

Soriana reports third quarter 2022 results

- Total income of \$41.581 billion pesos in the quarter
- Same-Store Sales of 6.6% and 7.9% in the total income
- 23.8% reduction in debt balance in the last 12 months
- 6.4% increase in Net Income

Monterrey, N.L. October 26th, 2022.- Organización Soriana, S.A.B. de C.V. (Soriana) reports financial results for the third quarter of 2022. 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 income reached \$41.581 billion pesos, which represents an increase of 7.9% vs 3Q21. This increment was mainly supported by the opening of six units in the last twelve months, and due to a good performance in general of our stores across the country, especially standing out the Soriana Super store format and City Club. Also, by a recovery in the Real State revenues thanks to a higher traffic to our stores. Same-Store-Sales was 6.6% in this quarter.

Gross Profit had an increase of 40bps as a percentage over sales in comparison with 3Q21, with a 21.4% margin equal to \$8.897 billion pesos, which represents an increase of 9.7% vs. 3Q21 as a result of better commercial negotiations and by the higher Real State Revenues due to a recovery in the occupancy.

The **operating expenses** reached \$6.312 billion pesos, this is 15.2% over sales, and a 9.6% increase vs. 3Q21, where around 60% of this increment was due to personnel costs like employment benefits and a higher workforce base for the stores in order to provide a better customer service. On the other hand, there was a higher average cost of the company's energy mix, a bigger expenditure in advertising campaigns, maintenance, and equipment replacements.

Likewise, regarding **Other Income and Expenses Net**, during Q321 there was an extraordinary income due to a past due portfolio collection about of 264 million pesos, which represents a deviation of 80% in this quarter's income.

As a result of the above mentioned, 3Q22 closed with an **EBITDA⁽¹⁾** of \$2.633 billion pesos, which equals to 6.3% margin showing a contraction of 40bps and an increase of 1.6% vs. 3Q21 results.

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

Regarding the **financial items**, net financial cost closed at \$506 million pesos, showing an increase of 92.9% and 1.2% over income.

Finally, **net income** reached \$967 million pesos, equivalent to 2.3% as a percentage of sales, and represents an increase of 23.2% vs. 3Q21, and 17.6% in the cumulative.

Debt Behavior

At the end of 3Q22, the Company has a total debt of \$13.829 billion pesos, this represents a decrease over the same period of last year of \$4.328 billion pesos equivalent to 23.8%.

Operational Information

Below is a comparative table of the number of units in operation by store format at the close of the 3Q22.

Store Format	Units		Sales Floor Area	
	3Q22	3Q21	3Q22	Var vs 3Q21
Hiper	369	367	2,647,043	0.5%
Super	127	126	259,424	1.1%
Mercado	163	163	710,408	0.0%
Express	105	105	141,813	0.0%
City Club	36	35	287,659	2.9%
Total	800	796	4,046,347	0.6%
Sodimac	10	8	98,648	14.8%

* The information contained in the table was adjusted to reflect the changes derived from: remodeling, store format changes and upgrades of layout made during the year.

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

Along the 3Q22, 131 institutions across the country were supported in this quarter, reaching \$12.7 million pesos, specially 50 food banks in order to support thousands of Mexican families.

During these months, we carried out the campaign "Cajitas solidarias", where we invite our clients in 300 stores to leave a donation to support children affected with cerebral palsy, through APAC Mexico.

In September, we started with the "*Cabeza en alto*" campaign, with P&G, Head and Shoulders and *Banco de Tapitas*, which consists in donating hair braids in our stores to support the elaboration of wigs for women and girls with cancer.

In this quarter, we closed our 16th National Campaign for Mexican children, in alliance with UKA, where our clients donated \$914 thousand pesos through our contribution program in more than 13 states of the country.

The project "*Rincón de la calma*" was implemented together with *Fondo Unido* and P&G, which its goal is to benefit more than 4,100 children and teenagers less than 15 years old. We carried out this campaign in more than 800 Soriana stores through the sales of the P&G products, to improve the integral and emotional development of children, by giving them the opportunity to acknowledge, recognize and talk about their emotions, specially about what they have lived since the pandemic.

During this quarter, we started our "*voluntarios de corazón*" (volunteers at heart) program, where we improve our initiative "*Da vida a una escuela*" (bring life to a school), which could gather 2,346 volunteers that supported 252 schools with more than 60,000 children in the country.

Likewise, we started our *Fundación Tarahumara* campaign in 59 Soriana stores in the states of Durango, Chihuahua, and Sonora, which benefited 120 young native students to gain admission, remain, and conclude their university career.

In September, we closed our "*Donando se alegran los corazones*", a donation Campaign that reached more than 12.8 million pesos thanks to the generosity of 20.5 million people, along with the institution CEMEFI and *Fundación Manuel Arango*.

b) Soriana Universidad

In August, we started with the classes of the second generation of 2022 for our high-school students' collaborators. There were 1,290 registered students who will have the opportunity to take the final exam and complete their academic level thanks to the support given by Soriana.

c) Environment

Committed to the environmental care, in this 3Q22 we continue with the substitution project of fluorescent luminaires using LED technology, by adding this technology to 191 stores, being now 553 stores in total, to offer our customers a better shopping experience. We have also achieved a 57% in savings of energy in each store.

Likewise, we are looking to increase the use of renewal energy supply in our stores. In this quarter, we started working in the installation of photovoltaic systems in 2 stores located in Tapachula, Chiapas; along with the systems that are already installed in 5 of our stores in the states of Querétaro, Aguascalientes, Guanajuato, San Luis Potosí, and Zacatecas, where 4 of these stores are already generating photovoltaic energy, and we continue with the

process of interconnection Agreement for the store in Aguascalientes. We estimate an annual generation of 6,300,000 kWh.

d) Rankings and Recognitions

We organized a PYMEs fair, in support to the economy and development of Mexican companies, which was carried out in the state of Coahuila, where the local entrepreneurs had the chance to offer their various products in the sales-floor of our stores in the state.

Likewise, we continue with our commitment with the ODS. Organización Soriana took the 7th place in the ranking "**Companies with most improvements in the ODS 2021**" from *Empresas Verdes Magazine*, and 52nd place in the ranking "**500 Companies vs Corruption**" from *Expansión* magazine.

In July, Organización Soriana took 54th place in the "**Recognition Business Monitor of Corporate Reputation**" of Merco, and 4th place in store formats categories. This monitor considers an exhaustive analysis of executive Directors from Companies, journalists of information economics, financial analysts, representatives of consumer organizations, syndical representatives, ONG's representatives, members of the government, social media managers, and consumers.

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

Millions pesos

	Third Quarter				
	3Q2022	%	3Q2021	%	Var. %
Net Sales	41,581	100	38,550	100	7.9
Cost of Sales	32,685	78.6	30,440	79.0	7.4
Gross Income	8,897	21.4	8,110	21.0	9.7
Operating Expenses	6,312	15.2	5,758	14.9	9.6
Income before other expenses, net	2,585	6.2	2,352	6.1	9.9
Other Income and (Expenses), Net	48	0.1	240	0.6	(80.1)
EBITDA	2,633	6.3	2,592	6.7	1.6
Depreciation and Amortization	814	2.0	777	2.0	4.8
Operating Income	1,819	4.4	1,815	4.7	0.2
Interest Income (Expenses), Net	(626)	(1.5)	(563)	(1.5)	11.3
Foreign Exchange Gain (Losses)	130	0.3	279	0.7	(53.2)
Utility (Loss) Exchange	(10)	(0.0)	22	0.1	(146.8)
Comprehensive Financing Income	(506)	(1.2)	(262)	(0.7)	92.9
Minority Interest	(32)	(0.1)	(85)	(0.2)	(62.6)
Earnings Before Tax & Profit Sharing	1,281	3.1	1,467	3.8	(12.7)
Tax Provision	313	0.8	682	1.8	(54.1)
Net Income	967	2.3	786	2.0	23.2
Controlling interest	960	2.3	782	2.0	22.7
Non-controlling interest	8	0.0	3	0.0	132.6
Cash Net Profit	1,442	3.5	1,355	3.5	6.4

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

Millions pesos

	Accumulated				
	2022	%	2021	%	Var. %
Net Sales	120,724	100	112,432	100	7.4
Cost of Sales	94,474	78.3	88,258	78.5	7.0
Gross Income	26,250	21.7	24,174	21.5	8.6
Operating Expenses	17,851	14.8	16,405	14.6	8.8
Income before other expenses, net	8,399	7.0	7,769	6.9	8.1
Other Income and Expenses, Net	175	0.1	537	0.5	(67.4)
EBITDA	8,574	7.1	8,306	7.4	3.2
Depreciation and Amortization	2,419	2.0	2,318	2.1	4.4
Operating Income	6,155	5.1	5,989	5.3	2.8
Interest Income (Expenses), Net	(1,812)	(1.5)	(1,753)	(1.6)	3.3
Foreign Exchange Gain (Losses)	226	0.2	366	0.3	(38.4)
Utility (Loss) Exchange	(24)	(0.0)	(44)	(0.0)	(45.0)
Comprehensive Financing Income	(1,611)	(1.3)	(1,432)	(1.3)	12.5
Minority Interest	(166)	(0.1)	(251)	(0.2)	(33.8)
Earnings Before Tax & Profit Sharing	4,378	3.6	4,306	3.8	1.7
Tax Provision	1,299	1.1	1,688	1.5	(23.1)
Net Income	3,079	2.6	2,618	2.3	17.6
Controlling interest	3,058	2.5	2,606	2.3	17.3
Non-controlling interest	21	0.0	12	0.0	81.5
Cash Net Profit	4,973	4.1	4,660	4.1	6.7

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

Millions pesos

	2022	%	2021	%	Var. %
ASSETS					
Current Assets					
Cash and Cash Equivalents	1,904	1.4	2,794	2.0	(31.8)
Trade	626	0.5	1,026	0.7	(39.0)
Other Accounts Receivable	4,403	3.2	6,407	4.7	(31.3)
Inventories	30,284	22.2	28,125	20.5	7.7
Other Current Assets	352	0.3	361	0.3	(2.4)
Assets classified as held for sale	0	0.0	757	0.6	(100.0)
Total Current Asset	37,569	27.6	39,469	28.8	(4.8)
Property, Equipment and Use Rights, Net	73,461	53.9	73,560	53.7	(0.1)
Intangible Assets	20,530	15.1	20,393	14.9	0.7
Deferred taxes	544	0.4	319	0.2	70.5
Other Assets	4,080	3.0	3,344	2.4	22.0
Total Assets	136,184	100	137,086	100	(0.7)
LIABILITIES					
Current Liabilities					
Suppliers	21,491	15.8	20,617	15.0	4.2
Short Term Debt	800	0.6	3,982	2.9	(79.9)
Other Accounts Payable	2,664	2.0	3,808	2.8	(30.0)
Short Term Lease Liabilities	556	0.4	508	0.4	9.5
Other Liabilities without cost	952	0.7	2,600	1.9	(63.4)
Total Current Liabilities	26,463	19.4	31,514	23.0	(16.0)
Deferred Taxes	10,352	7.6	10,907	8.0	(5.1)
Long Term Debt	13,029	9.6	14,175	10.3	(8.1)
Long Term Lease Liabilities	9,853	7.2	9,337	6.8	5.5
Other Liabilities	2,582	1.9	1,939	1.4	33.2
Total Long Term Liabilities	35,816	26.3	36,358	26.5	(1.5)
Total Liabilities	62,279	45.7	67,872	49.5	(8.2)
Stockholders' Equity					
Paid-In Capital Stock	83	0.1	83	0.1	(0.0)
Restatement of Paid-In Capital Stock	1,170	0.9	1,171	0.9	(0.0)
Premium on Sales of Shares	977	0.7	977	0.7	0.0
Repurchase Fund of Shares	537	0.4	550	0.4	(2.5)
Other Capital Accounts	(589)	(0.4)	(501)	(0.4)	17.5
Accumulated Earnings	71,728	52.7	66,935	48.8	7.2
Total Stockholders' Equity	73,905	54.3	69,214	50.5	6.8
Total Liabilities and Stockholders' Equity	136,184	100	137,086	100	(0.7)

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

Millions pesos

	<u>2022</u>	<u>2021</u>	<u>Var. %</u>
<u>OPERATING ACTIVITIES</u>			
Income before Income Tax	4,378	4,306	1.7
<u>Adjustments by:</u>			
Depreciation & Amortization	2,419	2,318	4.4
Sales of property and equipment	(38)	(0)	12,844
Participation in the Results of Associates and Joint Ventures	166	251	(33.8)
Labor cost	109	113	(3.7)
Interest accrued in favor	(242)	(180)	34.2
Interest accrued in charge	3	(188)	(101.6)
Others	1,812	1,753	3.3
Sum	8,607	8,372	2.8
Clients	415	(207)	(300.7)
Inventories	(1,707)	(402)	324.9
Suppliers	(7,568)	(5,630)	34.4
Payable and receivable accounts	1,053	437	140.7
Income Tax Paid	(2,491)	(2,362)	5.5
Net cash flow from operating activities	(1,691)	210	(907.0)
<u>INVESTING ACTIVITIES</u>			
Acquisitions of property and equipment	(1,983)	(1,072)	84.9
Sale of Fixed Assets	66	87	(23.7)
Contribution of share capital in joint ventures	(501)	(833)	(39.9)
Reduction of share capital in associate	0	13	(100.0)
Interest charged	242	180	34.2
Others	(6)	2	(444.6)
Net Cash flow from investing activities	(2,182)	(1,624)	34.4
Cash receivable from financing activities	(3,873)	(1,414)	173.9
<u>FINANCING ACTIVITIES</u>			
Financing Obtained	17,600	24,450	(28.0)
Financing Repaid	(19,575)	(25,763)	(24.0)
Interest Paid	(1,728)	(1,688)	2.4
Finance lease liability	(420)	(418)	0.4
Net cash flow from financing activities	(4,123)	(3,420)	20.6
Net increase (decrease) in cash and cash equivalents	(7,996)	(4,834)	65.4
Cash and cash equivalents at beginning of period	9,901	7,627	29.8
Cash and cash equivalents at end period	1,904	2,794	(31.8)