

## Grupo Sanborns S.A.B. de C.V.

### Earnings Report

#### 2Q 2021

Mexico City, July 26, 2021 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR)

Results for the second quarter of 2021.

#### RELEVANT EVENTS

- Grupo Sanborns since the beginning of the health emergency due to COVID-19, **maintained prevention and mitigation measures to preserve the health of our clients, collaborators, suppliers and the general population, while minimizing the economic impact.**

#### HIGHLIGHTS OF THE QUARTER (2Q21 vs 2Q20)

##### FINANCIAL POSITION

- Total liabilities decreased \$2,533 MM, -13.3% from Ps. 18,988 MM in the 2Q20 to Ps. 16,455 MM in the 2Q21. Current liabilities decreased Ps. 759 MM, -6.3% and non-current liabilities decreased Ps. 1,774 MM, -25.4%.
- Cash and cash equivalents increased Ps. 1,217 MM, 62.1%.
- Inventories were optimized, reducing in Ps. 788 MM, 6.8% year over year.
- We increased Ps. 199 MM, 2.3% the trade receivables and sundry debtors.
- At the end of June 30, 2021, **the Company did not have interest-bearing liabilities.**

##### INCOME

- Total sales increased 197.1% reaching Ps. 12,121 MM versus the 2Q20.
- Operating Expenses as a proportion of sales in the 2Q21 represented 30.1%, versus the 2Q20 when they represented 68.4%.
- The Comprehensive Financial Result decreased Ps. 52 MM, 44.9%.
- According to the COVID-19 epidemiological traffic light, the indicators on contagions and hospitalizations in Mexico City and the State of Mexico during the 2Q21 improved from orange to yellow, with which shopping malls and department stores increased their permitted capacity to 30% and indoor service in restaurants was extended until 23:00 P.M. **As of June 7, Mexico City and the State of Mexico changed to green traffic light for the first time, with which the capacity increased up to 50% in stores and restaurants with operating hours until 24:00 A.M.** With these conditions, customer traffic and sales of our units improved, until June 21 for Mexico City and until July 19 for the State of Mexico, when both returned to yellow traffic light. Other states where we have important locations, such as Veracruz, Jalisco, Baja California and Nuevo Leon, remained stable in green traffic light and then yellow until the end of the quarter. In all cases we maintained the strict application of sanitary safety protocols such as the permanent use of masks, antibacterial gel, healthy distance, temperature taking and QR code recording, among others.



**FINANCIAL SUMMARY (Million Pesos, MM MXN)**

| Consolidated Results   | 2021   | 2020   | Var%   | 6M21   | 6M20   | Var%   |
|------------------------|--------|--------|--------|--------|--------|--------|
| Revenues               | 12,121 | 4,080  | 197.1% | 22,696 | 15,402 | 47.4%  |
| Gross Profit           | 4,059  | 1,674  | 142.5% | 7,355  | 5,919  | 24.3%  |
| Operating Income       | 429    | -1,131 | NC     | 275    | -518   | NC     |
| Controlling Net Income | 199    | -1,020 | NC     | 2      | -717   | NC     |
| EBITDA                 | 918    | -664   | NC     | 1,249  | 402    | 210.8% |
| Gross Margin           | 33.5%  | 41.0%  |        | 32.4%  | 38.4%  |        |
| Operating Margin       | 3.5%   | -27.7% |        | 1.2%   | -3.4%  |        |
| EBITDA Margin          | 7.6%   | -16.3% |        | 5.5%   | 2.6%   |        |

NC: Not Comparable

**TOTAL SALES**

In the second quarter of the year, Grupo Sanborns' total sales amounted to Ps. 12,121 million, increasing 197.1% due to higher store capacity percentages; unlike last year, when all department stores and most restaurants were closed due to the pandemic, from March 31 to May 23, 2020. From June 1-15 35.7% of Sears stores were open and from June 16-30 47.0% were open. At Sanborns, core departments such as pharmacy, other pharmacy and telecommunications have remained open since the beginning of the pandemic. During the current quarter, the Dax self-service and iShop specialty stores, considered essential, maintained a good performance. The categories that increased sales were technology, electronics and white goods.

**GROSS PROFIT AND OPERATING EXPENSES (SG&A)**

Gross profit totaled Ps. 4,059 million versus Ps. 1,674 million in the 2Q20. Gross margin was 33.5%, compared to 41.0% in the 2Q20, but improved from 31.2% in the 1Q21. This was due to a higher contribution of technology, electronics, computer and white goods within the sales mix, with a lower share of credit revenues, of restaurant revenues and less participation of fashion sales.

Operating expenses as a proportion of sales in the 2Q21 represented 30.1%, compared to the 2Q20 when they represented 68.4% due to the increase in sales. We continue to implement additional measures to reduce and control overhead expenses without affecting our image and service.

**OPERATING INCOME AND EBITDA**

The increase in sales improved profitability, going from an operating loss of Ps. 1,131 MM during the 2Q20 to a profit of Ps. 429 MM during the 2Q21. Operating margin was 3.5% versus -27.7% last year. Quarterly EBITDA improved from a loss of Ps. 664 to a profit of Ps. 918 million pesos, with margin increasing from -16.3% last year to 7.6% this year.





**COMPREHENSIVE FINANCIAL RESULT (CFR)**

| <b>(MM MXN)</b>          |             |             |               |             |             |               |
|--------------------------|-------------|-------------|---------------|-------------|-------------|---------------|
| <b>Financial Results</b> | <b>2Q21</b> | <b>2Q20</b> | <b>Var%</b>   | <b>6M21</b> | <b>6M20</b> | <b>Var%</b>   |
| Interest Expenses        | -132        | -201        | -34.5%        | -265        | -384        | -30.9%        |
| Interest Income          | 53          | 71          | -25.5%        | 103         | 141         | -26.6%        |
| <b>Interest (net)</b>    | <b>-79</b>  | <b>-130</b> | <b>-39.4%</b> | <b>-162</b> | <b>-243</b> | <b>-33.5%</b> |
| ForEx Results            | 15          | 14          | 6.0%          | 4           | -81         | NC            |
| <b>CFR</b>               | <b>-64</b>  | <b>-116</b> | <b>-44.9%</b> | <b>-158</b> | <b>-324</b> | <b>-51.2%</b> |

NC=Not comparable

The **Comprehensive Financing Result (CFR)** represented an expense of Ps. 64 million, decreasing 44.9% compared to an expense of Ps. 116 million in the same quarter of last year. This variation was mainly due to lower net interest expense of Ps. 51 million, driven by the total payment of interest-bearing liabilities, combined with a 6.0% higher foreign exchange gain compared to the 2Q20.

**NET INCOME**

Due to improved operating results from the gradual elimination of restrictions to contain COVID-19 infections, **controlling net income reached Ps. 199 million** in the 2Q21, improving from a loss of Ps. 1,020 MM in the 2Q20.

**CREDIT BUSINESS**

The number of company-owned cards reached **4.53 million, increasing by 39 thousand new cardholders** compared to 4.49 million cards at the end of June 2020. Non-performing loans over 90 days were 5.1% compared to 4.9% in 2Q20, but improving on a quarterly basis vs. 5.8% in the 1Q21.

**Net loan portfolio totaled Ps. 9,380 million** as of June 30, 2021, while loan income declined 25.2% during the quarter.

| <b>Credit Indicators</b>     | <b>2Q21</b> | <b>2Q20</b> | <b>Var%</b> |
|------------------------------|-------------|-------------|-------------|
| Credit Portfoli, Net (MM Ps) | 9,380       | 9,422       | -0.4%       |
| Num. Credit cards (MM)       | 4.53        | 4.49        | 0.9%        |
| Non-performing loans (%)     | 5.1%        | 4.9%        |             |

**CASH AND CASH EQUIVALENTS**

As of **June 30, 2021**, the amount of cash increased **62.1%** reaching **Ps. 3,176 million** compared to **Ps. 1,959 million** in the 2Q20.





**INTEREST-BEARING LIABILITIES**

Grupo Sanborns had no debt with cost at the end of June 2021.

**CAPITAL EXPENDITURES (CapEx)**

Capital expenditures as of June 30, 2021 totaled Ps. 125 million, 57.8% lower than Ps. 298 million pesos of the previous year.

**RETAIL SPACE AND NUMBER OF STORES**

As of June 30, 2021, selling area totaled 1,194,886 sqm, including 435 stores, with a decrease of 2.3% in consolidated retail area, compared to last year.

| Sales Area        | June 2021  |                  |               | June 2020  |                  |               | Sqm Var%     |
|-------------------|------------|------------------|---------------|------------|------------------|---------------|--------------|
|                   | Units      | Retail Sqm       | Leaseable Sqm | Units      | Retail Sqm       | Leaseable Sqm |              |
| Sears             | 97         | 856,402          |               | 98         | 869,205          |               | -1.5%        |
| Sanborns*         | 198        | 287,585          |               | 209        | 299,838          |               | -4.1%        |
| Promotora Musical | 139        | 43,242           |               | 136        | 42,482           |               | 1.8%         |
| Other             | 1          | 7,657            |               | 3          | 11,431           |               | -33.0%       |
| Shopping Centers  |            |                  | 71,225        |            |                  | 71,225        | 0.0%         |
| <b>Total</b>      | <b>435</b> | <b>1,194,886</b> | <b>71,225</b> | <b>446</b> | <b>1,222,956</b> | <b>71,225</b> | <b>-2.3%</b> |

\*Includes DAX, Sanborns Home&Fashion, Sanborns Café restaurants and Saks Fifth Avenue. Other includes Sears in Central America.

During the second quarter the following store changes were recorded:

- **Sanborns:** closed the Valle Dorado store in the State of Mexico and the Irapuato store in Guanajuato.

**WORKING CAPITAL**

Cash and cash equivalents increased Ps. 1,217 MM, 62.1%. Inventories were optimized, decreasing Ps. 788 MM, 6.8% year over year, from Ps. 11,623 MM in the 2Q20 to Ps. 10,835 MM in the 2Q21. We increased trade and sundry debtors by Ps. 199 MM, 2.3%. Suppliers increased by Ps. 943 MM, 20.0%. Total liabilities decreased \$2,533 MM, -13.3% from Ps. 18,988 MM in the 2Q20 to Ps. 16,455 MM in the 2Q21. Current liabilities decreased Ps. 759 MM, -6.3%, due to the reduction in short-term debt with cost, and non-current liabilities decreased Ps. 1,774 MM, -25.4%.

**CONTACTS FOR INVESTORS:**

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**EARNINGS CONFERENCE CALL DETAILS.**

Date: Tuesday, July 27, 2021  
 Time: **11:00 A.M. Mexico City Time/ 12:00 P.M NY (US EST)**  
 Access Numbers: 52 (55) 6722-5257 Mexico - Local  
 001 866-779-0965 Mexico Freephone  
 1 (847) 585-4405 International and US Toll  
 1 (888) 771-4371 US Toll Free

Access Code: **5020 3358# for Spanish**  
**5020 3359# for English**

Audio Replay : 52 (55) 6722-5257 Mexico - Local  
 001 866-779-0965 Mexico Freephone  
 1 (847) 585-4405 International and US Toll  
**REF: 5020 3358# for Spanish**  
**REF: 5020 3359# for English**

Availability: Until August, 6, 2021

**ADDITIONAL CHARTS:**

| Income Statement<br>(Million Pesos)                | 2021          |               |                | 2020          |               |           | 6M21          |               |               | 6M20          |               |  |
|--|---------------|---------------|----------------|---------------|---------------|-----------|---------------|---------------|---------------|---------------|---------------|--|
|  |               |               | Var %          |               |               | Var%      |               |               |               |               | Var%          |  |
| <b>Total Revenues</b>                              | <b>12,121</b> | <b>100.0%</b> | <b>197.1%</b>  | <b>4,080</b>  | <b>100.0%</b> | <b>NA</b> | <b>22,696</b> | <b>100.0%</b> | <b>15,402</b> | <b>100.0%</b> | <b>47.4%</b>  |  |
| COGS   | 8,061         | 66.5%         | 235.1%         | 2,406         | 59.0%         | NA        | 15,341        | 67.6%         | 9,483         | 61.6%         | 61.8%         |  |
| <b>Gross Profit</b>                                | <b>4,059</b>  | <b>33.5%</b>  | <b>142.5%</b>  | <b>1,674</b>  | <b>41.0%</b>  | <b>NA</b> | <b>7,355</b>  | <b>32.4%</b>  | <b>5,919</b>  | <b>38.4%</b>  | <b>24.3%</b>  |  |
| SG&A   | 3,651         | 30.1%         | 30.8%          | 2,790         | 68.4%         | NA        | 7,064         | 31.1%         | 6,404         | 41.6%         | 10.3%         |  |
| Other income (expenses) Net                        | 21            | 0.2%          | -239.0%        | -15           | -0.4%         | NA        | -17           | -0.1%         | -33           | -0.2%         | -48.7%        |  |
| <b>Operating Income</b>                            | <b>429</b>    | <b>3.5%</b>   | <b>NA</b>      | <b>-1,131</b> | <b>-27.7%</b> | <b>NA</b> | <b>275</b>    | <b>1.2%</b>   | <b>-518</b>   | <b>-3.4%</b>  | <b>NA</b>     |  |
| Comprehensive Financial Result                     | -64           | -0.5%         | -44.9%         | -116          | -2.9%         | NA        | -158          | -0.7%         | -324          | -2.1%         | -51.2%        |  |
| Share of Profit of Associates and JV's.            | -76           | -0.6%         | -21.6%         | -97           | -2.4%         | NA        | -113          | -0.5%         | -90           | -0.6%         | 25.1%         |  |
| <b>Income before Taxes</b>                         | <b>289</b>    | <b>2.4%</b>   | <b>NA</b>      | <b>-1,344</b> | <b>-32.9%</b> | <b>NA</b> | <b>3</b>      | <b>0.0%</b>   | <b>-933</b>   | <b>-6.1%</b>  | <b>NA</b>     |  |
| Taxes  | 50            | 0.4%          | NA             | -284          | -7.0%         | NA        | -92           | -0.4%         | -203          | -1.3%         | -54.6%        |  |
| <b>Consolidated Net Income</b>                     | <b>240</b>    | <b>2.0%</b>   | <b>NA</b>      | <b>-1,060</b> | <b>-26.0%</b> | <b>NA</b> | <b>96</b>     | <b>0.4%</b>   | <b>-729</b>   | <b>-4.7%</b>  | <b>NA</b>     |  |
| Profit attributable to non-controlling int.        | 41            | 0.3%          | NA             | -40           | -1.0%         | NA        | 93            | 0.4%          | -13           | -0.1%         | NA            |  |
| <b>Profit attributable to owners of parent Co.</b> | <b>199</b>    | <b>1.6%</b>   | <b>NA</b>      | <b>-1,020</b> | <b>-25.0%</b> | <b>NA</b> | <b>2</b>      | <b>0.0%</b>   | <b>-717</b>   | <b>-4.7%</b>  | <b>NA</b>     |  |
| <b>EBITDA</b>                                      | <b>918</b>    | <b>7.6%</b>   | <b>-238.2%</b> | <b>-664</b>   | <b>-16.3%</b> | <b>NA</b> | <b>1,249</b>  | <b>5.5%</b>   | <b>402</b>    | <b>2.6%</b>   | <b>210.8%</b> |  |





| <b>Balance Sheet figures</b>               |                  |             |             |
|--|------------------|-------------|-------------|
| <b>(Million Pesos)</b>                     | <b>2021</b>      | <b>4Q20</b> | <b>Var%</b> |
| Cash & Equivalents                         | <b>3,176.5</b>   | 3,990.6     | -20.4%      |
| Trade Receivables                          | <b>8,772.8</b>   | 9,672.9     | -9.3%       |
| Recoverable Taxes                          | <b>871.4</b>     | 1,336.8     | -34.8%      |
| Other Financial Assets                     | <b>124.9</b>     | 98.6        | 0.0%        |
| Inventories                                | <b>10,834.9</b>  | 10,565.3    | 2.6%        |
| Other Non-Financial Assets                 | <b>0.0</b>       | 0.0         | 0.0%        |
| <b>Current Assets</b>                      | <b>23,780.6</b>  | 25,664.1    | -7.3%       |
| Other Non-Current Trade Receivables        | <b>1,091.4</b>   | 1,297.2     | -15.9%      |
| Other Non-Current Financial Assets         | <b>1.3</b>       | 1.3         | 0.0%        |
| Investments in subsidiaries and associates | <b>2,506.5</b>   | 2,636.2     | -4.9%       |
| Property, Plant and Equipment              | <b>12,600.1</b>  | 13,114.9    | -3.9%       |
| Investment Properties                      | <b>2,462.5</b>   | 2,462.5     | 0.0%        |
| Assets for Rights of Use                   | <b>4,219.9</b>   | 4,399.7     | -4.1%       |
| Intangible Assets and Goodwill             | <b>66.3</b>      | 175.8       | -62.3%      |
| Deferred Tax Assets                        | <b>2,139.8</b>   | 1,841.9     | 16.2%       |
| Other Non-Current Non-Fin. Assets          | <b>916.7</b>     | 961.8       | -4.7%       |
| <b>Non-Current Assets</b>                  | <b>26,004.5</b>  | 26,891.3    | -3.3%       |
| <b>Total Assets</b>                        | <b>49,785.1</b>  | 52,555.4    | -5.3%       |
| Trade Payables                             | <b>5,653.3</b>   | 8,361.5     | -32.4%      |
| Short-Term Taxes Payable                   | <b>1,089.1</b>   | 1,237.6     | -12.0%      |
| Short-Term Lease Liabilities               | <b>1,144.3</b>   | 1,118.2     | 2.3%        |
| Other Short-Term non-financial liabilities | <b>826.3</b>     | 704.5       | 17.3%       |
| Current Provisions                         | <b>2,520.7</b>   | 2,268.5     | 11.1%       |
| <b>Current Liabilities</b>                 | <b>11,233.8</b>  | 13,690.4    | -17.9%      |
| Long-Term Taxes Payable                    | <b>213.4</b>     | 296.7       | -28.1%      |
| Long-Term Lease Liabilities                | <b>3,854.3</b>   | 4,112.0     | -6.3%       |
| Other L.T. Non-Financial Liabilities       | <b>0.0</b>       | 0.0         | 0.0%        |
| Long-Term Provisions for employee benefits | <b>62.1</b>      | 57.3        | 8.4%        |
| Deferred Tax Liabilities                   | <b>1,073.5</b>   | 1,072.6     |             |
| Other Non-Current Liabilities              | <b>17.9</b>      | 18.0        | -0.9%       |
| <b>Non-Current Liabilities</b>             | <b>5,221.2</b>   | 5,566.6     | -6.2%       |
| <b>Total Liabilities</b>                   | <b>16,455.0</b>  | 19,247.1    | -14.5%      |
| <b>Stockholder's Equity</b>                | <b>33,330.1</b>  | 33,308.3    | 0.07%       |
| Shares Outstanding (´000)                  | <b>2,254,038</b> | 2,257,687   | -0.2%       |
| Closing Stock Price                        | <b>19.95</b>     | 19.26       | 3.6%        |

NA=Not Applicable

