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Dear Shareholders: [GRI 102-14]

In 2020, the company’s capacity for adaptation, innovation and solidarity was put to the test. The pandemic meant a fundamental change in the social, health and economic conditions of our environment.

Grupo Éxito’s balance during the year was very positive. The focus on a customer-centric strategy helped the company to differentiate itself in the market and allowed it to adapt quickly to customers’ needs and new ways of consumption. Similarly, the company managed to keep the country supplied by providing peace of mind in food security at a time of major uncertainty. The points of sale were transformed into “second homes” for our customers, thanks to the perception of safety offered by the measures of protection and hygiene in all the dependencies. These initiatives allowed us to obtain the biosafe operations certification by ICONTEC in Colombia.

Also, solidarity was a driving beacon for our people throughout the pandemic. We delivered food baskets to infants at risk of chronic malnutrition; we created a basic grocery shopping basket at cost, with no profit for the company, and anticipated payment to about 1,000 micro, small and medium-sized suppliers in order to generate cash-flow to promote the preservation of their jobs.

At the end of 2020, the company projects itself with optimism and hope toward the future based on the growth it had in all channels, a solid financial structure and the opportunity that enlivens to continue generating value for our customers, society, our employees and shareholders.

KEY BUSINESS HIGHLIGHTS

- The COVID-19 pandemic tested the company's rapid adaptation to change, a responsibility we face on three fronts: i) the safety of employees and customers and the availability of food, ii) support for our suppliers, and iii) solidary contribution to the community.
- The omnichannel strategy became a factor of differentiation. The Group achieved historic growth in the region thanks to last mile distribution capabilities and consolidation of its marketplace business, with alternatives such as click and collect and the Éxito and Carulla apps. The omnichannel platform accounted for 12.4% share on sales in Colombia and 3.3% in Uruguay in 2020, compared to a share of 4.5% and 2.3% in 2019, respectively.

- In Colombia, we served nearly 8.5 million homes directly and our websites had traffic of close to 164 million users, both growing twice compared to the previous year.
- Innovation continued as a solid pillar of the strategy. With two new Éxito Wow hypermarkets in Colombia, the company reached 11 stores with this model, which accounted for 20.7% of the brand's sales.
- At year-end, the fresh market model totalled 37 stores in Colombia, Uruguay and Argentina, accounting for 26.5% of Carulla's sales, 42.4% of Uruguay's sales and about 29% of Libertad's.



Trust and security to be "the second homes" of Colombians.

- Surtimayorista, the Cash and Carry format, completed 34 stores in Colombia and was strengthened with proposals on digital channels and relational programs for storeowners. This format together with the other B2B channels accounted for 5% share on sales.
- The real estate business achieved occupancy levels above 90%. The company has 34 shopping centers and galleries in Colombia and 15 in Argentina. In both countries it enjoys a leading position as a real estate operator, in Argentina in the territory outside Buenos Aires.
- Puntos Colombia reached positive EBITDA levels, registered 4.7 million users with the habeas data policy, which allowed access to more than 105 allied businesses. We also developed a marketplace that allows customers to redeem their points and integrated the real estate business into their platform.
- Tuya financial business developed its digital wallet (Tuya Pay), which was integrated with our retail applications, strengthening the integration of our ecosystem of services.
- Consolidated expenditures grew by 0.5% and below revenue growth (2.9%), demonstrating the effectiveness of productivity strategies implemented in all countries.
- The consolidated recurrent EBITDA margin was 8.1%, benefited from the contribution of the retail and cost-control assertive strategies, which managed to counter the temporary impact of the pandemic on the contribution of real estate and financial businesses.
- Net income reached COP230,872 million, four times more than the previous year, thanks to the operational result and a 50% reduction in financial expenses.



Recorded growth thanks to the strengthening of electronic - direct commerce and innovation.

COLOMBIA – GRUPO ÉXITO

Grupo Éxito's net revenue in Colombia increased 3.7% to a total COP12.2 billion and the recurring EBITDA margin was of 8.0%, close to COP1 billion. This reflected the positive outcome of the retail business and the temporary effect of the COVID-19 on consumption and the lower contribution of real estate and financial businesses to the organization's results.

The evolution of revenues derived from the company's adaptation to the context generated by the pandemic, where

consumers had a greater adoption of digital channels. At the end of 2020, the company succeeded in increasing its market share and strengthening its retail business.

Grupo Éxito maintained its strategy focused on offering its customers various physical and virtual purchasing channels, a differentiated commercial proposal and technological platforms with a superior purchasing experience. The strategy was based on three main pillars:

Omnichannel

Digital channel sales and purchase deliveries were promoted through the company's own logistics and alliances capabilities, as well as the company's technological adaptation to customers' new buying habits. Omnichannel sales achieved a record COP1.5 billion, 2.7x more than the previous year and accounted for 12.4% share on sales compared to 4.5% in 2019.

This strategy was leveraged by carulla.com and exito.com, the latter ranked as one of the four e-commerce sites with the most traffic in Colombia; both platforms reached about 164 million visitors. In addition, deliveries grew 66% and the strengthened Click & Collect service, implemented in 499 stores, generating a 5.6x increase in sales.

Innovation

We continued with the expansion and consolidation of value formats in the Éxito banner, which included two openings in 2020, Villamayor in Bogotá and Laureles in Medellín. Sales of this format grew 13.9%, 12.4 percentage points over the other stores of the brand.

Carulla FreshMarket, had 14 stores and increased its sales by 18.4%. The "Carulla FreshMarket 140" was added to the base, with 45 innovative initiatives, and the first carbon neutral store in Latin America.



LEARN MORE
about Éxito Wow, here

Digital transformation

The strategy was strengthened by investing in technology and leveraging logistics platforms. The relaunching of Éxito and Carulla mobile applications, with usability improvements, customized discounts, the integration with Puntos Colombia and the development of Tuya's digital wallet, stands out.

The Éxito mobile application became the second most downloaded shopping application in the country, and together with Carulla, it reached about 350,000 active downloads. Also, trade fairs such as "Expovinos," "Carulla Es Café," "Vida Sana," among others, presented a new proposal that integrates the best of the physical and virtual worlds.

Furthermore, our private labels continued to position themselves in the market with quality products at low cost and in a well differentiated manner. In high-consumption products, private label, including "Frescampo" and "Taeq," accounted for 16.6% of food sales; "Arkitect" and "Bronzini" accounted for about 50% of textile sales; and "Finlandek," the homegoods brand, achieved 12% growth.

Traffic monetization strategies highlight the company's rapid adaptation to the impacts of the COVID-19. We highlight, the launch of "Viva Online" as a marketplace platform for tenants in the real estate business; click and collect and "Domicilios Viva" to reach customers on the last mile. In the financial business, Tuya remained the first credit card issuer in the country.



Disco FreshMarket Plaza Italia in Uruguay.

INTERNATIONAL OPERATIONS

The operations in Uruguay and Argentina also demonstrated their adaptability and contributed to the profitable growth of the company amid a challenging economic and social context.

Uruguay- Grupo Disco and Devoto

The Uruguayan economy slowed during 2020 due to the context of COVID-19 and GDP fell by 5.9% in the third quarter of 2020. Inflation reached 9.4% at the end of

the year, and consumption was affected by the increase in unemployment in November to 10.9%.

During this context, the operation in Uruguay maintained a strong value proposition in its fresh market model and strengthened its omni-channel model. Income growth was 10.3% in local currency, above inflation, strict control of expenditure was maintained and a strong recurrent EBITDA margin of 10.3% was achieved.

Omnichannel sales grew by 61% and accounted for 3.3% of total sales, 107 basis points above 2019. Likewise, the fresh market format remained a differentiating proposal, with 19 stores whose sales grew by 10.3% and represented 42.4% of total sales.

Argentina – Libertad

Argentina experienced a 10.2% contraction of GDP in the third quarter of 2020 and an unemployment rate of 11.7%. Inflation closed the year at a 35.3% level.

Libertad proved its resilience thanks to its dual strategy combining retail and real estate. The real estate business kept occupancy levels of 90%, and the Company strengthened e-commerce, click and collect services, and deliveries. The omnichannel strategy accounted for 1% of the company's total sales in this country.

The operation in Argentina showed a 20.7% growth in revenues in local currency and a recurrent EBITDA margin of 1.8% in 2020.

MITIGATION ACTIVITIES TO ADDRESS THE COVID-19



Installation of 2,500 acrylics in payment stations to avoid close contact

At Grupo Éxito we understood that the year 2020 required the best of each of us to face this historical moment for humanity. Therefore, additional to the operational issues, we worked under three pillars:

- Solidarity as a principle of action with initiatives such as, delivery of 254,766 food baskets to children and families in 276 municipalities, through the Fundación Éxito; provision of 600,000 “social grocery shopping baskets” at costs without profit for the company; and donation of 1.2 million facemasks, for a total value of COP2,400 million.
- Security and trust for collaborators and customers: spraying for constant and deep disinfection, cleaning of shopping baskets

and carts; acrylics in payment stations and equipping our personnel with security elements.

- Job preservation: since April, the company made the advance payment to about 1,000 micro, small and medium suppliers, with an investment of about COP75,000 million per month. In addition, nearly 3,500 jobs were preserved, as a result of the creation of 13 million facemasks in the textile workshops that usually make our private label garments.



LEARN MORE HERE.
Actions taken during the health emergency.

CONSOLIDATED FINANCIAL RESULTS

[GRI 201-1]

Grupo Exito's consolidated net revenue reached COP15.7 billion and grew by 2.9%. This result was leveraged by the positive sales performance of direct and electronic commerce channels, as well as the strong growth of innovative formats in Colombia and Uruguay. Argentina partially offset the country's economic slowdown with the implementation of digital channels and renegotiations in the real estate business.

Revenues in Colombia in 2020 grew 3.7% compared to the previous year and reached COP12.2 billion, representing 77% of the Group's consolidated revenues, leveraged by the retail business. International operations accounted for 23% of the Group's total revenues of COP3.6 billion and increased in 12.7% excluding the FX effects.

The operation in all three countries maintained continuous productivity improvements that favoured more efficient control of expenditures, allowing them to grow below income and inflation in each country, thereby contributing to the organization's profitability.

Grupo Éxito achieved a recurrent EBITDA of COP1.3 billion with a margin of 8.1%, compared to 8.4% in 2019. The company obtained a net profit of COP231,000 million, 4x the result of 2019, reflecting an excellent result of the retail business; the temporary impact of COVID-19 on the contribution of complementary businesses and lower financial expenditure associated with a better capital structure.



LEARN MORE HERE
Financial Results.

SARBANES OXLEY ACT (SOX)

During 2020, Grupo Éxito took on the challenge of implementing the Sarbanes Oxley Act (SOX). As an essential part of the implementation of the annual SOX program, a process was developed to identify, analyse and evaluate risks that could adversely and materially affect the Group's ability to record, process, consolidate and report its financial statements.

This process was joined by external consultants (PricewaterhouseCoopers) and an internal team (led by the Accounting Strategy Division) dedicated to the identification, design, implementation and evaluation of sufficient and relevant internal controls to minimize these risks, to strengthen the system of internal control over the financial report, to reduce the Group's exposure to the materialization of errors and inaccuracies in the processes and financial statements, to advance the continuous improvement of information and technology systems and to consolidate financial credibility in our shareholders and investors.

Within the activities of the implementation of the annual SOX program we may mention, among others, (a) the identification of subsidiaries, accounts, processes and material information systems for the Group's financial statements, (b) the assessment of the risks of material error and fraud in these material components, (c) the design, implementation and improvement of control activities that mitigate these risks.

In addition, the evaluation of the effectiveness of the internal control system on the Group's financial report was carried out, and training was carried out to the Group's staff and the Internal Audit on issues related to the definition of an internal control based on SOX. The documentation required to minimize the materialization of error-reporting risks in the financial statements and the responsibility of the administration and management in maintaining these SOX controls, among others. Finally, a permanent communication was held with the Board of Directors and the Audit Committee on the progress of the project. As a result of these activities, a culture was created in the collaborators focused on the demonstration of transparency in the processes and the quality of the information.

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CHANGE OF CONTROL

On February 4, 2021, the decisions made on December 31, 2020 at the shareholders' meetings of Sendas and GPA, were formalized in Colombia, under which the shareholders of these companies approved a proposal for corporate reorganization consisting of: (i) a partial spin-off of Sendas, to segregate its stake on Éxito, and (ii) the transfer of certain operating assets, with the incorporation of the spin-off units into GPA. As a result of this operation, Companhia Brasileira de Distribuição is the majority shareholder of the company.

SUSTAINABILITY

Grupo Éxito is one of the 10 most sustainable food retailers in the world and for the eighth consecutive year it remained one of the Latin American retail companies recognized for its sustainability standards, according to the Dow Jones Sustainability Index.

Here are some achievements in the sustainability strategy:

Zero Malnutrition

- 129,960 children under the age of five received better nutrition and comprehensive care to expand their opportunities through donations from customers, suppliers, employees, partners and the company itself.
- Attention to children of the Colombian territory had 100% rate of achievement, a milestone for the Fundación Éxito, since for the first time, it is now present in the 32 departments of the country.

Sustainable Trade

- In Colombia, 82.48% of the fruits and vegetables traded were purchased directly from Colombian farmers and 90.15% were purchased in the country.
- In April 2020, about 1,000 micro, small and medium-sized suppliers were paid in advance as a value-sharing action with the supply chain in order to promote job preservation.

Mi Planeta (My Planet)

- The company's environmental MEGA goal increased so that by 2023 the carbon footprint will be reduced by 35%.
- The launching of the sustainable livestock model, with which the monitoring of 100% of the suppliers of cattle farming has been achieved, informed about zero deforestation criteria and respect of the agricultural farming limits.

Healthy Lifestyle

- Launching of the functionality "Encuentra tu balance" inside our Éxito and Carulla applications.
- More than 1,300 private label products have the Guideline Daily Amount (Voluntary Labeling System), which provides consumers with detailed information on food.

The Success of Grupo Éxito is in its People

- The company obtained the Silver Seal awarded by Equipares for good practices in gender equity.
- The organizational climate measurement achieved an overall favourability result of 89%, improving three points compared to the previous measurement (Colombian market 74% - regional market 72%).

Corporate Reputation

- Grupo Éxito was recognized as one of the 10 companies with the best corporate reputation in Colombia and the number one in large scale retailing, according to the Corporate Reputation Business Monitor (Merco).
- The company, by signing an agreement, affirmed its commitment to diversity and inclusion.

CORPORATE GOVERNANCE AND INTERNAL CONTROL

The company continued its process of adopting and consolidating best practices in corporate governance. These have been the result of the management's analysis of good practices and guidelines on national and international levels, which has enabled it to reach different achievements.

Against the system for the prevention and control of the risk of money laundering and the financing of terrorism, the applicable regulations were complied with, as well as with the set of internal policies and procedures that develop it.

In addition, in compliance with the company's commitment to the fight against fraud, bribery and corruption, the Transparency Program was consolidated, in line with the national and international regulations applicable to the Group. This allowed us to raise the standard of good practice for corporate ethics management.

In terms of risk management, the strategic and business risk profile was updated in 2020, considering the context of the new reality resulting from the COVID -19 and market trends. In addition, the company made progress in maturing the cross-sectional operational risk management model.

The performance of the Company's internal control and financial information disclosure systems was adequate. The

Board of Directors, through the Audit and Risk Committee, carried out the supervision of financial information and reporting, risk management, management of the Internal Audit and the Fiscal Review, the relevant issues of the internal control system and regulatory compliance, primarily with regard to programs to prevent the risks of fraud, bribery and corruption, money laundering and terrorist financing, and the protection of personal data, in addition, related party transactions and the conflict of interest management process at the first levels of senior management.

The company administration certified that the internal control system did not present shortcomings which prevented the recording, processing, summarizing and presenting of the financial information adequately, nor did significant fraud occur affecting its quality and integrity. The disclosure of financial information was verified and complies with the current regulations, ensuring that the information as of December 31, 2020 is appropriate and contains no defects, inaccuracies or errors preventing the knowledge of the Company's true asset situation.

For more information on corporate governance and the company's Internal Control System, please refer to the Corporate Governance Report [by clicking here](#).

TRANSACTIONS BETWEEN RELATED PARTIES

The transactions between related parties were in full compliance with those of the policy and the procedure for transactions between related parties. Such transactions followed the required corporate process before the Audit and Risk Committee or the Board of Directors, as appropriate. Details of such transactions can be found in the Corporate Governance Report and in note 37.2 of the financial statements.

INTELLECTUAL PROPERTY AND REGULATORY COMPLIANCE

In the area of intellectual property, the rules were complied with; there are also the corresponding licenses for the use of distinctive signs and other copyrights of which we are not holders.

In relation to copyright, it is reported that the applicable copyright rules and conditions defined in the software license use agreements

were complied with.

In relation to the protection of personal data, the company carried out the relevant preventive and corrective activities aimed at the effective compliance with the provisions established in the current regulations and based on the principle of continuous improvement of their processes to provide stakeholders with an adequate treatment of personal information and data related to the development of their corporate purpose, thus strengthening their trust in the company.

Finally, it is reported that the free movement of invoices issued by suppliers of goods or services has not been restricted in any way, and that the company is not involved in investigations relating to restrictive practices of competition.

CLOSING REMARKS

2020 was a historic year for humanity and Grupo Éxito demonstrated its ability to adapt to one of the most important challenges the company and the planet have ever faced. The results show outstanding business behaviour based on the assertiveness of its corporate strategy, focused on omnichannel, innovation and digital transformation.

The omnichannel strategy was one of the most important elements of the year, with a growth of 156% in the region and 166% in Colombia. The company's developments in its technological, logistical and commercial processes have accelerated and have strengthened us competitively and are challenging us to continue developing them into the future.

The trend changes observed during 2020 and the capabilities developed by the company in recent years have enabled the creation of a customer-centred ecosystem, which combines the attractiveness and traffic of retail, with the monetization of real estate and intangible assets, generating increasing profitability amid highly competitive markets.

Uruguay and Argentina operations also leveraged their results in the retail business. Uruguay managed to grow its EBITDA margin levels, consolidating itself as the Group's most profitable operation, and Argentina reached positive EBITDA levels and maintained adequate liquidity levels, amid a complex economic landscape.

The company maintained a strong cash position, which allows for an optimistic look toward the future, maintaining consistency in its strategic pillars: customer, differentiation, omnichannel strategy and efficiency. The plans are geared toward a gradual reactivation of investment levels, continuity of operational excellence processes and a progressive return to historical profitability levels.

To the nearly 43,000 employees, I want to thank you for your heroic commitment to the well-being of our customers and to the values of our organization. We have a great team with whom to build the path of sustainable and profitable growth.

2020 was a year of great lessons learned and results that exceeded our best expectations. For example, we learned to think about the common well-being above our own, to be more supportive to understand that no matter how dark the night is, it always dawns the next day to recognize the work of those who strive daily to deliver the best to us, to believe in our best option and to continue to contribute to the development of the country. We know that this has been a moment of top maximums and we have done so because we are aware of the responsibility with each of our stakeholders and in the countries where we are present.

At Grupo Éxito, we have many reasons to thank and look optimistically and enthusiastically for the days to come.

Carlos Mario Giraldo

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Ana María Ibáñez
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