

## Soriana announces fourth quarter and full year 2020 results

- Revenues of \$40.962 billion pesos in the quarter
- Same-Store Sales of 1.8% in the year and -0.7% in the 4Q20
- 37.6% growth in Net Income
- 17% reduction in debt balance in the last 12 months
- 45% reduction in debt net in the last 12 months

**Monterrey, N.L. February 26th, 2021.-** Organización Soriana, S.A.B. de C.V. (Soriana) reports financial results for the fourth quarter and full year 2020. The figures in this report are provided on a nominal basis and in accordance with the International Financial Reporting Standards ("IFRS").

### Operational Performance

The Company's total revenues reached \$40.962 billion pesos during the quarter, which represents a reduction of 2.3% compared with 4Q2019. The decrease in total revenues was negatively affected due to the closure of 18 stores in the last twelve months, and from the discounts granted to our lessors in support of the decrease in their business operation, due to the sanitary contingency. Regarding the annual income we reached \$157.053 billion pesos, which represent 0.8% increase as a result of the closure of the stores and to the discounts granted to our lessors as we have already mentioned.

**Gross profit** reached \$9.202 billion pesos, which represents a margin of 22.5%, and a 4.5% decrease in comparison with 4Q19. The annual result showed a contraction of 56 bp against last year, positioning gross margin in 21.7%, this was due to the 35 bp from the discounts granted to our lessors and a sales mix in the categories that have a large contribution to the margin such as Clothing, General Merchandise and Prepared Food, which were affected by the sanitary restrictions and by the changes in shopping patterns of our customers caused by the pandemic. However, they were partially compensated by an improvement of 13 bps in shrinkage in comparison with 2019. In this way, the annual figure closed in \$34.099 billion pesos with a decrease of 1.7% compared with 2019.

**The Operating expenses** in this fourth quarter showed a contraction of 30bp as a percentage of sales to reach 13.6% in comparison with 4Q19, which represents a decrease of 4.9%. Since June 2020, a strict expenses control has been put in place, and we have and since its implementation a significant decrease has been shown in compared with last year

figures, even when 4Q19 showed a decrease vs. 2018, this had allowed us to control the negative effects in the EBITDA<sup>(1)</sup> after the decrease in sales and the extraordinary expenses from the last quarters due to the sanitary contingency. The annual result in operating expenses was 14.1% over the sales, against a 14.5% from 2019, resulting in a contraction of 40 bp and a total amount of \$22.119 billion pesos which represents a 1.9% decrease in comparison with last year amount.

As a consequence of the aforementioned variations, we reached in 4Q20 an **EBITDA**<sup>(1)</sup> margin of 9.3% with a result of \$3.801 billion pesos which represents a 1.8% decrease compared with with 4Q19. At the annual basis we reached \$12.272 billion pesos with a 0.8% decrease vs. 2019, which equals to 7.8% over sales.

(1) EBITDA is defined as operating income before depreciation and amortization

Regarding the financial items, the financial cost for the quarter closed with \$440 million pesos, showing a decrease of 50.2% compared with 4Q19. This decrease was mainly due to a reduction of 17% in Debt balance, as well as an improvement in the interest rate. Likewise, there was an increase in financial products that reduced the net financial cost of the quarter. The annual net financial cost with a total amount of \$2.883 billion pesos, and a decrease of 15% vs. 2019.

Finally, net income cash for the quarter was \$1.605 billion pesos, equivalent to 3.9% as a percentage of sales, which represents an increase of 37.6% over 4Q19. On an annual basis, we reached \$3.697 billion pesos, an increase of 13.2% in comparison to 2019.

## Financial Position

In this quarter, we have a reduction of \$6.291 billion pesos in inventories, equivalent to 18%, which is the result of the appropriate implementation of the inventory system, as well as a solid commercial and operational strategy use in the stores and in the supply chain.

## Debt Behavior

At the end of the quarter, the Company had bank debt of \$19.386 billion pesos; this represents a decrease over the same period of last year of \$3.848 billion pesos, which means a reduction of 17%. Likewise, there was a reduction of \$9.554 billion pesos in debt net, which represent 45% of reduction in the last twelve months, caused by a high level in cash at the year end.

## Capital Investment

Since second quarter, cash flow designated to CAPEX has been limited to only those expenses related to the proper operation of the stores and distribution centers, as well as those expenses designated to the omnichannel strategy, and postponing the organic expansion or investments that are not a priority to the Company for the moment. The remaining resources will be destined to accelerate the payment of Debt.

## Operational Information

Below is a comparative table of the number of units in operation by store format at the close of the 4Q2020.

Store Format	Units		Sales Floor Area	
	4Q2020	4Q2019	4Q2020	4Q2019
Hipermercados	368	380	2,642,657	2,720,601
Soriana Súper	125	127	253,369	260,841
Soriana Mercado	163	165	711,110	719,425
Soriana Express	105	103	141,806	138,930
City Club	34	35	272,184	280,862
<b>Total</b>	<b>795</b>	<b>810</b>	<b>4,021,126</b>	<b>4,120,660</b>

*\*The store information is comparable year vs. year and reflects the migration of the stores from COMERCI to other traditional formats of Soriana.*

During the quarter, 3 stores were permanently closed, and one unit was opened in Coahuila state.

These store closures correspond to leased stores and were part of the operative efficiency program that has been executed since 2018 in order to unify micro markets that had contributed to the increments of the Company in its profitability.

## Social Responsibility Activities

As part of our Corporate Social Responsibility strategy, we have 4 pillars that represent a solid platform for our customers, suppliers, collaborators, shareholders and community. These pillars were supported throughout the quarter by the following actions:

### a) Soriana Fundación

- Social investment throughout the year was \$259 million pesos which represents an increase of 116% in comparison with 2019, channeling the support in a 66% to the community, food programs in 21% and the reminding to the Mexican childhood, managing to benefit more than 585 thousand people through 366 institutions distributed throughout the country.

- During the quarter, Soriana joined women in the fight against breast cancer, through the *Mujeres que inspiran (Inspiring women)* campaign, in which twelve organizations supported it in more than 500 stores in the 17 states of the republic, where it raised \$1.2 million pesos which will be used in prevention, studies and treatments for thousands of women in the country.
- Having the generous participation of customers, collaborators and the Company itself collect the amount and donated this year \$13.2 million pesos to support the child attention program in Teletón Rehabilitation Centers

#### **b) Soriana Universidad**

- We had our graduation ceremony through a virtual event in order to celebrate the accomplishment of our 756 collaborators at national level, whom achieved a greater academic degree.
- We closed the year with a new group of bachelor's degree in a traditional plan, which 53 of our collaborators have the opportunity to develop their abilities and competences through this program.

#### **c) Best Business Practices**

- In this quarter, Soriana continues giving special support to SME suppliers in order to face the affectation caused by the COVID-19 in the best possible way. Some of the benefits are: free billing service and addendum, a significant reduction of the interest rate in factoring payments, allocation of merchandise deliveries to regional distribution centers to reduce the chance of catching the virus, free access to the Soriana Portal, among others.

#### **d) Environment**

- Committed to the environmental care, in this 4Q20 we concluded with the substitution project of fluorescent luminaires using LED technology in 103 stores. Near 73,000 luminaries were installed in the sales-floor in order to offer our customers a better shopping experience. We have also achieved a 59% in savings of energy in such stores, which until December they account up to 14,878,512 kWh, which equals to \$28.2 million pesos.

#### **e) Rankings and Recognitions**

- **Expansión** Magazine published their ranking "*Responsible Companies,*" where Organización Soriana took the 44th place.

- **Mundo Ejecutivo** Magazine positioned the Company in 12<sup>th</sup> place in their ranking "*Corporate social responsibility*".
- In the 8<sup>th</sup> edition of the ranking "Companies with the best corporate reputation" by **Monitor Empresarial de Reputación Corporativa (Merco)**, Soriana took 3<sup>rd</sup> place in the self-service and department stores section, with the 39<sup>th</sup> place in global ranking. The result of this evaluation is endorsed by **KPMG**.
- Soriana was also catalogued as one of the "*Most solidary brands during the pandemic*" published by **NEO** magazine and acknowledged by **Empresas Verdes** in 6<sup>th</sup> place for its "*Contributions from the companies to the SDG 2030.*"
- For the first time, Soriana participated with the climate change questionnaire, which has global validity, in the CDP Carbon Disclosure Project.

**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Statements of Income**

Millions of nominal pesos

	<b>Fourth Quarter</b>				
	<b>4Q2020</b>	<b>%</b>	<b>4Q2019</b>	<b>%</b>	<b>Var. %</b>
Net Sales	40,962	100	41,930	100	(2.3)
Cost of Sales	31,760	77.5	32,293	77.0	(1.7)
<b>Gross Income</b>	<b>9,202</b>	<b>22.5</b>	<b>9,637</b>	<b>23.0</b>	<b>(4.5)</b>
Operating Expenses	5,558	13.6	5,846	13.9	(4.9)
<b>Income before other expenses, net</b>	<b>3,644</b>	<b>8.9</b>	<b>3,791</b>	<b>9.0</b>	<b>(3.9)</b>
Other Income and (Expenses), Net	157	0.4	78	0.2	100.3
<b>EBITDA</b>	<b>3,801</b>	<b>9.3</b>	<b>3,869</b>	<b>9.2</b>	<b>(1.8)</b>
Depreciation and Amortization	785	1.9	727	1.7	8.0
<b>Operating Income</b>	<b>3,015</b>	<b>7.4</b>	<b>3,142</b>	<b>7.5</b>	<b>(4.0)</b>
Interest Income and (Expenses), Net	(682)	(1.7)	(981)	(2.3)	(30.5)
Foreign Exchange Gain (Losses)	196	0.5	50	0.1	295.4
Utility (Loss) Exchange	45	0.1	47	0.1	(4)
<b>Comprehensive Financing Income</b>	<b>(440)</b>	<b>(1.1)</b>	<b>(884)</b>	<b>(2.1)</b>	<b>(50.2)</b>
Minority Interest	(72)	(0.2)	(137)	(0.3)	(47.6)
<b>Earnings Before Tax &amp; Profit Sharing</b>	<b>2,503</b>	<b>6.1</b>	<b>2,122</b>	<b>5.1</b>	<b>18.0</b>
Tax Provision	899	2.2	955	2.3	(5.9)
<b>Net Income</b>	<b>1,605</b>	<b>3.9</b>	<b>1,166</b>	<b>2.8</b>	<b>37.6</b>
Controlling interest	1,602	3.9	1,163	2.8	37.7
Non-controlling interest	2	0.0	3	0.0	(20.1)
<b>Cash Net Profit</b>	<b>1,903</b>	<b>4.7</b>	<b>2,019</b>	<b>4.8</b>	<b>(5.7)</b>

**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Statements of Income**

Millions of nominal pesos

	<b>Fourth Quarter - Accumulated</b>				
	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>	<b>Var. %</b>
Net Sales	157,053	100	155,744	100	0.8
Cost of Sales	122,954	78.3	121,054	77.7	1.6
<b>Gross Income</b>	<b>34,099</b>	<b>21.7</b>	<b>34,690</b>	<b>22.3</b>	<b>(1.7)</b>
Operating Expenses	22,119	14.1	22,548	14.5	(1.9)
<b>Income before other expenses, net</b>	<b>11,980</b>	<b>7.6</b>	<b>12,142</b>	<b>7.8</b>	<b>(1.3)</b>
Other Income and (Expenses), Net	291	0.2	230	0.2	26.6
<b>EBITDA</b>	<b>12,272</b>	<b>7.8</b>	<b>12,372</b>	<b>7.9</b>	<b>(0.8)</b>
Depreciation and Amortization	3,180	2.0	3,159	2.0	0.7
<b>Operating Income</b>	<b>9,091</b>	<b>5.8</b>	<b>9,213</b>	<b>5.9</b>	<b>(1.3)</b>
Interest Income and (Expenses), Net	(3,124)	(2.0)	(3,664)	(2.4)	(14.7)
Foreign Exchange Gain (Losses)	385	0.3	234	0.2	64.3
Utility (Loss) Exchange	(143)	(0.1)	38	0.0	(473)
<b>Comprehensive Financing Income</b>	<b>(2,883)</b>	<b>(1.8)</b>	<b>(3,392)</b>	<b>(2.2)</b>	<b>(15.0)</b>
Minority Interest	(395)	(0.3)	(519)	(0.3)	(23.8)
<b>Earnings Before Tax &amp; Profit Sharing</b>	<b>5,813</b>	<b>3.7</b>	<b>5,302</b>	<b>3.4</b>	<b>9.6</b>
Tax Provision	2,116	1.4	2,036	1.3	4.0
<b>Net Income</b>	<b>3,697</b>	<b>2.4</b>	<b>3,267</b>	<b>2.1</b>	<b>13.2</b>
Controlling interest	3,681	2.3	3,235	2.1	13.8
Non-controlling interest	16	0.0	32	0.0	(48.7)
<b>Cash Net Profit</b>	<b>6,396</b>	<b>4.1</b>	<b>6,662</b>	<b>4.3</b>	<b>(4.0)</b>



## Organización Soriana, S.A.B. de C.V. and Subsidiaries

### Consolidated Balance Sheets

Millions of nominal pesos

	2020	%	2019	%	Var. %
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	7,627	5.4	1,921	1.3	297.1
Trade	820	0.6	972	0.7	(15.7)
Other Accounts Receivable	6,636	4.7	7,857	5.4	(15.5)
Inventories	27,715	19.5	34,006	23.3	(18.5)
Other Current Assets	174	0.1	209	0.1	(16.7)
Assets classified as held for sale	772	0.5	1,530	1.1	(49.5)
<b>Total Current Asset</b>	<b>43,744</b>	<b>30.8</b>	<b>46,494</b>	<b>31.9</b>	<b>(5.9)</b>
<b>Property, Equipment and Use Rights, Net</b>	<b>75,138</b>	<b>53.0</b>	<b>77,007</b>	<b>52.9</b>	<b>(2.4)</b>
<b>Intangible Assets</b>	<b>20,379</b>	<b>14.4</b>	<b>20,367</b>	<b>14.0</b>	<b>0.1</b>
<b>Other Assets</b>	<b>2,580</b>	<b>1.8</b>	<b>1,833</b>	<b>1.3</b>	<b>40.8</b>
<b>Total Assets</b>	<b>141,842</b>	<b>100</b>	<b>145,700</b>	<b>100</b>	<b>(2.6)</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Suppliers	26,218	18.5	30,238	20.8	(13.3)
Short Term Debt	4,621	3.3	6,840	4.7	(32.4)
Other Accounts Payable	2,171	1.5	2,740	1.9	(20.8)
Short Term Lease Liabilities	532	0.4	500	0.3	6.5
Other Liabilities without cost	3,838	2.7	2,788	1.9	37.7
<b>Total Current Liabilities</b>	<b>37,381</b>	<b>26.4</b>	<b>43,106</b>	<b>29.6</b>	<b>(13.3)</b>
Deferred Taxes	10,677	7.5	11,034	7.6	(3.2)
Long Term Debt	14,765	10.4	16,394	11.3	(9.9)
Long Term Lease Liabilities	9,495	6.7	9,613	6.6	(1.2)
Other Liabilities	1,977	1.4	1,548	1.1	27.7
<b>Total Long Term Liabilities</b>	<b>36,915</b>	<b>26.0</b>	<b>38,589</b>	<b>26.5</b>	<b>(4.3)</b>
<b>Total Liabilities</b>	<b>74,295</b>	<b>52.4</b>	<b>81,695</b>	<b>56.1</b>	<b>(9.1)</b>
<b>Stockholders' Equity</b>					
Paid-In Capital Stock	83	0.1	83	0.1	(0.0)
Restatement of Paid-In Capital Stock	1,171	0.8	1,171	0.8	0.0
Premium on Sales of Shares	977	0.7	977	0.7	0.0
Repurchase Fund of Shares	550	0.4	550	0.4	0.0
Other Capital Accounts	-567	(0.4)	-443	(0.3)	*
Accumulated Earnings	65,333	46.1	61,668	42.3	5.9
<b>Total Stockholders' Equity</b>	<b>67,546</b>	<b>47.6</b>	<b>64,005</b>	<b>43.9</b>	<b>5.5</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>141,842</b>	<b>100</b>	<b>145,700</b>	<b>100</b>	<b>(2.6)</b>



**Organización Soriana, S.A.B. de C.V. and Subsidiaries**  
**Consolidated Cash Flow Statements**  
Millions of nominal pesos

	<u>2020</u>	<u>2019</u>	<u>Var. %</u>
<b><u>OPERATING ACTIVITIES</u></b>			
<b>Income before Income Tax</b>	<b>5,813</b>	<b>5,302</b>	<b>9.6</b>
<b><u>Items related to investment activities</u></b>			
Depreciation & Amortization	3,180	3,159	0.7
Sales of property and equipment	(141)	(211)	(33.2)
Participation in Subsidiaries	395	519	(23.8)
Others	(75)	(17)	345.1
<b><u>Items related to financing activities</u></b>			
Bank and stock debt interest expense	2,003	2,549	(21.4)
Interest Expense IFRS 16	1,122	1,116	0.5
<b>Total</b>	<b>12,297</b>	<b>12,417</b>	<b>(1.0)</b>
Clients	130	132	(1.3)
Inventories	6,532	(4,602)	(241.9)
Suppliers	(4,007)	604	(764.0)
Payable and receivable accounts	1,382	129	970.8
Income Tax Paid	(1,887)	(2,305)	(18.1)
<b>Net cash flow from operating activities</b>	<b>14,446</b>	<b>6,374</b>	<b>126.7</b>
<b><u>INVESTING ACTIVITIES</u></b>			
Acquisitions of property and equipment	(944)	(1,678)	(43.8)
Sale of Fixed Assets	53	369	(85.6)
Loans to associates	0	(300)	(100.0)
Investments in associates	(760)	(632)	20.3
Others	193	(193)	(199.7)
<b>Net Cash flow from investing activities</b>	<b>(1,458)</b>	<b>(2,435)</b>	<b>(40.1)</b>
<b>Cash receivable from financing activities</b>	<b>12,988</b>	<b>3,939</b>	<b>229.7</b>
<b><u>FINANCING ACTIVITIES</u></b>			
Financing Obtained	115,563	210,840	(45.2)
Financing Repaid	(119,178)	(210,269)	(43.3)
Interest Paid IFRS 16	(1,122)	(1,116)	0.5
Interest paid bank and stock market debt	(2,003)	(2,549)	(21.4)
Lease payments	(542)	(454)	19.5
Dividends paid	0	(700)	*
<b>Net cash flow from financing activities</b>	<b>(7,282)</b>	<b>(4,247)</b>	<b>71.4</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,707</b>	<b>(308)</b>	<b>(1,951.2)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,921</b>	<b>2,229</b>	<b>(13.8)</b>
<b>Cash and cash equivalents at end period</b>	<b>7,627</b>	<b>1,921</b>	<b>297.1</b>