

2018 ANNUAL REPORT

***“BECAUSE WE CARE,
WE TRANSFORM”***



Genomma Lab.®
Internacional

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We should feel happy because we are contributing to the quality of life of many others and that is more important than ourselves”

Rodrigo Herrera Aspra
CHAIRMAN OF THE BOARD

ABOUT US

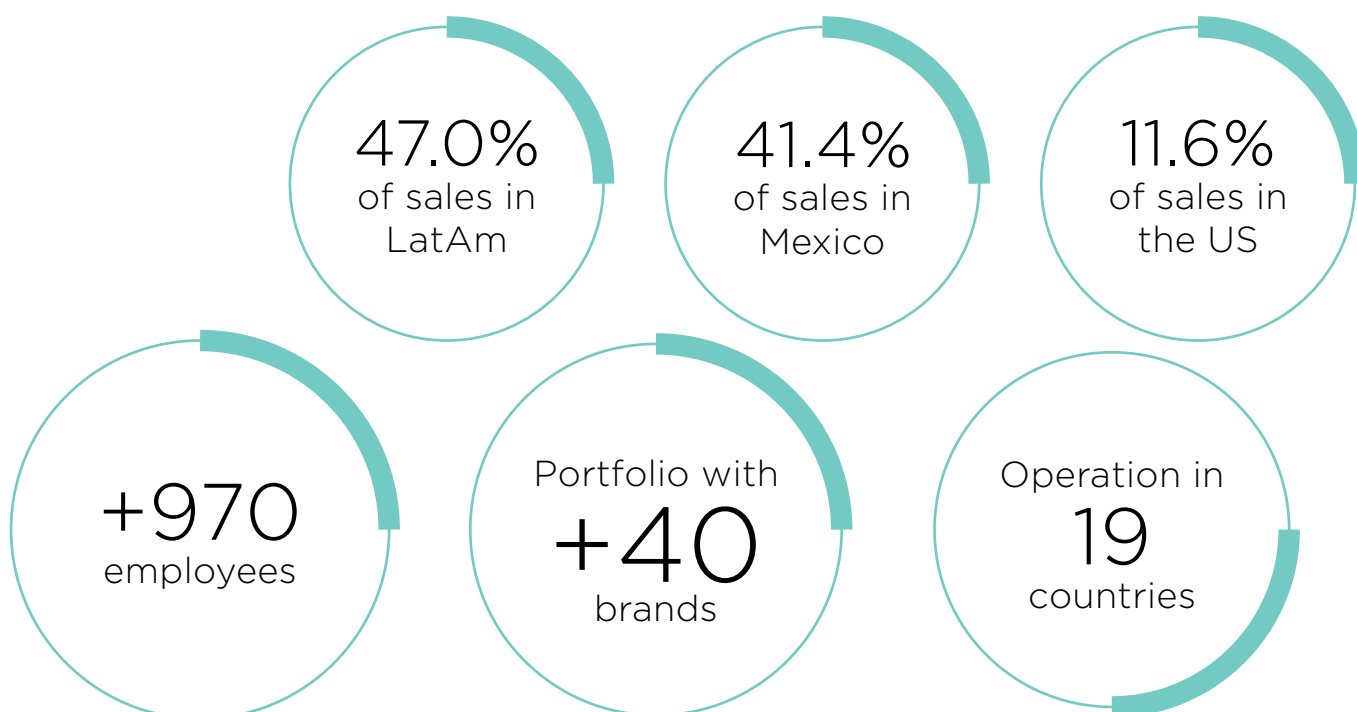


OUR FOOTPRINT

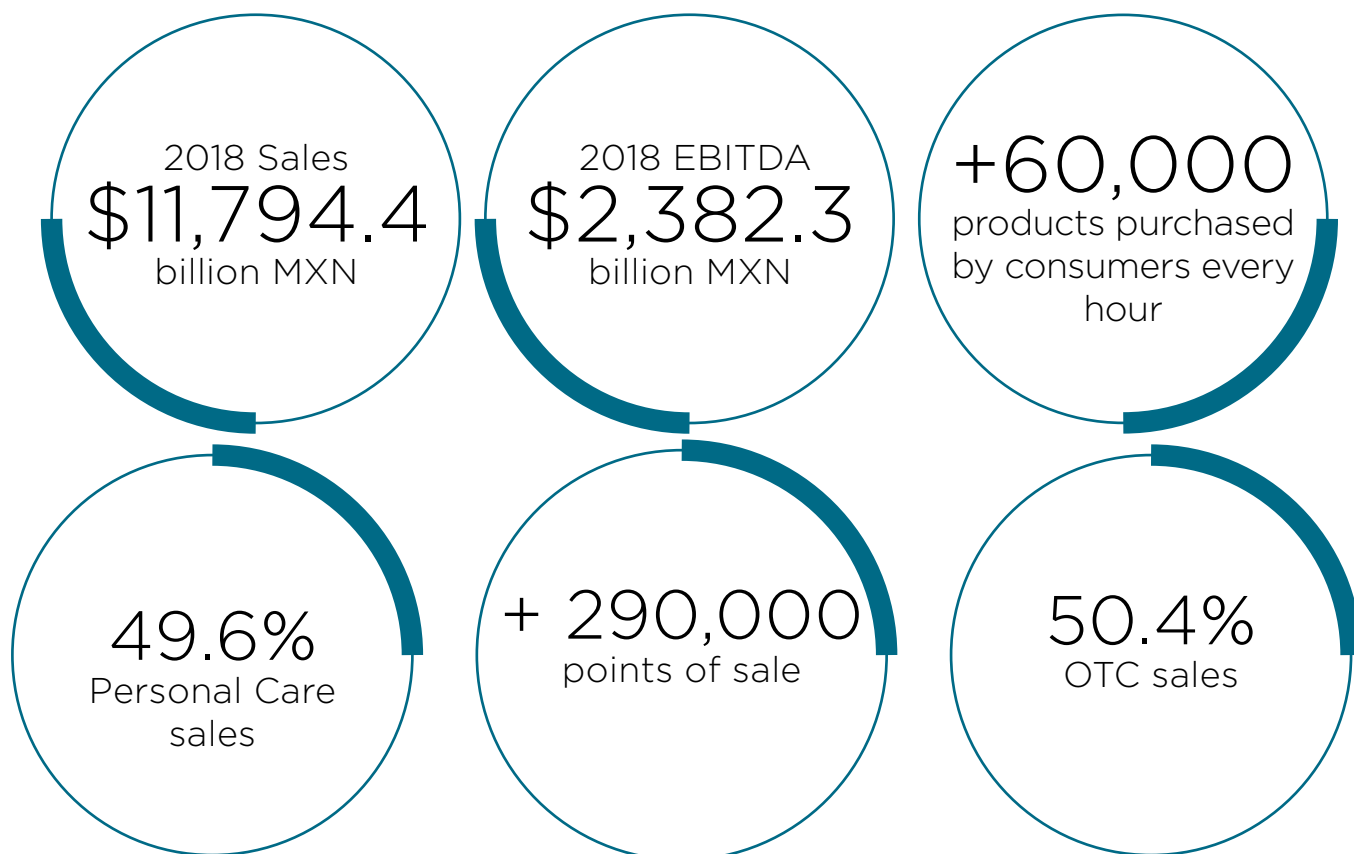
INTERNATIONAL PRESENCE



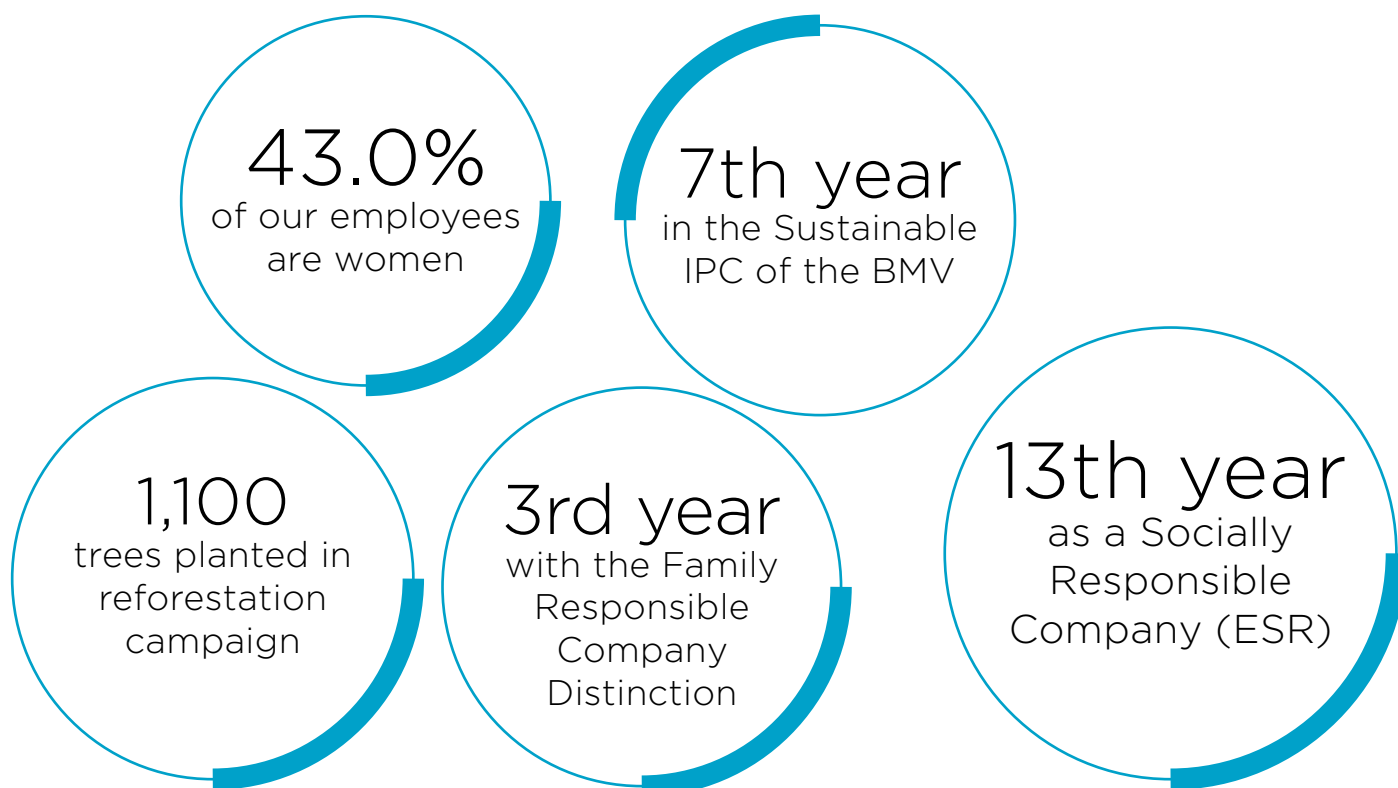
OUR OPERATIONAL STRUCTURE



OUR 2018 NUMBERS



OUR SUSTAINABILITY



COMPANY PROFILE

Genomma Lab Internacional, S.A.B. de C.V. is one of the leading pharmaceutical and personal care products companies in Mexico with an increasing international presence. Genomma Lab develops, sells and markets

OTC and personal care products, and oriented to the health and well-being of our consumers, exceeding their expectations and integrating social responsibility and sustainability into their operations.



MISSION

To improve and preserve the health and well-being of people through innovative, safe and effective products, providing development opportunities to our collaborators, profitability to our shareholders and positively impacting our community and environment.



VISION

To be the leading Company in the pharmaceutical and personal care products markets in which we are active; and to be recognized for our positive impact on the health and welfare of people, communities and the environment.



VALUES

WE ARE RELIABLE

We always do the right thing, with honesty, respect and responsibility.

WE ARE TRANSPARENT

We always tell the truth openly and honestly.

WE ARE INCLUSIVE

We value diversity and accept our differences, as they make us stronger.

WE BELIEVE IN MERITOCRACY

We recognize people based on their proven abilities.

WE CARE

We need you, we listen to you, you belong here, what you do is important.

WE ARE TRANSFORMATIONAL LEADERS

who develop and inspire by example; we help our team succeed.

WE ARE HUMBLE

We recognize our vulnerabilities.

WE LEARN FROM OUR MISTAKES

We are not afraid to seek support from others.

WE HAVE FUN

We work in a cheerful environment, in which the most important thing is our supreme well-being and good cheer.

OUR PURPOSE

*During 2018, the purpose of the Company was finalized and announced, which is the guiding principle of our day-to-day activities; **“Empower people to have excellent health and well-being”***

We help people take control to lead a full life for longer. We provide the best quality because they deserve the best.

GENOMMA LAB IN NUMBERS



OUR RESULTS

RESULTS	ANNUAL VARIATION	2018 ¹	%SALES	2017 ¹	%
Net sales	(2.4%)	11,794.4	100.0%	12,078.4	100.0%
Gross profit	(4.4%)	7,764.7	65.8%	8,121.3	67.2%
Operating Income	(9.1%)	2,301.1	19.5%	2,531.4	21.0%
EBITDA ²	(8.4%)	2,382.3	20.2%	2,601.2	21.5%
Net Income	(21.1%)	1,109.5	9.4%	1,406.5	11.6%

BALANCE	ANNUAL VARIATION	2018 ¹	2017 ¹
Total assets	13.8%	18,077.3	15,885.7
Cash and equivalents	29.5%	1,414.6	1,092.7
Total Gross Debt	25.3%	5,894.4	4,706.1
Shareholders Equity	5.4%	7,427.8	7,048.7
Cash conversion cycle (days)	(15.5%)	82	97

STOCK MARKET DATA	ANNUAL VARIATION	2018 ¹	2017 ¹
Price (at the close of each year)	(43.1%)	11.67	20.52
Earnings per share	(19.4%)	1.08	1.34
Book value per share	5.5%	7.09	6.72
Shares Outstanding ³	(0.1)%	1,048.0	1,048.7

OPERATIONS	ANNUAL VARIATION	2018 ¹	2017 ¹
Employees	25.7%	982	781
Countries	NA	19	19

1. Figures in millions of nominal Mexican Pesos and under IFRS Standards, except for cash conversion cycle, shares, number of units and employees.

2. EBITDA - operating income before depreciation and amortization.

3. Million shares considering the cancellation of 733,370 shares during 2018.

MESSAGE FROM RODRIGO HERRERA

CHAIRMAN OF THE BOARD



Dear all,

During 2018, Genomma Lab International decided to transform and strengthen the DNA that defines us, strengthen the business strategy; to move forward with the sole objective of being an organization with a purpose that goes beyond generating profits; “Empowering people to have excellent health and well-being” allows us to make progress as a Company that has the creation of shared value as a guiding principle, and is committed to constant innovation, which translates into contributing to improve the quality of life of many people.

2018 was a year in which we broke great paradigms and reached new challenges, demonstrated our ability to be resilient, and adapt to changes as demanded by our environment. Permanently highlighted is the disruptive essence that has characterized Genomma Lab in recent years. Through this report we want to share with you the new stage we are living, which is materialized in our commitment to place in the market products with an equation of exceptional value.

In September last year, the Board of Directors appointed Jorge Brake as Chief Executive Officer of Genomma Lab International. During his first months in office, Jorge has managed to reinforce the structure of the company with significant changes, defining a clear business strategy that aims to double the size of the Company, through a team motivated by a winning organizational culture and clear, achievable objectives.

During 2019, we will continue to strengthen and improve our Corporate Governance practices, adhering to the Code of Principles and Best Corporate Practices of the Business Coordinating Council, our Code of Ethics and the different internal regulations and policies that govern us, in order to be a Company that operates with the highest ethical sense, increasingly transparent and reliable. Being transparent is one of our

institutional values, which we pursue day by day, and which is directly related to our priorities. Through this, we seek to generate long-term relationships with all our stakeholders.

Our priorities integrate our most important stakeholders, such as our consumers, around whom all the activities revolve; our collaborators and their families, to whom we provide integral development opportunities and who are an indispensable part to achieving success in our operation; natural resources and the communities close to our operation, always looking for a positive impact; to our business partners, with whom we develop a win-win relationship and of course to you, our investors, with whom we seek a solid relationship, as well as to always generate the greatest return on your investment.

We understand that in these times a fundamental element to ensure sustainability is creativity and innovation. For this reason, Genomma Lab has developed a process that ensures this, “Centers of Innovation”, a project that is integrated into our entire operation. I thank all our stakeholders for the trust they place in us day by day, allowing us to live our purpose.



Rodrigo Alonso Herrera Aspra
CHAIRMAN OF THE BOARD

April, 2019

LETTER FROM JORGE BRAKE

GENOMMA LAB CEO



Dear all,

7 months ago, I started one of the most important challenges of my professional career, leading one of the most successful companies in Mexico and Latin America, with presence in 19 countries and more than 23 years of history.

During my first months in Genomma Lab, I have been able to confirm that there is a great opportunity for growth, this being the engine of our business strategy, at the same time I found myself with a highly committed team that pursues an inspiring purpose to which I join; “Empower people to have excellent health and well-being”, which is aligned with both the business model and the sustainability strategy of the Company, which are a reference for all actions carried out on the day-to-day.

2018 was a disruptive, challenging and transformational year for our Company. I am convinced that we have the right platform to achieve the desired growth, taking the Company to the next level. In this sense, we will focus our strategy on the following key pillars:

Innovation

A perfect Go to Market

Unbeatable marketing

World-class supply chain

Winning team and culture

The purpose of this report is to share with our different stakeholders the results of our management during 2018, as well as to reflect the passion of the entire Genomma Lab team

to accompany people to take control of their health in order to lead a longer full life, providing the best quality in everything we do.

Our Results “Business model in constant transformation”

Our results reached Ps. \$11.8 billion in Net sales, Ps. \$2.4 billion in EBITDA and a net profit of Ps. \$1.1 billion. These results are a reflection of the initiatives and projects carried out during the year, which were impacted by the application of different accounting standards derived from the hyper-inflationary environment in our Argentinean operations, as well as the negative impact of the conversion of foreign currencies to Mexican pesos, as part of our consolidation process.

During the year we refinanced part of our financial debt, our balance sheet closed 2018 with 88.5% of long-term debt, which will give us enough strength to focus our assets on growth strategies and profitability. We achieved this debt structure with the return of Genomma Lab to the debt capital markets, where in March 2018 we issued a 3-year “LAB-18” local bond for Ps. \$2.45 billion and we obtained two long-term loans for 8 years with two years of grace period for up to Ps. \$900.0 million and up to \$50.0 million US Dollars from the Inter-American Development Bank (IDB) and the World Bank (IFC) respectively. These two financing processes reaffirm the confidence of the market and institutions towards the strategies and business model of this Company.

Additionally, I would like to share with you the improvement of 15 days in our cash conversion cycle, which I consider an important management metric that translates the efficiency in the operation and use of our resources.

Likewise, last March our LAB B share re-entered the sample of the main Mexican Equity Index (S&P / BMV IPC) from the Mexican

Stock Exchange, and we remained within the sample of the Morgan Stanley Composite Index (MSCI), specifically the MSCI EM LATAM Mid Cap and the MSCI Mexico Standard Index. As part of the commitment to our history and growth strategy, during the year we repurchased 8.2 million shares through the Company's Shares Buyback Program, for an estimated amount of \$134 million pesos.



Our investments - “A long-term bet”

I would like to emphasize that, within the previously mentioned key pillars, materializing a world-class supply chain is included. Facing this challenge, *in November 2016 the Company's most ambitious project was announced; the construction of a world-class Manufacturing Complex* which would allow us to concentrate a large part of the production of our products in one site. *On October 30th, 2017, the construction of this great dream began.*

Today, with an *investment of just over 70%*, this project is entering a consolidation phase. The entire industrial project includes the construction of more than 67 thousand square meters, which includes a manufacturing plant for OTC medicines and another plant for personal care products, as well as a distribution warehouse with capacity to store more than 78,000 positions [SIC]. The project will be equipped with first generation technology, positioning itself as one of the largest and most advanced manufacturing facility in Latin America, strategically located in Toluca, State of Mexico, close to our most important market and with the capacity to export to the other 18 countries where we operate. This project will allow continuous improvement in the quality of our products, while reducing manufacturing costs. Genomma Lab's commitment with the integral development of the region, through the generation of direct jobs and the economic benefits generated by our operation, is highlighted at all times.

We expect to be operating the complex at optimum levels by 2020, which will allow us to capture and materialize the different savings and profitability opportunities that this project presents us with.

Our Team - “Integrating a winning team”

At the beginning of this letter I mentioned the good impression that the team that makes up this organization has made on me, I am more than convinced that to reach the desired results and give life to the growth plan, it is necessary to empower and encourage all our collaborators. *During the last quarter of the year we defined, renewed and strengthened the organizational culture that we have reflected in our GenBook that represents our organization culture. At the same time, the organizational development project that will allow all employees to have an integral growth, prioritizing the well-being of the team and their families at all times, has begun.*

Commitment to our environment

As a key part of our management, we have integrated the acknowledgement of the value of natural resources, the need to protect them and prevent their contamination, as well as the importance of contributing to integral development through promoting access to health and well-being in the communities, with a special focus on the places where we operate.

For this reason, we developed a sustainability strategy that considers the scope and impact of our operations in the immediate environment, as well as the priority issues for our stakeholders, where we can highlight our environmental performance, ethical management, respect for human rights, social connection, among others.

I would like to share with you that the relaunching of our corporate volunteering took place during 2018. It is focused on the development and well-being of the communities close to our operation centers. I also want to mention that through our Genomma Lab Foundation we cooperate with various public health institutions promoting their initiatives through donations in kind, in addition to the donation of a percentage of our sales to social causes in Latin America.

Our short, medium and long term commitment with a more sustainable operation is reflected in our permanence in the Sustainable CPI of the Mexican Stock Exchange for the sixth consecutive year; in our participation in the Global Compact initiative since 2007, aligning our activities with their Ten Principles and the United Nations Sustainable Development Goals; and being granted the Socially Responsible Company Distinction (ESR) for the twelfth year by the Mexican Center for Philanthropy (CEMEFI).

Throughout the year we reaffirmed our resilience, continuing with the firm conviction of generating added value for our employees, partners, shareholders, consumers, customers, multilateral organizations and all our stakeholders. For this reason, I appreciate the trust, loyalty and dedication that you place in Genomma Lab. I am really proud to lead and be part of this great team.

To have more detail of our achievements and where we are going, you can consult the following video.

[Click here](#)



Jorge Luis Brake Valderrama
**CEO OF GENOMMA LAB
INTERNACIONAL, S.A.B. OF C.V**

April, 2019

OUR STRATEGY



GROWTH - OUR DREAM; INNOVATION - THE WAY

During 2018, Genomma Lab was transformed, with the aim of reaching the next level. Our CEO, Jorge Brake, in conjunction with the Executive Committee, established the objective of doubling the size of the Company, establishing innovation as a key strategy for growth.

We are aware of the important role that innovation plays in our sector, with a market in constant change, as well as the emergence of new technology. We have the opportunity to be part of this dynamic, creating solutions, developing new ideas and consolidating strategies that lead us to meet our objectives



THE PLAN BEHIND OUR DREAMS

The Company seeks to grow in a consistent and sustained path, and we will achieve this through a strategic plan, which will be focused in the following five key pillars:

- 1 Innovation and Optimization of Product Portfolio.** Innovation has become an essential part of our day to day. Therefore, we are focused on the satisfaction of our consumers and customers, creating the best products that amaze, focused on optimizing our product portfolio.
- 2 Go- To- Market.** We will continue working to maintain a perfect store execution, improving the consumer experience with Genomma brands, where the product is always available so that the consumer who was impacted by the advertising has access to our products.
- 3 Unbeatable marketing.** We understand our consumer and create valuable brands for their daily lives.
- 4 World-class supply chain.** We build a global strategy and a process for sales and operating planning, to ensure that the product are in the right place, in the right amount, meeting the expectations of our customers and clients.
- 5 Winning team and culture.** Maintain the best team with a common culture, restructure the purpose of the Company, to become people with purpose. We restructure and reinforce our principles and values, we want to be the best place to work, with an optimal organizational design.



A NEW CULTURE

Since the arrival of Jorge Brake in September 2018, the management team has worked to strengthen the Company's foundations, through the creation of a common organizational culture, which defines the essence of what Genomma Lab is, like our values, principles and behaviors. No plan or strategy can be carried out without the

support of a committed, energized and motivated team. Together with the Genomma Experience area (Human Capital), all the members of the organization were introduced to these elements through an initiative called GenBook, a guide that integrates the bases to form a true winning team.

Having a motivated and committed organization is key to increasing the potential of the business strategy.





NEW MANUFACTURE PLANT (San Cayetano, Estado de México)

The Genomma Lab plant will be operating in 14 out of the 32 acquired hectares acquired, where the production of over-the-counter medicines (OTC) and personal care products (PC) will be concentrated. At the end of this year there will be 67,000 square meters built, equivalent to 14 football fields.

OTC plant

- In the **first quarter of 2019** the OTC plant presented a 100% advance in its construction and implementation of critical services.
- During **the first semester of 2019**, the first production line of direct-compression oral solids and semi-solids, such as Next, Unesia, Silka Medic, Ultrabenge and Lomecan, will be installed and ready for operation.
- The nominal capacity of the conditioning processes during this first phase in oral solids it is estimated in **48,000 blister / hour and semi-solid up to 6,000 units / hour.**





Personal Care plant

- The Personal Care plant presents an approximated progress of **60%** in the construction phase, the acquisition of equipment is made in about **90%** and is expected to come into operation in the **second half of 2019**.

Distribution center

- The warehouse will have in its first phase a storage capacity up to **44,000 pallets** and processing capacities equivalent to **170,000 boxes / day for dispatch** and **200,000 boxes / day for receipt**, approximately.
- The project contemplates an **expanded storage capacity up to 78,000 pallets** and processing of **250,000 boxes / day for dispatch** and of **300,000 for receipt**, approximately. In addition, the CEDIS (Distribution Center) will be equipped with state-of-the-art technology to perform **complete box picking up to 70% of the dispatched product**.



The building process

- In the total industrial project, more than **600,000** man-hours have been invested, of which **10% represent engineering and development work**, the rest is construction and operational work.
- No complaints have been received from neighboring communities regarding the operation of the plant.
- There have been **zero** serious accidents in construction; that is, without fatalities or accidents with serious injuries, considering contractors and internal personnel. Specifically, Genomma collaborators have **442 days without recordable accidents**, from the date that the earthmoving began.
- During 2018 there was only 1 **first-aid accident of low severity**, corresponding to an internal collaborator, however, it did not generate inability to work.
- The main challenge we faced during 2018 was to manage the commercial, technical and human requirements to ensure the construction of an industrial project of this magnitude. It is of the utmost importance for the Company to guarantee the correct operation of the plant and to give back the maximum return on investment to our investors.

The construction of the plant will allow us to improve quality, reduce costs, and develop innovative products in a faster way, to surprise and satisfy our consumers.



What do we expect in the first quarters of 2019?

Satisfactorily conclude and obtain all the permits of the health and sanitary authority to start manufacturing products. To do this, our plant, in the first stage will have all critical systems, process equipment and specialized personnel available to operate by the end of the first half of the year.

On the other hand, the civil work of the Personal Care plant and the Distribution Center will conclude during the second semester of 2019.



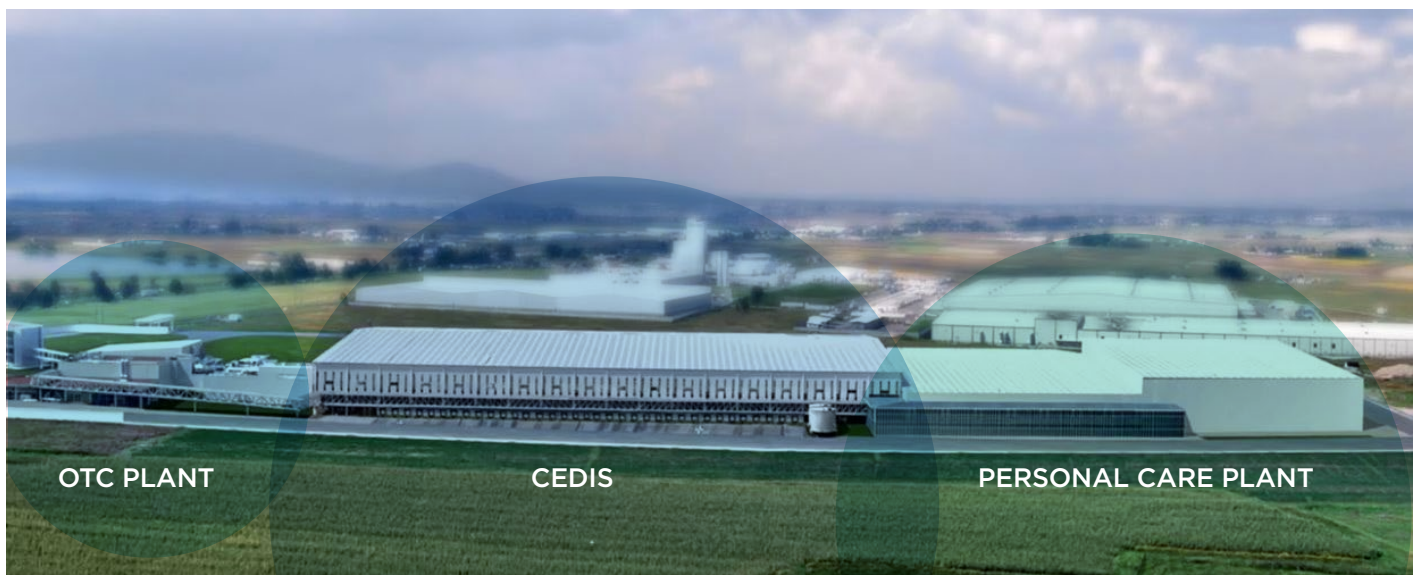
Financing of multilateral organizations (IFC and BID Invest)

The International Finance Corporation (IFC), a member of the World Bank Group, IDB Invest and the Inter-American Development Bank (IDB) member of the IDB group, signed a joint financing package of around \$100 million US Dollars to support the manufacturing project.

During 2018, both institutions granted the Company with competitive long-term financing, as well as strategic advice in various fields given its extensive experience in the pharmaceutical industry sector.



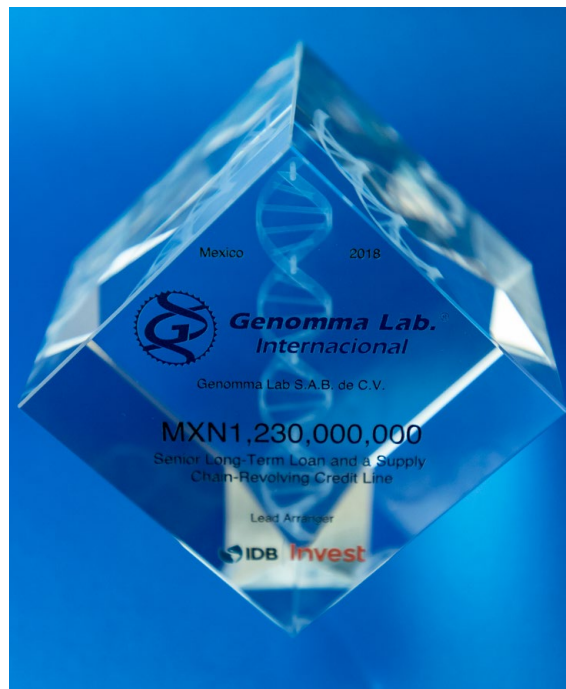
Creating Markets, Creating Opportunities



DEBT RESTRUCTURING

On April 9, 2018, the Company announced that it prepaid the total amortization for the local bond “LAB 13”, adding interest accrued to the principal. Genomma Lab allocated part of the profits obtained from the issuance of the CEBUR (Local Bond) “LAB 18”, for the total prepayment of the local bond “LAB 13”. With this operation we continue to strengthen our operational and financial fundamentals.

In March 2018, Genomma Lab returned to the debt market through the placement of the “LAB 18” stock certificate for a total amount of 2,450 million pesos with a maturity of 3 years. The issuance of searchable certificates received a rating of “AA (mex)” for debt in local currency by Fitch Ratings and “HR AA” by HR Ratings.



ACQUISITIONS

Genomma Lab USA Inc., our subsidiary in the United States, acquired the BUFFERIN® brand from Dr Reddy's Laboratories Ltd.; and in a separate transaction, the Company acquired the Cheracol D® and Rose Milk® brands from Sheffield Pharmaceuticals, LLC, with a total investment of \$3.02 million US Dollars, settled with own resources.

The acquisition of these brands will strengthen our OTC drug business in the United States. We plan to relaunch and revitalize these brands by 2021.

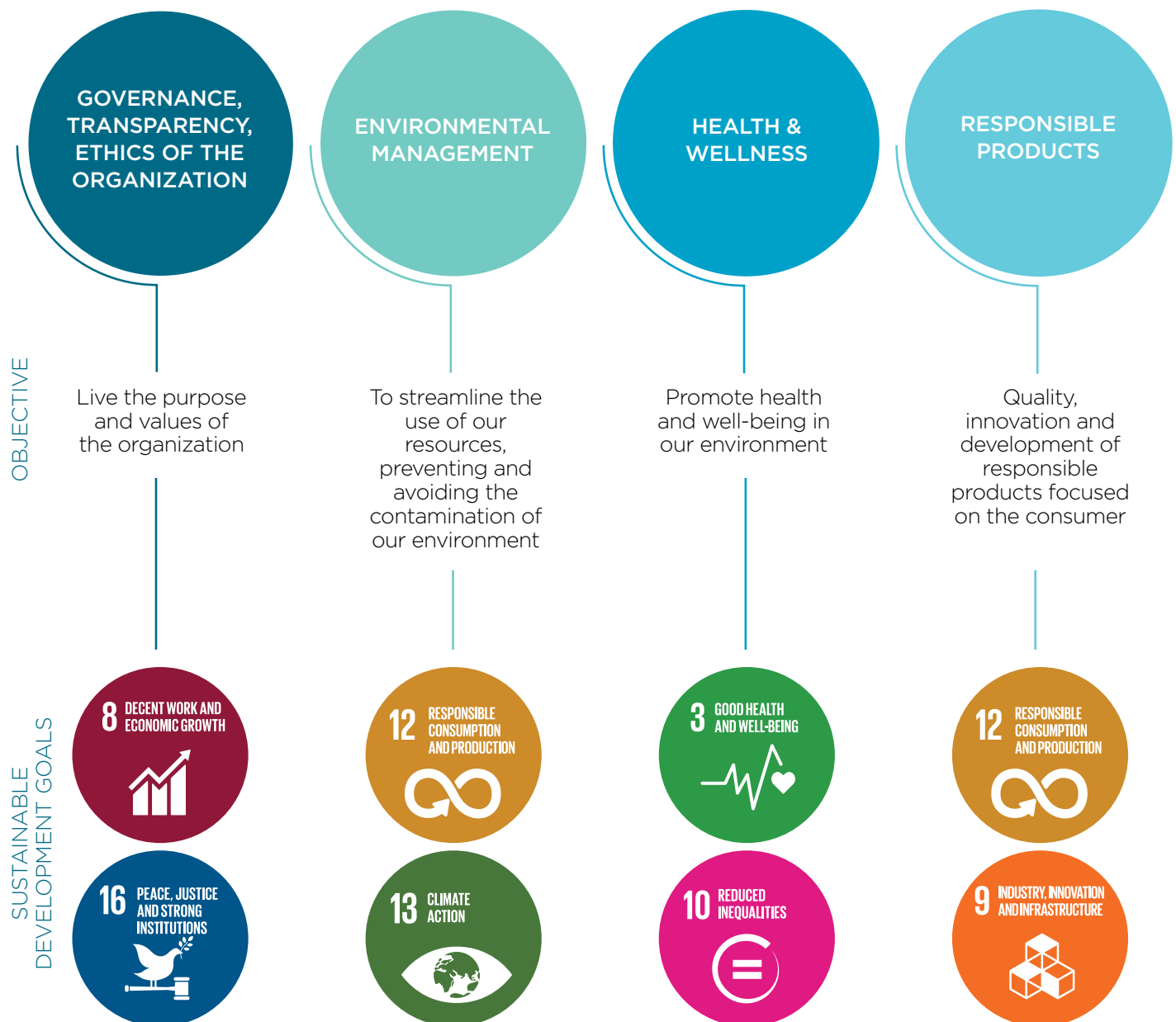


A photograph of children participating in a tree-planting activity. In the foreground, two boys are crouching and carefully placing a small sapling into a hole in the dark soil. They are wearing light blue long-sleeved shirts and white baseball caps. In the background, another child is visible, also working in the field. The scene is set in a grassy area with trees in the distance. A semi-transparent teal circle is overlaid on the right side of the image.

SUSTAINABILITY AND SOCIAL RESPONSIBILITY STRATEGY

OUR SUSTAINABILITY MODEL

The Company has developed a sustainability model that is aligned to the new business strategy, this allows prioritizing the key lines to evolve to a more sustainable management in harmony and cooperation with our different stakeholders.



















MATERIALITY

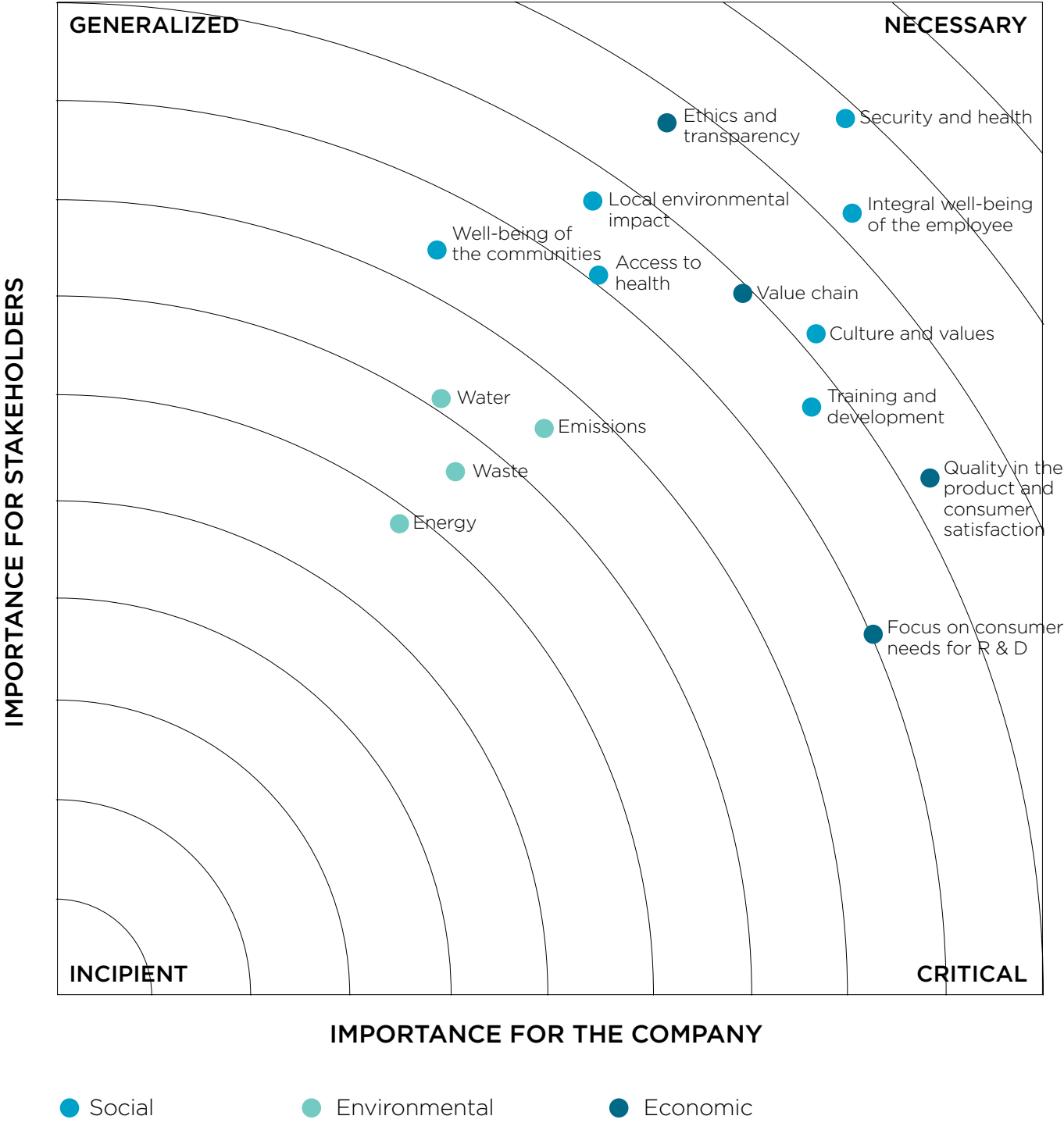
The study of our materiality helps us identify opportunities, mitigate risks and influence the areas that have the greatest impact.

The materiality analysis prepared by GLI contemplates the priority aspects for the Company and its stakeholders. The materiality was the result of continuous dialogue with the various groups, as well as an analysis of the content of the material aspects of the companies identified as leaders in the sector, Report of findings and action alternatives, Deloitte Sustainability S.C.

On this occasion, we present the materiality divided into pillars, areas of action, focus themes and alignment with the Sustainable Development Goals. The identification of the material issues has allowed us to align the sustainability strategy with the business strategy and operations.

PILLARS	AREAS OF ACTION	FOCUS TOPICS	SDG´s
Economic 	Business ethics	Transparency and ethics	
	Innovation	Focus on the needs of the consumer for R & D	
	Responsible production	Quality in the product and post-consumer satisfaction Value chain	 
Environmental 	Waste	Waste management	  
	Energy	Electric / fuel consumption	
	Water	Water management	
	Emissions	Transport and production	
Social 	Genomma Lab Team (Internal environment)	Culture and values Security and health Training and development Integral well-being of the collaborator	   
	Social welfare (External environment)	Access to health Social welfare in communities Local environmental impact	 

MATERIALITY GRAPHIC



STAKEHOLDERS

We maintain relationships with different stakeholders that are important for Genomma Lab in relation to their level of influence and interaction. We seek to maintain a relationship of harmony, cooperation and transparency, as well as a constant dialogue to meet their expectations and adequately communicate the topics of interest what we share with them.

STAKEHOLDER OUTREACH POLICY

We seek to establish harmonious, valuable, trustworthy and long-term relationships, where communication is the bi-directional axis for Genomma Lab's stakeholders, allowing their collaboration, participation and coexistence in the actions that are part









of our Sustainability Model, as well as in the Environmental and Social Management System (ESMS), since we consider that relations with our stakeholders are an integral and natural part of our operations.

[Click here](#)

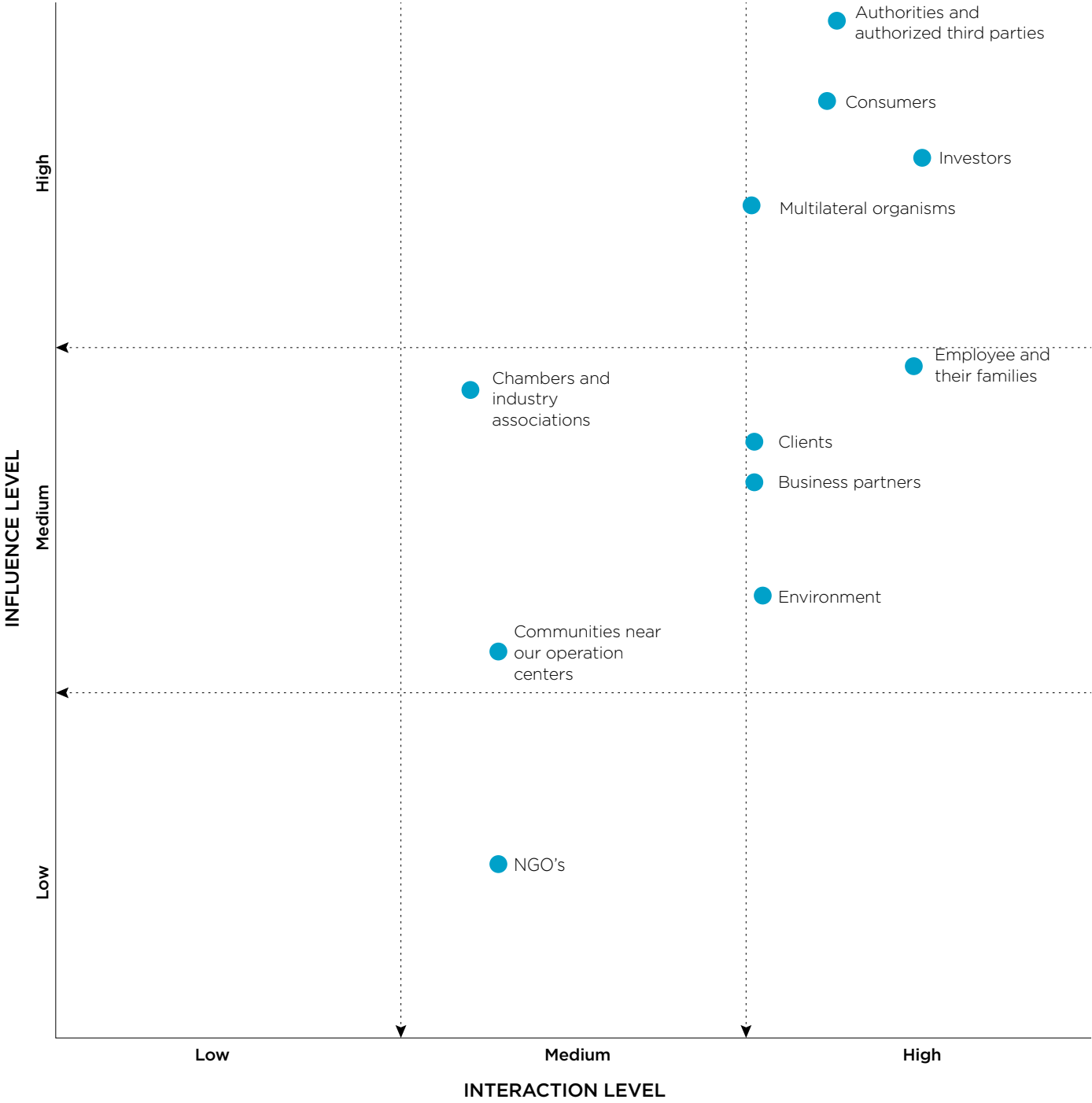


Managing common issues with our stakeholders is of vital importance for the sustainability of the Company.

MECHANISMS OF COMMUNICATION WITH STAKEHOLDERS

STAKEHOLDERS	WHAT DO WE SEEK TO COMMUNICATE?	WHAT DO WE SEEK TO ACHIEVE?	HOW DO WE COMMUNICATE WITH THEM?
Clients and consumers 	Assortment, Prices, Quality of our products and services, Responsibility towards the environment	Satisfying and exceeding the expectations of customers and consumers Increase loyalty to the Company's brands	-Web page -Social media -Customer and consumer service line
Employee 	Organizational announcements Corporate culture, Training Programs and benefits for employees and their families, Wellness for the employee, Care of the environment	Improve the work environment Strengthen the organizational culture Greater loyalty and pride for the Company Promote the values of the Company, highlighting the ethical conduct and transparency in all operations	-Monthly newsletters -Internal communication -Work environment surveys -Complaint line -Off-site strategic communication sessions -Town hall meeting
Communities near the operation centers 	Open dialogue with the community near our operations, Responsibility and commitment of the Company with the environment	Trusting relationships with the community Social license to operate Mitigate social and environmental risks	-Corporate website -Community care line
Environment 	Care and respect for the environment	Reinforce our commitment to the conservation and protection of the environment Promote the efficient and adequate use of natural resources in our collaborators	-Web page -Responsible -Communication -Community care line
Suppliers 	Ensure an efficient and sustainable supply chain Build long-term relationships Alignment with the values and policies of the Company	Increase efficiency, reliability and transparency in the supply chain	-Web portal with suppliers -Service to suppliers
Authorities 	Cordial dialogue seeking for legal compliance at all times	Increase the trust and reputation of the Company Decrease legal risks	-Corporate website -Regulatory Area -Legal area
Investors 	Financial performance of the Company Share behavior	Transparency and reliability among investors Attracting investors	-Website for Investor -Relations -Monthly talks -Quarterly reports -Annual reports
Civil Society Organizations or Non-governmental Organizations 	Company performance on sustainability Building alliances to promote the development of our environment	Improve dialogue with the community Contribute to the development of the environment	-Web page -Responsible -Communication -Sustainability Report

STAKEHOLDER GRAPHIC





WE CARE ABOUT TRANSPARENCY **OUR CORPORATE GOVERNANCE**



ORGANIZATIONAL STRUCTURE

Our Corporate Governance is guided by the best practices and by those suggested by institutions such as the Mexican Stock Exchange.

The board of directors is elected by the **Ordinary Annual General Shareholders' Meeting**; the bylaws dictate that it can be made up of a maximum of 21 members, where at least 25% must be independent, according to the Mexican Securities Market Law.

The Board of Directors is made up of 11 members, of which eight are independent.

Shareholders (investing public) decide each year based on the annual performance (board reports, report of the CEO, report of the Audit and Corporate Practices Committee) and if the members of the Board ratify their positions or change.

The compensation system for the members of the Board is fixed and is calculated based on their attendance to the meetings of the Board and the committees to which they belong, along with their participation in deliberations and efficiency of the decisions made.

Except for those directors who have waived their remuneration, each member of the Board of Directors receives \$ 127,500 Mexican pesos per session, while each member of the Audit and Corporate Practices Committee receives a remuneration of \$ 85,000 Mexican pesos per session. The Chairman of the Audit and Corporate Practices Committee receives \$ 340,000 Mexican pesos.

The Securities Market Law maintains stipulations regarding the handling of conflicts of interest, to which we strictly adhere. By virtue of the foregoing, people who are in any such situation refrain from knowing and voting on the matter in question

In addition to the foregoing, there are mechanisms for the prevention of conflicts of interest that are established by the Ethics Committee and in case of any possible conflict, the administrative bodies of the Company analyze said issues and take the corresponding actions.

BOARD OF DIRECTORS

	POSITION	ALTERNATE
Rodrigo Alonso Herrera Aspra*	President	Renata Virginia Herrera Aspra*
Javier Vale Castilla	Independent member	Not designated
Juan Carlos Gavito Aspe	Independent member	Not designated
Héctor Carrillo González	Independent member	Not designated
Juan Alonso	Independent member	Not designated
Jorge Ricardo Gutiérrez Muñoz	Independent member	Not designated
Scott R. Emerson	Independent member	Not designated
Carlos Javier Vara Alonso	Independent member	Not designated
Ignacio González Rodríguez	Independent member	Not designated
Burkhard Wittek	Patrimonial member	Not designated
Sabrina Lucila Herrera Aspra*	Patrimonial member	Renata Virginia Herrera Aspra*

* Mr. Rodrigo Alonso Herrera Aspra, and the ladies Sabrina Lucila Herrera Aspra and Renata Virginia Herrera Aspra are siblings.

Main functions and responsibilities

- Establish overall strategies for driving the Company's business and legal entities it controls.
- Monitor the management and conduct of the company and of legal entities it controls, considering the relevance of the latter in the financial, administrative and legal situation of the Company, as well as the performance of the relevant directors.
- Approve, with the prior opinion of the competent committee:
 - Policies and guidelines for the use or enjoyment of property that integrate the assets of the company and the entities it controls, by related persons.
- Operations, each one individually, with related persons, which the company or the legal entities it controls intends to hold.
- Establish guidelines on internal control and internal audit of the company and the legal entities it controls.
- Establish accounting policies of the company, in accordance with accounting principles applicable to publicly traded companies in Mexico.

COMMITTEES

Audit and Corporate Practices Committee

	POSITION
Jorge Ricardo Gutiérrez Muñoz	President
Juan Carlos Gavito Aspe	Member
Héctor Carrillo González	Member
Juan Alonso	Member

Main functions and responsibilities

- Seek the opinion of independent experts in the cases it deems appropriate, for the proper performance of their duties or in accordance with the Securities Market Law or general provisions required.
- Support the board of directors in the preparation of the reports referred to in article 28, section IV, paragraphs d) and e) of the Securities Market Law.
- Give an opinion to the board of directors on the matters that require such an opinion in accordance with Securities Market Law.
- Evaluate the performance of the entity providing external audit services, and analyze opinions or reports prepared and signed by the external auditor. To this end, the committee may request the presence of the aforementioned auditor in its meetings when it deems it appropriate, without prejudice to the fact that it must meet with the latter at least once a year.
- Discuss financial statements of the company with the persons responsible for their preparation and review, and based on this, recommend or not the approval of the board of directors.
- Inform the board of directors of the situation of the internal controls and internal audit system of the company or of the legal entities that it controls, including any irregularity it detects.
- Investigate matters of which it has knowledge, regarding violations in the Company's operations, guidelines and policies of operation, internal control system and internal audit and accounting record, either of the company itself or of the legal entities that it controls, for which it must conduct an examination of the documentation, records and other evidence, to the extent necessary to carry out said surveillance.

BIOGRAPHICAL INFORMATION OF THE BOARD AND COMMITTEE MEMBERS



Rodrigo Alonso
Herrera Aspra

Mr. Herrera is the founding partner of Genomma Lab Internacional. He has more than 20 years of experience in Marketing and Strategies in brand positioning. He has a degree in Engineering and Administration from Anahuac University, and a master's degree in Senior Management from the Graduate School of Senior Management.

Sabrina has worked in Public Relations, Administration and Finance in several companies during the last 15 years including Posadas de México and Genomma Lab Internacional until 2015. Ms. Herrera has a degree in Information Technology from Anahuac University and a master's degree in Senior Management of the Graduate School in Senior Management.



Sabrina Lucila
Herrera Aspra



Jorge Ricardo
Gutiérrez Muñoz

Mr. Gutiérrez has a degree in Public Accounting from the National Polytechnic Institute (IPN) and a master's degree in Finance from La Salle University. He has been a member of the Board of Directors of Mexichem S.A.B. de C.V.; Grupo Aeroportuario del Centro Norte, S.A.B. de C.V.; Grupo Pochteca, S.A.B. of C.V. and Bolsa Mexicana de Valores, S.A.B. of C.V. He has also served as General Director of Mexichem.

Mr. Emerson is the Founder and President of The Emerson Group and its subsidiaries, Healthcare and Emerson Marketing. He has more than 30 years of experience in management positions in the areas of brand management, new business development and sales in Fortune 500 companies including Johnson & Johnson, Unilever and Novartis Consumer Health. In addition, he has positions on the board of directors of the National Association of Chain Drug Stores and Consumer Healthcare Products Association.



Scott R. Emerson

Mr. Carrillo has 49 years of work experience in the commercial area, both in national and international markets, in companies in the pharmaceutical industry such as Schering Plow, ICN, Merrel, Smith Kline & French, Searle, Wyeth and Lakeside. From 1996-2014 he held the position of Managing Director of Apotex Mexico and Latin America, which, under his charge, became the pioneer of generic drugs and the leader of the Mexican market. Mr. Carrillo founded Sypharmex, a company to offer consulting and sales services in the pharmaceutical industry in Mexico, Latin America, the United States and Canada. He has a degree in Economics from Saint Ambrose University in Iowa and Rutgers University in New Jersey, United States.



Héctor Carrillo
González



Juan Alonso

Mr. Alonso has been the CEO of ZAO Future. In 2007, Mr. Alonso entered into an association contract with BSG Investments of Israel to develop nearly one million square meters of commercial and residential real estate in Russia. Also, he is a majority shareholder of ZAO SILVER Nizhny Novgorod, Nestle's national water bottling company in Russia. He was previously president of Domino's Pizza Jalisco, S.A. de C.V. and master franchisee of Domino's Pizza in central Mexico, as well as the majority shareholder of Baskin Robbins D.F.

President of Grupo Vale Euro RSCG, which is one of the four leading agencies in its field in Mexico and 18 countries in Latin America. He has extensive experience on television, including Televisa. He has a degree in Engineering in Communications and Electronics from the ESIME of the National Polytechnic Institute. Due to his merits and achievements in the field of communication and advertising, the Communication University Center awarded him with the Doctor honoris causa recognition.



Javier Vale
Castilla



Ignacio González
Rodríguez

Mr. Gonzalez is the CEO of FAGO and board member of Pavisa, a 60-year-old company specialized in the manufacture and marketing of specialty glass and glass packaging for a wide variety of industries including cosmetics and pharmaceuticals, as well as ultra-premium liquors and quality food and drinks. He has a degree in Marketing from Technological Institute and for Superior Studies of Monterrey (ITESM) and a diploma from IPADE Business School.

Mr. Gavito founded Airos Capital, an investment fund specialized in both public and private investments. He has more than 10 years of experience in investment banking and private equity. Previously, he was a director at Nexxus Capital, where he participated in the IPOs of Genomma Lab and Grupo Hotelero Santa Fe, as well as private Mergers and Acquisitions transactions (for example, Harmon Hall, Nasoft, Crédito Real and Mármoles Arca) and has also served in the Boards of several companies including Taco Holdings and Recubre. He has a degree in Industrial Engineering from Universidad Iberoamericana and a master's degree in Business Administration from IPADE.



Juan Carlos
Gavito



Carlos Javier
Vara Alonso

Founder of Vace Partners. Prior to joining Vace Partners, Carlos worked for 9 years at Citigroup as Director of the Investment Banking team of Mexico and Latin America. Carlos is currently a member of the Board of Directors and Finance Committee of Grupo Gigante, member of the Board of Directors and Chairman of the Hoteles Presidente Development Committee, shareholder and member of the Fhipo Board of Directors. He was also a member of the Board of Directors and Committee of Finance of Aeromexico. His experience includes projects in companies in various industries such as financial institutions, consumer goods, retail, industrial conglomerates, education, transportation, and metals and mining mainly. Carlos holds a degree in Economics from the Autonomous Technological Institute of Mexico (ITAM), and has an MBA from Yale School of Management.

Founding member and General Director of Forum Family Office Services GmbH ("FFO"), a company located in Munich, Germany, with assets exceeding € 100 million. Mr. Wittek has more than 35 years of experience in asset management, was a globally responsible partner for the consumer goods / retail and healthcare sectors for Boston Consulting Group and advisor to the private equity fund MTH München-Trust Holding GmbH. Mr. Wittek holds a PhD in administration and finance from the University of Innsbruck and an MBA from the Harvard Graduate School of Business Administration. Currently, Mr. Wittek participates as non-executive chairman of the Board of Directors of Immunodiagnostics Systems Holdings PLC, Cobos Fluid Systems GmbH, RDL Group GmbH and Suxxead Sales For Your Suxxess GmbH.



Burkhard Wittek

MANAGEMENT TEAM

Our executive committee is made up of highly qualified professionals in their area of expertise, with excellent track record and great sense of leadership. The team

is committed to achieving the Company's growth objectives, working together in each part of the process.

Jorge Luis Brake Valderrama	CEO
Antonio Zamora Galland	Vice President of Administration and CFO
Juan Marco Sparvieri	Vice President and COO
Santiago Alejandro Vélez Peláez	Vice President of Industrial and Research and Development
Alejandro Bastón Patiño	Vice President of Institutional Relations
César Alejandro Jaramillo López	Vice President of Global Marketing
Leticia Campos Herrera	Global Director of Human Resources (Genomma Experience)



OUR INTEGRAL MANAGEMENT POLICY

We recognize the value of our human capital and we commit ourselves from the highest level of the organization with quality, the physical and mental well-being of our

employees, environmental performance, social involvement, ethics, transparency and profitability in all our management.

[Click here](#)

OUR CODE OF CONDUCT AND ETHICS

It establishes a regulatory framework that serves as a reference to always act with integrity in accordance with the highest standards of business ethics, considering at all times compliance with laws and applicable regulations in the countries in which we operate.

The main topics covered are culture of legality, corruption, conflict of interest, relations with authorities, use of assets and information management.

We communicate our values inside and outside the company.

- The Code of Conduct has been widely disseminated among, and socialized with, our collaborators.
- It is available on the company's website available to all audiences.
- It is available in the portal for suppliers.

[Click here](#)

ATTENTION TO BREACHES OF INTEGRITY POLICIES

Since 2016, the Company has hired the *Resguarda line*, an external company expert in prevention, control and detection of fraud, handling complaints made by collaborators or suppliers for any breach of the integrity policies that govern us. This service has been enabled in various channels to provide total privacy and anonymity to those who use it and is available in all countries where we operate.

National telephone

Website: www.resguarda.com

Email: reportes@resguarda.com

At Genomma Lab we have preventive actions, such as training our collaborators in our integrity policies, as well as the appropriate behaviors and values that make up the organizational base. Dissemination of the tools available to report breaches of the code of conduct and ethics is made. Likewise, the Ethics Committee provides a due follow-up and resolution of complaints with the advice of Resguarda.

During 2018, we received only one case in the Resguarda line from a collaborator due to abuse of authority. The protocol and investigation procedure were followed by Resguarda and the Ethics Committee; however, it resulted in an irrelevant report.

OUR ANTI-CORRUPTION POLICY



We establish guidelines to prevent and / or avoid the practice of corruption and influence peddling by collaborators and / or third parties related to Genomma Lab, in order to comply with the anti-corruption laws applicable in the countries where we operate.

To know our integrity policies, we invite you to consult the following link.

[Click here](#)

MANAGEMENT DISCUSSION & ANALYSIS

CONSOLIDATED RESULTS FOR THE FULL YEAR 2018

Net Sales 2018 reached \$11,794,400 pesos; a fall of 2.4% year-on-year. The drop in sales was mainly due to the impact derived from the conversion effects of the Argentine peso to the functional reporting currency, where the Argentine peso depreciated over 100%. This negative impact was partially offset by key initiatives implemented throughout the regions during 2018 to improve execution and visibility at the point of sale, and by the positive effect on the Argentine subsidiary, due to the implementation of the IAS-29 hyper-inflationary accounting.

EBITDA 2018 closed at \$2,382,300 pesos, compared to \$2,601,200 pesos for the same period of 2017. The EBITDA margin closed at 20.2%; a contraction of 130 basis points year-on-year. The fall in the EBITDA margin is mainly due to the impact of currency conversion in Latin American operations, to \$73.7 million pesos of pre-operative expenses associated with the new manufacturing plant, and to a lesser extent, investments in advertising and marketing strategies. The negative impacts on the EBITDA margin were partially offset by the favorable impact of the Argentine subsidiary due to the implementation of hyper-inflationary accounting.

Gross Profit reached \$7,764,700 pesos in the fourth quarter of 2018, compared to \$8,121,300 pesos in the fourth quarter of 2017. The gross margin for the fourth quarter of 2018 decreased 140 basis points, closing at 65.8%. The drop in gross profit is mainly due to the increase in costs associated to the impact by exchange rate when consolidating the different currencies.

General Expenses, Sales, Marketing and Administration expenses increased 0.7 percentage points as a percentage of net sales, reaching 47.3%, compared to 46.5% in 2017. This negative variation is the result of higher expenses in advertising and television campaigns and of the impact of executing commercial visibility programs; to a lesser extent, it is due to the pre-operational expenses associated with the investments for the new Genomma manufacturing plant. These effects were also impacted by the devaluation of the currency in Argentina, which affected operations in Latin America.

The Comprehensive Financing Result represented an expense of \$522 million during 2018, compared to an expense of \$418.5 million pesos during 2017. This decrease is the result of the loss of \$79.9 million pesos for the monetary position in inflationary subsidiary and for an increase of \$71.1 million pesos in net interest paid during the period.

Income Taxes for 2018 reported a decrease of \$104.7 million pesos, to close at \$654 million pesos, compared to \$758.7 million pesos during the fourth quarter of 2017. The variation in income taxes is the result of an increase in dividends distributed from international operations, as well as to impacts derived from hyper-inflationary accounting.

Net Income reached \$1,109,500 pesos during 2018, compared to \$1,279,200 pesos majority net income in 2017. The fall of \$169.7 million pesos in net income is due to lower profit before taxes in 2018.

STATEMENT OF FINANCIAL POSITION

Working Capital was optimized during 2018 and cash conversion cycle was reduced from 97 days in December 2017 to 82 days in December 2018.

Accounts Receivable reached \$2,923,100 pesos as of December 31, 2018. The days of accounts receivable reached 89 days, in line with the estimates of the Company.

Inventories reached \$1,697,000 pesos as of December 31, 2018. Inventory days reached 152 days, an increase of 22 days quarter against quarter, which will be used to cover the expected increase in sales for the first quarter of 2019.

Suppliers reached \$1,774,400 pesos as of December 31, 2018. In the fourth quarter of 2018, supplier days reached 159 days, from 100 days to December 2017. This temporary increase in supplier days is due to the purchase of additional inventory to cover sales expected during the first quarter of 2019.

Fixed assets. The Company invested \$1,168,700 pesos as of December 31, 2018, mainly related to the construction of the new manufacturing plant located in the State of Mexico.

Recoverable taxes, mainly VAT and income tax. The position increased \$201.7 million pesos during 2018.

Net Financial Debt increased during the quarter due to the investments in the new plant and the operation of the stock repurchase program:

Cash and Equivalents reached \$1,414,600 pesos as of December 31, 2018, which represents a growth of 29.5%, mainly related to an improvement in the collection process.

Gross Financial Debt reached \$5,894,400 pesos as of December 31, 2018, compared to \$4,706,100 pesos as of December 31, 2017; the increase of \$1,188,300 pesos is the result of the resources obtained from a long-term loan with IDB Invest and IFC associated with the investments in the new manufacturing plant.

Net Financial Debt reached \$4,479,800 pesos; an increase of \$866.5 million pesos, compared to December 2017. The Company's long-term debt represented 88.5% of the total debt as of December 31, 2018.

The ratio of Net Debt to EBITDA closed December 2018 at 1.88x, below the Company's limit of 2.0x.

Share Repurchase Program. During the three months ended December 31, 2018, the Company operated the share repurchase program, repurchasing 1,000,000 shares, for a total amount of \$12.8 million pesos.

Free cash flow from operations (FCFO). Genomma generated \$180.1 million pesos during the twelve months of 2018. Excluding the investments in the new manufacturing plant of the Company and the acquisition of the brands, the free cash flow would have reached \$1,408,800 pesos by 2018.

ANALYSTS COVERAGE

As of December 31, 2018, LAB B has 14 coverages: Casa de Bolsa Credit Suisse; Banco Itaú BBA; Santander Investment Securities; BBVA Bancomer; UBS Casa de Bolsa; JP Morgan Securities; Vector Stock Exchange; Barclays Bank; BTG Pactual US Capital; GBM Grupo Bursátil Mexicano; Grupo Financiero Banorte; HSBC Securities (USA); Bradesco BBI and Actinver Casa de Bolsa, S.A. of C.V.

LETTER FROM THE CHAIRMAN OF THE AUDIT AND CORPORATE PRACTICES COMMITTEE

Mexico City, Mexico. April 11, 2019

To the Board of Directors and the Shareholders' Meeting of Genomma Lab Internacional, S.A.B. of C.V.

In accordance with the provisions of article 43, sections I and II, of the Securities Market Law, the undersigned, Chairman of the Audit and Corporate Practices Committee of Genomma Lab Internacional, S.A.B. of C.V. (the "Company"), present to you the following Annual Report approved by all the members of said Committee, corresponding to the fiscal year ended December 31, 2018.

In consideration of the provisions contained in the Securities Market Law, the Committee focused on this period, generally and mainly to:

1. Develop the audit activities that the law confers on to it, to support the Board of Directors.
2. Hold periodic and continuous meetings with the Administration, as well as with external auditors.

3. Develop the activities regarding corporate practices that the law confers to it, to support the Board of Directors.

With regard to specific concepts corresponding to the functions approved for this Committee, we present the following results:

1. Regarding Audit:

A. System of Internal Control and Internal Audit of the Company and of the legal entities it controls.

Taking into account the opinions, reports, statements and the external audit report, the verification of compliance with the most relevant internal control provisions regarding the management of financial information continues to be developed, and as a result, the Company maintains policies and procedures of internal control that offer reasonable security in the operations carried out.

Differences in internal control that were analyzed in the Committee, had no significant impact on the Company.

The Company has timely responded to the recommendations issued by the Committee and its external auditors, in order to improve its internal control and audit system, as well as to correct the deficiencies and deviations of said system.

B. Preventive and Corrective Measures Implemented in relation to the Guidelines and Policies of Operation and Accounting Records.

The Committee has ensured the objectivity and integrity of the accounting records, as well as the compliance with the Operating Guidelines and Policies and the Accounting Records of the Company, which were applied consistently in the preparation of the Company's financial statements as of December 31, 2018. Likewise, the work plans of the function developed by the internal audit in the Company were reviewed and approved.

C. Performance Evaluation of the External Auditor.

A favorable opinion was issued to ratify the office Galaz, Yamazaki, Ruiz Urquiza, S.C. as external auditor of the Company to perform the audit of the consolidated financial statements for the fiscal year 2018 of the Company and of the main subsidiaries of the Company, except for the subsidiaries established in Brazil, Ecuador and Paraguay. Likewise, a favorable opinion was issued to ratify the offices of Parker Randall, TC Audit CIA Ltda. and Daniel Elicetche & Associates to perform the audit of the financial statements of the Company's subsidiaries in Brazil, Ecuador and Paraguay for the fiscal year of 2018, respectively.

Likewise, the fees for the provision of the aforementioned audit services were approved, as well as transfer pricing analysis services, IMSS (Mexican Social Security Institute) audit topics and tax opinions that are part of the external audit services.

For the year ended December 31, 2018 for the auditing services of the consolidated financial statements of the Company and its main subsidiaries, except those established in Brazil, Ecuador and Paraguay, including transfer pricing analysis services, topics of the IMSS audit and tax reports that form part of the aforementioned external audit services, a budget of \$8,886,000 pesos was authorized. Also, for the audit services in Brazil, Ecuador and Paraguay a budget of \$67,000 real, \$18,500 dollars and \$ 30,000,000 guaraní pesos, respectively, was authorized. These services were rendered satisfactorily.

Work plans were revised to dictate the financial statements and internal control compliance provided by the firm of external auditors, which were approved in full.

In interviews and sessions of the Committee with the external auditors, we made sure that they fulfilled the independence requirements. For fiscal year 2018, we reviewed with the external auditors and the Company's management their comments on internal control and the procedures and scope applied in their audit.

As a result of the foregoing, the Committee agrees with the performance and results of the work of the external auditors of the Company.

D. Result of the Revisions to the Financial Statements of the Company and of the legal entities it controls.

The Committee reviewed the consolidated financial statements of the Company and subsidiaries as of December 31, 2018, which were prepared based on the Financial Reporting Standards applied consistently, and in accordance with the applicable auditing standards and procedures, as well as the opinion of the corresponding external auditor, which was issued without exceptions or qualifications.

The Committee has recommended to the Board of Directors the approval of the aforementioned financial statements, since they reasonably reflect the financial situation and results of the Company, that the relevant events have been adequately disclosed and that the application of the policies and accounting criteria have been consistent and adequate, fulfilling the management of the Company with the implementation and assurance processes of the internal control systems and with the recommendations made.

E. Opinion of the Audit and Corporate Practices Committee on the report referred to in article 28, section IV, subsection c) of the Securities Market Law for submission to the Board of Directors of the Company.

In accordance with the provisions of article 42, section II, subsection (e) of the Securities Market Law, after having held various meetings with the Company's General Director and with the relevant directors of the Company and the companies controlled by the latter, with respect to the content of the Report of the Chief Executive Officer in terms of the provisions of article 44, section XI of

the Securities Market Law, having reviewed the information and necessary supporting documentation, including the opinion issued by the office Galaz, Yamazaki, Ruiz Urquiza, S.C. as external auditor of the Company, the Committee considers that the Report of the General Director to be presented to the Shareholders' Meeting is adequate and sufficient and that: (i) the accounting and information policies and criteria followed by the Company are adequate and sufficient taking into consideration the particular circumstances of it; (ii) these policies and criteria have been consistently applied to the information presented by the Chief Executive Officer; and (iii) as a consequence of subsections (i) and (ii) above, the information presented by the Chief Executive Officer reasonably reflects the financial position and results of the Company.

F. Measures Adopted on the Grounds of Relevant Observations.

During fiscal year 2018, no relevant observations were made by the shareholders, advisers, relevant directors, employees of the Company and, in general, by any third party, with respect to accounting, internal controls and issues related to internal or external audit, and no complaints were filed about events that the administration considered irregular.

G. Follow-up of the Agreements of Shareholders' Meetings and the Board of Directors.

The Company duly responded to the resolutions and recommendations issued by the Shareholders' Meeting and the Board of Directors of the Company during the financial year 2018.

2. Regarding Corporate Practices:

A. Performance of Relevant Directors:

During the fiscal year 2018, the Company obtained satisfactory results and observed a favorable performance of the Company's Relevant Officers, as the objectives and priorities presented by the Company to the Board of Directors for the year 2018 were met.

B. Transactions with Related Parties:

The Committee has verified the operations carried out by the Company during 2018, which have been carried out at market prices or, where required, supported by valuations carried out by external specialists.

C. Packet of emoluments or full remuneration of the General Director and / or Relevant Directors:

The Committee reviewed the annual remuneration of the General Director and the remunerations proposed for other directors of the Company and issued a favorable opinion in this regard.

Likewise, it issued a favorable opinion to designate engineer Jorge Luis Brake Valderrama as the new General Director of the Company with effect on September 17, 2018 and on the package of emoluments and fixed compensation of the new Chief Executive Officer.

On the other hand, the Committee issued a favorable opinion to terminate the Master Compensation Plan for Mr. Máximo Juda, as Chief Executive Officer, derived from the termination of the employment relationship.

D. Waivers granted by the Board of Directors:

During the fiscal year ended on December 31, 2018, no transactions were presented in which it was necessary to grant any dispensation to the advisers, relevant directors or persons with power of command of the Company, so that said persons may take advantage of business opportunities for themselves or the business in favor of third parties, which correspond to the Company or to the legal entities it controls or in which it has significant influence.

E. Other activities of the Audit and Corporate Practices Committee:

During the fiscal year ended on December 31, 2018, no transactions were presented in which it was necessary to grant any waivers to the advisers, relevant directors or persons with power of command of the Company, so that said persons may take advantage of business opportunities for themselves or the business in favor of third parties, which correspond to the Company or to the legal entities it controls or in which it has significant influence.

1) Certain litigation of the Company and its subsidiaries was reported.

2) A favorable opinion was issued for the approval of the audited annual financial statements of the Company and its subsidiaries with figures as of December 31, 2017.

3) A favorable opinion was issued for the approval of the Company's financial information for the fourth quarter of 2017, as well as for the first, second and third quarter of 2018.

4) A favorable opinion was issued for the Company to obtain (i) long-term

financing valid for 8 years with the Inter-American Investment Corporation (IIC), member of the Inter-American Development Bank (IDB), up to the amount of \$225 million pesos, for the construction of the new plant; (ii) long-term financing with an 8-year term with the Inter-American Development Bank up to the amount of \$675 million pesos for the construction of the new plant; (iii) a long-term financing with validity of 8 years of International Finance Corporation (IFC) up to the amount of \$1 billion pesos, of which up to \$400 million pesos will be used for the construction of the new plant and up to \$600 million pesos will be intended for the refinancing of long term debt of the Company.

5) A favorable opinion was issued for certain subsidiaries of the Company to guarantee and / or grant guarantees and / or joint obligations, as the case may be, with respect to the obligations contracted by the Company under the aforementioned financing.

6) A favorable opinion was issued for the ratification of the external auditors of the Company and its subsidiaries and the fees for the corresponding services.

7) The Board was presented with the policy of approval of fees for services provided by Deloitte, relating to services that the auditor can provide to the Company without endangering its independence.

F. Integration of the Audit and Corporate Practices Committee and meetings held

The Audit and Corporate Practices Committee is composed of the following members:

	POSITION
Jorge Ricardo Gutiérrez Muñoz	President
Héctor Carrillo González	Member
Juan Carlos Gavito Aspe	Member
Juan Alonso	Member

The Company's Audit and Corporate Practices Committee held meetings or adopted resolutions out of session dated February 19, March 21, April 23, July 23, August 22, September 24, October 19 and November 8, 2018, and from each of them a minute was drawn up or resolutions were signed regarding the resolutions adopted.

Sincerely,

Jorge Ricardo Gutiérrez Muñoz
CHAIRMAN OF THE AUDIT AND CORPORATE PRACTICES COMMITTEE

Genomma Lab Internacional, S.A.B. de C.V.

April, 2019

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED ON DECEMBER 31, 2018, 2017
AND 2016, AND REPORT OF THE INDEPENDENT
AUDITORS OF APRIL 12, 2019**

For further information on
the 2018 Full Year Financial
Audited Statements and
Auditor's Notes, please click
[here](#) (Spanish only).

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INFORMATION FOR INVESTORS

Genomma Lab Internacional, S.A.B. de C.V.

Contact for Investor Relations

Enrique González Casillas
inversión@genommalab.com
Tel. (55) 5081 0000

BMV: LAB B
(Bloomberg: labb.mx)

inversionistas.genommalab.com

Social Responsibility and Sustainability

María Fernanda Aguilar Noriega
sustentabilidad@genommalab.com
Tel. (55) 5081 0000

External Auditors

Deloitte
Galaz, Yamazaki, Ruiz Urquiza, S.C.
Av. Paseo de la Reforma #489
6º piso, Col. Cuauhtémoc
C.P. 06500, Ciudad de México
+52(55) 5080-6000"

CORPORATE OFFICE

Antonio Dovalí Jaime #70. Piso 2
Col. Santa Fe. Del. Álvaro Obregón.
México, Ciudad de México.
C.P. 01210
Tel. (55) 5081 0000





Genomma Lab.®
Internacional

