2nd Quarter 2021

EARNINGS RELEASE

SMU S.A.

AUGUST 9, 2021

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

SMU reported strong growth in **EBITDA**[1] for the second quarter of 2021 (2Q21), totaling CLP 54,017 million, an increase of 134.4% with respect to CLP 23,048 million for the second quarter quarter of 2020 (2Q20), and even 3.1% higher than EBITDA for the first quarter of 2021. **EBITDA margin for 2Q21 amounted to 9.1%**, compared to 4.4% in 2Q20 and 9.0% in 1Q21. With respect to the first half of the year (1H21), EBITDA amounted to CLP 106,407 million (EBITDA margin of 9.1%), an increase of 38.3% over CLP 76,962 million (EBITDA margin of 6.8%) in 1H20. These figures represent the best first half and second quarter in the Company's history**.**

Revenue for the second quarter of 2021 increased 12.7% with respect to 2Q20, reaching CLP 591,865 million. Likewise, in the first half of 2021, revenue amounted to CLP 1,172,165 million, an increase of 3.7% with respect to the first half of 2020.

The strong growth in sales reflects, in part, a significant recovery with respect to the previous year, but also solid demand leading to a higher average ticket and improved store traffic. As a result, revenue for 2Q21, which has historically been the quarter with the lowest sales in the year, was even higher than revenue for the first quarter of this year.

Same-store sales grew 12.3% in the second quarter and 3.5% in the first half, with highlights in Unimarc, which increased 15.4% in the second quarter; OK Market, which increased 27.5%; and the cash and carry formats, which increased 9.8%.

Gross profit for the second quarter of 2021 totaled CLP 177,961 million, an increase of 15.7% with respect to CLP 153,840 million for 2Q20. As a percentage of revenue, gross margin expanded 80 bps, from 29.3% in 2Q20 to 30.1% in 2Q21. With respect to 1H21, gross profit amounted to CLP 352,041 million (30.0% of revenue), an increase of 5.6% over CLP 333,385 million (29.5% of revenue) in 1H20; that is, an increase of 50 bps in gross margin for the first half.

In addition to the significant growth in revenue and gross margin, SMU's second quarter and first half results show the **impact of operating efficiency initiatives** that the Company has been implementing as part of its strategic plan over the last several years, reflected in the **decrease of 5.2% in operating expenses**[2], in nominal terms, compared to 2Q20, and of 4.2% in 1H21 vs. 1H20. This discipline in expenses will allow the Company to improve its results going forward, when public health conditions enable customer traffic to return to normal levels, with the consequent positive impact on sales.

Net income for the second quarter of 2021 totaled CLP 19,110 million, a difference of CLP 25, 654 million with respect to the net loss of CLP 6,544 million for 2Q20, explained by the improvement of CLP 31,994 million in operating income for the period. Likewise, net income for the first half amounted to CLP 24,153 million, an increase of CLP 23,796 million over CLP 357 million reported for 1H20, due to the improvement of CLP 31,405 million in operating income.

It should be noted that, in addition to the growth achieved between 1H21 and 2Q21 and the same periods of the previous year, there are also **significant improvements compared to the same periods of 2019**. Revenue increased 5.9% in 2Q21 vs. 2Q19 (3.9% in 1H21 vs. 1H19); EBITDA increased 27.1% vs. 2Q19 (18.7% vs. 1H19); and net income increased 213.0% vs. 2Q19 (74.4% vs. 1H19), despite the fact that the comparison is between a period affected by the pandemic (2021) and a period without the pandemic (2019).

[1] EBITDA = Gross profit – distribution costs – administrative expenses + depreciation + amortization
[2] Operating expenses = distribution costs + administrative expenses – depreciation - amortization

Management Commentary

With respect to the release of earnings for the second quarter of 2021, SMU's CEO, Marcelo Gálvez, stated, "With these results, we are reporting the best first half and the best second quarter of the Company's history, in terms of both revenue and EBITDA. Second quarter revenue totaled CLP 592 billion, an increase of 12.7% over the same period of 2020. Even more noteworthy is the fact that, in absolute terms, we even sold more than in the first quarter of this year, when historically, the second quarter has always had lower sales than the first."

Mr. Gálvez went on to say, "In terms of EBITDA, in the quarter we achieved growth of 134.4% over the second quarter of 2020, and we also outperformed the first quarter both in absolute terms, with EBITDA of CLP 54 billion, and in EBITDA margin, which reached 9.1%, due to a strong increase in sales and a nominal and sustainable reduction in expenses. In addition, our second quarter results, and the operating cash flows we generated, have left us with high levels of liquidity and cash."

"Between April and June, Unimarc's same-store sales grew 15.5%, whereas the cash and carry formats had growth of 9.8%, with 27.5% in OK Market. Despite the pandemic, we saw a recovery in customer visits to our stores, and a higher average ticket. The strong sales performance combined with our operating efficiency initiatives, which were reflected in a nominal reduction of 5.2% in operating expenses for the second quarter."

"It should be noted that, in addition to the growth achieved between the first half and second quarter of 2021 and the same periods of the previous year, there are also significant improvements compared to the same periods of 2019. In the second quarter, there is an improvement of 5.9% in revenue; 27.1% in EBITDA; and 213% in net income with respect to the second quarter of 2019. Likewise, in the first half the growth with respect to 2019 was 3.9% in revenue, 18.7% in EBITDA, and 74.4% in net income, despite the fact that we are comparing a period affected by the pandemic, 2021, to a period without the pandemic, 2019."

"I would also like to highlight that our greatest challenge and focus for the coming periods is on significantly improving our return on equity. Having completed the financial strengthening stage, and with the Company well in order, the initiatives that make up our strategic plan aim to achieve levels of return on equity in line with national and international standards."

"With respect to that plan, we recently announced a binding agreement to lease up to 22 store locations previously operated by the Montserrat supermarket chain. This transaction is subject to regulatory approval by the free competition authorities, and should it be authorized, it will enable us to increase our coverage and operate in new municipalities, as well as locations where we do not have a significant presence, in line with our efforts to grow our formats," concluded Mr. Gálvez.

Highlights

Interim Dividend Payment

On June 2, 2021, SMU's Board of Directors agreed to distribute an interim dividend of CLP 3,782,480,985 (CLP 0.65525 per share), to be charged to retained earnings for 2021. This interim dividend is equivalent to 75% of retained earnings as of March 31, 2021 and was paid beginning on June 21, 2021 to shareholders of record on the fifth business day prior to such date.

Agreement To Lease Montserrat Locations

On July 27, 2021, SMU signed a binding agreement with Inmobiliaria Santander ("ISSA") to lease up to 22 store locations previously operated by the Montserrat supermarket chain. These locations are in the Santiago Metro and Valparaíso Regions of Chile, where SMU's market share is lower than in the rest of the country. This agreement will enable the Company to increase its coverage and operate in new municipalities. The transaction is subject to approval by free competition authorities, among other conditions.

Conference Call

SMU will host a conference call and webcast for investors on Wednesday, August 11, 2021 at 12:00 pm ET/ 12:00 pm Santiago to discuss its second quarter 2021 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/smu20210811.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 six months ended June 30, 2021 and 2020 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)	2Q21	2Q20	△%	1H21	1H20	△%
Revenue	591,865	525,011	12.7%	1,172,165	1,130,288	3.7%
Cost of Sales	(413,904)	(371,171)	11.5%	(820,124)	(796,903)	2.9%
Gross Profit	**177,961**	**153,840**	**15.7%**	**352,041**	**333,385**	**5.6%**
Gross Margin (%)	***30.1%***	***29.3%***		***30.0%***	***29.5%***	
Distribution Costs	(7,321)	(7,889)	(7.2%)	(14,704)	(16,493)	(10.8%)
Contribution Margin	**170,640**	**145,952**	**16.9%**	**337,338**	**316,892**	**6.5%**
Contribution Margin (%)	***28.8%***	***27.8%***		***28.8%***	***28.0%***	
Administrative Expenses (Excluding Depreciation)	(116,623)	(122,904)	(5.1%)	(230,931)	(239,930)	(3.8%)
EBITDA	**54,017**	**23,048**	**134.4%**	**106,407**	**76,962**	**38.3%**
EBITDA Margin (%)	***9.1%***	***4.4%***		***9.1%***	***6.8%***	
Depreciation and Amortization	(20,587)	(21,611)	(4.7%)	(41,507)	(43,466)	(4.5%)
Operating Income	**33,431**	**1,437**	**2,227.0%**	**64,900**	**33,495**	**93.8%**
Other Gains (Losses)	1,032	2,245	(54.0%)	(12,437)	(5,058)	145.9%
Financial Income	81	186	(56.7%)	642	451	42.1%
Financial Expenses	(11,664)	(12,473)	(6.5%)	(24,514)	(24,643)	(0.5%)
Share of Profit (Loss) of Associates	34	(547)	n.a.	1	(1,015)	n.a.
Foreign Exchange Differences	69	76	(8.5%)	52	(588)	n.a.
Income (Loss) for Indexed Assets and Liabilities	(4,092)	(1,353)	202.4%	(10,218)	(5,325)	91.9%
Non-operating Income	**(14,540)**	**(11,866)**	**22.5%**	**(46,475)**	**(36,177)**	**28.5%**
Net Income (Loss) Before Taxes	**18,890**	**(10,430)**	**n.a.**	**18,426**	**(2,682)**	**n.a.**
Income Tax Expense	219	3,886	(94.4%)	5,727	3,040	88.4%
Net Income (Loss) from Continued Operations	**19,110**	**(6,544)**	**n.a.**	**24,153**	**357**	**6,657.5%**
Net Income (Loss) of the Period	**19,110**	**(6,544)**	**n.a.**	**24,153**	**357**	**6,657.5%**

*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 second quarter of 2021 amounted to CLP 591,865 million, an increase of 12.7% with respect to CLP 525,011 million for the second quarter of 2020. Likewise, in the first half of 2021, revenue amounted to CLP 1,172,165 million, an increase of 3.7% with respect to CLP 1,130,288 million for the first half of 2020.

The strong growth in sales reflects, in part, a significant recovery with respect to the previous year, but also solid demand leading to a higher average ticket and improved store traffic. As a result, revenue for 2Q21, which has historically been the quarter with the lowest sales in the year, was even higher than revenue for the first quarter of this year.

In addition, it should be noted that revenue for the first half of 2020 includes the recognition of the preliminary estimate of the indemnity for business interruption insurance, CLP 4,424 million (CLP 1,819 million in 2Q20), 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 first half and second quarter of 2020 is not fully comparable to revenue for the same periods in 2021.

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)	2Q21	2Q20	△%	1H21	1H20	△%
UNIMARC	402	346	*16.2%*	797	761	*4.7%*
CASH & CARRY	161	147	*9.4%*	317	306	*3.7%*
OK MARKET	14.2	10.9	*31.0%*	29.1	23.8	*22.0%*
E-COMMERCE(*)	2.4	3.2	*-26.4%*	4.2	4.7	*-10.7%*
OTHERS(**)	1.5	2.0	*-22.2%*	3.0	4.5	*-32.9%*
FOOD RETAIL CHILE	581	509	*14.2%*	1,150	1,100	*4.6%*
FOOD RETAIL PERU	10.6	15.9	*-33.2%*	21.8	30.1	*-27.4%*
CONSOLIDATED	592	525	*12.7%*	1,172	1,130	*3.7%*

(*) 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 14.2% in 2Q21 with respect to 2Q20 and 3.7% in 1H21 vs. 1H20. By format, revenue for Unimarc—the traditional supermarket—grew 16.2% in 2Q21 (4.7% in 1H21), despite having a high percentage of stores in areas subject to quarantine restrictions. Revenue for the cash & carry segment increased 9.4% in 2Q21 (3.7% in 1H21), whereas the OK Market convenience stores saw a revenue increase of 31.0% in 2Q21 (22.0% in 1H21). Revenue for the e-Commerce channel decreased 26.4% in 2Q21 (-10.7% in 1H21), although including both the Company's own online sales platforms and partnerships with last milers, online sales grew 10% in the first half.

In Food Retail Peru, revenue (measured in Peruvian Soles) decreased 14.9% in 2Q21 (-10.4% in 1H21), due in part to restrictions affecting operating hours during the week and mandating that stores be closed completely on Sundays. These restrictions were imposed on supermarkets but not on other formats, such as traditional trade. Measured in Chilean pesos, revenue decreased 33.2% in 2Q21 (27.4% in 1H21 vs. 1H20), due to the impact of the exchange rate.

Table 3: Same-Store Sales Growth (%)

SSS (△%)	1H21	2Q21	1Q21	1H20	2Q20	1Q20
UNIMARC	*4.2%*	*15.4%*	*-5.2%*	*0.1%*	*-7.0%*	*6.3%*
CASH & CARRY	*4.0%*	*9.8%*	*-1.5%*	*12.4%*	*5.9%*	*19.3%*
OK MARKET	*20.1%*	*27.5%*	*13.7%*	*-5.6%*	*-11.6%*	*-0.7%*
FOOD RETAIL CHILE	*4.3%*	*13.6%*	*-3.8%*	*3.2%*	*-3.3%*	*9.3%*
FOOD RETAIL PERU	*-9.0%*	*-15.5%*	*-1.7%*	*4.2%*	*7.4%*	*0.9%*
CONSOLIDATED	*3.5%*	*12.3%*	*-4.1%*	*3.7%*	*-2.7%*	*9.5%*

Same-store sales (SSS) grew 12.3% in 2Q21 and 3.5% in 1H21, reflecting the impact of the first quarter, when a period affected by the pandemic (1Q21) is compared to a period without the pandemic (1Q20).

By format, SSS for Unimarc increased 15.4% in 2Q21 (4.2% in 1H21). The cash & carry formats, for their part, saw growth of 9.8% (4.0% in 1H21), whereas OK Market convenience stores grew 27.5% in 2Q21 (20.1% in 1H21).

Food Retail Peru—which accounts for 2% of SMU's revenue—recorded a decrease in SSS (measured in Soles) of 15.5% in 2Q21. 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. However, as mentioned above, mandatory restrictions on operating hours had a negative impact on sales.

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

SALES PER SQM (CLP Thousands/sqm)	2Q21	2Q20	△%	1H21	1H20	△%
FOOD RETAIL CHILE	402.3	351.9	*14.3%*	398.3	380.7	*4.6%*
FOOD RETAIL PERU	195.2	280.0	*-30.3%*	199.3	266.3	*-25.2%*
CONSOLIDATED	394.7	349.1	*13.1%*	391.0	376.4	*3.9%*

Sales per square meter reached CLP 394,732 for the second quarter of 2021, 13.1% higher than 2Q20. Likewise, sales per square meter for the first half of 2021 amounted to CLP 391,026, an increase of 3.9%.

Food Retail Chile sales per square meter increased 14.3% in 2Q21 compared to 2Q20 (+4.6% in 1H21 vs. 1H20). For its part, Food Retail Peru (measured in Chilean pesos) recorded a decrease of 30.3% in 2Q21 (-25.2% in 1H21).

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

NUMBER OF STORES	2Q21	2Q20	SALES AREA (THOUSANDS OF SQM)	2Q21	2Q20
UNIMARC	283	287	UNIMARC	346	348
CASH & CARRY	95	95	CASH & CARRY	123	123
OK MARKET	128	123	OK MARKET	15	14
FOOD RETAIL CHILE	506	505	FOOD RETAIL CHILE	484	484
FOOD RETAIL PERU	24	24	FOOD RETAIL PERU	18	19
CONSOLIDATED	530	529	CONSOLIDATED	502	503

Table 6: Store Openings and Closures

OPENINGS AND CLOSURES	2Q20		3Q20		4Q20		1Q21		2Q21	
	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.	OPEN.	CLOS.
UNIMARC	0	5	0	2	0	2	1	1	0	0
CASH & CARRY	0	4	0	0	0	0	0	0	0	0
OK MARKET	0	0	0	0	1	1	3	0	3	1
FOOD RETAIL CHILE	0	9	0	2	1	3	4	1	3	1
FOOD RETAIL PERU	0	0	0	0	1	0	1	2	0	0

As of June 30, 2021, SMU's operations included **506 stores** in Chile, distributed from Arica to Punta Arenas—similar to the 505 stores in operation at the end of 2Q20—and a total of **483,712** square meters.

The number of stores as of June 30, 2021 includes seven 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 seven stores include three Unimarc stores, one Mayorista 10 store, and three Alvi 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 the first half of 2021, the Company opened six OK Market stores and one Unimarc store, as well as deciding to permanently close one Unimarc store and one OK Market store.

In Peru, as of June 30, 2021, the Company had 24 stores, with 17,953 square meters, for a total selling space of 501,665 square meters at period end, including Chile and Peru. During the first half of 2021, the Company opened a new Maxiahorro store and closed two Mayorsa stores that were located in the same shopping center as a new Mayorsa store that was opened in December 2020 in order to replace these two stores.

1.1.2. Distribution Costs and Administrative Expenses

Distribution costs plus administrative expenses (excluding depreciation and amortization) totaled CLP 123,943 million for the second quarter of 2021, **a decrease, in nominal terms, of 5.2%** with respect to CLP 130,793 million for 2Q21. As a percentage of revenue, operating expenses amounted to 20.9% in 2Q21 and 24.0% in 2Q20, an improvement of 400 bps. With respect to the first half of 2021, operating expenses amounted to CLP 245,634 million (21.0% of revenue), a decrease, in nominal terms, of 4.2% compared to CLP 256,423 million (22.7% of revenue) for 1H20.

Distribution costs for 2Q21 totaled CLP 7,321 million, a decrease of 7.2% with respect to 2Q20. Distribution costs as a percentage of revenue amounted to 1.2% in 2Q21 and 1.5% in 2Q20, an improvement of 30 bps. Similarly, for 1H21 distribution costs amounted to CLP 14,704 million (1.3% of revenue), 10.8% lower than CLP 16,493 million (1.5% of revenue) for 1H20. The decrease in distribution costs is primarily due to the lower average cost of oil in the first half of this year, as well as the lower average exchange rate. Both of these variables are included in the algorithm used to determine transportation cost.

Administrative expenses (excluding depreciation and amortization) totaled CLP 116,623 million (19.7% of revenue) in 2Q21, a decrease of 5.1% with respect to CLP 122,904 million (23.4% of revenue) in 2Q20. For 1H21, administrative expenses amounted to CLP 230,931 million (19.7% of revenue), a decrease of 3.8% with respect to CLP 239,930 million (212% of revenue) for 1H20.

It should be noted that during the second quarter of 2020 and the entire first half of 2021, the Company has incurred extraordinary expenses related to the pandemic. These expenses amounted to CLP 2,252 million in 2Q21, a reduction of 51% with respect to CLP 4,568 million recorded in 2Q20, reflecting the Company's optimization efforts.

The main variations in administrative expenses in the second quarter of 2021 were as follows:

a. Decrease of CLP 6,335 million (-9.8% YoY) in personnel expenses, primarily due to lower average headcount in the period and a reduction of CLP 936 million in pandemic-related expenses, due to optimization efforts. This reduction was achieved despite the higher minimum wage and inflation adjustments in 2Q21.
b. Decrease of CLP 1,252 million (-32.4% YoY) in materials, including a decrease of CLP 836 million in pandemic-related expenses.
c. Increase of CLP 920 million (+14.9% YoY) in lease expenses, primarily due to inflation, new store openings, and higher variable payments associated with higher sales.

d. Decrease of CLP 651 million (-2.8% YoY) in services, due to a decrease of CLP 761 million in pandemic-related expenses.
e. Increase of 472 million (+11.3% YoY) in credit card commissions, due to both the fact that the use of electronic forms of payment has increased during the period and to higher sales.
f. Decrease of CLP 413 million (-11.7% YoY) in insurance expenses, as policies were renewed at a lower cost.

The main variations in administrative expenses in the first half of 2021 were as follows:

a. Decrease of CLP 9,725 million (-7.7% YoY) in personnel expenses, primarily due to lower average headcount in the period and a reduction of CLP 926 million in pandemic-related expenses, due to optimization efforts. This reduction was achieved despite the higher minimum wage (4.0%) and inflation adjustments (2.8%) in 1H21.
b. Decrease of CLP 1,992 million (-26.9% YoY) in materials, including a decrease of CLP 732 million in pandemic-related expenses.
c. Increase of CLP 1,040 million (+8.2% YoY) in lease expenses, primarily due to inflation, new store openings, and higher variable payments associated with higher sales.
d. Increase of 714 million (+9.3% YoY) in credit card commissions, due to both the fact that the use of electronic forms of payment has increased during the period and to higher sales.
e. Decrease of CLP 614 million (-1.4% YoY) in services, partly due to a decrease of CLP 173 million in pandemic-related expenses.

Table 7: Average Headcount

AVERAGE HEADCOUNT	2Q21	2Q20	△%	1H21	1H20	△%
STORES CHILE	23,009	26,103	*-11.9%*	23,922	26,751	*-10.6%*
HEADQUARTERS CHILE	2,037	2,006	*1.6%*	2,023	1,972	*2.6%*
FOOD RETAIL CHILE	25,047	28,108	*-10.9%*	25,946	28,723	*-9.7%*
STORES PERU	453	452	*0.2%*	468	464	*1.0%*
HEADQUARTERS PERU	154	147	*4.8%*	154	146	*5.5%*
FOOD RETAIL PERU	607	599	*1.3%*	623	610	*2.1%*
CONSOLIDATED	25,654	28,707	*-10.6%*	26,568	29,332	*-9.4%*

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the second quarter of 2021 totaled CLP 177,961 million (30.1% of revenue), an increase of 15.7% with respect to CLP 153,840 million (29.3% of revenue) for 2Q20. However, the gross margin for 2Q20 is not entirely comparable, as it is 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 2Q20 would have been 29.1%, and as such, the 30.1% reported for 2Q21 represents an increase of 100 bps. With respect to 1H21, gross profit amounted to CLP 352,041 million (30.0% of revenue), an increase of 5.6% over CLP 333,385 million (29.5% of revenue) in 1H20. Excluding the effect of the business interruption insurance indemnity recognized in 1H20, gross margin would have been 29.2%; that is, an increase of 80 bps in gross margin for the first half.

Contribution margin totaled CLP 170,640 million in 2Q21, an increase of 16.9% compared to CLP 145,952 million for 2Q20. Measured as a percentage of revenue, contribution margin increased 100 bps, from 27.8% in 2Q20 to 28.8% in 2Q21. For the first half of 2021, contribution margin amounted to CLP 337,338 million (28.8% of revenue), 6.5% higher than CLP 316,892 million (28.0% of revenue) for 1H20.

EBITDA totaled CLP 54,017 million (EBITDA margin of 9.1%) in 2Q21, an increase of 134.4% with respect to CLP 23,048 million (EBITDA margin 4.4%) in 2Q20. For the first half of 2021, EBITDA amounted to CLP 106,407 million (EBITDA margin of 9.1%), 38.3% higher than CLP 76,962 million (EBITDA margin of 6.8%) for 1H20.

EBITDAR (EBITDA less lease expenses) totaled CLP 61,115 million (EBITDAR margin of 10.3%) in 2Q21, an increase of 109.1% with respect to CLP 29,226 million (EBITDAR margin 5.6%) in 2Q20. For the first half of 2021, EBITDAR amounted to CLP 120,167 million (EBITDAR margin of 10.3%), 34.0% higher than CLP 89,681 million (EBITDAR margin of 7.9%) for 1H20.

1.2 Non-operating Income[3] and Income Tax Expense

The consolidated **non-operating loss** for SMU totaled CLP -14,540 million in 2Q21, a difference of CLP 2,674 million with respect to CLP -11,866 million in 2Q20. The primary variation was an increase of CLP 2,739 million in losses on inflation-indexed assets and liabilities, due to higher inflation in the period compared to 2Q20.

For the first half of 2021, the non-operating loss amounted to CLP 46,475 million, a difference of CLP 10,297 million with respect to CLP 36,177 million for 1H20, primarily due to:

a. **Other gains (losses)**: Other losses increased by CLP 7,379 million in 1H21, totaling CLP 12,437 million, primarily due to the plan implemented by the Company in February 2021 to optimize its organizational structure (loss of CLP 13,142 million), 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. This plan began generating savings in March 2021. With respect to 1H20, other losses totaled CLP 5,058 million, primarily due to non-recurring effects related to acts of vandalism that took place in Chile beginning on October 18, 2019 (loss of CLP 5,306 million) and a fine relating to a free competition proceeding (CLP 2,064 million), partially offset by the recovery of insurance (CLP 2,797 million).

b. **Losses on inflation-indexed assets and liabilities** increased by CLP 4,893 million in 1H21 compared to 1H20, due to higher inflation, as well as higher average UF-denominated debt during the period, especially in the first quarter, as the Company issued the series AL bond in December 2020 to pay the series G and K bonds in March 2021.

c. **Share of profit (loss) of associates** improved by CLP 1,016 million, due to the improvement in the results obtained by associate companies.

The **income tax benefit** for 2Q21 amounted to CLP 219 million, a decrease of CLP 3,667 million with respect to CLP 3,886 million for 2Q20, due to the lower pre-tax results, as well as higher inflation in 2Q21, resulting in higher inflation adjustments to the tax loss carryforward. With respect to 1H21, the income tax benefit amounted to CLP 5,727 million, an increase of CLP 2,688 million compared to CLP 3,040 million for 1H20, primarily due to inflation adjustments to the tax loss carryforward.

1.3 Net Income

SMU reported **net income** of CLP 19,110 million for the second quarter of 2021, a difference of CLP 25,654 million with respect to the net loss of CLP 6,544 million for 2Q20, explained by the improvement of CLP 31,994 million in operating income for the period. Likewise, net income for the first half amounted to CLP 24,153 million, an increase of CLP 23,796 million over CLP 357 million reported for 1H20, due to the improvement of CLP 31,405 million in operating income.

[3] 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 June 30, 2021 and December 31, 2020

(CLP Million)	June 2021	December 2020	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	94,187	197,716	(103,529)	(52.4%)
Other Current Financial Assets	18	18	(1)	(4.3%)
Other Current Non-Financial Assets	28,021	12,692	15,329	120.8%
Trade Accounts Receivable and Other Receivables, Net	69,195	91,520	(22,325)	(24.4%)
Accounts Receivable from Related Companies	15,842	15,845	(3)	(0.0%)
Inventories	211,190	188,730	22,460	11.9%
Current Tax Assets	1,289	2,971	(1,682)	(56.6%)
Total Current Assets	**419,741**	**509,493**	**(89,752)**	**(17.6%)**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	265	259	6	2.3%
Other Non-Current Non-Financial Assets	4,641	2,443	2,198	90.0%
Non-Current Accounts Receivable	2,308	1,731	577	33.3%
Non-Current Accounts Receivable from Related Parties	-	-	-	-
Investments Accounted for Using the Equity Method	13,675	14,116	(441)	(3.1%)
Intangible Assets Other Than Goodwill	58,033	59,475	(1,441)	(2.4%)
Goodwill	474,706	474,893	(187)	(0.0%)
Property, Plant, and equipment, net	687,464	693,190	(5,726)	(0.8%)
Deferred tax assets	430,420	426,350	4,070	1.0%
Total Non-Current Assets	**1,671,513**	**1,672,457**	**(944)**	**(0.1%)**
TOTAL ASSETS	**2,091,254**	**2,181,950**	**(90,696)**	**(4.2%)**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	121,682	206,318	(84,636)	(41.0%)
Trade and Other Current Payables	377,836	362,549	15,287	4.2%
Accounts Payable to Related Companies	578	1,152	(574)	(49.8%)
Other Current Provisions	1,885	2,080	(195)	(9.4%)
Current Tax Liabilities	0	1,663	(1,663)	(100.0%)
Current Provisions for Employee Benefits	25,461	20,738	4,724	22.8%
Other Current Non-Financial Liabilities	2,695	9,696	(7,001)	(72.2%)
Total Current Liabilities	**530,138**	**604,195**	**(74,058)**	**(12.3%)**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	830,148	848,123	(17,976)	(2.1%)
Non-Current Payables	3	14	(11)	(80.1%)
Deferred Tax Liabilities	23	75	(52)	(69.0%)
Non-Current Provisions for Employee Benefits	679	5,020	(4,341)	(86.5%)
Other Non-Current Non-Financial Liabilities	-	-	-	-
Total Non-Current Liabilities	**830,853**	**853,233**	**(22,380)**	**(2.6%)**
TOTAL LIABILITIES	**1,360,990**	**1,457,428**	**(96,438)**	**(6.6%)**
EQUITY				
Issued Capital	523,742	523,742	-	0.0%
Retained Earnings	59,565	52,617	6,948	13.2%
Other Reserves	146,956	148,162	(1,206)	(0.8%)
Equity Attributable to the Owners of the Parent Company	730,264	724,521	5,742	0.8%
Non-Controlling Interest	-	-	-	-
Total Equity	**730,264**	**724,521**	**5,742**	**0.8%**
TOTAL LIABILITIES AND EQUITY	**2,091,254**	**2,181,950**	**(90,696)**	**(4.2%)**

2.1. Assets

As of June 30, 2021, SMU's **total assets** decreased by CLP 90,696 million (4.2%) with respect to December 31, 2020, totaling CLP 2,091,254 million.

Current assets as of June 30, 2021 decreased CLP 89,752 million (17.6%) with respect to December 31, 2020, totaling CLP 419,741 million. The primary variations during the period were:

a. A decrease of CLP 103,529 million in cash and cash equivalents, primarily due to the amortization of the Series G and K bonds that matured in March. The remaining variations in cash and cash equivalents are described in section 3. Analysis of Statement of Cash Flows.

b. A decrease of CLP 22,325 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.

c. An increase of CLP 22,460 million in inventory, primarily due to the seasonality of the business.

d. An increase of CLP 15,329 million in other current non-financial assets, primarily due to an increase in prepaid insurance, due to the renewal of insurance policies; an increase in the VAT fiscal credit; and an increase in advances to foreign suppliers.

Non-current assets as of June 30, 2021 decreased CLP 944 million (0.1%) with respect to December 31, 2020, totaling CLP 1,671,513 million. The primary variations during the period were:

a. A decrease of CLP 5,726 million in property, plant, and equipment, due to depreciation for the period (CLP 36,983 million) and disposals/sales (CLP 3,798 million), partially offset by additions for the period (CLP 35,528 million).

b. An increase of CLP 4,070 million in deferred tax assets, primarily due to inflation adjustments of tax loss carryforwards, increasing the deferred tax assets, partially offset by decreases in deferred taxes from intangible tax assets.

c. A decrease of CLP 1,441 million in intangible assets other than goodwill, primarily due to amortization of CLP 4,524 million, partly offset by additions of CLP 3,082 million.

2.2. Liabilities

As of June 30, 2021, the Company's **total liabilities** decreased by CLP 96,438 million (6.6%) with respect to December 31, 2020, totaling CLP 1,360,990 million.

Current liabilities as of June 30, 2021 decreased by CLP 74,058 million (12.3%) with respect to December 2020, totaling CLP 530,138 million.

The primary decrease during the period was in other current financial liabilities (-CLP 84,636 million) primarily due to the decrease of CLP 69,196 million in obligations with the public, from the amortization of the Series G and K bonds, which matured in March (CLP 88,058 million), partially offset by accrued interest and the variation of the UF (inflation) during the period.

The other main variations during the period are detailed as follows:

a. An increase of CLP 15,287 million in current trade and other accounts payable, primarily due to accounts payable to suppliers and related to the cut-off date for payments.
b. A decrease of CLP 7,001 million in other current non-financial liabilities, primarily due to a decrease in the VAT fiscal debit (CLP 5,298 million), as well as lower prepaid income for lease of space (CLP 1,595 million).
c. An increase of CLP 4,724 million in current provisions for employee benefits, primarily due to the provision for benefits and bonuses.

Non-current liabilities as of June 30, 2021 decreased by CLP 22,380 million (2.6%) with respect to December 2020, amounting to CLP 830,853 million. The main variation in the period was the decrease of CLP 17,976 million in other non-current financial liabilities, primarily due to the transfer of CLP 14,958 million of the series AL Bond from non-current to current, as well as the transfer from non-current to current of obligations for rights of use (CLP 8,713 million), partially offset by the effect of inflation and new lease contracts recognized during the period.

2.3. Shareholders' Equity

Shareholders' equity increased by CLP 5,172 million (0.8%), primarily explained by the increase of CLP 6,948 million in retained earnings, due to net income for the period (CLP 24,153 million), partially offset by dividends paid during the period (CLP 17,204 million).

3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the Six Months Ended June 30, 2021 and 2020

(CLP Million)	June 2021	June 2020	△$
Net Cash Flows From (Used in) Operating Activities	97,134	30,274	66,861
Net Cash Flows From (Used in) Investing Activities	(18,795)	(19,511)	716
Net Cash Flows From (Used in) Financing Activities	(181,869)	(17,968)	(163,901)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**(103,529)**	**(7,205)**	**(96,324)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(103,529)**	**(7,205)**	**(96,324)**
Cash and Cash Equivalents at Beginning of Period	197,716	50,810	146,906
Cash and Cash Equivalents at End of Period	**94,187**	**43,605**	**50,582**

During the first six months of 2021, cash provided by **operating activities** totaled CLP 97,134 million, an increase of CLP 66,861 million compared to CLP 30,274 million for the same period of 2020. The higher operating cash generation is mainly due to the increase of CLP 41,055 million in cash receipts from the sale of goods and rendering of services, related to the higher revenue described in section 1 of this document. In addition, there was a decrease of CLP 37,297 million in payments to suppliers, primarily related to the cut-off date for payments.

Cash used in **investing activities** for 1H21 totaled a net outflow of CLP -18,795 million, similar to CLP -19,511 million for 1S20. The main use 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 19,276 million in 1H21 and CLP 17,253 million in 1H20.

Cash used in **financing activities** for 1H21 totaled a net outflow of CLP -181,869 million, mainly explained by: (i) payment of loans for CLP 103,903 million; (ii) payments of financial leases for CLP 26,834 million; (iii) interest payments of CLP 24,978 million; and (iv) dividend payments for CLP 26,153 million. In 1H20, cash used in financing activities totaled a net inflow of CLP 7,970 million, mainly explained by: proceeds from loans for CLP 120,097 million, including the placement of the series AK bonds in June (UF 3 million) and other short-term loans contracted during the period (approximately CLP 35,500 million), partially offset by: (i) payment of bank loans for approximately CLP 64,530 million; (ii) interest payments of CLP 23,170 million; and (iii) payments of financial leases for CLP 24,427 million.

4. Financial Indicators

Table 10: Financial Indicators

			Jun. 2021	Dec. 2020
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.79	0.84
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.39	0.53
LEVERAGE				
Total Liabilities / Total Assets	times	*Total liabilities / Total assets*	0.65	0.67
Total Liabilities / Equity	times	*Total liabilities / Equity*	1.86	2.01
Net Financial Debt / Equity	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)/Shareholders' equity*	0.59	0.59
Current Liabilities / Total Liabilities	%	*Total current liabilities/Total liabilities*	38.95	41.46
Net Financial Liabilities / EBITDA	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/EBITDA for the last 12 months*	3.99	4.62
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*	2.02	2.29
WORKING CAPITAL				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	43.89	42.52
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	10.37	11.97
Accounts Payable Days	days	*Average current trade and other accounts payable for the period / (Daily cost of goods sold for the period * 1.19)*	68.28	69.28
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)*	4.46	3.82
Gross Margin (Last 12 months)	%		30.00	29.74
EBITDA (Last 12 months)	CLP MM		214,916	185,471
EBITDA Margin (Last 12 months)	%		9.11	8.01
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	2.56	1.37
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	3.32	1.75
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	7.34	4.12
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	8.72	6.60
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	12.76	9.63

With respect to **liquidity** indicators, the difference between December 2020 and June 2021 is mainly due to the fact that the decrease in current assets was greater than the decrease in current liabilities, as explained in section 2 of this document.

With respect to **indebtedness** indicators, the primary variation is observed in the ratio of net financial debt/EBITDA and net financial liabilities/EBITDA and is explained by the increase in EBITDA for the last 12 months, as explained in section 1 of this document.

With respect to **working capital** indicators, there are no significant changes between December 2020 and June 2021.

With respect to **efficiency** indicators, the improvement in the interest coverage ratio is primarily explained by the increase in EBITDA for the last 12 months, as well as a decrease in financial expenses for the last 12 months.

With respect to **profitability** indicators, the primary variations are explained by improvements in net income and operating 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 June 30, 2021.

6. Relevant Events During the Period

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. On February 1, 2021, the Company provided an update on the status of the sale of its convenience store business, OK Market, to OXXO (FEMSA Comercio), which was announced on October 8, 2020. As the Company reported at the time, the transaction is subject to regulatory approval, and as part of that process, today the Chilean antitrust authority (*Fiscalía Nacional Económica* or "FNE") notified the Company of its decision to extend its analysis of the transaction by up to 90 business days.

5. On March 30, 2021, 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 20, 2021, 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 2020 period.
b. Approve the report of independent auditors.
c. Elect the members of the Board of Directors.
d. Approve remunerations of Board of Directors and other corporate committees for the 2021 period. Inform Board of Directors expenses incurred during 2020 period.
e. Inform activities and expenses of Directors' Committee for the 2020 period and determine remunerations and budget for the 2021 period.
f. Inform operations referred to under Title XVI of Law No. 18,046 (related-party operations).
g. Designate independent audit firm for the 2021 period.
h. Designate credit rating agencies for the 2021 period.
i. Dividend payment and distribution of net income for the 2020 period.
j. Designate newspaper in which legally required notifications will be published.
k. 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 2.0379 per share, for a total amount of CLP 11,762,722,134, to be charged to net income for the year 2020. Such dividend would be paid on April 27, 2021 to shareholders of record as of the fifth business day prior to such date.

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.

6. On March 31, 2021, the rating agency ICR upgraded SMU's credit rating from A- (positive outlook) to A (stable outlook).

7. On April 19, 2021, the rating agency Feller-Rate upgraded SMU's credit rating from A- (stable outlook) to A (stable outlook).

8. On April 20, 2021, 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 2020 period.

(2) Approve the report of independent auditors.

(3) Elect the following people as members of the Company's Board of Directors for the next three years:

a. Pilar Dañobeitía Estades
b. Francisca Saieh Guzmán
c. Alejandro Alvarez Aravena
d. Abel Bouchon Silva
e. Fernando Del Solar Concha
f. Andrés Olivos Bambach
g. Raúl Sotomayor Valenzuela

h. Rodrigo Pérez Mackenna (Independent Director)
i. Tina Rosenfeld Kreisselmeyer (Independent Director)

(4) Approve remunerations of Board of Directors and other corporate committees for the 2021 period. In addition, shareholders were informed of Board of Directors expenses incurred during 2020 period.

(5) Approve remunerations of the Directors' Committee for the 2021 period and inform activities and expenses of such committee during 2020.

(6) Approve the report of operations referred to under Title XVI of Law No. 18,046 (related-party operations).

(7) Designate KPMG Auditores Consultores Limitada as the independent audit firm; and designate Feller-Rate and ICR as local credit rating agencies.

(8) Designate the El Pulso section of La Tercera as the newspaper in which legally required notifications will be published.

(9) Distribute to shareholders a final dividend of CLP 2.03769 per share, for a total amount of CLP 11,762,722,134, to be charged to net income for the year 2020. Such dividend will be paid beginning on April 27, 2021 to shareholders of record as of the fifth business day prior to such date.

9. On April 27, 2021, the Company filed an essential fact, informing that the Board of Directors had agreed to the following at its meeting held on April 26, 2021:

(1) Designate Ms. Pilar Dañobeitía Estades as Chairwoman of the Board.

(2) Designate Ms. Francisca Saieh Guzmán as Vice Chairwoman of the Board.

(3) Designate Ms. Tina Rosenfeld Kreisselmeyer, Mr. Alejandro Álvarez Aravena, and Mr. Rodrigo Pérez Mackenna as members of the Company's Directors' Committee, constituted per the requirements of Article 50 bis of the Chilean Corporations Act (*Ley 18.046*).

(4) Designate the following directors as members of the other Board committees:

Audit and Risk Committee

Pilar Dañobeitía

Andrés Olivos

Tina Rosenfeld

Investment Committee

Abel Bouchon

Pilar Dañobeitía

Rodrigo Pérez Mackenna

Andrés Olivos

Human Resources Committee

Fernando Del Solar

Pilar Dañobeitía

Francisca Saieh

Sustainability Committee

Tina Rosenfeld

Pilar Dañobeitía

Francisca Saieh

Fernando Del Solar

Compliance Committee

Pilar Dañobeitía

Tina Rosenfeld

Andrés Olivos

10. On June 2, 2021, the Company filed an essential fact, informing that the Board of Directors had agreed to distribute an interim dividend of CLP 3,782,480,985 (CLP 0.65525 per share), to be charged to retained earnings for 2021. This interim dividend is equivalent to 75% of retained earnings as of March 31, 2021 and was paid beginning on June 21, 2021 to shareholders of record on the fifth business day prior to such date.
11. On June 4, 2021, the Company informed that the deadline for the Chilean antitrust authority (*Fiscalía Nacional Económica* or "FNE") to finalize its review of the transaction, which was originally set for June 9, 2021, had been suspended, as the parties had offered mitigation measures for the consideration of the FNE. This suspension, which is common in processes of this nature, had a duration of 15 business days subject to renewal.

7. Subsequent Events

1. On July 27, 2021, the Company filed an essential fact, informing of an agreement with Inmobiliaria Santander S.A., detailed as follows:

   SMU S.A. and Inmobiliaria Santander S.A. (“ISSA”) signed a binding Framework Contract for the lease, for a period of 35 years, of up to 22 business locations where supermarkets from the Montserrat chain previously operated (the “Agreement”).

   In line with the Organic Growth pillar of the Company’s strategic plan for 2020-2022, the purpose of the Agreement is to accelerate such growth and expand the coverage of the Company’s formats in the Santiago Metro and Valparaíso Regions, where SMU’s market share is lower.

   The Agreement is subject to a series of conditions, including, among others, completion of a due diligence procedure by SMU, covering ISSA’s commercial locations, and the approval of the free competition authorities, in accordance with Resolution No. 43/2021 issued by the Chilean Antitrust Court (Tribunal de Defensa de la Libre Competencia). The request for such approval will be submitted in the coming weeks.

   Finally, we inform you that at this time it is not possibly to accurately determine the impact that this Agreement may have on the Company’s results. Likewise, and due to the conditions to with the Agreement is subject, it is not possibly to accurately estimate the date on which the Agreement will be completed.

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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