

Soriana reports second quarter 2021 results

- Total Income of the quarter of \$39.133 billion pesos
- Same-Store Sales of -1.4% in the 2Q21
- Expansion of 10 basis points in the EBITDA⁽¹⁾ margin to 7.3%.
- 5.9% increase in Net Income
- Net Debt reduction of 53.7% in the last 12 months

Monterrey, N.L. July 27th, 2021.- Organización Soriana, S.A.B. de C.V. (Soriana) reports financial results for the second 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

Second quarter **Total Income** shows a decrease of 1.3% vs. 2Q20 results, reaching to \$39.133 billion pesos mainly affected by the closure of 10 stores in the last twelve months.

Gross Profit reached \$8.339 billion pesos showing a decrease of 1.0% in comparison with 2Q20 figure. Gross margin expanded 10bps and close in 21.3%. This expansion is from the result of a better management in product shrinkage and as a consequence of the Real Estate revenues, which are gradually recovering. Gross profit reached \$16.064 billion pesos, equals to 21.7% margin.

The **operating expenses** line showed a decrease of 1.9%, and a contraction of 10bps vs. 2Q20, this is 14.0% over income which is the result of an exhaustive control in each concept, as well as the implementation of our energy savings initiatives that started in 2019 and has continued during this year by implementing in 50 more stores lighting replacements to LED technology. This approach had allowed us to compensate and control the negative effects in the EBITDA⁽¹⁾ due to the pressure in the line on sales observed in the last twelve months. In cumulative term, the expenses line showed a decrease of 4.1% in comparison with last year result, standing in 14.5% over income.

As a result of the above mentioned, 2Q21 closed with an **EBITDA⁽¹⁾** of \$2.866 billion pesos, which equals to 7.3% margin showing an expansion of 10bps and an increase of 0.5% vs. 2Q20 results.

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

Regarding the **financial items**, net financial cost showed a decrease of 18.0% vs. 2Q20, reaching \$580 million pesos. This decrease was mainly because the reduction in debt balance of 31.8% vs. 2Q20, as well as an improvement in the interest rates which had been part of our refinancing strategy which has allowed us to reach a better debt structure with a lower cost. In the cumulative, net financial cost showed a decrease of 35.3%, resulting in \$1.127 billion pesos, which equal to 1.5% over income.

Finally, **net income** reached \$872 million pesos, which equal to 2.2% as a percentage of sales which implies an increase of 5.9% in comparison with the same period of last year.

Financial Situation

During this quarter, we continue the efforts regarding inventories optimization, which resulted in this period in a reduction of \$2.323 billion pesos equivalent to 7.3% vs. 2Q20, which positively affected cash flow for operational activities. The aforementioned result was achieved through the implementation of strategies, analysis and system improvements made in our supply chain.

Debt Behavior

As of the closing of the 2021 2Q, the Company has a total debt of \$16.692 billion pesos this represents a decrease of \$7.766 billion pesos equivalent to 31.8% reduction over the same period of last year. Likewise, there was a reduction of \$12.065 billion pesos in debt net, equivalent to 53.7% in the last twelve months.

Operational Information

Below is a comparative table that show the number of units in operation per store format at the close of the 2Q2021.

| Store Format | Units | | Sales Floor Area | |
|-----------------|------------|------------|------------------|------------------|
| | 2Q2021 | 2Q2020 | 2Q2021 | 2Q2020 |
| Hipermercados | 367 | 376 | 2,638,185 | 2,689,261 |
| Soriana Súper | 125 | 125 | 253,370 | 254,434 |
| Soriana Mercado | 163 | 162 | 711,110 | 707,067 |
| Soriana Express | 105 | 104 | 141,806 | 140,124 |
| City Club | 34 | 34 | 272,190 | 272,151 |
| Total | 794 | 801 | 4,016,660 | 4,063,036 |

**The information contained in the table was adjusted to reflect the migration of the Comercial Mexicana stores to other traditional store formats of Soriana.*

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 the quarter, Soriana Fundación continued with the support program for our volunteer senior packers, in which we invite our clients to give a voluntary donation in a box placed on each cash-line. Until now, more than 13,500 senior packers have been benefited with a social investment above \$136 million pesos.
- In this quarter, above 134 institutions from different campaigns were supported by Fundación Soriana. The total amount reached \$55.8 million pesos.
- Likewise, 29 *Cruz Roja* delegations in 20 states in the Republic were supported through 369 stores, with a social investment of \$2.7 million pesos.

b) Soriana Universidad

- Reinforcing our commitment with education and in response to the great success that we have with our University program in order to attend our collaborators' needs, we launched the high school online program, in which we offer a completely different experience to our collaborators, where they can develop themselves in a collaborative and independent environment. This way we reach a higher number of benefited people and an effective learning process.

c) Environment

- Committed to the environmental care, in this 2Q21 we continue with the substitution project of fluorescent luminaires using LED technology, we had an important improvement by adding this technology to 50 stores in different areas: sales-floor, food areas, fruits, meats, dairy products, Mall and shopping aisles, to improve the light level in the sales-floor in order to offer our customers a better shopping experience, we have also achieved a 57% in savings of energy in each store.
- In this quarter, the RENE (National Emissions Registry) was presented in time and form to SEMARNAT (Ministry of the Environment and Natural Resources), a federal regulation that requires the companies that exceed the 25,000 tCO₂e per year to report their emissions of Greenhouse Gases (GHG) annually.

The carbon footprint in 2020 for Soriana was 896,939.57 tons of CO₂e, with a decrease of 9.5% compared to last year. The indirect emissions caused by the purchase of electrical energy that comes from fossil sources have been decreasing and it only represents 36% of the GHG emissions thanks to the great improvement that the Company has in the renewal energy supply. The rest correspond to the direct emissions related to the consumption of fuels and refrigerant gases.

d) Rankings and Recognitions

- Organización Soriana took the place 27th out of 500 in the ranking **“Most Important Companies from Mexico”** published by the Expansión Magazine.
- In the ranking **“Supermarkets with higher social responsibility”** published by Expok, Organización Soriana took the 4th place. In the same section, the Company took the 15th place in the list **“The Best Companies Socially Responsible”** of Tops Mexico by El Universal newspaper.
- The marketing campaign **“La de Todos los Mexicanos”**, starred by Mario Moreno **“Cantinflas”**, took the place 22nd out of 50 campaigns from the Merca 2.0 magazine, where they based the campaign on creativity and innovation to pay tribute to Mexicans using the digital deep fake technique in order to recreate the **“mime of Mexico”**, as he was called.
- For second consecutive year, Soriana participated in the ranking **“Most Inclusive Companies from Mexico”** by Empresas Verdes magazine, where the Company reached the 5th place. This way we reiterate our commitment to make experiences, where the collaborators feel happy, valued and empowered in order to give their best at work.
- Organización Soriana received recognition as a **Healthy Company** thanks to the protocols and guidelines implemented for the good of the health and well-being of the collaborators and the community in the prevention of Covid-19. This program created by the Secretariat of Health and the Secretariat of Economy verify the compliance of at least 68 health security measures in work sites.

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

Millions pesos

| | Second Quarter | | | | |
|---|-----------------------|--------------|---------------|--------------|---------------|
| | 2Q2021 | % | 2Q2020 | % | Var. % |
| Net Sales | 39,133 | 100 | 39,637 | 100 | (1.3) |
| Cost of Sales | 30,794 | 78.7 | 31,217 | 78.8 | (1.4) |
| Gross Income | 8,339 | 21.3 | 8,421 | 21.2 | (1.0) |
| Operating Expenses | 5,484 | 14.0 | 5,589 | 14.1 | (1.9) |
| Income before other expenses, net | 2,855 | 7.3 | 2,832 | 7.1 | 0.8 |
| Other Income and (Expenses), Net | 12 | 0.0 | 21 | 0.1 | (46.1) |
| EBITDA | 2,866 | 7.3 | 2,853 | 7.2 | 0.5 |
| Depreciation and Amortization | 770 | 2.0 | 799 | 2.0 | (3.6) |
| Operating Income | 2,096 | 5.4 | 2,054 | 5.2 | 2.1 |
| Interest Income (Expenses), Net | (566) | (1.5) | (837) | (2.1) | (32.4) |
| Foreign Exchange Gain (Losses) | 38 | 0.1 | 67 | 0.2 | (43.4) |
| Utility (Loss) Exchange | (52) | (0.1) | 62 | 0.2 | (183.5) |
| Comprehensive Financing Income | (580) | (1.5) | (708) | (1.8) | (18.0) |
| Minority Interest | (80) | (0.2) | (95) | (0.2) | (16.4) |
| Earnings Before Tax & Profit Sharing | 1,436 | 3.7 | 1,251 | 3.2 | 14.8 |
| Tax Provision | 564 | 1.4 | 427 | 1.1 | 32.1 |
| Net Income | 872 | 2.2 | 824 | 2.1 | 5.9 |
| Controlling interest | 867 | 2.2 | 820 | 2.1 | 5.7 |
| Non-controlling interest | 5 | 0.0 | 4 | 0.0 | 51.0 |
| Cash Net Profit | 1,556 | 4.0 | 1,346 | 3.4 | 15.6 |

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

Millions pesos

| | Second Quarter - Accumulated | | | | |
|---|-------------------------------------|--------------|----------------|--------------|---------------|
| | 2021 | % | 2020 | % | Var. % |
| Net Sales | 73,882 | 100 | 78,392 | 100 | (5.8) |
| Cost of Sales | 57,818 | 78.3 | 61,489 | 78.4 | (6.0) |
| Gross Income | 16,064 | 21.7 | 16,903 | 21.6 | (5.0) |
| Operating Expenses | 10,690 | 14.5 | 11,151 | 14.2 | (4.1) |
| Income before other expenses, net | 5,374 | 7.3 | 5,752 | 7.3 | (6.6) |
| Other Income and Expenses, Net | 297 | 0.4 | 102 | 0.1 | 191.5 |
| EBITDA | 5,671 | 7.7 | 5,854 | 7.5 | (3.1) |
| Depreciation and Amortization | 1,540 | 2.1 | 1,594 | 2.0 | (3.3) |
| Operating Income | 4,131 | 5.6 | 4,261 | 5.4 | (3.0) |
| Interest Income (Expenses), Net | (1,148) | (1.6) | (1,668) | (2.1) | (31.2) |
| Foreign Exchange Gain (Losses) | 87 | 0.1 | 123 | 0.2 | (28.8) |
| Utility (Loss) Exchange | (66) | (0.1) | (197) | (0.3) | (66.5) |
| Comprehensive Financing Income | (1,127) | (1.5) | (1,742) | (2.2) | (35.3) |
| Minority Interest | (166) | (0.2) | (239) | (0.3) | (30.7) |
| Earnings Before Tax & Profit Sharing | 2,839 | 3.8 | 2,280 | 2.9 | 24.5 |
| Tax Provision | 1,006 | 1.4 | 759 | 1.0 | 32.6 |
| Net Income | 1,832 | 2.5 | 1,521 | 1.9 | 20.5 |
| Controlling interest | 1,824 | 2.5 | 1,511 | 1.9 | 20.7 |
| Non-controlling interest | 8 | 0.0 | 10 | 0.0 | (14.9) |
| Cash Net Profit | 3,185 | 4.3 | 3,086 | 3.9 | 3.2 |

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

Millions pesos

| | 2021 | % | 2020 | % | Var. % |
|---|----------------|-------------|----------------|-------------|---------------|
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and Cash Equivalents | 6,292 | 4.4 | 1,993 | 1.4 | 215.7 |
| Trade | 762 | 0.5 | 701 | 0.5 | 8.7 |
| Other Accounts Receivable | 6,074 | 4.3 | 7,445 | 5.2 | (18.4) |
| Inventories | 29,361 | 20.7 | 31,684 | 22.3 | (7.3) |
| Other Current Assets | 470 | 0.3 | 319 | 0.2 | 47.5 |
| Assets classified as held for sale | 760 | 0.5 | 800 | 0.6 | (5.0) |
| Total Current Asset | 43,720 | 30.9 | 42,942 | 30.2 | 1.8 |
| Property, Equipment and Use Rights, Net | 74,308 | 52.5 | 76,530 | 53.8 | (2.9) |
| Intangible Assets | 20,375 | 14.4 | 20,360 | 14.3 | 0.1 |
| Deferred taxes | 319 | 0.2 | 294 | 0.2 | 8.5 |
| Other Assets | 2,804 | 2.0 | 2,114 | 1.5 | 32.7 |
| Total Assets | 141,527 | 100 | 142,240 | 100 | (0.5) |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Suppliers | 27,330 | 19.3 | 23,643 | 16.6 | 15.6 |
| Short Term Debt | 5,620 | 4.0 | 16,238 | 11.4 | (65.4) |
| Other Accounts Payable | 3,390 | 2.4 | 2,788 | 2.0 | 21.6 |
| Short Term Lease Liabilities | 527 | 0.4 | 512 | 0.4 | 2.9 |
| Other Liabilities without cost | 2,880 | 2.0 | 2,785 | 2.0 | 3.4 |
| Total Current Liabilities | 39,747 | 28.1 | 45,967 | 32.3 | (13.5) |
| Deferred Taxes | 10,908 | 7.7 | 11,294 | 7.9 | (3.4) |
| Long Term Debt | 11,072 | 7.8 | 8,220 | 5.8 | 34.7 |
| Long Term Lease Liabilities | 9,448 | 6.7 | 9,667 | 6.8 | (2.3) |
| Other Liabilities | 1,974 | 1.4 | 1,610 | 1.1 | 22.6 |
| Total Long Term Liabilities | 33,402 | 23.6 | 30,790 | 21.6 | 8.5 |
| Total Liabilities | 73,149 | 51.7 | 76,757 | 54.0 | (4.7) |
| 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 | -552 | (0.4) | -454 | (0.3) | 21.5 |
| Accumulated Earnings | 66,149 | 46.7 | 63,157 | 44.4 | 4.7 |
| Total Stockholders' Equity | 68,378 | 48.3 | 65,483 | 46.0 | 4.4 |
| Total Liabilities and Stockholders' Equity | 141,527 | 100 | 142,240 | 100 | (0.5) |

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

Millions pesos

| | <u>2021</u> | <u>2020</u> | <u>Var. %</u> |
|---|----------------|--------------|------------------|
| <u>OPERATING ACTIVITIES</u> | | | |
| Income before Income Tax | 2,839 | 2,280 | 24.5 |
| <u>Items related to investment activities</u> | | | |
| Depreciation & Amortization | 1,540 | 1,594 | (3.3) |
| Sales of property and equipment | (0) | (164) | (100) |
| Participation in the Results of Associates and Joint Ventures | 166 | 239 | (30.7) |
| Others | 5 | 29 | (83.1) |
| <u>Items related to financing activities</u> | | | |
| Bank and stock debt interest expense | 592 | 1,105 | (46.4) |
| Interest Expense IFRS 16 | 556 | 563 | (1.2) |
| Total | 5,698 | 5,646 | 0.9 |
| Clients | 57 | 270 | (78.9) |
| Inventories | (1,641) | 2,531 | (164.8) |
| Suppliers | 1,075 | (6,624) | (116.2) |
| Payable and receivable accounts | 308 | 811 | (62.0) |
| Income Tax Paid | (1,788) | (1,100) | 62.5 |
| Net cash flow from operating activities | 3,709 | 1,535 | 141.6 |
| <u>INVESTING ACTIVITIES</u> | | | |
| Acquisitions of property and equipment | (549) | (435) | 26.2 |
| Sale of Fixed Assets | 42 | 0 | * |
| Contribution of share capital in joint ventures | (448) | (510) | (12.2) |
| Reduction of share capital in associate | 13 | 0 | * |
| Others | 2 | 189 | (98.9) |
| Net Cash flow from investing activities | (940) | (756) | 24.3 |
| Cash receivable from financing activities | 2,769 | 779 | 255.6 |
| <u>FINANCING ACTIVITIES</u> | | | |
| Financing Obtained | 13,900 | 73,840 | (81.2) |
| Financing Repaid | (16,576) | (72,615) | (77.2) |
| Interest Paid IFRS 16 | (556) | (563) | (1.2) |
| Interest paid bank and stock market debt | (592) | (1,105) | (46.4) |
| Lease payments | (281) | (263) | 6.6 |
| Net cash flow from financing activities | (4,104) | (706) | 481.0 |
| Net increase (decrease) in cash and cash equivalents | (1,335) | 72 | (1,946.5) |
| Cash and cash equivalents at beginning of period | 7,627 | 1,921 | 297.1 |
| Cash and cash equivalents at end period | 6,292 | 1,993 | 215.7 |