

1st Quarter 2022

EARNINGS RELEASE

SMU S.A.

MAY 16, 2022



Note Regarding Presentation and Comparison of Information

On October 8, 2020, SMU signed a binding agreement for the sale of its OK Market convenience stores to FEMSA Comercio S.A. de C.V., which operates OXXO convenience stores in Chile. On November 26, 2021, the Chilean antitrust authority (*Fiscalía Nacional Económica* or “FNE”) approved the Transaction, subject to remedies proposed by the parties. Therefore, and in accordance with the provisions of IFRS 5, in SMU’s Consolidated Financial Statements as of March 31, 2022, the OK Market business is presented as available for sale. The sale was completed on February 28, 2022.

Consequently, the accounts in the Company’s statements of comprehensive income for the first quarter of 2021 have been restated in order to provide the same presentation as the first quarter 2022 figures. As such, in both periods presented, the results from this business are consolidated in a single line of SMU’s statements of comprehensive income, under “Profit (loss) from discontinued operations”.

The statements of cash flows for the first quarter of 2021 have not been re-expressed, and as a result, such figures are not comparable to the figures for the first quarter of 2022. The statements of cash flows for the first quarter of 2021 include cash flows corresponding to OK Market, whereas in the first quarter of 2022, such cash flows are not included.

The statements of financial position are comparable between periods, because the comparison is between March 31, 2022 and December 31, 2021, and as of both dates, OK Market is presented as available for sale. Therefore, in both periods, OK Market’s assets are consolidated in a single line of SMU’s statements of financial position, under “Non-current assets or asset groups classified as held-for-sale”, and its liabilities are consolidated in a single line under “Non-current liabilities or liability groups classified as held-for-sale”.



Executive Summary: SMU S.A.'s Consolidated Results

SMU's **revenue** for the first quarter of 2022 (1Q22) **increased 17.6%** with respect to the first quarter of 2021 (1Q21), totaling CLP 665,230 million. This growth was driven by an **increase of 17.1% in same-store sales**, as well as by sales at new stores that have opened over the past year as part of the Company's omnichannel growth strategy.

This strong performance in sales was observed across all of the Company's formats, in both Chile and Peru: revenue growth for Unimarc was 17.1%; cash & carry, 20.4%; and Peru, 18.1% in the quarter. These results show solid demand from all of the customer segments the SMU serves, with the number of transactions continuing to improve, as seen in previous quarters, and increases in the number of customers visiting each of the formats.

In addition, during this period, SMU continued to expand the operations of its online sales platform, Unimarc.cl, achieving coverage of all 16 regions in Chile in April 2022.

Revenue growth in 1Q22 generated operating leverage, driving an **improvement of 29.2% in EBITDA¹**, which totaled CLP 65,271 million. EBITDA margin for 1Q22 amounted to 9.8%, an expansion of 90 basis points (bps) with respect to 8.9% reported for 1Q21.

Operating income for the period grew 45.6%, to CLP 44,286 million, and **non-operating results also saw a significant improvement**, of CLP 28,790 million (90.5%), primarily due to a difference of CLP 31,553 million in Other Gains (Losses) associated with non-recurring effects: (i) a loss of CLP 13,142 million from the plan implemented by the Company in February 2021 to optimize its organizational structure, generating savings in the following months; and (ii) a gain of CLP 18,342 million due to the sale of OK Market in February 2022. This transaction also generated a positive impact of CLP 2,502 million on deferred taxes, for a total impact of CLP 20,844 million recognized in first quarter net income. The sale of OK Market was completed on February 28, 2022, as part of a strategic decision by SMU to focus on its core business through its Unimarc, Alvi, Mayorista 10 and Super10 formats in Chile, and Maxiahorro and Mayorsa in Peru, as well as the ongoing development of its e-commerce business.

Net income for the first quarter of 2022 amounted to CLP 49,801 million, an increase of CLP 44,758 million (887.5%) with respect to CLP 5,043 million for 1Q21, due to both improved operating and non-operating results. **Net income from continued operations**—that is, excluding the OK Market business—totaled CLP 49,266 million (an increase of CLP 45,343 million over 1Q21).

With respect to SMU's **financial position**, between March and April of 2022, both ICR and Feller-Rate improved the outlook on SMU's credit rating, which is now A with a positive outlook in both cases. This change was the result of the operating and financial improvements reflected in the Company's 2021 results. The positive trend in the Company's financial position continued during the first quarter, with the strengthening of liquidity and indebtedness ratios due to **operating cash generation (which increased CLP 15,152 million, or 47%, in 1Q22)**, as well as the proceeds from the sale of OK Market in February (CLP 49,474 million) and the placement of series AO bonds in March (UF 1 million), as part of the Company's long-term financial strategy. Consequently, SMU has a very strong liquidity position to carry out its strategic plan and pay upcoming maturities.

¹ EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization



Management Commentary

With respect to the release of earnings for the first quarter of 2022, SMU's CEO, Marcelo Gálvez, stated, "The positive trend in demand and the return of customers to our stores that we saw in 2021 continued during this first quarter, as reflected in our operating results. Revenue grew 17.6%, with strong performance across formats, leading to a recovery in our market share in Chile."

Mr. Gálvez went on to say, "We started the year off with EBITDA growth of 29.2% and an expansion of 90 basis points in our EBITDA margin, which reached 9.8%, as the strong sales performance created operating leverage."

"In addition to the increase of 45.6% in operating income, we also saw improvements in non-operating results, primarily due to non-recurring effects, such as the sale of OK Market, which was completed on February 28. The combination of these operating and non-operating effects led to net income of close to CLP 50 billion, nearly 10 times the first quarter 2021 amount."

"In recent weeks, both ICR and Feller-Rate decided to improve the outlook on our credit rating, which is now A with a positive outlook, following their annual review, and with these first-quarter results, we continue to further strengthen our financial position."

"With respect to our strategic plan, in terms of Omnichannel Growth, during the first few months of this year we opened two new stores: an Unimarc in La Serena and a Maxiahorro in Piura. We also achieved coverage of all 16 regions in Chile with our e-grocery platform Unimarc.cl. In addition, last week we reopened our Alvi Maipú store that had been closed for over two years."

"In the Customer Experience pillar, we've seen very good results from our growing offering of private label products. We continue to launch new products that are valued by customers, expanding our coverage of categories and increasing the share of these products in our sales mix."

"Another recent highlight regarding our private label and responsible sourcing strategies was our signing the second Clean Production Agreement for Packaging, which is an initiative led by the Chilean Manufacturers' Association (SOFOFA), Environmental Ministry, and Agency for Sustainability and Climate Change, among others, to increase the use of recyclable materials. To date we have certified the packaging of nearly 50 private label products, and our goal is to reach 500 products by 2024 as part of our initiatives to reduce our impact on the environment, within the Committed & Sustainable Organization pillar of our plan."

"As a company, we have always been deeply committed to diversity and inclusion, as we are convinced that they are business drivers that enable us to understand the business and community environments in which we operate, and to better serve our customers. Our performance in this area was recognized last month by the audit firm EY and the El Mercurio newspaper, who named SMU as a Distinguished Company in Diversity and Inclusion as part of their annual corporate awards ceremony. We feel very proud of this recognition, which motivates us to continue promoting diversity and inclusion both in the workplace and in society as a whole," concluded Mr. Gálvez.



Highlights

Shareholders' Meetings

On April 21, 2022, SMU held its Annual General Shareholders' Meeting and an Extraordinary Shareholders' Meeting, at which all voting matters were approved. AGM resolutions included the payment of a final dividend of CLP 3.76549 per share, which is in addition to the interim dividends of CLP 0.65525 per share, CLP 2.48282 per share, and CLP 2.93258 per share, paid on June 23, September 28, and December 22, 2021, respectively, for a total amount of CLP 56,779,874,116, or CLP 9.83614 per share (75% of net income). The final dividend was paid beginning on April 29, 2022. With respect to the Extraordinary Shareholders' Meeting, shareholders approved the implementation of a share buyback program.

Placement of Series AO Bonds

On March 15, 2022, SMU placed the series AO bonds in the local market, for a total of UF 1 million (approximately CLP 32 billion or USD 39 million) at an annual interest rate of 6.25%. The bonds have an annual coupon rate of 6.3% and a bullet structure, maturing in five years. The proceeds will be used to refinance financial liabilities. This transaction was met with strong interest by institutional investors, and of particular note is the fact that this was the first relevant transaction in the local market by a company with an "A" rating in the preceding nine months. This placement is part of the Company's long-term financing strategy.

Conference Call

SMU will host a conference call and webcast for investors on Wednesday, May 18, 2022 at 11:00 am ET/ 11:00 am Santiago to discuss its first quarter 2022 results.

Dial in:

Toll-Free US Dial in #: +1 (800) 319 4610

International Dial in #: +1 (416) 915 3239

Please dial in 5-10 minutes prior to the scheduled start time and ask for the SMU Earnings Call

Webcast (live):

<https://services.choruscall.ca/links/smu2022q1.html>

After the call, a recording will be made available at:

<https://www.smu.cl/en/inversionistas/informacion-financiera/>



Analysis of Financial Statements

SMU's consolidated results for the periods of three months ended March 31, 2022 and 2021 are presented in the table below. All figures are expressed in Chilean pesos (CLP) and have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Table 1: Consolidated Income Statement

(CLP Million)	1Q22	1Q21 (Restated)	△ %
Revenue	665,230	565,451	17.6%
Cost of Sales	(470,037)	(397,416)	18.3%
Gross Profit	195,192	168,035	16.2%
<i>Gross Margin (%)</i>	<i>29.3%</i>	<i>29.7%</i>	
Distribution Costs	(9,380)	(7,245)	29.5%
Contribution Margin	185,812	160,790	15.6%
<i>Contribution Margin (%)</i>	<i>27.9%</i>	<i>28.4%</i>	
Administrative Expenses (Excluding Depreciation)	(120,542)	(110,265)	9.3%
EBITDA	65,271	50,524	29.2%
<i>EBITDA Margin (%)</i>	<i>9.8%</i>	<i>8.9%</i>	
Depreciation and Amortization	(20,985)	(20,109)	4.4%
Operating Income	44,286	30,415	45.6%
Other Gains (Losses)	18,078	(13,475)	n.a.
Financial Income	1,927	554	247.9%
Financial Expenses	(12,437)	(12,720)	(2.2%)
Share of Profit (Loss) of Associates	9	(34)	n.a.
Foreign Exchange Differences	(57)	(17)	226.9%
Income (Loss) for Indexed Assets and Liabilities	(10,550)	(6,129)	72.1%
Non-operating Income	(3,030)	(31,820)	(90.5%)
Net Income (Loss) Before Taxes	41,256	(1,405)	n.a.
Income Tax Expense	8,010	5,328	50.3%
Net Income (Loss) from Continued Operations	49,266	3,923	1,155.8%
Net Income (Loss) from Discontinued Operations	535	1,120	(52.2%)
Net Income (Loss) of the Period	49,801	5,043	887.5%

*n.a. = not applicable. Indicates a comparison in percentage terms between a positive number in one period and a negative number in another period.



1. Analysis of Income Statement

1.1. Results of Operations

1.1.1. Revenue

Revenue for the first quarter of 2022 amounted to CLP 665,230 million, an increase of 17.6% with respect to CLP 565,451 million for the first quarter of 2021.

This strong performance in sales was observed across all of the Company's formats, in both Chile and Peru, with solid demand from all of the customer segments the SMU serves, with the number of transactions continuing to improve, as seen in previous quarters, and increases in the number of customers visiting each of the formats.

Table 2: Revenue (CLP MMM)

REVENUE (CLP MMM)	1Q22	1Q21	Δ%
UNIMARC	462	395	17.1%
CASH & CARRY	188	156	20.4%
OTHERS(*)	1.7	3.2	-47.9%
FOOD RETAIL CHILE	652	554	17.6%
FOOD RETAIL PERU	13.2	11.2	18.1%
CONSOLIDATED	665	565	17.6%

(*) "Others" includes revenue from Telemercados and the Los Dominicos dark store, as well as all income other than that generated by the Company's operating formats presented in the table.

Food Retail Chile revenue increased 17.6% in 1Q22 with respect to 1Q21. By format, revenue for Unimarc—the traditional supermarket—grew 17.1% in 1Q22, driven by both same-stores sales growth and revenue from new stores opened over the past year. During the first quarter, the recovery in traffic continued, with an increase of 33% in the number of transactions with respect to the same period of the previous year, while the average ticket continued to gradually decrease, but to a lesser extent than the increase in transactions.

Revenue for the cash & carry segment grew 20.4% in 1Q22, driven by the Mayorista 10 and Super10 banners, which grew 22.1%, and Alvi, with 18.2% growth. It should be noted that Alvi has had nine consecutive quarters of revenue growth, averaging 10% over the last two years, and in the first quarter of this year, there is a further positive effect from the two stores that opened in December 2021. These formats experienced the same recovery in traffic, with a slight decrease in average ticket. The cross-format growth shows that the Company's multiformat strategy is performing well, with different value propositions that serve the needs of different types of customers.



Online sales, through both SMU’s own platforms and through last milers—who operate at Unimarc stores—account for approximately 1.8% of revenue at stores where they operate. Since the launch of the Unimarc.cl e-commerce platform and the Unimarc app on September 30, 2021, the Company has been expanding its geographic coverage, beginning in the Santiago Metro Region and reaching all regions of Chile in April 2022. The Company complements these operations with partnerships with last milers, also covering all 16 regions of the country and continuing to add new stores.

In Food Retail Peru, revenue grew 18.1% (measured in Chilean pesos) in 1Q21, and in local currency, the increase was 9.9%, reflecting same-store sales growth, as well as the contribution of new Maxiahorro stores opened in the last year. This segment has shown solid performance, with a value proposition that has been well received by customers.

Table 3: Same-Store Sales Growth (%)

SSS (Δ%)	1Q21	2Q21	3Q21	4Q21	2021	1Q22
UNIMARC	-5.2%	15.4%	18.4%	13.2%	10.1%	16.7%
CASH & CARRY	-1.5%	9.8%	12.5%	14.9%	8.9%	18.2%
FOOD RETAIL CHILE	-4.2%	13.3%	16.2%	13.7%	9.5%	17.1%
FOOD RETAIL PERU	-1.7%	-15.5%	13.4%	8.4%	0.8%	6.4%
CONSOLIDATED	-4.1%	12.3%	16.0%	13.5%	9.0%	17.1%

Same-store sales (SSS) grew 17.1% in 1Q22, continuing the positive trend from the previous quarters (+16.0% in 3Q21 and +13.5% in 4Q21).

By format, SSS for Unimarc increased 16.7% in 1Q22, whereas the cash & carry formats saw growth of 18.2%. As mentioned above, the strong sales performance reflects a recovery in the number of transactions, as well as an average ticket that remains well above historical levels.

Food Retail Peru—which accounts for 2% of SMU’s revenue—recorded an increase in SSS (measured in Soles) of 6.4% in 1Q22.



Table 4: Sales per Square Meter (Thous. CLP/M2)

SALES PER SQM (CLP Thousands/sqm)	1Q22	1Q21	△%
FOOD RETAIL CHILE	462.6	394.3	17.3%
FOOD RETAIL PERU	241.6	203.4	18.8%
CONSOLIDATED	454.3	387.3	17.3%

Sales per square meter reached CLP 454,310 for the first quarter of 2022, 17.3% higher than 1Q21, in line with revenue performance: sales per square meter for Food Retail Chile grew 17.3% in 1Q22 vs. 1Q21, whereas Food Retail Peru (measured in Chilean pesos) saw growth of 18.8% in 1Q22

Table 5: Number of Stores and Sales Area (Thous. Square Meters)

NUMBER OF STORES	1Q22	1Q21	SALES AREA (THOUSANDS OF SQM)	1Q22	1Q21
UNIMARC	281	283	UNIMARC	346	346
CASH & CARRY	96	95	CASH & CARRY	124	123
FOOD RETAIL CHILE	377	378	FOOD RETAIL CHILE	469	469
FOOD RETAIL PERU	27	24	FOOD RETAIL PERU	19	18
CONSOLIDATED	404	402	CONSOLIDATED	488	487

Table 6: Store Openings and Closures

OPENINGS AND CLOSURES	1Q21		2Q21		3Q21		4Q21		1Q22	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	1	1	0	0	0	0	1	1	1	3
CASH & CARRY	0	0	0	0	0	0	1	0	0	0
FOOD RETAIL CHILE	1	1	0	0	0	0	2	1	1	3
FOOD RETAIL PERU	1	2	0	0	1	0	1	0	1	0

As of March 31, 2022, SMU's operations included 377 stores in Chile, distributed from Arica to Punta Arenas—similar to the 378 stores in operation at the end of 1Q21—and a total of 469,319 square meters. In Peru, the Company had 27 stores, with 18,297 square meters, for a **total of 404 stores and 488,245 square meters** between the two countries.

The number of stores as of March 31, 2022 includes two Alvi stores that were not operating due to fires or other damage caused by acts of vandalism during the social unrest in Chile beginning on October 18, 2019.

During the first quarter, SMU opened one Unimarc store, in La Serena, and one Maxiahorro, in Piura. In addition, three Unimarc stores that had not operated since the fourth quarter of 2019 were removed from the total number of stores.



1.1.2. Distribution Costs and Administrative Expenses

Distribution costs plus administrative expenses (excluding depreciation and amortization) totaled CLP 129,922 million for the first quarter of 2022, an increase of 10.6% with respect to CLP 117,511 million for 1Q21. As a percentage of revenue, operating expenses amounted to 19.5% in 1Q22 and 20.8% in 1Q21, an improvement of 130 bps.

Distribution costs for 1Q22 totaled CLP 9,380 million, an increase of 29.5% with respect to 1Q21. Distribution costs as a percentage of revenue amounted to 1.4% in 1Q22 and 1.3% in 1Q21. The increase in distribution costs is explained by the higher cost of oil, as well as the high levels of inflation, and the exchange rate—variables that affect the algorithm used to determine transportation cost—as well as the increase in sales.

Administrative expenses (excluding depreciation and amortization) totaled CLP 120,546 million (18.1% of revenue) in 1Q22, an increase of 9.3% with respect to CLP 110,265 million (19.5% of revenue) in 1Q21, an improvement of 140 bps as a percentage of revenue.

It should be noted that personnel expenses, which are the Company's main operating expense, accounting for approximately 47% of the total, remained relatively stable in the first quarter, increasing only 0.6% with respect to 1Q21, despite increases in minimum wage (+7.2%) and inflation (+6.6%), due to a lower average headcount resulting from productivity and efficiency initiatives implemented by the company, and higher rates of absenteeism. Given the significant weight of these expenses in the total, the relative stability in this item helps to offset the increases in other expenses described below:

- a. Increase of CLP 4,140 million (+19.3% YoY) in services, primarily due to expenses related to demurrage charges; temporary services to cover employee absenteeism; increases in inflation and minimum wage, which are the main elements of the cost of cleaning and security services; and increased utilities rates.
- b. Increase of CLP 1,385 million (+19.3% YoY) in lease expenses, primarily due to inflation, new store openings, and higher variable payments associated with higher sales.
- c. Increase of CLP 1,233 million (+34.0% YoY) in credit card commissions, due to the increase in the use of electronic forms of payment, higher rates charged under the new four-party model, and higher sales.
- d. Increase of CLP 914 million (+22.4% YoY) in IT services, primarily due to the implementation of strategic initiatives, including new modules of SAP.
- e. Increase of CLP 821 million (+743.6%) in fines, primarily due to legal/administrative proceedings in Peru.
- f. Increase of CLP 737 million (+17.7%) in maintenance expenses, primarily due to a low comparison base, as in 1Q21 there were fewer requirements as a result of the pandemic.



Table 7: Average Headcount

AVERAGE HEADCOUNT	1Q22	1Q21	Δ%
STORES CHILE	22,459	23,685	-5.2%
HEADQUARTERS CHILE	2,034	1,983	2.6%
FOOD RETAIL CHILE	24,493	25,669	-4.6%
STORES PERU	529	484	9.2%
HEADQUARTERS PERU	161	154	4.3%
FOOD RETAIL PERU	689	638	8.0%
CONSOLIDATED	25,183	26,307	-4.3%

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the first quarter of 2022 totaled CLP 195,192 million (29.3% of revenue), an increase of 16.2% with respect to CLP 168,035 million (29.7% of revenue) for 1Q21.

Contribution margin totaled CLP 185,812 million (27.9% of revenue) in 1Q22, an increase of 15.6% compared to CLP 160,790 million (28.4% of revenue) for 1Q21.

EBITDA totaled CLP 65,271 million in 1Q22, an increase of 29.2% with respect to CLP 50,524 million in 1Q21. EBITDA margin for 1Q22 amounted to 9.8%, an expansion of 90 basis points compared to 8.9% in 1Q21, reflecting significant operating leverage during the period due to strong top-line growth.

EBITDAR (EBITDA less lease expenses) totaled CLP 72,393 million (EBITDAR margin of 10.9%) in 1Q22, an increase of 28.7% with respect to CLP 56,262 million (EBITDAR margin 9.9%) in 1Q21.

EBITDA adjusted for store rental expenses (EBITDA including all rental expenses, including those not included in administrative expenses under IFRS 16) for 1Q22 totaled CLP 47,056 million, an increase of 43% with respect to CLP 32,896 million in 1Q21.



1.2 Non-operating Income² and Income Tax Expense

The consolidated **non-operating loss** for SMU totaled CLP -3,030 million in 1Q22, a difference of CLP 28,790 million with respect to CLP -31,820 million in 1Q21, primarily due to the difference of CLP 31,553 million in **other gains (losses)**, as a result of two non-recurring effects:

- i. Gain of CLP 18,342 million in 1Q22 from the sale of OK Market, which was completed on February 28.
- ii. Loss of CLP 13,142 million in 1Q21, due to the plan implemented by the Company in February 2021 to optimize its organizational structure, as a result of the operating efficiency initiatives that have been implemented as part of the strategic plan, including the incorporation of technological tools and redesigning in-store processes.

In addition, there was an increase of CLP 1,373 in **financial income**, as higher levels of cash during the period led to an increase in time deposits, and interest rates were higher.

These effects were partially offset by higher **losses on inflation-indexed assets and liabilities** of CLP 4,421 million, due to higher inflation with respect to 1Q21.

The **income tax benefit** for 1Q22 amounted to CLP 8,010 million, a difference of CLP 2,682 million with respect to CLP 5,328 million for 1Q21, primarily due to higher inflation, resulting in higher inflation adjustments to the tax loss carryforward, as well as the positive effect of the sale of OK Market on deferred taxes (CLP 2,502 million), partially offset by the better pre-tax results.

1.3 Results of Discontinued Operations: OK Market

The results of the OK Market business are presented consolidated in one line, “Net income from discontinued operations” (see Note on Presentation and Comparison of Information, page 2).

Revenue for OK Market in 1Q22 amounted to CLP 9,147 million, a decrease of 38.4% with respect to CLP 14,848 million reported in 1Q21. The main reason for the decrease is that OK Market ceased to belong to the SMU Group on February 28, 2022, so 1Q22 results only reflect two months of operations, whereas 1Q21 results include three months. Revenue for the first two months of 2022 were also affected by a high comparison base in 2021, when pandemic-related restrictions forced many people to remain in the Santiago Metro Region—where the vast majority of OK Market stores are located—during summer vacations, whereas in 2022, people were free to travel and left the capital in January and February.

Gross profit for this business fell 37.4%, in line with revenue, and operating expenses decreased 22.0%.

Net income from discontinued operations amounted to CLP 535 million in 1Q22, a decrease of 52.2% compared to CLP 1,120 million in 1Q21.

² Non-operating income = Financial income and financial expenses + Share in profit (loss) of associates + foreign currency translation differences + income (expense) from inflation adjusted units + other gains (losses)



1.4 Net Income

SMU reported **net income** of CLP 49,801 million for the first quarter of 2022, an increase of CLP 44,758 (887.5%) compared to CLP 5,043 million for 1Q21, due to the improvement in both operating income, which grew CLP 13,871 million (45.6%), and non-operating income (CLP 28,790 million, or 90.5%), due to the non-recurring effects describe above. Net income from continued operations totaled CLP 49,266 million (increase of 45,343 million vs. 1Q21).



2. Analysis of Statement of Financial Position

Table 8: Statement of Financial Position as of March 31, 2022 and December 31, 2021

(CLP Million)	March 2022	December 2021	Δ \$	Δ %
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	207,704	113,794	93,910	82.5%
Other Current Financial Assets	2,091	8	2,083	25,106.9%
Other Current Non-Financial Assets	25,327	28,496	(3,169)	(11.1%)
Trade Accounts Receivable and Other Receivables, Net	71,314	93,719	(22,405)	(23.9%)
Accounts Receivable from Related Companies	16,173	16,004	170	1.1%
Inventories	252,428	231,874	20,554	8.9%
Current Tax Assets	3,104	2,698	406	15.0%
Non-Current Assets Classified as Held for Sale	-	41,665.6	(41,666)	(100.0%)
Total Current Assets	578,142	528,259	49,883	9.4%
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	383	1,713	(1,330)	(77.6%)
Other Non-Current Non-Financial Assets	2,365	2,270	95	4.2%
Non-Current Accounts Receivable	2,058	2,351	(292)	(12.4%)
Non-Current Accounts Receivable from Related Parties	-	-	-	-
Investments Accounted for Using the Equity Method	13,759	13,750	9	0.1%
Intangible Assets Other Than Goodwill	60,688	61,514	(826)	(1.3%)
Goodwill	472,644	472,573	71	0.0%
Property, Plant, and equipment, net	715,011	713,965	1,046	0.1%
Deferred tax assets	431,680	424,088	7,591	1.8%
Total Non-Current Assets	1,698,588	1,692,224	6,364	0.4%
TOTAL ASSETS	2,276,729	2,220,482	56,247	2.5%
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Liabilities	166,826	146,700	20,126	13.7%
Trade and Other Current Payables	425,455	423,762	1,694	0.4%
Accounts Payable to Related Companies	585	918	(332)	(36.2%)
Other Current Provisions	2,099	2,193	(94)	(4.3%)
Current Tax Liabilities	139	139	-	0.0%
Current Provisions for Employee Benefits	14,307	34,647	(20,340)	(58.7%)
Other Current Non-Financial Liabilities	1,174	7,378	(6,203)	(84.1%)
Non-Current Liabilities Classified as Held for Sale	-	10,877.1	(10,877)	(100.0%)
Total Current Liabilities	610,586	626,612	(16,026)	(2.6%)
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	860,217	838,520	21,696	2.6%
Non-Current Payables	0	1	(1)	(100.0%)
Deferred Tax Liabilities	17	74	(56)	(76.6%)
Non-Current Provisions for Employee Benefits	3,240	2,514	726	28.9%
Other Non-Current Non-Financial Liabilities	-	-	-	-
Total Non-Current Liabilities	863,474	841,109	22,365	2.7%
TOTAL LIABILITIES	1,474,060	1,467,721	6,339	0.4%
EQUITY				
Issued Capital	523,742	523,742	-	0.0%
Retained Earnings	129,659	79,858	49,801	62.4%
Other Reserves	149,268	149,161	107	0.1%
Equity Attributable to the Owners of the Parent Company	802,669	752,761	49,909	6.6%
Non-Controlling Interest	-	-	-	-
Total Equity	802,669	752,761	49,909	6.6%
TOTAL LIABILITIES AND EQUITY	2,276,729	2,220,482	56,247	2.5%



2.1. Assets

As of March 31, 2022, SMU's **total assets** increased by CLP 56,247 million (2.5%) with respect to December 31, 2021, totaling CLP 2,276,729 million.

Current assets as of March 31, 2022 increased CLP 49,883 million (9.4%) with respect to December 31, 2021, totaling CLP 578,142 million. The primary variations during the period were:

- a. An increase of CLP 93,910 million in cash and cash equivalents, primarily due to the sale of OK Market, which was completed on February 28 (CLP 49,474 million) and the placement of the Series AO bonds on March 15 (UF 1 million). The remaining variations in cash and cash equivalents are described in section 3. Analysis of Statement of Cash Flows.
- b. A decrease of CLP 41,666 million in non-current assets or asset groups classified as held-for-sale, due to the completion of the sale of OK Market during the first quarter (see Note on Presentation and Comparison of Information, page 2).
- c. An increase of CLP 20,554 million in inventory, primarily due to the increase in the cost of inventory, as a result of rising supplier costs, and an increase in the quantity of inventories as part of the Company's strategy to ensure product availabilities in stores, as well as the seasonality of the business.
- d. A decrease of CLP 22,405 million in trade accounts receivable and other accounts receivable, primarily due to a decrease in accounts receivable from Transbank, related to the seasonality of the business.

Non-current assets as of March 31, 2022 increased CLP 6,364 million (0.4%) with respect to December 31, 2021, totaling CLP 1,698,588 million. The primary variation during the period was an increase of CLP 7,591 million in deferred tax assets, primarily due to inflation adjustments to tax loss carryforwards and the effect of the sale of OK Market.

2.2. Liabilities

As of March 31, 2022, the Company's **total liabilities** increased by CLP 6,339 million (0.4%) with respect to December 31, 2021, totaling CLP 1,474,060 million.

Current liabilities as of March 31, 2022 decreased by CLP 16,026 million (2.6%) with respect to December 2021, totaling CLP 610,586 million.

The primary variations during the period are detailed as follows:

- a. A decrease of CLP 20,340 million in current provisions for employee benefits, primarily due to the payment of bonuses in the first quarter, as well as a lower provision for vacations, following the peak vacation months of January and February.
- b. An increase of CLP 20,126 million in other current financial liabilities, primarily due to an increase of CLP 22,206 million in obligations with the public, from the transfer from non-current to current of a portion of the Series T bonds, as well as the variation of the UF (inflation) during the period and accrued interest, partially offset by a decrease of CLP 3,214 million in bank loans, due to payments made during the period.



- c. A decrease of CLP 10,877 million in non-current liabilities or liability groups classified as held-for-sale, related to the completion of the sale of OK Market in the first quarter (see Note on Presentation and Comparison of Information, page 2).
- d. A decrease of CLP 6,203 million in other current non-financial liabilities, primarily due to a decrease of CLP 6,111 million in VAT fiscal debit.

Non-current liabilities as of March 31, 2022 increased by CLP 22,365 million (2.7%) with respect to December 2021, amounting to CLP 863,474 million. The primary variation during the period was the increase of CLP 21,696 million in other non-current financial liabilities, related to the placement of the Series AO bonds (UF 1 million), as well as inflation, partially offset by the transfer from non-current to current of a portion of the Series T bonds.

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 49.909 million (6.6%), primarily explained by the increase of CLP 49,801 million in retained earnings, due to net income for the period.



3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the Three Months Ended March 31, 2022 and 2021

(CLP Million)	March 2022	March 2021	△\$
Net Cash Flows From (Used in) Operating Activities	47,442	32,289	15,152
Net Cash Flows From (Used in) Investing Activities	40,940	(8,506)	49,446
Net Cash Flows From (Used in) Financing Activities	5,529	(125,261)	130,790
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	93,910	(101,478)	195,389
Net Increase (Decrease) in Cash and Cash Equivalents	93,910	(101,478)	195,389
Cash and Cash Equivalents at Beginning of Period	113,794	197,672	(83,878)
Cash and Cash Equivalents at End of Period	207,704	96,194	111,511

During the first quarter of 2022, cash provided by **operating activities** totaled CLP 47,442 million, an increase of CLP 15,152 million compared to CLP 32,289 million for 1Q21. The higher operating cash generation is mainly due to the increase of CLP 115,046 million in cash receipts from the sale of goods and rendering of services, partially offset by higher payments to suppliers (CLP 98,592 million).

Cash provided by **investing activities** for 1Q22 totaled a net inflow of CLP 40,940 million, a difference of CLP 49,446 million compared to CLP -8,506 million for 1Q21. The main cash inflow in 1Q22 was from the sale of OK Market (CLP 49,474 million), whereas the main outflow of cash in investing activities is for **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 8,757 million in 1Q22 and CLP 8,547 million in 1Q21.

Cash provided by **financing activities** for 1Q22 totaled a net inflow of CLP -5,529 million, mainly explained by proceeds from long-term loans for CLP 31,820 million, from the placement of Series AO bonds, partially offset by: (i) payments of financial leases for CLP 12,237 million; (ii) interest payments of CLP 10.053 million; and (iii) repayment of loans for CLP 4,001 million. In 1Q21, cash used in financing activities totaled a net outflow of CLP -125,261 million, mainly explained by: (i) payment of loans for CLP 89,193 million; (ii) payments of financial leases for CLP 13,782 million; (iii) interest payments of CLP 11,678 million; and (iv) dividend payments for CLP 10,608 million.



4. Financial Indicators

Table 10: Financial Indicators

			Mar. 2022	Dec. 2021
LIQUIDITY				
Liquidity Ratio	times	<i>Current assets/current liabilities</i>	0.95	0.84
Acid Ratio	times	<i>(Current assets - inventories)/current liabilities</i>	0.53	0.47
LEVERAGE				
Total Liabilities / Total Assets	times	<i>Total liabilities / Total assets</i>	0.65	0.66
Total Liabilities / Equity	times	<i>Total liabilities / Equity</i>	1.84	1.95
Net Financial Debt / Equity	times	<i>(Other current financial liabilities - current obligations for rights of use + other non-current financial liabilities - non-current obligations for rights of use - cash and cash equivalents)/Shareholders' equity</i>	0.45	0.55
Current Liabilities / Total Liabilities	%	<i>Total current liabilities/Total liabilities</i>	41.42	42.69
Net Financial Liabilities / EBITDA	times	<i>(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/EBITDA for the last 12 months</i>	3.41	3.86
WORKING CAPITAL				
Days of Inventory	days	<i>Average inventory for the period / Daily cost of goods sold for the period</i>	46.37	43.22
Accounts Receivable Days	days	<i>Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)</i>	9.38	11.33
Accounts Payable Days	days	<i>Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)</i>	68.32	67.90
EFFICIENCY (12 months)				
Interest Coverage (Last 12 months)	times	<i>EBITDA for the last 12 months / (financial expenses for the last 12 months - financial income for the last 12 months)</i>	5.39	4.88
Gross Margin (Last 12 months)	%		29.08	29.15
EBITDA (Last 12 months)	CLP MM		240,526	225,780
EBITDA Margin (Last 12 months)	%		9.35	9.13
PROFITABILITY (12 months)				
Return on Assets	%	<i>Net income last 12 months / Total assets</i>	5.29	3.41
Return on Assets (excluding goodwill)	%	<i>Net income last 12 months / (Total assets - goodwill)</i>	6.68	4.33
Return on Equity	%	<i>Net income last 12 months / Shareholders' Equity</i>	15.01	10.06
Return on Invested Capital (including goodwill)	%	<i>Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)</i>	10.17	9.27
Return on Invested Capital (excluding goodwill)	%	<i>Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)</i>	14.54	13.26
EBITDA Adjusted for Store Rental Expenses				
EBITDA Adjusted for Store Rental Expenses (Last 12 months)	CLP MM	<i>EBITDA including store rental expenses not included in administrative expenses under IFRS</i>	171,019	156,859
Interest Coverage Adjusted for Store Rental Expenses (Last 12 mmonths)	times	<i>EBITDA Adjusted for Store Rental Expenses for the last 12 months / (interest expense for the last 12 months - interest on liabilities for rights of use for the last 12 months - financial income for the last 12 months)</i>	11.71	9.48
Net Financial Debt/EBITDA Adjusted for Store Rental Expenses	times	<i>(Other current financial liabilities - current obligations for rights of use + other non-current financial liabilities - non-current obligations for rights of use - cash and cash equivalents)/EBITDA Adjusted for Store Rental Expenses for the last 12 months</i>	2.13	2.66

With respect to **liquidity** indicators, the difference between December 2021 and March 2022 is due to the decrease in current liabilities and the increase in current assets, as explained in section 2 of this document.

With respect to **indebtedness** indicators, the primary variations are due to the reduction in net financial liabilities and net financial debt, as well as the increase in shareholders' equity and EBITDA for the last 12 months, as explained in sections 1 and 2 of this document.



With respect to **working capital** indicators, the primary differences are in inventory turnover, due to the increase in inventory levels, and in accounts receivable days, due to the decrease in accounts payable, as explained in section 2 of this document.

With respect to **efficiency** and **profitability** indicators, the improvements are primarily explained by the increase in EBITDA, operating income, and net income for the last 12 months, as explained in section 1 of this document.

5. Risk Management

The main risks faced by SMU, as well as certain measures taken by the Company to mitigate such risks, are described in note 4 to SMU's consolidated financial statements as of March 31, 2022.

6. Relevant Events During the Period

1. On February 28, 2022, the Company filed an essential fact, informing:
 - a) As informed in the essential fact filed on October 8, 2020, SMU's subsidiaries Supermercados Chile S.A. and Inversiones SMU SpA (together, the "Sellers"), which own 100% of the shares of OK Market S.A. ("OK Market"), today executed a binding agreement (herein, the "Agreement") with FEMSA Comercio, S.A. de C.V. (herein, "FEMSA" and together with the Sellers, the "Parties"), for the sale of 100% of OK Market's shares and the sale of the merchandise in OK Market's stores at the closing date (herein, the "Transaction").
 - b) As informed in the abovementioned essential fact, the Transaction was subject to a series of conditions for its completion, including, among others, approval by anti-trust authorities, the negotiation of a share purchase agreement according to which shares shall be transferred, and completion of due diligence by FEMSA.
 - c) On November 26, 2021, the Chilean antitrust authority (*Fiscalía Nacional Económica* or "FNE") approved the Transaction, subject to remedies proposed by the parties.
 - d) The regulatory requirements that are necessary to complete the Transaction have been met, and the due diligence process has been satisfactorily completed by FEMSA. Therefore, I hereby inform you that today the sale of OK Market has been completed, through the execution of a share purchase agreement.
 - e) The total price received by SMU as a result of the sale amounts to CLP 49,474,788,613. As stated in the essential fact filed on October 8, 2020, SMU's Board of Directors approved that the proceeds from this transaction will be used primarily towards the execution of the Company's strategic plan
 - f) The Company estimates that the impact from the Transaction on first quarter 2022 net income will be approximately CLP 20,000 million.
2. On March 15, 2022, the Company filed an essential fact, informing the placement of dematerialized bearer bonds in the local Chilean market under Series AO (ticker BCSMU-AO), charged to the bond line that is registered with the Securities Registry of the CMF under number 1.098 ("Series AO Bonds"). The series was placed at an annual interest rate of 6.25%, with an annual coupon rate of 6.3%, and a maturity date of March 1, 2027.



The placement of the Series AO Bonds was for a total amount of UF 1 million. The Company intends to use the total amount of the net proceeds from the placement to refinance existing financial liabilities.

3. On March 28, 2022, the Company filed an essential fact, informing that that the Company's Board of Directors agreed the following:
 - (1) To call an Annual Ordinary Shareholders' Meeting to be held on April 21, 2022, at 10:00 am, at Cerro El Plomo 5680 11th floor, Las Condes, Santiago, in order to inform the Company's shareholders of and/or to submit for the approval of the Company's shareholders the following matters:
 - a. Approve annual report and financial statements for the 2021 period.
 - b. Approve the report of independent auditors.
 - c. Approve remunerations of Board of Directors and other corporate committees for the 2022 period. Inform Board of Directors expenses incurred during 2021 period.
 - d. Inform activities and expenses of Directors' Committee for the 2021 period and determine remunerations and budget for the 2022 period.
 - e. Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
 - f. Designate independent audit firm for the 2022 period.
 - g. Designate credit rating agencies for the 2022 period.
 - h. Dividend payment and distribution of net income for the 2021 period.
 - i. Designate newspaper in which legally required notifications will be published.
 - j. Review any other matter that is of interest to shareholders and pertains to the Annual Ordinary Shareholders' Meeting.
 - (2) To submit for shareholder approval at such Annual Shareholders' Meeting a proposal for the payment of a final dividend in the amount of CLP 3.76549 per share, which is in addition to the interim dividends of CLP 0.65525 per share, CLP 2.48282 per share, and CLP 2.93258 per share, paid on June 23, September 28, and December 22, 2021, respectively, for a total amount of CLP 56,779,874,116, or CLP 9.83614 per share. If approved, such dividend would be paid on April 29, 2022 to shareholders of record as of the fifth business day prior to such date.
 - (3) In addition, the Board of Directors agreed to call an Extraordinary Shareholders' Meeting, to be held immediately after the Annual Ordinary Shareholders' Meeting, in order to discuss and vote on the following matters:
 - a. Approval of a share repurchase program, in accordance with Articles 27A to 27C of the Corporations Act (Ley de Sociedades Anónimas) of Chile, as well as other applicable regulations.
 - b. Approval of the details of the share repurchase program, in particular: (a) the maximum amount or percentage to be acquired; (b) the purpose and duration of the share repurchase program, which may not exceed five years; (c) delegation to the Board of Directors of the responsibility for setting the purchase price for the respective shares; (d) authorization of the Board of Directors to directly acquire shares representing up to 1% of shares within any 12-month period, without the need to apply the pro rata procedure; (e) authorization of the Board of Directors to sell the shares acquired, through a preferential rights offering or without a preferential rights offering when the total amount of shares to be sold within any 12-month period does not exceed 1% of shares; and (f) any other relevant conditions.



- c. In general, approval of any other agreements necessary to implement the share repurchase program and other related resolutions.

In light of public health concerns related to the COVID-19 pandemic, the Board of Directors also agreed to offer shareholders the option to participate remotely. Further information about how to participate remotely in the meeting will be available soon on the Company's website.

- 4. On March 31, 2022, the rating agency ICR improved the outlook on SMU's credit rating from A (stable outlook) to A (positive outlook).

7. Subsequent Events

- 1. On April 21, 2022, the Company filed an essential fact, informing that shareholders at SMU's annual general shareholders' meeting approved the following:
 - (1) Approve annual report and financial statements for the 2021 period.
 - (2) Approve the report of independent auditors.
 - (3) Approve remunerations of Board of Directors and other corporate committees for the 2022 period. In addition, shareholders were informed of Board of Directors expenses incurred during 2021 period.
 - (4) Approve remunerations of the Directors' Committee for the 2022 period and inform activities and expenses of such committee during 2021.
 - (5) Approve the report of operations referred to under Title XVI of Law No. 18,046 (related-party operations).
 - (6) Designate KPMG Auditores Consultores Limitada as the independent audit firm; and designate Feller-Rate and ICR as local credit rating agencies.
 - (7) Designate the El Pulso section of La Tercera as the newspaper in which legally required notifications will be published.
 - (8) Distribute to shareholders a final dividend of CLP 3.76549 per share, which is in addition to the interim dividends of CLP 0.65525 per share, CLP 2.48282 per share, and CLP 2.93258 per share, paid on June 23, September 28, and December 22, 2021, respectively, for a total amount of CLP 56,779,874,116, or CLP 9.83614 per share (75% of net income). The balance of net income from 2021, CLP 18,926,776,778, will remain in the retained earnings account of shareholders' equity. Such dividend was paid beginning on April 29, 2022 to shareholders of record as of the fifth business day prior to such date.
- 2. On April 29, 2021, the rating agency Feller-Rate ICR improved the outlook on SMU's credit rating from A (stable outlook) to A (positive outlook).



About SMU

SMU is a leading food retailer in Chile, satisfying the needs of its B2C and B2B customers with multiple formats (*Unimarc, Alvi, Mayorista 10* and *Super10*) and broad geographic coverage, with operations in all 16 regions of the country. SMU also has a growing presence in Peru, through the brands *Mayorsa* and *Maxiahorro*.

Caution Regarding Forward-Looking Statements

This press release may contain forward-looking statements. We have based any such forward-looking statements largely on our current beliefs, expectations and projections about future events and financial trends affecting our business. Although management considers these projections to be reasonable based on information currently available to it, many important factors could cause our actual results to differ substantially from those anticipated in our forward-looking statements. The words “believe,” “may,” “will,” “aim,” “estimate,” “continue,” “anticipate,” “intend,” “expect,” “forecast” and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities and the effects of future regulation and competition. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks that predictions, forecasts, projections and other forward-looking statements will not be achieved. In light of the risks and uncertainties described above, the forward-looking events and circumstances discussed in this press release might not occur and are not guarantees of future performance. Therefore, we caution readers not to place undue reliance on these statements. Forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements included in this press release because of new information, future events or other factors.

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