the Entity has significant influence because a related party America Movil, S. A. B. de C. V. has the rest of the shareholding equivalent to 90%.

18. Other assets

Other assets were as follows:

	Amortization period	2020	2019	2018
Insurance and sureties	(a)	$ 746,144	$ 667,646	$ 583,828
Collaborative commission agreement		159,604	159,604	159,604
Guarantee deposits		69,478	66,464	33,353
Installation costs		344,036	327,187	282,844
Prepaid expenses		28,114	21,113	21,114
Others		290,455	252,605	226,025
		1,637,831	1,494,619	1,306,768
Accumulated amortization		(1,248,242)	(1,033,486)	(855,082)
		$ 389,589	$ 461,133	$ 451,686

(a) CICSA's insurance and sureties have a term related to the contracted projects which on average have a term is between 2 and 3 years.

The amortization recorded in income was $214,756, $178,404 and $151,967 in 2020, 2019 and 2018, respectively, of which $188,717, $125,061 and $136,009 is recognized as part of cost of net income, respectively.

19. Intangible assets

	Amortization period	Balances as of December 31, 2019	Additions	Retirements / disposals / transfers	Translation effect	Balances as of December 31, 2020
Cost:						
Trademark	Indefinite	$ 16,852	$ 13	$ -	$ -	$ 16,865
Exploration and evaluation	Indefinite	2,276,922	207,030	-	(3,377)	2,480,575
Computer programs	5.83	76,482	120,915	-	-	197,397
Licenses and franchises	Indefinite	38,142	-	-	-	38,142
Industrial property rights	10	313,211	-	-	-	313,211
Intangible assets in progress	15	87,833	719	-	-	88,552
Other intangible assets	Indefinite	106,285	67,599	-	-	173,884
Total cost		2,915,727	396,276	-	(3,377)	3,308,626
Accumulated amortization:						
Trademark		(8,171)	(1,299)	-	-	(9,470)
Exploration and evaluation		(33,295)	(169)	-	-	(33,464)
Computer programs		(16,569)	(12,401)	-	-	(28,970)
Licenses and franchises		(4,975)	(4,956)	-	-	(9,931)
Industrial property rights		(313,211)	-	-	-	(313,211)
Intangible assets in progress		(19,218)	(12,752)	-	-	(31,970)
Other intangible assets		(8,565)	-	-	-	(8,565)
Total amortization		(404,004)	(31,577)	-	-	(435,581)
Impairment Adjustments						
Exploration and Evaluation		(1,041,335)	(371,998)	-	-	(1,413,333)
Net cost		$ 1,470,388	$ (7,299)	$ -	$ (3,377)	$ 1,459,712

	Amortization period	Balances as of December 31, 2018	Additions	Retirements / disposals / transfers	Translation effect	Balances as of December 31, 2019
Cost:						
Trademark	Indefinite	$ 16,496	$ 356	$ -	$ -	$ 16,852
Exploration and evaluation	Indefinite	1,997,922	305,274	-	(26,274)	2,276,922
Computer programs	5.83	36,550	39,932	-	-	76,482
Licenses and franchises	Indefinite	38,142	-	-	-	38,142
Industrial property rights	10	313,211	-	-	-	313,211
Intangible assets in progress	15	85,644	2,189	-	-	87,833
Other intangible assets	Indefinite	106,285	-	-	-	106,285
Total cost		2,594,250	347,751	-	(26,274)	2,915,727
Accumulated amortization:						
Trademark		(6,195)	(1,976)	-	-	(8,171)
Exploration and evaluation		(31,188)	(2,107)	-	-	(33,295)
Computer programs		(8,675)	(7,894)	-	-	(16,569)
Licenses and franchises		(3,910)	(1,065)	-	-	(4,975)
Industrial property rights		(277,347)	(35,864)	-	-	(313,211)
Intangible assets in progress		(5,622)	(13,596)	-	-	(19,218)
Other intangible assets		-	(8,565)	-	-	(8,565)
Total amortization		(332,937)	(71,067)	-	-	(404,004)
Impairment Adjustments						
Exploration and evaluation		(1,041,335)	-	-	-	(1,041,335)
Net cost		$1,219,978	$ 276,684	$ -	$ (26,274)	$ 1,470,388

	Amortization period	Balances as of December 31, 2017	Additions	Retirements / disposals / transfers	Translation effect	Balances as of December 31, 2018
Cost:						
Trademark	Indefinite	$ 16,631	$ 143	$ -	$ (278)	$ 16,496
Exploration and evaluation	Indefinite	1,128,667	872,187	-	(2,932)	1,997,922
Computer programs	5.83	19,735	16,815	-	-	36,550
Licenses and franchises	Indefinite	38,142	-	-	-	38,142
Industrial property rights	10	397,869	(84,658)	-	-	313,211
Intangible assets in progress	15	85,289	355	-	-	85,644
Other intangible assets	Indefinite	22,724	83,561	-	-	106,285
Total cost		1,709,057	888,403	-	(3,210)	2,594,250
Amortización acumulada:						
Trademark		(4,794)	(1,401)	-	-	(6,195)
Exploration and evaluation		(21,348)	(9,840)	-	-	(31,188)
Computer programs		(3,471)	(5,204)	-	-	(8,675)
Licenses and franchises		(1,024)	(2,886)	-	-	(3,910)
Industrial property rights		(240,525)	(36,822)	-	-	(277,347)
Intangible assets in progress		(362)	(5,260)	-	-	(5,622)
Total amortization		(271,524)	(61,413)	-	-	(332,937)
Impairment Adjustments						
Exploration and evaluation		(675,321)	(372,850)	-	6,836	(1,041,335)
Net cost		$ 762,212	$ 454,140	$ -	$ 3,626	$ 1,219,978

20. Current and long-term debt

Debt is as follows:

	2020	2019	2018
Current debt:			
Commercial loans in Mexican pesos, entered in July and October at a variable rate of TIIE + 0.85% and maturities in January and December 2019	$ -	$ -	$ 261,678
Commercial loans in Mexican pesos, entered in September and October at a variable rate of TIIE + 1.50% and maturity on April 2019.	-	-	20,000
Commercial loans entered during the second semester 2018 at an fixed interest rate of 6.27% and maturity on February 2019.	-	-	126,067
Commercial loans entered during the fourth quarter at a fixed rate of 6.66% and 6.69% with maturities in February 2020.	-	215,879	-
Commercial loans entered during the fourth quarter at a fixed rate of 6.10% plus 28-day TIIE with maturities in February and March 2020.	-	50,068	-
The unsecured loan in Peruvian Suns renewed in the third quarter was liquidated in October 2020. In December, a new loan was contracted at a fixed rate of 2.95% due in February 2021.	19,282	-	-
Commercial loans entered during the fourth quarter at a fixed rate of 1.50% plus 28-day TIIE with maturities in March 2020.	-	30,000	-
Other loans	94,154	29,685	26,286
	113,436	325,632	434,031
Add current portion of long-term debt	3,177,531	91,911	82,871
Current portion	$3,290,967	$ 417,543	$ 516,902

	2020	2019	2018
Long-term debt:			
Syndicated Loan for US$496,000, with variable interest rate of LIBOR + 2.5 and due in January 2035.	$ 9,720,455	$ 9,274,661	$ 9,752,762
Long-term unsecured loan to Invex in dollars at a rate of 5.29% due in June 2025	7,777,306	-	-
Certificados bursátiles emitidos Debt securities issued in Mexican pesos with 28 days maturities, one issued at March 16, 2018 and maturity at March 12, 2021 and other issued at March 11, 2020 with maturity at March 13, 2023.	6,500,000	3,000,000	3,000,000
	23,997,761	12,274,661	12,752,762
Less - current portion	(3,177,531)	(91,911)	(82,871)
Long-term debt	$ 20,820,230	$ 12,182,750	$ 12,669,891

Long-term debt accrues interest at variable rates. Interest rates for loans in Mexican pesos during 2020, 2019 and 2018 were at a weighted average of 5.29%, 6.56% and 8.70%, respectively. The London InterBank Offered Rate (LIBOR) was 1.05% 1.05% and 1.05%, and the equilibrium interbank interest rate (TIIE) was 4.4861%, 7.6969% and 8.4091% as of December 31, 2020, 2019 and 2018, respectively.

The Entity's debt covenants from these loans are obligations to perform as: i) to provide audited consolidated financial statements within 120 days after the end of the year, ii) to provide internal consolidated financial statements within 60 days after the close of the three first quarters of the year, iii) keep their legal existence and ongoing business and iv) comply with applicable laws, environmental regulations and maintain their permits, licenses and the like.

The Entity's obligations not to perform associated to these loans are: i) not to modify the prevailing line of business, ii) not incur or assume or accept any lien on its properties or assets, except as allowed, iii) not dispose of all or substantially all of its assets, except as permitted and iv) not merging, dissolving, liquidating or splitting, except as permitted.

21. Other accounts payable and accumulated liabilities

The other accounts payable and accumulated liabilities are integrated as follows:

	2020	2019	2018
Taxes payable	$ 4,195,077	$ 5,372,817	$ 3,928,594
Other accounts payable	2,767,664	2,847,466	2,635,716
	$ 6,962,741	$ 8,220,283	$ 6,564,310

22. Provisions

2020

	Opening balance	Additions	Provision applied	Reclassifications	Reversals	Closing balance
Contractor costs	$ 2,867,666	$ 18,920,543	$ (16,760,790)	$ -	$ (532,158)	$ 4,495,261
Construction costs and other extraordinary items	300,959	950,825	(784,352)	-	-	467,432
Environmental costs and plant closure	189,924	13,508	(19,591)	-	-	183,841
Employment relationships	92,537	84,387	(53,686)	-	-	123,238
Others	270,099	262,251	(192,865)	-	-	339,485
	$ 3,721,185	$ 20,231,514	$ (17,811,284)	$ -	$ (532,158)	$ 5,609,257

2019

	Opening balance	Additions	Provision applied	Reclassifications	Reversals	Closing balance
Contractor costs	$ 2,273,902	$ 19,597,719	$ (19,003,955)	$ -	$ -	$ 2,867,666
Construction costs and other extraordinary items	323,269	669,315	(685,405)	-	(6,220)	300,959
Environmental costs and plant closure	163,224	40,443	(13,743)	-	-	189,924
Employment relationships	113,537	76,051	(97,051)	-	-	92,537
Others	386,603	205,694	(135,116)	-	(187,082)	270,099
	$ 3,260,535	$ 20,589,222	$ (19,935,270)	$ -	$ (193,302)	$ 3,721,185

2018

	Opening balance	Additions	Provision applied	Reclassifications	Reversals	Closing balance
Contractor costs	$ 2,533,532	$ 9,808,913	$ (10,068,543)	$ -	$ -	$ 2,273,902
Construction costs and other extraordinary items	500,286	1,052,016	(1,228,920)	-	(113)	323,269
Environmental costs and plant closure	121,487	50,684	(8,947)	-	-	163,224
Employment relationships	86,297	137,690	(110,450)	-	-	113,537
Others	246,787	375,140	(166,302)	-	(69,022)	386,603
	$ 3,488,389	$ 11,424,443	$ (11,583,162)	$ -	$ (69,135)	$ 3,260,535

23. Retirement and other employee benefits

The Entity has plans for retirement, death or total disability payments for non-unionized employees in most of its subsidiaries. The defined benefit plans are managed by a legally separate fund of the Entity. The board of directors of the pension fund is comprised of an equal number of representatives of both employer and former employees. The board of directors of the pension fund is required according to the law and the articles of association to act in the interests of the fund and all interested parties, active and inactive employees, retirees and employer. The board of directors of the pension fund is responsible for investment policy in relation to the assets of the fund.

The Entity manages a plan that also covers seniority premiums for all staff working in Mexico, consisting of a single payment of 12 days per year worked based on final salary, not to exceed twice the minimum wage established by law.

Under these plans, employees are entitled to additional retirement benefits (if any) at the age of 65. No other postretirement benefits are awarded.

The plans typically expose the Entity 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 government bonds 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. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.
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 most recent actuarial valuations of the plan's assets and the present value of the defined benefit obligation were carried out as of July 31, 2020 with information regarding 30 June 2020 for the rethinking of the employee pension plan in the segment Sanborns Hermanos, S. A. de C. V. and December 31, 2020 with information regarding October 31, 2020 , by independent actuaries, members of the Mexican Association of Actuaries Consultores, A. C. Also, on December 31, 2020, the rethinking of the pension plan of Sears Operadora México, S. A. de C. V. was carried out. The present value of the defined benefit obligation, the labor cost of the current service, and the cost of past services were calculated using the projected unit credit method.

No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were reported as of December 31, 2020 by independent appraisals members of the Asociación Mexicana de Actuarios Consultores, A. C. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2020	2019	2018
Discount rate	7.19%	7.36%	8.54%
Expected rate of salary increase	5.11%	5.08%	5.40%
Expected return on plan assets	7.08%	7.31%	8.54%
Retirement age for current pensioners (years)			
Males and females	65	65	65

Amounts recognized in the consolidated statements of financial position in respect of these defined benefit plans are as follows.

	2020	2019	2018
Present value of defined benefit obligation	$ (4,663,156)	$ (5,698,979)	$ (3,908,938)
Fair value of plan assets	$ 4,858,618	$ 4,720,777	$ 4,303,161
Excess of plan assets over defined benefit obligation	$ 195,462	$ (978,202)	$ 394,223
Balances included in the consolidated statements of financial position are as follows:			
Defined retirement employee benefits liabilities	$ (625,493)	$ (1,204,563)	$ (168,758)
Defined retirement employee benefits assets	820,955	226,361	562,981
	$ 195,462	$ (978,202)	$ 394,223
Contributions to plan assets	$ 110,430	$ 217,266	$ 147,767

The expense for the year amounts $149,715, $224,542 and $183,850 in 2020, 2019 and 2018, respectively and have been included in profit or loss as cost of net income and administration and sales expenses.

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

Net period cost comprises the following:

	2020	2019	2018
Actual service cost	$ 248,168	$ 197,333	$ 196,400
Interest cost	364,731	364,858	302,762
Interest income	(151,351)	(397,754)	(331,797)
Past service cost	(1,585,522)	63,034	18,876
Effect of any reduction or early liquidation (other than a restructuring or discontinued operation)	2,682	(2,929)	(2,391)
Net period cost	$ (1,121,292)	$ 224,542	$ 183,850

Components of defined benefit costs recognized in other comprehensive income

	2020	2019	2018
Actuarial (loss) gains - net	$ (142,137)	$ (1,331,398)	$ 189,477

Given that, there is no legal right to offset employee retirement benefits between different Entity subsidiaries, these amounts are not offset and are presented as non-current assets or liabilities in the accompanying consolidated statements of financial position.

Changes in the present value of the defined benefit obligation:

	2020	2019	2018
Opening balance of defined benefit obligation	$ (5,698,979)	$ (3,908,938)	$ (4,090,648)
Actual service cost	(248,168)	(197,333)	(196,400)
Past service cost	1,585,522	(63,034)	(18,876)
Interest cost	(364,731)	(364,858)	(302,762)
Actuarial (losses) gains - net	(173,172)	(1,172,653)	567,236
Benefits paid	125,153	144,764	143,410
Effect of any reduction or early liquidation (other than a restructuring or discontinued operation)	98,229	(136,927)	(10,898)
Others (adjustment for ISR GSanborns adoption)	12,990	-	-
Final balance of the defined benefit obligation	$ (4,663,156)	$ (5,698,979)	$ (3,908,938)

Changes in the present value of plan assets in the current period:

	2020	2019	2018
Opening balance fair value of plan assets	$ 4,720,777	$ 4,303,161	$ 4,327,438
Expected yield on plan assets	151,351	397,754	331,797
Reclassifications	(1,655)	662	(771)
Actuarial gain (losses) - net	65,108	(38,234)	(303,251)
Contributions to plan	110,430	217,266	147,767
Benefits paid	(125,153)	(144,764)	(143,410)
Assets distributed on settlements	26,768	(15,068)	(56,409)
Assets distributed on settlements	(89,008)	-	-
Closing balance of fair value of plan assets	$ 4,858,618	$ 4,720,777	$ 4,303,161

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 were 50 basis points higher (lower), the defined benefit obligation would decrease by 2020 in $228,120 (increase of $175,302).

If the expected salary growth increases (decreases) by 0.5%, the defined benefit obligation would increase 2020 in $556,690 (decrease by $648,916).

If the life expectancy increases (decreases) by one year for both men and women, the defined benefit obligation would increase in 2020 in $186,029 (decrease by $154,493).

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

Main strategic choices that are formulated in the actuarial and technical policy document of the fund are: Asset mix based on 48% equity instruments and 52% debt instruments.

The average duration of the benefit obligation as of December 31, 2020, 2019 and 2018 is 10.81, 11.66, and 11.71 years, respectively.

The Entity expects to make a contribution of $213,894 to the defined benefit plans during 2020.

The main categories of plan assets are:

				Fair value of plan assets		
	2020 %	2019 %	2018 %	2020	2019	2018
Equity instruments	48	48	50	$ 2,105,049	$ 2,316,402	$ 2,069,611
Debt instruments	52	52	50	$ 2,754,477	$ 2,467,228	$ 2,210,390
Weighted average expected return				$ 333,722	$ 379,381	$ 340,935

The fair value of the equity and debt instruments mentioned above are determined based on market prices quoted in active markets, while the market values of properties are not based on market prices quoted in active markets.

Employee benefits granted to key management personnel and / or directors of the Entity were as follows:

	2020	2019	2018
Short-term benefits	$ 116,479	151,255	$ 137,539
Defined benefit plans	217	1,952	1,690
Other long-term benefits	285,427	384,049	295,570

24. Stockholders' equity

a. The historical amount of issued and paid-in common stock of Grupo Carso as of December 31, 2020, 2019 and 2018 is as follows:

	Number of shares			Amount		
	2020	2019	2018	2020	2019	2018
Series A1	2,745,000,000	2,745,000,000	2,745,000,000	$ 644,313	$ 644,313	$ 644,313
Treasury shares repurchased	(477,335,910)	(465,351,256)	(463,561,326)	(112,040)	(109,227)	(108,807)
Historic capital stock	2,267,664,090	2,279,648,744	2,281,438,674	$ 532,273	$ 535,086	$ 535,506

Common stock consists of ordinary, nominative shares with no par value.

At the Ordinary General Meeting of Shareholders of Grupo Carso held on April 30, 2020, it was decided that, in the wake of the health contingency caused by Covid-19, no effective dividend was paid to shareholders and that the entire balance of profits obtained in the 2019 financial year, as well as the balance of accumulated profits from previous years, in addition to being available to the General Meeting of Shareholders of the Company, they will also be made available to the Board of Directors, with the exception of the total amount of the legal reserve, with the broadest powers delegated to the latter body to allocate it, in whole or in part, as estimated and appropriate, to the constitution or increase of reserves and/or their distribution as a dividend(s) to the shareholders of the Company. Additional applications are ratified for the purchase of own shares.

In the General Ordinary Stockholders' Meeting held on April 29, 2019, a dividend distribution of $0.94 (ninety-four cents) per share was approved from the balance of the Net Tax Income Account (CUFIN); payable in two exhibitions of $0.47 (forty-seven cents) per share each, on June 28 and December 20, 2019 against vouchers No. 40 and 41, respectively, on the outstanding shares at the time of payment. Total payment was $2,143,741.

In the General Ordinary Stockholders' Meeting on April 26, 2018, a dividend distribution of $0.92 (ninety-two cents) per share was approved from the balance of the Net Tax Income Account (CUFIN); payable in two exhibitions of $0.46 (forty-six cents) per share each, on June 29 and December 21, 2018 against vouchers No. 38 and 39, respectively, of the outstanding shares at the time of payment. Total payment was $2,099,025.

b. Retained earnings include the legal reserve. The General Corporate Law requires that at least 5% of net income of the year be transferred to a legal reserve until the reserve equals 20% of common stock. The legal reserve may not be distributed during the existence of the Entity unless the Entity is dissolved. As of December 31, 2020, 2019 and 2018, the legal reserve of the Entity was $381,635.

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

d. There is an additional 10% ISR on dividends paid to individuals and foreign residents. The ISR is withheld and considered a final payment by the shareholder. Double-taxation treaties may apply for foreign shareholders. This tax is applicable as the distribution of profits generated from 2014 and onwards.

25. Balances and transactions with related parties

Related-party receivable and payable balances are as follows:

	2020	2019	2018
Receivable-			
Red Nacional Última Milla, S. A. P. I. de C. V.	$ 2,101,012	$ -	$ -
APTIV Contract Services Norest	857,504	-	-
Teléfonos de México, S. A. B. de C. V.	262,254	1,363,538	1,093,219
Constructora Mexicana de Infraestructura Subterránea, S. A. de C. V.	250,006	356,762	167,118
Ocampo Mining, S. A. de C. V.	209,328	304	-
América Móvil Perú, S. A. C.	191,138	188,899	259,821
Miniso BF Holding, S. de R. L. de C. V.	165,846	153,793	-
Infraestructura y Saneamiento de Atotonilco, S. A. de C. V.	138,958	105,124	105,124
Radiomóvil Dipsa, S. A. de C. V.	112,107	104,038	69,829
Claro, S. A.	94,776	141,592	371,997
Constructora MT Oaxaca, S. A. de C. V.	93,588	13,128	-
Concesionaria de Carreteras y Libramientos del Pacífico Norte, S. A. de C. V.	91,389	-	-
Red Última Mila del Noroeste, S. A. P. I. de C. V.	80,803	-	-
Telmex Colombia, S. A.	64,940	157,086	162,126
Concesionaria autopista Guadalajara-Tepic, S. A. de C. V.	42,547	42,547	43,118
Telecomunicaciones de Guatemala, S. A.	35,986	49,948	27,795
Operadora de Sites Mexicanos, S. A. de C. V.	28,466	49,504	78,581
Compañía Dominicana de Teléfonos, S. A.	25,808	81,924	70,864
Claro comunicaciones, S. A	25,784	5,959	28,011
Nacional de Cobre, S. A. de C. V.	25,195	2,414	-
Consorcio Red Uno, S. A. de C. V.	22,686	14,584	14,849
Comunicación Celular, S. A. de C. V.	22,202	38,277	46
Consorcio Ecuatoriano de Telecomunicaciones, S. A.	20,862	42,399	48,440
Empresa Nicaragüense de Telecomunicaciones, S. A.	20,773	36,374	23,819
Consorcio FCC Corredor de Las Playas 1	16,956	-	-
Minera Real de Ángeles, S. A. de C. V.	14,739	51,275	64,526
Claro Chile, S. A.	13,411	-	-
Fundación Carlos Slim, A. C.	13,379	16,292	21,454
Uninet, S. A. de C. V.	12,636	17,683	19,542
Consorcio Tramo Dos, S. A. de C. V.	11,599	-	-
Compañía de Teléfonos y Bienes Raíces, S. A. de C. V.	9,570	27,952	44,967
Viakable, S. A. de C. V.	9,164	23,907	18,378
Constructora de Inmuebles PLCO, S. A. de C. V.	7,376	61,934	33,303
Delphi Packard Electric Systems, Inc.	5,825	535,768	759,742
Teléfonos del Noroeste, S. A. de C. V.	5,234	194,256	46,711
Trituradora y Procesadora de Materiales Santa Anita, S. A. de C. V.	4,700	25,333	53
Servicios Minera Real de Ángeles, S. A. de C. V.	4,458	12,589	-
Delco Electronic Systems	4,030	46,819	79,674
Claro Panamá, S. A.	3,006	13,409	6,725
Servicios de Comunicaciones de Honduras, S. A. de C. V.	2,472	30,984	17,637
Fideicomiso / 1815 Desarrollo Tlalnepantla	2,318	11,038	33,321
AMX Argentina, S. A.	2,032	20,384	1,389
Minera Tayahua, S. A. de C. V.	153	710,444	727,365
CRS Morelos, S. A. de C. V.	(138)	29,983	19,727
Compañía de Telecomunicaciones de el Salvador, S. A. de C. V.	(199)	67,023	14,136
GBS Elementia, S. A. de C. V.	(372)	14,430	-
Makobil, S. de R. L. de C. V.	-	10,335	-
Telesites Costa Rica, S. A.	-	3,225	11,200
Puerto Rico Telephone Company, Inc.	-	5,959	43,732
Constructora Terminal del Valle de México, S. A. de C. V.	-	-	73,024
Consorcio Cargi - Propen, S. A. de C. V.	-	619	12,211
Claro CR Telecomunicaciones, S. A.	-	8,303	3,818
Renta de Equipo, S. A. de C. V.	-	-	3,302
Concesionaria ETRAM Cuatro Caminos, S. A. de C. V.	-	-	2
Alquiladora de Casas, S. A. de C. V.	-	2,012	1,414
Autopista Arco Norte, S. A. de C. V.	-	-	9,184
Acolman, S. A. de C. V.	-	104	17
Otros	61,673	51,211	63,493
	$ 5,187,980	$ 4,954,593	$ 4,707,977
Payable-			
Radiomóvil Dipsa, S. A. de C. V.	$ 268,168	$ 239,910	$ 483,584
Sears Brands Management	66,100	82,437	83,476
América Móvil Perú, S. A. C.	42,247	16,680	51,423
Delphi Packard Electric Systems, Inc.	39,926	34,721	74,853
Inmose, S. A. de C. V.	37,493	42,364	47,659
Aptiv Services US, LLC.	27,946	-	-
JM Distribuidores, S. A.	23,217	21,782	-
APTIV Electrical Centers (Shanghai) CO., LTD.	21,518	11,487	-
Consorcio Tramo Dos, S. A. de C. V.	18,892	-	-
Fundación Carlos Slim, A. C.	14,015	121	-
Inversora Bursátil, S. A. de C. V.	10,849	90	-
Controladora de Servicios de Telecomunicaciones, S. A. de C. V.	10,565	150	-
Inmuebles SROM, S. A. de C. V.	9,517	17,022	42,139
Consorcio Red Uno, S. A. de C. V.	8,669	17,423	7,325
SELMEC Equipos Industriales, S. A. de C. V.	1,113	19,231	4,450
Emprendedora Administrativa, S. A. de C. V.	629	13,460	-
Inmuebles Desarrollados Eclo, S. A. de C. V.	-	28,679	1,290
Aptiv Services US, LLC.	-	13,738	16,602

	2020	2019	2018
Aptiv Electrical Centers (Shanghai) Co., LTD.	-	11,487	1,155
Constructora de Inmuebles PLCO, S. A. de C. V.	-	19	117,731
Constructora Terminal Valle de México, S. A. de C. V.	-	-	94,292
Teléfonos de México, S. A. B. de C. V.	-	-	91,614
Centro Histórico de la Ciudad de México, S. A. de C. V.	-	-	65,013
AMX Contenido, S. A. de C. V.	-	2,097	61,125
Seguros Inbursa, S. A.	-	1,943	14,140
Promotora del Desarrollo de América Latina, S. A. de C. V.	-	-	1,234
Fideicomiso / 1815 Desarrollo Tlalnepantla	-	-	7,523
Constructora Mexicana de Infraestructura Subterránea,S. A. de C. V.	-	-	1,155
Empresa Nicaragüense de Telecomunicaciones, S. A. de C. V.	-	-	3,582
Compañía de Teléfonos y Bienes Raíces, S. A. de C. V.	-	-	4,600
Inversora Bursátil, S. A. de C. V.	-	90	1,913
Anuncios en Directorios, S. A. de C. V.	-	4,452	1,061
Otras	109,930	47,466	112,431
	$ 710,794	$ 626,849	$ 1,391,370

a. Borrowings from financial institutions includes balances with Banco Inbursa, S. A. of $7,777,306, $30,000 and $20,000 as of December 31, 2020, 2019 and 2018, respectively; which accrued interest at a variable rate based on general market conditions 5.29%, 9.20% and 11.91%, respectively; as of December 31, 2020, 2019 and 2018).

b. Due to related parties includes advances from customers of $59,194, $20,168 and $447,532 as of December 31, 2020, 2019 and 2018, respectively.

c. The amounts outstanding are unsecured and will be cash settled. No guarantees have been given or received. No expense has been recognized in the current period or prior periods regarding bad or doubtful debts relating to amounts owed by related parties.

d. Transactions with related parties, carried out in the ordinary course of business, were as follows:

	2020	2019	2018
Sales	$ 20,685,328	$ 21,332,764	$ 19,164,054
Interest income	61,496	17,355	26,377
Inventories purchased	(933,071)	(1,170,401)	(1,286,578)
Insurance expenses	(285,125)	(303,643)	(317,931)
Lease expenses	(530,282)	(670,417)	(653,508)
(Expense) income for Sservices rendered, net	(229,710)	12,229	(218,044)
Other expenses, net	(291,327)	(386,893)	(349,018)
(Purchases) sale of fixed assets	(5,218)	(23,037)	6,476

e. Transactions with associates and joint ventures, carried out in the ordinary course of business, were as follows:

	2020	2019	2018
Sales	$ 568,444	$ 1,011,702	$ 1,259,713
(expense) income services, net	11,306	(32,810)	(23,936)
Inventories purchases	(34,117)	(30,928)	(42,626)
Lease expenses	(3,426)	(3,607)	(4,243)
Insurance	(10,264)	(8,500)	(8,989)
Other expenses, net	(12,306)	(20,853)	(23,393)
Purchases of fixed assets	(957)	(3,965)	-

26. Net income

	2020	2019	2018
Net sales:			
Sale of goods	$ 65,134,322	$ 74,864,974	$ 74,105,884
Construction	21,200,897	17,025,295	13,069,007
Interests	3,586,863	3,974,592	3,793,981
Services	2,921,757	4,682,397	3,923,231
Rentals	1,044,507	1,035,600	1,024,271
Dividends	651,900	745,028	558,772
Others	144,124	149,710	164,687
Total	$ 94,684,370	$ 102,477,596	$ 96,639,833

27. Cost and expenses analyzed by nature

2020

Concept	Cost of sales	Cost of sales	Administrative expenses	Total
Wages and salaries	$ 5,331,840	$ 4,138,154	$ 1,977,624	$ 11,447,618
Employee benefits	569,548	2,063,123	324,537	2,957,208
Raw materials	23,132,880	-	-	23,132,880
Manufacturing expenses	4,852,795	-	-	4,852,795
Finished products	34,729,948	-	-	34,729,948
Depreciation	1,178,027	1,103,550	88,177	2,369,754
Amortization	188,717	15,138	42,478	246,333
Depreciation of right-of-use assets	253,559	573,335	-	826,894
Advertising	-	299,509	-	299,509
Insurance	107,337	138,548	72,798	318,683
Freight	-	327,505	-	327,505
Allowance for doubtful accounts	13,744	14,116	925,842	953,702
Royalties	-	176,997	-	176,997
Fees	1,151	44,209	70,197	115,557
Maintenance	160,798	629,231	172,878	962,907
Plant costs	-	5,390	475,393	480,783
Security services	18,085	78,753	48,822	145,660
Lease	316,649	928	7,028	324,605
Telephone	382	75,250	62,221	137,853
Electricity	7,056	414,161	7,073	428,290
Credit card fees	-	356,401	61,309	417,710
Other	92,899	458,342	520,838	1,072,079
Total	$ 70,955,415	$ 10,912,640	$ 4,857,215	$ 86,725,270

2019

Concept	Cost of sales	Sales expenses	Administrative expenses	Total
Wages and salaries	$ 5,028,137	$ 4,309,409	$ 1,963,418	$ 11,300,964
Employee benefits	550,649	2,084,248	343,884	2,978,781
Raw materials	21,111,140	-	-	21,111,140
Manufacturing expenses	3,679,940	-	-	3,679,940
Finished products	41,164,124	-	-	41,164,124
Depreciation	779,250	1,150,414	98,613	2,028,277
Amortization	205,020	17,660	26,791	249,471
Depreciation of right-of-use assets	161,761	841,426	-	1,003,187
Advertising	-	546,438	-	546,438
Insurance	53,075	122,190	62,839	238,104
Freight	-	423,671	-	423,671
Allowance for doubtful accounts	7,137	4,678	850,191	862,006
Royalties	-	257,234	3,001	260,235
Fees	1,324	41,651	74,573	117,548
Maintenance	183,463	772,730	127,841	1,084,034
Plant costs	-	5,112	485,661	490,773
Security services	17,565	91,218	48,592	157,375
Lease	290,935	2,893	6,666	300,494
Telephone	56	61,340	44,548	105,944
Electricity	8,168	694,092	7,884	710,144
Credit card fees	-	571,048	27,282	598,330
Other	95,969	1,109,333	522,661	1,727,963
Total	$ 73,337,713	$ 13,106,785	$ 4,694,445	$ 91,138,943

2018

Concept	Cost of sales	Sales expenses	Administrative expenses	Total
Wages and salaries	$ 4,266,173	$ 4,151,297	$ 1,832,480	$ 10,249,950
Employee benefits	440,965	1,921,363	346,269	2,708,597
Raw materials	20,438,966	-	-	20,438,966
Manufacturing expenses	3,610,578	-	-	3,610,578
Finished products	37,657,087	-	-	37,657,087
Depreciation	755,950	1,137,651	110,714	2,004,315
Amortization	178,756	16,416	18,208	213,380
Depreciation of right-of-use assets	135,257	802,539	-	937,796
Advertising	-	489,483	-	489,483
Insurance	50,617	105,068	58,120	213,805
Freight	-	428,833	-	428,833
Allowance for doubtful accounts	3,472	2,899	926,541	932,912
Royalties	-	257,104	3,000	260,104
Fees	1,840	52,282	164,026	218,148
Maintenance	125,419	725,202	52,275	902,896
Plant costs	-	1,582	257,424	259,006
Security services	16,917	75,934	32,956	125,807
Lease	167,777	1,497	126,543	295,817
Telephone	56	54,541	45,443	100,040
Electricity	7,566	641,130	7,195	655,891
Credit card fees	-	538,219	29,062	567,281
Other	122,876	1,205,953	688,427	2,017,256
Total	$ 67,980,272	$ 12,608,993	$ 4,698,683	$ 85,287,948

28. Other (income) expenses - net

	2020	2019	2018
Loss (gain) in sales of materials and waste	$ 62,806	$ (12,113)	$ (15,542)
Gainon sales of property, machinery and equipment	(6,968)	(12,071)	(13,908)
Gain on investment property revaluation	(115,708)	(225,440)	(221,908)
Rethinkingof employee retirement benefits	(1,410,828)	-	-
Liabilities and provisions cancellation	(237,564)	(218,119)	(334,250)
Loss on property, machinery and equipment disposals	277,973	27,186	115,121
Impairment of capitalized exploration expenses	371,998	-	372,850
Impairment of concession	-	-	84,659
Impairment of property, machinery and equipment	(20,856)	(68,887)	10,375
Environmental remediation	22,677	41,229	-
Other (income) expenses, net	(91,494)	93,767	55,969
	$ (1,147,964)	$ (374,448)	$ 53,366

29. Income taxes

The Entity is subject to ISR. Under the ISR Law, the rate for 2020, 2019 and 2018 was 30% and will continue for the years thereafter. The applicable ISR rates in the countries where the Entity's main foreign subsidiaries operate are, United States of North America with rates 21%, 21% and 35%, for 2020, 2019 and 2018, respectively, and Brazil with the 25% rate, applicable for the three years. The Entity with only its Mexican subsidiaries incurred ISR on a consolidated basis until 2013. As the ISR Law applicable as of December 31, 2013 was superseded (2014 Law), the tax consolidation regime was eliminated, and the Entity and its subsidiaries have the obligation to pay the deferred income tax calculated as of that date over a 10-year period beginning in 2014, as illustrated below.

At the same time the tax consolidation regime was repealed by the 2014 Law, an option was established, which allows groups of companies to determine a joint calculation of ISR (tax integration regime). The new regime allows groups of consolidated companies that share common direct or indirect ownership of more than 80%, certain benefits in the tax payment (when the group of companies include both profit and loss entities in the same period), which can be deferred over three years and reported, as updated, at the filing date of the tax declaration corresponding to the tax year following the completion of the aforementioned three-year period. The Entity and its subsidiaries opted to join the new regime, so determined income tax for the year 2020, 2019 and 2018 as previously described.

Pursuant to transitory article 9, section XV, subsection d) of the 2014 Law, given that as of December 31, 2013 the Entity was considered to be a holding entity and was subject to the payment regime 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 2013 which was repealed, it must continue to pay the tax that it deferred under the tax consolidation scheme in 2007 and previous years based on the aforementioned provisions, until such payment is concluded.

As of 2008, the Asset Tax Law (LIMPAC) was eliminated, allowing under certain circumstances, the amount of such tax paid in the 10 years immediately prior to the ISR is first payment may be recovered in accordance with applicable tax provisions.

a. Income taxes (benefit) expenses are as follows:

	2020	2019	2018
ISR:			
Current	$ 3,545,246	$ 2,876,663	$ 3,096,876
Deferred	(905,827)	51,935	(1,623,395)
	$ 2,639,419	$ 2,928,598	$ 1,473,481

b. The main items that originate the balance of the deferred income tax liability (asset) as of December 31, are:

	2020	2019	2018
ISR deferred (asset) liability:			
Property, plant and equipment	$ 3,049,044	$ 2,379,184	$ 2,416,594
Inventories	(171,403)	(624,142)	(470,759)
Advances from customers	(1,903,567)	(559,194)	(478,852)
Investment in associates	4,099,027	3,244,632	3,342,265
Metals swaps and forwards	(378,861)	(164,938)	142,617
Revenues and costs by percentage-of-completion method	(299,035)	192,588	251,362
Allowances for assets and reserves for liabilities	(1,070,135)	(1,209,390)	(751,007)
Others, net	285,588	54,940	(168,473)
Deferred ISR on temporary differences	3,610,658	3,313,680	4,283,747
Effect of tax loss carry-forwards	(3,152,174)	(2,905,266)	(3,600,732)
Deferred assets valuation reserve	184	69,841	357,322
Deferred ISR payment (long- term CUFINRE)	2,703	2,606	2,548
	461,371	480,861	1,042,885
Total deferred tax asset	5,354,451	4,627,641	3,919,730
Total deferred tax liability	$ 5,815,822	$ 5,108,502	$ 4,962,615

The movements of deferred tax (asset) liabilities during the year are as follows:

	2020	2019	2018
Opening balance	$ 480,861	$ 1,042,885	$ (613,470)
Income tax applied to results Recognized in other comprehensive income	(905,827) 886,337	51,935 (613,959)	(1,623,395) 3,279,750
Closing balance	$ 461,371	$ 480,861	$ 1,042,885

c. Reconciliation of the statutory and effective ISR rates expressed as a percentage of income before taxes on income, is as follows:

	2020 %	2019 %	2018 %
Statutory rate	30	30	30
Add (less) the effect of permanent differences - Non-deductible expenses	2	2	2
Effects of inflation	(1)	(1)	(1)
Gain on sale of shares	-	-	(1)
Effect of tax loss carry- forwards from foreign operations	-	(2)	(18)
Participation in results of associates and joint ventures	(3)	(2)	(2)
Others	1	(1)	2
Effective rate	29	26	12

d. Benefits of restated tax loss carryforwards, for which a deferred income tax asset has been recognized, may be recovered if certain requirements are fulfilled. Their maturities and restated amounts at December 31, 2020 are as follows:

Year of expiration	Tax loss carryforwards
2021	$ 1,996
2023	109
2024 and thereafter	3,094
	5,199
Foreign subsidiaries tax loss carryforwards without expiration term	9,257
Total	$ 14,456

e. Tax consolidation:

The income tax liability at December 31, 2020 from the effects of benefits and tax deconsolidation is recorded in other accounts payable and accrued liabilities (the current portion) and the remainder in other long-term liabilities shall be paid in the following years:

Year	
2021	$ 91,825
2022	59,544
2023	41,452
	$ 192,821

f. Tax integration:

ISR liability derived from the tax integration will be paid within a period of four years; as of December 31, 2020, 2019 and 2018, was amounts $815,987, $1,251,180 and $1,466,975, respectively.

30. Commitments

I. Commercial Group:

a. As of December 31, 2020, contracts are concluded with suppliers for the remodeling and construction of some of their stores. Commitments made for this concept amounts to approximately $186,341.

b. In December 2010, Sears Operadora México, S.A. de C.V. (formerly Sears Roebuck de México, S.A. de C.V.) (Sears) and Sears Roebuck and Co. (Sears USA) signed an agreement, through which they have decided to extend in the same terms as they were, the Trademark Use License Agreement and the Merchandise Sales and Advisory contracts governing the business relationship between them, which provides for the payment of 1% by Sears to Sears USA on the income from the sale merchandise, through which it is allowed to use Sears name both in its business name and in its stores, as well as the exploitation of trademarks owned by Sears Roebuck and Co. The agreement will be in force until 30 September 2018, but contemplates the existence of an extension of seven additional years under the same conditions, unless someone one decides not to extend it, notifying the other party two years in advance. On 30 September 2018, neither party notified the other of the decision to terminate the Agreement, so it was automatically extended for an additional 7 years respecting the initial terms of the agreement.

c. Through an agreement signed on September 12, 2006, the Entity entered into a contract for the payment of consultancy and trademark use license, for an initial period of 15 years with a renewal option for an additional 10 years, which provides for the annual minimum payment of 500 thousand US dollars, through which it is allowed to use the name of Saks Fifth Avenue both on its social reason and in its stores.

II. Infrastructure and Construction and Industrial:

a. In May 2020, the Federal Government through Nacional Financiera S.N.C., a Development Banking Institution as Trustee of the Trust fund called Fondo Nacional de Fomento al Turismo entered into a multi-year contract with Operadora and FCC Construcción, S.A. de C.V. that includes the development of the executive project, supply of materials and construction of the Mayan train platform and track in the Escárcega station (PK 228+000) and Calkiní station (PK 463+000) sections with a total of 235 kms. Operator has a 50% stake, for a contracted amount of $15,994,602 and completion date in July 2022. As of December 31, 2020, there is an approximate advance of 3%.

b. In November 2019, GSM-Bronco, S.A. de C.V., KB Tel Telecomunicaciones, S.A. de C.V. and Petroservicios Integrales México, S.A. de C.V. signed an agreement with PEP for integral and integrated work for interventions to oil wells of PEP assets, for a maximum amount of US$88,063, the works began in January 2020, as of December 31, 2020 there is an advance of 23%..

c. In October 2019, PEP awarded and signed a contract with Operadora and Permaducto, S.A. de C.V., for the contract “Engineering, procurement and construction of two units of marine infrastructure called MALOOB-E and MALOOB-I, to be installed in the Campeche probe, Gulf of Mexico to be executed in 550 days due on May 2, 2021, for an amount of $1,438,672 and US$69,505, both amounts to Operatora’s participation that represents 45.30% of the total contract. As of December 31, 2020, approximately 83% progress is made. In July 2020, change order 01 to the original contract was formalized for the incorporation of extraordinary work for the “Engineering, procurement and manufacture of three marine infrastructure units UIM-17, UIM-20 and UIM-26 to be installed in the Campeche probe, Gulf of Mexico” to be executed in 223 days with an original expiration date of February 10, 2021, for an amount of $78,343, as of December 31, has an advance approximately of 90%, on March 17, 2021, a change order was formalized establishing an extension derived from the delay in the payment of the advance by PEP, leavin the completion date of work on May 17, 2021.

d. In November 2018, Operadora signed a contract to carry out the construction of Section 2 of the Las Varas – Puerto Vallarta Highway, Type A2 of high specifications, starting at KM 107 +560 ending KM 135+600 in the state of Nayarit. The amount of this agreement amounts to $2,895,910, as of December 31, 2020 it has an approximate advance of 58%.

e. In June 2018, the review process of the evaluation committee was concluded, the Ministry of Public Works (“MOP”)of the Republic of Panama awarded, for being the best technical and economic proposal, to the consortium made up of Operadora and FCC Construcción, S.A., a contract for the “Expansion to six lanes - beach corridor (Section 2: Santa Cruz - San Carlos)” , in the province of Panama West, for the amount of B$349,995 thousand balboas, equivalent to $7,120,817. Operatora’s stake in the consortium is 49%. As of December 31, 2020, there is a 2% advance, mainly due to the review of the scopeof the contract by the MOP . The results, assets and liabilities, are recognized as a joint venture based on participation in the consortium.

f. The MOP of the Republic of Panama awarded to the “FCC-Corredor De Playas I Consortium”, made up of FCC Construcción, S.A. and Operadora, the execution of the project “Expansion to six (6) Lanes -beach corridor, Section 1: La Chorrera - Santa Cruz”, in the province of Panama West, in Panama. Operatora’s stake is 49%. The contract amounts B$543,022, thousands of balboas, equivalent to $10,368,618. Work on the project began in December 2018. The results, assets and liabilities, are recognized as a joint venture based on the participation in the consortium. As of December 31, 2020, there is an approximate advance of 3%, mainly due to the revision of the scope of the contract by the MOP.

g. In December 2017, the Ministry of Transport and Infrastructure of the Republic of Nicaragua awarded the consortium made up Operadora and FCC Construcción, S.A., a contract for the execution of works for the project “Improvement of the Chinamos Road - El Ayote, Sections I and II. The amount of the contracts is C$487,495 and C$504,488.6 thousand córdobas, respectively. Operatora’s stake in the consortium is 50%. As of December 31, 2020, both projects present approximate progress of 99%. The results, assets and liabilities, are recognized as a joint operation based on participation in the consortium.

h. In September 2016, Operadora announced the award of a contract for the construction of one of the Air Runways of the New Airport of Mexico City through the CARGI - PROPEN consortium with a 25% stake for the purpose of desing, planning, construction execution, operation, maintenance, supervision and construction of the preload system, construction will be 5 kilometers long for a contracted amount of $7,359,204 and completion date in September 2018 , In January 2018, an amending agreement was signed extending the execution period with termination in May 2019 and increasing the contract amount remaining at $8,328,778. In January 2019, Grupo Aeroportuario Mexicano de la Ciudad de México, S.A. de C.V. and a public servant to order suspensions, notified the partial suspension of works related to the contract. As of December 31, 2020, all the commitments derived from the contract were concluded and the documentary settlement has been obtained.

i. On January 25, 2016, Cafig Constructores, S.A. de C.V. was incorporated, a subsidiary entity of Operadora with a 45% shareholding, whose purpose is to build the Samalayuca - Sásabe Gas Pipeline (the “Gas Pipeline”) between the states of Chihuahua and Sonora for the natural gas transportation service.

The Gas Pipeline is 36” in diameter, with a total length of 625 kilometers and the capacity to transport natural gas up to the maximum daily quantity of Four hundred and seventy-two million cubic feet per day (472 MMPCD). As of December 31, 2020, work has been completed and work has begun for the settlement of the project.

j. In November 2014, PEP issued a ruling in favor of Bronco for a contract for the integral works of control fluids, solid separation and waste management to be used in oil wells in the southern region for US$62,128, operations began in the second half of February 2015, during 2017, PEP decided to suspend the contract, however, during the second half of 2018, it was reactivated to continue with the works until September 2019, during the first quarter of 2019, the service is carried out in marine wells, being the first time that we provide this service in the marine region. As of December 31, 2020, there is 70% progress, and an amendment agreement is being formalized to extend the working period to 31 December 2021.

k. In May 2014, PEP awarded a USD$88,786 directional drilling contract in oil wells to Bronco, to be executed in 882 days, the works began in June 2014, and as of December 31, 2018, and there is a 39% progress. By agreement between PEP and the National Water Commission (“CONAGUA”) water wells have been drilled with this contract in Mexico City. To date, 5 water wells have been drilled. As of December 31, 2020, there is 76% progress and an amendment agreement is in the process of being formalized to extend the works to 31 December 2021.

l. In May 2010, the Federal Government through the Ministry of Communications and Trasnsportation (“SCT”) signed a concession title with the company Autovía Mitla Tehuantepec, S.A. de C.V., to build, exploit, operate, conserve, maintain, modernize and expand the Mitla-Tehuantepec II federal highway of 169 kms long. For the construction of this highway, the specific purpose company Constructora MT de Oaxaca, S.A. de C.V. (MT), was incorporated in December 2010, of which Operadora owns 40%. MT signed a contract in September 2011 with the concessionaire for the construction of this highway with a value of $9,318,200. In June 2019, the concessionaire reported the early termination of the contract with the consortium, which was 68% complete, at the same time, the concessionaire assigned the project directly to Operadora for the completion of the works for a value of $5,905,000 and as of December 31, 2020 there is 11% progress and it is expected to be completed in August 2023.

The following reported figures include works carried out directly by CICSA and by Operadora CICSA, which among its main projects have:

As of December 31, 2020 and 2019, the Entity has entered into contracts and work orders with related parties in Mexico and Latin America for total amounts of $9,505,086, $7,240,302 and USD$187,621 and US$231,333, respectively. The contracts include professional services for the construction and modernization of copper wire networks (pairs) and outside-plant fiber optics, as well as the construction of ducts and installation of fiber optics, public works and other undertakings. Most of the projects contracted are expected to conclude during 2020. The following contracts and / or projects are in the process of settlement:

Year of recruitment	Project	Contracted Subsidiary	Amount Contract	Sector
2014 - 2019	New Veracruz	Operatora	$ 1,038,000	Civil Construction
2019	Hotel GT Four Season	HYB	$ 250,000	Civil Construction
2019	Comprehensive drilling of oil wells	Bronco	$ 73,868	Manufacturing and services
2018	Túnel Emisor Oriente	CICSA	$ 20,167,949	Infrastructure
2018	Leasing drilling rigs	Bronco	$ 84,596	Manufacturing and services
2018	Hotel San Jerónimo, Mexico City	Operatora	$ 120,000	Civil Construction
2017	Andrómaco	Operatora	$ 383,000	Civil Construction
2017	Tlalnepantla Project	Operatora	$ 505,000	Civil Construction
2017	Moliere Building	Operatora	$ 501,000	Civil Construction
2016	Courts Building	Operatora	$ 478,000	Civil Construction
2015	Ford NASA	Operatora	$ 825,000	Civil Construction
2015	Hydraulic Pumping	Bronco	US 13,399	Manufacturing and services
2013	Brisamar Road to the connection with Cayaco - Puerto Marqués	Acatunel	$ 1,938,043	Infrastructure
2012	Southern bypass Guadalajara	Operatora	$ 7,863,881	Infrastructure
2010	Atotonilco Wastewater Treatment Plant	El Realito	$ 2,004,000	Infrastructure

31. Contingencies

I. Retail sector:

As of the date of these consolidated financial statements, the Entity has legal proceedings in process with the competent authorities for diverse reasons, mainly for foreign trade duties, for the recovery of accounts receivable and for labor matters.

The estimated settlement amount of these proceedings as of December 31, 2020 is $609,860, for which the Entity has recognized a provision of $178,458, which is included in other liabilities in the consolidated statements of financial position. During 2020, the Entity made payments related to these matters of approximately $18,669. While the results of these legal proceedings cannot be predicted with certainty, management does not believe that any such matters will result in a material adverse effect on the Entity’s financial position or operating results.

II. Infrastructure and construction and Industrial sectors:

The Entity maintains commercial, tax and labor proceedings. These proceedings are generated in the normal course of business and are common in the industries in which the businesses participate, and even when it is possible that some unfavorable failures occur for the Entity, the administration considers that such allegations would not have an adverse material impact in its consolidated financial situation.

a. Certain subsidiaries are currently engaged in legal proceedings with the competent authorities for different reasons, primarily taxes and for the collection of non-current accounts receivable. The Entity’s officers and attorneys consider most of these proceedings will resolve favorably. However, any unfavorable verdict will not substantially affect the Entity’s financial position or results of operations.

b. As of December 31, 2020, 2019 and 2018, the Entity has contracted sureties, mainly on behalf of their clients, of $4,733,483 and US$157,916, $2,010,080 y US$58,907, $7,219,048 and US$97,871, respectively, which were the liability amounts in those periods.

c. Performance warranties. In the normal course of operations, the Entity is required to guarantee its obligations, mainly derived from construction contracts by means of letters of credit or bonds, regarding the compliance with contracts or the quality of the developed works.

32. Segment information

Information by operating segment is presented based on the management focus and general information is also presented by geography. The balances with subsidiaries are presented in the column of Holding, others and eliminations.

a. Condensed analytical information by operating segment:

2020

Consolidated statements of financial position	Retail	Industrial	Infrastructure and construction	Energy	Holding, others and eliminations	Total consolidated
Current assets:						
Cash and cash equivalents	$ 3,990,572	$ 1,398,037	$ 2,158,200	$ 2,378,813	$ 1,838,480	$ 11,764,102
Accounts and loans receivable	9,376,720	5,191,189	8,766,443	134,684	(943,207)	22,525,829
Inventories	10,565,273	4,322,475	1,101,774	31,222	-	16,020,744
Total current assets	25,664,057	17,155,295	17,719,159	3,111,410	938,487	64,588,408
Property, machinery and equipment	13,114,892	3,559,812	5,342,636	28,360,658	(200,535)	50,177,463
Right-of-use assets	4,399,663	476,489	224,221	59,384	(204,152)	4,955,605
Other assets	141,559	192,424	47,804	-	7,802	389,589
Total assets	52,555,374	31,752,171	26,390,967	39,780,074	19,348,013	169,826,599
Liabilities:						
Loans payable to financial institutions and current portion of long-term debt	-	30,655	615,412	6,117,611	(3,472,711)	3,290,967
Current obligation under finance leases	1,118,214	83,141	94,439	3,008	(36,066)	1,262,736
Trade accounts payable	8,192,199	1,943,101	1,421,426	116,132	(49,003)	11,623,855
Total current liabilities	13,662,469	4,119,776	11,208,125	9,275,911	(3,341,450)	34,924,831
Long-term debt	-	-	-	18,391,693	2,428,537	20,820,230
Lease liabilities	4,111,957	461,156	143,585	59,615	(222,958)	4,553,355
Total de liabilities	19,247,068	5,276,747	11,928,197	29,388,053	3,271,691	69,111,756

2019

Consolidated statements of financial position	Retail	Industrial	Infrastructure and construction	Energy	Holding, others and eliminations	Total consolidated
Current assets:						
Cash and cash equivalents	$ 1,690,176	$ 1,463,813	$ 1,300,133	$ 2,687,802	$ 1,015,981	$ 8,157,905
Accounts and loans receivable, net	11,857,040	4,284,840	8,900,054	10,011	(1,124,671)	23,927,274
Inventories	12,549,667	4,276,991	824,789	1,787	(668)	17,652,566
Total current assets	27,769,966	14,602,948	15,657,410	3,164,901	(69,878)	61,125,347
Property, machinery and equipment	14,102,299	3,625,629	5,262,476	13,349,365	195,402	36,535,171
Right-of-use assets	5,158,750	554,642	208,949	23,211	(311,394)	5,634,158
Other assets	164,306	235,423	55,867	-	5,537	461,133
Total assets	56,692,075	29,375,817	22,913,173	24,502,644	16,970,216	150,453,925
Liabilities:						
Loans payable to financial institutions and current portion of long-term debt	-	59,695	122,013	2,126,818	(1,890,983)	417,543
Current obligation under finance leases	1,243,500	97,139	58,725	3,008	(33,053)	1,369,319
Trade accounts payable	8,550,057	1,405,452	974,957	21,587	(67,322)	10,884,731
Total current liabilities	15,898,978	3,298,720	9,087,807	6,673,015	(5,070,138)	29,888,382
Long-term debt	-	-	-	9,182,750	3,000,000	12,182,750
Lease liabilities	4,964,449	524,121	161,693	20,672	(310,050)	5,360,885
Total de liabilities	23,535,799	4,475,909	10,144,445	16,497,326	1,155,886	55,809,365

2018

Consolidated statements of financial position	Retail	Industrial	Infrastructure and construction	Energy	Holding, others and eliminations	Total consolidated
Current assets:						
Cash and cash equivalents	$ 2,477,658	$ 1,285,329	$ 1,434,731	$ 541,637	$ 2,028,118	$ 7,767,473
Accounts and loans receivable	11,625,475	4,240,813	4,885,211	81,777	(529,068)	20,304,208
Inventories	12,359,171	4,304,390	1,105,369	2,064	(6,380)	17,764,614
Total current assets	27,877,471	13,927,671	11,298,328	1,213,870	1,525,826	55,843,166
Property, machinery and equipment	14,549,494	3,574,357	5,309,864	11,963,421	223,175	35,620,311
Right of use assets	5,484,393	476,692	98,599	-	-	6,059,684
Other assets	145,625	266,195	31,383	-	8,483	451,686
Total assets	56,122,910	29,517,919	18,525,547	20,750,798	19,304,850	144,222,024
Liabilities:						
Loans payable to financial institutions and current portion of long-term debt	-	1,049,364	126,728	3,191,165	(3,850,355)	516,902
Current obligation under finance leases	1,247,049	75,160	53,364	-	-	1,375,573
Trade accounts payable	8,815,383	1,604,564	798,650	87,671	(27,893)	11,278,375
Total current liabilities	15,856,763	4,399,497	5,932,997	4,370,998	(4,046,587)	26,513,668
Long-term debt	-	-	-	9,669,891	3,000,000	12,669,891
Obligation under finance leases	5,239,464	456,185	53,159	-	-	5,748,808
Total de liabilities	23,075,652	5,212,801	6,814,770	14,101,648	2,631,073	51,835,944

2020

Consolidated statements of Comprehensive Income	Retail	Industrial	Infrastructure and construction	Energy	Holding, others and eliminations	Total consolidated
Net Sales	$ 39,612,874	$ 32,936,523	$ 24,541,851	$ 911,757	$ (3,318,635)	$ 94,684,370
Cost of sales	26,004,362	27,043,646	20,562,905	647,416	(3,302,914)	70,955,415
Sales expenses	10,371,252	660,157	21,602	-	(140,371)	10,912,640
Administrative expenses	2,877,861	1,156,195	970,105	43,576	(190,522)	4,857,215
Employee profit sharing	32,189	97,050	61,052	-	514	190,805
Other (income) expenses – net	(1,353,859)	(137,998)	(41,178)	403,869	(18,798)	(1,147,964)
Interest expense	711,502	153,799	163,587	1,095,315	148,550	2,272,753
Interest income	(269,989)	(163,272)	(218,912)	(530,202)	(86,818)	(1,269,193)
Exchange gain	(231,776)	(2,659,676)	(980,256)	(2,083,589)	(347,406)	(6,302,703)
Exchange loss	262,505	2,386,875	694,566	1,689,506	454,687	5,488,139
Effects of Derivative financial instruments	-	-	-	-	397,890	397,890
Equity in income of associated companies and joint ventures	134,331	84,763	(116,304)	(1,037,242)	176,637	(757,815)
Income before income taxes	1,074,496	4,314,984	3,424,684	683,108	(410,084)	9,087,188
Income taxes	260,685	1,296,076	1,118,207	(53,146)	17,597	2,639,419
Consolidated net income	813,811	3,018,908	2,306,477	736,254	(427,681)	6,447,769
Net income from controlling interest	727,494	2,606,381	2,210,545	735,421	(573,433)	5,706,408
EBITDA (1)	2,040,573	4,653,908	3,644,920	556,451	310,478	11,206,330
Depreciation and amortization	1,829,322	592,944	677,555	367,557	(24,397)	3,442,981

2019

Consolidated statements of Comprehensive Income	Retail	Industrial	Infrastructure and construction	Energy	Holding, others and eliminations	Total consolidated
Net Sales	$ 53,288,479	$ 31,746,579	$ 19,537,994	$ 51,570	$ (2,147,026)	$ 102,477,596
Cost of sales	32,954,083	26,309,991	16,348,929	41,055	(2,316,345)	73,337,713
Sales expenses	12,585,727	647,192	17,135	-	(143,269)	13,106,785
Administrative expenses	3,080,009	1,066,653	980,110	24,137	(456,464)	4,694,445
Employee profit sharing	135,646	67,225	56,008	-	996	259,875
Other (income) expenses – net	(166,177)	(181,278)	14,454	3,725	(45,172)	(374,448)
Interest expense	703,010	140,286	65,579	372,405	(95,608)	1,185,672
Interest income	(296,756)	(107,847)	(46,827)	(145,841)	(146,126)	(743,397)
Exchange gain	(143,806)	(629,368)	(102,286)	(12,101)	(57,252)	(944,813)
Exchange loss	114,463	742,023	151,896	96,721	67,268	1,172,371
Effects of Derivative financial instruments	-	-	-	-	426,908	426,908
Equity in income of associated companies and joint ventures	(116,825)	526,187	(121,722)	(813,665)	(452,038)	(978,063)
Income before income taxes	4,439,105	3,165,515	2,174,718	485,134	1,070,076	11,334,548
Income taxes	1,349,506	1,066,988	624,295	(147,503)	35,312	2,928,598
Consolidated net income	3,089,599	2,098,527	1,550,423	632,637	1,034,764	8,405,950
Net income from controlling interest	2,948,504	1,831,659	1,555,870	633,794	577,534	7,547,361
EBITDA (1)	6,789,470	4,240,699	2,706,603	(9,324)	753,615	14,481,063
Depreciation and amortization	2,163,081	560,631	585,245	8,023	(36,045)	3,280,935

2018

Consolidated statements of Comprehensive Income	Retail	Industrial	Infrastructure and construction	Energy	Holding, others and eliminations	Total consolidated
Net Sales	$ 51,755,422	$ 30,929,859	$ 15,504,207	$ 72,354	$ (1,622,009)	$ 96,639,833
Cost of sales	31,630,528	25,246,910	12,913,325	84,282	(1,894,773)	67,980,272
Sales expenses	12,049,503	687,694	19,603	-	(147,807)	12,608,993
Administrative expenses	3,009,404	946,116	858,764	37,776	(153,377)	4,698,683
Employee participation in profits	132,075	86,859	46,693	-	666	266,293
Other (income) expenses – net	(289,263)	(96,640)	14,132	457,605	(32,468)	53,366
Interest expense	630,113	202,577	95,249	226,330	(59,975)	1,094,294
Interest income	(272,083)	(92,511)	(108,281)	(88,448)	(24,491)	(585,814)
Exchange gain	(569,439)	(969,466)	(378,257)	(125,605)	(133,865)	(2,176,632)
Exchange loss	243,209	943,604	301,285	111,897	330,750	1,930,745
Effects of Derivative financial instruments	-	-	-	-	(289,436)	(289,436)
Equity in income of associated companies and joint ventures	(187,088)	(193,787)	26,369	(700,517)	267,334	(787,689)
Income before income taxes	5,378,463	4,168,503	1,715,325	69,034	515,433	11,846,758
Income taxes	1,445,060	1,007,280	532,323	(1,545,032)	33,850	1,473,481
Consolidated net income	3,933,403	3,156,328	1,187,897	1,614,066	481,583	10,373,277
Net income from controlling interest	3,729,854	2,747,100	1,214,860	1,637,986	(159,506)	9,170,294
EBITDA (1)	7,200,612	4,404,034	2,235,328	(37,396)	631,115	14,433,693
Depreciation and amortization	2,092,264	480,265	546,170	12,404	24,388	3,155,491

(1) Reconciliation of EBITDA

	2020	2019	2018
Income before income taxes	$ 9,087,188	$ 11,334,548	$ 11,846,758
Depreciation and amortization	3,442,981	3,280,935	3,155,491
Interest income	(1,269,193)	(743,397)	(585,814)
Interest expense	2,272,753	1,185,672	1,094,294
Exchange loss (gain)	(814,564)	227,558	(245,887)
Surplus from appraisals of shopping centers	(115,708)	(225,440)	(221,908)
Impairment of property, machinery and equipment and of exploration expenses	351,143	(68,887)	467,884
Environmental remediation	22,677	41,229	-
Effects of valuation of derivative financial instruments valuation	397,890	426,908	(289,436)
Equity in income of associatesand joint ventures	(757,815)	(978,063)	(787,689)
Rethinking of Employee retirement benefits	(1,410,828)	-	-
EBITDA	$ 11,206,524	$ 14,481,063	$ 14,433,693

Grupo Carso's EBITDA for the year ended December 31, 2020 decreased by 22.6%.

Cash flows from operating activities:

	2020	2019	2018
Retail	$ (1,865,203)	$ 4,861,658	$ (1,480,594)
Industrial	2,623,835	3,171,299	3,661,450
Infrastructure and construction	2,382,249	350,739	904,643
Energy	4,864,118	718,348	1,081,273
Others and eliminations	2,718,096	(711,748)	6,410,356
Total consolidated	$ 10,723,095	$ 8,390,296	$ 10,577,128

Cash flows from investing activities:

	2020	2019	2018
Retail	$ (5,875)	$ (2,092,951)	$ (1,347,621)
Industrial	(1,120,542)	(1,030,624)	(1,063,742)
Infrastructure and construction	(1,074,963)	91,029	751,325
Energy	(17,073,255)	(1,758,344)	(5,268,055)
Others and eliminations	17,053,037	1,164,668	1,802,088
Total consolidated	$ (2,221,598)	$ (3,626,222)	$ (5,126,005)

Cash flows from financing activities:

	2020	2019	2018
Retail	$ 2,740,187	$ (3,556,189)	$ (3,835,822)
Industrial	(1,518,368)	(2,019,098)	(2,007,913)
Infrastructure and construction	(354,539)	(180,563)	(1,202,765)
Energy	11,629,916	2,114,283	2,956,914
Others and eliminations	(15,995,520)	(1,832,148)	1,958,261
Total consolidated	$ (3,498,324)	$ (5,473,715)	$ (2,131,325)

General segment information by geographical area:

The Entity operates in different geographical areas and has distribution channels in Mexico, the United States and other countries through industrial plants, commercial offices or representatives.

The distribution of sales is as follows.

	2020	%	2019	%	2018	%
North America	$ 12,415,739	13.11	$ 10,293,921	10.05	$ 11,444,714	11.84
Central and South America and	9,205,938	9.72	10,179,002	9.93	9,169,204	9.49
the Caribbean Europe	2,204,563	2.34	407,774	0.40	430,564	0.45
Rest of the world	372,642	0.39	274,158	0.26	255,477	0.26
Total exports and foreign income	24,198,882	25.56	21,154,855	20.64	21,299,959	22.04
Mexico	70,485,488	74.44	81,322,741	79.36	75,339,874	77.96
Net income	$ 94,684,370	100.00	$ 102,477,596	100.00	$ 96,639,833	100.00

The Entity has a wide variety of customers according to the category of products and services it offers; however, no particular customer represents more than 10% of net sales. The Entity offers its products and services mainly in the following industries: energy, automotive, telecommunications, construction, electronics and general public.

33. Adoption of new and revised Standards

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

In the current year, the Entity has applied a number of amendments to IFRS and new Interpretation issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after January 1, 2020.

New and amended IFRS Standards that are effective for the current year
Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9, IAS 39 and IFRS 7.

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on- going interest rate benchmark reforms.

The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures. The application of the amendments impacts the Group's accounting in the following ways:

- The Group has floating rate debt, linked to CU IBOR, which it cash flow hedges using interest rate swaps. The amendments permit continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

- The Group has issued [Currency B]-denominated fixed rate debt which it fair value hedges using [Currency B]-fixed to [Currency B] IBOR interest rate swaps. The amendments permit continuation of hedge accounting even if in the future the hedged benchmark interest rate, [Currency B] IBOR, may no longer be separately identifiable. However, this relief does not extend to the requirement that the designated interest rate risk component must continue to be reliably measureable. If the risk component is no longer reliably measurable, the hedging relationship is discontinued.

- The Group will retain the cumulative gain or loss in the cash flow hedge reserve for designated cash flow hedges that are subject to interest rate benchmark reforms even though there is uncertainty arising from the interest rate benchmark reform with respect to the timing and amount of the cash flows of the hedged items. Should the Group consider the hedged future cash flows are no longer expected to occur due to reasons other than interest rate benchmark reform, the cumulative gain or loss will be immediately reclassified to profit or loss.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by the amendments to IFRS 9. The new disclosure requirements are presented in note 7.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID- 19 and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c. There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group has applied the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

Impact on accounting for changes in lease payments applying the exemption.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures.

Impact of the initial application of other new and amended IFRS Standards that are effective for the year 2020

In the current year, the Group has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards	The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
Amendments to IFRS 3 Definition of a business	The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.
Amendments to IAS 1 and IAS 8 Definition of materia	The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual. Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

34. Significant accounting polices

a. **Statement of compliance -** The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its Interpretations released by IASB.

b. **Business underway -** Grupor Carso's consolidated financial statements have been prepared by Management assuming that the Entity will continue to operate as a working company.

During the first months of 2020, the World Health Organization declared COVID-19 a "public health emergency of international importance". Given the uncertainty of the situation, the duration of the business interruption and the related financial impact cannot be reasonably estimated at this time, its global expansion has motivated a series of containment measures in the different geographies where the Entity operates and certain health measures have been taken by both the Mexican authorities and the different governments where Grupo Carso operates to stop the spread of this virus. Derived from the uncertainty and duration of the same, the Entity analyzed the following considerations to consider that the assumptions of not continuing as an on-going business did not apply to it.

c. **Basis of accounting -** The accompanying consolidated financial statements have been prepared on a historical cost basis, except for certain long-term non-monetary assets and financial instruments which were recognized at fair value upon transition to IFRS. Historical cost is generally measured as the fair value of the consideration received for the assets. The consolidated financial statements are prepared in pesos, the legal currency of the United Mexican States and are presented in thousands, except as noted otherwise.

i. Historical cost

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

ii. Fair value

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

d. **Basis of consolidation -** The consolidated financial statements incorporate the financial statements of the Grupo Carso, S. A. B. de C. V. and its direct and indirect subsidiaries it controls. Control is achieved when the Grupo Carso:

- 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.

Grupo Carso 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 Grupo Carso 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. Grupo Carso considers all relevant facts and circumstances in assessing whether or not the Grupo Carso voting rights in an investee are sufficient to give it power, including:

- The size of the Grupo Carso holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Grupo Carso, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Grupo Carso 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 Grupo Carso, 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Grupo Carso accounting policies.

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

e. **Financial instruments -** Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. 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 recognised immediately in profit or loss.

f. **Financial assets -** All recognised 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 I 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.

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.

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 recognised using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

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 Group 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 recognised by an acquirer in a business combination.

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 recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not 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 - Other' line item (note 28) in profit or loss.

The Entity has designated all investments in capital instruments that are not maintained to trade at fair value through other comprehensive results in the 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, neither unless the Group designates an equity investment that is held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised 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 recognised in profit, loss includes any dividend, or interest earned on the financial asset and is included in the 'other gains and losses' line item (Note 34) Fair value is determined in the manner described in note 34 (e)(iii).

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 recognised in profit or loss in the 'other gains and losses' line item (note 28);

- 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 recognised in profit or loss in the 'other gains and losses' line item (note 28). As the foreign currency element recognised in profit or loss is the same as if it was measured at amortized cost, the residual foreign currency element based on the translation of the carrying amount (at fair value) is recognised in other comprehensive income in the investments revaluation reserve;

- For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item as part of the fair value gain or loss; and

- For equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

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

Impairment of financial assets

The Group 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 Group always recognizes lifetime expected credit losses (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 Group'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 Group 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 Group 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 Group 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 Group 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 Group'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 Group's core operations.

The Group 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 Group 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 Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group 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 theborrower'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 Group 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 Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised 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 Group'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 Group in accordance with the contract and all the cash flows that the Group 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.

The Group 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 recognised 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 Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, it 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 recognised in profit or loss.

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 Group are recognised at the proceeds received, net of direct issue costs.

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

Financial liabilities

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.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised 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 recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 28) 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 recognised 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 recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised 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.

Financial liabilities measured subsequently at amortized cost

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

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 recognised in the 'other gains and losses' line item in profit or loss (note 28) 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 recognised 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 recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group'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 recognised in profit or loss.

h. Derivative financial instruments

The Group 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 14.

Derivatives are recognised 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 recognised 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 recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the Master Netting Agreements on the Group's financial position is disclosed in note 35. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

i. Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group 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 Group 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 Group actually hedges and the quantity of the hedging instrument that the Group 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 Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group 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 14 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 14.

Fair value hedges

The fair value change on qualifying hedging instruments is recognised in profit or loss except when the hedging instrument hedges an equity instrument designated at FVTOCI in which case it is recognised in other comprehensive income.

The carrying amount of a hedged item not already measured at fair value is adjusted for the fair value change attributable to the hedged risk with a corresponding entry in profit or loss. For debt instruments measured at FVTOCI, the carrying amount is not adjusted as it is already at fair value, but the hedging gain or loss is recognised in profit or loss instead of other comprehensive income. When the hedged item is an equity instrument designated at FVTOCI, the hedging gain or loss remains in other comprehensive income to match that of the hedging instrument.

Where hedging gains or losses are recognised in profit or loss, they are recognised in the same line as the hedged item.

The Group 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. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

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 recognised 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 recognised immediately in profit or loss, and is included in the ‘other gains and losses’ line item.

Amounts previously recognised 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 recognised 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 recognised 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 Group 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 Group 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 the cash flow hedge reserve is reclassified immediately to profit or loss.

j. **Inventories and cost of sale -** Are stated at the lower of cost of acquisition and / or construction or net realizable value (estimated selling price less all costs to sell), as follows:

- **Industrial inventories, construction and commercial -**Are valued using the first- in first-out and / or average cost methods depending on the activity of each entity; including the cost of materials, direct costs and an appropriate portion of fixed and variable overhead costs that are incurred in the production of inventory by the Entity. Impairments are reflected as reductions in the carrying amount of inventories.
- **Real estate inventories -** Inventory of properties substantially completed are valued at the lower of cost or net realizable value. The lands to be developed are tested for impairment if there are indications that its value will not be recoverable. The real estate inventory includes all direct costs of land, construction and other development and incurred during the development stage, as well as financing costs. The cost of real estate developments, including the ground, materials, subcontracts, and those indirect costs related to the property developments, such as indirect labor, purchases, repairs and depreciation. General and administrative costs are expensed as incurred.

  In the event that the estimated total property development costs exceed the estimated total revenue, the expected loss is recognized through the income statement. Cost of sales of real estate inventories is determined and prorated based on total costs of the related projects.

  The Entity classifies land as long-term inventories when sale is estimated to be completed after one year.

k. **Property, machinery and equipment -** As of January 1, 2011, the transition date to IFRS, property, plant and equipment were valued at deemed cost (depreciated cost adjusted for an inflation index), or fair value determined through appraisals for certain items of property, machinery and equipment. Subsequent acquisitions are recorded at acquisition cost. Depreciation is calculated using the straight-line method based on the remaining useful lives of the related assets, which are reviewed yearly; the effect of any change in the accounting estimate is recognized on a prospective basis. Depreciation of machinery and equipment in certain subsidiaries is calculated based on units produced during the period in relation to the total estimated production of the assets over their service lives.

	Depreciation weighted average rate	% residual values
Buildings and leasehold improvements	1.4 to 10	5 and 10
Machinery and equipment	4.1 to 5	-
Vehicles	25	5, 10 and 25
Furniture and equipment	5 to 12.8	-
Computers	16.7 to 41.2	-

Borrowing costs incurred during the period of construction and installation of qualifying property, machinery and equipment are capitalized.

The gain or loss on the sale or retirement of an item of property, plant and equipment is calculated as the difference between the resources received from sale and the carrying value of the asset and is recognized in results.

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 Entity's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

l. **Investment property -** Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise. The properties held as investments mainly include two shopping malls owned by certain subsidiaries of the Entity.

Investment property acquired and improvements are recorded at cost, including transaction costs related to the acquisition of assets.

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 recognition 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 -** Intangible assets are recognized in the accompanying consolidated statements of financial position only if they can be identified, provide future economic benefits and control exists over such assets. Intangible assets with an indefinite useful life are not amortized and the carrying value of these assets is subject to annual impairment testing, and intangible assets with a defined useful life are amortized systematically based on the best estimate of their useful life, determined in accordance with the expected future economic benefits. The useful life, residual value and amortization method are subject to annual impairment assessment; any change is recorded on a prospective basis.

The disbursements caused by research activities are recognized as an expense in the period in which they are incurred.

Impairment of tangible and intangible assets other than goodwill - At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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

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

Commercial credit - Commercial credit arising from a business combination is recognized at its historical cost as an asset at the date of acquisition of control (date of acquisition), less recognized impairment losses, if any. Goodwill is the excess of the consideration transferred, the amount of any non-controlling interest in the acquired, on the fair value of the acquirer's share in the book capital of the acquired and/or on the net amount at the date of acquisition of the identifiable assets acquired and the liabilities assumed.

Where the fair value of the identifiable net assets of the acquired exceeds the sum of the consideration transferred, the amount of such excess is recognized in the results as a profit per purchase.

Goodwill is not amortized and is subject to annual impairment testing. For the purpose of the impairment assessment, goodwill is allocated to each of the UGE) for which the Entity expects to make a profit. If the recoverable amount of the UGE is less than the unit's on-the-record amount, the impairment loss is allocated first to reduce the amount of goodwill allocated to the unit and then to the other assets of the unit, proportionally, based on the amount in books of each asset in the unit. The impairment loss recognized for commercial credit purposes cannot be reversed in a later period.

With a relevant UGE, the amount attributable to goodwill is included in the determination of the gain or loss in the provision.

p. **Investments in associates and joint ventures -** 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 profit and loss and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, 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 initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Entity's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Entity's share of losses of an associate or a joint venture exceeds the Entity's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Entity's net investment in the associate or joint venture), the Entity discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Entity has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, 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 IFRS 9 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Entity's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying 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, or when the investment is classified as held for sale. When the Entity retains an interest in the former associate or 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 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 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 or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.

The Entity continues to use 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 remeasurement to fair value upon such changes in ownership interests.

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 a group 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 Entity's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Entity.

q. Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the 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.

When a group entity undertakes its activities under joint operations, the Entity as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation.
- Its expenses, including its share of any expenses incurred jointly.

The Entity accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Entity is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Entity's consolidated financial statements only to the extent of other parties' interests in the joint operation.

r. 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 acquire and the equity interests issued by the Entity in exchange for control of the acquire. 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 Benefits for Employees, respectively;

- Liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Entity entered into to replace share-based payment arrangements of the acquire are measured in accordance with IFRS 2 Payments based on shares 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquirer's identifiable net assets. The choice of measurement basis is made on a transaction-by- transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Entity's previously held equity interest in the acquire 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 acquire 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.

When an intangible asset is acquired in a business combination and recognized separately from goodwill, its cost is its fair value at the date of acquisition. An intangible asset acquired in a business combination is recognized for its cost minus the accumulated depreciation and cumulative amount of impairment losses, on the same basis as intangible assets that are acquired separately.

When estimating the value in use, estimated future cash flows are deducted from the current value using an early-tax discount rate that reflects current market valuations, relative to the temporary value of the money and the asset-specific risks for which future cash flows have not been adjusted.

s. Leasing

- The Entity as a lessor

The Entity executes lease contracts for certain investment properties as the lessor. The Entity also rents the equipment needed by retailers for the presentation and development of their activities and the equipment manufactured by the Entity.

The leases in which the Entity acts as lessor are classified as finance leases or operating leases. When contractual terms substantially transfer all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other contracts are classified as operating contracts.

When the Entity acts as an intermediary lessor, it accounts for the main lease and sublease as two separate contracts. The sublease is classified as a finance lease or operating lease with regard to the right-of-use asset derived from the main lease.

Rental revenue derived from operating leases is recognized according to the straight-line method during the relevant lease period. The direct initial costs incurred for the negotiation and arrangement of the operating lease are added to the book value of the leased asset and are recognized in conformity with the straight-line method throughout the lease period.

Outstanding capital lease amounts are recognized as receivable leases for an amount equal to the net investment in the leases. The revenue derived from capital leases is assigned to accounting periods to reflect the constant periodic return on the outstanding net investment in the leases.
When a contract includes lease and non-lease components, the Entity applies IFRS 15 to assign the respective payment to each contractual component.

- The Entity as a lessee

The Entity assesses whether a contract initially contains a lease. The Entity recognizes a right-of- use asset and the respective lease liability for all the lease contracts in which impacts it acts as lessee, albeit with the exception of short-term leases (executed for periods of 12 months or less) and those involving low-value assets (like electronic tablets, personal computers and small items of office furniture and telephones). For these leases, the Entity records rental payments as an operating expense according to the straight-line method throughout the lease period, unless another method is more representative of the time pattern in which economic gains result from the consumption of the leased assets.

The lease liability is initially measured at the present value of the rental payments that are not settled at the starting date, discounted according to the implied contractual rate. If this rate cannot be easily determined, the Entity utilizes incremental rates.

The rental payments included in the lease liability measurement are composed by:

- Fixed rental payments (including substantially fixed payments), less any received lease incentive;
- Variable rental payments that depend on an index or rate, which are initially measured by utilizing the index or rate in effect at the starting date;
- The amount expected to be paid by the lessee under residual value guarantees;
- The purchase option exercise price, if it is reasonably certain that the lessee will exercise these options; and
- Penalty payments resulting from the termination of the lease, if the lease period reflects the exercise of a lease termination option.

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

The lease liability is subsequently measured based on the book value increase to reflect the interest accrued by the lease liability (using the effective interest method) and reducing the book value to reflect the rental payments made.

The Entity revaluates the lease liability (and makes the respective adjustments to the related right-of-use asset) as long as:

- The lease period is modified or an event or significant change takes place with regard to the circumstances of the lease, thereby resulting in a change to the assessment of the purchase option exercise, in which case, the lease liability is measured by discounting restated rental payments and utilizing a restated discount rate.
- Rental payments are modified as a result of changes to indexes or rates, or a change in the payment expected under a guaranteed residual value, in which case, the lease liability is revalued by discounting restated rental payments by using the same discount rate (unless the change in rental payments is due to a change of variable interest rate, in which case a restated discount rate is used).
- A lease contract is amended and the lease amendment is not accounted for as a separate lease, in which case the

lease liability is revalued according to the amended lease period by discounting restated rental payments using a discount rate restated at the date on which the amendment took effect.

The Entity did not make any of these adjustments in the presented periods.

Right-of-use assets are composed by the initial measurement of the respective lease liability, the rental payments made on or prior to the starting date, less any received lease incentive and any initial direct costs. The subsequent valuation is the cost less accumulated depreciation and impairment losses.

If the Entity assumes an obligation derived from the cost of dismantling and removing a leased asset, to restore the place where it is located or restore the underlying asset to the condition required by lease terms and conditions, a provision measured according to IAS 37 must be recognized. To the extent that costs are related to a right-of-use asset, they are included in the related right-of-use asset unless they are incurred to generate inventories.

Right-of-use assets are depreciated during the shorter of the lease period 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 indicates that the Entity plans to exercise the purchase option, the right-of-use asset is depreciated according to its useful life. Depreciation begins at the lease starting date.

Right-of-use assets are presented as a separate item in the consolidated statement of changes in financial position.

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

Variable leases that do not depend on index or rate are not included in the measurement of the lease liability and right-of-use asset. The related payments are recognized as an expense of the period in which the event or condition leading to the payments arises and are included under the "Other expenses" heading in the consolidated statement of income (see Note 27).

As a practical expedient, IFRS 16 offers the option of not separating non-lease components and instead recording any lease and its associated non-lease components as a single agreement. The Entity has not utilized this practical expedient. For contracts containing lease components and one or more additional lease or non-lease components, the Entity assigns the contractual payment to each lease component according to the relative stand-alone selling price method for all non-lease components.

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

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

- ***Provision for environmental remediation -*** The Entity has adopted environmental protection policies within the framework of applicable laws and regulations. However, due to their activities, the industrial subsidiaries, sometimes perform activities that adversely affect the environment. Consequently, the Entity implements remediation plans (which are generally approved by the competent authorities) that involve estimating the expenses incurred for this purpose.

  The estimated costs to be incurred could be modified due to changes in the physical condition of the affected work zone, the activity performed, laws and regulations, variations affecting the prices of materials and services (especially for work to be performed in the near future), as well as the modification of criteria used to determine work to be performed in the affected area, etc.

  The fair value of a liability for asset retirement obligations is recognized in the period incurred. The liability is measured at fair value and is adjusted to its present value in subsequent periods, as expense is recorded. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life.

- ***Purchase and sale of own shares -*** Purchases of shares are recognized directly as a reduction of the share capital at their nominal value, and the difference against the acquisition cost is recorded against the stock repurchase reserve, which is included in the retained earnings. The share sales are recorded directly as an increase in common stock at theoretical par value, and it is considered in the computation of the weighted average number of shares. The gain or loss on the sale is recorded as a share repurchase premium, and the difference compared to the selling price is recorded against the reserve for share repurchases, which is included in retained earnings.

u. **Revenue recognition -** Revenue is recognized when the control of goods and services has been transmitted, at a point in time or over time. Revenue is measured at the fair value of the consideration received or receivable considering the amount of sales returns, discounts and other similar discounts or rebates. Revenues by sector are realized based on the criteria below:

- ***Sale of goods –*** For sales of goods, income is recognized when the control of the goods has been transferred, being the moment when they are delivered and their ownership title is legally transferred; this occurs at a point in time for the commercial sector (Sanborns, Sears, Saks Fifth Avenue, Claro Shop and Mixup) and over time in the industrial (cables and auto parts sector).

- ***Interest income on credit sales –*** Finance income on credit sales is recognized when it is accrued and is generated by credit card transactions on the commercial sector (Sanborns, Sears, Saks Fifth Avenue, Claro Shop and Mixup).

- ***Services –*** These are recognized as services are rendered when it is probable cash inflows will be received by the Entity and the income can be measured reliably. The recognition of income is generally over time.

- ***Leases –*** These are recognized on a straight-line basis as the leasing services are rendered and the income from maintenance fees is recognized over the period of the associated lease.

- ***Construction contracts –*** When the outcome of a construction contract can be estimated reliably, revenue is recognized using the percentage-of-completion method based on costs incurred, taking into account the expected costs and revenues at the end of the project, as the activities are performed. Changes in the performance of work, and estimated profit, including those that may arise for incentive payments derived from anticipated conclusion of work, contractual penalties and final agreements in contracts, are recognized as income in the periods in which revisions are made or approved by customers. Revenue is generally recognized over time.

  Under different contracts, recognized revenues do not necessarily reflect the amounts billable to customers. Management periodically evaluates the fairness of its accounts receivable. In those cases, in which the recovery of these amounts entails certain difficulties, additional allowances for doubtful accounts are created and applied to the results of the year in which they are determined. The estimate prepared for this reserve is based on management's judgment and also considers prevailing circumstances when it is determined.

Contract costs include labor, raw materials, subcontractor, project startup and indirect costs. The Entity periodically evaluates the fairness of the estimates used to determine the work completion percentage. If, as a result of this evaluation, the Entity considers that the estimated costs to be incurred until project conclusion exceed expected revenues, a provision is recognized for the estimated losses of the period in question. In the case of works projects financed by the Entity in which the contract value includes work execution and financing revenues, the net financial expense (income) needed for project development forms part of the respective contract costs, which are recognized in results based on project work completion. In this type of contract, the total project amount can be collected from the customer until the termination date by submitting periodic project work completion reports for the customer's approval, which enable the Entity to obtain project financing when required.

- ***Change orders –*** Are recognized when the amount can be reliably measured and there is reasonable evidence of approval by the customer. Revenues are recognized when claims can be measured reliably and when, derived from progress in the negotiations, there is reasonable evidence that the client will accept your payment.
- ***Revenues from real property developments –*** Are recognized on the date when the public deed is granted for the respective housing, when the rights, rewards and obligations derived from the real property are transferred to the buyer. If any uncertainty exists as regards future collections, revenues are recorded as they are generated. In those cases, for which there are indications of recovery difficulties, additional allowances for doubtful accounts are created, thereby affecting the results of the year in which they are determined. Revenues is generally recognized at a point in time.

- ***Dividends and interests –*** Dividend income from other investments is recognized once the right of shareholders to receive this payment has been established (when it is probable that the economic benefits will flow to the Entity and that the income can be reliably valued).

  Interest income derived from financial assets is recognized when accrued, when it is likely that the Entity will receive the respective economic benefits and when these amounts can be reliably valued. Interest income is primarily generated by the operation of credit cards in department stores.

v. **Loyalty programs for customers -** Awards are accounted for as a separate component of the initial sale transaction measured at their fair value and recognized as deferred income in the statement of financial position, within other accounts payable and accrued liabilities. Deferred revenue is recognized in profit and loss once the award is redeemed or expires.

w. **Foreign currencies -** 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).

The functional and recording currency of Grupo Carso and its subsidiaries is the Mexican peso, except for foreign subsidiaries whose functional and recording currency are as shown below:

Company	Currency in which transactions are recorded	Functional currency
Cablena, S. A.	Euro	Euro
Cablena do Brasil, Limitada	Brazilian Real	Brazilian Real
Carso Construcción de Costa Rica, S. A.	Colón	US Dollar
Cicsa Colombia, S. A.	Colombian Peso	Colombian Peso
Carso Construcción de Dominicana, S. de R. L. (antes Cicsa Dominicana, S. A.)	Dominican Peso	Dominican Peso
Cicsa Ingeniería y Construcción Chile Ltda., S. de R. L.	Chilean Peso	Chilean Peso
Tabasco Oil Company, LLC., Sucursal en Colombia	Colombian Peso	US Dollar
Cicsa Jamaica Limited	Jamaican dollar	Jamaican dollar
Cicsa Perú, S. A. C.	New Sol	New Sol
Condutel Austral Comercial e Industrial, Limitada	Chilean Peso	Chilean Peso
Cometel de Centroamérica, S. A.	Quetzal	Quetzal
Cometel de Honduras, S. A.	Lempira	Lempira
Cometel de Nicaragua, S. A.	Córdoba	Córdoba
Cometel de Colombia, S. A. S.	Colombian Peso	Colombian Peso
Cupro do Brasil, Limitada	Brazilian Real	Brazilian Real
Grupo Sanborns Internacional, S. A. (Panamá)	US Dollar	US Dollar
Nacel de Centroamérica, S. A.	Quetzal	Quetzal
Nacel de Honduras, S. A.	Lempira	Lempira
Nacel de Nicaragua, S. A.	Córdoba	Córdoba
Nacel de El Salvador, S. A.	US Dollar	US Dollar
Procisa Ecuador, S. A.	US Dollar	US Dollar
Procisa do Brasil Projetos, Construcoes e Instalacoes, Ltd.	Brazilian Real	Brazilian Real
Procosertel, S. A.	Argentinian peso	Argentinian peso
Procosertel Uruguay, S. A.	Uruguayan peso	Uruguayan peso
Corporación de Tiendas Internacionales, S. A. de C. V. (El Salvador)	US Dollar	US Dollar
Carso Construcción de Puerto Rico, L. L. C.	US Dollar	US Dollar
Procisa, S. A. S.	Colombian Peso	Colombian Peso
Carso Energy Corp.	US Dollar	US Dollar
Carso Gasoducto Norte, S. A. de C. V.	Mexican Peso	US Dollar

The entities listed above are considered foreign operations under IFRS.

x. **Borrowing costs -** 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.

z. **Direct employee benefits, retirement benefits and statutory employee profit sharing (PTU) -** The cost for direct benefits and defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

The seniority premium liability for all personnel, non-union personnel pensions and retirement payments treated as pensions are considered in defined benefit plans. The cost of these benefits is determined by using the projected unit credit method and the actuarial valuations prepared at the end of each reporting period. Actuarial gains and losses are immediately recognized in other comprehensive income, net of deferred tax, based on the net asset or liability recognized in the consolidated statement of financial position, so as to reflect the over- or underfunded status of employee benefit plan obligations. Similarly, past service costs are recognized in results when the plan is modified or when restructuring costs are incurred.

Retirement benefit obligations recognized in the consolidated statement of financial position represent the current value of the defined benefit obligation adjusted according to actuarial gains and losses and the past service costs, less the fair value of plan assets. When plan assets exceed the liabilities of the defined benefit plan, they are valued according to the lower of: i) the defined benefit plan surplus, and ii) the present value of any economic benefits derived from the plan and available as future plan contribution reimbursements or reductions.

Statutory employee profit sharing (PTU)

PTU is recorded in the results of the year in which it is incurred.

As result of the 2014 Law, as of December 31, 2020, 2019 and 2018, PTU is determined based on taxable income, according to Section I of Article 10 of the that Law.

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

i. Current tax

Calculated current tax corresponds to the income tax (ISR) and is recorded in the profit of the year as it is caused.

From 2014, Grupo Carso has the authorization of Secretaria de Hacienda y Crédito Público in Mexico to prepare its income tax on a tax-integrated basis (see Note 29).

ii. 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 goodwill or 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 book value of a deferred tax asset should be subjected to review at the end of the reporting period and should be reduced if it is considered likely that there will not be sufficient taxable profits to facilitate the recovery of all or part of the asset.

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 Entity 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, unless the presumption is rebutted.

iii. 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.

iv. Tax on assets

The tax on assets (IMPAC) expected to be recovered is recorded as a tax receivable.

aa. **Statement of cash flows -** The indirect method is used for presenting cash flows from operating activities, such that the net income is adjusted for changes in operating items not resulting in cash receipts or disbursements, and for items corresponding to cash flows from investing and financing activities. Interest received is presented as an investing activity and interest paid is presented as a financing activity.

bb. **Earnings per share -** Basic earnings per ordinary share is calculated by dividing the consolidated net profit of the controlling interest by the weighted average number of ordinary shares outstanding during the year. At December 31, 2020, 2019 and 2018, the Entity has no potential ordinary shares with dilutive effects.

35. Critical accounting judgments and key sources of estimation uncertainty

In applying the Entity's accounting policies, which are described in Note 34, the Entity's management is required to make judgments, estimates and assumptions about the carrying amounts of consolidated assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations, that the management of the Entity has made in the process of applying the Entity's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements..

- *Deferred taxation on investment properties*

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the Management of the Entity has reviewed the Entity's investment property portfolios and concluded that the Entity's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Entity's deferred taxation on investment properties, the Management of the Entity has determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Entity has not recognized any deferred taxes on changes in fair value of investment properties, as the Entity is not subject to any income taxes on the fair value changes of the investment properties on disposal.

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, are discussed below.

Calculation of loss allowance -When measuring ECL the Entity uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

Impairment of long-lived assets -The carrying value of noncurrent assets is reviewed to detect indications of impairment; i.e., if certain situations or changing circumstances indicate that carrying values may not be recoverable. If indications of impairment are detected, the Entity performs a review to determine whether the carrying value exceeds its recovery value and is impaired. When applying asset impairment tests, the Entity must estimate the value in use assigned to property, plant and equipment and cash generating units, in the case of certain assets. Value in use calculations require that the Entity determine the future cash flows produced by cash generating units, together with an appropriate discount rate for calculating present value. The Entity utilizes cash flow projections by estimating market conditions, prices, production and sales volumes.

Contingencies - As the Entity is involved in certain legal proceedings, it evaluates the probability of a payment obligation arising, accordingly, it considers the legal situation in effect at the estimate date and the opinion of its legal advisers; these evaluations are periodically reconsidered.

Revenue recognition for construction contracts - When the results of a construction contract can be estimated reliably, revenue is recognized using the percentage-of-completion method based on costs incurred, taking into account the expected costs and revenues at the end of the project, as the activity takes place. Changes in the performance of work, and estimated yields, including those that may arise for incentives for early conclusion of the projects, contractual penalties and final agreements in contracts, are recognized as income in the periods in which revisions are made or approved by customers.

In accordance with the terms of various contracts, revenue is recognized and not necessarily related to the actual amounts billable to customers. Management periodically evaluates the reasonableness of its receivables. In cases where there is evidence collection difficulty, additional allowances for doubtful accounts affecting income in the year they are determined are recognized. The estimate of the reserve is based on the best judgment of the Entity under the circumstances prevailing at the time of its determination.

Discount rate used to determine the carrying amount of the Entity's defined benefit obligation - The determination of the Entity's defined benefit obligation depends on certain assumptions, which include selection of the discount rate. The discount rate is set by reference to market yields at the end of the reporting period on high quality corporate bonds. Significant assumptions are required to be made when setting the criteria for bonds to be included in the population from which the yield curve is derived. The most significant criteria considered for the selection of bonds include the issue size of the corporate bonds, quality of the bonds and the identification of outliers, which are excluded. These assumptions are considered to be a key source of estimation uncertainty as relatively small changes in the assumptions used may have a significant effect on the Entity's financial statements within the next year.

36. Non-cash transactions

During the year, the Entity carried out the following financing and investment activities that did not result in cash flows and that are not reflected in the consolidated statements of cash flows:

With the initial application of IFRS 16, the depreciation of right-of-use assets does not generate cash flows, as neither does the interest for the unwinding of the present value of the rentals determined at present value as of December 31, 2020 and 2019; the amounts generated are presented in the following table:

Amounts recognized in the consolidated statement of income	2020	2019	2018
Depreciation expense of the right-of-use assets	$ 826,894	$ 1,003,187	$ 937,796
Interest expense from lease liabilities	556,929	563,954	187,905
Expense related to short-term leases	25,878	25,662	22,825

37. New and revised IFRS Standards in issue but not yet effective

The Entity has not applied the following new and revised IFRS that have been issued but are not yet effective:

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 Cycle	Standards, IFRS 9 Financial Instruments, IFRS 16 Leases.

Management does not expect that the adoption of the Standards listed above will have a material impact on the consolidated financial statements of the Entity in future periods.

38. Events after the reporting period

In January and February 2021, the Subsidiary Operadora Cicsa, S.A. de C.V. signed 10 contracts with ICA Fluor Daniel S. de R.L. de C.V., for the supply of 320 heat exchanger equipment and air coolers, for the new Dos Bocas refinery in Tabasco, amounting to US$100,136, due in May 2022.

On February 12, 2021, the Samalayuca - Sásabe Pipeline (the "Gas pipeline") was launched between the states of Chihuahua and Sonora for the natural gas transport service. The Pipeline is 36" in diameter, with a total length of 625 kilometers and capacity to transport natural gas up to the maximum daily amount of Four hundred and seventy-two million cubic feet per day (472 MMPCD). This natural gas transportation service will be for the Federal Electricity Commission (CFE) and will generate an income of $8.5 million per month.

39. Authorization to issue the consolidated financial statements

On March 19, 2021, the issuance of the accompanying consolidated financial statements was authorized by L.C. Arturo Spínola García, Finance Director; consequently, they do not reflect events occurred after that date, and are subject to the approval at the Entity's Ordinary Shareholders' Meeting, where they may be modified, based on provisions set forth in the Mexican General Corporate Law. The consolidated financial statements for the years ended December 31, 2019 and 2018, were approved at the Ordinary Shareholders' Meetings held on April 30, 2020 and April 29, 2019, respectively.

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Stock Information:
The Series A-1 shares of Grupo Carso, S.A.B de C.V. are listed in the Bolsa Mexicana de Valores, S.A.B de C.V. under the symbol “GCARSO”.

Information on Level 1 ADRs:
Symbol: GPOVY
2:1
Cusip number: 400485207

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