

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 3RD Q20 RESULTS

Mexico City, October 21, 2020. La Comer, S.A.B. de C.V., hereafter La Comer (BMV: LACOMER), holding company that operates in the retail sector in Mexico through supermarkets offering groceries, perishables and pharmacy; announced today its 3rd Q 2020 results.

Third Quarter 2020 Results

Highlights:

- ✓ Increase in total sales of 24.7% and same store sales growth of 19.1%
- ✓ Gross margin of 27.4%
- ✓ EBITDA margin of 9.7%

	3Q 2020				
	2020	%	2019	%	Var %
Net sales	6,882.5	100.0	5,518.3	100.0	24.7
Cost of sales	4,999.4	72.6	4,015.6	72.8	24.5
Gross profit	1,883.1	27.4	1,502.7	27.2	25.3
Operating expenses	1,463.0	21.3	1,233.4	22.4	18.6
Operating profit	420.1	6.1	269.3	4.9	56.0
EBITDA ¹	668.3	9.7	488.4	8.9	36.8
Operational cash flow	614.3	8.9	440.1	8.0	39.6
Net financial result	8.1	0.1	3.6	0.1	125.0
Taxes and other	76.5	1.1	43.3	0.8	76.7
Net Income	351.7	5.1	229.6	4.2	53.2
Same Store Sales (%)	19.1		5.5		
Clients (thousands)	14,457		17,583		(17.8)
Number of stores	73		69		5.8
Sales area (m ²)	310,290		289,267		7.3

In millions of Mexican pesos,

(1) EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortization.

(2) Operating Cash Flow refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.

Quarterly Results

COVID 19

Given the presence of COVID-19 in Mexico, the company in mid-march has implemented exceptional measures of operation and hygiene with three clear objectives:

1. Preserve the health of collaborators
2. Preserve the health of clients
3. Ensure the continuity of operation of our stores.

A Contingency Committee continues to operate in the company, in charge of defining and implementing containment measures against COVID-19. The defined measures have been updated as necessary, in accordance with the evolution of this situation and the medical and technical developments that allow us to better face COVID-19.

La Comer also remains alert to the recommendations and indications communicated by health authorities to maintain or modify the operational and hygiene guidelines.

During this period, priority has been given to the continuous supply in all our stores to avoid shortages of any product.

Sales

Net sales for the quarter amounted \$6,882 million pesos, having an increase of 24.7% compared to the same period of 2019. Same store sales in the quarter grew 19.1%.

During the quarter, we continued with our promotional campaign "Orange Season" (Temporada Naranja), based on offering customers promotions on products from various departments and rotating them throughout the promotional period, with adaptations to the new measures and needs presented by the COVID19 pandemic. Given this situation, our sales levels in the Temporada Naranja promotions were lower than in previous years.

Additionally, we continue our weekly "Miércoles de Plaza" campaign, where we offer high-quality perishables every Wednesday at preferential prices. This campaign continues to be widely accepted among our clients.

All formats, regions and categories present high positive numbers, but the City Market format stood out with the highest same store sales increases in the quarter. None of our store has closed during the pandemic.

By region, there was a greater growth in same store sales in the Western region of the country since the stores that have opened in that area continue to have very favorable sales increases showing the acceptance of our formats in that region.

By product category, we can highlight that during the quarter there were significant increases in the perishables category.

Sales of our digital platform "La Comer en tu Casa" continue with relevant increases, although slightly more moderate than those presented during the second quarter.

Gross Profit

Gross profit increased from \$1,503 million pesos in the third quarter of 2019 to \$1,883 million pesos in the third quarter of 2020; presenting an increase of 25.3%. The gross margin for the third quarter of 2020 was 27.4% compared to 27.2 % in the same period of the previous year, presenting an increase of 13 basis points,

This expansion in the gross margin occurred despite some adverse effects caused by the COVID 19 pandemic; such as the decrease in real estate income, the additional costs in the operation of the distribution centers and the sharp decrease in sales in the prepared food and bakery section. The factors that supported this situation are: lower offers sales volumes during the Orange Season; greater logistical efficiencies; and lower levels of waste.

Operating profit and EBITDA

For the third quarter of 2020 there was an operating income of \$420 million pesos, presenting an operating margin of 6.1%. This represented an increase in operating income in the third quarter of 2020 of 56.1% against the same period of the previous year.

Some accounts with relevant increases in expenses were:

- Wages and salaries, to strengthen the areas of Logistics and "La Comer en tu Casa" to satisfy the increase in demand. Additionally, the entire group of "vulnerable" employees who are confined at home due to their situation is being included.
- Extraordinary expenses for cleaning, necessary due to the health emergency of COVID19 to keep our stores in optimal conditions and offer our collaborators and customers a sanitized environment.
- Expenses related to our online sales system (e-commerce) "La Comer en tu Casa", to improve the shopping experience and cover the increase in demand.
- Surveillance expenses, to offer our customers maximum security within our stores
- Increase in expenses for packaging to preserve food hygiene.

The EBITDA margin for the third quarter of 2020 was 9.7% compared with a 8.9% of 2019. The EBITDA of the third quarter of 2020 was \$668 million pesos, showing a growth of 36.8% against 2019.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the third quarter of 2020 of \$614 million pesos presenting an increase of 39.6% compared to the third quarter of 2019. Operating cash flow margin for the third quarter of 2020 was 8.9% that compares with 8.0% for the same period of the previous year.

Net Financial Result

The company presented an integral result of net financing of \$ 8.1 million pesos, although \$34 million pesos were generated by financial products, these were affected by the effect of IFRS 16 due to interests on leases liabilities.

As of September 2020 Results

Highlights:

- ✓ Increase in total sales of 27.1%
- ✓ Increase in same store sales of 19.6%
- ✓ EBITDA margin of 10.5%

	As of sept 2020					
	2020	%	2019	%	Var %	
Net sales	20,130.4	100.0	15,842.9	100.0	27.1	
Cost of sales	14,659.0	72.8	11,522.3	72.7	27.2	
Gross profit	5,471.4	27.2	4,320.6	27.3	26.6	
Operating expenses	4,109.3	20.4	3,455.2	21.8	18.9	
Operating profit	1,362.1	6.8	865.4	5.5	57.4	
EBITDA¹	2,111.7	10.5	1,496.9	9.4	41.1	
Operational cash flow	1,947.3	9.7	1,354.1	8.5	43.8	
Net financial result	48.7	0.2	16.9	0.1	188.2	
Taxes and other	222.4	1.1	145.7	0.9	52.6	
Net Income	1,188.4	5.9	736.6	4.6	61.3	
Same Store Sales (%)	19.6		6.5			
Clients (thousands)	45,317		50,985		(11.1)	
Inventory days ratio	61		71		(13.4)	
Supplier days ratio	63		76		(17.0)	
Number of stores	73		69		5.8	
Sales area (m ²)	310,290		289,267		7.3	

In millions of Mexican pesos,

(1) EBITDA refers to Earnings before Interest, Taxes, Depreciation and Amortization.

(2) Operating Cash Flow refers to EBITDA minus the flow for payment of rents, EBITDA without IFRS16 effects.

Net sales

In cumulative terms, for the nine months of the year, total sales amounted \$20,130 million pesos, presenting an increase of 27.1% compared to the same period of the previous year. Same store sales for the period increased 19.6%.

All formats, regions and categories presented positive numbers, but the City Market format presented the highest sales increases in the nine months of the year.

By region, there was greater growth in same store sales in the Western part of the country. By product category, we can highlight that for the nine months of the year, there were significant increases in the perishables and grocery categories.

Gross profit

Gross profit for the period had a margin of 27.2% as a percentage of sales, presenting a margin decrease of 9 basis points comparing with the period of 2019 of 27.3%.

The foregoing due to the emergency decreed due to the COVID 19 virus. We have prioritized the supply in all our stores, sacrificing logistics efficiencies in some cases. We have also increased costs for cleaning and constant sanitation in our distribution centers. Additionally, we have had a change in the product mix, significantly reducing the share of prepared foods that generally have a higher margin.

Operating income and EBITDA

Operating income for the nine months of the year grew by 57.4% and had a margin of 6.8%. During this period, expenses in sanitization, security and expenses in our e-commerce platform La Comer en tu Casa, increased significantly.

In cumulative terms for the nine months of 2020, the EBITDA margin was 10.5%, generating a cash flow of \$ 2,112 million pesos, and growing 41.1% versus the 2019 figure.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the period of 2020 of \$1,947 million pesos presenting an increase of 43.8% compared to the same period of 2019. Operating margin for the nine months of 2020 was 9.7% that compares with 8.5% for the same period of the previous year.

Financial income

Within this concept, the company presented an integral result of net financing of \$49 million pesos, due to \$111 million pesos for financial products, interest on leases of \$112 million pesos and the difference, due to foreign exchange movements.

Taxes & Net profit

During this period, an amount of \$222 million pesos of taxes was reported.

For all the above, the net profit for the nine months of the year was \$1,188 million pesos compared to \$737 million pesos for the same period of the previous year, presenting an increase of 61.3%.

Working Capital

The company presented at the end of this period a cash balance of \$ 2,891 million pesos, an increase of \$ 974 million pesos against the cash balance as of September 2019. Levels for inventories were \$3,212 million pesos and for suppliers \$3,307 million pesos. Inventory turnover as of September 2020 was of 61 days, and a turnover of 63 days for suppliers, having a 2 day difference.

Investment projects

In the month of July, the company opened a new Fresko store in the state of Querétaro, which generated 310 jobs.

In September, La Comer opened a new La Comer store in the state of Aguascalientes, which generated 408 jobs.

Installed capacity 3Q2020

The company, as for the third quarter 2020, has 73 stores that operate in four different formats: City Market, Fresko, La Comer and Sumesa.

The installed capacity was as follows:

	Stores	Sq.mts.
La Comer	33	214,670
Sumesa	13	10,303
City Market	12	38,967
Fresko	15	46,350
	73	310,290

Sustainability and Social Responsibility

As a socially responsible company, the task of taking care of its human capital, customers and suppliers has been given priority during this time. Furthermore, the company has generated initiatives and projects that help improve the quality of life in our society given the pandemic situation.

Some of the initiatives that the company has had during this period are:

- **Green Packages**, (help for most in need) .For each food package donated by client, the company donated two. The company distributed 60,000 food packages with the Banco de Alimentos Foundation.
- **Support for orphanages** (Santa María), donating 5,000 food packages for the benefit of children who attended orphanage dinning rooms, handing the packages directly to their homes.
- **Pink Packages**, a chain of help with products at cost, selling more than 28,000 packages
- Donation of 1000 food boxes to the National System for the Integral Development of the Family (DIF) of Mexico City
- **Senior Support** (Packers). During this period, we have supported approximately 1,800 senior packers.
- **Tenant Support**, having considerations due to their temporary closings and effects on their sales
- **Factoring**, Preferential financing to PYMES suppliers

The company continues to support Un Kilo de Ayuda foundations and the Mexican Foundation for Rural Development.

Research and analyst coverage

In compliance with Mexican Stock Exchange internal regulation, article 4.033.01 - VIII (maintenance requirements), La Comer informs that the following institutions provide coverage to Equity securities of the company:

- BBVA Bancomer (Miguel Ulloa)
- Grupo Bursátil Mexicano (Luis Rodrigo Willard)
- Itaú BBA (Joaquín Ley)
- Santander Investment (José Manuel Ramirez)
- Scotiabank Inverlat (Rodrigo Echagaray)
- Punto Casa de Bolsa (Cristina Morales)
- Barclays (Benjamin M Theurer)
- J.P. Morgan (Ulises Argote)
- Grupo Financiero Actinver (Carlos Hermosillo Bernal)
- Banorte-IXE (Valentín Mendoza Balderas)
- Nau Securities LTD (Pedro Baptista)
- Monex Grupo Financiero (Verónica Uribe)

Sincerely,

Rogelio Garza Garza
Chief Financial Officer

Investor Relations:
Rogelio Garza Garza
La Comer
+52 (55) 52709038
rgarza@lacomer.com.mx

Media:
Horacio Loyo
Dextera Comunicación
+52(55)52820826 Ext.228
horacio.loyo@dextera.com.mx

LA COMER, S.A.B. DE C.V.
QUARTER INCOME STATEMENT
(In thousands Mexican pesos as of September 30, 2020)

	3Q2020	%	3Q2019	%	Var.
Net sales	6,882,549	100.0%	5,518,266	100.0%	24.7%
Cost of sales	4,999,397	72.6%	4,015,610	72.8%	24.5%
Gross profit	1,883,152	27.4%	1,502,656	27.2%	25.3%
Selling expenses	1,262,550	18.3%	1,040,580	18.9%	21.3%
Administrative expenses	205,327	3.0%	190,148	3.4%	8.0%
Other income	11,252	0.2%	16,040	0.3%	-29.9%
Other expenses	6,418	0.1%	18,754	0.3%	-65.8%
Operating profit	420,109	6.1%	269,214	4.9%	56.1%
Financial income	54,854	0.8%	47,119	0.9%	16.4%
Financial expenses	46,707	0.7%	43,504	0.8%	7.4%
Earnings before tax & profit sharing	428,256	6.2%	272,829	4.9%	57.0%
Income tax	76,532	1.1%	43,267	0.8%	76.9%
Gains from continued operations	351,724	5.1%	229,562	4.2%	53.2%
Net income	351,724	5.1%	229,562	4.2%	53.2%
Depreciation & amortization	248,194	3.6%	219,212	4.0%	13.2%
EBITDA	668,303	9.7%	488,426	8.9%	36.8%
Operational cash flow	614,326	8.9%	440,086	8.0%	39.6%

LA COMER, S.A.B. DE C.V.
INCOME STATEMENT

(In thousands Mexican pesos as of September 30, 2020)

	3Q2020	%	3Q2019	%	Var.
Net Sales	20,130,439	100.0%	15,842,896	100.0%	27.1%
Cost of sales	14,659,036	72.8%	11,522,309	72.7%	27.2%
Gross profit	5,471,403	27.2%	4,320,587	27.3%	26.6%
Operating expenses	3,504,485	17.4%	2,935,148	18.5%	19.4%
Administrative expenses	595,482	3.0%	563,299	3.6%	5.7%
Other income	24,130	0.1%	62,182	0.4%	-61.2%
Other expenses	33,497	0.2%	18,920	0.1%	77.0%
Operating profit	1,362,069	6.8%	865,402	5.5%	57.4%
Financial income	187,648	0.9%	152,025	1.0%	23.4%
Financial expenses	138,942	0.7%	135,169	0.9%	2.8%
Earnings before tax & profit sharing	1,410,775	7.0%	882,258	5.6%	59.9%
Income tax	222,367	1.1%	145,654	0.9%	52.7%
Gains from continued operations	1,188,408	5.9%	736,604	4.6%	61.3%
Net income	1,188,408	5.9%	736,604	4.6%	61.3%
Depreciation & amortization	749,616	3.7%	631,525	4.0%	18.7%
EBITDA	2,111,685	10.5%	1,496,927	9.4%	41.1%
Operating cash flow	1,947,340	9.7%	1,354,086	8.5%	43.8%

LA COMER, S.A.B. DE C.V.
BALANCE SHEET

(In thousands Mexican pesos as of September 30, 2020)

	3Q2020	2019
Current Assets		
Cash and Temporary investments	2,891,365	2,391,412
Clients (net account receivables)	784,457	828,929
Recoverable taxes	28,721	12,318
Inventories	3,211,979	3,259,909
Other assets	111,029	112,307
Total Current Assets	7,027,551	6,604,875
Property, plant and equipment (Net)	14,479,692	13,385,307
Property and leasehold improvements	625,582	627,122
Assets by right of use	1,326,642	1,327,678
Goos will	43,651	-
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	210,206	149,197
Other non-current non-financial assets	448,437	531,098
Total noncurrent assets	23,412,208	22,298,400
Total Assets	30,439,759	28,903,275
Trade payables	4,146,097	3,902,389
Taxes payable	47,055	145,082
Short-term lease liabilities	62,977	58,937
Total current provisions	413,372	254,110
Current Liabilities	4,669,501	4,360,518
Long-term lease liabilities	1,312,652	1,282,602
Provisions for employee long term benefits	126,644	121,883
Deferred tax liabilities	457,448	121,237
Total long-term liabilities	1,896,744	1,525,722
Total Liabilities	6,566,245	5,886,240
Capital Stock	1,966,662	1,966,662
Share issuance	264,724	206,505
Total Earned Capital	19,882,492	19,126,497
Other comprehensive income	1,759,636	1,717,371
Total controlling interest	23,873,514	23,017,035
Stock Holders' Equity	23,873,514	23,017,035
Total liabilities and stockholders' equity	30,439,759	28,903,275

LA COMER, S.A.B. DE C.V.
CASH FLOW STATEMENT
(In thousands Mexican pesos as of September 30, 2020)

Operation Activities	2020	2019
Earnings (Loss) net	1,188,408	736,604
Adjustments to reconcile earnings	2020	2019
Taxes payable	222,367	145,654
Financial income & expense	1,572	(17,515)
Depreciation and amortization expenses	749,616	631,525
Provisions	19,745	13,586
Income from disposal of current assets	3,460	4,505
Decrease (increase) in inventories	47,930	(561,218)
Decrease of clients	46,375	68,795
Increases in other receivables arising from operating activities	(126,882)	(92,235)
Increase (decrease) on suppliers	79,085	(169,532)
Increase (decrease) in other accounts payable	213,899	176,880
Total adjustments to reconcile profit	1,257,167	200,445
Net cash flows used in operations	2,445,575	937,049
Taxes on profits (paid)	(34,359)	27,417
Resources provided by operation activities	2,479,934	909,632
Cash Flows from Investment Activities	2020	2019
Cash flows used to gain control of subsidiaries or other businesses	274,000	-
Amounts from the sale of property, plant and equipment	6,561	1,897
Purchases of property, plant and equipment	1,307,924	1,524,997
Long-term purchases of other equipment	6,237	42,683
Interests income	111,081	120,604
Net cash flow from investment activities	1,470,519	(1,445,179)
Cash flows from (used) in financing activities	2020	2019
Payments for acquiring or redeeming the entity's shares	(100,654)	(240)
Payments of lease liabilities	64,879	46,242
Dividends paid	432,584	-
Interest paid	112,653	103,089
Net cash flows from (used) in financing activities	(509,462)	(149,091)
Cash flow from investing activities	499,953	(684,638)
Financing activities	2020	2019
Increase/decrease in cash and temporary investments	499,953	(684,638)
Cash and temporary investments at beginning of year	2,391,412	2,601,863
Cash and temporary investments at the end of year	2,891,365	1,917,225