

Soriana reports first quarter 2021 results

- Total Income of \$34.749 billion pesos
- Same stores sales of -9.0%
- 37.8% increase in Net Income
- Net Debt reduction of 25% in the last 12 months

Monterrey, N.L. April 28th, 2021.- Organización Soriana, S.A.B. de C.V. (Soriana) reports financial results for the first quarter of 2021. The figures in this report are provided on a nominal basis and in accordance with the International Financial Reporting Standards ("IFRS").

Operational performance

Company's total income reached \$34.749 billion pesos during the quarter, which represents a decrease of 10.3% in comparison with 1Q20 result. This decrement was mainly due to the comparative with 1Q20 product of the panic buying originated by the beginning of the COVID-19 pandemic in March 12th 2020. Likewise, since it was leap-year there was one less day unlike 2020, there was also the closure of 15 stores in the last twelve months. Additionally, due to a reduction in Real Estate revenues caused from the discounts granted to our lessors in support for the decrement in their business operation, in addition to the vacancy percentage in the last months and finally, an extraordinary income in sale of land in 2020 which also affected the comparative.

Gross profit reached \$7.725 billion pesos, which represents 22.2% margin and a decrease of 8.9% in comparison with 1Q20 result. However, there was an expansion of 30bps in the gross margin. The main variations correspond to an improvement in product shrinkage and to business improvements, partially affected by the negative impact in Real Estate revenues.

In the quarter, the **operating expenses** line showed a decrease of 6.4% in comparison with 1Q20, this is 15.0% over income and shows important savings in sectors such as advertising, energy, packing and traveling expenses, among others, which is the result of an exhaustive control in each concept that forms the expenses line of the Company, that started in 2019 and continues strengthening this year. This had allowed us to control the negative effects in the EBITDA⁽¹⁾ after the decrease in sales and the extraordinary expenses from the last year due to the sanitary contingency.

As a result of the above mentioned, 1Q21 closed with an **EBITDA⁽¹⁾** of \$2.805 billion pesos, which equals to 8.1% margin with an expansion of 40bps and a decrease of 6.5% vs. 1Q20 figure.

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

Regarding the **financial items**, net financial cost closed at \$546 million pesos, showing a decrease of 47.2% against the same period of last year. This decrease was mainly due to a reduction of 18.3% in Debt balance vs. 1Q20, as well as an improvement in the interest rate which had been part of the refinancing strategy in order to improve the cash flow of the Company.

Finally, **net income** reached \$960 million pesos, equivalent to 2.8% as a percentage of sales which implies an increase of 37.8% in comparison with the same period of last year.

Financial Position

Inventories showed a reduction of \$3.819 billion pesos equivalent to 12.2% vs. 1Q20, which is the result of their reduction and optimization strategies after the improvements and adaptations made in the processes and systems along the supply chain.

Debt Behavior

As of the closing of the 2021 1Q, the Company has a total debt of \$22.049 billion pesos this represents a decrease over the same period of last year of \$4.952 billion pesos equivalent to 18.3%. Likewise, there was a reduction of \$4.952 billion pesos in debt net, equivalent to 25% in the last twelve months.

Capital Investment

The capex invested during the quarter was \$705 million pesos, where 55% was designated to the investment projects with *Falabella*, 26% to new stores, 11% to remodeling and equipment replacements, giving priority to those expenses related to the proper operation of the stores and distribution centers, and 8% to systems where there has been an improvement in the supply chain, as well as those designated to the omnichannel strategy.

Operational Information

Below is a comparative table of the number of units in operation by store format at the close of the 1Q2021.

Store Format	Units		Sales Floor Area	
	1Q2021	1Q2020	1Q2021	1Q2020
Hipermercados	367	379	2,638,185	2,711,443
Soriana Súper	125	128	253,369	262,926
Soriana Mercado	163	162	711,110	706,754
Soriana Express	105	104	141,806	140,124
City Club	34	34	272,184	272,151
Total	794	807	4,016,655	4,093,398

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

During the quarter, the Company permanently closed 1 store in Mexico City.

Social Responsibilities 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 through the following actions:

a) Soriana Fundación

- During this quarter Soriana Fundación started with Campaigns of Clients' Contributions in order to support 50 institutions, which 72% are focused in the Childhood segment and 28% in Community Development.
- The II phase of the second year of the *Music for Change* campaign started, supporting 4 institutions in the states of Jalisco, Yucatán, Baja California and Guanajuato, where more than 200 children will be favorably benefited in the family education matter.

b) Soriana Universidad

- In this first quarter, 53 new students started classes in our Bachelor's program, whom have the opportunity to obtain their degree in Business Administration through a traditional plan. In Soriana Universidad we seek to be a part of the professional and academic development of our collaborators, which is why we offer different study alternatives in order for them to continue with their preparation and thus continue promoting the academic training of our work teams.

c) Best Business Practices

- Our program of SME suppliers, in support to the economy and the development of Mexican companies, made its first event of the year in Mexico City, providing the

opportunity to 37 local entrepreneurs to offer to the customer a total of 136 products in the sales floor.

d) Environment

- Committed to the environmental care and our sustainability policy 2021, in this first quarter, Organización Soriana was recognized for the Renewable Energy Supply project in stores by *Las Empresas Verdes* digital magazine, with which 391,0003 tons of Co2 are no longer emitted per year, which is equivalent to taking 114,179 vehicles out of circulation that travel 20,000 km per year.

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

Millions of nominal pesos

	First Quarter				
	1Q2021	%	1Q2020	%	Var. %
Net Sales	34,749	100	38,755	100	(10.3)
Cost of Sales	27,025	77.8	30,272	78.1	(10.7)
Gross Income	7,725	22.2	8,483	21.9	(8.9)
Operating Expenses	5,205	15.0	5,562	14.4	(6.4)
Income before other expenses, net	2,519	7.3	2,920	7.5	(13.7)
Other Income and (Expenses), Net	286	0.8	81	0.2	254.5
EBITDA	2,805	8.1	3,001	7.7	(6.5)
Depreciation and Amortization	770	2.2	795	2.1	(3.1)
Operating Income	2,035	5.9	2,207	5.7	(7.8)
Interest Income and (Expenses), Net	(582)	(1.7)	(831)	(2.1)	(30.0)
Foreign Exchange Gain (Losses)	50	0.1	56	0.1	(11.3)
Utility (Loss) Exchange	(14)	(0.0)	(259)	(0.7)	(94.6)
Comprehensive Financing Income	(546)	(1.6)	(1,034)	(2.7)	(47.2)
Minority Interest	(86)	(0.3)	(144)	(0.4)	(40.1)
Earnings Before Tax & Profit Sharing	1,403	4.0	1,029	2.7	36.3
Tax Provision	442	1.3	332	0.9	33.3
Net Income	960	2.8	697	1.8	37.8
Controlling interest	957	2.8	691	1.8	38.6
Non-controlling interest	3	0.0	6	0.0	(52.5)
Cash Net Profit	1,699	4.9	1,740	4.5	(2.3)

Organización Soriana, S.A.B. de C.V. and Subsidiaries
Consolidated Balance Sheets

Millions of nominal pesos

	2021	%	2020	%	Var. %
ASSETS					
Current Assets					
Cash and Cash Equivalents	3,593	2.6	2,250	1.6	59.7
Trade	1,063	0.8	811	0.6	31.1
Other Accounts Receivable	6,948	5.0	7,932	5.5	(12.4)
Inventories	27,452	19.8	31,271	21.8	(12.2)
Other Current Assets	441	0.3	343	0.2	28.5
Assets classified as held for sale	748	0.5	1,481	1.0	(49.5)
Total Current Asset	40,245	29.0	44,089	30.8	(8.7)
Property, Equipment and Use Rights, Net	74,837	54.0	76,605	53.4	(2.3)
Intangible Assets	20,373	14.7	20,364	14.2	0.0
Deferred taxes	319	0.2	294	0.2	8.5
Other Assets	2,906	2.1	2,005	1.4	45.0
Total Assets	138,680	100	143,357	100	(3.3)
LIABILITIES					
Current Liabilities					
Suppliers	19,938	14.4	23,455	16.4	(15.0)
Short Term Debt	7,621	5.5	14,544	10.1	(47.6)
Other Accounts Payable	2,077	1.5	2,774	1.9	(25.1)
Short Term Lease Liabilities	543	0.4	505	0.4	7.5
Other Liabilities without cost	3,094	2.2	2,390	1.7	29.5
Total Current Liabilities	33,272	24.0	43,668	30.5	(23.8)
Deferred Taxes	11,009	7.9	11,272	7.9	(2.3)
Long Term Debt	14,428	10.4	12,457	8.7	15.8
Long Term Lease Liabilities	9,534	6.9	9,711	6.8	(1.8)
Other Liabilities	1,933	1.4	1,582	1.1	22.2
Total Long Term Liabilities	36,904	26.6	35,022	24.4	5.4
Total Liabilities	70,176	50.6	78,690	54.9	(10.8)
Stockholders' Equity					
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	-554	(0.4)	-446	(0.3)	*
Accumulated Earnings	66,277	47.8	62,333	43.5	6.3
Total Stockholders' Equity	68,504	49.4	64,667	45.1	5.9
Total Liabilities and Stockholders' Equity	138,680	100	143,357	100	(3.3)

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

	<u>2021</u>	<u>2020</u>	<u>Var. %</u>
<u>OPERATING ACTIVITIES</u>			
Income before Income Tax	1,403	1,029	36.3
<u>Items related to investment activities</u>			
Depreciation & Amortization	770	795	(3.1)
Sales of property and equipment	(0)	(164)	(100)
Participation in Subsidiaries	86	144	(40.1)
Others	19	263	(93)
<u>Items related to financing activities</u>			
Bank and stock debt interest expense	303	550	(44.8)
Interest Expense IFRS 16	278	281	(0.8)
Total	<u>2,860</u>	<u>2,898</u>	<u>(1.3)</u>
Clients	(243)	161	(251.6)
Inventories	279	2,782	(90.0)
Suppliers	(6,328)	(7,047)	(10.2)
Payable and receivable accounts	(627)	(456)	37.5
Income Tax Paid	<u>(1,129)</u>	<u>(461)</u>	144.8
Net cash flow from operating activities	<u>(5,188)</u>	<u>(2,124)</u>	<u>144.3</u>
<u>INVESTING ACTIVITIES</u>			
Acquisitions of property and equipment	(320)	(238)	34.8
Sale of Fixed Assets	42	0	*
Investments in associates	(398)	(290)	37.2
Reduction of share capital in associate	13	0	*
Others	<u>(28)</u>	<u>174</u>	<u>(115.8)</u>
Net Cash flow from investing activities	<u>(690)</u>	<u>(354)</u>	<u>95.1</u>
Cash receivable from financing activities	<u>(5,878)</u>	<u>(2,478)</u>	<u>137.2</u>
<u>FINANCING ACTIVITIES</u>			
Financing Obtained	8,300	46,239	(82.0)
Financing Repaid	(5,737)	(42,472)	(86.5)
Interest Paid IFRS 16	(278)	(281)	(0.8)
Interest paid bank and stock market debt	(303)	(550)	(44.8)
Lease payments	<u>(137)</u>	<u>(130)</u>	5.5
Net cash flow from financing activities	<u>1,844</u>	<u>2,807</u>	<u>(34.3)</u>
Net increase (decrease) in cash and cash equivalents	(4,034)	329	(1,325.5)
Cash and cash equivalents at beginning of period	<u>7,627</u>	<u>1,921</u>	<u>297.1</u>
Cash and cash equivalents at end period	<u>3,593</u>	<u>2,250</u>	<u>59.7</u>