

FORUS
CONSUMER FANATIC

EARNINGS RELEASE

2Q20

August 2020



Index

I. Executive Summary.....	2
II. Summary of Consolidated Results.....	3
III. Highlights of the Period.....	4
IV. Consolidated Income Statement.....	6
V. Consolidated Income Statement Analysis.....	8
VI. Financial Situation Analysis.....	12
VII. Data by Country.....	17
VIII. Consolidated Financial Statements - IFRS	
- Consolidated Balance Sheet	23
- Consolidated Income Statement	24
- Consolidated Cash Flow Statement.....	25

Notes:

- All figures in dollars are calculated using the observed dollar exchange rate for July 1st, 2020: Ch\$ 821.23/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

Given the challenging global environment that we are all living through due to the pandemic, at Forus we are thankful for the tremendous **commitment, adaptability** and **resilience** that each member of our team has demonstrated over these last few months. During this time, it has been more evident than ever the pride that we all feel to be part of the Forus team, given how we have all come together to quickly adapt and face these challenges and move the Company forward.

This quarter we continued to focus mainly on safeguarding the health and safety of our workers, customers and communities; supporting the profitable sales growth of all of our e-commerce channels; reducing expenses across the organization; preserving our solid cash reserve; and **positioning the Company to emerge from this global crisis more competitive, efficient, modern and robust than ever.**

This quarter we reported strong **e-commerce sales growth** in all four countries. Like the rest of the discretionary retail sector, the vast majority of our physical stores were temporarily closed for most of the second quarter. However, **thanks to the investments and focus we placed on our omnichannel strategy in recent years, we were well prepared to swiftly respond to the explosive demand we received on our digital platforms, both in Chile and at our subsidiaries.** In Chile, digital sales (at both from our own e-commerce websites as well as from marketplace channels), grew profitably by 179% YoY this quarter and represented 89% of total DTC revenues in Chile (DTC includes physical stores, own e-commerce websites and third-party marketplaces). At our subsidiaries, the our e-commerce growth rates were even higher, demonstrating the scalability of our digital operations: Uruguay grew 373% YoY; Colombia (Forus Colombia + LBC) saw online sales multiply by 20x YoY; and in Peru our e-commerce sales increased 60x (in Peru we refer to June sales, which is when restrictions on online deliveries were lifted).

These elevated e-commerce growth rates, however, were not enough to offset the temporary closure of our physical stores (e-commerce represented 8.0% of total DTC sales in Chile in 2019) and our consolidated revenue decreased 65.6% YoY this quarter, which we also attribute to the pronounced deterioration of the economic environment this quarter, which particularly affected unemployment and consumer confidence and, therefore, consumer demand. **To face this complex scenario, we have acted with discipline to reduce expenses and preserve our cash position.** Thanks to these efforts, we reduced our consolidated SG&A expenses by -42.3% in 2Q20, with reductions of similar magnitudes both in Chile and at our subsidiaries. In addition, our cash and equivalents at the end of June 2020 reached Ch\$ 78,457 million, 8.1% more than at the end of March 2020, which is noteworthy given that we did not resort to financial debt during the period to strengthen our liquidity, demonstrating our ability to preserve our solid financial position even in these times of crisis.

In 2Q20, the Company reported a loss of Ch\$ 2,544 million. The Company's revenues decreased -65.6%, with declines in all four countries: -66.3% in Chile; -37.9% in Uruguay; -87.8% in Peru; and -84.2% in Colombia. The consolidated gross margin deteriorated 769 basis points, mainly due to the impact of the devaluation of the CLP/USD on the cost of imports, as well as increased promotional activity in the period. Despite the -42.3% decrease in SG&A expenses, we recorded an operating loss of Ch\$ 4,430 million this quarter. Uruguay stands out this quarter, given that it was the only operation to register a gain in operating income, Ebitda and net income.

II. Summary of Consolidated Results

Second Quarter 2020

- E-commerce revenues in Chile grew 179% YoY and represented 89% of DTC sales in 2Q20.
- Consolidated revenue of Ch\$ 22,768 million decreased 65.6% YoY.
- Gross profit of Ch\$ 11,062 million decreased 70.3% YoY. Gross margin decreased 769 basis points, to 48.6%.
- Operating income registered a loss of Ch\$ 4,430 million.
- Non-operating income reported a gain of Ch\$ 769 million.
- Ebitda was Ch\$ 449 million with an Ebitda margin of 2.0%.
- The Net loss in 2Q20 was Ch\$ 2,544 million, compared to Net income of Ch\$ 8,985 million in the same period last year.

First Half of 2020

- E-commerce revenues in Chile grew 168% YoY and represented 36% of DTC sales in the first six months of 2020.
- Consolidated revenue of Ch\$ 71,281 million decreased 41.8% YoY in the first half of 2020, compared to the same period last year.
- Gross profit of Ch\$ 35,588 million decreased 46.7% YoY in 6M20. Gross margin decreased 462 basis points, to 49.9%.
- Operating income registered a loss of Ch\$ 5,122 million.
- Non-operating income reported a gain of Ch\$ 2,286 million.
- Ebitda was Ch\$ 5,128 million with an Ebitda margin was 7.2%.
- The Net loss in 6M20 was Ch\$ 1,987 million in 6M20, compared to Net income of Ch\$ 20,503 million in the same period last year. It is worth noting that in 6M19, Forus registered a one-time, after-tax gain of Ch\$ 8,347 from the sale of the Company's former corporate headquarters, as well as another, smaller real estate property in Chile.

III. Highlights of the Period

Temporary store closures due to Covid19 public health crisis

Forus temporarily closed all of our physical stores in Chile, Peru, Colombia and Uruguay in mid-March, as the local authorities began to implement public health measures, including partial or total shutdowns, in order to protect the population from the spread of the Covid19 virus. Our stores in all four countries remained closed during the month of April. In Chile we began a cautious and gradual reopening process at the end of May, taking steps to prioritize the health and safety of our employees, customers and communities. At the end of June, in Chile we had 88 stores open to the public (26% of total stores in Chile), although these stores had significantly reduced hours and were closed on weekends. In fact, if we adjust for hours/days in operation, in June we had the equivalent of half of those stores open to the public (44 stores, not 88). As of the date of this report, in Chile we had 90 stores open to the public (26% of total store in Chile), also with significantly reduced hours/days. All reopened stores have been equipped so that our employees can follow rigorous sanitary and safety protocols.

In Peru, where the authorities implemented more restrictive shutdown measures, all of our stores were temporarily closed and e-commerce deliveries were suspended beginning mid-March and through April and May. In June we resumed our online deliveries and opened three stores (4.5% of all stores in Peru). As of the date of this report, in Peru, we had 54 stores open to the public, following strict sanitary and safety protocols, and also with reduced store hours.

Store openings and closures

During the second quarter of 2020, Forus did not permanently open or close any stores.

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 Ch\$ 28 per share, which is the sum of interim dividends already paid, and the difference of Ch\$ 16,166 million 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

Second Quarter:

	2Q20	% Revenues	2Q19	% Revenues	YoY
	Th Ch\$		Th Ch\$		
Revenues	22,768,195		66,169,112		-65.6%
Cost of Sales	(11,706,605)	-51.4%	(28,935,259)	-43.7%	-59.5%
Gross Profit	11,061,590	48.6%	37,233,853	56.3%	-70.3%
Distribution Expenses	(379,723)	-1.7%	(632,613)	-1.0%	-40.0%
Administrative Expenses	(15,112,293)	-66.4%	(26,208,194)	-39.6%	-42.3%
Selling, General and Administrative Expenses	(15,492,016)	-68.0%	(26,840,807)	-40.6%	-42.3%
Operating Income	(4,430,426)	-19.5%	10,393,046	15.7%	-142.6%
Other income	41,049		109,951		-62.7%
Other expenses	-		(84,260)		-100.0%
Financial Income	1,302,723		2,429,670		-46.4%
Financial Expenses	(558,000)		(781,978)		-28.6%
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(56,201)		(38,201)		47.1%
FX Differences	(179,306)		84,695		-311.7%
Result of Indexation units	(2,052)		7,484		-127.4%
Other gains and losses	220,793		203,867		8.3%
Non-Operating Income	769,006	3.4%	1,931,228	2.9%	-60.2%
Profit before income tax	(3,661,420)	-16.1%	12,324,274	18.6%	-129.7%
Income Taxes	1,117,481		(3,339,262)		-133.5%
Profit (Loss)	(2,543,939)	-11.2%	8,985,012	13.6%	-128.3%
Profit (loss) attributable to equity holders of parent	(2,434,813)		9,033,965		-127.0%
Profit (loss) attributable to minority interest	(109,126)		(48,953)		122.9%
Profit (loss)	(2,543,939)	-11.2%	8,985,012	13.6%	-128.3%
EBITDA	448,639	2.0%	15,128,595	22.9%	-97.0%

First six months of the year:

	6M20 Th Ch\$	% Revenues	6M19 Th Ch\$	% Revenues	YoY
Revenues	71,281,157		122,391,742		-41.8%
Cost of Sales	(35,693,084)	-50.1%	(55,633,566)	-45.5%	-35.8%
Gross Profit	35,588,073	49.9%	66,758,176	54.5%	-46.7%
Logistic costs	(1,062,991)	-1.5%	(1,455,595)	-1.2%	-27.0%
Administrative Expenses	(39,647,469)	-55.6%	(49,941,132)	-40.8%	-20.6%
Selling, General and Administrative Expenses	(40,710,460)	-57.1%	(51,396,727)	-42.0%	-20.8%
Operating Income	(5,122,387)	-7.2%	15,361,449	12.6%	-133.3%
Other income	536,358		15,098,146		-96.4%
Other expenses	(116,383)		(4,107,336)		-97.2%
Financial Income	(712,005)		4,038,560		-117.6%
Financial Expenses	(1,251,316)		(1,453,911)		-13.9%
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(139,772)		(121,322)		15.2%
FX Differences	3,738,652		(453,121)		-925.1%
Result of Indexation units	(25,059)		3,384		-840.5%
Other gains and losses	255,139		186,059		37.1%
Non-Operating Income	2,285,614	3.2%	13,190,459	10.8%	-82.7%
Profit before income tax	(2,836,773)	-4.0%	28,551,908	23.3%	-109.9%
Income Taxes	849,691		(8,048,457)		-110.6%
Profit (Loss)	(1,987,082)	-2.8%	20,503,451	16.8%	-109.7%
Profit (loss) attributable to equity holders of parent	(1,803,306)		20,618,363		-108.7%
Profit (loss) attributable to minority interest	(183,776)		(114,912)		59.9%
Profit (loss)	(1,987,082)	-2.8%	20,503,451	16.8%	-109.7%
EBITDA	5,128,226	7.2%	24,854,940	20.3%	-79.4%

V. Consolidated Income Statement Analysis

Operating Results

- **Consolidated revenue of Ch\$ 22,768 million declined 65.6% in 2Q20.**

Consolidated revenues decreased 65.6% YoY in 2Q20, which was the result of the temporary closure of our physical stores and the stores of our wholesale clients, as well as lower customer demand, given the public health crisis and subsequent sharp decline in economic activity in the region. If we look at our sales trend since mid-March, when the authorities first started to implement shutdowns in the region, our sales registered their sharpest YoY decline at the beginning of the period, improving sequentially on a month by month basis since then, including as of the date of this report, both in Chile and at our subsidiaries.

Chile reported sales of Ch\$ 18,380 million in 2Q20, 66.3% less than the same period last year, and represented 80.7% of the Company's total consolidated revenues this quarter. The decrease in sales is explained by the retail segment, which presented a 79.3% drop in revenues, explained by the temporary closure of physical stores this quarter, which was partially offset by the exponential growth in e-commerce revenues. The wholesale segment, in turn, grew 19.8% this quarter, explained by higher sales from marketplaces [marketplaces are Direct to Consumer (DTC) channels, included for accounting purposes in the wholesale segment], increased sales to our wholesale clients' online platforms, and the inclusion of the VANS brand (added in August 2019), all of which more than offset the drop in sales from traditional wholesale.

During this quarter, Forus' revenue was mainly driven by e-commerce (including our own e-commerce websites as well as third-party marketplaces), which grew 179% YoY in Chile, and represented 89% of total DTC revenues in Chile and 72% of total sales in Chile.

The following is a summary of the revenues by subsidiary:

- In **Peru** revenues decreased by 87.8% YoY (-89.0% in local currency), explained by the temporary closure of all our stores during the quarter (except three stores in June) and by the suspension of our e-commerce deliveries during April and May, due to the public health emergency. In June, when we resumed online sales, revenues increased by more than 60x compared to the same month last year (6117% YoY growth), and e-commerce sales represented over 85% of total revenue for the month, demonstrating that our digital business was prepared to grow with the sudden escalation in demand.
- In **Uruguay** sales decreased 37.9% in 2Q20 YoY (-35.8% in local currency), explained by the temporary closure of our physical stores and the impact that the sharp economic slowdown had

on customer demand. In Uruguay, all of our stores were closed during the month of April, and we began to reopen in May, with 100% of our stores open by mid-June, although with reduced hours. In addition, as of June 2020 we had 4.8% less sales space measured in square meters compared to the same period last year (four fewer stores). Our e-commerce grew 373% YoY during the quarter and represented 56% of total sales in the quarter.

- In **Colombia**, Forus Colombia sales decreased 84.2% (-84.4% in local currency), explained by the temporary closure of our physical stores and the impact that the sharp economic slowdown had on customer demand. If we look at the sum of Forus Colombia and LBC, in which Forus has a non-controlling stake, the decrease in sales was significantly lower (-56.7% in CLP and -56.1% in local currency), which was primarily due to our significant e-commerce growth, which represented a larger portion of LBC's sales mix. Our Colombia e-commerce sales increased by more than 20 times (2028% YoY growth) this quarter and represented 73% of Forus Colombia + LBC revenue.
- **Gross Profit of Ch\$ 11,062 million declined 70.3% YoY in 2Q20. Gross margin decreased by 769 basis points, reaching 48.6%.**

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

In Chile, gross profit decreased 71.6% due to the 66.3% drop in revenues and the 898 basis points reduction in gross margin, which was the result of the depreciation of the Chilean peso against the dollar, which increased the cost of the autumn/winter season by 15.5%, as well as greater promotional activity in the retail segment. In the retail segment, gross profit fell 83.2% with a gross margin of 47.1%. On the other hand, in the wholesale segment, gross profit increased 23.6% with an expansion of 147 basis points in gross margin, explained by the increase in marketplace sales, given that this is a Direct to Consumer (DTC) channel in which products are sold at retail prices.

The following is a summary of gross profit by subsidiary:

- **Peru:** Gross profit decreased 87.6% YoY and gross margin expanded by 58 basis points, to 56.3% in 2Q20.
- **Uruguay:** Gross profit declined 42.2% YoY and gross margin contracted by 391 basis points, to 52.3% in 2Q20, explained by increased costs due to the depreciation of the UYU against the dollar and increased promotional activity.
- **Colombia:** While Forus Colombia's gross profit declined 82.0%, due to the decrease in sales, the gross margin expanded by 598 basis points, to 49.0%, this quarter, despite the increase in costs due to the depreciation of the COP against the dollar, primarily due to a better product mix and

fewer markdowns. LBC, the subsidiary in which Forus has a non-controlling stake, registered a 364 basis points gross margin expansion.

- **Operating Income registered a loss of Ch\$ 4,430 million.**

The operating loss resulted from lower revenues and gross margin erosion, which we have discussed, compounded by lower dilution of fixed expenses this quarter, although it noteworthy that, thanks to rigorous cost-cutting efforts made throughout the organization, we reduced SG&A expenses by 42.3% this quarter. This reduction in spending includes both temporary savings, mostly related to the temporary closure of stores, but also, although to a lesser degree, medium-term and permanent efficiencies associated with contract negotiations and staffing optimizations.

Chile recorded an operating loss of Ch\$ 3,534 million in 2Q20, explained by the operating loss of Ch\$ 5,156 million in the retail segment, which was partially offset by the operating profit of Ch\$ 1,621 million in the wholesale segment. The operating profit in the wholesale segment grew 23.1% YoY driven primarily by marketplace sales, the online business of our wholesale customers and the incorporation of VANS.

The following is a summary of operating income by subsidiary:

- **Peru:** Peru recorded an operating loss of Ch\$ 1,070 million, explained by the steep drop in revenue due to temporary store closures and the suspension of e-commerce deliveries, as well as the effect of operating deleveraging of fixed expenses. It is worth noting that SG&A expenses decreased 42.4% YoY during the period.
- **Uruguay:** Despite the challenging environment, Uruguay reported an operating gain of Ch\$ 520 million. The gain was down -31.2% YoY, due to the drop in revenues. Uruguay not only reduced SG&A expenses by -45.5% YoY this quarter, but also reduced SG&A as a % of revenues by 529 points, from 43.3% in 2Q19 to 38 0% in 2Q20, which helped partially offset the lower revenues and gross margin pressure. This is the lowest SG&A as a percentage of revenue figure in six years, which is worth highlighting given the current headwinds, and demonstrates managements initiative in controlling and reducing expenses.
- **Colombia:** Forus Colombia reported an operating loss of Ch\$ 347 million, an increase of 39.3% YoY, explained by the sharp drop in revenue due to the pandemic, as well as the effect of operating deleveraging of fixed expenses. The subsidiary reduced SG&A expenses by 38.9% YoY, driven by a 54.4% decrease in SG&A in the retail segment. LBC, in which Forus has a non-controlling stake, managed to reduce its operating loss this quarter by -14%, approaching breakeven.

Non-Operating Income

- **Non-Operating Income reached Ch\$ 769 million in 2Q20.**

Consolidated Non-Operating Income decreased 60.2% compared to the same period last year, mainly explained by net financial income, which contributed Ch\$ 903 less than 2Q19, a decline of 54.8% YoY. This lower contribution in net financial income is explained by the lower cash and equivalents position in 2Q20 compared to a year ago, given that during the last twelve months we have allocated funds to various strategic investments: the purchase of land for the construction of a new distribution center in Santiago, Chile (Ch\$ 7,034); the automation of part of the current distribution center in Santiago (in process); the purchase of the real estate property in Uruguay where we have our corporate offices and other facilities (US\$ 4.9 million); and the acquisition of inventory and other assets related to receiving the exclusive rights to distribute VANS in Chile beginning on August 2019. It is worth noting that, since the beginning of the pandemic, and thanks to the disciplined measures that we have taken to cut expenses and conserve cash, we were able to improve our cash and equivalents position by 8,1% in 2Q20 compared to 1Q20, without incurring additional financial debt. The Consolidated Non-Operating Result also decreased this quarter YoY due to the Exchange Difference account, which presented a loss of Ch\$ 179 million, explained by the appreciation of the Chilean peso against the dollar, quarter over quarter, which impacted our cash positions denominated in USD.

Net loss and Ebitda

- **Net loss in 2Q20 was Ch\$ 2,544 million.**

The net loss for the quarter was driven by the loss at the operating level, due to repercussions from the public health and economic crisis. Chile represents 66% of the total net loss and the rest is attributable to Peru and, to a lesser extent, Colombia. Uruguay was the only operation to report a net income gain, of Ch\$ 323 million.

- **Ebitda was Ch\$ 449 million in 2Q20 with a 2.0% margin.**

Forus reported positive Ebitda this quarter, thanks to Uruguay's Ebitda of Ch\$ 898 million. On the other hand, the decrease in consolidated Ebitda this quarter is was the result of the impact of the public health and economic crisis on sales, the decrease in gross margins and the lower dilution of fixed expenses in the period.

VI. Financial Situation Analysis

Consolidated Balance Sheet

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

	Jun-2020		Dec-2019		Variation	
	M	Ch\$	M	Ch\$	M	Ch\$
Current Assets	190,824		203,119		(12,295)	-6.1%
Non-Current Assets	108,291		114,608		(6,317)	-5.5%
Total Assets	299,115		317,727		(18,612)	-5.9%

Current assets decreased 6.1%. The accounts that presented relevant changes include: *Inventory*, which increased Ch\$ 8,954 million, as a result of the decrease in sales this semester; and *Other current financial assets*, which decreased Ch\$ 13,820 million, as these funds were used to for the acquisition of the property in Uruguay, as well as to pay for imports during the first quarter; and *Trade and other accounts receivables, net*, which decreased Ch\$ 9,990.

Non-Current Assets decreased 5.5%. The accounts that presented relevant changes include: *Goodwill*, which increased by Ch\$ 470 million, due to the acquisition of MATI S.A. in Uruguay; and *Property, Plant & Equipment* which decreased by Ch\$ 6,534 million due to the amortization and decrease in rights-of-use assets as a result of the conversion of some stores to variable obligations.

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

	Jun-2020		Dec-2019		Variation	
	M	Ch\$	M	Ch\$	M	Ch\$
Current Liabilities	34,310		43,912		(9,602)	-21.9%
Non-Current Liabilities	32,101		38,726		(6,624)	-17.1%
Shareholder's Equity	232,704		235,089		(2,386)	-1.0%
Total Liabilities & Shareholders' Equity	299,115		317,727		(18,612)	-5.9%

Current Liabilities decreased 21.9%, primarily due to the Ch\$ 3,382 million decrease in *Other short-term provisions*, given the reversal of the dividend obligation, and also due to the Ch\$ 3,322 million decrease in *Current trade and other accounts payable*.

Non-Current Liabilities, meanwhile, decreased 17.1%, primarily due to the Ch\$ 6,911 million decrease in *Other non-current financial liabilities*, as a result of a reduction in lease obligations.

- Shareholders' Equity

Shareholders' Equity on June 30th 2020 and December 31st 2019 was the following:

	Jun-2020		Dec-2019		Variation	
	M	Ch\$	M	Ch\$	M	Ch\$
Paid-in capital	24,243		24,243		-	0.0%
Other reserves	16,389		16,347		42	0.3%
Retained earnings	191,366		193,569		(2,203)	-1.1%
Non-controlling interest	706		931		(225)	-24.2%
Total Shareholders' Equity	232,704		235,090		(2,386)	-1.0%

Shareholders' Equity decreased by Ch\$ 2,386 million, primarily due to net losses in first semester of 2020, given that the consolidated net loss in the first six months of the year reached Ch\$ 1,987 million.

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

	M Ch\$
Perú Forus S.A.	568
Uruforus S.A.	(393)
Forus Colombia S.A.S.	(43)
Lyfestyle Brands of Colombia	(90)
Total FX consolidation differences	42

Financial Ratios

- Liquidity Ratios

	Units	Jun-20	Dec-19	Var.
Current liquidity	x	5.56	4.63	0.93
Acid ratio	x	3.04	2.86	0.18

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

• **Debt Ratios**

	Units	Jun-20	Dec-19
Liabilities			
Current Liabilities	%	51.7%	53.1%
Non-Current Liabilities	%	48.3%	46.9%



	Units	Jun-20	Dec-19	Var.
Leverage	x	0.29	0.35	-0.06
Interest Coverage	x	4.10	14.48	-10.38

• **Profitability Ratios (6M period)**

	Units	Jun-20	Jun-19	Var.
ROA	%	-0.7%	6.6%	-7.2%
ROS	%	-2.8%	16.8%	-19.5%
ROE	%	-0.9%	8.6%	-9.5%
EPS	\$	-7.7	79.3	-87.0

EPS decreased by \$87.0 compared to the prior year.

Consolidated Cash Flow

	Jun-2020	Jun-2019	Variation
	M Ch\$	M Ch\$	M Ch\$
Cash flows from Operating Activities	3,816	16,758	(12,942)
Cash flows from (used in) Investment Activities	10,019	(293)	10,313
Cash flows from (used in) Financing Activities	(13,539)	(15,392)	1,853

Cash flows from operating activities generated less cash than the same period in 2019, in the amount of Ch\$ 12,942 million, mainly due to lower cash inflows from the decrease in sales.

Cash flows from investment activities increased by Ch\$ 10,313 million, mainly due to the recovery of short-term investments held in liquid financial assets, to fund the purchase of the property in Uruguay and for the payment of imported products during the first quarter.

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

Market Risk Analysis

Risk outlook by country: Latin America suffered its largest economic downturn in years during the second quarter of 2020, as a result of the coronavirus pandemic in the region. In **Chile**, after presenting a GDP growth of 0.4% in 1Q20, the economic activity indicator, IMACEC, collapsed in the following months, registering -14.1% in April, -15.3% in May and -12.4 % in June (2Q20 GDP: -14.1%). In June, consumer confidence registered 20.3 points (50 is neutral), thus completing a -12.4 points decline since the appearance of the first Covid-19 case in Chile in March. The unemployment rate, in turn, rose to 12.2% in 2Q20, increasing 4.9 percentage points in twelve months. The inflation rate remained stable, registering 2.6% in June. The government announced another US \$ 4.5 billion of stimulus, in addition to the package of social and economic measures already announced. In **Uruguay**, where the spread of the virus has been more successfully contained than in most other countries in the region, it is estimated that GDP contracted by -7.6% in 2Q20. Consumer confidence, which had fallen to 41.2 in March (50 is neutral), rose to 45.1 in June and unemployment, which registered 10.1% in March, fell to 9.7% in May (June not available). In **Peru**, where the authorities implemented more severe shutdown measures, the impact on the economy was pronounced: economic activity decreased -40.5% in April and -32.8% in May, with GDP shrinking by -30.2% in 2Q20. Business confidence remained pessimistic (50 is neutral), but with a notable improvement in June (28.8 compared to 9.1 in April), as the authorities relaxed some restrictions. The unemployment rate for the moving quarter-period ended in June rose to 16.3%, compared to 6.3% the same period last year. The government of Peru is implementing a massive stimulus package to mitigate the effects of the crisis on the most vulnerable sectors of the population. Finally, **Colombia's** economy shrank by -15.7% in 2Q20 and unemployment doubled compared to a year ago reaching 20.8% in June 2020. Consumer and business confidence indexes remain pessimistic. The Colombian government is also implementing an extensive stimulus program to address this crisis.

Foreign exchange risk: The CLP/USD has had a high level of volatility, closing June 2020 21% below its value in June 2019, but 4% higher than the end of March 2020. The CLP/USD impacts the Company's costs, as it directly impacts the cost of imported products. Regarding the subsidiaries, the local currencies of Uruguay, Colombia and Peru depreciated (closing price) 20%, 17% and 7% against the USD, respectively, compared to the end of June 2019.

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)

	2Q20	2Q19	Var %	Local Currency	6M20	6M19	Var %	Local Currency
Chile	18,380	54,485	-66.3%	-66.3%	58,183	101,221	-42.5%	-42.5%
Colombia	166	1,051	-84.2%	-84.4%	1,027	1,988	-48.4%	-51.8%
Peru	584	4,774	-87.8%	-89.0%	5,308	9,390	-43.5%	-50.9%
Uruguay	3,638	5,858	-37.9%	-35.8%	6,763	9,793	-30.9%	-30.0%
Total Subsidiaries	4,388	11,684	-62.4%		13,098	21,171	-38.1%	

Revenue (% total)

	2Q20	2Q19	6M20	6M19
Chile	80.7%	82.3%	81.6%	82.7%
Colombia	0.7%	1.6%	1.4%	1.6%
Perú	2.6%	7.2%	7.4%	7.7%
Uruguay	16.0%	8.9%	9.5%	8.0%
Total Subsidiaries	19.3%	17.7%	18.4%	17.3%

Same Store Sales

Data in nominal values (in local currency) *

	2020				2019				2020	2019
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	6M**	6M
Chile	-4.2%	NA			-11.7%	-6.6%	-8.5%	-16.7%	-4.2%	-8.8%
Colombia	2.0%	NA			-1.5%	-1.5%	0.1%	7.2%	2.0%	-1.5%
Peru	-1.4%	NA			-3.1%	3.8%	7.6%	2.0%	-1.4%	0.5%
Uruguay	-8.1%	NA			-0.8%	-7.1%	6.5%	-4.8%	-8.1%	-4.7%

* SSS is Not Applicable given the high percentage of stores temporarily closed or operating with reduced hours during the period due to the pandemic.

** 6M20 SSS is based on 1Q20 SSS, given the impact of the store closures in 2Q20.

Number of stores and selling area in square meters

	Jun. 2020		Jun. 2019		YoY %	
	# Stores	Sqm	# Stores	Sqm	# Stores	Sqm
Chile	342	39,700	341	39,400	0.3%	0.8%
Colombia	53	3,481	53	3,502	0.0%	-0.6%
Perú	66	5,380	67	5,534	-1.5%	-2.8%
Uruguay	58	4,711	62	4,948	-6.5%	-4.8%
Total	519	53,271	523	53,384	-0.8%	-0.2%

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.	

2Q20 store openings/closures, by country

No stores were opened or permanently closed during the quarter.

Openings/closures, net		
Country	# Stores	Sqm
Chile	0	0
Uruguay	0	0
Perú	0	0
Colombia	0	0
Total	0	0

CHILE

(Ch\$ million)

Retail

P&L	2Q20	% Revenues	2Q19	% Revenues	YoY%
Revenues	9,795		47,318		-79.3%
Cost of Sales	(5,183)		(19,838)		-73.9%
Gross Profit	4,612	47.1%	27,480	58.1%	-83.2%
SG&A	(9,767)	-99.7%	(19,145)	-40.5%	-49.0%
Operating Income	(5,156)	-52.6%	8,335	17.6%	-161.9%

Wholesale

P&L	2Q20	% Revenues	2Q19	% Revenues	YoY%
Revenues	8,585		7,168		19.8%
Cost of Sales	(4,447)		(3,819)		16.5%
Gross Profit	4,138	48.2%	3,349	46.7%	23.6%
SG&A	(2,517)	-29.3%	(2,032)	-28.4%	23.8%
Operating Income	1,621	18.9%	1,317	18.4%	23.1%

Retail + Wholesale

P&L	2Q20	% Revenues	2Q19	% Revenues	YoY%
Revenues	18,380		54,485		-66.3%
Cost of Sales	(9,631)		(23,656)		-59.3%
Gross Profit	8,750	47.6%	30,829	56.6%	-71.6%
SG&A	(12,284)	-66.8%	(21,177)	-38.9%	-42.0%
Operating Income	(3,534)	-19.2%	9,652	17.7%	-136.6%

Note: Wholesale Chile includes marketplace sales. Marketplaces are digital sales channels included in Direct-to-Consumer (DTC).

CHILE (continued)

(Ch\$ million)

Retail

P&L	6M20	% Revenues	6M19	% Revenues	YoY%
Revenues	37,316		80,483		-53.6%
Cost of Sales	(18,138)		(35,043)		-48.2%
Gross Profit	19,178	51.4%	45,440	56.5%	-57.8%
SG&A	(26,903)	-72.1%	(35,912)	-44.6%	-25.1%
Operating Income	(7,725)	-20.7%	9,528	11.8%	-181.1%

Wholesale

P&L	6M20	% Revenues	6M19	% Revenues	YoY%
Revenues	20,867		20,738		0.6%
Cost of Sales	(11,334)		(10,802)		4.9%
Gross Profit	9,532	45.7%	9,936	47.9%	-4.1%
SG&A	(5,188)	-24.9%	(4,524)	-21.8%	14.7%
Operating Income	4,344	20.8%	5,413	26.1%	-19.7%

Retail + Wholesale

P&L	6M20	% Revenues	6M19	% Revenues	YoY%
Revenues	58,183		101,221		-42.5%
Cost of Sales	(29,473)		(45,845)		-35.7%
Gross Profit	28,710	49.3%	55,376	54.7%	-48.2%
SG&A	(32,091)	-55.2%	(40,436)	-39.9%	-20.6%
Operating Income	(3,381)	-5.8%	14,941	14.8%	-122.6%

Note: Wholesale Chile includes marketplace sales. Marketplaces are digital sales channels included in Direct-to-Consumer (DTC).

COLOMBIA

(Ch\$ million)

P&L	2Q20	% Revenues	2Q19	% Revenues	YoY%
Revenues	166		1,051		-84.2%
Cost of Sales	(85)		(599)		-85.9%
Gross Profit	81	49.0%	452	43.0%	-82.0%
SG&A	(428)	-257.6%	(701)	-66.7%	-38.9%
Operating Income	(347)	-208.6%	(249)	-23.7%	39.3%

P&L	6M20	% Revenues	6M19	% Revenues	YoY%
Revenues	1,027		1,988		-48.4%
Cost of Sales	(535)		(1,123)		-52.4%
Gross Profit	492	47.9%	865	43.5%	-43.1%
SG&A	(1,189)	-115.8%	(1,383)	-69.5%	-14.0%
Operating Income	(697)	-67.9%	(517)	-26.0%	34.8%

PERU

(Ch\$ million)

P&L	2Q20	% Revenues	2Q19	% Revenues	YoY%
Revenues	584		4,774		-87.8%
Cost of Sales	(255)		(2,113)		-87.9%
Gross Profit	329	56.3%	2,661	55.7%	-87.6%
SG&A	(1,399)	-239.5%	(2,428)	-50.9%	-42.4%
Operating Income	(1,070)	-183.2%	233	4.9%	-559.2%

P&L	6M20	% Revenues	6M19	% Revenues	YoY%
Revenues	5,308		9,390		-43.5%
Cost of Sales	(2,494)		(4,323)		-42.3%
Gross Profit	2,814	53.0%	5,066	54.0%	-44.5%
SG&A	(3,826)	-72.1%	(4,727)	-50.3%	-19.1%
Operating Income	(1,012)	-19.1%	339	3.6%	-398.4%

URUGUAY

(Ch\$ million)

P&L	2Q20	% Revenues	2Q19	% Revenues	YoY%
Revenues	3,638		5,858		-37.9%
Cost of Sales	(1,736)		(2,567)		-32.4%
Gross Profit	1,902	52.3%	3,291	56.2%	-42.2%
SG&A	(1,381)	-38.0%	(2,534)	-43.3%	-45.5%
Operating Income	520	14.3%	757	12.9%	-31.2%

P&L	6M20	% Revenues	6M19	% Revenues	YoY%
Revenues	6,763		9,793		-30.9%
Cost of Sales	(3,191)		(4,343)		-26.5%
Gross Profit	3,572	52.8%	5,450	55.7%	-34.5%
SG&A	(3,604)	-53.3%	(4,851)	-49.5%	-25.7%
Operating Income	(32)	-0.5%	599	6.1%	-105.4%

FORUS S.A. & SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
expressed in Thousands of Chilean Pesos, as of

	June 2020 Th Ch\$	December 2019 Th Ch\$
ASSETS		
Current Assets		
Cash and cash equivalents	11,313,957	10,757,766
Other financial assets, current	67,143,285	80,963,148
Other non-financial assets, current	3,532,934	4,050,906
Trade and other account receivables	16,391,546	26,381,313
Accounts receivables from related companies	3,008	8
Inventories	86,364,981	77,410,933
Tax assets, current	6,074,439	3,554,657
Total Current Assets	190,824,150	203,118,731
Non-Current Assets		
Other financial assets, non-current	-	-
Other non-financial assets, non-current	219,145	235,230
Fees receivables, non-current	472,321	463,803
Investments in associated companies	1,850,492	2,079,964
Net intangibles assets	2,226,782	2,352,181
Goodwill	5,896,445	5,426,310
Property, plant & equipment	94,143,478	100,677,798
Deferred tax assets	3,481,984	3,373,454
Total Non-Current Assets	108,290,647	114,608,740
TOTAL ASSETS	299,114,797	317,727,471
LIABILITIES		
Current Liabilities		
Other financial liabilities, current	13,858,081	13,961,172
Current trade and other current accounts payable	12,428,763	15,751,063
Current accounts payable to related companies	570,851	652,340
Other short-term provisions	2,001,257	5,383,737
Current tax liabilities	-	-
Current provisions for employees benefits	5,268,674	6,377,798
Other non-financial liabilities, current	182,350	1,785,605
Total Current Liabilities	34,309,976	43,911,715
Non-Current Liabilities		
Other non-current financial liabilities	31,815,589	38,726,241
Other non-financial non-current liabilities	285,788	-
Total Non-Current Liabilities	32,101,377	38,726,241
TOTAL LIABILITIES	66,411,353	82,637,956
SHAREHOLDER'S EQUITY		
Paid-in capital	24,242,787	24,242,787
Retained earnings	191,366,037	193,569,192
Issue premium	17,386,164	17,386,164
Other reserves	(997,435)	(1,039,351)
Equity attributable to equity holders of the parent	231,997,553	234,158,792
Non-controlling interest	705,891	930,723
Total Net Equity	232,703,444	235,089,515
TOTAL NET EQUITY AND LIABILITIES	299,114,797	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

	June 2020 Th Ch\$	June 2019 Th Ch\$	2Q20 Th Ch\$	2Q19 Th Ch\$
Revenues	71,281,157	122,391,742	22,768,195	66,169,112
Cost of Sales	(35,693,084)	(55,633,566)	(11,706,605)	(28,935,259)
Gross Margin	35,588,073	66,758,176	11,061,590	37,233,853
Other incomes of total operation	536,358	15,098,146	41,049	109,951
Logistic costs	(1,062,991)	(1,455,595)	(379,723)	(632,613)
Administrative Expenses	(39,647,469)	(49,941,132)	(15,112,293)	(26,208,194)
Other expenses of total operation	(116,383)	(4,107,336)	-	(84,260)
Other gains or (losses)	255,139	186,059	220,793	203,867
Financial Income	(712,005)	4,038,560	1,302,723	2,429,670
Financial Expenses	(1,251,316)	(1,453,911)	(558,000)	(781,978)
Participation in gains (losses) of joint venture businesses accounted by using the proportional value of participation	(139,772)	(121,322)	(56,201)	(38,201)
Exchange Differentials	3,738,652	(453,121)	(179,306)	84,695
Result of Indexation units	(25,059)	3,384	(2,052)	7,484
Profit before income tax	(2,836,773)	28,551,908	(3,661,420)	12,324,274
Income Taxes	849,691	(8,048,457)	1,117,481	(3,339,262)
Profit (loss)	(1,987,082)	20,503,451	(2,543,939)	8,985,012
Profit (loss) attributable to equity holders of parent	(1,803,306)	20,618,363	(2,434,813)	9,033,965
Profit (loss) attributable to minority interest	(183,776)	(114,912)	(109,126)	(48,953)
Profit (loss)	(1,987,082)	20,503,451	(2,543,939)	8,985,012
Earnings per share	-\$ 7.7	\$ 79.3	-\$ 9.8	\$ 34.8

FORUS S.A.
INDIVIDUAL CASH FLOWS STATEMENT

expressed in Thousands of Chilean Pesos, as of

	June 2020 Th Ch\$	June 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	93,852,510	126,115,466
Earnings from premiums and benefits, annual payments and other benefits of subscribed policies	491,954	32,554
Other earnings from operating activities	2,280	2,899
Types of Payment		
Payments to suppliers for the supply of goods and services	(67,836,747)	(75,230,273)
Payments to and on behalf of employees	(17,073,087)	(20,959,031)
Payments for premiums and benefits, annuities and other obligations derived from the policies subscribed	(7,808)	(47,300)
Other payments for operating activities	52,122	6,863
Net cash flows originating from (used in) the operation	9,481,224	29,921,178
Dividends received, classified as operating activities	-	-
Income taxes paid (reimbursed), classified as operating activities	(2,336,129)	(5,228,534)
Other cash inflows (outflows), classified as operating activities	(3,328,964)	(7,934,966)
Cash flows from (used in) operating activities	3,816,131	16,757,678
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	-	14,406,812
Purchases of property, plant and equipment, classified as investment activities	(2,754,412)	(5,781,636)
Cash flows from sales of intangible assets, classified as investment activities	-	322,017
Purchases of intangible assets, classified as investment activities	(77,576)	(21,398)
Amounts from long-term assets classified as investment activities	227,198	-
Purchases of other long-term assets classified as investment activities	(140,891)	(545,554)
Interest received, classified as investment activities	-	133,285
Income taxes paid (reimbursed), classified as investment activities	-	-
Other cash inflows (outflows), classified as investment activities	16,290,795	(8,807,363)
Cash Flows Originating from (used in) investment activities	10,018,946	(293,837)
Cash Flows Originating from (used in) financing activities		
Amounts from short-term loans	6,738,231	17,587,540
Loans Reimbursements, classified as financing activities	(8,356,580)	(15,961,404)
Payments of finance lease liabilities, classified as financing activities	-	-
Payments of lease liabilities	(8,277,285)	(10,385,043)
Loan payments to related entities	-	-
Amounts from government subsidies, classified as financing activities	-	-
Dividends paid, classified as financing activities	(3,618,566)	(6,601,510)
Interest paid, classified as financing activities	(24,499)	(31,099)
Other cash inflows (outflows), classified as financing activities	-	-
Cash flows from (used in) financing activities	(13,538,699)	(15,391,516)
Increase (decrease) in cash and cash equivalents, before the effect of the changes in the exchange rate	296,378	1,072,325
Effects of the Exchange Rate Variation on Cash and Cash Equivalents		
Effects of the Exchange Rate Variation on Cash and Cash Equivalents	259,813	311,353
Increase (decrease) of the Cash and Cash Equivalents	556,191	1,383,678
Cash and Cash Equivalents (Initial Balance)	10,757,766	5,258,872
Cash and Cash Equivalents (Final Balance)	11,313,957	6,642,550

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 28 brands, which includes CAT, Hush Puppies, Columbia, Merrell, Rockford, Azaleia and Vans, among others.

Address:

Ave. Las Condes N° 11,281, Tower C.

Las Condes

Santiago, Chile

Contact:

Isabel Darrigrandi

Head of Investor Relations

Phone: +56 (2) 2923-3035

Email: ir@forus.cl

Website:

www.forus.cl/inversionistas