



**GRUPO ELEKTRA ANNOUNCES 15% GROWTH IN REVENUE
TO Ps.31,164 MILLION IN 1Q20**

—The company reports EBITDA of Ps.742 million in the period—

— 21% growth in consolidated deposits, to Ps.160,959 million,
generates solid perspectives for the financial business—

—The consolidated gross portfolio increased 13%, to Ps.116,381 million—

Mexico City, May 26, 2020—Grupo Elektra, S.A.B. de C.V. (BMV: ELEKTRA*; Latibex: XEKT), Latin America's leading specialty retailer and financial services company, and the largest non-bank provider of cash advance services in the United States, today announced first quarter 2020 financial results.

First Quarter Results

Consolidated revenue was Ps.31,164 million in the period, 15% above the Ps.27,038 million for the same quarter of the previous year. Costs and operating expenses were Ps.30,423 million, from Ps.21,480 million for the same period of 2019.

As a result, Grupo Elektra reported EBITDA of Ps.742 million, in comparison with Ps.5,557 million of the previous year's quarter. The company registered an operating loss of Ps.1,266 million this quarter, from operating profit of Ps.3,908 million in the same period of 2019.

Net income was Ps.142 million, compared to a net income of Ps.4,663 million a year ago.

	1Q 2019	1Q 2020	Change	
			Ps.	%
Consolidated revenue	\$27,038	\$31,164	\$4,126	15%
EBITDA	\$5,557	\$742	\$(4,816)	-87%
Operating profit	\$3,908	\$(1,266)	\$(5,174)	----
Net result	\$4,663	\$142	\$(4,521)	-97%
Net result per share	\$20.40	\$0.62	\$(19.78)	-97%

Figures in millions of pesos

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization.

As of March 31, 2019, Elektra* outstanding shares were 228.6 million and as of March 31, 2020, were 228.7 million.

Revenue

Consolidated revenue increased 15%, as a result of an 16% growth in financial revenues and a 14% increase in commercial sales.

The increase in financial revenue — to Ps.20,396 million, from Ps.17,572 million the previous year — mainly reflects revenue growth of 19% at Banco Azteca Mexico, in the context of a strong rise in the gross portfolio and a notable dynamism in deposits.

The increase in commercial division sales — to Ps.10,768 million, up from Ps.9,466 million last year — largely results from a solid increase in sales of Italika motorcycles — thanks to its innovative, safe models, which provide efficient transportation solutions to a growing number of businesses and families — as well as notable performance in telephony and appliances, commercialized in the most competitive market conditions.

The commercial business sales have added additional momentum with the launch of stores with a larger exhibition space that includes an extensive merchandise and services selection to satisfy an increasing number of customers. Similarly, Omnichannel operations — with the online store www.elektra.com.mx, which sells thousands of products at unparalleled prices from any device and at any time — further strengthens the performance of the division.

Costs and expenses

Consolidated costs for the quarter were Ps.17,814 million, from Ps.10,071 million in the previous year. The growth in costs is mainly explained by an increase of Ps.6,651 million

in financial cost, to Ps.10,645 million this period compared to Ps.3,994 million a year ago, which largely reflects the creation of loan loss reserves.

As previously announced, in March an important creditor of Banco Azteca began a bankruptcy process (Chapter 11) in the United States, for which the institution prudently decided to reserve 100% of the amount of the credit, equivalent to Ps.7,243 million. The company will have no future charges derived from this operation.

Commercial business costs grew 18%, to Ps.7,169 million, from Ps.6,077 million, consistent with the increase in commercial revenues.

Sales, administration, and marketing expenses grew 11% to Ps.12,609 million as a result of increases in both personnel and operating expenses. The growth is related to the technology developments to further strengthen the high efficiency standards of digital banking — which currently has more than 8 million users who made more than 264 million transactions in the period from the digital application, with superior levels of comfort, security and time savings — as well as personnel and maintenance expenses related to the company's growing distribution infrastructure, which includes the new Elektra stores, and its Omnichannel sales efforts.

Likewise, an increasingly competitive structure in Afore Azteca had an effect in expenses, which allowed for a 37% increase in assets under management in the period, to Ps.115,177 million pesos as of March 31, 2020, and a 42% increase in customer base to 4.9 million, from 3.5 million a year ago.

Despite the firm development of the abovementioned initiatives, expenses grew to a lesser extent than consolidated revenues, reflecting solid strategies that enhance operational efficiency of Grupo Elektra.

EBITDA and net result

EBITDA was Ps.742 million, from Ps.5,557 million the previous year. The company reported an operating loss of Ps.1,266 million, from operating profit of Ps.3,908 million in the same quarter of 2019.

The most significant changes below EBITDA were the following:

A foreign exchange gain of Ps.2,529 million this quarter compared to an exchange loss of Ps.108 million a year ago, as a result of the company's net asset monetary position in dollars, together with exchange rate depreciation this quarter, compared with an appreciation a year ago.

A negative variation of Ps.2,602 million in the other financial results line — which reflects a gain of 1% this quarter in the market value of underlying assets of financial instruments held by the company, and does not imply cash flow — in comparison to a 10% gain a year ago.

Congruent with the operating results for the quarter, there was a reduction of Ps.1,397 million in the tax provision in the period.

Grupo Elektra reported net income of Ps.142 million, compared to a net income of Ps.4,663 million a year ago.

Unconsolidated Balance Sheet

In order to allow the visualization of the non-consolidated financial situation, a pro forma exercise of the balance sheet of Grupo Elektra is presented, excluding the net assets of the financial business, whose investment is valued under the equity method, in this case.

This presentation shows the debt of the company without considering Banco Azteca's immediate and term deposits, which do not constitute debt with cost for Grupo Elektra. The pro forma balance sheet also does not include the bank's gross loan portfolio.

This proforma exercise provides greater clarity regarding the businesses that make up the company and allows financial market participants to estimate the value of the company, considering only the relevant debt for such calculations.

In line with the above, debt with cost was Ps.22,632 million as of March 31, 2020, compared to Ps.22,290 million in the previous year.

The balance of cash and cash equivalents was Ps.4,789 million, from Ps.5,497 million from the previous year.

The company's equity increased 17% to Ps.104,006 million, while the ratio of stockholders' equity to total liabilities was 1.5 times at the close of the quarter.

	As of March 31, 2019	As of March 31, 2020	Change	
			Ps.	%
Cash and cash equivalents	\$ 5,497	\$ 4,789	(708)	(13%)
Marketable financial instruments	39,968	38,697	(1,271)	(3%)
Inventories	9,731	13,980	4,249	44%
Accounts receivables	36,558	51,969	15,412	42%
Other current assets	4,118	3,843	(275)	(7%)
Investments in shares	34,497	40,010	5,513	16%
Fixed assets	7,065	8,133	1,068	15%
Right of use assets	8,352	8,807	455	5%
Other assets	2,003	1,377	(626)	(31%)
Total assets	\$ 147,789	\$171,606	\$23,817	16%
Short-term debt	\$ 3,922	\$ 11,516	\$ 7,594	194%
Suppliers	5,706	8,565	2,859	50%
Other short-term liabilities	13,800	14,964	1,164	8%
Long-term debt	18,368	11,116	(7,252)	(39%)
Differed taxes	8,527	11,658	3,131	37%
Other long-term debt	8,912	9,781	869	10%
Total liabilities	\$ 59,234	\$ 67,600	\$ 8,366	14%
Stakeholder´s equity	\$ 88,555	\$104,006	\$15,451	17%
Liabilities and equity	\$ 147,789	\$171,606	\$23,817	16%

Figures in millions of pesos.

Consolidated Balance Sheet

Loan Portfolio and Deposits

Banco Azteca Mexico, Purpose Financial and Banco Azteca Latin America's consolidated gross portfolio as of March 31, 2020 grew 13% to Ps.116,381 million, from

Ps.103,236 million for the previous year. The consolidated delinquency rate was 10.9% at the end of the period, compared to 3.4% in the previous year.

The gross portfolio of Banco Azteca Mexico grew 8% to Ps.95,361 million, from Ps.88,063 million a year ago.

The default rate for the bank at the end of the quarter was 11.9%, in comparison with 2.9% for the previous year. The increase is mainly derived from the loan for Ps.7,243 million that became past-due in the period, and which was fully reserved.

The average term of the credit portfolio for principal credit lines — consumer, personal loans, and Tarjeta Azteca — was 63 weeks at the end of the first quarter.

Grupo Elektra's consolidated deposits were Ps.160,959 million, 21% higher than the Ps.133,500 million a year ago. Deposits of Banco Azteca Mexico were Ps.155,443 million, 18% higher than the Ps.131,410 million a year ago.

As of March 31, 2020, the capitalization index of Banco Azteca Mexico was 18.27%. During the period, Grupo Elektra capitalized Banco Azteca for Ps.7,277 million, in line with the extraordinary amount reserved by the bank this quarter.

Infrastructure

Grupo Elektra currently has 7,238 storefronts, compared to 7,250 units a year ago.

During the last twelve months, 57 new Elektra stores were opened at strategic locations throughout Mexico, with larger exhibition areas; which increase the offering of products and services and maximize customer shopping experiences.

The company has 4,761 storefronts in Mexico at the end of the quarter, 1,781 in the United States, and 696 in Central and South America. The extensive distribution network allows the company to maintain close contact with customers and grants a superior market positioning in the countries where it operates.

Acquisition of currency hedging

In subsequent events, in the context of the recent volatility of the exchange rate of the peso to the US dollar, as of May 26, the company has acquired options which give it the right, but not the obligation, to purchase dollars at an exchange rate in pesos for up to US\$330 million, which allow it to cover, with a predetermined exchange rate, purchases of merchandise abroad, as well as other liabilities denominated in foreign currency. Depending

on the exchange rate volatility and with a prudential approach, the company could increase its exchange rate hedging operations.

The currency hedging gives Grupo Elektra certainty about the amount in pesos of such operations, and allows the adequate supply of merchandise that effectively meets customers needs, in the best conditions.

Company Profile:

Grupo Elektra is Latin America's leading financial services company and specialty retailer and the largest non-bank provider of cash advance services in the United States. The group operates more than 7,000 points of contact in Mexico, the United States, Guatemala, Honduras, Panama and Peru.

Grupo Elektra is a Grupo Salinas company (www.gruposalinas.com), a group of dynamic, fast growing, and technologically advanced companies focused on creating economic value through market innovation and goods and services that improve standards of living; social value to improve community wellbeing; and environmental value by reducing the negative impact of its business activities. Created by Mexican entrepreneur Ricardo B. Salinas (www.ricardosalinas.com), Grupo Salinas operates as a management development and decision forum for the top leaders of member companies. These companies include TV Azteca (www.TVazteca.com; www.irtvazteca.com), Grupo Elektra (www.grupoelektra.com.mx), Banco Azteca (www.bancoazteca.com.mx), Purpose Financial (havepurpose.com), Afore Azteca (www.aforeazteca.com.mx), Seguros Azteca (www.segurosazteca.com.mx), Punto Casa de Bolsa (www.puntocasadebolsa.mx), Totalplay (www.totalplay.com.mx) and Totalplay Empresarial (totalplayempresarial.com.mx). TV Azteca and Grupo Elektra trade shares on the Mexican Stock Market and in Spain's' Latibex market. Each of the Grupo Salinas companies operates independently, with its own management, board of directors and shareholders. Grupo Salinas has no equity holdings. The group of companies shares a common vision, values and strategies for achieving rapid growth, superior results and world-class performance.

Except for historical information, the matters discussed in this press release are concepts about the future that involve risks and uncertainty that may cause actual results to differ materially from those projected. Other risks that may affect Grupo Elektra and its subsidiaries are presented in documents sent to the securities authorities.

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GRUPO ELEKTRA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
MILLIONS OF MEXICAN PESOS

	1Q19		1Q20		Change	
Financial income	17,572	65%	20,396	65%	2,825	16%
Commercial income	9,466	35%	10,768	35%	1,301	14%
Income	27,038	100%	31,164	100%	4,126	15%
Financial cost	3,994	15%	10,645	34%	6,651	100%
Commercial cost	6,077	22%	7,169	23%	1,092	18%
Costs	10,071	37%	17,814	57%	7,743	77%
Gross income	16,967	63%	13,350	43%	(3,617)	-21%
Sales, administration and promotion expenses	11,409	42%	12,609	40%	1,199	11%
EBITDA	5,557	21%	742	2%	(4,816)	-87%
Depreciation and amortization	954	4%	1,277	4%	322	34%
Depreciation right of use asset	691	3%	724	2%	33	5%
Other expense, net	4	0%	7	0%	3	80%
Operating income	3,908	14%	(1,266)	-4%	(5,174)	----
Comprehensive financial result:						
Interest income	308	1%	251	1%	(56)	-18%
Interest expense	(838)	-3%	(908)	-3%	(70)	-8%
Foreign exchange gain (loss), net	(108)	0%	2,529	8%	2,637	----
Other financial results, net	2,990	11%	388	1%	(2,602)	-87%
	2,351	9%	2,260	7%	(92)	-4%
Participation in the net income of CASA and other associated companies	26	0%	(621)	-2%	(647)	----
Income before income tax	6,285	23%	373	1%	(5,912)	----
Income tax	(1,623)	-6%	(226)	-1%	1,397	86%
Income before discontinued operations	4,662	17%	147	0%	(4,515)	-97%
Result from discontinued operations	1	0%	(5)	0%	(6)	----
Impairment of intangible assets	-	0%	-	0%	-	----
Consolidated net income	4,663	17%	142	0%	(4,521)	-97%

GRUPO ELEKTRA, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
MILLIONS OF MEXICAN PESOS

	Commercial Business	Financial Business	Grupo Elektra	Commercial Business	Financial Business	Grupo Elektra	Change	
	<i>At March 31, 2019</i>			<i>At March 31, 2020</i>				
Cash and cash equivalents	5,497	19,624	25,120	4,789	41,994	46,783	21,663	86%
Marketable financial instruments	23,357	64,595	87,952	8,305	70,180	78,485	(9,467)	-11%
Performing loan portfolio	-	69,411	69,411	-	67,611	67,611	(1,800)	-3%
Total past-due loans	-	3,284	3,284	-	6,664	6,664	3,380	103%
Gross loan portfolio	-	72,694	72,694	-	74,275	74,275	1,580	2%
Allowance for credit risks	-	7,551	7,551	-	9,316	9,316	1,764	23%
Loan portfolio, net	-	65,143	65,143	-	64,959	64,959	(184)	0%
Inventories	9,731	-	9,731	13,980	-	13,980	4,249	44%
Other current assets	24,354	9,086	33,439	15,619	28,053	43,672	10,232	31%
Total current assets	62,938	158,447	221,385	42,692	205,186	247,878	26,493	12%
Financial instruments	16,611	261	16,872	30,392	313	30,706	13,833	82%
Performing loan portfolio	-	30,293	30,293	-	36,134	36,134	5,841	19%
Total past-due loans	-	248	248	-	5,972	5,972	5,724	n.m
Gross loan portfolio	-	30,542	30,542	-	42,106	42,106	11,565	38%
Allowance for credit risks	-	1,019	1,019	-	6,697	6,697	5,679	557%
Loan portfolio	-	29,523	29,523	-	35,409	35,409	5,886	20%
Other non-current assets	3,859	188	4,047	25,781	189	25,970	21,923	542%
Investment in shares	2,076	-	2,076	1,429	-	1,429	(648)	-31%
Property, furniture, equipment and investment in stores, net	7,065	5,040	12,105	8,133	7,817	15,951	3,846	32%
Intangible assets	617	6,639	7,256	658	8,157	8,815	1,559	21%
Right of use asset	8,352	2,245	10,597	8,807	2,262	11,069	472	4%
Other assets	1,386	455	1,841	719	683	1,402	(439)	-24%
TOTAL ASSETS	102,905	202,799	305,704	118,611	260,017	378,628	72,924	24%
Demand and term deposits	-	133,500	133,500	-	160,959	160,959	27,459	21%
Creditors from repurchase agreements	-	10,410	10,410	-	16,002	16,002	5,592	54%
Short-term debt	3,922	143	4,065	11,303	943	12,246	8,181	201%
Leasing	1,238	751	1,989	1,727	1,099	2,826	836	42%
Short-term liabilities with cost	5,160	144,803	149,964	13,030	179,002	192,032	42,068	28%
Suppliers and other short-term liabilities	15,886	10,626	26,512	19,090	26,172	45,263	18,751	71%
Short-term liabilities without cost	15,886	10,626	26,512	19,090	26,172	45,263	18,751	71%
Total short-term liabilities	21,046	155,429	176,475	32,120	205,174	237,294	60,819	34%
Long-term debt	16,229	2,504	18,733	11,062	1,951	13,013	(5,720)	-31%
Leasing	7,448	1,458	8,906	7,653	1,202	8,855	(51)	-1%
Long-term liabilities with cost	23,676	3,962	27,638	18,715	3,153	21,867	(5,771)	-21%
Long-term liabilities without cost	9,991	3,044	13,035	13,786	1,674	15,460	2,425	19%
Total long-term liabilities	33,667	7,006	40,673	32,501	4,827	37,328	(3,346)	-8%
TOTAL LIABILITIES	54,714	162,435	217,149	64,621	210,001	274,622	57,473	26%
TOTAL STOCKHOLDERS' EQUITY	48,191	40,364	88,555	53,991	50,015	104,006	15,451	17%
LIABILITIES + EQUITY	102,905	202,799	305,704	118,611	260,017	378,628	72,924	24%

INFRASTRUCTURE

	<u>1Q19</u>		<u>1Q20</u>		<u>Change</u>	
<u>Points of sale in Mexico</u>						
Elektra	1,142	16%	1,135	16%	(7)	-1%
Salinas y Rocha	38	1%	38	1%	-	0%
Banco Azteca	1,838	25%	1,834	25%	(4)	0%
Freestanding branches	1,763	24%	1,754	24%	(9)	-1%
Total	4,781	66%	4,761	66%	(20)	0%
<u>Points of sale in Central and South America</u>						
Elektra	172	2%	198	3%	26	15%
Banco Azteca	378	5%	402	6%	24	6%
Freestanding branches	93	1%	96	1%	3	3%
Total	643	9%	696	10%	53	8%
<u>Points of sale in North America</u>						
Purpose Financial	1,826	25%	1,781	25%	(45)	-2%
Total	1,826	25%	1,781	25%	(45)	-2%
TOTAL	7,250	100%	7,238	100%	(12)	0%
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<u>Floor space (m²)</u>	1,761	100%	1,771	100%	10	1%
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<u>Employees</u>						
Mexico	70,936	83%	71,560	83%	624	1%
Central and South America	8,869	10%	9,646	11%	777	9%
North America	5,583	7%	4,812	6%	(771)	-14%
Total employees	85,388	100%	86,018	100%	630	1%