

FORUS
CONSUMER FANATIC

EARNINGS RELEASE

1Q20

May 2020



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Notes:

- All figures in dollars are calculated using the observed dollar exchange rate for April 1st, 2020: Ch\$ 852.03/US\$.
- Quarters: 1Q, 2Q, 3Q y 4Q.
- Periods ending June 30th, September 30th and December 31st: 6M, 9M, 12M.
- Currency symbols: Ch\$, CLP or \$: Chilean pesos. US\$: U.S. dollars. COP: Colombian pesos. UYU: Uruguayan pesos. PEN: Peruvian sol.
- Units: M: millions.
- Other symbols: SSS: Same store sales. SG&A: Selling, General & Administration. YoY: Year over Year. DTC: Direct-to-Consumer. Sqm: square meters.

I. Executive Summary

In these complex times, we are proud to be a financially sound company, with cash on the balance sheet, practically no financial debt, a proactive and committed team of solid professionals and a robust omnichannel and innovation strategy that began two years ago and that has delivered tangible results. **Our online sales in 1Q20 grew 83.3% and represented 9.5% of total retail sales (DTC); however, our e-commerce sales truly accelerated in April and the first weeks of May, partially offsetting the impact of this crisis on our topline.** The first quarter, Forus' earnings were adversely affected by the repercussions of the health, economic and social crisis caused by the arrival of the coronavirus in our region. Following the guidelines set forth by the health authorities in each of the countries where we conduct our operations, **we closed our physical stores starting in mid-March, and focused the Company's efforts on servicing our customers through our e-commerce channels.** In these last few months, our omnichannel operation demonstrated its strength and agility, by ramping up to attend to the exponential and sudden growth in our e-commerce sales, while maintaining our standards of service and prioritizing the health and safety of our clients, employees and suppliers. Our revenues, however, were not only affected by the store closures, but also by the repercussions that this public health emergency has had on consumer confidence, dampening demand for these products, especially in the first few weeks of this public health emergency.

Given this scenario, we have taken steps to **further strengthen the Company's liquidity.** First, we **reduced our capex plan for 2020, announced earlier this year, from US\$ 10 million to approximately US\$ 6 million;** most of this has already been invested, with the acquisition of a real estate property in Uruguay, where we have our local offices, a store and a DC; and in the automation of part of our DC in Chile, which is about 75% completed. Also, in the annual meeting held on April 29th, the shareholders agreed not to distribute any additional dividends charged to 2019 profits, apart from the interim dividends already distributed, which limited the payout to 30.9% for the year; **shareholders also agreed to decrease the dividend payout for 2020 to 30%.** Forus is also taking steps to reduce and defer inventory purchases, extend payment dates and reduce operating expenses. As of March 31st, **Forus had Ch\$ 72,586 million in cash and equivalents** and access to credit lines for a similar amount. In May, Fitch Ratings and ICR Chile maintained their A+ classification for Forus' solvency.

As of the date of this report, the vast majority of our stores continue to be closed in Chile and at our subsidiaries, and the Company's efforts are centered on our e-commerce operations. **In Chile, Uruguay and Colombia, Forus conducts online sales both on our own websites as well as on third-party marketplaces.** In Peru, however, we suspended our e-commerce operations in March, at the same time as we closed our stores, following the instructions of the local authorities.

In 1Q20, **the Company reported Ch\$ 557 million in net income.** Revenue decreased by 13.7%, primarily as a result of the steep decline in sales in March (in local currency) due to the public health crisis: -52% in Chile; -45% in Uruguay; -57% in Peru; and -52% in Colombia. The consolidated gross margin deteriorated by 196 basis points, primarily due to the impact of the devaluation of the CLP/USD on import costs. Operating income this quarter registered a loss of Ch\$ 692 million, which was the result of lower sales and operating deleveraging.

II. Summary of Consolidated Results

First Quarter 2020

- E-commerce revenues in Chile grew 83.3% YoY in 1Q20 and reached 9.5% of retail sales (DTC), compared to 4.3% in 1Q19.
- Consolidated revenue of Ch\$ 48,513 million decreased 13.7% YoY.
- Gross profit of Ch\$ 24,526 million decreased 16.9% YoY. Gross margin decreased 196 basis points, reaching 50.6%.
- Operating income registered a loss of Ch\$ 692 million.
- Ebitda came in at Ch\$ 4,680 million, a decrease of 51,9% YoY. The Ebitda margin of 9.6% contracted by 765 basis points YoY.
- Net income in 1Q20 was Ch\$ 557 million, down 95.2% YoY. Net income in 1Q20 was bolstered by the gain of Ch \$ 1,517 million in Non-Operating Income which offset the loss in Operating Income. Net income in 1Q19 included a non-recurring gain from the sale of Forus' old corporate offices and another smaller property; excluding this one-time gain from last year, net income in 1Q20 was down 82.4%.

III. Highlights of the Period

Interim dividend

On January 22nd 2020, the Board of Directors approved a second interim cash dividend, paid out of 2019 earnings, of \$14 per share, equivalent to Th \$3,618,566. The dividend was paid on February 14th, 2020.

Covid19 Public Health Crisis

In March, local authorities initiated public health procedures, including partial or total quarantines, to protect the population against the coronavirus pandemic. As a result, as of the second half of March, Forus began to temporarily close its physical stores in Chile, Peru, Colombia and Uruguay and, until the date of this report, the vast majority of Forus' stores remain closed. Forus has been able to partially offset lost sales from store closures through its digital channels, except in Peru, where, to date, our e-commerce operations are also restricted by government public health measures.

Store openings and closures

During the first quarter of 2020, Forus opened one new store in Chile. In the same period, we closed a total of 11 stores: four in Chile, four in Uruguay, two in Peru and one in Colombia. Details are available in the Data by Country section.

Highlights after the Period

Annual General Meeting of Shareholders

On April 29, 2020, Forus held its Annual General Meeting of Shareholders. The following issues, among others, were approved:

- In agreement with the proposal sent by the majority shareholder Inversiones Costanera Limitada on April 24, 2020, the shareholders voted to not pay out additional dividends, in addition to the interim dividends already distributed and charged to 2019 net earnings, thereby limiting 2019's net income total dividend payout to 30.9%. This dividend proposal was based on events triggered by the Covid19 pandemic and the subsequent uncertainty regarding the global and local economies, as well as the retail industry in particular. As a result, the total dividend charged to 2019's net earnings amounted to \$ 28 per share, which is the sum of interim dividends already paid, and the difference of \$ 16,166,396,489 was allocated to the total balance of taxable profits.
- Going forward, shareholders agreed to reduce the dividend policy to the minimum stipulated by law, which is 30% of the distributable cash profits, provided that there are no accumulated losses. Shareholders agreed to evaluate the possibility of increasing the dividend payout in the future,

taking into account the Company's performance, the economic environment and the necessary investments for the Company to continue perform well and maintain its liquidity.

- Shareholders agreed to reduce the variable annual compensation for the Board of Directors for the year 2020, from 1.0% to 0.4% of net profits, with the Chairman of the Board receiving twice the amount corresponding to a Director with the same tenure in office; the wage received by each Director for attendance to each board meeting was raised from 20 UF to 60 UF.
- Shareholders agreed to pay each member of the Directors Committee one-third of the compensation received in his or her capacity as a board member of the Company. Shareholders agreed that the operating expenses budget for the Directors Committee be equivalent to the sum of the annual compensation of the members of the committee.
- The appointment of EY Servicios Profesionales de Auditoría y Asesoría SpA as external auditors of the Company for the financial year 2020 was approved.
- The designation of Fitch Chile Risk Rating Ltda. and International Credit Rating Company Risk Rating Ltda. were approved as Company Risk Rating for the year 2020.

Credit Risk Classification

- On May 5, 2020, ICR classified the solvency of Forus S.A. in category A + / In Observation and classified our shares in First Class Level 2.
- On May 11, 2020, Fitch Ratings ratified the national scale solvency classification of Forus S.A. in A + with a Stable outlook. At the same time, Fitch Ratings ratified the classification of Forus' shares in First Class Level 2.

IV. Consolidated Income Statement

First Quarter:

| | 1Q20 Th Ch\$ | % Revenues | 1Q19 Th Ch\$ | % Revenues | YoY |
|---|-------------------|--------------|-------------------|--------------|----------------|
| Revenues | 48,512,962 | | 56,222,630 | | -13.7% |
| Cost of Sales | (23,986,479) | -49.4% | (26,698,307) | -47.5% | -10.2% |
| Gross Profit | 24,526,483 | 50.6% | 29,524,323 | 52.5% | -16.9% |
| Distribution Expenses | (683,268) | -1.4% | (822,982) | -1.5% | -17.0% |
| Administrative Expenses | (24,535,176) | -50.6% | (23,732,938) | -42.2% | 3.4% |
| Selling, General and Administrative Expenses | (25,218,444) | -52.0% | (24,555,920) | -43.7% | 2.7% |
| Operating Income | (691,961) | -1.4% | 4,968,403 | 8.8% | -113.9% |
| Other income | 495,309 | | 14,988,195 | | -96.7% |
| Other expenses | (116,383) | | (4,023,076) | | -97.1% |
| Financial Income | (2,014,728) | | 1,608,890 | | -225.2% |
| Financial Expenses | (693,316) | | (671,933) | | 3.2% |
| Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation | (83,571) | | (83,121) | | 0.5% |
| FX Differences | 3,917,958 | | (537,816) | | -828.5% |
| Result of Indexation units | (23,007) | | (4,100) | | 461.1% |
| Other gains and losses | 34,346 | | (17,808) | | -292.9% |
| Non-Operating Income | 1,516,608 | 3.1% | 11,259,231 | 20.0% | -86.5% |
| Profit before income tax | 824,647 | 1.7% | 16,227,634 | 28.9% | -94.9% |
| Income Taxes | (267,790) | | (4,709,195) | | -94.3% |
| Profit (Loss) | 556,857 | 1.1% | 11,518,439 | 20.5% | -95.2% |
| Profit (loss) attributable to equity holders of parent | 631,507 | | 11,584,398 | | -94.5% |
| Profit (loss) attributable to minority interest | (74,650) | | (65,959) | | 13.2% |
| Profit (loss) | 556,857 | 1.1% | 11,518,439 | 20.5% | -95.2% |
| EBITDA | 4,679,587 | 9.6% | 9,726,345 | 17.3% | -51.9% |

V. Consolidated Income Statement Analysis

Operating Results

- **Consolidated revenue of Ch\$ 48,513 million declined 13.7% in 1Q20.**

Consolidated revenues decreased 13.7% YoY in 1Q20, explained by the repercussions of the coronavirus pandemic in March, given that sales decreased, in local currency, by -52% in Chile; -45% in Uruguay; -57% in Peru; and -52% in Colombia, due to store closures and decreased demand.

In Chile, where revenue had increased by 5.5% in the first two months of the year, sales this quarter reached Ch\$ 39,803 million, a 14.8% YoY decline, and represented 82.0% of the Company's consolidated revenue in the quarter. The decline was driven, to a greater degree, by the retail business, which registered a 17.0% drop in sales, which was the result of the temporary closure of all of our stores in the second half of March, as well as the negative impact that the coronavirus epidemic had, especially in the first weeks of the public health crisis, on demand for footwear and apparel products in the country. Sales in the wholesale business decreased by 9.5% this quarter, explained by lower demand from our wholesale clients in the second half of March.

E-commerce revenue grew 83.3% YoY in 1Q20 and reached 9.5% of retail business revenues (DTC) in Chile, compared to 4.3% in 1Q19.

The following is a summary of the revenues by subsidiary:

- In **Peru** revenues increased 2.4% YoY (decreased 12.5% in local currency; in the first two months of the year, revenue increased 8.1% in local currency), due to the favorable consolidation effect of the appreciation of the PEN against the CLP. The decrease in sales in local currency was the result of the temporary closure of our stores and the suspension of e-commerce deliveries beginning mid-March, due to the public health crisis; the -1.4% SSS variation registered in the quarter; and the 2.1% decrease in selling area compared to the same period last year (although the subsidiary added one store compared to 1Q19).
- In **Uruguay**, sales decreased 20.6% YoY (-21.1 in local currency), as a result of the temporary store closures beginning mid-March due to the coronavirus, the -8.1 SSS and the -4.0% sales area compared to 1Q19.
- In **Colombia**, Forus Colombia's revenues decreased 8.1% YoY (-15.0% in local currency, although in the first two months of the year, revenues increased by 5.2%), as a result of the temporary store closures beginning mid-March due to the public health crisis, partially offset by the appreciation of the COP against the CLP. The 2.0% SSS growth was primarily driven by LBC, which Forus has a minority stake in and does not consolidate. This quarter, the sales area –of

Forus Colombia and LBC– increased 1.2% in square meters, with one net additional store, compared to 1Q19.

- **Gross Profit of Ch\$ 24,526 million declined 16.9% YoY in 1Q20. Gross margin decreased by 196 basis points, reaching 50.6%.**

The decrease in consolidated gross profit was primarily attributable to Chile, although the subsidiaries, taken together, also contributed to the decline, mostly due to the contraction in Uruguay.

In Chile, gross profit decreased 18.7% YoY and gross margin deteriorated by 237 basis points in 1Q20, primarily due to the depreciation of the CLP against the USD, which increased the costs of the spring/summer collection by 8.9% and the fall/winter collection by 14.7%, and to a lesser degree, increased promotional activity. In the retail segment in Chile, gross profit decreased 18.9% with an 123 basis point decline in gross margin, while the wholesale segment reported a 9.5% YoY decrease in gross profit with a 462 basis points decline in gross margin.

The following is a summary of gross profit by subsidiary:

- **Peru:** Gross profit grew 3.3% YoY and gross margin expanded by 48 basis points, reaching 52.6% in 1Q20 compared to 52.1% in 1Q19.
 - **Uruguay:** Gross profit declined 22.6% YoY and gross margin contracted by 142 basis points, reaching 53.4% in 1Q20, explained by increased costs due to the depreciation of the local currency against the dollar.
 - **Colombia:** Gross profit at Forus Colombia was relatively stable, with a variation of -0.6%, and gross margin expanded by 359 basis points, reaching 47.7%, primarily due to fewer markdowns.
- **Operating Income registered a loss of Ch\$ 692 million.**

This loss was primarily due to lower dilution of fixed expenses in March due to the decline in sales in Chile and our subsidiaries, as a result of the public health emergency. Chile and Peru reported positive operating income this quarter, which was offset by losses in Uruguay and Colombia.

Chile's operating income decreased 97.1% YoY in 1Q20 and the operating margin deteriorated by 1,093 basis points, as a result of the 18.7% YoY decline in gross profit and the impact of operating deleveraging from lower sales, given that SG&A expenses increased by 2.8%, roughly in line with inflation.

The following is a summary of operating income by subsidiary:

- **Peru:** Operating income of Ch\$ 58 million decreased 45.3% YoY this quarter, pressured by the results in March, given that operating income was up 126% in local currency in the first two months of the year. The operating margin of 1.2% in 1Q20 deteriorated by 107 basis points compared to the same period last year, due to lower operating leverage, given that operating expenses in local currency decreased, but to a lesser extent than revenues.
- **Uruguay:** Operating loss of Ch\$ 553 million increased 250.6% YoY compared to a loss of Ch\$ 158 million in 1Q19, due to the drop in revenue and lower expense dilution, given that the reduction in operating expenses did not offset the decline in revenue.
- **Colombia:** Forus Colombia's operating loss of Ch\$ 351 million increased 30.7% YoY, due to lower sales and lower expense dilution, given that operating expenses in local currency increased less than inflation.

Non-Operating Income

- **Non-Operating Income reached Ch \$1,517 million in 1Q20.**

Non-Operating Income this quarter decreased 86.5% YoY, primarily due to the one-time gain of Ch\$ 11,360 registered in 1Q19 related to the sale of Forus' corporate headquarters in Chile. Excluding this non-recurring gain in 1Q19, Non-Operating Income in 1Q20 would have increased by 1,605%. This quarter, Financial Income registered a loss of Ch\$ (2,015) due to the performance of our investment funds in local currency, while our investments in USD reported gains, registered in the FX Differences account, which reached Ch\$ 3,918 million this quarter, compared to a loss of Ch\$ (538) million in 1Q19; the net effect of these two accounts was a 78% higher gain in 1Q20 YoY.

Net Income and Ebitda

- **Net income in 1Q20 was Ch\$ 557 million, which represented a decline of 95.2% YoY.**

The decline in net income was driven by the operating loss, explained by the public health crisis.

- **Ebitda of Ch\$ 4,680 million in 1Q20 decreased 51.9% YoY and the Ebitda margin of 9.6% deteriorated by 765 basis points.**

The decrease in Ebitda this quarter was due to the impact of the public health crisis on sales in March, which also resulted in lower dilution of fixed expenses. Higher sales costs, due to the depreciation of the CLP/USD, also contributed.

VI. Financial Situation Analysis

Consolidated Balance Sheet

- Assets** (in millions of Ch\$)

| | Mar-2020 | | Dec-2019 | | Variation | |
|---------------------|----------------|------|----------------|------|-----------------|--------------|
| | M | Ch\$ | M | Ch\$ | M | Ch\$ |
| Current Assets | 191,812 | | 203,119 | | (11,307) | -5.6% |
| Non-Current Assets | 114,894 | | 114,608 | | 286 | 0.2% |
| Total Assets | 306,706 | | 317,727 | | (11,021) | -3.5% |

Current assets decreased 5.6%. The accounts that presented relevant changes include: Inventory, which increased Ch\$ 5,818 million, as a result of the decrease in sales in March; and Other current financial assets, which decreased Ch\$ 16,580 million, as these funds were used to pay the interim dividend and the acquisition of the property in Uruguay.

Non-Current Assets did not present a significant change, explained by the Ch\$ 59,348 million increase in Property, Plant & Equipment, mainly as a result of the application of IFRS 16 which created rights-of-use assets (Ch\$ 51,850 million).

- Liabilities** (in millions of Ch\$)

| | Mar-2020 | | Dec-2019 | | Variation | |
|---|----------------|------|----------------|------|-----------------|--------------|
| | M | Ch\$ | M | Ch\$ | M | Ch\$ |
| Current Liabilities | 35,202 | | 43,912 | | (8,710) | -19.8% |
| Non-Current Liabilities | 35,169 | | 38,725 | | (3,556) | -9.2% |
| Shareholder's Equity | 236,335 | | 235,090 | | 1,245 | 0.5% |
| Total Liabilities & Shareholders' Equity | 306,706 | | 317,727 | | (11,021) | -3.5% |

Current Liabilities decreased 19.8%, primarily due to the Ch\$ 3,379 million decrease in Other short term provisions, given the reversal of the dividend obligation, and also due to the Ch\$ 2,647 million peso decrease in Current trade and other accounts payable, due to the seasonality of the business.

Non-Current Liabilities, meanwhile, decreased 9.2%, primarily due to the Ch\$ 3,854 million decrease in Other non-current financial liabilities.

- Shareholders' Equity**

Shareholders' Equity on March 31st 2020 and December 31st 2019 was the following:

| | Mar-2020 | | Dec-2019 | | Variation | |
|-----------------------------------|----------------|------|----------------|------|--------------|-------------|
| | M | Ch\$ | M | Ch\$ | M | Ch\$ % |
| Paid-in capital | 24,243 | | 24,243 | | - | 0.0% |
| Other reserves | 17,398 | | 16,347 | | 1,051 | 6.4% |
| Retained earnings | 193,910 | | 193,569 | | 341 | 0.2% |
| Non-controlling interest | 784 | | 931 | | (147) | -15.7% |
| Total Shareholders' Equity | 236,335 | | 235,090 | | 1,245 | 0.5% |

Shareholders' Equity increased by Ch\$ 1,245 million, due to net gains in the period.

The change in Other Reserves is explained by the following FX consolidation differences at the subsidiaries:

| | M Ch\$ |
|---|--------------|
| Perú Forus S.A. | 1,470 |
| Uruforus S.A. | (11) |
| Forus Colombia S.A.S. | (75) |
| Lyfestyle Brands of Colombia | (333) |
| Total FX consolidation differences | 1,051 |

Financial Ratios

- Liquidity Ratios**

| | Units | Mar-20 | Dec-19 | Var. |
|-------------------|-------|--------|--------|------|
| Current liquidity | x | 5.45 | 4.63 | 0.82 |
| Acid ratio | x | 3.08 | 2.86 | 0.22 |

The current liquidity index and the acid ratio show a slight improvement, primarily due to the decline in current liabilities.

- Debt Ratios**

| | Units | Mar-20 | Dec-19 |
|-------------------------|-------|--------|--------|
| Liabilities | | | |
| Current Liabilities | % | 50.0% | 53.1% |
| Non-Current Liabilities | % | 50.0% | 46.9% |



| | Units | Mar-20 | Dec-19 | Var. |
|-------------------|-------|--------|--------|-------|
| Leverage | x | 0.30 | 0.35 | -0.05 |
| Interest Coverage | x | 6.75 | 14.48 | -7.73 |

- Profitability Ratios (12M period)**

| | Units | Mar-20 | Mar-19 | Var. |
|-----|-------|--------|--------|--------|
| ROA | % | 0.2% | 3.7% | -3.5% |
| ROS | % | 1.1% | 20.5% | -19.3% |
| ROE | % | 0.2% | 5.0% | -4.7% |
| EPS | \$ | 2.2 | 44.6 | -42.4 |

EPS decreased by \$42.4 compared to the prior year, which represents a decline of 95.2%.

Consolidated Cash Flow

| | Mar-2020 | Mar-2019 | Variation |
|---|----------|----------|-----------|
| | M Ch\$ | M Ch\$ | M Ch\$ |
| Cash flows from Operating Activities | (9,834) | (3,840) | (5,995) |
| Cash flows from (used in) Investment Activities | 13,135 | 2,324 | 10,810 |
| Cash flows from (used in) Financing Activities | (5,920) | 734 | (6,655) |

Cash flows from operating activities generated less cash than the same period in 2019, in the amount of Ch\$ 5,995 million, mainly due an increase in payments to suppliers.

Cash flows from investment activities increased, mainly due to short-term investments held for the payment of dividends and the acquisition of the property in Uruguay.

Cash flows from financing activities resulted in a larger outflow of cash this period, mainly as a result of a reduction in letters of credits associated with the acquisition of inventory.

Market Risk Analysis

Risk outlook by country: The repercussions from the **coronavirus pandemic** began to way heavily on economic growth in Latin America beginning in mid-March. In Chile, after registering a -2.1% decline in GDP in 4Q19, 2020 showed signs of a recovery, with January's and February's IMACEC growing 1.5% and 2.7%, respectively; however, in March, as the government implemented necessary measures to halt the spread of Covid19, including the shutdown of non-essential commerce, economic growth deteriorated once again, and March's IMACEC registered -3,5% (GDP grew 0.4% in 1Q20). Consumer confidence registered 27.8 points (50 is neutral) in March and 21.6 points in April, its lowest on record. Unemployment reached 8.2% in 1Q20. The Chilean government is implementing an extensive social and economic stimulus package (equivalent to +/- 3% of GDP) in order to mitigate the impact of Covid19. In **Uruguay**, the year started off with unemployment rising to 10.5% in February, from 8.5% the previous month, and declines in exports for the first two months of the year. With the arrival of the coronavirus in March, economic activity decelerated and consumer confidence, which had been in neutral territory in February, fell to 41.2 in March (50 is neutral). According to consensus estimates, GDP in 1Q20 declined by -0.5%. The Uruguayan government is also implementing a stimulus program to alleviate the consequences of the pandemic. In Peru, the economy grew 3.1% and 3.9% in January and February, but economic activity came to a standstill in March as the government imposed social isolation and closed the borders, explaining the -16.3% decline in GDP in March (-3.1% in 1Q20). Business confidence, which was in positive territory, fell to 21.8 in March and 9.1 in April (50 is neutral). Unemployment for the three-month period ending in April increased to 9%. The Peruvian government announced at the end of March a massive economic stimulus package (+/- 12% of GDP). Finally, Colombia is facing the doble blow of the public health crisis and the drop in oil prices. In March, consumer confidence and business confidence fell to historical records. Unemployment deteriorated to 12.2% in March and economic activity contracted by -4.9% (+1.1% GDP growth in 1Q20). The Colombian government is implementing an extensive stimulus program (+/- 2.5% of GDP) to combat the crisis.

Foreign exchange risk: Due to the global economic shock resulting from the coronavirus pandemic and the weakening outlook for Chile, the CLP depreciated sharply against the dollar in the first quarter of 2020. The CLP/USD directly affects the Company's costs, given the sale of imported products. With respect to the subsidiaries, the local currencies of Peru and Colombia appreciated (average for the quarter) against the CLP, which had a favorable consolidation effect, while the UYU was stable against the CLP. In March, the CLP, UYU and COP depreciated against the dollar (end of period) by 25.6%, 28.4% and 28.0% while the PEN depreciated 3.5%.

Financial risk: The Company continues to maintain a conservative cash position, with sufficient funds for its 2020 investment plans, while maintaining very low levels of financial debt.

VII. Data by Country

Revenue (Ch\$ million)

| | 1Q20 | 1Q19 | Var % | Local Currency | 3M20 | 3M19 | Var % | Local Currency |
|---------------------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|----------------|
| Chile | 39,803 | 46,736 | -14.8% | -14.8% | 39,803 | 46,736 | -14.8% | -14.8% |
| Colombia | 861 | 937 | -8.1% | -15.0% | 861 | 937 | -8.1% | -15.0% |
| Peru | 4,724 | 4,615 | 2.4% | -12.5% | 4,724 | 4,615 | 2.4% | -12.5% |
| Uruguay | 3,126 | 3,935 | -20.6% | -21.1% | 3,126 | 3,935 | -20.6% | -21.1% |
| Total Subsidiaries | 8,710 | 9,487 | -8.2% | | 8,710 | 9,487 | -8.2% | |

Revenue (% total)

| | 1Q20 | 1Q19 | 3M20 | 3M19 |
|---------------------------|--------------|--------------|--------------|--------------|
| Chile | 82.0% | 83.1% | 82.0% | 83.1% |
| Colombia | 1.8% | 1.7% | 1.8% | 1.7% |
| Perú | 9.7% | 8.2% | 9.7% | 8.2% |
| Uruguay | 6.4% | 7.0% | 6.4% | 7.0% |
| Total Subsidiaries | 18.0% | 16.9% | 18.0% | 16.9% |

Same Store Sales

Data in nominal values (in local currency) *

| | 2020 | | | | 2019 | | | | 2020 3M | 2019 3M |
|--------------|--------------|----|----|----|---------------|--------------|--------------|---------------|--------------|---------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | |
| Chile | -4.2% | | | | -11.7% | -6.6% | -8.5% | -16.7% | -4.2% | -11.7% |
| Colombia | 2.0% | | | | -1.5% | -1.5% | 0.1% | 7.2% | 2.0% | -1.5% |
| Peru | -1.4% | | | | -3.1% | 3.8% | 7.6% | 2.0% | -1.4% | -3.1% |
| Uruguay | -8.1% | | | | -0.8% | -7.1% | 6.5% | -4.8% | -8.1% | -0.8% |

*As of 4Q19 and full-year 2019, subsidiaries' SSS includes e-commerce revenue, which was already included for Chile. SSS does not include stores closed due to the public health emergency.

Number of stores and selling area in square meters

| | Mar. 2020 | | Mar. 2019 | | YoY % | |
|--------------|------------|---------------|------------|---------------|--------------|--------------|
| | # Stores | Sqm | # Stores | Sqm | # Stores | Sqm |
| Chile | 342 | 39,700 | 346 | 39,714 | -1.2% | 0.0% |
| Colombia | 53 | 3,481 | 52 | 3,440 | 1.9% | 1.2% |
| Perú | 66 | 5,380 | 65 | 5,494 | 1.5% | -2.1% |
| Uruguay | 58 | 4,711 | 61 | 4,906 | -4.9% | -4.0% |
| Total | 519 | 53,271 | 524 | 53,554 | -1.0% | -0.5% |

E-commerce websites, by country

| Digital stores | | |
|-----------------------|-------------------------|---------------------|
| Chile | | |
| | | Website |
| 1 | Cat | Cat.cl |
| 2 | Columbia | Columbia.cl |
| 3 | Merrell | Merrell.cl |
| 4 | Jansport | Jansport.cl |
| 5 | 7veinte | 7veinte.cl |
| 6 | Norseg | Norseg.cl |
| 7 | Zapatos | Zapatos.cl |
| 8 | Hush Puppies | HushPuppies.cl |
| 9 | Hush Puppies Kids | HushPuppiesKids.cl |
| 10 | Keds | Keds.cl |
| 11 | Mountain Hardwear | MountainHardwear.cl |
| 12 | Burton | Burton.cl |
| 13 | Azaleia | Azaleia.cl |
| 14 | Billabong | Billabong.cl |
| 15 | Rockford | Rockford.cl |
| 16 | B&S | Bodyandsoul.cl |
| 17 | Nine West | Nine West.cl |
| 18 | Zapatillas | Zapatillas.cl |
| 19 | Vans | Vans.cl |
| Uruguay | | |
| | | Website |
| 1 | Cat | Catlifestyle.com.uy |
| 2 | Hush Puppies | Hushpuppies.com.uy |
| 3 | Merrell | Merrell.com.uy |
| 4 | Pasqualini | Pasqualini.com.uy |
| 5 | Columbia | Columbia.com.uy |
| 6 | Rockford | Rockford.com.uy |
| Peru | | |
| | | Website |
| 1 | Billabong | Billabong.pe |
| 2 | Columbia | Columbia.pe |
| 3 | Hush Puppies | Hushpuppies.pe |
| 4 | Rockford | Rockford.pe |
| Colombia | | |
| | | Website |
| 1 | Cat | Catlifestyle.co |
| 2 | Hush Puppies | Hushpuppies.com.co |
| 3 | Merrell | Merrellcolombia.com |
| 32 | Total Forus S.A. | |

1Q20 store openings/closures, by country

| Openings | | | | | |
|-----------------|----------|--------------|---------------|--------|-----|
| Country | # Stores | Chain | Store | City | Sqm |
| Chile | | Shoe Express | Easton Temuco | Temuco | 358 |
| | 1 | | | | 358 |
| Total | 1 | | | | 358 |

| Closures | | | | | |
|-----------------|----------|-------------------|----------------------|--------------|-------|
| Country | # Stores | Chain | Store | City | Sqm |
| Chile | | D House | Arauco Maipú | Santiago | 333 |
| | | Azaleia | Panoramico | Santiago | 43 |
| | | Mountain Hardwear | Costanera Center | Santiago | 110 |
| | | Azaleia | Parque Arauco | Santiago | 59 |
| | 4 | | | | 544 |
| Uruguay | | Rockford | Centro | Montevideo | 74 |
| | | Rockford | Shopping Tres Cruces | Montevideo | 69 |
| | | Shoe Express | Unión | Montevideo | 59 |
| | | HP Kids | Shopping Tres Cruces | Montevideo | 35 |
| | 4 | | | | 237 |
| Peru | | Hush Puppies | Centro Cívico | Lima | 39 |
| | | Factory Brands | Surco | Lima | 186 |
| | 2 | | | | 225 |
| Colombia | | Merrell | Viva Barranquilla | Barranquilla | 78 |
| | 1 | | | | 78 |
| Total | 11 | | | | 1,084 |

| Openings/closures, net | | |
|-------------------------------|------------|-------------|
| Country | # Stores | Sqm |
| Chile | -3 | -187 |
| Uruguay | -4 | -237 |
| Perú | -2 | -225 |
| Colombia | -1 | -78 |
| Total | -10 | -727 |

CHILE

(Ch\$ million)

Retail

| P&L | 1Q20 | % Revenues | 1Q19 | % Revenues | YoY% |
|------------------|----------|------------|----------|------------|---------|
| Revenues | 27,521 | | 33,165 | | -17.0% |
| Cost of Sales | (12,955) | | (15,205) | | -14.8% |
| Gross Profit | 14,566 | 52.9% | 17,960 | 54.2% | -18.9% |
| SG&A | (17,136) | -62.3% | (16,767) | -50.6% | 2.2% |
| Operating Income | (2,569) | -9.3% | 1,193 | 3.6% | -315.4% |

Wholesale

| P&L | 1Q20 | % Revenues | 1Q19 | % Revenues | YoY% |
|------------------|---------|------------|---------|------------|--------|
| Revenues | 12,282 | | 13,571 | | -9.5% |
| Cost of Sales | (6,887) | | (6,984) | | -1.4% |
| Gross Profit | 5,394 | 43.9% | 6,587 | 48.5% | -18.1% |
| SG&A | (2,672) | -21.8% | (2,491) | -18.4% | 7.2% |
| Operating Income | 2,723 | 22.2% | 4,096 | 30.2% | -33.5% |

Retail + Wholesale

| P&L | 1Q20 | % Revenues | 1Q19 | % Revenues | YoY% |
|------------------|----------|------------|----------|------------|--------|
| Revenues | 39,803 | | 46,736 | | -14.8% |
| Cost of Sales | (19,842) | | (22,189) | | -10.6% |
| Gross Profit | 19,961 | 50.1% | 24,547 | 52.5% | -18.7% |
| SG&A | (19,807) | -49.8% | (19,259) | -41.2% | 2.8% |
| Operating Income | 154 | 0.4% | 5,289 | 11.3% | -97.1% |

COLOMBIA

(Ch\$ million)

| P&L | 1Q20 | % Revenues | 1Q19 | % Revenues | YoY% |
|------------------|-------|------------|-------|------------|--------|
| Revenues | 861 | | 937 | | -8.1% |
| Cost of Sales | (450) | | (523) | | -14.0% |
| Gross Profit | 411 | 47.7% | 413 | 44.1% | -0.6% |
| SG&A | (761) | -88.5% | (682) | -72.8% | 11.7% |
| Operating Income | (351) | -40.8% | (268) | -28.7% | 30.7% |

PERU

(Ch\$ million)

| P&L | 1Q20 | % Revenues | 1Q19 | % Revenues | YoY% |
|------------------|---------|------------|---------|------------|--------|
| Revenues | 4,724 | | 4,615 | | 2.4% |
| Cost of Sales | (2,239) | | (2,210) | | 1.3% |
| Gross Profit | 2,485 | 52.6% | 2,405 | 52.1% | 3.3% |
| SG&A | (2,427) | -51.4% | (2,299) | -49.8% | 5.6% |
| Operating Income | 58 | 1.2% | 106 | 2.3% | -45.3% |

URUGUAY

(Ch\$ million)

| P&L | 1Q20 | % Revenues | 1Q19 | % Revenues | YoY% |
|------------------|---------|------------|---------|------------|--------|
| Revenues | 3,126 | | 3,935 | | -20.6% |
| Cost of Sales | (1,455) | | (1,776) | | -18.1% |
| Gross Profit | 1,670 | 53.4% | 2,159 | 54.9% | -22.6% |
| SG&A | (2,223) | -71.1% | (2,316) | -58.9% | -4.0% |
| Operating Income | (553) | -17.7% | (158) | -4.0% | 250.6% |

FORUS S.A. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

expressed in Thousands of Chilean Pesos, as of

| | March 2020 Th Ch\$ | December 2019 Th Ch\$ |
|---|-----------------------|--------------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | 8,203,137 | 10,757,766 |
| Other financial assets, current | 64,383,252 | 80,963,148 |
| Other non-financial assets, current | 4,556,875 | 4,050,906 |
| Trade and other account receivables | 25,077,969 | 26,381,313 |
| Accounts receivables from related companies | 6,485 | 8 |
| Inventories | 83,229,680 | 77,410,933 |
| Tax assets, current | 6,355,028 | 3,554,657 |
| Total Current Assets | 191,812,426 | 203,118,731 |
| Non-Current Assets | | |
| Other financial assets, non-current | - | - |
| Other non-financial assets, non-current | 276,359 | 235,230 |
| Fees receivables, non-current | 490,283 | 463,803 |
| Investments in associated companies | 1,663,621 | 2,079,964 |
| Net intangibles assets | 2,282,777 | 2,352,181 |
| Goodwill | 8,817,486 | 5,426,310 |
| Property, plant & equipment | 98,037,002 | 100,677,798 |
| Deferred tax assets | 3,326,114 | 3,373,454 |
| Total Non-Current Assets | 114,893,642 | 114,608,740 |
| TOTAL ASSETS | 306,706,068 | 317,727,471 |
| LIABILITIES | | |
| Current Liabilities | | |
| Other financial liabilities, current | 14,335,999 | 13,961,172 |
| Current trade and other current accounts payable | 13,104,296 | 15,751,063 |
| Current accounts payable to related companies | 635,092 | 652,340 |
| Other short-term provisions | 2,005,101 | 5,383,737 |
| Current tax liabilities | - | - |
| Current provisions for employees benefits | 5,117,909 | 6,377,798 |
| Other non-financial liabilities, current | 3,478 | 1,785,605 |
| Total Current Liabilities | 35,201,875 | 43,911,715 |
| Non-Current Liabilities | | |
| Other non-current financial liabilities | 34,872,363 | 38,726,241 |
| Other non-financial non-current liabilities | 296,506 | - |
| Total Non-Current Liabilities | 35,168,869 | 38,726,241 |
| TOTAL LIABILITIES | 70,370,744 | 82,637,956 |
| SHAREHOLDER'S EQUITY | | |
| Paid-in capital | 24,242,787 | 24,242,787 |
| Retained earnings | 193,909,976 | 193,569,192 |
| Issue premium | 17,386,164 | 17,386,164 |
| Other reserves | 12,033 | (1,039,351) |
| Equity attributable to equity holders of the parent | 235,550,960 | 234,158,792 |
| Non-controlling interest | 784,364 | 930,723 |
| Total Net Equity | 236,335,324 | 235,089,515 |
| TOTAL NET EQUITY AND LIABILITIES | 306,706,068 | 317,727,471 |

FORUS S.A. & SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT

expressed in Thousands of Chilean Pesos for the end of the periods of

and for the quarters

| | March 2020 Th Ch\$ | March 2019 Th Ch\$ | 1Q20 Th Ch\$ | 1Q19 Th Ch\$ |
|---|-----------------------|-----------------------|-------------------|-------------------|
| Revenues | 48,512,962 | 56,222,630 | 48,512,962 | 56,222,630 |
| Cost of Sales | (23,986,479) | (26,698,307) | (23,986,479) | (26,698,307) |
| Gross Margin | 24,526,483 | 29,524,323 | 24,526,483 | 29,524,323 |
| Other incomes of total operation | 495,309 | 14,988,195 | 495,309 | 14,988,195 |
| Logistic costs | (683,268) | (822,982) | (683,268) | (822,982) |
| Administrative Expenses | (24,535,176) | (23,732,938) | (24,535,176) | (23,732,938) |
| Other expenses of total operation | (116,383) | (4,023,076) | (116,383) | (4,023,076) |
| Other gains or (losses) | 34,346 | (17,808) | 34,346 | (17,808) |
| Financial Income | (2,014,728) | 1,608,890 | (2,014,728) | 1,608,890 |
| Financial Expenses | (693,316) | (671,933) | (693,316) | (671,933) |
| Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation | (83,571) | (83,121) | (83,571) | (83,121) |
| Exchange Differentials | 3,917,958 | (537,816) | 3,917,958 | (537,816) |
| Result of Indexation units | (23,007) | (4,100) | (23,007) | (4,100) |
| Profit before income tax | 824,647 | 16,227,634 | 824,647 | 16,227,634 |
| Income Taxes | (267,790) | (4,709,195) | (267,790) | (4,709,195) |
| Profit (loss) | 556,857 | 11,518,439 | 556,857 | 11,518,439 |
| Profit (loss) attributable to equity holders of parent | 631,507 | 11,584,398 | 631,507 | 11,584,398 |
| Profit (loss) attributable to minority interest | (74,650) | (65,959) | (74,650) | (65,959) |
| Profit (loss) | 556,857 | 11,518,439 | 556,857 | 11,518,439 |
| Earnings per share | \$ 2.2 | \$ 44.6 | \$ 2.2 | \$ 44.6 |

FORUS S.A.
INDIVIDUAL CASH FLOWS STATEMENT

expressed in Thousands of Chilean Pesos, as of

| | March 2020 Th Ch\$ | March 2019 Th Ch\$ |
|--|-----------------------|-----------------------|
| Cash Flows Originating from (used in) Operating Activities | | |
| Types of Earnings from operating activities | | |
| Earnings from sales of goods and rendering of services | 58,341,100 | 48,542,334 |
| Earnings from premiums and benefits, annual payments and other benefits of subscribed policies | 70,324 | - |
| Other earnings from operating activities | 1,540 | 970 |
| Types of Payment | | |
| Payments to suppliers for the supply of goods and services | (51,599,832) | (38,682,308) |
| Payments to and on behalf of employees | (10,378,843) | (10,256,450) |
| Payments for premiums and benefits, annuities and other obligations derived from the policies subscribed | - | (23,383) |
| Other payments for operating activities | 17,490 | (39,029) |
| Net cash flows originating from (used in) the operation | (3,548,221) | (457,866) |
| Dividends received, classified as operating activities | - | - |
| Income taxes paid (reimbursed), classified as operating activities | (3,091,289) | (1,323,574) |
| Other cash inflows (outflows), classified as operating activities | (3,194,744) | (2,058,171) |
| Cash flows from (used in) operating activities | (9,834,254) | (3,839,611) |
| Cash Flows Originating from (used in) investment activities | | |
| Other payments to acquire equity or debt instruments of other entities, classified as investment activities | (3,526,168) | - |
| Cash flows from sales of property, plant and equipment, classified as investing activities | - | 14,407,142 |
| Purchases of property, plant and equipment, classified as investment activities | (2,561,365) | (3,676,858) |
| Cash flows from sales of intangible assets, classified as investment activities | - | 235,038 |
| Purchases of intangible assets, classified as investment activities | (32,046) | (10,834) |
| Amounts from long-term assets classified as investment activities | 185,145 | - |
| Purchases of other long-term assets classified as investment activities | (72,427) | (518,511) |
| Interest received, classified as investment activities | - | 86,577 |
| Income taxes paid (reimbursed), classified as investment activities | - | - |
| Other cash inflows (outflows), classified as investment activities | 19,141,454 | (8,198,283) |
| Cash Flows Originating from (used in) investment activities | 13,134,593 | 2,324,271 |
| Cash Flows Originating from (used in) financing activities | | |
| Amounts from short-term loans | 4,803,881 | 14,107,133 |
| Loans Reimbursements, classified as financing activities | (5,024,348) | (9,176,557) |
| Payments of finance lease liabilities, classified as financing activities | - | - |
| Payments of lease liabilities | (5,684,442) | (4,175,522) |
| Loan payments to related entities | - | - |
| Amounts from government subsidies, classified as financing activities | - | - |
| Dividends paid, classified as financing activities | - | - |
| Interest paid, classified as financing activities | (15,451) | (20,866) |
| Other cash inflows (outflows), classified as financing activities | - | - |
| Cash flows from (used in) financing activities | (5,920,360) | 734,188 |
| Increase (decrease) in cash and cash equivalents, before the effect of the changes in the exchange rate | (2,620,021) | (781,152) |
| Effects of the Exchange Rate Variation on Cash and Cash Equivalents | | |
| Effects of the Exchange Rate Variation on Cash and Cash Equivalents | 65,392 | 439,991 |
| Increase (decrease) of the Cash and Cash Equivalents | (2,554,629) | (341,161) |
| Cash and Cash Equivalents (Initial Balance) | 10,757,766 | 5,258,872 |
| Cash and Cash Equivalents (Final Balance) | 8,203,137 | 4,917,711 |

FORUS is leading Chilean retail company, focused on the customer experience, connecting people to the brands that move them. The Company, which designs, markets and distributes proprietary and international brands of footwear, apparel and accessories, was founded in 1980 and to date has 519 stores and 32 e-commerce websites in Chile, Peru, Colombia and Uruguay. FORUS operates a portfolio of 30 brands, which includes CAT, Hush Puppies, Columbia, Merrell, Rockford, Azaleia and Vans, among others.

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