# GRUPO COMERCIAL CHEDRAUI, S.A.B. DE C.V.
# SECOND QUARTER 2021 RESULTS

Mexico City, July 28, 2021 – Grupo Comercial Chedraui, S.A.B. de C.V. reports its 2021 second quarter results. All figures in this report are shown in nominal terms and reported in accordance with International Financial Reporting Standards (IFRS).

**Quarter Highlights:**

- **7.8% same store sales increase in Mexico vs. ANTAD's 1.4% increase**
- **7.8% consolidated EBITDA margin, a 32 bps YoY expansion**
- **24.0% consolidated Net Income increase YoY; +100% vs Q2'19**
- **Leverage ratio: 0.41x in Q2'21; MXN $5,894 million cash improvement YoY**

## CONSOLIDATED RESULTS FOR THE SECOND QUARTER 2021

The following chart summarizes the Income Statement in million pesos for the second quarter 2021. The margin for each figure represents its ratio to net sales as compared to the same period in 2020.

| | Quarterly | | | | |
|---|---|---|---|---|---|
| *MXN in millions* | Q2'20 | % NS | Q2'21 | % NS | Var % |
| **Net Sales** | 36,409 | 100.0% | 35,749 | 100.0% | -1.8% |
| **Gross Profit** | 8,212 | 22.6% | 8,063 | 22.6% | -1.8% |
| **Operating Income** | 1,762 | 4.8% | 1,922 | 5.4% | 9.0% |
| **EBITDA** | 2,737 | 7.5% | 2,802 | 7.8% | 2.4% |
| **Net Income** | 681 | 1.9% | 844 | 2.4% | 24.0% |

EBITDA is defined as Operating Income before Depreciation and Amortization



Contact:

**Humberto Tafolla Núñez**
Chief Financial Officer
Tel. + 52 (228) 8-42-11-10
htafolla@chedraui.com.mx

Ticket:
CHDRAUI B

**Jesús Arturo Velázquez Díaz**
Investor Relations
Tel. + 52 (228) 8-42-11-17
avelazquez@chedraui.com.mx

## Comments from Mr. Antonio Chedraui, CEO of Grupo Comercial Chedraui

"*The result of the second quarter proves once again the strength of our business model and our ability to execute. Despite the high comparative base, Chedraui is in a good position to continue to grow and to raise profitability as well as generate cash flow. As the world and its economy continue to change in these uncertain times, the Company has maintained a disciplined approach that has resulted in a stronger company than before the start of the pandemic. We approach the second half of the year strengthened and ready to meet the challenge of successfully integrating the acquisition of Smart & Final."*

## COVID-19

The Company continues its efforts to safeguard its employees, customers and business partners against the ongoing COVID-19 pandemic. The strict sanitary protocols established throughout our organization have been reinforced in accordance with the guidelines set by the local and federal governments.

## Revenues

During the second quarter of 2021, consolidated revenues decreased 1.8% to $35,749 million pesos. This decrease was heavily impacted by a 14.2% weakening of the US dollar versus the MXN peso on the US division which represents 40% of total revenues.

In the **Retail Mexico** operation, second quarter sales grew 10.3%, reaching $21,383 million pesos. Same-store sales grew 7.8% with 4 stores added in the quarter. A total of 20 stores have opened in the last 12 months resulting in 2.3% sales floor growth.

In the second quarter of 2021, total sales of **Retail US** decreased 2.2% in USD due to a high comparative base versus 2020 given the spike in demand caused by the pandemic. Despite this contraction, sales for the period compared to the second quarter of 2019 in dollars grew 6.8%, showing the strength of the business compared to the situation prior to the pandemic.



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Chief Financial Officer
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In Mexican pesos, 2Q'21 sales contracted 16.1% to $14,151 million pesos versus the prior comparative quarter, and as mentioned, the primary reason for the decline was the negative FX impact during the quarter of 14.2%.

For the **Real Estate** division, in the second quarter of 2021 revenues grew by 42.9% to $215 million pesos. This important improvement in income was due to the recovery in rent payments versus the prior COVID impacted quarter. During the last twelve months, 9,751 m2 of profitable area were incorporated, which represents growth of 2.6%.

| Net Sales | Quarterly | | |
|---|---|---|---|
| *MXN in millions* | Q2'20 | Q2'21 | Var % |
| **Retail Mexico** | 19,388 | 21,383 | 10.3% |
| **Retail US** | 16,871 | 14,151 | -16.1% |
| **Real Estate** | 150 | 215 | 42.9% |
| **CONSOLIDATED** | 36,409 | 35,749 | -1.8% |

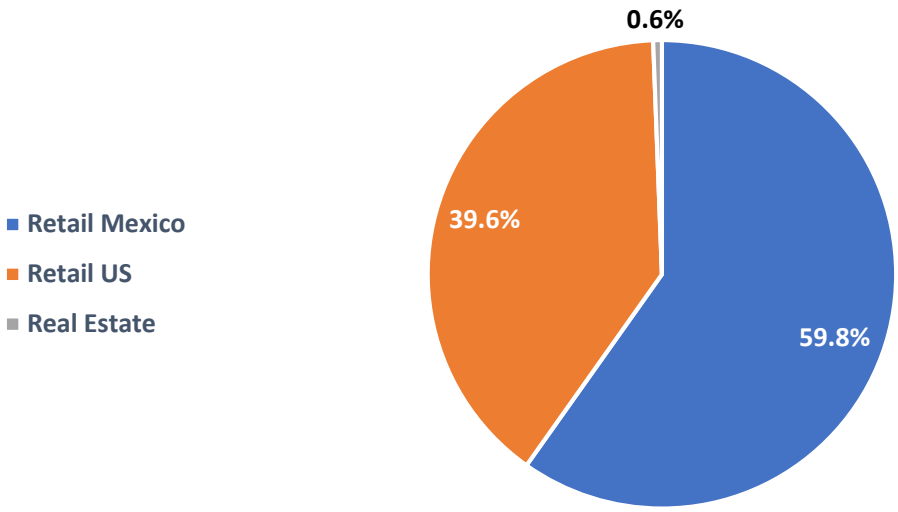


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## Gross Profit

Gross Profit decreased 1.8% in the quarter to $8,063 million pesos and represented 22.6% of sales. This 22.6% is the same as last year and is due to:

- A lower weight of **Retail US** in the consolidated sales, since this operation has a higher gross margin than the rest of the business.

- Categories with higher gross margin in the **Retail Mexico** operation, such as general merchandise and clothing, growing above the sales average.



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## Operating Expenses

During the second quarter of 2021, operating expenses (without depreciation or amortization) decreased 3.9% to $5,262 million pesos and represented 14.7% of consolidated sales. This is due to proper control of expenses across the divisions.

## EBITDA

The consolidated EBITDA of Grupo Chedraui for Q2'21 grew 2.4% to $2,802 million pesos in the period, reaching a margin on sales of 7.8%. This represents an expansion of 32 basis points year on year.

**Retail Mexico** closed the period with an EBITDA of $1,560 million pesos and a margin of 7.3%. Compared to the same period of the previous year, this represents growth of 12.6% and a margin expansion of 15 bps. These results are in line with the objective for the year.

For **Retail US**, the EBITDA generated in the period reached the amount of $1,088 million pesos and represented 7.7% of sales. Year-over-year, this represents margin expansion of 13 bps. Similarly, the Fiesta operation continued its EBITDA margin expansion in line with the plan implemented since its acquisition.

The EBITDA of the **Real Estate** operation in the second quarter grew 101.9% year on year, going from $ 76 million pesos in the second quarter of 2020 to $ 154 million pesos in 2021. The EBITDA margin went from 50.6% in 2020 to 71.5% in 2021 due to a progressive normalization of the division's operation.



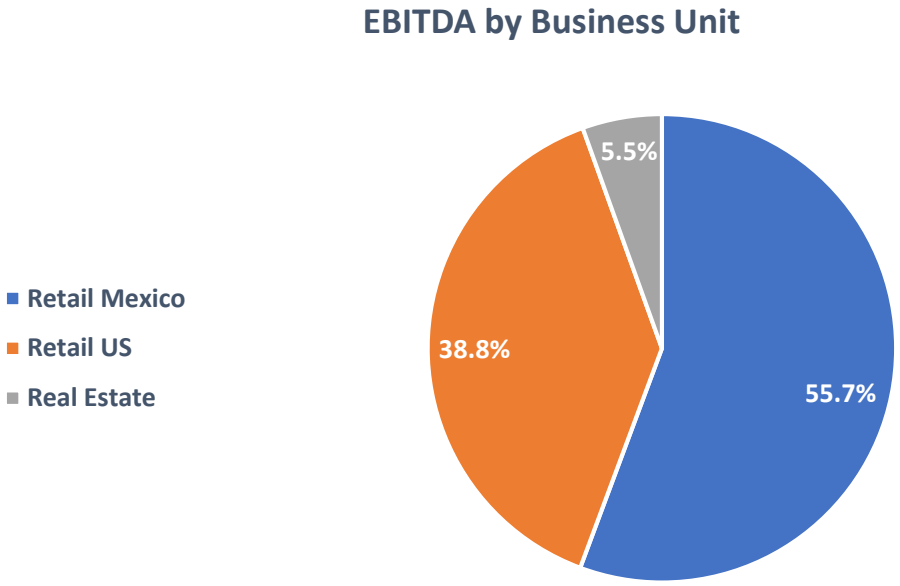
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| EBITDA | Quarterly | | | | |
|---|---|---|---|---|---|
| *MXN millions* | Q2'20 | % NS | Q2'21 | % NS | Var % |
| **Retail Mexico** | 1,386 | 7.1% | 1,560 | 7.3% | 12.6% |
| **Retail US** | 1275 | 7.6% | 1,088 | 7.7% | -14.7% |
| ***El Super*** | *853* | 8.9% | *724* | *8.8%* | *-15.1%* |
| ***Fiesta*** | *422* | 5.8% | *363* | *6.2%* | *-13.8%* |
| **Real Estate** | 76 | 50.6% | 154 | 71.5% | 101.9% |
| **CONSOLIDATED** | 2,737 | 7.5% | 2,802 | 7.8% | 2.4% |




## Financial Expenses

In the second quarter of 2021, financial expenses decreased 14.2% year on year to $680 million pesos. Lower debt balances and lower interest rates drove the reduction.



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## Net Income

Consolidated Net Income for the quarter grew 24.0% compared to that achieved in the same period of 2020, reaching an amount of $ 844 million pesos with a margin over sales of 2.4%. Comparing the result of this quarter with the same period of 2019, **the growth of Net Income in the last two years has been 100%**, demonstrating the Company's ability to improve its profitability.

## Financing

As of June 30, 2021, the Company registered net debt of $4,526 million pesos. This is comprised of $3,910 million pesos in short term debt, $4,825 million pesos in long term debt and $4,209 million pesos in cash and temporary investments.

The accumulated invested CAPEX for 2021 totaled $1,192 million pesos.

With these figures, the net debt to EBITDA ratio for the last twelve months closed at 0.41x, lower than the 1.06x obtained by the end of June 2020.

Note that while debt is shown consolidated, debt contracted in Mexico is in pesos and debt contracted in the United States is in dollars. The fact that revenues and expenses occur in the same currency eliminates foreign exchange rate conversion risk; therefore, no currency hedging instruments are used.

## Infrastructure information by business unit

| *Infrastructure ($M^2$ sales floor)* | Q2'20 | Net openings last 12 months | Q2'21 | Var % |
|---|---|---|---|---|
| **Retail Mexico** | 1,466,505 | 33,596 | 1,500,101 | 2.3% |
| **Retail US** | 358,591 | -5,730 | 352,861 | -1.6% |
| **CONSOLIDATED** | 1,825,096 | 27,866 | 1,852,962 | 1.5% |



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## Environmental, Social and Governance (ESG):

During the first semester of 2021, Grupo Chedraui, together with Fundación Chedraui, collaborated in different support programs for the communities where it operates. Among the actions carried out are:

- Donation of $109 million pesos of food to the general population through food banks and authorized institutions
- $7 million pesos raised in favor of volunteer baggers, accounting for a total of $49 million since the start of the pandemic
- Donation of toys to hundreds of hospitalized children
- Supported over four thousand students through the Liceo de Artes y Oficios

Also, the company's annual sustainable report was published, and is accessible from our investors page in English and Spanish.

Furthermore, Grupo Chedraui participated for the first time in its history in the S&P Global Ratings CSA questionnaire in order to improve its internal processes and the transparency of the information issued. These actions will help the Company to measure itself against the rest of the market on ESG issues.



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## Additional information:

On May 13, 2021, Grupo Comercial Chedraui announced that its subsidiary, Bodega Latina Corporation, has entered into a definitive agreement to acquire Smart & Final Holdings, Inc. from funds managed by affiliates of Apollo Global Management, Inc. for approximately USD $620 million. Smart & Final, the smaller, faster grocery warehouse store for household and business customers, provides one-stop shopping with an assortment of both club and traditionally sized groceries, fresh foods and supplies without a paid membership and at great values. The Company operates 254 stores under two banners: Smart & Final and Smart & Final Extra!, in California, Arizona and Nevada. There are an additional 16 stores in Northwestern Mexico operated through a joint venture. For the fiscal year ended January 3, 2021, Smart & Final generated U.S. GAAP revenues of approximately U.S.$4.1 billion and Adjusted EBITDA of U.S.$167 million.

By June 30, 2021, the operation was not executed due to waiting for the pertinent authorizations from the US & Mexican competition authorities. However, the operation has been executed today, July 28th.

## About Grupo Chedraui

Grupo Comercial Chedraui S.A.B. de C.V. trades on the Mexican Stock Exchange under the ticker symbol “CHDRAUIB”; the Company as of June 30, 2021 was operating the following stores:

| | | | |
|---|---|---|---|
| Mexico | 203 | Tiendas Chedraui | (20 Selecto) |
| | 64 | Tiendas Súper Chedraui | ( 5 Selecto) |
| | 11 | Tiendas Súper Che | |
| | 51 | Tiendas Supercito | |
| United States | 64 | Tiendas El Super | |
| | 59 | Tiendas Fiesta | |
| Total | 452 | | |



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# Conference Call Information

Date

**Thursday, 29th, 2021**
10:00 am (EST)
9:00 am (CST)

Dial-in

Operator-assisted US toll-free dial-in number: +1 877 353 7089
Operator-assisted Mexico dial-in number: +52 55 4742 9159
Operator-assisted Mexico dial-in number: +52 55 5980 3594



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# Grupo Comercial Chedraui, S.A.B. de C.V.

Consolidated Quarter Income Statements

(MXN million)

| | Q2 2020 | *% Sales* | Q2 2021 | *% Sales* | % Var. |
|---|---|---|---|---|---|
| **Sales** | **36,409** | ***100.0%*** | **35,749** | ***100.0%*** | **-1.8%** |
| Cost of Sales | 28,197 | *77.4%* | 27,686 | *77.4%* | -1.8% |
| **Gross Profit** | **8,212** | ***22.6%*** | **8,063** | ***22.6%*** | **-1.8%** |
| Operating expenses | 5,475 | *15.0%* | 5,262 | *14.7%* | -3.9% |
| Depreciation and Amortization | 975 | *2.7%* | 880 | *2.5%* | -9.7% |
| **Operating Income** | **1,762** | ***4.8%*** | **1,922** | ***5.4%*** | **9.0%** |
| **EBITDA** | **2,737** | ***7.5%*** | **2,802** | ***7.8%*** | **2.4%** |
| Financial expenses | 792 | *2.2%* | 680 | *1.9%* | -14.2% |
| **Income Before Taxes** | **970** | ***2.7%*** | **1,242** | ***3.5%*** | **28.0%** |
| Income Taxes | 290 | *0.8%* | 398 | *1.1%* | 37.3% |
| **Consolidated Net Income** | **681** | ***1.9%*** | **844** | ***2.4%*** | **24.0%** |



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# Grupo Comercial Chedraui, S.A.B. de C.V.

Consolidated Income Statements

(Figures in millions of mexican pesos)

| | 2020 | % Sales | 2021 | % Sales | Growth % |
|---|---|---|---|---|---|
| **Sales** | **71,913** | ***100.0%*** | **70,935** | ***100.0%*** | **-1.4%** |
| Cost of Sales | 56,122 | *78.0%* | 55,112 | *77.7%* | -1.8% |
| **Gross Profit** | **15,791** | ***22.0%*** | **15,823** | ***22.3%*** | **0.2%** |
| Operating expenses | 10,470 | *14.6%* | 10,383 | *14.6%* | -0.8% |
| Depreciation and Amortization | 1,877 | *2.6%* | 1,736 | *2.4%* | -7.5% |
| **Operating Income** | **3,444** | ***4.8%*** | **3,704** | ***5.2%*** | **7.5%** |
| **Ebitda** | **5,321** | ***7.4%*** | **5,440** | ***7.7%*** | **2.2%** |
| Financial cost | 1,656 | *2.3%* | 1,371 | *1.9%* | -17.2% |
| **Income Before Taxes** | **1,789** | ***2.5%*** | **2,333** | ***3.3%*** | **30.4%** |
| Income Taxes | 566 | *0.8%* | 752 | *1.1%* | 33.0% |
| **Consolidated Net Income** | **1,223** | ***1.7%*** | **1,581** | ***2.2%*** | **29.3%** |



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## GRUPO COMERCIAL CHEDRAUI, S. A. B. DE C. V. Y SUBSIDIARIAS

**CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2021, 2020**

**(Figures in thousands of mexican pesos)**

| | June 2020 | % | June 2021 | % | Differences $ | Differences % |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| **Current assets** | | | | | | |
| Cash and cash equivalents | 4,251,219 | | 4,209,335 | | - 41,884 | - 1.0 |
| Trade accounts receivables | 328,728 | | 384,185 | | 55,457 | 16.9 |
| Other currents receivable | 654,645 | | 598,237 | | - 56,408 | - 8.6 |
| Current tax assets, current | 2,221,255 | | 2,109,893 | | - 111,362 | - 5.0 |
| Other current financial assets | 605,994 | | 608,472 | | 2,478 | 0.4 |
| Current inventories | 11,877,139 | | 11,648,057 | | - 229,082 | - 1.9 |
| Total current assets | **19,938,980** | **21.5%** | **19,558,179** | **22.0%** | **- 380,801** | **- 1.9** |
| **Non-current assets** | | | | | | |
| Trade and other non-current receivables | 294,456 | | 1,242,649 | | 948,193 | 322.0 |
| Investments in subsidiaries, joint ventures and associates | 4,336 | | 139,335 | | 134,999 | 3,113.4 |
| Property, plant and equipment | 33,692,537 | | 32,827,215 | | - 865,322 | - 2.6 |
| Investment property | 9,511,675 | | 9,809,610 | | 297,935 | 3.1 |
| Right-of-use assets that do not meet definition of investme | 21,648,351 | | 18,809,828 | | - 2,838,523 | - 13.1 |
| Goodwill | 2,616,057 | | 2,295,274 | | - 320,783 | - 12.3 |
| Intangible assets other than goodwill | 2,657,517 | | 2,280,880 | | - 376,637 | - 14.2 |
| Deferred tax assets | 1,197,648 | | 997,349 | | - 200,299 | - 16.7 |
| Other non-current non-financial assets | 975,551 | | 801,364 | | - 174,187 | - 17.9 |
| **Total non-current assets** | **72,598,128** | **78.5%** | **69,203,504** | **78.0%** | **- 3,394,624** | **- 4.7** |
| **Total assets** | **92,537,108** | **100.0%** | **88,761,683** | **100.0%** | **- 3,775,425** | **- 4.1** |
| **Equity and liabilities** | | | | | | |
| **Liabilities** | | | | | | |
| **Current liabilities** | | | | | | |
| Trade accounts payable | 15,133,212 | | 17,230,214 | | 2,097,002 | 13.9 |
| Other short-term accounts payable | 2,822,120 | | 2,677,918 | | - 144,202 | - 5.1 |
| Current tax liabilities, current | 270,177 | | 135,294 | | - 134,883 | - 49.9 |
| Short-term bank debt | 5,846,812 | | 3,909,862 | | - 1,936,950 | - 33.1 |
| Other current financial liabilities | 212,910 | | 139,975 | | - 72,935 | - 34.3 |
| Current lease liabilities | 647,597 | | 627,982 | | - 19,615 | - 3.0 |
| **Current provisions** | | | | | | |
| Current provisions for employee benefits | 684,618 | | 817,029 | | 132,411 | 19.3 |
| Other current provisions | 293,047 | | 439,076 | | 146,029 | 49.8 |
| Total current provisions | 977,665 | | 1,256,105 | | 278,440 | 28.5 |
| **Total current liabilities** | **25,910,493** | **28.0%** | **25,977,350** | **29.3%** | **66,857** | **0.3** |
| **Non-current liabilities** | | | | | | |
| Other long-term accounts payable | 297,000 | | 404,206 | | 107,206 | 36.1 |
| Long Term Bank debt | 8,824,234 | | 4,825,172 | | - 3,999,062 | - 45.3 |
| Other non-current financial liabilities | 809,544 | | 514,277 | | - 295,267 | - 36.5 |
| Non-current lease liabilities | 25,008,785 | | 22,247,703 | | - 2,761,082 | - 11.0 |
| **Non-current provisions** | | | | | | |
| Non-current provisions for employee benefits | 860,694 | | 1,150,883 | | 290,189 | 33.7 |
| Deferred tax liabilities | 2,990,517 | | 3,184,094 | | 193,577 | 6.5 |
| **Total non-current liabilities** | **38,790,774** | **41.9%** | **32,326,335** | **36.4%** | **- 6,464,439** | **- 16.7** |
| **Total liabilities** | **64,701,267** | **69.9%** | **58,303,685** | **65.7%** | **- 6,397,582** | **- 9.9** |
| **Equity** | | | | | | |
| Issued capital | 252,120 | | 252,120 | | - | - |
| Share premium | 3,489,315 | | 3,484,038 | | - 5,277 | - 0.2 |
| Treasury shares | 264,572 | | 254,861 | | - 9,711 | - 3.7 |
| Retained earnings | 24,392,000 | | 26,859,290 | | 2,467,290 | 10.1 |
| Other reserves | - 61,749 | | 72,365 | | 134,114 | - 217.2 |
| **Total equity attributable to owners of parent** | **27,807,114** | **30.0%** | **30,412,952** | **34.3%** | **2,605,838** | **9.4** |
| **Non-controlling interests** | **28,727** | **0.0%** | **45,046** | **0.1%** | **16,319** | **56.8** |
| **Total equity** | **27,835,841** | **30.1%** | **30,457,998** | **34.3%** | **2,622,157** | **9.4** |
| **Total equity and liabilities** | **92,537,108** | **100.0%** | **88,761,683** | **100.0%** | **- 3,775,425** | **- 4.1** |



Contact:

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## GRUPO COMERCIAL CHEDRAUI, S. A. B. DE C. V. Y SUBSIDIARIAS

**CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED JUNE 30, 2021 AND 2020**

| FIGURES IN THOUSANDS OF PESOS | JUNE 2020 | JUNE 2021 |
|---|---|---|
| **Cash flows from (used in) operating activities [abstract]** | | |
| Profit (loss) | 1,222,630 | 1,580,629 |
| **Adjustments to reconcile profit (loss) [abstract]** | | |
| + Adjustments for income tax expense | 565,978 | 752,479 |
| + (-) Adjustments for finance costs | 945,735 | 899,658 |
| + Adjustments for depreciation and amortisation expense | 1,974,324 | 1,721,462 |
| + (-) Adjustments for losses (gains) on disposal of non-current assets | 42,426 | 2,808 |
| + (-) Adjustments for decrease (increase) in inventories | 2,098,368 | 320,549 |
| + (-) Adjustments for decrease (increase) in trade accounts receivable | 525,352 | 423,516 |
| + (-) Adjustments for decrease (increase) in other operating receivables | 180,990 | - 670,786 |
| Adjustments for increase (decrease) in trade accounts payable | - 3,772,048 | - 2,245,423 |
| + (-) Adjustments for increase (decrease) in other operating payables | - 547,754 | - 611,927 |
| + Other adjustments for non-cash items | 273,136 | 32,993 |
| **Total adjustments to reconcile profit (loss)** | **2,286,507** | **625,329** |
| **Net cash flows from (used in) operations** | **3,509,137** | **2,205,958** |
| Net cash flows from (used in) operating activities | 3,509,137 | 2,205,958 |
| **Cash flows from (used in) investing activities [abstract]** | | |
| + Proceeds from sales of property, plant and equipment | 2,265 | 12,402 |
| - Purchase of property, plant and equipment | - 1,176,859 | - 1,134,199 |
| - Purchase of intangible assets | - 50,003 | - 57,904 |
| + Dividends received | 2,078 | - |
| + Interest received | 31,976 | 47,726 |
| Net cash flows from (used in) investing activities | - 1,190,543 | - 1,131,975 |
| **Cash flows from (used in) financing activities [abstract]** | | |
| - Payments to acquire or redeem entity's shares | - 7,428 | - 46,769 |
| - Payments of other equity instruments | - 30,549 | 13,521 |
| + Proceeds from borrowings | 4,416,797 | 3,535,000 |
| - Repayments of borrowings | - 1,519,604 | - 4,110,892 |
| - Payments of lease liabilities | - 309,780 | - 290,514 |
| - Dividends paid | - 427,882 | - 457,858 |
| - Interest paid | - 977,711 | - 947,383 |
| + (-) Other inflows (outflows) of cash | - 119,109 | - |
| Net cash flows from (used in) financing activities | 1,024,734 | - 2,304,895 |
| Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes | 3,343,328 | - 1,230,912 |
| **Effect of exchange rate changes on cash and cash equivalents [abstract]** | | |
| Effect of exchange rate changes on cash and cash equivalents | - 76,153 | - 4,416 |
| Net increase (decrease) in cash and cash equivalents | 3,267,175 | - 1,235,328 |
| Cash and cash equivalents at beginning of period | 984,044 | 5,444,663 |
| **Cash and cash equivalents at end of period** | **4,251,219** | **4,209,335** |



Contact:

**Humberto Tafolla Núñez**
Chief Financial Officer
Tel. + 52 (228) 8-42-11-10
htafolla@chedraui.com.mx

Ticket:
CHDRAUI B

**Jesús Arturo Velázquez Díaz**
Investor Relations
Tel. + 52 (228) 8-42-11-17
avelazquez@chedraui.com.mx