4th Quarter 2020

EARNINGS RELEASE

SMU S.A.

MARCH 15, 2021

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

SMU's fourth quarter 2020 (4Q20) results confirm the recovery that began in the months of August and September. This significant improvement is reflected in revenue as well as EBITDA and net income.

Revenue for 4Q20 increased 6.9% with respect to the fourth quarter of 2019 (4Q19), whereas same-store sales (SSS) grew 9.1% with respect to 4Q19, driven by Unimarc, with SSS growth of 7.7%; cash and carry, 12.9%; and OK Market, 27.2%. With respect to the e-grocery business, including SMU's own platforms and sales through last milers, revenue grew 83%, and online sales penetration doubled with respect to 4Q19.

During the second half of 2020, the number of transactions began to recover, reflecting both the gradual lifting of shelter-in-place and other pandemic-related restrictions, as well as the positive reaction on the part of SMU's customers to adjustments in promotional activity and product assortment, including strong growth in the private label product offering. The Company was able to adapt to these changing preferences due to its deep knowledge and understanding of its customer base, through loyalty programs, as well as its pricing and category management tools that have been developed as part of its strategic plan.

With respect to full year 2020, revenue increased 0.8%, affected in large part by performance during the early months of the pandemic, when one of the most significant impacts was the reduction in traffic due to quarantines and other restrictions on movement which had a negative impact on sales and was especially pronounced between the months of April and July.

In addition to the recovery in sales, during the fourth quarter of 2020, the Company continued with its **significant optimization of exceptional COVID-related operating expenses**[1], achieving further savings beyond the already significant improvement attained in the third quarter. In the second quarter, the Company was affected by over CLP 4,500 million in extraordinary operating expenses related to the pandemic, whereas in the third quarter these expenses were significantly optimized, with a reduction of over 50%, for a total of CLP 2,161 million. In the fourth quarter, these extraordinary expenses amounted to CLP 1,870 million, a reduction of CLP 13% with respect to 3Q20 and 59% with respect to 2Q20. This optimization has been achieved while maintaining strict compliance with all public health protocols and is therefore sustainable over time.

It is also worth highlighting the fact that even including these extraordinary expenses, **total operating expenses for the year increased by only 2.1% and 1.5% in 4Q20**, in line with the Company's focus on operating efficiency, which has been a pillar of its strategic plan for the past several years and has involved the implementation of initiatives such as redesigning in-store processes, supply chain optimization, and new technological tools. In this sense, it is worth highlighting productivity gains in the period: sales per full-time[2] equivalent increased 14.6% in 4Q20 with respect to 4Q19.

[1] Operating expenses = distribution costs + administrative expenses – depreciation - amortization

[2] Sales per full-time equivalent = average monthly sales per full-time equivalent for SMU Chile

EBITDA[3] for the fourth quarter of 2020 amounted to CLP 59,984 million (EBITDA margin 9.6%), an increase of 7.3% with respect to CLP 55,896 million (EBITDA margin 9.5%) for the fourth quarter of 2019 and an improvement of 10 basis points (bps) in EBITDA margin. It should be noted that excluding extraordinary COVID-19 expenses, the increase in 4Q20 EBITDA would have been 10.7%, an expansion of 40 bps in EBITDA margin, amounting to 9.9%. Full year 2020 EBITDA amounted to CLP 185,471 million, a decrease of 6.3% with respect to 2019, but excluding extraordinary expenses, the decrease would have been 1.6%, amounting to CLP 194,787 million in 2020.

Net income for the fourth quarter 2020 improved 91.2% with respect to 4Q19, totaling CLP 19,959 million, primarily due to CLP 4,605 million in operating income, as well as an improvement of CLP 2,157 million in non-operating results, and an improvement of CLP 2,757 million in income tax expense. Net income for the year totaled CLP 29,828 million, a decrease of 13.8% with respect to the prior year, primarily explained by the second quarter results, where the impact of the pandemic was most significant.

With respect to the financial position, the Company placed Series AL bonds in December 2020 for a total amount of UF 3 million. The proceeds of this placement will be used to refinance the Series G and K bonds, which mature in March 2021.

[3] EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization

Management Commentary

With respect to the release of earnings for the fourth quarter and full year 2020, SMU's CEO, Marcelo Gálvez, stated, "In the fourth quarter of 2020, the top-line recovery that we began to see in August and September accelerated. We reported revenue growth of 6.9% and same-store sales growth of 9.1%. We attribute this recovery, in part, to the change in the trend in terms of number of transactions, as customer traffic has been picking up as quarantines and other restrictions are lifted, but also to our ability to adapt our value propositions in line with customer needs."

"In the second half of the year, given the changes in customer shopping habits in the context of the pandemic, we made adjustments to product assortment and promotional activity, with added emphasis on basic product categories," continued Mr. Gálvez. "However, as quarantine restrictions were lifted, we saw an almost immediate, positive impact on purchase frequency, which confirms our belief that many of the changes we observed at the beginning of the pandemic reflected temporary preferences. As an example, in the second quarter, the average number of transactions fell by over 50%, but in the fourth quarter, while still lower, the reduction was only 34%."

"The pandemic has certainly been a challenge, and it affected our results in the early months, but we have been able to recover through the implementation of a series of initiatives."

"We expanded our partnerships with last milers, more than doubling the number of stores operating with them between 2019 and 2020. Likewise, sales through this channel more than quadrupled in the fourth quarter of 2020, with respect to the same period of 2019."

"The app for our Club Ahorro loyalty program has over 2.5 million downloads, and since we integrated our Mayorista 10 and OK Market formats into the Club Ahorro during 2020, customers for both these formats and Unimarc are now able to enjoy the benefits of the app, including personalized promotions. Furthermore, since the second half of 2020, personalized promotions are also available on our online platforms, furthering the omnichannel strategy."

"During 2020, as part of our efforts to improve Unimarc and Mayorista 10's value propositions focused on final customers, we expanded our private label offering, adding over 450 new products, practically doubling our private label assortment in just one year."

"With respect to our Alvi cash & carry format, our solid relationship with B2B customers allowed us to take advantage of strong growth in the tradition trade during 2020. In addition, Alvi's operating model allowed us to satisfy high demand for institutional sales. Consequently, same-store sales growth for Alvi amounted to 23% for the year. In addition, we launched our Club Alvi app in May of last year, providing our B2B customers with easier access to personalized promotions and other useful information for their businesses."

"In addition to the recovery in the top-line, during the fourth quarter we also continued with the significant optimization of exceptional COVID-related operating expenses, achieving further savings beyond the already significant improvement attained in the third quarter. We have managed to reduce these extraordinary expenses by 59% with respect to the early months of the pandemic, while also obtaining efficiencies in recurring expenses. Excluding the exceptional expenses, fourth quarter operating expenses increased only 1.5%, significantly less than revenue growth. Operating efficiency is an ongoing focus for us and has been a pillar of our strategic plans since 2014. During 2020 we made progress with the implementation of new technologies, including self-checkouts and a workforce management system for checkers. We also achieved a significant improvement in our rate of centralized distribution, growing seven percentage points with respect to 2019. These initiatives enable us to optimize our operations, not only in terms of expenses, but also with respect to the level of service we provide to our customers, so they find the products they need and have a positive shopping experience."

"The growth in revenue, combined with the optimization in operating expenses, lead to a recovery in EBITDA, as well, with growth of 7.3% in the fourth quarter and an EBITDA margin of 9.6%. Excluding COVID expenses, fourth quarter EBITDA would have grown 10.7%, and EBITDA margin would have reached 9.9%. With respect to the bottom line, we had an increase of 91.2% in the quarter, primarily due to improved operating results."

"We have an investment plan of $60 billion for 2021, including new openings in Unimarc, Alvi, OK Market, and Maxiahorro, as well as investments in our online model and digitalization. In fact, we have already started the year off well, with four new openings—one Unimarc, one MAxiahorro, in Peru, and two OK Markets—and two store reopenings, one Unimarc and one OK Market."

"Our liquidity position is solid: we closed 2020 with high levels of cash on our balance sheet, as we already have the funds to refinance our main debt maturities for 2021."

Mr. Gálvez concluded by saying, "I am proud of the way that we as a company put our corporate values of closeness, excellence, respect, collaboration, and agility into practice in order to face the challenges of the pandemic. The health and safety of our employees and customers was our number one priority from the very first day, and at the same time we were able to carry out our fundamental mission of supplying the country with groceries, carrying out the necessary measures regarding inventory management and assortment."

"Another relevant highlight during the year, allowing us to fulfill our social responsibility as a food retailer, was our *Unidos Salimos de Esto* ('We Will Get Through This Together') campaign, through which we invited customers and neighboring communities to participate, and we contributed an additional 10%, in order to benefit people who have been severely affected by the economic consequences of the pandemic. We were able to help 143 organizations, 89% of which are based outside of the Santiago metropolitan region, with a total donation of CLP 186 million."

"I would like to thank our employees for their commitment and hard work during this difficult year, putting our customers first, and I look forward to working with them on the many projects we have lined up for 2021 with the same passion and enthusiasm as always."

Highlights

Placement of Series AL Bond

On December 23, 2020, SMU placed the series AL bonds (ticker BCSMU-AL) for a total of UF 3 million (approximately CLP 87 billion or USD 120 million) at an annual interest rate of 3.15%. The bonds have an annual coupon rate of 3.25%, maturing in four years, with a one-year grace period on principal. The proceeds will be used to refinance the Company's series G and K bonds, which mature on the 25th of this month, for the same amount (UF 3 million) but have a higher interest rate (UF + 4.5%), so the new bond placement will generate savings in interest expense. In addition, the issuance flattens the debt maturity profile for the coming years, freeing up cash generated by operations to be used in SMU's strategic plan.

Special Dividend Payment

On January 29, 2021, shareholders at SMU's Extraordinary Shareholders' Meeting approved the payment of a special dividend, to be charged to retained earnings for previous period, in the amount of CLP 1.83765 per share, for a total amount of CLP 10,607,975,859. The dividend was paid beginning on February 5, 2021.

Conference Call

SMU will host a conference call and webcast for investors on Thursday, March 18, 2021 at 11:00 am ET/ 12:00 pm Santiago to discuss its fourth quarter 2020 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):
http://services.choruscall.ca/links/smu20210318.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 and 12 months ended December 31, 2020 and 2019 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)	4Q20 (IFRS 16)	4Q19 (IFRS 16)	△%	2020 (IFRS 16)	2019 (IFRS 16)	△%
Revenue	627,893	587,548	6.9%	2,316,346	2,297,032	0.8%
Cost of Sales	(440,660)	(408,109)	8.0%	(1,627,453)	(1,615,166)	0.8%
Gross Profit	**187,233**	**179,439**	**4.3%**	**688,893**	**681,866**	**1.0%**
Gross Margin (%)	*29.8%*	*30.5%*		*29.7%*	*29.7%*	
Distribution Costs	(7,227)	(8,149)	(11.3%)	(31,207)	(31,335)	(0.4%)
Contribution Margin	**180,006**	**171,290**	**5.1%**	**657,686**	**650,531**	**1.1%**
Contribution Margin (%)	*28.7%*	*29.2%*		*28.4%*	*28.3%*	
Administrative Expenses (Excluding Depreciation)	(120,021)	(115,394)	4.0%	(472,215)	(452,516)	4.4%
EBITDA	**59,984**	**55,896**	**7.3%**	**185,471**	**198,015**	**(6.3%)**
EBITDA Margin (%)	*9.6%*	*9.5%*		*8.0%*	*8.6%*	
Depreciation and Amortization	(21,355)	(21,872)	(2.4%)	(85,951)	(86,227)	(0.3%)
Operating Income	**38,630**	**34,024**	**13.5%**	**99,520**	**111,788**	**(11.0%)**
Other Gains (Losses)	(2,844)	(7,412)	(61.6%)	(8,622)	(8,447)	2.1%
Financial Income	322	111	191.1%	956	771	23.9%
Financial Expenses	(12,563)	(12,228)	2.7%	(49,478)	(50,057)	(1.2%)
Share of Profit (Loss) of Associates	142	(344)	n.a.	(955)	(3,332)	(71.3%)
Foreign Exchange Differences	139	571	(75.7%)	(608)	483	n.a.
Income (Loss) for Indexed Assets and Liabilities	(5,823)	(3,481)	67.3%	(11,323)	(11,406)	(0.7%)
Non-operating Income	**(20,626)**	**(22,783)**	**(9.5%)**	**(70,030)**	**(71,988)**	**(2.7%)**
Net Income (Loss) Before Taxes	**18,003**	**11,241**	**60.2%**	**29,489**	**39,799**	**(25.9%)**
Income Tax Expense	1,955	(801)	n.a.	338	(5,216)	n.a.
Net Income (Loss) from Continued Operations	**19,959**	**10,440**	**91.2%**	**29,828**	**34,584**	**(13.8%)**
Net Income (Loss) of the Period	**19,959**	**10,440**	**91.2%**	**29,828**	**34,584**	**(13.8%)**

1. Analysis of Income Statement

1.1. Results of Operations

1.1.1. Revenue

Revenue for the full year 2020 amounted to CLP 2,316,346 million, an increase of 0.8% with respect to CLP 2,297,032 million for 2019. With respect to the fourth quarter of 2020, revenue increased 6.9%, totaling CLP 627,893 million.

It is important to note that during the fourth quarter of 2020, the recovery that began in the months of August and September accelerated, as customer traffic—and, consequently, sales—began to recover, reflecting the gradual lifting of restrictions related to the pandemic. These restrictions had had a negative impact on the number of transactions during the months between April and July.

Revenue for 2020 includes the recognition of the preliminary estimate of the indemnity for business interruption insurance, CLP 4,616 million (including CLP 34 million in 4Q20), for stores that were closed due to the social crisis. Although this amount is treated as revenue, it is important to note that the insurance claim is calculated on the basis of fixed expenses and the margin of each store, and therefore this amount is not equivalent to the loss of revenue. Instead, it is a closer approximation of the loss of EBITDA, plus fixed expenses. In this sense, revenue for the full year and fourth quarter of 2020 is not fully comparable to revenue for the same periods in 2019.

The preliminary amount recognized for business interruption insurance is included in the revenue by format in table 2, below, but it is not included for purposes of same-store sales or sales per square meter.

Table 2: Revenue (CLP MMM)

REVENUE (CLP MMM)	4Q20	4Q19	△%	2020	2019	△%
UNIMARC	431	406	*6.1%*	1,567	1,586	*-1.2%*
CASH & CARRY	162	149	*9.3%*	621	592	*4.9%*
OK MARKET	15.5	12.7	*22.1%*	52.0	52.3	*-0.8%*
E-COMMERCE(*)	3.1	3.0	*4.1%*	12.0	8.4	*42.3%*
OTHERS(**)	1.6	2.4	*-33.8%*	7.7	7.0	*9.3%*
FOOD RETAIL CHILE	613	573	*7.1%*	2,259	2,245	*0.6%*
FOOD RETAIL PERU	14.7	15.0	*-1.8%*	57.3	51.6	*11.1%*
CONSOLIDATED	628	588	*6.9%*	2,316	2,297	*0.8%*

(*) Beginning in the third quarter of 2020, e-Commerce includes revenue from Telemercados and the Los Dominicos dark store. It does not include revenue associated with partnerships with last milers, which is reflected in the revenue of the respective formats (Unimarc and OK Market).

(**) "Others" includes all income other than that generated by the Company's operating formats presented in the table.

Food Retail Chile revenue increased 0.6% in the full year 2020 with respect to 2019. In addition to the decrease in traffic related to the pandemic, mentioned above, the decrease in revenue is also partly due to the lower number of stores open in 2020 compared to 2019. However, in the fourth quarter, revenue increased 7.1% with respect to 4Q19, reflecting the recovery mentioned above.

By format, Unimarc—the traditional supermarket—had revenue growth of 6.1% in 4Q20 (-1.2% in full year 2020). Revenue for the cash & carry format increased 9.3% in 4Q20 (4.9% in full year 2020). With respect to the OK Market convenience stores, revenue increased 22.1% in 4Q20 (-0.8% in full year 2020). Revenue for the e-Commerce channel, which includes the Telemercados format, the Unimarc.cl website pilot program, and the Los Dominicos dark store, increased 4.1% in 4Q20 (42.3% in full year 2020), reflecting the fact that due to the pandemic, many clients need or prefer to receive their groceries at home, without having to go out.

With respect to this trend, it should be noted that SMU complements its own online sales platforms with partnerships with last milers for the Unimarc and OK Market formats. Sales through last milers grew over 330% in the full year 2020 and more than 360% in 4Q20.

Considering all online channels, including SMU's own online platforms and sales through last milers, revenue grew 118% in full year 2020, and the penetration of online sales doubled with respect to 2019.

In Food Retail Peru, revenue (measured in Peruvian Soles) increased 5.2% in 4Q20 and 3.5% in the full year. Measured in Chilean pesos, revenue decreased 1.8% in 4Q20 and increased 11.1% in the full year, due to the impact of the exchange rate.

Table 3: Same-Store Sales Growth (%)

SSS (△%)	4Q19	2019	1Q20	2Q20	3Q20	4Q20	2020
UNIMARC	-1.2%	-0.5%	6.3%	-7.0%	-4.0%	7.7%	1.0%
CASH & CARRY	-0.2%	2.0%	19.3%	5.9%	7.1%	12.9%	11.2%
OK MARKET	-8.6%	1.7%	-0.7%	-11.6%	1.4%	27.2%	4.3%
FOOD RETAIL CHILE	-1.2%	0.0%	9.3%	-3.3%	-0.6%	9.4%	3.9%
FOOD RETAIL PERU	-8.8%	3.0%	0.9%	7.4%	-1.9%	4.6%	3.3%
CONSOLIDATED	-1.1%	0.2%	9.5%	-2.7%	-0.6%	9.1%	4.0%

Same-store sales (SSS) increased 9.1% in 4Q20 and 4.0% in the full year 2020. Performance in the fourth quarter reflects the recovery that began in the months of August and September and accelerated during the fourth quarter, in terms of the number of transactions, reflecting both the gradual lifting of quarantines and other restrictions and the positive reaction by customers to the adjustments made by the Company to promotional activity and product assortment in response to the changes in shopping habits associated with the pandemic.

By format, SSS for Unimarc grew 7.7% in 4Q20 (1.0% in full year 2020). The cash & carry formats, for their part, saw an increase of 12.9% in 4Q20 (11.2% in full year 2020). Growth in this format throughout the year has been strongly driven by Alvi, which had an increase of 23.3% in SSS—reflecting the strong performance in the traditional trade during the period, as well as institutional sales—in the fourth quarter, there was also a recovery in Mayorista 10, with SSS growth of 6.1%. OK Market convenience stores increased 27.2% in 4Q20 (4.3% in full year 2020).

Food Retail Peru—which accounts for 2.5% of SMU's revenue in 2020—recorded an increase in SSS (measured in Soles) of 4.6% in 4Q20 (3.3% in full year 2020). Operations in Peru are undergoing a change in the composition of the customer base, with lower sales to mom-and-pops and growth in sales to end customers. This change has a positive impact on gross margin.

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

SALES PER SQM (CLP Thousands/sqm)	4Q20	4Q19(*)	△%	2020	2019	△%
FOOD RETAIL CHILE	425.6	384.2	10.8%	391.1	377.2	3.7%
FOOD RETAIL PERU	246.8	252.6	-2.3%	250.6	225.6	11.1%
CONSOLIDATED	418.7	379.3	10.4%	385.8	371.6	3.8%

(*) The Company has carried out a process of remeasuring the selling space of all of its stores, updating the information when applicable during the first quarter of 2020. Historical figures been restated in order to be comparable to full year 2020 and 4Q20 information.

Sales per square meter reached CLP 385,762 for the full year 2020, 3,8% higher than 2019. In the fourth quarter of 2020, sales per square meter amounted to CLP 418,689, 10.4% higher than in 4Q19.

Food Retail Chile sales per square meter grew 3.7% in 2020 compared to 2019 (1.8% in 4Q20 vs. 4Q19). For its part, Food Retail Peru (measured in Chilean pesos) recorded an increase of 11.1% in 2020 and 2.2% in 4Q20.

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

NUMBER OF STORES	4Q20	4Q19	SALES AREA (THOUSANDS OF SQM)	4Q20	4Q19(*)
UNIMARC	283	292	UNIMARC	346	351
CASH & CARRY	95	99	CASH & CARRY	123	127
OK MARKET	123	122	OK MARKET	14	14
FOOD RETAIL CHILE	501	512	FOOD RETAIL CHILE	483	492
FOOD RETAIL PERU	25	24	FOOD RETAIL PERU	21	19
CONSOLIDATED	526	536	CONSOLIDATED	504	510

(*) The Company has carried out a process of remeasuring the selling space of all of its stores, updating the information when applicable during the first quarter of 2020. Historical figures been restated in order to be comparable to 2020 information.

Table 6: Store Openings and Closures

OPENINGS AND CLOSURES	4Q19		1Q20		2Q20		3Q20		4Q20	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	2	0	0	0	0	5	0	2	0	2
CASH & CARRY	0	0	0	0	0	4	0	0	0	0
OK MARKET	1	0	5	4	0	0	0	0	1	1
FOOD RETAIL CHILE	3	0	5	4	0	9	0	2	1	3
FOOD RETAIL PERU	0	0	0	0	0	0	0	0	1	0

As of the end of 2020, SMU's operations included **501 stores** in Chile, distributed from Arica to Punta Arenas—a decrease with respect to the 512 stores in operation at the end of 2019—and a total of **483,298** square meters. It should be noted that the Company carried out a process of remeasuring the selling space of all of its stores, updating the information when applicable during the first quarter of 2020. Historical figures have been restated in order to be comparable to 2020 figures.

The number of stores as of December 31, 2020 includes 10 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. By format, these 10 stores include four Unimarc stores, one Mayorista 10 store, three Alvi stores, and two OK Market stores. In addition, the total store number includes two OK Market stores that are located in universities or malls that are temporarily closed due to the COVID-19 pandemic.

During 2020, the Company opened six OK Market stores and decided to permanently close seven Unimarc stores, three Mayorista 10 stores, one Alvi store, and five OK Market stores. All of these stores had sustained significant damage in the context of the social unrest in Chile, with the exception of three OK Market stores, where the decision to close was based on performance, as part of the normal course of business, and the closure of an Unimarc store where a real estate development project will improve the attractiveness of this location for a future reopening. In addition, beginning in July 2020, sales for the Los Dominicos dark store are presented as part of the e-Commerce format, and therefore that store is treated as a closure for Unimarc, and at the end of September, the Unimarc store in Teno is closed due to a fire.

In Peru, as of December 31, 2020, the Company had 25 stores, with 19,934 square meters, for a total selling space of 503,232 square meters at period end. During the fourth quarter of 2020, the Company opened a new Mayorsa store in Peru. This store is located at a shopping center where there are currently two other Mayorsa stores. The new store will replace these other two stores, which will be closed during the first quarter of 2021.

1.1.2. Distribution Costs and Administrative Expenses

Distribution costs plus administrative expenses (excluding depreciation and amortization), as a percentage of revenue, amounted to 21.7% in 2020 and 21.1% in 2019. This increase is due to an expansion of 4.0% in operating expenses in 2020, driven by extraordinary expenses directly related to the pandemic (CLP 9,316 million in 2020 and CLP 1,879 million in 4Q20). In the fourth quarter of 2020, operating expenses amounted to 20.3% of revenue (-70 bps compared to 21.0% in 4Q19).

It is important to note the **significant optimization of extraordinary expenses** that began during the third quarter of 2020 and continued throughout the fourth quarter. In the third quarter, pandemic-related extraordinary expenses totaled CLP 4,568 million, whereas in the third quarter, the Company achieved a significant reduction, over 50%, for a total of CLP 2,161 million, and in the fourth quarter following further optimization, these expenses amounted to CLP 1,879 million, a decrease of 13% with respect to 3Q20 and 59% with respect to 2Q20. This optimization has been achieved while maintaining strict compliance with all public health protocols and is therefore sustainable over time..

Distribution costs for the full year 2020 totaled CLP 31,207 million, a decrease of 0.4% with respect to 2019. Distribution costs as a percentage of revenue amounted to 1.3% in 2020 and 1.4% in 2019. With respect to the fourth quarter, distribution costs totaled CLP 7,227 million in 4Q20, a decrease of 11.3% with respect to 4Q19, due to the adjustment of the algorithm used to determine transportation cost, where the decrease in the cost of oil in the beginning of the year had a positive impact on the rates applied in the second half of the year.

Administrative expenses (excluding depreciation and amortization) totaled CLP 472,215 million (20.4% of revenue) in 2020, an increase of 4.4% with respect to CLP 452,516 million (19.7% of revenue) in 2019. With respect to the fourth quarter, administrative expenses amounted to CLP 120,021 million (19.1% of revenue) in 4Q20, an increase of 4.0% with respect to CLP 115,394 million (19.6% of revenue) in 4Q19. As mentioned above, this increase includes CLP 9,316 million in full year 2020 and CLP 1,879 million in 4Q20 in expenses that are directly related to the pandemic and that account for 2.1 percentage points out of the 4.4% increase in 2020. Regarding the fourth quarter, excluding these extraordinary expenses, administrative expenses would have increased 2.4% instead of the 4.0% increase reported in the financial statements.

The increase in administrative expenses in the full year 2020 was primarily due to the following:

a. Increase of CLP 7,600 million (+135.1% YoY) in insurance expenses, reflecting the higher costs of coverage, resulting from the higher claims ratio following the social unrest in Chile that began in October of 2019, after the policy renewal.
b. Increase of CLP 4,153 million (+4.9% YoY) in services, including CLP 3,023 million in expenses directly related to COVID-19, such as sanitization services, as well as security guards, in the context of the social unrest in Chile.
c. Increase of 3,599 million (+27.0% YoY) in IT services, primarily due to maintenance of investments in technology during prior periods.
d. Increase of 2,371 million (+16.7% YoY) in credit card commissions, as the use of electronic forms of payment has increased during the period.
e. Increase of 2,285 million (+23.2% YoY) in external services, primarily due to expenses associated with strategic projects.
f. Increase of CLP 1,680 million (+0.7% YoY) in personnel expenses. In addition to CLP 973

million in expenses directly related to COVID-19, this increase was due to the higher minimum wage and inflation adjustments, partly offset by a lower average headcount with respect to the same period of 2019.

These increases were partly offset by decreases of CLP 4,654 million (-28.4% YoY) in advertising expenses.

The increase in administrative expenses in the fourth quarter of 2020 was primarily due to the following:

a. Increase of CLP 2,032 million (+143.7% YoY) in insurance expenses, reflecting the higher costs of coverage, resulting from the higher claims ratio following the social unrest in Chile that began in October of 2019, after the policy renewal.
b. Increase of 1,438 million (48.2% YoY) in IT services, primarily due to maintenance of investments in technology during prior periods.
c. Increase of 812 million (+34.2% YoY) in external services, primarily due to expenses associated with strategic projects.
d. Increase of 752 million (+19.5% YoY) in credit card commissions, as the use of electronic forms of payment has increased during the period.
e. Increase of CLP 585 million (+9.3% YoY) in in leases and shared expenses.

These increases were partly offset by a decrease of CLP 1,310 million (-2.1% YoY) in personnel expenses, reflecting the lower average headcount with respect to the same period of 2019, as well as lower provisions for variable compensation.

Table 7: Average Headcount

AVERAGE HEADCOUNT	4Q20	4Q19	△%	2020	2019	△%
STORES CHILE	25,729	27,315	-5.8%	26,234	27,675	-5.2%
HEADQUARTERS CHILE	1,990	1,859	7.1%	1,984	1,740	14.0%
FOOD RETAIL CHILE	27,720	29,174	-5.0%	28,218	29,415	-4.1%
STORES PERU	491	494	-0.5%	468	510	-8.2%
HEADQUARTERS PERU	159	148	7.4%	151	140	7.7%
FOOD RETAIL PERU	650	642	1.3%	619	650	-4.8%
CONSOLIDATED	28,370	29,816	-4.8%	28,836	30,065	-4.1%

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the full year 2020 totaled CLP 688,893 million (29.7% of revenue), an increase of 1.0% compared to CLP 681,866 million (29.7% of revenue) in 2019. With respect to the fourth quarter of 2020, gross profit amounted to CLP 187,233 million (29.8% of revenue), an increase of 4.3% with respect to CLP 179,439 million (30.5% of revenue) for 4Q19. However, the decrease of 70 bps in gross margin for 4Q20 vs. 4Q19 is not entirely comparable, as these figures are affected by the recognition of the preliminary estimate of the indemnity for business interruption insurance in revenue, with no offsetting cost associated with this amount. Excluding this effect, gross margin for 4Q19 would have been 29.5%, and as such, the 29.8% reported for 4Q20 represents an increase of 30 bps.

Contribution margin totaled CLP 657,686 million in 2020, an increase of 1.1% compared to CLP 650.531 million for 2019. Measured as a percentage of revenue, contribution margin increased 10 bps, from 28.3% in 2019 to 28.4% in 2020. With respect to the fourth quarter of 2020, contribution margin amounted to CLP 180,006 million (28.7% of revenue), an increase of 5.1% with respect to CLP 171,290 million (29.2% of revenue) in 4Q19.

EBITDA totaled CLP 185,471 million (EBITDA margin of 8,0%) in 2020, a decrease of 6.3% with respect to CLP 198,015 million (EBITDA margin 8.6%) in 2019. Excluding the extraordinary COVID-19 expenses, EBITDA for 2020 would have amounted to CLP 194,787 million (a decrease of 1.6% with respect to 2019) and an EBITDA margin of 8.4%.

EBITDA for the fourth quarter of 2020 amounted to CLP 59,984 million (EBITDA margin 9.6%), an increase of 7.3% with respect to CLP 55,896 million (EBITDA margin 9.5%) for 4Q19. Excluding extraordinary COVID-19 expenses, 4Q20 EBITDA would have amounted to CLP 61,863 million (an increase of 10.7% with respect to 4Q19) and an EBITDA margin of 9.9%, which is 40 bps higher than the EBITDA margin for 4Q19.

EBITDAR (EBITDA less lease expenses) totaled CLP 211,241 million (EBITDAR margin 9.1%) in 2020, a decrease of 5.7% with respect to CLP 223,951 million (EBITDAR margin 9.7%) in 2019. Excluding the extraordinary COVID-19 expenses, EBITDAR for 2020 would have amounted to CLP 211,241 million (a decrease of 5.7% with respect to 2019) and an EBITDAR margin of 9.1%.

EBITDAR for the fourth quarter of 2020 amounted to CLP 66,859 million (EBITDAR margin 10.6%), an increase of 7.5% with respect to CLP 62,186 million (EBITDAR margin 10.6%) for 4Q19. Excluding extraordinary COVID-19 expenses, 4Q20 EBITDAR would have amounted to CLP 68,738 million (an increase of 10.5% with respect to 4Q19) and an EBITDAR margin of 10.6%.

1.2 Non-operating Income[4] and Income Tax Expense

The consolidated **non-operating loss** for SMU totaled CLP -70,030 million in 2020, a difference of CLP 1,958 million with respect to CLP -71,988 million in 2019. The primary variations in non-operating results between 2019 and 2020 are the following:

a. **Share of losses of associates** decreased by CLP 2,377 million in 2020, due to the improvement in results of associate companies, especially Administradora de Tarjetas Unicard Ltda., Unicard S.A. and Unired S.A.

b. The **loss on foreign currency translation** was higher by CLP 1,090 million in 2020 with respect to 2019, due to the higher average exchange rate in 2020.

The non-operating loss for 4Q20 improved by CLP 2,157 million, amounting to CLP -20,626 million, compared to a loss of CLP -22,783 million for 4Q19. This variation is explained primarily by:

a. **Other gains (losses)**: Other losses decreased by CLP 4,569 million in 4Q20, primarily due to the non-recurring effects related to acts of vandalism that took place in Chile beginning on October 18, 2019. The sum of loss from acts of vandalism and the estimated amount of insurance to be recovered for these losses totaled CLP 5,564 million in 4Q19 and CLP 1,990 million in 4Q20, a difference of CLP 3,574 million.

b. **Losses on inflation-indexed assets and liabilities** increased by CLP 2,342 million in 4Q20 than in 4Q19, due to higher average UF-denominated debt during the period.

The **income tax benefit** for 2020 amounted to CLP 338 million, a difference of CLP 5,554 million with respect to the income tax expense of CLP -5,216 million for 2019, primarily due to the lower pre-tax results. With respect to 4Q20, the income tax benefit amounted to CLP 1,955 million, a difference of CLP 2,757 million compared to the income tax expense of CLP -801 million recognized in 4Q19. This difference is mainly due to higher inflation in 4Q20, resulting in higher inflation adjustments to the tax loss carryforward.

1.3 Net Income

SMU reported **net income** for the full year 2020 of CLP 29,828 million, compared to CLP 34,584 million for 2019. Although this represents a decrease of 13.8%, this is primarily due to the net loss reported for the second quarter. There was a significant recovery in the second half of 2020, and especially in the fourth quarter, when net income increased by CLP 9,519 million (91.2%) with respect to 4Q19, amounting to CLP 19,959 million, primarily due to the improvement of CLP 4,605 million in operating income, as well as improvements in non-operating results and income tax expense.

[4] 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)

2. Analysis of Statement of Financial Position

Table 8: Statement of Financial Position as of December 31, 2020 and 2019

(CLP Million)	December 2020 (IFRS 16)	December 2019 (IFRS 16)	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	197,716	50,810	146,906	289.1%
Other Current Financial Assets	18	21	(2)	(10.2%)
Other Current Non-Financial Assets	12,692	17,955	(5,264)	(29.3%)
Trade Accounts Receivable and Other Receivables, Net	91,520	91,813	(293)	(0.3%)
Accounts Receivable from Related Companies	15,845	1,525	14,320	938.7%
Inventories	188,730	195,744	(7,014)	(3.6%)
Current Tax Assets	2,971	4,263	(1,292)	(30.3%)
Total Current Assets	**509,493**	**362,132**	**147,361**	**40.7%**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	259	250	9	3.5%
Other Non-Current Non-Financial Assets	2,443	2,178	264	12.1%
Non-Current Accounts Receivable	1,731	1,525	206	13.5%
Non-Current Accounts Receivable from Related Parties	0	7,000	(7,000)	(100.0%)
Investments Accounted for Using the Equity Method	14,116	14,276	(160)	(1.1%)
Intangible Assets Other Than Goodwill	59,475	65,745	(6,270)	(9.5%)
Goodwill	474,893	475,717	(824)	(0.2%)
Property, Plant, and equipment, net	693,190	723,286	(30,096)	(4.2%)
Deferred tax assets	426,350	425,722	628	0.1%
Total Non-Current Assets	**1,672,457**	**1,715,700**	**(43,243)**	**(2.5%)**
TOTAL ASSETS	**2,181,950**	**2,077,832**	**104,118**	**5.0%**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	206,318	139,327	66,991	48.1%
Trade and Other Current Payables	362,549	382,858	(20,309)	(5.3%)
Accounts Payable to Related Companies	1,152	1,879	(726)	(38.7%)
Other Current Provisions	2,080	3,796	(1,716)	(45.2%)
Current Tax Liabilities	1,663	798	865	108.4%
Current Provisions for Employee Benefits	20,738	21,533	(795)	(3.7%)
Other Current Non-Financial Liabilities	9,696	10,617	(921)	(8.7%)
Total Current Liabilities	**604,195**	**560,808**	**43,388**	**7.7%**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	848,123	790,225	57,898	7.3%
Non-Current Payables	14	56	(42)	(74.8%)
Deferred Tax Liabilities	75	76	(1)	(0.9%)
Non-Current Provisions for Employee Benefits	5,020	1,927	3,093	160.5%
Other Non-Current Non-Financial Liabilities	-	3,323	(3,323)	(100.0%)
Total Non-Current Liabilities	**853,233**	**795,608**	**57,625**	**7.2%**
TOTAL LIABILITIES	**1,457,428**	**1,356,416**	**101,012**	**7.4%**
EQUITY				
Issued Capital	523,742	523,742	0	0.0%
Retained Earnings	52,617	47,300	5,317	11.2%
Other Reserves	148,162	150,373	(2,211)	(1.5%)
Equity Attributable to the Owners of the Parent Company	724,521	721,416	3,106	0.4%
Non-Controlling Interest	-	-	-	-
Total Equity	**724,521**	**721,416**	**3,106**	**0.4%**
TOTAL LIABILITIES AND EQUITY	**2,181,950**	**2,077,832**	**104,118**	**5.0%**

2.1. Assets

As of December 31, 2020, SMU's **total assets** increased by CLP 104,118 million (5,0%) with respect to December 31, 2019, totaling CLP 2,181,950 million.

Current assets as of December 31, 2020 increased CLP 147,361 million (40.7%) with respect to December 31, 2019, totaling CLP 509,493 million. The primary variations during the period were:

a. An increase of CLP 146,906 million in cash and cash equivalents, primarily due to the placement of the Series AL bond in December 2020, the proceeds of which will be used to refinance the Series G and K bonds that mature in March 2021. The remaining variations in cash and cash equivalents are described in section 3. Analysis of Statement of Cash Flows.
b. An increase of CLP 14,320 million in current accounts receivable from related parties, primarily due new loans and the transfer from non-current to current of the loan to the associate company Unicard, which matures in September 2021.
c. A decrease of CLP 7,014 million in inventory, primarily due to higher sales at the end of December.
d. A decrease of CLP 5,264 million in other current non-financial assets, primarily due to a decrease in the VAT fiscal credit.
e. A decrease of CLP 1,292 million in current tax assets, primarily due to decreases in recoverable taxes from previous periods and in provisional monthly tax payments.

Non-current assets as of December 31, 2020 decreased CLP 43,243 million (2.5%) with respect to December 31, 2019, totaling CLP 1,672,457 million. The primary variations during the period were:

a. A decrease in of CLP 30,096 million in property, plant and equipment, primarily due to depreciation of CLP 74,093 million and disposals of CLP 2,926 million, partly offset by additions of CLP 48,578 million.
b. A decrease of CLP 7,000 million in non-current accounts receivable from related parties, primarily due to the transfer from non-current to current of the loan to the associate company Unicard, which matures in September 2021.
c. A decrease of CLP 6,270 million in intangible assets other than goodwill, primarily due to amortization of CLP 11,858 million, partly offset by additions of CLP 5,686 million.

2.2. Liabilities

As of December 31, 2020, the Company's **total liabilities** increased by CLP 101,012 million (7,4%) with respect to December 31, 2019, totaling CLP 1,457,428 million.

Current liabilities as of December 31, 2020 increased by CLP 43,388 million (7.7%) with respect to December 2019, totaling CLP 604,195 million.

The primary increase during the period was in other current financial liabilities (+CLP 66,991 million) primarily due to an increase of CLP 91,310 million in obligations with the public, from the transfer of the Series G and K bonds, which mature in March 2021, from non-current to current. It should be noted that the significant increase in cash and cash equivalents as of the same date is primarily explained by the placement of the Series AL bonds in December, the proceeds of which will be used to refinance the Series G and K bonds. This increase was partially offset by a decrease of CLP 23,792 million in bank loans, reflecting the payment of the loan with Banco BICE through the placement of the series AK bonds in June, partially offset by new short-term loans contracted during the period.

This increase was partially offset by:

a. A decrease of CLP 20,309 million in current trade and other accounts payable, associated with the cut-off date for payments, as well as the payment of dividends during the period.
b. A decrease of CLP 1,716 million in other current provisions, primarily due to a decrease in the provisions for lawsuits.
c. A decrease of CLP 921 million in other current non-financial liabilities, primarily due to a decrease in the VAT fiscal debit.

Non-current liabilities as of December 31, 2020 increased by CLP 57,625 million (7.2%) with respect to December 2019, amounting to CLP 853,233 million. The main variation in the period was the increase of CLP 57,898 million in other non-current financial liabilities, primarily due to the placement of the Series AK and AL bonds for a total of UF 6 million during the year, partially offset by: (i) the transfer of Series G and K bonds, which mature in March 2021, from non-current to current; (ii) decrease of CLP 16,495 million in obligations for rights of use, (ii) a decrease of CLP 6,899 million in bank loans; and (iii) a decrease of CLP 22,538 million in obligations for rights of use.

In addition, other non-current non-financial liabilities decreased by CLP 3,323 million, related to pre-paid rental contracts, and non-current provisions for employee benefits increased by CLP 3,093, due to employee benefits provisions.

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 3,106 million (0.4%), primarily due to an increase of CLP 5,317 million in net income for the period.

3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the Years Ended December 31, 2020 and 2019

(CLP Million)	December 2020 (IFRS 16)	December 2019 (IFRS 16)	△$
Net Cash Flows From (Used in) Operating Activities	177,523	145,020	32,503
Net Cash Flows From (Used in) Investing Activities	(40,898)	(54,742)	13,845
Net Cash Flows From (Used in) Financing Activities	10,281	(122,111)	132,392
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**146,906**	**(31,834)**	**178,739**
Net Increase (Decrease) in Cash and Cash Equivalents	**146,906**	**(31,834)**	**178,739**
Cash and Cash Equivalents at Beginning of Period	50,810	82,644	(31,834)
Cash and Cash Equivalents at End of Period	**197,716**	**50,810**	**146,906**

During the year 2020, cash provided by **operating activities** totaled CLP 177,523 million, an increase of CLP 32,503 million compared to CLP 145,020 million for 2019. The main differences were from higher cash from the sale of goods and services and lower payments to suppliers, partially offset by higher payments to employees during the year.

Cash used in **investing activities** for 2020 totaled a net outflow of CLP -40,898 million, compared to a net outflow of CLP -54,742 million for 2019, a difference of CLP 13,845 million. The variation year over year is primarily due to a decrease of CLP 8,915 million in **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 32,139 million in 2020 and CLP 41,054 million in 2019. This decrease reflects the fact that in the first few months of the year, the Company's investment plan was affected by the social crisis, as the general safety conditions necessary to move forward with certain projects, such as remodels and new store openings, were lacking. In addition, during the remainder of the year, the plan was affected by restrictions related to the COVID-19 pandemic.

Cash used in **financing activities** for 2020 totaled a net inflow of CLP 10,281 million, mainly explained by: proceeds from loans for CLP 210,331 million, including the placement of the Series AK bonds in June (UF 3 million), the placement of the Series AL bonds in December (UF 3 million), and other short-term loans contracted during the period (approximately CLP 38,500 million), partially offset by: (i) payment of bank loans for CLP 74,536 million; (ii) interest payments of CLP 48,728 million; (iii) payments of financial leases for CLP 50,822 million; and (iv) dividend payments for CLP 25,962 million. In 2019, cash outflows from financing activities totaled a net outflow of CLP -122,111 million, mainly explained by: (i) the payment of the portion of the syndicated loan that matured on June 30, 2019, for CLP 45,930 million; (ii) the payment of the series P bond on September 25, 2019, for CLP 28,039 million; (iii) the prepayment, on September 30, 2019, of the portion of the syndicated loan that was going to mature in June 2020, for CLP 55,414 million; (iv) payment of letters of credit for approximately CLP 8 billion; (v) interest payments of CLP 51,279 million; and (vi) payments of financial leases for CLP 48,096 million, partially offset by: (i) the placement of the series W bond in June 2019 (UF 1 million); (ii) the bank debt assumed in September 2019 (CLP 55 billion) to finance the prepayment of the syndicated loan during that same month; (iii) other short-term loans contracted during the period (approximately CLP 31,500 million); and (iv) other long-term loans contracted during the period (approximately CLP 7,000 million).

4. Financial Indicators

Table 10: Financial Indicators

			Dec. 2020	Dec. 2019
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.84	0.65
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.53	0.30
LEVERAGE				
Total Liabilities / Total Assets	times	*Total liabilities / Total assets*	0.67	0.65
Total Liabilities / Equity	times	*Total liabilities / Equity*	2.01	1.88
Net Financial Liabilities / Equity	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/Shareholders' equity*	1.18	1.22
Current Liabilities / Total Liabilities	%	*Total current liabilities/Total liabilities*	41.46	41.34
Net Financial Liabilities / EBITDA	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/EBITDA for the last 12 months*	4.62	4.44
Net Financial Debt / EBITDA	times	*(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 for the last 12 months*	2.29	2.15
WORKING CAPITAL				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	42.52	43.54
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	11.97	9.84
Accounts Payable Days	days	*Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)*	69.28	75.03
EFFICIENCY (12 months)				
Interest Coverage (Last 12 months)	times	*EBITDA for the last 12 months / (financial expenses for the last 12 months - financial income for the last 12 months)*	3.82	4.02
Gross Margin (Last 12 months)	%		29.74	29.68
EBITDA (Last 12 months)	CLP MM		185,471	198,015
EBITDA Margin (Last 12 months)	%		8.01	8.62
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	1.37	1.66
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	1.75	2.16
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	4.12	4.79
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	6.60	7.20
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	9.63	10.38

With respect to **liquidity** indicators, the difference between December 2020 and December 2019 is mainly due to the fact that the increase in current assets was greater than the increase in current liabilities, as explained in section 2 of this document.

With respect to **indebtedness** indicators, the variation in the ratio of liabilities to shareholders' equity is due to the fact that the increase in liabilities was greater than the increase in shareholders' equity. The variations in net financial debt/EBITDA and net financial liabilities/EBITDA are explained by the decrease in EBITDA for the last 12 months, for the reasons described in section 1 of this document.

With respect to **working capital** indicators, the variations in accounts receivable days and accounts payable days are explained primarily by the increase in accounts receivable and the decrease in accounts payable, respectively.

With respect to **efficiency** indicators, the most significant changes are due to the decrease in EBITDA for the last 12 months.

With respect to **profitability** indicators, the most significant changes are due to the decrease in operating income and net income for the last 12 months.

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 December 31, 2020.

6. Relevant Events During the Period

1. On January 17, 2020, SMU restructured its outstanding loan with Banco BICE, originally signed on September 30, 2019 for a total of CLP 55,000 million and maturing on January 17, 2020.

   The new conditions include the following payment structure; (i) six equal monthly installments of CLP 850 million in principal, beginning on January 21, 2020; (ii) 17 equal monthly installments of CLP 2,800 million in principal, beginning on July 21, 2020; and (iii) a final payment of CLP 2,300 million on December 21, 2021. Interest payments are made on a monthly basis at a variable rate (TAB 30 days in CLP plus a spread of 120 bps).

2. On March 20, 2020, the Company filed an Essential Fact, informing that the Board of Directors agreed the following:

   (1) To call an Annual Ordinary Shareholders' Meeting to be held on April 9, 2020, at 10:00 am, at Cerro El Plomo 5680 11th floor, Las Condes, Santiago, in order to be 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 2019 period.
      b. Approve the report of independent auditors.
      c. Approve remunerations of Board of Directors and other corporate committees for the 2020 period. Inform Board of Directors expenses incurred during 2019 period.
      d. Inform activities and expenses of Directors' Committee during the 2019 period and determine remunerations and budget for the 2020 period.
      e. Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
      f. Designate independent audit firm for the 2020 period.
      g. Designate credit rating agencies for the 2020 period.
      h. Dividend payment and distribution of net income for the 2019 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 4.49327 per share, for a total amount of CLP 25.937,746,410, to be charged to net income for the year 2019. Such dividend would be paid on April 28, 2020 to shareholders of record as of the fifth business day prior to such date.

3. On March 24, 2020, the Company filed an essential fact, informing that the Board of Directors had agreed to implement technology to facilitate remote participation in the upcoming Annual Shareholders' Meeting. This decision was based on the current measures and recommendations issued by the Chilean government in relation to Coronavirus or Covid-19 and is in accordance with General Standard No. 435 (Norma de Carácter General N°30) and Circular Letter No. 1141 (Oficio Circular N°1141) issued by the Financial Market Commission.

   The notifications regarding the Shareholders' Meeting that will be published in the newspaper and sent to shareholders will include information regarding this option. Details about how to participate remotely in the Shareholders' Meeting will be made available in the coming days at the following link: https://www.smu.cl/JOASMU2020.

   Depending on how the Covid-19 situation continues to develop in Chile, the Board of Directors may decide that all participation in the Shareholders' Meeting must be remote, not in person, in which case shareholders will be notified in a timely fashion through the above link.

4. On April 8, 2020, SMU signed the restructured loan with Banco BICE, originally signed on September 30, 2019 for a total of CLP 52,450 million, originally maturing on April 16, 2020.

   The new conditions include the following payment structure; (i) three equal monthly installments of CLP 850 million in principal, beginning on April 16, 2020; (ii) 17 equal monthly installments of CLP 2,800 million in principal, beginning on July 21, 2020; and (iii) a final payment of CLP 2,300 million on December 21, 2021. Interest payments are made on a monthly basis at a variable rate (TAB 30 days in CLP plus a spread of: 120 bps through June 16, 2020; 140 bps between June 17 and September 16, 2020; 160 bps between September 17 and December 16, 2020; 180 bps between December 17, 2020 and March 16, 2021; and 200 bps between March 17 and December 16, 2021).

5. On April 8, 2020, the Company filed an essential fact, informing that it had been notified of the ruling by the Chilean Supreme Court in case number 9361-2019, in relation to a complaint filed by the Chilean antitrust authority (*Fiscalía Nacional Económica* or "FNE") before the Antitrust Court in 2016. The ruling increased the fine imposed on the Company to a total of 6,876 Annual Tax Units and confirmed the obligation to adopt a compliance program with respect to free competition, complementary to the Company's existing program. This sentence cannot be appealed. The Company remains absolutely convinced that it did not participate in any pricing coordination with its competitors. The events in question took place between 2008 and 2011, at which time SMU had just entered the food retail industry as a small player.

6. On April 9, 2020, the Company filed an essential fact, informing that at the Annual Ordinary Shareholders' Meeting held on that date, shareholders approved the payment of a final dividend in the amount of CLP 4.49327 per share, for a total amount of CLP 25.937,746,410, to be charged to net income for the year 2019. Such dividend was paid on April 28, 2020 to shareholders of record as of the fifth business day prior to such date.

7. On May 2, 2020, the Company filed an essential fact, informing that on the same date, Mr.

Álvaro Saieh Bendeck had presented his resignation as director and Vice Chairman of SMU S.A. On the same date, the Board of Directors designated Ms. María Francisca Saieh Guzmán as director and Vice Chairwoman of the Board.

8. On June 19, 2020, the Company filed an essential fact, informing the placement of dematerialized bearer bonds in the local Chilean market under Series AK (ticker BCSMU-AK), charged to the bond line that is registered with the Securities Registry of the Superintendency of Securities and Insurance under number 649 ("Series AK Bonds"). The series was placed at an annual interest rate of 3.5%, with an annual coupon rate of 3.0%, and a maturity date of April 30, 2025.

   The placement of the Series AK Bonds was for a total amount of UF 3 million. The Company intends to use the total amount of the net proceeds from the placement to refinance existing financial liabilities.

9. On July 30, 2020, the Company filed an essential fact, informing that on the same date, SMU's bondholders of the (i) Series D, T, and W bonds, which are charged to the bond line that is registered with the CMF's Securities Registry under No. 650 ("Line 650"); Series G and K bonds, which are charged to the bond line that is registered with the CMF's Securities Registry under No. 667 ("Line 667"); and (iii) Series B bonds, which are charged to the bond line that is registered with the CMF's Securities Registry under No. 668 ("Line 668") held bondholders' meetings, which took place remotely.

   At such meetings, bondholders approved, among other matters, the following modifications to the issuance contracts of Line 650, Line 667, and Line 668: (i) to modify the Company's indebtedness covenant, changing the calculation from net financial liabilities over equity to net financial debt over equity and establishing a restriction of 1.03 times, to be measured beginning on September 30, 2020; (ii) eliminating the definition of "Net Financial Liabilities" and adding the definition of "Net Financial Debt in the respective issuance contracts, and adding the definition of "Shareholders' Equity" in the issuance contract for Line 650; and (iii) modifying the definition of EBITDA.

   As a result, the objective of the bondholders' meetings—to standardize all covenants across bond lines—was achieved. The covenants in the issuance contracts for Line 650, Line 667, and Line 668 will be the same as the covenants in the issuance contracts for the bond lines registered under numbers 649, 964, and 965.

10. On September 1, 2020, the Company filed an essential fact, informing that on the same date, the Board of Directors agreed to to call an Extraordinary Shareholders' Meeting, to be held on September 22, 2020 at 10:00 am at the Company's offices at Cerro El Plomo 5680 11th floor, Las Condes, Santiago. In light of public health concerns related to the COVID-19 pandemic, the Board of Directors also agreed to offer shareholders to the option to participate remotely. Further information about how to participate remotely in the meeting will be available soon on the Company's website.

    The purpose of the meeting is to submit for shareholder approval the modification of SMU's corporate by-laws in order to constitute a Compliance Committee. Such Committee must include at least one Board member who is independent by Chilean standards (Article 50 bis of the Corporations Law, Law No. 18,046). This modification is required by the ruling (Sentence No. 167/2019) handed down by the Chilean Antitrust Court (*Tribunal de Defensa de la Libre Competencia* or "TDLC") and ratified by the Chilean Supreme Court in its ruling 9361-2019 on April 8, 2020.

11. On September 22, 2020, the Company filed an Essential Fact, informing that on the same date, at an Extraordinary Shareholders' Meeting, shareholders approved the following:

To modify SMU's by-laws in order to create a Compliance Committee including at least one independent director, considering the definition of independence set forth in article 50 bis of the Corporations Act (*Ley 18.046 de Sociedades Anónimas*), in order to comply with the ruling (Sentence No. 167/2019) handed down by the Chilean Antitrust Court (*Tribunal de Defensa de la Libre Competencia* or "TDLC") and ratified by the Chilean Supreme Court in its ruling 9361-2019 on April 8, 2020.

Consequently, the Company's by-laws will be modified to include the following article:

"ARTICLE TWENTY BIS: The Company shall have a Compliance Committee (herein, the "Committee") comprising at least three members of the Company's Board of Directors, one of whom must be an independent director, as defined in article 50 bis of the Corporations Act (*Ley 18.046 de Sociedades Anónimas*). At the first Board of Directors meeting to be held following the shareholders' meeting at which the Committee is created, the Board shall designate the directors that will sit on the Compliance Committee and approve the Committee's by-laws, establishing, at least, the integration and duration of the Committee's members; whether the position of Committee member shall be remunerated; the types of Committee sessions; and the rules for deliberations and agreements by the Committee. If the Board determines that Committee members are to be remunerated, such remuneration shall not exceed the remuneration received by directors who sit on other Company committees. The Committee shall have, among others, the following faculties and duties, which shall be determined in its by-laws: (i) To propose to the Board of Directors the designation and removal of the Company's Free Competition Compliance Officer referenced in the Chilean Antitrust Court's Sentence No. 167/2019, which was ratified by the Chilean Supreme Court on April 8, 2020; (ii) To ensure that the Company's Free Competition Compliance Officer effectively fulfills their duties; and (iii) Other matters entrusted to it by the Board of Directors."

The Compliance Committee is responsible for monitoring the implementation of the Company's free competition compliance plan, among other roles. The Free Competition Compliance Officer is responsible for implementing this compliance plan and was hired during the month of September by the Board of Directors and began working for the Company in October.

12. On October 8, 2020, the Company filed an essential fact, informing that on the same date, 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 (herein, the "Transaction") and the sale of the merchandise in OK Market's stores at the closing date of the Transaction.

    The Transaction is The Transaction is subject to a series of conditions, 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.

    Under the terms of the agreement, the parties agreed to a Transaction price of UF 1,515,965 (one million five hundred fifteen thousand nine hundred sixty five Unidades de Fomento), to be paid upon closing and subject to customary adjustments for such operations. SMU's Board of Directors has approved that the proceeds from this transaction will be used to strengthen the Company's strategic plan, which includes significant investments in e-commerce and the Company's brick-and-mortar formats

    Finally, the Company informed that it is not currently possible to accurately determine the impact that the information provided herein may have on the Company's results. Likewise, given the conditions to which the Transaction is subject, it is not possible to provide an accurate estimate of the closing date.

13. On December 23, 2020, the Company filed an essential fact, informing the placement of dematerialized bearer bonds in the local Chilean market under Series AL (ticker BCSMU-AL), charged to the bond line that is registered with the Securities Registry of the Chilean Financial Markets Commission under number 964 ("Series AL Bonds"). The series was placed at an annual interest rate of 3.15%, with an annual coupon rate of 3.25%, and a maturity date of November 30, 2024.

    The placement of the Series AL Bonds was for a total amount of UF 3 million. The Company intends to use the total amount of the net proceeds from the placement to refinance existing financial liabilities.

7. Subsequent Events

1. On January 11, 2021, the Company filed an essential fact, informing that that the Company's Board of Directors agreed to call an Extraordinary Shareholders' Meeting, following a request by Inversiones SAMS SpA, a shareholder that holds more than 10% of SMU's shares, that the Company call such meeting to evaluate the payment of a special dividend.

   The proposal to be submitted for shareholder approval is as follows: To pay a special dividend, to be charged to retained earnings for previous periods, of CLP 10,608,000,000, equivalent to CLP 1.83765 per share. If approved, the dividend would be paid beginning on February 5, 2021 to shareholders of record as of the fifth business day prior to such date.

   The Extraordinary Shareholders' Meeting will be held on January 29, 2021 at 10:00 am at the Company's offices at Cerro El Plomo 5680 11th floor, Las Condes, Santiago. In light of public health concerns related to the COVID-19 pandemic, the Board of Directors also agreed to offer shareholders to the option to participate remotely. Further information about how to participate remotely in the meeting will be available soon on the Company's website

2. As a consequence of the operating efficiency initiatives that SMU is implementing as part of its strategic plan, including the incorporation of new technologies and the redesign of in-store processes, the Company prepared a plan to optimize its organizational structure. This plan was approved by the Board of Directors on January 25, 2021 and carried out during the month of February 2021. The cost of this plan is approximately CLP 13 billion and will be recognized in the first quarter 2021 financial statements.

3. On January 29, 2021, the Company filed an essential fact, informing that that shareholders at SMU's Extraordinary Shareholders' Meeting approved the payment of a special dividend, to be charged to retained earnings for previous period, in the amount of CLP 1.83765 per share, for a total amount of CLP 10,607,975,859, to be paid beginning on February 5, 2021 to shareholders of record on the fifth business day prior to such date.

4. As of March 15, 2021, the status of the Company's stores in Chile is as follows:

   - Unimarc: of the 284 total stores, 281 are operating.
   - Mayorista 10: of the 63 total stores, 62 are operating.
   - Alvi: of the 32 total stores, 29 are operating.
   - OK Market: of the 125 total stores, 122 are operating.

About SMU

SMU is the largest Chilean food retailer, based on number of stores, and the third largest Chilean food retailer, based on revenue for the year ended December 31, 2020. We operate our food retail business in Chile through four different formats: supermarkets (*Unimarc*), cash and carry stores (*Mayorista 10* and *Alvi*), convenience stores (*OK Market*) and an online grocer (*Telemercados*). We also operate in Peru, through two food cash and carry 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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