3rd Quarter 2020

EARNINGS RELEASE

SMU S.A.

NOVEMBER 16, 2020

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

SMU's 2020 results for the third quarter of 2020 (3Q20) continue to reflect a significant impact from the COVID-19 pandemic, during which one of the main effects has been a reduction in store traffic—especially at centrally-located stores—due to public health restrictions, including quarantines and shelter-in-place requirements. The decrease in the number of transactions led to lower revenue and was particularly pronounced between the months of April and July.

However, during the months of August and September 2020, **there was a change in the trend**. Beginning in August, customer traffic—and, consequently, sales—began to recover, reflecting the gradual lifting of restrictions related to the pandemic.

By format, **Alvi's strong performance**, with same-store sales (SSS) growth of 27.4% in the quarter reflected the continued growth in the traditional trade during the period. OK Market, for its part, also had positive SSS figures, with 1.4% growth in the quarter, despite the reduced operating hours under pandemic-related curfews. Total SSS for the third quarter decreased 0.6%, which also demonstrates the recovery with respect to the second quarter, when same-store sales fell 2.7%.

In addition to the recovery in the top line, during the third quarter of 2020 the Company achieved a **significant optimization in operating expenses**[1]. The previous quarter had been affected by over CLP 4,000 million in extraordinary expenses directly related to the pandemic, and in 3Q20 the Company managed to significantly reduce these expenses, by over 50%. 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 quarter increased by only 0.5%, less than inflation**, and if they were excluded, total operating expenses would have decreased by 2.0%. This demonstrates the Company's disciplined approach to all operating expenses, not only the extra expenses resulting from the pandemic.

EBITDA[2] for the third quarter of 2020 amounted to CLP 48,525 million (EBITDA margin 8.7%), a decrease of 7.5% with respect to CLP 52,471 million (EBITDA margin 9.0%) for the third quarter of 2019 (3Q19). It should be noted that excluding extraordinary COVID-19 expenses, the decrease in 3Q20 EBITDA would have been only 3.4%, and in fact the EBITDA margin would have increased, to 9.1%.

Similarly, EBITDA for the first nine months of 2020 (9M20) totaled CLP 125,486 million (EBITDA margin of 7.4%) in 9M20, a decrease of 11.7% with respect to CLP 142,119 million (EBITDA margin 8.3%) for the first nine months of 2019 (9M19). Excluding the extraordinary COVID-19 expenses, EBITDA for 9M20 would have amounted to CLP 132,923 million (a decrease of 6.5% with respect to 9M19) and an EBITDA margin of 7.9%.

Net income for the first nine months of 2020 of CLP 9,869 million, compared to CLP 24,144 million for 9M19. Although this represents a decrease of 59.1%, this is primarily due to the net loss reported for the second quarter. **There was a significant recovery in the third quarter of 2020**, when net income totaled CLP 9,512 million, similar to 3Q19 (CLP 10,298 million) and actually higher than net income for the first quarter of this year.

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

Management Commentary

With respect to the release of earnings for the first nine months and third quarter of 2020, SMU's CEO, Marcelo Gálvez, stated, "During this past quarter, the public health crisis continued to have a significant impact on our operations and results. One of the main effects of the pandemic has been the reduction in customer traffic—especially in centrally-located stores—as a consequence of quarantines and other restrictions in place. This decrease in transactions resulted in lower revenue and was particularly pronounced between the months of April and July."

"However," continued Mr. Gálvez, "As we had indicated in our previous earnings release, in recent months we have seen a change in this trend. Since August, we have observed a gradual recovery in customer traffic numbers and, consequently, in sales, reflecting the fact that some restrictions have been lifted."

Mr. Gálvez went on to say, "Although third quarter revenue decreased with respect to the same period of 2019, this is largely the result of performance during the month of July, when all quarantines and other restrictions were in effect. In the subsequent months, the fall in the number of transactions has been progressively improving. In addition, our customers have reacted favorably to modifications we have made in our value proposition and our promotional activity, which aim to satisfy their needs, as shopping habits have been affected during the pandemic. Both effects have led to a significant improvement in sales beginning in August."

"With respect to our different formats, Alvi's outstanding performance continued this quarter, satisfying the needs of our customers in the mom-and-pop business. At the same time, OK Market also had positive SSS figures, with 1.4% growth in the quarter, despite the reduced operating hours under pandemic-related curfews."

"In addition to the recovery that we began to see in sales during the third quarter, we also achieved a significant optimization in operating expenses. The previous quarter had been affected by over CLP 4 billion in extraordinary expenses directly related to the pandemic, and this quarter we managed to significantly reduce these expenses by over 50%. It is also worth highlighting the fact that even including these extraordinary expenses, total operating expenses for the quarter increased by only 0.5%, less than inflation, and if they were excluded, we would have seen a decrease of 2.0%. This demonstrates our disciplined approach to all operating expenses, not only the extra expenses resulting from the pandemic."

"The recovery we began to see in the third quarter compared to the second quarter is also evident when we look at the bottom line. In the second quarter we reported a net loss, and this quarter we achieved a net profit of CLP 9,512 million, similar to 3Q19 (CLP 10,298 million) and actually higher than net income for the first quarter of this year."

“Another relevant highlight during this period was our campaign called *Unidos Salimos de Esto* (‘We Will Get Through This Together’), the objective of which was to help people who have been severely affected by the economic consequences of the pandemic. During the months of July, August, and September, we invited customers and neighboring communities to participate in this initiative, and we contributed an additional 10%. As a result, 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. The results of this effort, which we designed as part of our commitment to fulfilling our social responsibility as a food retailer, fill me with pride and gratitude.”

Mr. Gálvez concluded by saying, “In the coming months, we will be focusing our efforts on some of the projects contained in our strategic plan and that we had to postpone due to the restrictions related to the public health crisis. These initiatives include store openings for the first half of 2021, when we expect to open two new Unimarc stores, re-open one Unimarc store, and open three new stores in Peru.”

Recent Events

Binding Agreement To Sell OK Market

On October 8, 2020, SMU announced that it had signed a binding agreement to sell its OK Market convenience store business to the Mexican company FEMSA Comercio S.A. de C.V. (“FEMSA”), which operates OXXO convenience stores in Chile. Under the terms of the agreement, the parties agreed to a price of UF[3] 1,515,965 (approximately CLP 43.5 billion or USD 55 million), to be paid upon closing and subject to customary adjustments for such operations. The proceeds from this transaction will be used to strengthen the Company’s strategic plan, which includes significant investments in e-commerce, new openings and remodels in our Unimarc and Alvi formats, strengthening the value proposition of our Mayorista 10 low-cost format, and store openings in Peru.

The transaction is subject to a series of conditions, including, among others, approval by anti-trust authorities, the negotiation of a share purchase agreement, and completion of due diligence by FEMSA. Consequently, this transaction is expected to be finalized during 2021.

Extraordinary Shareholders’ Meeting

On September 22, 2020, shareholders at SMU’s Extraordinary Shareholders’ Meeting agreed to modify the Company’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.

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.

[3] The UF, or *Unidad de Fomento*, is a Chilean currency unit indexed to inflation.

Conference Call

SMU will host a conference call and webcast for investors on Wednesday, November 18, 2020 at 10:00 am ET/ 12:00 pm Santiago to discuss its third 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/smu20201118.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 nine months ended September 30, 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)	3Q20 (IFRS 16)	3Q19 (IFRS 16)	△%	9M20 (IFRS 16)	9M19 (IFRS 16)	△%
Revenue	558,165	581,799	(4.1%)	1,688,453	1,709,484	(1.2%)
Cost of Sales	(389,890)	(409,338)	(4.8%)	(1,186,793)	(1,207,058)	(1.7%)
Gross Profit	**168,275**	**172,461**	**(2.4%)**	**501,660**	**502,426**	**(0.2%)**
Gross Margin (%)	*30.1%*	*29.6%*		*29.7%*	*29.4%*	
Distribution Costs	(7,487)	(8,283)	(9.6%)	(23,980)	(23,186)	3.4%
Contribution Margin	**160,789**	**164,178**	**(2.1%)**	**477,681**	**479,241**	**(0.3%)**
Contribution Margin (%)	*28.8%*	*28.2%*		*28.3%*	*28.0%*	
Administrative Expenses (Excluding Depreciation)	(112,264)	(111,708)	0.5%	(352,194)	(337,122)	4.5%
EBITDA	**48,525**	**52,471**	**(7.5%)**	**125,486**	**142,119**	**(11.7%)**
EBITDA Margin (%)	*8.7%*	*9.0%*		*7.4%*	*8.3%*	
Depreciation and Amortization	(21,130)	(21,580)	(2.1%)	(64,596)	(64,356)	0.4%
Operating Income	**27,395**	**30,890**	**(11.3%)**	**60,890**	**77,763**	**(21.7%)**
Other Gains (Losses)	(720)	(620)	16.1%	(5,779)	(1,035)	458.4%
Financial Income	182	198	(7.8%)	634	661	(4.1%)
Financial Expenses	(12,272)	(13,274)	(7.5%)	(36,915)	(37,829)	(2.4%)
Share of Profit (Loss) of Associates	(82)	(921)	(91.1%)	(1,097)	(2,988)	(63.3%)
Foreign Exchange Differences	(159)	(207)	(23.2%)	(747)	(88)	746.3%
Income (Loss) for Indexed Assets and Liabilities	(175)	(2,304)	(92.4%)	(5,500)	(7,926)	(30.6%)
Non-operating Income	**(13,227)**	**(17,128)**	**(22.8%)**	**(49,404)**	**(49,205)**	**0.4%**
Net Income (Loss) Before Taxes	**14,168**	**13,762**	**3.0%**	**11,486**	**28,558**	**(59.8%)**
Income Tax Expense	(4,657)	(3,464)	34.4%	(1,617)	(4,414)	(63.4%)
Net Income (Loss) from Continued Operations	**9,512**	**10,298**	**(7.6%)**	**9,869**	**24,144**	**(59.1%)**
Net Income (Loss) of the Period	**9,512**	**10,298**	**(7.6%)**	**9,869**	**24,144**	**(59.1%)**

1. Analysis of Income Statement

1.1. Results of Operations: Food Retail Segment

1.1.1. Revenue

Revenue for the first nine months of 2020 amounted to CLP 1,688,453 million, a decrease of 1.2% with respect to CLP 1,709,484 million for 9M19. With respect to the third quarter of 2020, revenue decreased 4.1%, totaling CLP 558,165 million.

It is important to note that during the months of August and September 2020, 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 9M20 includes the recognition of the preliminary estimate of the indemnity for business interruption insurance, CLP 4,582 million (including CLP 158 million in 3Q20), 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 nine months and third 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)	3Q20	3Q19	△%	9M20	9M19	△%
UNIMARC	375	400	*-6.2%*	1,136	1,180	*-3.7%*
CASH & CARRY	153	153	*-0.2%*	458	443	*3.4%*
OK MARKET	12.6	13.3	*-5.3%*	36.4	39.6	*-8.1%*
E-COMMERCE(*)	4.2	2.1	*101.1%*	8.9	5.5	*63.2%*
OTHERS(**)	1.6	1.7	*-7.9%*	6.1	4.6	*32.2%*
FOOD RETAIL CHILE	546	570	*-4.2%*	1,646	1,673	*-1.6%*
FOOD RETAIL PERU	12.5	12.2	*2.7%*	42.6	36.6	*16.4%*
CONSOLIDATED	558	582	*-4.1%*	1,688	1,709	*-1.2%*

(*) 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.

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

Food Retail Chile revenue decreased 1.6% in the first nine months of 2020 with respect to the same period of the previous year, and in the third quarter revenue decreased 4.2%. 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.

By format, Unimarc—the traditional supermarket—decreased 3.7% in 9M20 (-6.2% in 3Q20). Revenue for the cash & carry format increased 3.4% in 9M20 (decrease of 0.2% in 3Q20). With respect to the OK Market convenience stores, revenue decreased 8.1% in 9M20 (-5.3% in 2Q20). Revenue for the e-Commerce channel, which includes the Telemercados format and the Los Dominicos dark store, increased 63.2% in the first nine months of 2020 (101.1% in 3Q20), 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 250% in the third quarter of 2020 with respect to 3Q19.

Considering all online channels, including SMU's own online platforms and sales through last milers, revenue grew 135% in 9M20 and 155% in 3Q20, with respect to the same periods of 2019.

In Food Retail Peru, revenue (measured in Chilean pesos) increased 16.4% in 9M20 with respect to 9M19, and 2.7% in the third quarter. Measured in Peruvian Soles, revenue increased 2.9% in the first nine months of the year and decreased 1.6% in the third quarter.

Table 3: Same-Store Sales Growth (%)

SSS (△%)	3Q19	9M19	4Q19	1Q20	2Q20	3Q20	9M19
UNIMARC	-0,1%	-0,3%	-1,2%	6,3%	-7,0%	-4,0%	-1,3%
CASH & CARRY	3,0%	2,7%	-0,2%	19,3%	5,9%	7,1%	10,6%
OK MARKET	5,5%	5,4%	-8,6%	-0,7%	-11,6%	1,4%	-3,2%
FOOD RETAIL CHILE	0,7%	0,4%	-1,2%	9,3%	-3,3%	-0,6%	1,9%
FOOD RETAIL PERU	0,8%	8,0%	-8,8%	0,9%	7,4%	-1,9%	2,9%
CONSOLIDATED	0,7%	0,7%	-1,1%	9,5%	-2,7%	-0,6%	2,3%

Same-store sales (SSS) increased 2.3% in the first nine months of 2020 and decreased 0.6% in the third quarter, with respect to the same periods of 2019.

In Chile overall, SSS decreased 0.6% in the third quarter of 2020. As a general trend, there was a significant reduction in the number of transactions in the period, reflecting quarantines, shelter-in-place orders, and other restrictions that have been put in place in order to fight the pandemic. This reduction has been particularly noteworthy in stores located in city centers. For example, in Unimarc's case, centrally-located stores account for approximately 30% of sales, whereas for Mayorista 10, these stores account for close to 60% of sales. However, as mentioned above, performance in 3Q20 improved with respect to the second quarter of the year, due to the recovery beginning in the months of August and September, related to the gradual lifting of restrictions.

By format, SSS for Unimarc decreased 1.3% in the first nine months of 2020 (-4.0% in 3Q20), reflecting the impact, especially between the months of April and July, of lower store traffic, particularly in centrally-located stores, offsetting the strong growth recorded in the first quarter of this year. In addition, SSS for 3Q20 are impacted by a strike during the month of July affecting nine stores in northern Chile. The cash & carry formats, for their part, saw an increase of 10.6% in 9M20 (7.1% in 3Q20), strongly driven by Alvi, which had SSS growth of 23.2% (27.4% in the quarter), reflecting growth in the traditional trade channel, as well as institutional sales. OK Market convenience stores decreased 3.2% in 9M20 but had an increase of 1.4% in 3Q20, growing despite the reduced operating hours under pandemic-related curfews.

Food Retail Peru—which accounts for approximately 3% of SMU's 2020 revenue in 2020—recorded an increase in SSS (measured in Soles) of 2.9% in 9M20 (decrease of 1.9% in 3Q20). 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)	3Q20	3Q19(*)	△%	9M20	9M19	△%
FOOD RETAIL CHILE	377.3	382.6	*-1.4%*	379.6	374.9	*1.3%*
FOOD RETAIL PERU	223.2	213.6	*4.5%*	251.9	216.6	*16.3%*
CONSOLIDATED	371.5	376.4	*-1.3%*	374.8	369.1	*1.5%*

(*) 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 9M20 and 3Q20 information.

Sales per square meter reached CLP 374,761 for the first nine months of 2020, 1.5% higher than 9M19. In the third quarter of 2020, sales per square meter amounted to CLP 371,455, 1.3% lower than in 3Q19.

Food Retail Chile sales per square meter grew 1.3% in 9M20 compared to 9M19 (decrease of 1.4% in 3Q20 vs. 3Q19). For its part, Food Retail Peru (measured in Chilean pesos) recorded an increase of 16.3% in 9M20 and 4.5% in 3Q20.

As of the end of the third quarter of 2020, SMU's food retail operations included **503 stores** in Chile, distributed from Arica to Punta Arenas—a decrease with respect to the 510 stores in operation at the end of September 2019—and a total of **483,351** 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 September 30, 2020 includes 11 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 11 stores include four Unimarc stores, one Mayorista 10 store, three Alvi stores, and three OK Market stores. In addition, the total store number includes seven OK Market stores that are located in universities or malls that are temporarily closed due to the COVID-19 pandemic.

During the first nine months of 2020, the Company opened five OK Market stores and decided to permanently close five Unimarc stores, three Mayorista 10 stores, one Alvi store, and four OK Market stores. All of these stores had sustained significant damage in the context of the social unrest in Chile, with the exception of two OK Market stores, where the decision to close was based on performance, as part of the normal course of business. 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 September 30, 2020, the Company had 24 stores, with 18,494 square meters, for a total selling space of 501,945 square meters at period end.

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

NUMBER OF STORES	3Q20	3Q19	SALES AREA (THOUSANDS OF SQM)	3Q20	3Q19(*)
UNIMARC	285	290	UNIMARC	347	351
CASH & CARRY	95	99	CASH & CARRY	123	127
OK MARKET	123	121	OK MARKET	14	14
FOOD RETAIL CHILE	503	510	FOOD RETAIL CHILE	483	492
FOOD RETAIL PERU	24	24	FOOD RETAIL PERU	19	19
CONSOLIDATED	527	534	CONSOLIDATED	502	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 9M20 and 3Q20 information.

Table 6: Store Openings and Closures

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

1.1.2. Distribution Costs and Administrative Expenses

Distribution costs plus administrative expenses (excluding depreciation and amortization), as a percentage of revenue, amounted to 22.3% in 9M20 and 21.1% in 9M19. This increase is due to an expansion of 4.4% in operating expenses in 9M20, driven by extraordinary expenses directly related to the pandemic (CLP 7,437 million in 9M20 and CLP 2,161 million in 3Q20), combined with lower revenue, resulting in lower operating leverage. In the third quarter of 2020, operating expenses amounted to 21.5% of revenue (+90 bps compared to 20.6% in 3Q19), a significant improvement over the second quarter of this year, when operating expenses amounted to 24.9% of revenue (+320 bps compared to 21.7% in 2Q19), following the successful implementation of a plan to optimize expenses.

It is important to note the significant optimization of extraordinary expenses during the third quarter of 2020 (CLP 2,161 million) with respect to the second quarter (CLP 4,568 million), leading to a decrease of 53%. This optimization has been achieved while maintaining strict compliance with all public health protocols and is therefore sustainable over time. At the same time, a disciplined approach to operating expenses in general is reflected in the fact that total operating expenses for the third quarter decreased (-0.2%) with respect to the same period of the previous year, and excluding extraordinary expenses, the decrease would be even more pronounced: -2.0% with respect to 3Q19.

Distribution costs for the first nine months of 2020 totaled CLP 23,980 million, an increase of 3.4% with respect to 9M19. Distribution costs as a percentage of revenue amounted to 1.4% in both periods. The increase is the result of the increase in centralized distribution across formats, as well as higher fuel costs and the increase in the exchange rate and inflation. With respect to the third quarter, distribution costs totaled CLP 7,487 million in 3Q20, a decrease of 9.6% with respect to 3Q19, 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 this quarter.

Administrative expenses (excluding depreciation and amortization) totaled CLP 352,194 million (20.9% of revenue) in 9M20, an increase of 4.5% with respect to CLP 337,122 million (19.7% of revenue) in 9M19. With respect to the third quarter, administrative expenses amounted to CLP 112,264 million (20.1% of revenue) in 3Q20, an increase of 0.5% with respect to CLP 111,708 million (19.2% of revenue) in 3Q19. As mentioned above, this increase includes CLP 7,437 million in 9M20 and CLP 2,161 million in 3Q20 in expenses that are directly related to the pandemic and that account for 2.2 percentage points out of the 4.5% increase in 9M20. With respect to the third quarter, excluding these extraordinary expenses, administrative expenses would have decreased 1.4% instead of the 0.5% increase reported in the financial statements.

The increase in administrative expenses in the first nine months of 2020 was primarily due to the following:

a. Increase of CLP 5,568 million (+132.3% 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 last year, after the policy renewal.
b. Increase of CLP 3,594 million (+5.7% YoY) in services, including CLP 2,367 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 CLP 2,990 million (+1.7% YoY) in personnel expenses. In addition to CLP 949 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.

d. Increase of 2,162 million (+20.9% YoY) in IT services, primarily due to maintenance of investments in technology during prior periods.
e. Increase of 1,619 million (+15.6% YoY) in credit card commissions, as the use of electronic forms of payment has increased during the period.
f. Increase of 1,472 million (+19.7% YoY) in external services, primarily due to expenses associated with strategic projects.
g. Increase of CLP 723 million (+7.5% YoY) in materials, including CLP 2,737 million in hygiene and personal protective equipment and other materials necessitated by the pandemic, which were offset by savings in other materials.

These increases were partly offset by decreases of CLP 4,651 million (-34.8% YoY) in advertising expenses and CLP 751 million (-3.8% YoY) in leases and shared expenses.

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

a. Increase of CLP 2,067 million (+146.5% 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 last year, after the policy renewal.
b. Increase of 705 million (19.6% YoY) in IT services, primarily due to maintenance of investments in technology during prior periods.
c. Increase of 538 million (+14.3% YoY) in credit card commissions, as the use of electronic forms of payment has increased during the period.
d. Increase of 432 million (+17.4% YoY) in external services, primarily due to expenses associated with strategic projects.
e. Increase of CLP 356 million (+1.7% YoY) in services, including CLP 771 million in expenses directly related to COVID-19, such as sanitization services, partially offset by savings in other services.
f. Increase of CLP 3,089 million (+5.0% YoY) in personnel expenses. In addition to CLP 936 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.
g. Increase of CLP 722 million (+23.2% YoY) in materials, including CLP 1,315 million in hygiene and personal protective equipment and other materials necessitated by the pandemic, partially offset by savings in other materials.

These increases were partly offset by:

a. Decrease of CLP 3,429 million (-5.7% YoY) in personnel expenses, reflecting the lower average headcount with respect to 3Q19, as well as lower provisions for variable compensation and lower indemnification expenses.
b. Decrease of CLP 976 million (-26.2% YoY) in advertising expenses.
c. Decrease of CLP 450 million (-2.1% YoY) in maintenance expenses.
d. Decrease of CLP 334 million (-5.1% YoY) in leases and shared expenses.

e. Decrease of CLP 313 million (-9.7% YoY) in materials, despite the CLP 880 million in hygiene and personal protective equipment and other materials necessitated by the pandemic, which were more than offset by savings in other materials.

Table 7: Average Headcount

AVERAGE HEADCOUNT	3Q20	3Q19	△%	9M20	9M19	△%
STORES CHILE	25,703	27,589	-6.8%	26,402	27,796	-5.0%
HEADQUARTERS CHILE	2,002	1,777	12.7%	1,982	1,700	16.6%
FOOD RETAIL CHILE	27,706	29,366	-5.7%	28,384	29,496	-3.8%
STORES PERU	452	489	-7.6%	460	515	-10.7%
HEADQUARTERS PERU	159	139	13.9%	154	138	11.9%
FOOD RETAIL PERU	611	629	-2.9%	614	652	-5.9%
CONSOLIDATED	28,316	29,995	-5.6%	28,997	30,148	-3.8%

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the first nine months of 2020 totaled CLP 501,660 million (29.7% of revenue), similar to CLP 502,426 million (29.4% of revenue) in 9M19. With respect to the third quarter of 2020, gross margin amounted to CLP 168,275 million, a decrease with respect to CLP 172,461 million for 3Q19. However, this decrease of 2.9% was lower than the decrease in revenue (4.1%) due to the improvement in commercial efficiency, reflected in the 50 bps growth in gross margin, from 29.6% in 3Q19 to 30.1% in 3Q20.

Contribution margin totaled CLP 477,681 million in 9M20, similar to CLP 479,241 million for 9M19. Measured as a percentage of revenue, contribution margin increased 30 bps, from 28.0% in 9M19 to 28.3% in 9M20. With respect to the third quarter of 2020, contribution margin amounted to CLP 160,789 million (28.8% of revenue), a decrease of 2.1% with respect to CLP 164,178 million (28.2% of revenue) in 3Q19.

EBITDA totaled CLP 125,486 million (EBITDA margin of 7.4%) in 9M20, a decrease of 11.7% with respect to CLP 142,119 million (EBITDA margin 8.3%) in 9M19. Excluding the extraordinary COVID-19 expenses, EBITDA for 9M20 would have amounted to CLP 132,923 million (a decrease of 6.5% with respect to 9M19) and an EBITDA margin of 7.9%.

EBITDA for the third quarter of 2020 amounted to CLP 48,525 million (EBITDA margin 8.7%), a decrease of 7.5% with respect to CLP 52,471 million (EBITDA margin 9.0%) for 3Q19. It should be noted that these figures also reflect the recovery with respect to the second quarter of this year, when EBITDA decreased 45.8% and EBITDA margin fell by 320 bps, to 4.4%. Excluding extraordinary COVID-19 expenses, 3Q20 EBITDA would have amounted to CLP 50,686 million (a decrease of 3.4% with respect to 3Q19) and an EBITDA margin of 9.1%, which is 10 bps higher than the EBITDA margin for 3Q19.

EBITDAR (EBITDA less lease expenses) totaled CLP 144,381 million (EBITDAR margin 8.6%) in 9M20, a decrease of 10.7% with respect to CLP 161,765 million (EBITDA margin 9.5%) in 9M19. Excluding the extraordinary COVID-19 expenses, EBITDAR for 9M20 would have amounted to CLP

151,818 million (a decrease of 6.1% with respect to 9M19) and an EBITDAR margin of 9.0%.

EBITDAR for the third quarter of 2020 amounted to CLP 54,700 million (EBITDAR margin 9.8%), a decrease of 7.3% with respect to CLP 58,980 million (EBITDAR margin 10.1%) for 3Q19. Excluding extraordinary COVID-19 expenses, 3Q20 EBITDAR would have amounted to CLP 56,861 million (a decrease of 3.6% with respect to 3Q19) and an EBITDAR margin of 10.2%.

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

The consolidated **non-operating loss** for SMU totaled CLP -49,404 million in 9M20, similar to CLP -49,205 million in 9M19. The primary variations in non-operating results between the first nine months of 2019 and 2020 are the following:

is variation is primarily explained by two non-recurring effects, both of which were recognized in the line-item “other gains (losses)”:

a. **Other gains (losses)**: Other losses increased by CLP 4,744 million in 9M20, primarily due to two non-recurring effects:
   i. Losses from acts of vandalism amounting to CLP 5,645 million, due to social unrest and acts of vandalism that took place in the period, where some stores were looted or damaged. This amount was partially offset by the recognition of CLP 2,797 million, corresponding to the estimated amount of insurance to be recovered for these losses. Consequently, the net effect in the period is CLP -2,849 million.
   ii. Free competition proceeding: On April 8, 2020, SMU was notified of the ruling by the Chilean Supreme Court 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. At the date of the ruling, the Company had already recorded a provision equal to 3,483 Annual Tax Units, and therefore the effect for 2020 is only 50% of the fine, or CLP 2,064 million.
b. **Losses on inflation-indexed assets and liabilities** were lower by CLP 2,426 million in 9M20 than in 9M19, due to lower average UF-denominated debt and lower inflation.
c. **Share of losses of associates** decreased by CLP 1,891 million in 9M20, due to the improvement in results of associate companies, especially Administradora de Tarjetas Unicard Ltda., Unicard S.A. and Unired S.A.

The non-operating loss for 3Q20 improved by CLP 3,902 million, amounting to CLP -13,227 million, compared to a loss of CLP -17,128 million for 2Q19. This variation is explained primarily by (i) the difference of CLP 2,129 million in losses on inflation-indexed assets and liabilities, (ii) CLP 1,002 million in financial expenses, and (iii) CLP 839 million in the share of losses of associates.

The **income tax expense** for 9M20 amounted to CLP -1,617 million, a difference of CLP 2,797 million with respect to CLP -4,414 million for 9M19, primarily due to the worse pre-tax results. With respect

[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)

to 3Q20, the income tax expense amounted to CLP -4,657 million, a difference of CLP 1,192 million compared to CLP -3,464 million recognized in 3Q19, due to the improved pre-tax results, as well as lower inflation adjustments to the tax loss carryforward.

1.3 Net Income

SMU reported **net income** for the first nine months of 2020 of CLP 9,869 million, compared to CLP 24,144 million for 9M19. Although this represents a decrease of 59.1%, this is primarily due to the net loss reported for the second quarter. There was a significant recovery in the third quarter of 2020, when net income totaled CLP 9,512 million, lower by 7.6% with respect to CLP 10,298 million for 3Q19.

2. Analysis of Statement of Financial Position

Table 8: Statement of Financial Position as of September 30, 2020 and December 31, 2019

(CLP Million)	September 2020 (IFRS 16)	December 2019 (IFRS 16)	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	93,439	50,810	42,628	83.9%
Other Current Financial Assets	19	21	(2)	(7.4%)
Other Current Non-Financial Assets	20,379	17,955	2,424	13.5%
Trade Accounts Receivable and Other Receivables, Net	68,365	91,813	(23,448)	(25.5%)
Accounts Receivable from Related Companies	9,325	1,525	7,800	511.3%
Inventories	210,283	195,744	14,539	7.4%
Current Tax Assets	2,132	4,263	(2,131)	(50.0%)
Total Current Assets	**403,942**	**362,132**	**41,810**	**11.5%**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	256	250	6	2.5%
Other Non-Current Non-Financial Assets	2,322	2,178	143	6.6%
Non-Current Accounts Receivable	1,459	1,525	(67)	(4.4%)
Non-Current Accounts Receivable from Related Parties	0	7,000.0	(7,000)	(100.0%)
Investments Accounted for Using the Equity Method	13,974	14,275.9	(302)	(2.1%)
Intangible Assets Other Than Goodwill	61,171	65,745.2	(4,574)	(7.0%)
Goodwill	475,522	475,717.2	(195)	(0.0%)
Property, Plant, and equipment, net	701,458	723,285.9	(21,828)	(3.0%)
Deferred tax assets	425,003	425,721.9	(719)	(0.2%)
Total Non-Current Assets	**1,681,165**	**1,715,700**	**(34,535)**	**(2.0%)**
TOTAL ASSETS	**2,085,107**	**2,077,832**	**7,276**	**0.4%**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	202,097	139,327	62,770	45.1%
Trade and Other Current Payables	364,392	382,858	(18,467)	(4.8%)
Accounts Payable to Related Companies	845	1,879	(1,034)	(55.0%)
Other Current Provisions	6,148	3,796	2,351	61.9%
Current Tax Liabilities	1,650.9	797.9	853	106.9%
Current Provisions for Employee Benefits	18,750	21,533	(2,783)	(12.9%)
Other Current Non-Financial Liabilities	4,504	10,617	(6,113)	(57.6%)
Total Current Liabilities	**598,386**	**560,808**	**37,578**	**6.7%**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	766,940	790,225	(23,285)	(2.9%)
Non-Current Payables	24	56	(32)	(56.9%)
Deferred Tax Liabilities	76	76	0	0.1%
Non-Current Provisions for Employee Benefits	3,970	1,927	2,042	106.0%
Other Non-Current Non-Financial Liabilities	425	3,323	(2,899)	(87.2%)
Total Non-Current Liabilities	**771,435**	**795,608**	**(24,173)**	**(3.0%)**
TOTAL LIABILITIES	**1,369,821**	**1,356,416**	**13,405**	**1.0%**
EQUITY				
Issued Capital	523,742	523,742	0	0.0%
Retained Earnings	41,607	47,300	(5,694)	(12.0%)
Other Reserves	149,938	150,373	(435)	(0.3%)
Equity Attributable to the Owners of the Parent Company	715,287	721,416	(6,129)	(0.8%)
Non-Controlling Interest	-	-	-	-
Total Equity	**715,287**	**721,416**	**(6,129)**	**(0.8%)**
TOTAL LIABILITIES AND EQUITY	**2,085,107**	**2,077,832**	**7,276**	**0.4%**

2.1. Assets

As of September 30, 2020, SMU's **total assets** increased by CLP 7,276 million (0.4%) with respect to December 31, 2019, totaling CLP 2,085,107 million.

Current assets as of September 30, 2020 increased CLP 41,810 million (11.5%) with respect to December 31, 2019, totaling CLP 362,132 million. The primary variations during the period were:

a. An increase of CLP 42,628 million in cash and cash equivalents, explained by the variations that are described in section 3. Analysis of Statement of Cash Flows.
b. An increase of CLP 14,539 million in inventory, due to preparations for higher sales in the fourth quarter associated with the seasonality of the business.
c. An increase of CLP 7,800 million in 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.

These increases were partly offset by a decrease of CLP 23,448 million in current trade and other accounts receivable, primarily explained by a decrease in the account receivable from Transbank, due to the business cycle.

Non-current assets as of September 30, 2020 decreased CLP 34,535 million (2.0%) with respect to December 31, 2019, totaling CLP 1,681,165 million. The primary variations during the period were:

a. A decrease in of CLP 21,828 million in property, plant and equipment, primarily due to depreciation of CLP 55,491 million, partly offset by additions of CLP 35,718 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 4,574 million in intangible assets other than goodwill, primarily due to amortization of CLP 9,105 million, partly offset by additions of CLP 4,532 million.

2.2. Liabilities

As of September 30, 2020, the Company's **total liabilities** increased by CLP 13,405 million (1,0%) with respect to December 31, 2019, totaling CLP 1,369,821 million.

Current liabilities as of September 30, 2020 increased by CLP 37,578 million (6.7%) with respect to December 2019, totaling CLP 595,386 million.

The primary increase during the period was in other current financial liabilities (+CLP 62,770 million) primarily due to an increase of CLP 86,374 million in obligations with the public, for the transfer of the series G and K bonds, which mature in March 2021, from non-current to current. This increase was partially offset by a decrease of CLP 23,622 million in bank loans, reflecting the payment of the refinancing 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 18,467 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 6,113 million in other current non-financial liabilities, primarily due to a decrease in the VAT fiscal debit.
c. A decrease of CLP 2,783 million in current provisions for employee benefits, mainly due to the payment of short- and long-term incentives.

Non-current liabilities as of September 30, 2020 decreased by CLP 24,173 million (3.0%) with respect to December 2019, amounting to CLP 771,435 million. The main variation in the period was the decrease of CLP 23,285 million in other non-current financial liabilities, primarily due to (i) the decrease of CLP 16,495 million in obligations for rights of use, (ii) the decrease of CLP 6,899 million in bank loans, and (iii) the decrease of CLP 4,191 million in obligations for rights of use with a purchase option, partially offset by an increase of CLP 4,301 million in obligations with the public.

2.3. Shareholders' Equity

Shareholders' equity decreased by CLP 6,129 million (-0.8%), primarily due to a decrease of CLP 5,694 million in retained earnings related to the payment of dividends in May 2020, partially offset by net income for the period.

3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the Nine Months Ended September 30, 2020 and 2019

(CLP Million)	September 2020 (IFRS 16)	September 2019 (IFRS 16)	△$
Net Cash Flows From (Used in) Operating Activities	93,343	122,807	(29,465)
Net Cash Flows From (Used in) Investing Activities	(26,176)	(41,118)	14,943
Net Cash Flows From (Used in) Financing Activities	(24,539)	(116,912)	92,373
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**42,628**	**(35,223)**	**77,851**
Net Increase (Decrease) in Cash and Cash Equivalents	**42,628**	**(35,223)**	**77,851**
Cash and Cash Equivalents at Beginning of Period	50,810	82,644	(31,834)
Cash and Cash Equivalents at End of Period	**93,439**	**47,421**	**46,018**

During the first nine months of 2020, cash provided by **operating activities** totaled CLP 93,343 million, a decrease of CLP 29,465 million compared to CLP 122,807 million for the same period of 2019. The main difference is CLP 16,028 million in dividend payments in 9M20.

Cash used in **investing activities** for 1H20 totaled a net outflow of CLP -26,176 million, compared to a net outflow of CLP -41,118 million for 9M19, a difference of CLP 14,943 million. The variation year over year is due to a decrease of CLP 7,597 million in **CAPEX**, which includes purchases of property, plant and equipment and purchases of intangible assets and amounted to CLP 23,917 million in 9M20 and CLP 31,515 million in 9M19. 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 second and third quarters, the plan was affected by restrictions related to the COVID-19 pandemic.

Cash used in **financing activities** for 9M20 totaled a net outflow of CLP -24,539 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 70,634 million; (ii) interest payments of CLP 36,231 million; and (iii) payments of financial leases for CLP 37,771 million. In 9M19, cash outflows from financing activities amounted to CLP -116,912 million, primarily 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 expire in June 2020, for CLP 55,414 million; (iv) payment of letters of credit for approximately CLP 8 billion; (v) interest payments of CLP 38,386 million; and (vi) payments of financial leases for CLP 30,848 million, partially offset by the placement of the series W bond in June 2019 (UF 1 million) and by the bank debt assumed in September 2019 (CLP 55 billion) to finance the prepayment of the syndicated loan during that same month.

4. Financial Indicators

Table 10: Financial Indicators

			Sept. 2020	Dec. 2019
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.68	0.65
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.32	0.30
LEVERAGE				
Total Liabilities / Total Assets	times	*Total liabilities / Total assets*	0.66	0.65
Total Liabilities / Equity	times	*Total liabilities / Equity*	1.92	1.88
Net Financial Liabilities / Equity	times	*(Other current financial liabilities + other non-current financial liabilities - cash and cash equivalents)/Shareholders' equity*	1.22	1.22
Current Liabilities / Total Liabilities	%	*Total current liabilities/Total liabilities*	43.68	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*	4.83	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*	2.42	2.15
WORKING CAPITAL				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	46.19	43.54
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	10.76	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)*	71.43	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)*	3.75	4.02
Gross Margin (Last 12 months)	%		29.93	29.68
EBITDA (Last 12 months)	CLP MM		181,382	198,015
EBITDA Margin (Last 12 months)	%		7.97	8.62
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	0.97	1.66
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	1.26	2.16
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	2.84	4.79
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	6.26	7.20
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	9.12	10.38

With respect to **liquidity** indicators, the difference between September 2020 and December 2019 is mainly due to the fact that the increase in current assets was greater than the increase in current liabilities.

With respect to **indebtedness** indicators, the most significant 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, inventory turnover increased due to higher average inventory in 9M20. 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, for the reasons described in section 2 of this document.

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 September 30, 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.

7. Subsequent Events

1. 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.

2. As of August 31, 2020, the status of the Company's stores in Chile is as follows:

   - Unimarc: of the 284 total stores, 280 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 123 total stores, 115 are operating. The closed stores include five OK Market stores are located in universities or malls that are temporarily closed due to the COVID-19 pandemic.

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, 2019. 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.

Contact Information

For investor inquiries, please contact:

Carolyn McKenzie: cmckenzie@smu.cl

For media inquiries, please contact:

Sebastián De Ferrari: sdeferrari@smu.cl