

LA COMER, S.A.B. DE C.V. (BMV: LACOMER) ANNOUNCES TODAY ITS 2ND Q21 RESULTS

Mexico City, July 21st, 2021. 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 2nd Q 2021 results.

Second Quarter 2021 Results

Highlights:

- ✓ Increase in total sales of 1.9% and same store sales growth of 0.2%
- ✓ Gross margin of 27.0%
- ✓ EBITDA margin of 10.2%

	2Q 2021				
	2021	%	2020	%	Var %
Net sales	7,197.6	100.0	7,064.0	100.0	1.9
Cost of sales	5,255.9	73.0	5,198.2	73.6	1.1
Gross profit	1,941.7	27.0	1,865.8	26.4	4.1
Operating expenses	1,481.1	20.6	1,387.5	19.6	6.7
Operating profit	460.6	6.4	478.3	6.8	(3.7)
EBITDA ¹	732.0	10.2	720	10.2	1.7
Operational cash flow ²	670.3	9.3	663.6	9.4	1.0
Net financial result	(15.2)	(0.2)	10.4	0.1	(246.4)
Taxes and other	97.6	1.4	79.9	1.1	22.2
Net Income	347.8	4.8	408.8	5.8	(14.9)
Same Store Sales (%)	0.2		22.7		
Clients (thousands)	15,620		13,631		14.6
Number of stores	73		71		2.8
Sales area (m ²)	313,951		300,780		4.4

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

We continue operating with all containment measures against COVID-19. We remain alert to recommendations and indications from health authorities, to maintain high levels of protection towards our customers and employees.

Sales

Net sales for the quarter amounted \$7,198 million pesos, having an increase of 1.9% compared to the same period of 2020. Same store sales in the quarter grew 0.2%.

During the quarter, we launched our “*Temporada Naranja*” (“Orange Season”) promotional campaign for the sixth time, based on offering customers promotions on products from various departments and rotating them throughout the promotional season. The campaign that has been developed with all the measures and needs presented by the COVID19 pandemic, is presenting very favorable results, surpassing the comparative with the levels of sale of the same period of the previous year. These levels, with the excellent campaign operation, had kept us at positive levels in same store sales. In the same period of the previous year, there were extraordinary sales levels favored by supply purchases due to the Pandemic.

By region, there was a greater growth in same store sales in the Northwest region of the country, followed by the stores on the Western region, that 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, in accordance with the company's strategy of maintaining a differentiation in assortment, quality and freshness in this section.

Due to the confinement situation and the adaptations to current measures and needs, our sales levels of our digital platform "La Comer en tu Casa" continue with an important share in sales, with similar participation to that reported at the end of last year.

Gross Profit

Gross profit increased from \$1,866 million pesos in the second quarter of 2020 to \$1,942 million pesos in the second quarter of 2021; presenting an increase of 4.1%. The gross margin for the second quarter of 2021 was 27.0% compared to 26.4% in the same period of the previous year, presenting an increase of 56 basis points,

The improvement that has occurred in the margin is due to the recovery in income of the Real Estate section, as well as a greater participation in sales in our prepared food and bakery departments, which during the same period last year showed a decrease in its operating activities. Other factors that supported this increase are improvements in logistics and waste control. In a negative way, the gross margin was affected by the higher volume of the promotional campaign, which represented a greater proportion of the sales of the quarter.

Operating profit and EBITDA

For the second quarter of 2021 there was an operating income of \$461 million pesos, presenting an operating margin of 6.4%.

Some accounts with relevant increases in expenses were:

- Wages and salaries, to replace all vulnerable personnel who remain at home, and to strengthen the "La Comer en tu Casa" areas.
- Store cleaning expenses, necessary for the health emergency of Covid19, to keep our stores in optimal conditions and offer our customers a purified environment.
- Packaging expenses, as we are replacing for more environmentally friendly compostable packaging as well as impeccable shipping packaging for our e-commerce platform "La Comer en tu Casa" delivery.
- Advertising expenses, necessary to support the start of the "*Temporada Naranja*" promotional campaign.
- Expenses that support new store openings

The EBITDA margin for the second quarter of 2021 was 10.2% same to the margin EBITDA of 2020. The EBITDA of the second quarter of 2021 was \$732 million pesos, showing a growth against 2020 of 1.7%.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the second quarter of 2021 of \$670 million pesos presenting an increase of 1.0% compared to the second quarter of 2020. Operating cash flow margin for the second quarter of 2021 was 9.3% that compares with 9.4% for the same period of the previous year.

Net Financial Result and Income Tax

During the quarter there were lower financial products than those obtained during the same period last year, mainly due to lower interest rates. Also, a lower exchange profit was obtained. Additionally, in the income tax account we are provisioning a higher income tax rate than the one provided in the first quarter of last year.

Given these effects, net income for the quarter was \$348 million pesos presenting a decrease of 14.9% compared to the same period in 2020.

As of June 2021 Results

Highlights:

- ✓ Increase in total sales of 4.2%
- ✓ Increase in same store sales of 2.9%
- ✓ EBITDA margin of 10.7%

As of June 30, 2021					
	2021	%	2020	%	Var %
Net sales	13,810.9	100.0	13,247.9	100.0	4.2
Cost of sales	10,015.0	72.5	9,659.6	72.9	3.7
Gross profit	3,795.9	27.5	3,588.3	27.1	5.8
Operating expenses	2,867.3	20.8	2,646.3	20.0	8.4
Operating profit	928.5	6.7	942.0	7.1	(1.4)
EBITDA ¹	1,480.9	10.7	1,443.4	10.9	2.6
Operational cash flow ²	1,363.8	9.9	1,333.0	10.1	2.3
Net financial result	(12.6)	(0.1)	40.6	0.3	(131.0)
Taxes and other	193.7	1.4	145.8	1.1	32.8
Net Income	722.3	5.2	836.7	6.3	(13.7)
Same Store Sales (%)	2.9		19.9		
Clients (thousands)	29,829		30,860		(3.3)
Inventory days ratio	73		72		2.5
Supplier days ratio	78		84		(7.1)
Number of stores	73		71		2.8
Sales area (m ²)	313,951		300,780		4.4

In millions of Mexican pesos.

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(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 first six months of the year, total sales amounted \$13,811 million pesos, presenting an increase of 4.2% compared to the same period of the previous year. Consolidated same store sales for the first half of the year increased 2.9%.

Our format La Comer presented the highest sales increases in the semester, but also our formats Fresko and City Markets presented positive increases.

All regions had growth in same-store sales, the Northwest region, where three of our stores are located, had the highest growth in the period. However, the stores in the Western region continue to show significant increases.

Gross profit

Gross profit for the period had a margin of 27.5% as a percentage of sales, and an increase in gross profit with respect to the previous year of 5.8%, presenting a margin increase of 40 basis points.

Even with constant cleaning and sanitation costs that we have maintained in our distribution centers, we have achieved logistical efficiencies. Additionally, we have had a recovery in the product mix in which the share of prepared foods that generally have a higher margin has increased, as well as a regularization in real estate income.

Operating income and EBITDA

Operating income for the first six months had a decrease of 1.4% comparing with the same period of last year, presenting a margin of 6.7%. During this period, expenses for new biodegradable packaging, expenses destined for new openings, security and expenses of La Comer en tu Casa increased significantly.

In cumulative terms for the first six months of 2021, the EBITDA margin was 10.7%, generating a cash flow of \$ 1,481 million pesos, and growing 2.6% versus the 2020 figure.

The Operating Cash Flow (EBITDA without IFRS16 effects), was for the first semester of 2021 of \$1,364 million pesos presenting an increase of 2.3% compared to the same period of 2020. Operating margin for the first six months of 2021 was 9.9% that compares with 10.1% for the same period of the previous year.

Financial income

Within this concept, the company presented an expense in the integral result of financing of \$12 million pesos, due to \$ 52 million pesos for financial products, interest on leases of \$ 75 million pesos and the difference, due to foreign exchange movements.

Taxes & Net profit

During this period, an amount of \$194 million pesos of taxes was reported.

For all the above, the net profit for the first six months of the year was \$722 million pesos compared to \$837 million pesos for the same period of the previous year.

Working Capital

The company presented at the end of this period a cash balance of \$ 2,979 million pesos, presenting a decrease of \$ 61 million pesos against the cash balance as of December 2020, used mainly in the investment of projects for future openings in the year. Levels for inventories were \$4,076 million pesos and for suppliers \$4,351 million pesos. Inventory turnover as of June 2021 was of 73 days, and a turnover of 78 days for suppliers, having a 5 day difference.

Investment projects

In June we opened a new store in a La Comer format in Metepec, State of Mexico, which required a total investment of 323 million pesos. This business unit generates 361 formal jobs.

Installed capacity 2Q2021

The company, as for the second quarter 2021, 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	218,331
Sumesa	13	10,303
City Market	12	38,967
Fresko	15	46,350
	73	313,951

Sustainability and Social Responsibility

As a socially responsible company, La Comer has been given the task of taking care of both its human capital as well as its customers and suppliers during this time. The company continues to support the Un Kilo de Ayuda foundations; and the Mexican Foundation for Rural Development.

Until May of this year, we continued to provide compensation support to older adults who carried out their work as volunteer packers, since as of June they have begun to incorporate into their activities, with all the pertinent prevention measures.

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)
- Scotiabank Inverlat (Rodrigo Echagaray)
- Punto Casa de Bolsa (Cristina Morales)
- Barclays (Benjamin M Theurer)
- J.P. Morgan (Ulises Argote)
- Grupo Financiero Actinver (Jerónimo Cobián)
- Nau Securities LTD (Pedro Baptista)
- Vector Casa de Bolsa (Marcela Muñoz)

Sincerely,

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LA COMER, S.A.B. DE C.V.
QUARTER INCOME STATEMENT
(In thousands Mexican pesos as of June 30, 2021)

	2Q2021	%	2Q2020	%	Var.
Net sales	7,197,564	100.0%	7,063,978	100.0%	1.9%
Cost of sales	5,255,865	73.0%	5,198,225	73.6%	1.1%
Gross profit	1,941,699	27.0%	1,865,753	26.4%	4.1%
Selling expenses	1,274,033	17.7%	1,184,367	16.8%	7.6%
Administrative expenses	217,511	3.0%	197,632	2.8%	10.1%
Other income	12,908	0.2%	6,397	0.1%	101.8%
Other expenses	2,437	0.0%	11,914	0.2%	-79.5%
Operating profit	460,626	6.4%	478,237	6.8%	-3.7%
Financial income	29,693	0.4%	56,016	0.8%	-47.0%
Financial expenses	44,924	0.6%	45,631	0.6%	-1.5%
Earnings before tax & profit sharing	445,395	6.2%	488,622	6.9%	-8.8%
Income tax	97,626	1.4%	79,857	1.1%	22.3%
Gains from continued operations	347,769	4.8%	408,765	5.8%	-14.9%
Net income	347,769	4.8%	408,765	5.8%	-14.9%
Depreciation & amortization	271,328	3.8%	241,771	3.4%	12.2%
EBITDA	731,954	10.2%	720,008	10.2%	1.7%
Operational Cash flow	670,333	9.3%	663,567	9.4%	1.0%

LA COMER, S.A.B. DE C.V.
INCOME STATEMENT
(In thousands Mexican pesos as of June 30, 2021)

	2021	%	2020	%	Var.
Net Sales	13,810,855	100.0%	13,247,889	100.0%	4.2%
Cost of sales	10,014,984	72.5%	9,659,639	72.9%	3.7%
Gross profit	3,795,871	27.48%	3,588,250	27.09%	5.8%
Operating expenses	2,468,974	17.9%	2,241,936	16.9%	10.1%
Administrative expenses	421,311	3.1%	390,155	2.9%	8.0%
Other income	30,641	0.2%	12,878	0.1%	137.9%
Other expenses	7,686	0.1%	27,079	0.2%	-71.6%
Operating profit	928,541	6.7%	941,958	7.1%	-1.4%
Financial income	78,754	0.6%	132,794	1.0%	-40.7%
Financial expenses	91,318	0.7%	92,235	0.7%	-1.0%
Earnings before tax & profit sharing	915,977	6.6%	982,517	7.4%	-6.8%
Income tax	193,735	1.4%	145,835	1.1%	32.8%
Net income	722,242	5.2%	836,682	6.3%	-13.7%
Depreciation & amortization	552,329	4.0%	501,422	3.8%	10.2%
EBITDA	1,480,870	10.7%	1,443,382	10.9%	2.6%
Operating Cash Flow	1,363,829	9.9%	1,333,015	10.1%	2.3%

LA COMER, S.A.B. DE C.V.
BALANCE SHEET
(In thousands Mexican pesos as of June 30, 2021)

	2021	2020
Current Assets	Activo circulante	
Cash and Temporary investments	2,979,251	3,040,366
Clients (net account receivables)	1,140,715	960,963
Recoverable taxes	41,963	16,252
Inventories	4,076,741	3,238,989
Other assets	110,009	110,293
Current assets other than non-current assets	8,348,679	7,366,863
Assets held for sale	17,039	17,039
Total Current Assets	8,365,718	7,383,902
Property, plant and equipment (Net)	15,499,535	14,739,721
Property and leasehold improvements	624,042	625,069
Assets by right of use	1,306,022	1,296,365
Good will	Crédito mercantil	
Intangible assets other than goodwill	6,277,998	6,277,998
Deferred tax assets	214,152	182,363
Other non-current non-financial assets	367,865	418,497
Total noncurrent assets	24,289,614	23,540,013
Total Assets	32,655,332	30,923,915
Trade payables	5,363,997	4,299,959
Taxes payable	48,119	213,364
Short-term lease liabilities	66,688	64,643
Total current provisions	418,646	337,072
Current Liabilities	5,897,450	4,915,038
Long-term lease liabilities	1,324,694	1,295,134
Provisions for employee long term benefits	149,725	143,218
Deferred tax liabilities	652,377	426,854
Total long-term liabilities	2,126,796	1,865,206
Total Liabilities	8,024,246	6,780,244
Capital Stock	1,966,662	1,966,662
Share issuance	264,724	264,724
Total Earned Capital	20,696,270	20,152,650
Other comprehensive income	1,703,430	1,759,635
Total controlling interest	24,631,086	24,143,671
Stock Holders' Equity	24,631,086	24,143,671
Total liabilities and stockholders' equity	32,655,332	30,923,915

LA COMER, S.A.B. DE C.V.
CASH FLOW STATEMENT
(In thousands Mexican pesos as of June 30, 2021)

Operation Activities	2021	2020
Earnings (Loss) net	722,242	836,682
Adjustments to reconcile earnings	2021	2020
Taxes payable	193,735	145,835
Financial income & expense	23,447	(4,714)
Depreciation and amortization expenses	552,329	501,422
Provisions	15,915	13,164
Income from disposal of current assets	687	3,612
Decrease (increase) in inventories	(837,752)	(291,472)
Decrease of clients	21,615	49,006
Increases in other receivables arising from operating activities	227,079	(259,365)
Increase (decrease) on suppliers	811,874	948,888
Increase (decrease) in other accounts payable	152,200	260,075
Total adjustments to reconcile profit	706,971	1,366,451
Net cash flows used in operations	1,429,213	2,203,133
Taxes on profits (paid)	37,943	(55,010)
Resources provided by operation activities	1,391,270	2,258,143
Cash Flows from Investment Activities	2021	2020
Cash flows used to gain control of subsidiaries or other businesses	-	274,000
Amounts from the sale of property, plant and equipment	2,693	1,791
Purchases of property, plant and equipment	1,154,365	602,435
Long-term purchases of other equipment	4,278	5,325
Interests income	52,116	76,755
Net cash flow from investment activities	(1,103,834)	(803,214)
Cash flows from (used) in financing activities	2021	2020
Payments for acquiring or redeeming the entity's shares	28,872	-
Payments of lease liabilities	38,161	41,673
Interest paid	205,955	432,584
Net cash flows from (used) in financing activities	75,563	72,041
Cash flow from investing activities	(348,551)	(546,298)
Financing activities	2021	2020
Increase/decrease in cash and temporary investments	(61,115)	908,631
Cash and temporary investments at beginning of year	3,040,366	2,391,412
Cash and temporary investments at the end of year	2,979,251	3,300,043