

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

Earnings Report

3Q 2021

Mexico City, October 25, 2021 – Grupo Sanborns, S.A.B. de C.V. (BMV: GSANBOR)

Results for the third quarter of 2021.

In the third quarter of the year, Grupo Sanborns' total revenues increased 29.9% to Ps. 11,994 million, due to higher traffic at the stores, being all of them open and complying with various restrictions established by health authorities. This was in contrast to last year, when more than half of the department stores and most restaurants were closed due to the pandemic, from July 1 to August 17, 2020. The categories that increased sales were technology, electronics, white goods, and there was a gradual recovery in food and beverages and fashion.

Gross profit increased Ps. 1,043 million, which represented an increase of 34.2%

EBITDA improved by Ps. 516 million or an increase of 135.4% from Ps. 381 million in the third quarter of 2020 to Ps. 898 million in the third quarter of 2021.

Cash and cash equivalents increased Ps. 1,817 million, 71.0% increase, from Ps. 2,559.7 million in the third quarter of 2020 to Ps. 4,376.5 million in the current quarter. This was mainly due to cash flow from operations, tax recoveries and dividend collections.

We increased Ps. 502 million, 6.0% the portfolio in trade and other receivables.

The percentage of past-due loans over 90 days improved 140 basis points from 5.6% in the third quarter of 2020 to 4.2% in the third quarter of 2021.

Total liabilities decreased Ps. 453 million, -2.7% from Ps. 17,016 million in the third quarter of 2020 to Ps. 16,563 million in the third quarter of 2021. Short-term liabilities decreased Ps. 931 million, -15.3%.

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

Consolidated Results	3Q21	3Q20	Var%	9M21	9M20	Var%
Revenues	11,994	9,232	29.9%	34,690	24,635	40.8%
Gross Profit	4,093	3,050	34.2%	11,448	8,969	27.6%
Operating Income	387	1,086	-64.3%	662	568	16.5%
Op. Income ex-Extraord. Item	387	-81	NC	662	-599	NC
Controlling Net Income	319	975	-67.3%	321	259	24.0%
Controlling Net Income ex-Extraord. Item	319	-192	NC	321	-908	NC
EBITDA	898	381	135.4%	2,146	783	174.1%
Gross Margin	34.1%	33.0%		33.0%	36.4%	
Operating Margin	3.2%	11.8%		1.9%	2.3%	
Operating Margin ex-Extraord. Item	3.2%	-0.9%		1.9%	-2.4%	
EBITDA Margin	7.5%	4.1%		6.2%	3.2%	

NC: Not Comparable

GROSS PROFIT AND OPERATING EXPENSES (SG&)

Gross profit increased Ps. 1,043 million, which represented an increase of 34.2%, totaling Ps. 4,093 million versus Ps. 3,050 million in the 3Q20. Gross margin was 34.1%, improving from 33.0% last year. This was explained by higher big-ticket merchandise sales and the gradual growth of fashion, and food and beverage sales.

Operating expenses as a proportion of sales in the 3Q21 represented 30.6%, versus 34.2% in the 3Q20, which was due to the increase in sales. We continue to implement additional measures to reduce and control overhead expenses without affecting our image or service.

OPERATING INCOME AND EBITDA

Operating income for the 3Q21 totaled Ps. 387 million, compared to a loss of Ps. 81 million in the 3Q20, excluding extraordinary income of Ps. 1,167 million.

Quarterly EBITDA improved 135.4% from Ps. \$381 million in the 3Q20 to Ps. \$898 million in the 3Q21, with the margin improving from 4.1% to 7.5% in the 3Q21.

On a cumulative basis, the EBITDA margin was 6.2% versus an EBITDA margin of 3.2% in the first nine months of 2020.



**COMPREHENSIVE FINANCIAL RESULT (CFR)**

(MM MXN)						
Financial Results	3Q21	3Q20	Var%	9M21	9M20	Var%
Interest Expenses	-139	-256	-45.7%	-404	-640	-36.8%
Interest Income	102	130	-21.0%	206	270	-23.9%
Interest (net)	-37	-126	-71.0%	-199	-370	-46.3%
ForEx Results	-10	6	NC	-6	-75	-92.2%
CFR	-46	-120	-61.5%	-204	-444	-54.0%

NC=Not comparable

The **Comprehensive Financing Result (CFR)** represented an expense of Ps. 46 million, decreasing 61.5% compared to an expense of Ps. 120 million in the same quarter of last year. This reduction was mainly due to Ps. 89 million less in net interest payments.

NET INCOME

Net income for the 3Q21 amounted to Ps. 319 million, compared to a loss of Ps. 192 million in the 3Q20, excluding extraordinary income of Ps. 1,167 million.

CREDIT BUSINESS

The number of company-owned cards reached **4.60 million**, increasing by **150 thousand new cardholders** compared to 4.45 million at the end of September 2020. The percentage of past-due loans over 90 days was 4.2% in the 3Q21, compared to 5.6% in the 3Q20. **The net loan portfolio** totaled Ps. 9,379 million as of September 30, 2021, while loan income decreased 4.7% during the quarter.

Credit Indicators	3Q21	3Q20	Var%
Credit Portfolio, Net (MM Ps)	9,379	8,826	6.3%
Num. Credit cards (MM)	4.60	4.45	3.4%
Non-performing loans (%)	4.2%	5.6%	

INTEREST-BEARING LIABILITIES

Grupo Sanborns did not present any debt with cost at the end of the third quarter of 2021.



**CAPITAL EXPENDITURES (CapEx)**

Capital expenditures as of September 30, 2021 totaled Ps. 226 million pesos, figure 35.9% lower than the Ps. 353 million pesos of the previous year.

RETAIL SPACE AND NUMBER OF STORES

As of September 30, 2021, selling area totaled 1,192,418 m2 including 432 stores, with a 2.1% decrease in consolidated retail area compared to last year.

Sales Area	September 2021			September 2020			Sqm Var%
	Units	Retail Sqm	Leaseable Sqm	Units	Retail Sqm	Leaseable Sqm	
Sears	97	856,402		98	869,205		-1.5%
Sanborns*	196	285,426		206	298,540		-4.4%
Promotora Musical	138	42,933		137	42,793		0.3%
Other	1	7,657		1	7,657		0.0%
Shopping Centers			71,225			71,225	0.0%
Total	432	1,192,418	71,225	442	1,218,195	71,225	-2.1%

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

During the third quarter, the following store movements were recorded:

- **Sanborns:** closed the Santa Fe Samara store in Mexico City.
- **iShop:** closed the Gran Sur store in Mexico City.
- **Dax:** closed the Justo Sierra store in Mexicali, Baja California.

WORKING CAPITAL

Cash and cash equivalents increased by Ps. 1,817 million, 71.0%. Inventories increased Ps. 717 million, 7.2% year over year, from Ps. 9,939 million in 3Q20 to Ps. 10,656 million in the 3Q21. Trade accounts receivable and sundry debtors increased Ps. 502 million, 6.0%. Suppliers increased Ps. 854 million, 16.7%. **Total liabilities decreased Ps. 453 million, -2.7%, from Ps. 17,016 million in 3Q20 to Ps. 16,563 million in the 3Q21.** Short-term liabilities increased Ps. 478 million, 4.4%, due to the increase in suppliers, and long-term liabilities decreased Ps. 931 million, -15.3%, due to lower lease liabilities.

CONTACTS FOR INVESTORS:

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EARNINGS CONFERENCE CALL DETAILS:

Date: Tuesday, October 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: **5024 3909# for Spanish**
5024 3911# 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: 5024 3909# for Spanish
REF: 5024 3911# for English

Availability: Until November 2, 2021

ADDITIONAL CHARTS:

Income Statement (Million Pesos)	3Q21			3Q20			9M21			9M20		
			Var %			Var %					Var%	
Total Revenues	11,994	100.0%	29.9%	9,232	100.0%	29.9%	34,690	100.0%	24,635	100.0%	40.8%	
COGS	7,901	65.9%	27.8%	6,182	67.0%	27.8%	23,242	67.0%	15,665	63.6%	48.4%	
Gross Profit	4,093	34.1%	34.2%	3,050	33.0%	34.2%	11,448	33.0%	8,969	36.4%	27.6%	
SG&A	3,669	30.6%	16.3%	3,156	34.2%	16.3%	10,732	30.9%	9,560	38.8%	12.3%	
Other income (expenses) Net	-37	-0.3%	NC	1,192	12.9%	NC	-54	-0.2%	1,159	4.7%	NC	
Operating Income	387	3.2%	-64.3%	1,086	11.8%	-64.3%	662	1.9%	568	2.3%	16.5%	
Comprehensive Financial Result	-46	-0.4%	-61.5%	-120	-1.3%	-61.5%	-204	-0.6%	-444	-1.8%	-54.0%	
Share of Profit of Associates and JV's.	22	0.2%	NC	-64	-0.7%	NC	-91	-0.3%	-155	-0.6%	-41.0%	
Income before Taxes	363	3.0%	-59.7%	901	9.8%	-59.7%	366	1.1%	-31	-0.1%	NC	
Taxes	6	0.1%	NC	-107	-1.2%	NC	-86	-0.2%	-310	-1.3%	-72.3%	
Consolidated Net Income	356	3.0%	-64.6%	1,008	10.9%	-64.6%	452	1.3%	279	1.1%	62.3%	
Profit attributable to non-controlling int.	38	0.3%	17.3%	32	0.3%	17.3%	131	0.4%	20	0.1%	564.8%	
Profit attributable to owners of parent Co.	319	2.7%	-67.3%	975	10.6%	-67.3%	321	0.9%	259	1.1%	24.0%	
EBITDA	898	7.5%	135.4%	381	4.1%	135.4%	2,146	6.2%	783	3.2%	174.1%	

NC: Not Comparable





Balance Sheet figures			
(Million Pesos)	3Q21	4Q20	Var%
Cash & Equivalents	4,376.5	3,990.6	9.7%
Trade and other current receivables	8,819.5	9,672.9	-8.8%
Recoverable Taxes	655.0	1,336.8	-51.0%
Other Financial Assets	104.9	98.6	0.0%
Inventories	10,655.6	10,565.3	0.9%
Other Non-Financial Assets	0.0	0.0	0.0%
Current Assets	24,611.5	25,664.1	-4.1%
Other Non-Current Trade Receivables	1,061.2	1,297.2	-18.2%
Other Non-Current Financial Assets	1.3	1.3	0.0%
Investments in Subs., JV's and associates	2,528.5	2,636.2	-4.1%
Property, Plant and Equipment	12,384.0	13,114.9	-5.6%
Investment Properties	2,462.5	2,462.5	0.0%
Assets for Rights of Use	4,084.3	4,399.7	-7.2%
Intangible Assets other than Goodwill	63.4	175.8	-64.0%
Deferred Tax Assets	2,188.8	1,841.9	18.8%
Other Non-Current Non-Fin. Assets	883.3	961.8	-8.2%
Non-Current Assets	25,657.2	26,891.3	-4.6%
Total Assets	50,268.8	52,555.4	-4.4%
Trade and Other current payables	5,951.4	8,361.5	-28.8%
Short-Term Taxes Payable	1,057.3	1,237.6	-14.6%
Short-Term Lease Liabilities	1,149.4	1,118.2	2.8%
Other Short-Term non-financial liabilities	723.1	704.5	2.6%
Total Current Provisions	2,543.3	2,268.5	12.1%
Current Liabilities	11,424.6	13,690.4	-16.6%
Long-Term Taxes Payable	222.4	296.7	-25.1%
Long-Term Lease Liabilities	3,728.7	4,112.0	-9.3%
Other L.T. Non-Financial Liabilities	0.0	0.0	0.0%
Long-Term Provisions for employee benefits	98.8	57.3	72.3%
Other non-current Provisions	18.0	18.0	0.0%
Deferred Tax Liabilities	1,070.1	1,072.6	-0.2%
Non-Current Liabilities	5,138.0	5,566.6	-7.7%
Total Liabilities	16,562.6	19,247.1	-13.9%
Total Equity	33,706.2	33,308.3	1.19%
Shares Outstanding ('000)	2,252,907	2,257,687	-0.2%
Closing Stock Price	23.00	19.26	19.4%

NA=Not Applicable