

Grupo Sanborns S.A.B. de C.V.
Earnings Report
1Q 2021

Mexico City, April 26, 2021 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR)
Results for the first 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 (1Q21 vs 1Q20)

- **Total sales** were **Ps. 10,575 million**, with a variation of -6.6%.
- **Online sales increased 3.5x.**
- **We saved Ps. \$201 MM** or a **-5.6% reduction in SG&A expenses during the 1Q21 compared to the 1Q20.**
- **The comprehensive financing result decreased** by \$114 MM, 54.8%.
- **We optimized inventory, reducing it by 10.4% year over year.**
- **There was a recovery of Ps. 1,992 MM in trade receivables and sundry debtors.**
- **Current liabilities decreased by Ps. 2,743 MM** or **-20%, from Ps. 13,711 MM in the 1Q20 to Ps. 10,968 MM in the 1Q21.**
- In Mexico City and the State of Mexico, **as of December 19, closure was again announced** for all non-essential activities. In several states of Mexico, local authorities also implemented a reduction in operating hours and permitted capacity. In the case of the State of Mexico, **on February 1, 2021**, restaurants, department stores and shopping centers were allowed to open on weekdays with 20% capacity, and in the case of Mexico City, the reopening was delayed until **February 8, 2021**, with 20% capacity for shopping centers and department stores with 24-hour hours optional from Tuesday to Sunday and extended hours of operation for restaurants until 9:00 p.m. with outdoor service. These measures once again had an impact on customer traffic in the metropolitan area, a region where the 42% of our physical points of sale are located. Sales and service to our customers continued through our digital stores: www.sears.com.mx, www.sanborns.com.mx, www.ishopmixup.com and www.claroshop.com.



FINANCIAL SUMMARY (Million Pesos, MM MXN)

Consolidated Results	1Q21	1Q20	Var%
Revenues	10,575	11,323	-6.6%
Gross Profit	3,296	4,245	-22.4%
Operating Income	-155	613	NA
Controlling Net Income	-196	304	NA
EBITDA	331	1,066	-69.0%
Gross Margin	31.2%	37.5%	
Operating Margin	-1.5%	5.4%	
EBITDA Margin	3.1%	9.4%	

TOTAL SALES

In the first quarter of the year, Grupo Sanborns' total sales amounted to Ps. 10,575 million, down 6.6% due to the total closure of department stores and restaurants from December to February. In contrast, our iShop and self-service stores, considered essential, performed well.

The best performing categories were technology and electronics, while the categories reflecting lower demand were "big-ticket" and fashion. Customers remained cautious and the reduction in physical sales was offset by e-commerce sales, which grew 3.5x.

Sears, Sanborns and Promotora Musical showed a recovery starting in March thanks to the reopening of stores and restaurants after the total closures in Mexico City and the State of Mexico.

GROSS PROFIT AND OPERATING EXPENSES (SG&A)

Gross profit totaled Ps. 3,296 million versus Ps. 4,245 million in the 1Q20. Gross margin was 31.2%, compared to 37.5% in the 1Q20, which was mainly due to a higher weight of technology and electronics items within the sales mix, lower share of credit revenues, lower share of restaurant revenues, and lower share of fashion sales.

Operating expenses decreased from \$3,614 MM to \$3,413 MM in 1Q21. The main savings were observed in selling expenses related to rents, lower consumption of electricity, water and sales commissions. In administrative expenses, savings were observed from lower expansion expenses, fees, lower travel expenses and depreciation. We continue to implement additional measures to reduce general expenses, without affecting our image or service.

OPERATING INCOME AND EBITDA

The first quarter result was an operating loss of Ps. 155 MM compared to an operating income of Ps. 613 MM in the 1Q20. Operating margin was -1.5% versus 5.4% last year.

Quarterly EBITDA decreased to Ps. 331 from Ps. 1,066 million pesos, with a margin of 3.1%





COMPREHENSIVE FINANCIAL RESULT (CFR)

(MM MXN)			
Financial Results	1Q21	1Q20	Var%
Interest Expenses	-134	-183	-27.0%
Interest Income	51	70	-27.6%
Interest (net)	-83	-113	-26.6%
ForEx Results	-11	-95	-88.3%
CFR	-94	-208	-54.8%

NA= Not applicable

The **Comprehensive Financing Result (CFR)** represented an expense of Ps. 94 million, decreasing 54.8% compared to an expense of Ps. 208 million in the same quarter of last year. This variation was mainly due to a lower foreign exchange loss of Ps. 84 million and lower net interest expense of Ps. 30 million compared to the 1Q20.

NET INCOME

Net income of Ps. 304 million pesos in the 1Q20 changed to a controlling company loss of Ps. 196 million in the 1Q21, due to lower operating results resulting from restrictions to reduce COVID-19 infections.

CREDIT BUSINESS

The number of company-owned cards reached 4.49 million, increasing by 28 thousand new cardholders compared to 4.46 million at the end of March 2020. The percentage of non-performing loans over 90 days was 5.8% compared to 3.5% in the 1Q20, where the deterioration was partly explained by the impact on the consumer economy due to the effects of quarantines.

The **loan portfolio** totaled Ps. 9,271 million as of March 31, 2021, while credit income declined 23.3% during the quarter. In view of the health emergency, our credit card payments were received digitally and we implemented other channels in bank branches and at the cash registers of some points of sale. We continued with the controlled granting of credit and timely support to debtors.

Credit Indicators	1Q21	1Q20	Var%
Credit Portfolio (MM Ps)	9,271	11,759	-21.2%
Num. Credit cards (MM)	4.49	4.46	0.6%
Non-performing loans (%)	5.8%	3.5%	

INTEREST-BEARING LIABILITIES

As of March 31, 2021, Grupo Sanborns had Ps. 80 million of debt with cost, while the amount of cash totaled Ps. 1,830 million compared to Ps. 1,037 million as of the 1Q20.





CAPITAL EXPENDITURES (CapEx)

Las **inversiones en activo fijo** al 31 de marzo de 2020 totalizaron \$60.4 millones de pesos, monto que resultó 78.1% menor a la cifra de \$276.0 millones del año previo.

RETAIL SPACE AND NUMBER OF STORES

As of March 31, 2020, selling area totaled 1,198,084 m2 including 437 stores, with a 2.7% decrease in consolidated retail area compared to last year.

Sales Area	March 2021			March 2020			Sq m Var%
	Units	Retail Sqm	Leaseable Sqm	Units	Retail Sqm	Leaseable Sqm	
Sears	97	856,402		98	869,205		-1.5%
Sanborns*	200	290,783		212	308,773		-5.8%
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%
Total	437	1,198,084	71,225	449	1,231,891	71,225	-2.7%

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

During the first quarter the following store changes were recorded

- **Sanborns:** closed the Mazatlán store in Sinaloa and the Guadalajara Centro store in Jalisco.

WORKING CAPITAL

The **inventory account balance** was Ps. 11,107 million compared to the 1Q20 balance of Ps. 12,390 million. **Suppliers and other short-term accounts payable were Ps. 5,607 million, a decrease of Ps. 556 million pesos** compared to the March 2020 amount of Ps. 6,163 million pesos.

CONTACTS FOR INVESTORS:

Mario Bermúdez Dávila
 Chief Financial Officer Grupo Sanborns
 T. +52 (55) 5257-9323
mbermudez@sears.com.mx

Angélica Piña Garnica
 Investor Relations Manager
 T. +52 (55) 1101-2956
napinag@gcarso.com.mx





CONFERENCE CALL DETAILS:

Date: Tuesday, April 26, 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: **5015 4346# for Spanish**
5015-4348# para inglés

Audio Replay : 52 (55) 6722-5257 Mexico - Local
 001 866-779-0965 Mexico Freephone
 1 (847) 585-4405 International and US Toll
REF: 5015 4346# for Spanish
REF: 5015 4348x# for English

Availability: Until May 4, 2021

ADDITIONAL CHARTS:

Income Statement					
(Million Pesos)	1Q21		1Q20		Var %
Total Revenues	10,575	100.0%	11,323	100.0%	-6.6%
COGS	7,279	68.8%	7,077	62.5%	2.9%
Gross Profit	3,296	31.2%	4,245	37.5%	-22.4%
SG&A	3,413	32.3%	3,614	31.9%	-5.6%
Other income (expenses) Net	-38	-0.4%	-18	-0.2%	107.9%
Operating Income	-155	-1.5%	613	5.4%	-125.2%
Comprehensive Financial Result	-94	-0.9%	-208	-1.8%	-54.8%
Share of Profit of Associates and JV's.	-37	-0.4%	6	0.1%	-699.3%
Income before Taxes	-286	-2.7%	412	3.6%	-169.5%
Taxes	-142	-1.3%	80	0.7%	-276.7%
Consolidated Net Income	-144	-1.4%	331	2.9%	-143.5%
Profit attributable to non-controlling int.	52	0.5%	28	0.2%	88.5%
Profit attributable to owners of parent Co.	-196	-1.9%	304	2.7%	-164.6%
EBITDA	331	3.1%	1,066	9.4%	-69.0%





Balance Sheet figures			
(Million Pesos)	1Q21	4Q20	Var %
Cash & Equivalents	1,830.0	3,990.6	-54.1%
Trade Receivables	8,588.3	9,672.9	-11.2%
Recoverable Taxes	1,166.9	1,336.8	-12.7%
Other Financial Assets	168.6	98.6	0.0%
Inventories	11,107.1	10,565.3	5.1%
Other Non-Financial Assets	0.0	0.0	0.0%
Current Assets	22,860.9	25,664.1	-10.9%
Other Non-Current Trade Receivables	1,134.7	1,297.2	-12.5%
Other Non-Current Financial Assets	1.3	1.3	0.0%
Investments in subsidiaries and associates	2,574.8	2,636.2	-2.3%
Property, Plant and Equipment	12,867.9	13,114.9	-1.9%
Investment Properties	2,462.5	2,462.5	0.0%
Assets for Rights of Use	4,398.3	4,399.7	0.0%
Intangible Assets and Goodwill	204.9	175.8	16.5%
Deferred Tax Assets	2,103.8	1,841.9	14.2%
Other Non-Current Non-Fin. Assets	949.1	961.8	-1.3%
Non-Current Assets	26,697.4	26,891.3	-0.7%
Total Assets	49,558.3	52,555.4	-5.7%
Trade Payables	5,607.4	8,361.5	-32.9%
Short-Term Taxes Payable	1,064.2	1,237.6	-14.0%
Other Short-Term Financial liabilities	80.0	0.0	NA
Short-Term Lease Liabilities	1,157.0	1,118.2	3.5%
Other Short-Term non-financial liabilities	718.9	704.5	2.0%
Current Provisions	2,340.6	2,268.5	3.2%
Current Liabilities	10,968.2	13,690.4	-19.9%
Long-Term Taxes Payable	209.5	296.7	-29.4%
Long-Term Lease Liabilities	4,067.8	4,112.0	-1.1%
Other L.T. Non-Financial Liabilities	0.0	0.0	0.0%
Long-Term Provisions for employee benefits	77.7	75.4	3.1%
Deferred Tax Liabilities	1,076.3	1,072.6	0.3%
Non-Current Liabilities	5,431.3	5,566.6	-2.4%
Total Liabilities	16,399.5	19,247.1	-14.8%
Stockholder's Equity	33,158.8	33,308.3	-0.45%
Shares Outstanding ('000)	2,256,995	2,257,687	0.0%
Closing Stock Price	17.75	19.26	-7.8%

NA=Not Applicable