1st Quarter 2021
EARNINGS RELEASE
SMU S.A.

MAY 17, 2021

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

SMU reported **EBITDA**[1] for the first quarter of 2021 (1Q21) of CLP 52,390 million, a decrease of 2.8% with respect to CLP 53,914 million for the first quarter of 2020 (1Q20). However, 1Q21 EBITDA includes extraordinary expenses of CLP 2,074 million directly related to the COVID-19 pandemic. Excluding these expenses, EBITDA for 1Q21 would have totaled, CLP 54,464 million, **an increase of 1.0% with respect to 1Q20.**

EBITDA margin for 1Q21 amounted to 9.0%, an increase of 10 basis points (bps) with respect to the 8.9% reported for 1Q20. Excluding COVID expenses, 1Q21 EBITDA margin would have reached 9.4%, an increase of 50 bps.

Revenue for the first quarter of 2021 amounted to CLP 580,300 million, a decrease of 4.1% with respect to CLP 605,276 million for the first quarter of 2020, reflecting the high comparison base in 1Q20, as well as the impact of the pandemic, especially in the months of February and March 2021.

During the first quarter of 2020, the Company reported high levels of sales, reflecting both the high demand related to customers stocking up on groceries in the early days of the global pandemic and the extra day of sales on February 29, due to the leap year. In addition, quarantines and other restrictions on movement that were implemented in Chile in the months of February and March 2021 also affected 1Q21 revenue, especially at centrally located stores, reversing the recovery in traffic and number of transactions observed during the fourth quarter of 2020. However, it is important to note that the decrease in traffic was less pronounced in 1Q21 than it had been in the early months of the public health crisis, reflecting the adjustments and improvements the Company made to its value proposition and product assortment, in response to changes in customer shopping habits and needs.

With respect to **online sales**, 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 150% in the first quarter of 2021 compared to the same period of 2020. Considering all online channels, including SMU's own online platforms and sales through last milers, revenue grew 85% in the first quarter of 2021.

Gross profit for the first quarter of 2021 totaled CLP 174,081 million, a decrease of 3.0% with respect to CLP 179,544 million for 1Q20. As a percentage of revenue, **gross margin expanded 30 bps**, totaling 30.0% in 1Q21, vs. 29.7% in 1Q20.

SMU's first quarter 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 3.1% in operating expenses**[2] compared to 1Q20. This significant reduction was achieved even including the extraordinary COVID-related expenses. Excluding those expenses, the reduction in operating expenses would have reached 4.8%. 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.

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

Non-operating results for 1Q21 amounted to CLP -31,934 million, a difference of CLP 7,623 million with respect to CLP -24,311 million in 1Q20. This variation is primarily due to non-recurring effects in other gains and losses, and in particular a plan to optimize the Company's organizational structure that was implemented in February 2021 and began to generate savings in March.

Net income for the first quarter of 2021 totaled CLP 5,043 million, compared to CLP 6,901 million for the same period of 2020. Although this represents a decrease of 26.9% (CLP 1,858 million), this is primarily due to **one-time effects** in non-operating results.

With respect to the Company's financial situation, it is important to note that in March and April, **both of SMU's credit rating agencies upgraded the Company's credit rating**: ICR modified the rating from A- (positive outlook) to A (stable outlook), and Feller-Rate modified the rating from A- (stable outlook) to A (stable outlook).

Management Commentary

With respect to the release of earnings for the first quarter of 2021, SMU's CEO, Marcelo Gálvez, stated, "In the first few months of this year, we have seen the positive impact of our focus on operating efficiency and discipline in expenses as a central part of our strategy. As such, this quarter we achieved a reduction in our operating expenses for the period, even as we faced extraordinary expenses related to the pandemic."

Mr. Gálvez went on to say, "This efficiency in operating expenses enabled us to achieve an EBITDA margin of 9.0%, the highest first quarter EBITDA margin in our history, despite the fact that revenue was effected by the pandemic. The strategic initiatives that we have implemented—such as standardization and digitalization of processes—have allowed us to develop an efficient operating model that positions us to continue improving our results going forward, especially once public health conditions enable customer movement and traffic habits to return to normal levels."

"Although revenue was down this quarter, it is important to keep in mind the high comparison base from the first quarter of 2020, when we had an extra day of sales, due to the leap year, and high levels of demand related to customers stocking up on groceries at the beginning of the pandemic. However, it is worth highlighting the fact that even as a significant number of our stores were affected by quarantine restrictions in February and March this year, the decrease in traffic was less pronounced than it had been in the early months of the pandemic. This shows that our customers have responded favorably to the different adjustments we have made in order to satisfy their changing needs and preferences under these circumstances."

"The formats with more central locations, Unimarc and Mayorista 10, have faced more of an impact from the quarantines and other restrictions on movement, but Alvi's revenue grew by close to 5%, and in the case of OK Market, revenue growth exceeded 14%. The trend of strong growth in online sales also continued this quarter, with an increase of 85% in sales through our own platforms and partnerships with last milers."

"In the last couple of months, we have also had good news from our rating agencies: both ICR and Feller-Rate decided to upgrade our credit rating from A- to A, reflecting the resilience we have shown during the pandemic, as well as the sustained strengthening in our financial situation," concluded Mr. Gálvez.

Highlights

Credit Rating Upgrades

In March and April, both of SMU's credit rating agencies upgraded the Company's credit rating: ICR modified the rating from A- (positive outlook) to A (stable outlook), and Feller-Rate modified the rating from A- (stable outlook) to A (stable outlook).

Annual General Shareholders' Meeting

On April 20,2021, SMU held its annual general shareholders' meeting, at which all proposals were approved, and the entire Board of Directors was reelected. Subsequently, on April 26, 2021, the Chairwoman and Vice Chairwoman of the Board were designated. SMU's Board members are:

- Pilar Dañobeitía Estades (Chairwoman)
- Francisca Saieh Guzmán (Vice Chairwoman)
- Alejandro Alvarez Aravena
- Abel Bouchon Silva
- Fernando Del Solar Concha
- Andrés Olivos Bambach
- Raúl Sotomayor Valenzuela
- Rodrigo Pérez Mackenna (Independent director)
- Tina Rosenfeld Kreisselmeyer (Independent director)

Final Dividend Payment

On April 20, 2021, shareholders at SMU's annual general shareholders' meeting approved the payment of a final dividend, to be charged to net income for the year 2020, in the amount of CLP 2.03769 per share, for a total amount of CLP 11,762,722,134. The dividend was paid beginning on April 27, 2021.

Conference Call

SMU will host a conference call and webcast for investors on Wednesday, May 19, 2021 at 11:00 am ET/ 11:00 am Santiago to discuss its first 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/smu20210519.html

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

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

Analysis of Financial Statements

SMU's consolidated results for the periods of three months ended March 31, 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)	2020 (IFRS 16)	2019 (IFRS 16)	△%
Revenue	580,300	605,276	(4.1%)
Cost of Sales	(406,220)	(425,732)	(4.6%)
Gross Profit	**174,081**	**179,544**	**(3.0%)**
Gross Margin (%)	*30.0%*	*29.7%*	
Distribution Costs	(7,383)	(8,604)	(14.2%)
Contribution Margin	**166,697**	**170,940**	**(2.5%)**
Contribution Margin (%)	*28.7%*	*28.2%*	
Administrative Expenses (Excluding Depreciation)	(114,308)	(117,026)	(2.3%)
EBITDA	**52,390**	**53,914**	**(2.8%)**
EBITDA Margin (%)	*9.0%*	*8.9%*	
Depreciation and Amortization	(20,920)	(21,855)	(4.3%)
Operating Income	**31,469**	**32,059**	**(1.8%)**
Other Gains (Losses)	(13,469)	(7,303)	84.4%
Financial Income	561	265	111.5%
Financial Expenses	(12,850)	(12,170)	5.6%
Share of Profit (Loss) of Associates	(34)	(469)	(92.8%)
Foreign Exchange Differences	(17)	(663)	(97.4%)
Income (Loss) for Indexed Assets and Liabilities	(6,126)	(3,972)	54.2%
Non-operating Income	**(31,934)**	**(24,311)**	**31.4%**
Net Income (Loss) Before Taxes	**(465)**	**7,748**	**n.a.**
Income Tax Expense	5,508	(846)	n.a.
Net Income (Loss) from Continued Operations	**5,043**	**6,901**	**(26.9%)**
Net Income (Loss) of the Period	**5,043**	**6,901**	**(26.9%)**

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

1. Analysis of Income Statement

1.1. Results of Operations

1.1.1. Revenue

Revenue for the first quarter of 2021 amounted to CLP 580,300 million, a decrease of 4.1% with respect to CLP 605,276 million for the first quarter of 2020.

During the first quarter of 2020, the Company reported high levels of sales, reflecting both the high demand related to customers stocking up on groceries in the early days of the global pandemic and the extra day of sales on February 29, due to the leap year. Therefore, the decrease in revenue reported in the first quarter of 2021 is, in part, a consequence of the high comparison base for the previous year. Quarantines and other restrictions on movement that were implemented in Chile in the months of February and March 2021 also affected 1Q21 revenue, especially at centrally located stores, reversing the recovery in traffic and number of transactions observed during the fourth quarter of 2020. However, it is important to note that the decrease in traffic was less pronounced in 1Q21 than it had been in the early months of the public health crisis.

In addition, it should be noted that revenue for the first quarter of 2020 includes the recognition of the preliminary estimate of the indemnity for business interruption insurance, CLP 2,605 million, 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 quarter of 2020 is not fully comparable to revenue for the same period 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)	1Q21	1Q20	△%
UNIMARC	395	415	-5.0%
CASH & CARRY	156	159	-1.6%
OK MARKET	14.8	13.0	14.5%
E-COMMERCE(*)	1.9	1.5	30.1%
OTHERS(**)	1.5	2.5	-41.2%
FOOD RETAIL CHILE	569	591	-3.7%
FOOD RETAIL PERU	11.2	14.1	-20.9%
CONSOLIDATED	580	605	-4.1%

(*) 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 decreased 3.7% in 1Q21 with respect to 1Q20. By format, revenue for Unimarc—the traditional supermarket—decreased 5.0% in 1Q21. As explained above, the decrease reflects the high comparison base, due to high levels of demand in 1Q20. Revenue for the cash & carry segment decreased 1.6% in 1Q21, reflecting the impact of quarantines on the Mayorista 10 format, in which over 60% of stores have central locations. For its part, the Alvi format reported revenue growth, despite having few stores in operation than in 1Q20. With respect to the OK Market convenience stores, revenue increased 14.5% in 1Q21. Revenue for the e-Commerce channel, which includes the Telemercados format, the Unimarc.cl website pilot program, and the Los Dominicos dark store, increased 30.1% in 1Q21, 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 150% in the first quarter of 2021 compared to the same period of 2020.

Considering all online channels, including SMU's own online platforms and sales through last milers, revenue grew 85% in the first quarter of 2021.

In Food Retail Peru, revenue (measured in Peruvian Soles) decreased 5.5% in 1Q21, 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 20.9% in 1Q21 compared to 1Q20, due to the impact of the exchange rate.

Table 3: Same-Store Sales Growth (%)

SSS (△%)	1Q20	2Q20	3Q20	4Q20	2020	1Q21
UNIMARC	6.3%	-7.0%	-4.0%	7.7%	1.0%	-5.2%
CASH & CARRY	19.3%	5.9%	7.1%	12.9%	11.2%	-1.5%
OK MARKET	-0.7%	-11.6%	1.4%	27.2%	4.3%	13.7%
FOOD RETAIL CHILE	9.3%	-3.3%	-0.6%	9.4%	3.9%	-3.8%
FOOD RETAIL PERU	0.9%	7.4%	-1.9%	4.6%	3.3%	-1.7%
CONSOLIDATED	9.5%	-2.7%	-0.6%	9.1%	4.0%	-4.1%

Same-store sales (SSS) decreased 4.1% in 1Q21. By format, SSS for Unimarc decreased 5.2% in 1Q21. The cash & carry formats, for their part, saw a decrease of 1.5%, whereas OK Market convenience stores grew 13.7% in 1Q21.

Food Retail Peru—which accounted for 2% of SMU's revenue in 1Q21—recorded a decrease in SSS (measured in Soles) of 1.7% in 1Q21. 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 in the first quarter.

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

SALES PER SQM (CLP Thousands/sqm)	1Q21	1Q20	△%
FOOD RETAIL CHILE	394.3	409.7	-3.7%
FOOD RETAIL PERU	203.4	252.7	-19.5%
CONSOLIDATED	387.3	403.7	-4.1%

Sales per square meter reached CLP 387,317 for the first quarter of 2021, 4.1% lower than 1Q20.

Food Retail Chile sales per square meter decreased 3.7% in 1Q21 compared to 1Q20. For its part, Food Retail Peru (measured in Chilean pesos) recorded a decrease of 19.5% in 1Q21.

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

NUMBER OF STORES	1Q21	1Q20
UNIMARC	283	292
CASH & CARRY	95	99
OK MARKET	126	123
FOOD RETAIL CHILE	504	514
FOOD RETAIL PERU	24	24
CONSOLIDATED	528	538

SALES AREA (THOUSANDS OF SQM)	1Q21	1Q20
UNIMARC	346	351
CASH & CARRY	123	127
OK MARKET	15	14
FOOD RETAIL CHILE	484	492
FOOD RETAIL PERU	18	19
CONSOLIDATED	502	511

Table 6: Store Openings and Closures

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

As of March 31, 2021, SMU's operations included **504 stores** in Chile, distributed from Arica to Punta Arenas—a decrease with respect to the 514 stores in operation at the end of 1Q20—and a total of **483,662** square meters.

The number of stores as of March 31, 2021 includes eight 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 eight stores include three Unimarc stores, one Mayorista 10 store, three Alvi stores, and one OK Market store. In addition, the total store number includes four OK Market stores that are located in universities or malls that are temporarily closed due to the COVID-19 pandemic.

During the first quarter of 2021, the Company opened three OK Market stores and one Unimarc store, as well as deciding to permanently close one Unimarc store.

In Peru, as of March 31, 2021, the Company had 24 stores, with 17,953 square meters, for a total selling space of 501,614 square meters at period end, including Chile and Peru. During the first quarter 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 121,691 million for the first quarter of 2021, **a decrease of 3.1%** with respect to CLP 125,631 million for 1Q21. It should be noted that in 1Q21, the Company recorded extraordinary pandemic-related expenses of CLP 2,074 million. Excluding these exceptional expenses, the decrease in operating expenses would have amounted to 4.8% in 1Q21. As a percentage of revenue, operating expenses amounted to 21.0% in 1Q21 and 20.8% in 1Q20, an increase of 20 bps explained by lower operating leverage.

Distribution costs for 1Q21 totaled CLP 7,383 million, a decrease of 14.2% with respect to 1Q20. Distribution costs as a percentage of revenue amounted to 1.3% in 1Q21 and 1.4% in 1Q20, an improvement of 10 bps. The decrease in distribution costs is primarily due to the adjustment of the algorithm used to determine transportation cost, where the decrease in the cost of oil in 2020 had a positive impact on the rates applied in the first quarter of 2021.

Administrative expenses (excluding depreciation and amortization) totaled CLP 114,308 million (19.7% of revenue) in 1Q21, a decrease of 2.3% with respect to CLP 117,026 million (19.3% of revenue) in 1Q20. Excluding the CLP 2,074 million in expenses for 1Q21 that are directly related to the pandemic, the decrease in administrative expenses would have amounted to 4.1%.

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

a. Decrease of CLP 3,389 million (-5.5% YoY) in personnel expenses, primarily due to lower average headcount in the period, and despite the higher minimum wage and inflation adjustments.
b. Decrease of CLP 752 million (-21.0% YoY) in materials. It should be noted, in addition, that the pandemic-related expenses include CLP 625 million related to materials; excluding these extraordinary expenses, the savings would be even more significant.
c. Decrease of CLP 426 million (-12.6% YoY) in advertising expenses.
d. Increase of CLP 669 million (+24.0% YoY) in insurance expenses, reflecting the higher costs of coverage, resulting from the higher claims ratio following the social unrest in Chile that began in October of 2019. The increase in expenses began in February 2020, after the policy renewal, and therefore 1Q21 has an additional month of the higher expenses.
e. Increase of 242 million (+6.9% YoY) in credit card commissions, as the use of electronic forms of payment has increased during the period.

Table 7: Average Headcount

AVERAGE HEADCOUNT	1Q21	1Q20	△%
STORES CHILE	24,835	27,399	-9.4%
HEADQUARTERS CHILE	2,009	1,938	3.7%
FOOD RETAIL CHILE	26,845	29,337	-8.5%
STORES PERU	484	475	1.8%
HEADQUARTERS PERU	154	145	6.2%
FOOD RETAIL PERU	638	620	2.8%
CONSOLIDATED	27,483	29,957	-8.3%

1.1.3. Gross Margin, Contribution Margin, and EBITDA

Gross profit for the first quarter of 2021 totaled CLP 174,081 million (30.0% of revenue), a decrease of 3.0% compared to CLP 179,544 million (29.7% of revenue) in 1Q20. However, the gross margin for 1Q20 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 1Q20 would have been 29.4%, and as such, the 30.0% reported for 1Q21 represents an increase of 60 bps.

Contribution margin totaled CLP 166,695 million in 1Q21, a decrease of 2.5% compared to CLP 170,940 million for 1Q20. Measured as a percentage of revenue, contribution margin increased 50 bps, from 28.2% in 1Q20 to 28.7% in 1Q21.

EBITDA totaled CLP 52,390 million (EBITDA margin of 9,0%) in 1Q21, a decrease of 2.8% with respect to CLP 53,914 million (EBITDA margin 8.9%) in 1Q20. Excluding the extraordinary COVID-19 expenses, EBITDA for 1Q21 would have amounted to CLP 54,464 million (an increase of 1.0% with respect to 1Q20) and an EBITDA margin of 9.4%—50 bps higher than 1Q20.

EBITDAR (EBITDA less lease expenses) totaled CLP 59,052 million (EBITDAR margin 10.2%) in 1Q21, a decrease of 2.3% with respect to CLP 60,456 million (EBITDAR margin 10.0%) in 1Q20. Excluding the extraordinary COVID-19 expenses, EBITDAR for 1Q21 would have amounted to CLP 61,126 million (an increase of 1.1% with respect to 1Q20) and an EBITDAR margin of 10.5%.

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

The consolidated **non-operating loss** for SMU totaled CLP -31,934 million in 1Q21, a difference of CLP 7,623 million with respect to CLP -24,311 million in 1Q20. The primary variations in non-operating results are the following:

a. **Other gains (losses)**: Other losses increased by CLP 6,166 million in 1Q21, 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 1Q20, other losses totaled CLP 7,303 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 4,999 million).

b. **Losses on inflation-indexed assets and liabilities** increased by CLP 2,154 million in 1Q21 compared to 1Q20, due to higher average UF-denominated debt during the period, as well as higher inflation.

The **income tax benefit** for 1Q21 amounted to CLP 5,508 million, a difference of CLP 6,355 million with respect to the income tax expense of CLP -846 million for 1Q20, primarily due to the lower pre-tax results, as well as higher inflation in 1Q21, resulting in higher inflation adjustments to the tax loss carryforward.

1.3 Net Income

SMU reported **net income** of CLP 5,043 million for the first quarter of 2021, compared to CLP 6,901 million for the same period of 2020. Although this represents a decrease of 26.9%, this is primarily due to one-time effects in non-operating results.

[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 March 31, 2021 and December 31, 2020

(CLP Million)	March 2021	December 2020	△$	△%
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	96,260	197,716	(101,456)	(51.3%)
Other Current Financial Assets	18	18	(1)	(3.3%)
Other Current Non-Financial Assets	18,119	12,692	5,427	42.8%
Trade Accounts Receivable and Other Receivables, Net	69,542	91,520	(21,979)	(24.0%)
Accounts Receivable from Related Companies	15,844	15,845	(2)	(0.0%)
Inventories	204,686	188,730	15,956	8.5%
Current Tax Assets	3,135	2,971	164	5.5%
Total Current Assets	**407,603**	**509,493**	**(101,890)**	**(20.0%)**
NON-CURRENT ASSETS				
Other Non-Current Financial Assets	262	259	3	1.1%
Other Non-Current Non-Financial Assets	2,574	2,443	131	5.4%
Non-Current Accounts Receivable	1,561	1,731	(170)	(9.8%)
Non-Current Accounts Receivable from Related Parties	-	-	-	-
Investments Accounted for Using the Equity Method	14,083	14,116	(34)	(0.2%)
Intangible Assets Other Than Goodwill	58,349	59,475	(1,126)	(1.9%)
Goodwill	474,822	474,893	(71)	(0.0%)
Property, Plant, and equipment, net	693,162	693,190	(28)	(0.0%)
Deferred tax assets	431,987	426,350	5,637	1.3%
Total Non-Current Assets	**1,676,800**	**1,672,457**	**4,343**	**0.3%**
TOTAL ASSETS	**2,084,402**	**2,181,950**	**(97,547)**	**(4.5%)**
LIABILITIES				
CURRENT LIABILITIES				
Other Current Financial Libialities	119,013	206,318	(87,305)	(42.3%)
Trade and Other Current Payables	366,237	362,549	3,688	1.0%
Accounts Payable to Related Companies	964	1,152	(189)	(16.4%)
Other Current Provisions	1,823	2,080	(257)	(12.4%)
Current Tax Liabilities	1,663	1,663	-	0.0%
Current Provisions for Employee Benefits	14,665	20,738	(6,072)	(29.3%)
Other Current Non-Financial Liabilities	3,192	9,696	(6,504)	(67.1%)
Total Current Liabilities	**507,556**	**604,195**	**(96,639)**	**(16.0%)**
NON-CURRENT LIABILITIES				
Other Non-Current Financial Liabilities	852,803	848,123	4,680	0.6%
Non-Current Payables	4	14	(10)	(73.9%)
Deferred Tax Liabilities	28	75	(47)	(62.6%)
Non-Current Provisions for Employee Benefits	5,612	5,020	592	11.8%
Other Non-Current Non-Financial Liabilities	-	-	-	-
Total Non-Current Liabilities	**858,446**	**853,233**	**5,214**	**0.6%**
TOTAL LIABILITIES	**1,366,003**	**1,457,428**	**(91,426)**	**(6.3%)**
EQUITY				
Issued Capital	523,742	523,742	-	0.0%
Retained Earnings	47,052	52,617	(5,565)	(10.6%)
Other Reserves	147,605	148,162	(557)	(0.4%)
Equity Attributable to the Owners of the Parent Company	718,400	724,521	(6,122)	(0.8%)
Non-Controlling Interest	-	-	-	-
Total Equity	**718,400**	**724,521**	**(6,122)**	**(0.8%)**
TOTAL LIABILITIES AND EQUITY	**2,084,402**	**2,181,950**	**(97,547)**	**(4.5%)**

2.1. Assets

As of March 31, 2021, SMU's **total assets** decreased by CLP 97,547 million (4.5%) with respect to December 31, 2020, totaling CLP 2,084,402 million.

Current assets as of March 31, 2021 decreased CLP 101,890 million (20.0%) with respect to December 31, 2020, totaling CLP 407,603 million. The primary variations during the period were:

a. A decrease of CLP 101,456 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 21,979 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 15.956 million in inventory, primarily due to the seasonality of the business.
d. An increase of CLP 5,427 million in other current non-financial assets, primarily due to an increase in the VAT fiscal credit.

Non-current assets as of March 31, 2021 increased CLP 4,343 million (0.3%) with respect to December 31, 2020, totaling CLP 1,676,800 million. The primary variations during the period were:

a. An increase of CLP 5,637 million in deferred tax assets, primarily due to inflation adjustments of tax loss carryforwards.
b. A decrease of CLP 1,126 million in intangible assets other than goodwill, primarily due to amortization of CLP 2,326 million, partly offset by additions of CLP 1,223 million.

2.2. Liabilities

As of March 31, 2021, the Company's **total liabilities** decreased by CLP 91,426 million (6.3%) with respect to December 31, 2020, totaling CLP 1,366,003 million.

Current liabilities as of March 31, 2021 decreased by CLP 96,639 million (16.0%) with respect to December 2020, totaling CLP 507,556 million.

The primary decrease during the period was in other current financial liabilities (-CLP 87,305 million) primarily due to the decrease of CLP 85,923 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. A decrease of CLP 6,504 million in other current non-financial liabilities, primarily due to a decrease in the VAT fiscal debit.
b. A decrease of CLP 6,072 million in current provisions for employee benefits, primarily due to the payment of the annual performance bonus during the first quarter, as well as the use of vacation days during the summer.
c. An increase of CLP 3,688 million in current trade and other accounts payable, due to an increase in withholdings.

Non-current liabilities as of March 31, 2021 increased by CLP 5,214 million (0.6%) with respect to December 2020, amounting to CLP 858,446 million. The main variation in the period was the increase of CLP 4,680 million in other non-current financial liabilities, primarily due to inflation adjustments to inflation-indexed bonds.

2.3. Shareholders' Equity

Shareholders' equity decreased by CLP 6,122 million (0.8%), primarily due to a increase of CLP 5,565 million in retained earnings, following the payment of the special dividend approved by shareholders at the extraordinary shareholders' meeting held on January 29, 2021 (CLP 10,608 million), partially offset by net income for the period of CLP 5,043 million.

3. Analysis of Statement of Cash Flows

Table 9: Statement of Cash Flows for the Three Months Ended March 31, 2021 and 2020

(CLP Million)	March 2021	March 2020	△$
Net Cash Flows From (Used in) Operating Activities	32,311	31,182	1,129
Net Cash Flows From (Used in) Investing Activities	(8,506)	(12,426)	3,920
Net Cash Flows From (Used in) Financing Activities	(125,261)	(32,515)	(92,746)
Net Increase (Decrease) in Cash and Cash Equivalents Before Effect of Exchange Rates	**(101,456)**	**(13,759)**	**(87,697)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(101,456)**	**(13,759)**	**(87,697)**
Cash and Cash Equivalents at Beginning of Period	197,716	50,810	146,906
Cash and Cash Equivalents at End of Period	**96,260**	**37,051**	**59,209**

During the first three months of 2021, cash provided by **operating activities** totaled CLP 32,311 million, an increase of CLP 1,129 million compared to CLP 31,182 million for the same period of 2020.

Cash used in **investing activities** for 1Q21 totaled a net outflow of CLP -8,506 million, compared to a net outflow of CLP -12,426 million for 1Q20, a difference of CLP 3,920 million. 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 8,547 million in 1Q21 and CLP 9,446 million in 1Q20.

Cash used in **financing activities** for 1Q21 totaled a net outflow of CLP -125,261 million, mainly explained by: (i) payment of loans for CLP 89,193 million; (ii) payments of financial leases for CLP 13,782 million; (iii) interest payments of CLP 11,678 million; and (iv) dividend payments for CLP 10,608 million. In 1Q20, cash used in financing activities totaled a net outflow of CLP -32,515 million, mainly explained by: (i) payment of bank loans for approximately CLP 10,639 million; (ii) interest payments of CLP 12,327 million; and (iii) payments of financial leases for CLP 12,548 million, partially offset by other short-term loans contracted during the period (approximately CLP 3,000 million).

4. Financial Indicators

Table 10: Financial Indicators

			Mar. 2021	Dec. 2020
LIQUIDITY				
Liquidity Ratio	times	*Current assets/current liabilities*	0.80	0.84
Acid Ratio	times	*(Current assets - inventories)/current liabilities*	0.40	0.53
LEVERAGE				
Total Liabilities / Total Assets	times	*Total liabilities / Total assets*	0.66	0.67
Total Liabilities / Equity	times	*Total liabilities / Equity*	1.90	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*	0.62	0.59
Current Liabilities / Total Liabilities	%	*Total current liabilities/Total liabilities*	37.16	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*	4.76	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*	2.41	2.29
WORKING CAPITAL				
Days of Inventory	days	*Average inventory for the period / Daily cost of goods sold for the period*	43.58	42.52
Accounts Receivable Days	days	*Average current trade and other accounts receivable for the period / (Daily revenue for the period * 1.19)*	10.50	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)*	67.84	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)*	3.76	3.82
Gross Margin (Last 12 months)	%		29.83	29.74
EBITDA (Last 12 months)	CLP MM		183,947	185,471
EBITDA Margin (Last 12 months)	%		8.03	8.01
PROFITABILITY (12 months)				
Return on Assets	%	*Net income last 12 months / Total assets*	1.34	1.37
Return on Assets (excluding goodwill)	%	*Net income last 12 months / (Total assets - goodwill)*	1.74	1.75
Return on Equity	%	*Net income last 12 months / Shareholders' Equity*	3.89	4.12
Return on Invested Capital (including goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + goodwill + property, plant and equipment)*	6.59	6.60
Return on Invested Capital (excluding goodwill)	%	*Operating income last 12 months / (Accounts receivable + inventories + intangible assets + property, plant and equipment)*	9.64	9.63

With respect to **liquidity** indicators, the difference between December 2020 and March 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 variation in the ratio of liabilities to shareholders’ equity is due to the fact that the decrease in liabilities was greater than the decrease in shareholders’ equity. The variations in net financial debt/EBITDA and net financial liabilities/EBITDA are explained by the increase in net financial det and the decrease in EBITDA for the last 12 months, for the reasons described in sections 1 and 2 of this document.

With respect to **working capital** indicators, the variations in receivable days and payable days are primarily due to decreases in average accounts receivable and accounts payable, respectively.

With respect to **efficiency** indicators, there are no significant changes between December 2020 and March 2021.

With respect to **profitability** indicators, the most significant change is in return on equity and is due to the decrease in net income for the last 12 months, which was greater than the decrease in equity.

5. Risk Management

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

1. On April 19, 2021, the rating agency Feller-Rate upgraded SMU's credit rating from A- (stable outlook) to A (stable outlook).
2. 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.

3. 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

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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