

Genomma Lab Internacional Reports Fourth Quarter & Full Year 2019 Results

Mexico City, February 26, 2020 – **Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B)** (“Genomma Lab” or “the Company”), today announced its results for the fourth quarter and the full year ended December 31, 2019. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The following tables provide an abridged Income Statement, in millions of Mexican pesos. The margin for each figure represents its ratio to net sales and the percentage change in the fourth quarter and full year 2019 as compared with the same period in 2018:

	Q4 2019	% Sales	Q4 2018	% Sales	Var. %
Net Sales	3,263.3	100.0%	3,124.1	100.0%	4.5%
Gross Profit	2,058.1	63.1%	2,007.3	64.3%	2.5%
Operating Income	623.1	19.1%	552.0	17.7%	12.9%
EBITDA⁽¹⁾	662.4	20.3%	580.7	18.6%	14.1%
Net Income	257.9	7.9%	205.8	6.6%	25.3%

	FY 2019	% Sales	FY 2018	% Sales	Var. %
Net Sales	12,755.9	100.0%	11,794.4	100.0%	8.2%
Gross Profit	8,130.1	63.7%	7,764.7	65.8%	4.7%
Operating Income	2,435.0	19.1%	2,301.1	19.5%	5.8%
EBITDA⁽¹⁾	2,571.2	20.2%	2,378.4	20.2%	8.1%
Net Income	986.7	7.7%	1,109.5	9.4%	(11.1)%

1) EBITDA defined as operating income before depreciation and amortization

Comments from the CEO

Mr. Jorge Brake, Chief Executive Officer, commented: “2019 was characterized by challenges, great achievements and exciting new opportunities for Genomma Lab. We began the year implementing Genomma’s redesigned strategic plan, led by its four key pillars, which has meaningfully improved and strengthened our business model and enabled us to achieve improved results reflecting the renewed commitment throughout our organization.” **He added:** “We expect 2020 to again present challenges, as well as new prospects to broaden our reach and fuel future growth. We will further leverage our strong and advantaged portfolio, best in class innovation, and the excellent go-to-market and supply capabilities for which Genomma is known. We’ll also maintain our relentless focus on growth, operational performance and people to further build value for our stakeholders, partners, employees and investors.”

HIGHLIGHTS

Q4-2019 Sales increased by **Ps. 139.2 million**; **+4.5%** year-on-year

Q4-2019 EBITDA margin reached **20.3%**; **+170 bps** year-on-year expansion

FY-2019 Sales increased by **Ps. 961.5 million**; **+8.2%** year-on-year

BMV: LAB B
2019 Best performing
stock within the
S&P/BMV IPC Index

Capex Investments for the twelve months ended December 31, 2019 reached **Ps. 625.6 million**.

KEY DATA

Full Year 2019 % Sales by Segment:

 **OTC 48.1%**

 **PC 51.9%**



*Point of Sale



Revie®

New POS reached as the brand expanded across new retail chains in **Brazil**

Business Review

2019 was a significant year for Genomma Lab, with solid progress on all fronts and important achievements aligned with the four key pillars of Genomma's renewed strategy to drive the next phase growth. These pillars are: product innovation and portfolio optimization, perfect go-to-market execution, world-class supply chain and strong corporate culture. Despite continued external headwinds during the course of the year, 2019 net sales reached Ps. 12.76 billion; a 8.2% year on year increase—representing the most significant year on year increase in the past six years. Fourth quarter 2019 net sales reached Ps. 3,263.3 million; a 4.5% year on year increase, reflecting the positive momentum throughout the year despite strong macroeconomic, political and foreign exchange headwinds throughout the region.

Further, Genomma's full-year 2019 EBITDA margin reached 20.2%; in line with profitability levels established throughout the year. Fourth quarter 2019 EBITDA margin closed at 20.3%; a 170 basis point year on year increase. Substantial achievements against key strategic benchmarks throughout 2019 successfully accelerated profitable growth, reflecting a sustained financial stability.

Said macroeconomic challenges and instability in some countries in which the Company operates negatively offset sales growth and profitability. However, this was partially offset by Genomma's strong operational performance during the full year 2019, supported by successful implementation of the Company's new strategy. Related progress on the four pillars of said strategy during quarter follows:

Product Innovation and Portfolio Optimization

Genomma continued to execute on innovation and optimization initiatives across the product portfolio in Mexico and Latin America during the quarter. This focus, supported by disciplined operational execution, resulted in significant line restages, extensions and new product launches which contributed to strengthen the portfolio. These include among others: *Tukol® Miel*, *Cicatricure® Gold Lift*, *Alliviax®*, *Teatrical®*, *Suerox®*, *Tio Nacho®*, *Vanart®* and *Revie®* as well as Genomma's exclusive licensing agreement to market the full range of infant nutrition products under the *Novamil®* and *Novalac®* brands in Mexico.

Additionally, the *Bufferin®* brand acquired by Genomma in 2018 was relaunched at the end of 2019 in the United States with a renewed presentation. This product relaunch is a reflection of Genomma's new US strategy, which includes a comprehensive restructuring of the business model in this country to accelerate growth while increasing efficiency and presence in its approach to key markets and the consumer. The *Bufferin®* brand combines the benefits of Aspirin with three buffering agents making it gentler on the stomach.



In-store visibility

Strategy at the point of sale to **increase** the reach of consumers



SAP S/4 HANA Upgrade

with new tools and modules for demand planning



Winter Season Portfolio

with strong marketing execution

Strengthened Marketing and Perfect Go-To-Market Execution

Genomma further strengthened its marketing strategy and impact at the point of sale during the quarter, reinforcing advertising for the winter season portfolio among other initiatives. The expansion in points of sale and of Genomma's portfolio within the traditional trade channel continued during the fourth quarter 2019, resulting in an outstanding sales trend for this trade channel in Mexico, which will be expanded to the other countries in which Genomma has a presence.

Further, Genomma launched its social media-focused digital communication strategy during the second half of 2019. The [@genomma](https://www.instagram.com/genomma) Instagram account reached more than 2.3 million followers by year-end, driven by a strategy to improve the health and well-being of followers through tips shared by key Latin American "influencers".

World-Class Supply Chain

Genomma's supply chain is an essential pillar of the Company's new business model. The focus on maintaining service levels and fill-rates at the highest levels appropriate continued during the fourth quarter 2019, ensuring that products and brands throughout the portfolio reached the largest number of consumers. As part of this evolution process, the Company flawlessly upgraded its SAP S/4HANA ERP system in 2019 with new tools and modules to improve demand planning, logistics and distribution.

These systems upgrades enable best in class capabilities to support investments in the Company's new manufacturing facility. The OTC plant's governmental GMP certification approval phase is progressing under the given conditions.

Corporate Culture and Organization

The fourth pillar of Genomma's growth strategy is focused on a winning corporate culture and organization. During the year, a new regional management structure was implemented throughout Genomma's operations, merging countries into "regional clusters". The new structure consists of five clusters: United States, Mexico and Central America, Andean Region (Colombia, Ecuador, Peru), Brazil and Southern Cone (Argentina, Bolivia, Chile, Paraguay and Uruguay), enabling the Company to share best practices, capture synergies and eliminate redundant operations.

Mexico

Genomma's Mexico fourth quarter sales and EBITDA results remained strong, reflected in an 11.6% year-on-year sales increase to reach Ps 1.32 billion with a 19.8% EBITDA margin for the quarter; a 515 basis point year on year expansion. Full year top-line closed at Ps. 5.61 billion; a 14.4% year on year increase. Successful execution of Genomma's growth strategy underpinned strong results for the year, where

innovation and portfolio optimization, as well as strong go-to-market and communication initiatives, played key roles.

U.S.

The Company continued the implementation of its new U.S. strategy. Fourth quarter sales therefore decreased by 8.0% primarily due to reconfiguring of Genomma's portfolio and operations within this market and, to a lesser extent, a currency conversion effect with the appreciation of the Mexican peso relative to the U.S. dollar. Fourth quarter 2019 EBITDA margin contracted 9.9 percentage points year on year. The Company is confident that the new approach to this market, with a specific focus on a few specific key states and a new team specifically focused on said markets and on the Hispanic and mainstream consumers, as well as with an expanded and renewed portfolio of brands, will deliver sustained future growth in short term.



Bufferin®
relaunched in the US market



Tio Nacho® Anti-Daño
product Line extension for
Argentina market

Latin America

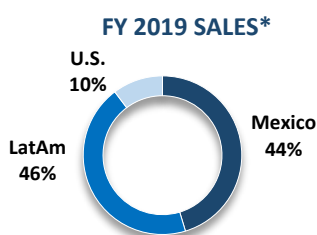
Fourth quarter 2019 sales for Genomma's Latin America operations reached Ps. 1.63 billion; a 1.8% year on year increase. This was mainly attributed to outstanding execution of Genomma's new strategies and product initiatives. Genomma also captured opportunities and efficiencies at the EBITDA margin level, closing the quarter with a 140 bps margin expansion year on year. These positive effects were partially offset by macroeconomic and social headwinds and, to a lesser extent, to local currency depreciation in some countries within the region.

New Manufacturing Facility Update



PC Manufacturing Facility
starting pre-installation
process for shampoo and
beverage production line

Consolidated Results for the Full Year 2019



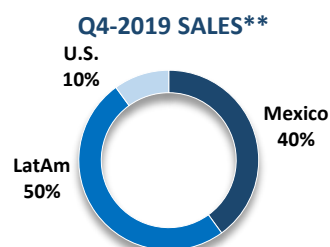
*Percentage of Consolidated Sales by Region for the 12 months of 2019.

FY 2019 EBITDA
increased by
Ps. 192.8 million,
year-on-year

Full Year 2019 Net Sales reached Ps. 12.76 billion; an 8.2% year on year increase. This was primarily due to the benefits of Genomma's new growth strategy implementation throughout the year. Improved sell-out rates, increased points of sale served, aggressive go-to-market and in-store strategies implemented across all regions, as well as successful advertising and marketing campaigns contributed to sales growth during the year. Full year 2019 top-line was also supported by product innovation initiatives and increased sales of seasonal products. Full year sales were partially impacted by regional macro, social and FX headwinds.

Full Year 2019 EBITDA reached Ps. 2.57 billion, compared to Ps. 2.38 billion for the same period of 2018. Full Year 2019 EBITDA margin reached 20.2% due to the operational leverage effect on fixed expenses resulting from top-line growth as well as from initial success of the Company's new strategy. This was partially offset by foreign exchange effects on Cost of Goods Sold, by increased sales of lower margin seasonal products as well as by certain extraordinary expenses during the year. Said expenses include new plant pre-operating expenses, investments allocated to new product launches, innovation strategies, go-to-market initiatives and investments in new digital and operational platforms to drive future growth.

Consolidated Results Fourth Quarter 2019



**Percentage of Consolidated Sales by Region for the 3 months of Q4-2019.

Fourth Quarter 2019 Net Sales reached Ps. 3.26 billion; a 4.5% year on year increase. Increased sales were primarily due to successful go-to-market and in-store strategies implemented across all regions as well as to advertising and marketing campaigns for Mexico and LatAm operations. To a lesser extent, fourth quarter 2019 top-line was supported by product innovation initiatives and increased sales of seasonal products. This enabled the Company to offset the negative impact of regional FX headwinds.

Fourth Quarter 2019 EBITDA reached Ps. 662.4 million, compared to Ps. 580.7 million for the same period of 2018. Fourth quarter 2019 EBITDA margin reached 20.3%. This 170 bps margin improvement is due to the operational leverage effect on fixed expenses resulting from top-line growth as well initial success of the Company's new strategy. This was partially offset by foreign exchange effects on Cost of Goods Sold, by increased sales of lower margin seasonal products and by extraordinary expenses during the quarter, including Ps. 31.5 million in new plant pre-operating expenses.

Sales by Category & Region

(Figures in million Mexican Pesos)

	Over-the-counter (OTC)			Personal Care (PC)			Total		
	Q42018	Q42019	% Var.	Q42018	Q42019	% Var.	Q42018	Q42019	% Var.
Mexico	757.4	791.0	4.4%	423.7	527.3	24.5%	1,181.1	1,318.3	11.6%
LatAm	703.6	597.1	(15.1)%	904.4	1,039.5	14.9%	1,608.0	1,636.6	1.8%
U.S.	189.7	178.7	(5.8)%	145.4	129.6	(10.9)%	335.1	308.3	(8.0)%
Total	1,650.7	1,566.8	(5.1)%	1,473.5	1,696.4	15.1%	3,124.2	3,263.2	4.4%

	Over-the-counter (OTC)			Personal Care (PC)			Total		
	FY2018	FY2019	% Var.	FY2018	FY2019	% Var.	FY2018	FY2019	% Var.
Mexico	2,940.3	3,263.0	11.0%	1,967.2	2,349.5	19.4%	4,907.5	5,612.5	14.4%
LatAm	2,137.2	2,086.3	(2.4)%	3,386.7	3,746.7	10.6%	5,523.9	5,833.0	5.6%
U.S.	766.3	792.3	3.4%	596.7	518.1	(13.2)%	1,363.0	1,310.4	(3.9)%
Total	5,843.8	6,141.6	5.1%	5,950.6	6,614.3	11.2%	11,794.4	12,755.9	8.2%

Results by Region Fourth Quarter 2019

Mexico

Net Sales for the fourth quarter 2019 reached Ps. 1.32 billion; a 11.6% year on year increase. This Ps. 137.2 million increase is primarily due to improved go-to market and in-store visibility initiatives as well as the Company's new Sales and Operations Planning (S&OP) system and additional points of sale resulting from renewed client relationships, as well as an increased presence and number of outlets within the traditional channel. This increase was also supported by the Company's product portfolio reconfiguration strategy which expands the reach of certain brands to a broader consumer base, as well as new marketing and commercial initiatives for some of Genomma's key brands and to successful winter season sales initiatives.

EBITDA for the quarter reached Ps. 261.3 million; a 19.8% sales margin reflecting a 515 bps year-on-year expansion. Fourth quarter 2019 EBITDA margin expansion was mainly the result of operational leverage associated with the double-digit top-line growth as well as savings from operational efficiencies achieved during the quarter. This was partially offset by pre-production and pre-operating processes expenses related to Genomma's new manufacturing facility.

U.S.

Fourth quarter 2019 Net Sales for Genomma's U.S. operations decreased by 8.0%, to Ps. 308.3 million. Decreased sales were partially due to Genomma's portfolio and operations reconfiguration process. To a lesser extent, sales figures when expressed in Mexican peso were adversely impacted by the appreciation of peso relative to the U.S. dollar. In addition, traditional pharmacy chain consumer traffic declined during the quarter due to increased competition from digital players coming on stream.

Fourth quarter 2019 EBITDA amounted to Ps. 23.6 million; a Ps. 35.4 million year-on-year decrease with a 9.9 percentage point year on year EBITDA margin contraction.

MEXICO

Sales in MXN: 1.32 billion

EBITDA Margin: 19.8%

U.S.

Sales in MXN: 308.3 million

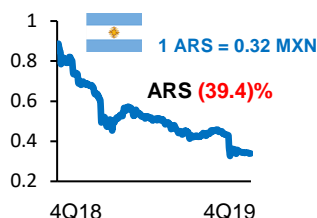
EBITDA Margin: 7.7%

LATIN AMERICA


Sales in MXN: 1.64 billion

EBITDA Margin: 23.1%

FX headwinds



Local Currency expressed in MXN

	BRL (7.0%)
	CLP (11.1%)
	COP (4.8%)
	UYU (39.3%)
	PYG (10.9%)

Q4-2019 SGM&A
decreased by
Ps. 73.3 million,
year-on-year

This was due to one-time in-store visibility investments supporting new product launches as well as Marketing, Digital & Consumer Research investments in digital platforms, social media influencers, and consumer insights enabling the Company to gain an in-depth understanding of U.S. consumer demographics, further strengthening Genomma's U.S. strategy.

Latin America

Net Sales for the quarter increased by 1.8% year on year, to Ps. 1.64 billion. Year on year sales increased by double-digits when expressed in local currency. Successful go-to-market initiatives, enhanced in-store visibility, product launches and innovation, as well as an increased store base resulting from new retailer relationships, drove top-line growth during the quarter and partially offset the effects of hyperinflation in Argentina and FX headwinds in certain markets. During the quarter, outstanding results were achieved at Genomma's Brazil, Ecuador, Uruguay, and Central America operations, which was offset by performance at the Chile, Colombia and Bolivia operations due to social unrest during the quarter.

EBITDA for the fourth quarter of 2019 reached Ps. 377.5 million, as compared to Ps. 347.8 million for the same period in 2018 with a 23.1% EBITDA margin; a 140 bps year on year margin expansion. The EBITDA margin improvement was due to double-digit growth at higher-margin operations and, to a lesser extent, to the opportunities and efficiencies captured during the period. Increased fourth quarter EBITDA was offset by macro headwinds and local currency depreciation within some markets in which Genomma has a presence.

Other Income Statement Results for Q4-2019

Gross Profit increased by 2.5%, to Ps. 2.06 billion in the fourth quarter of 2019, compared to Ps. 2.01 billion during the fourth quarter of 2018. Gross margin for the quarter decreased by 120 bps, to close at 63.1%. Gross margin contraction for the quarter was primarily driven by a short-term product mix effect as certain higher-cost SKUs made a more significant contribution to the Company's top-line results for the quarter and, to a lesser extent, increased input costs due to the depreciation of various currencies in the countries where Genomma operates.

Selling, General, Marketing and Administrative Expenses for the quarter declined by 430 bps as a percentage of net sales, to 44.0%, compared to 48.3% for the same quarter of 2018. The SGM&A improvement as a percentage of sales is primarily due to the operating leverage resulting from top-line growth and to the Company's ongoing focus on expense control.

Q4-2019 Net Income
increased by
Ps. 52.1 million,
year-on-year

Net Income amounted to Ps. 257.9 million in the fourth quarter of 2019, compared to Ps. 205.8 million in the fourth quarter of 2018. The Ps. 52.1 million increase is mainly due to the Ps. 144.1 million year on year decrease in fourth quarter Income Tax Expense.

Non-Operating Result for the Q4-2019

Comprehensive Financing Result represented a Ps. 257.6 million expense in the fourth quarter of 2019, compared to a Ps. 106.0 million expense in the fourth quarter of 2018. The Ps. 151.6 million negative variation was due to: i) a negative variation of Ps. 130.3 million in Foreign Exchange result during Q4 2019, compared to a Ps. 93.9 million gain during Q4 2018; ii) a Ps. 41.6 million net increase in the loss on the Company's monetary position in its inflationary subsidiary during Q4 2019 as compared to a 45.5 million loss in Q4 2018; and to iii) a Ps. 0.77 million decrease in interest income during Q4 2019 as compared to Q4 2018. The above was offset by a Ps. 21.1 million net decrease in interest expenses during Q4 2019 as compared to the same period of 2018.

Income Tax Expense for the fourth quarter 2019 reached Ps. 126.1 million as compared to the Ps. 270.2 million Income Tax Expense recorded during the fourth quarter of 2018.

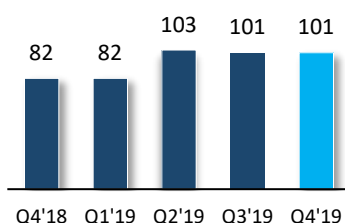
Financial Position

Working Capital remained under control as the Company's cash conversion cycle was flat sequentially with 101 days at the end of December 2019:

Days of Accounts Receivable (DSO)

	4Q18	3Q19	4Q19
Mexico	105	104	118
LatAm	85	91	86
U.S.	51	70	73
Consolidated	89	95	99

Cash Conversion Cycle
(Days)



- **Accounts Receivable** amounted to Ps. 3.49 billion as of December 31, 2019. The days of consolidated accounts receivable amounted to 99; a 4-day increase as compared to the third quarter of 2019.
- **Inventories** closed at Ps. 1.90 billion as of December 31, 2019. Days of Inventories amounted to 148; a 15-day decrease as compared to September 30, 2019, and a 4-day decrease when compared with the end of 2018.
- **Trade Payables** amounted to Ps. 1.78 billion as of December 31, 2019. As of the fourth quarter 2019, Days Payable Outstanding (DPO) decreased to 146 days, from 156 days as of September 30, 2019. The 10-day decrease is due to the acceleration of payment agreements to take advantage of certain discounts opportunities.

Fixed Assets. The Company invested Ps. 245.7 million in the three months ended December 31, 2019, primarily related to the construction of the Company's new manufacturing facility located in the State of Mexico.

Recoverable Taxes. This position is comprised of claims against the tax authorities relating mostly to VAT (IVA) and income taxes. The position has decreased by Ps. 30.1 million at the end of 2019.

Net Financial Debt increased year-on-year mainly due to the investments made into the Company's new manufacturing facility and:

- **Cash and Equivalents** amounted to Ps. 922.9 million as of December 31, 2019, representing a 34.8% year on year decrease.
- **Gross Financial Debt** amounted to Ps. 6.03 billion as of December 31, 2019, compared to Ps. 5.87 billion as of December 2018; a Ps. 161.3 million increase year on year. The Company's long-term debt represented 74.3% of gross financial debt at the end of the fourth quarter 2019.
- **Net Financial Debt** amounted to Ps. 5.11 billion as of December 31, 2019; a Ps. 653.0 million increase as compared to December 31, 2018.

Share Buyback Program. During the three months ended December 31, 2019, the Company relocated 100,000 of its shares, representing a cash income of Ps. 1.89 million as part of its Share Buyback Program.

Free Cash Flow from Operations. Excluding investments made in the Company's new manufacturing facility, adjusted free cash flow for the twelve months ended December 31, 2019 would have reached Ps. 790.9 million. Most of the cash flow generated during the year was reinvested into the Company's new manufacturing facility and working capital investments to fuel growth.

A total balance of
36,060,792 shares
 in the **Buyback Program**
 as of December 31, 2019

Key Financial Metrics

	Q4-2019
EBITDA / Interest Paid	3.5x
Net Debt / EBITDA	2.00x

CONFERENCE CALL Q4-2019

Thursday, February 27, 2020
at 11:00 a.m. ET /
10:00 a.m. CST

Led by:

Jorge Luis Brake
CEO

Antonio Zamora
CFO

Enrique González
IRO

Webcast:

[Genomma Lab Q4 '19 Results
Call](#)

To participate, please
dial-in:

United States:

+1 877-407-8031

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+1 201-689-8031

Fourth Quarter 2019 Other Relevant Events

- **Placement of Ps. 800.0 million through two unsecured short-term local bonds**
Offerings were oversubscribed; Issued under Genomma's Recurring Debt Issuer Program.

Impact from the Adoption of New Accounting Standards

- [New Accounting Standards Impact \(April 29, 2019\)](#)
- [2018 Quarterly Financial Statements Restatement \(May 1, 2019\)](#)

Sell-side Analyst Coverage

As of the February 26, 2020 LAB B is covered by 14 sell-side analysts at the following brokerages: Casa de Bolsa Credit Suisse; Banco Itaú BBA; JP Morgan Securities; BBVA Bancomer; UBS Casa de Bolsa; Vector Casa de Bolsa; Barclays Bank; BTG Pactual US Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; HSBC Securities (USA); Invex Grupo Financiero; Actinver Casa de Bolsa and Monex Grupo Financiero.

About

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 a broad range of premium branded products, many of which are leaders in the categories in which they compete in terms of sales and market share. Genomma Lab relies on the combination of a successful new product development process, a consumer-oriented marketing, a broad retail distribution network and a low-cost, highly flexible operating model.

Genomma Lab's shares are listed on the Mexican Stock Exchange under the ticker "**LAB B**" (Bloomberg: **LABB:MM**).



Note on Forward-Looking Statements

This report may contain certain forward-looking statements and information relating to the Company that reflect the current views and/or expectations of the Company and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe," "anticipate," "expect," "envisages," "will likely result," or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this presentation and in oral statements made by authorized officers of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME

For the three and twelve months ended December 31, 2019 and 2018

	FOURTH QUARTER				ACCUMULATED			
	2019	% Sales	2018	% Sales	2019	% Sales	2018	% Sales
Net Sales	3,263,274	100.0%	3,124,066	100.0%	12,755,893	100.0%	11,794,419	100.0%
Cost of goods sold	1,205,214	36.9%	1,116,775	35.7%	4,625,801	36.3%	4,029,685	34.2%
Gross Profit	2,058,060	63.1%	2,007,291	64.3%	8,130,092	63.7%	7,764,734	65.8%
Selling, general and administrative expenses	1,436,274	44.0%	1,509,617	48.3%	5,616,004	44.0%	5,500,597	46.6%
Other (income) expense	(40,617)	(1.2)%	(83,036)	(2.7)%	(57,077)	(0.4)%	(114,217)	(1.0)%
EBITDA	662,403	20.3%	580,710	18.6%	2,571,165	20.2%	2,378,354	20.2%
Depreciation and amortization	39,275	1.2%	28,720	0.9%	136,191	1.1%	77,258	0.7%
Income from operations	623,128	19.1%	551,990	17.7%	2,434,974	19.1%	2,301,096	19.5%
Interest expense	(140,274)	(4.3)%	(161,405)	(5.2)%	(606,676)	(4.8)%	(554,634)	(4.7)%
Interest income	6,186	0.2%	6,954	0.2%	28,775	0.2%	31,769	0.3%
Foreign exchange result	(36,428)	(1.1)%	93,918	3.0%	(151,573)	(1.2)%	901	0.0%
Inflationary result from monetary position	(87,077)	(2.7)%	(45,485)	(1.5)%	(214,032)	(1.7)%	(79,854)	(0.7)%
Comprehensive financing income (cost)	(257,593)	(7.9)%	(106,018)	(3.4)%	(943,506)	(7.4)%	(601,818)	(5.1)%
Associated company	18,459	0.6%	29,988	1.0%	44,733	0.4%	64,162	0.5%
Income before income taxes	383,994	11.8%	475,960	15.2%	1,536,201	12.0%	1,763,440	15.0%
Income tax expense	126,112	3.9%	270,162	8.6%	549,495	4.3%	653,975	5.5%
Consolidated net income	257,882	7.9%	205,798	6.6%	986,706	7.7%	1,109,465	9.4%

GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2019 and 2018 and September 30, 2019

	As of		As of
	December 31,	December 31,	September 30,
	2019	2018	2019
ASSETS			
CURRENT ASSETS			
Cash and equivalents and restricted fund	922,946	1,414,641	1,133,191
Clients - Net	3,496,266	2,923,135	3,314,220
Recoverable Taxes	1,556,986	1,587,097	1,633,237
Other accounts receivable*	1,430,303	808,944	1,167,803
Inventory - Net	1,902,567	1,697,032	2,057,041
Prepaid expenses	681,360	566,715	620,686
Total current assets	9,990,428	8,997,564	9,926,178
Non-current assets			
Trademarks	4,754,093	4,858,774	4,747,335
Investment in shares	1,600,702	1,555,834	1,582,108
Building, properties and equipment – Net	2,200,591	1,870,234	2,063,247
Deferred income tax, assets and others	786,777	794,851	786,694
Total non-current assets	9,342,163	9,079,693	9,179,384
TOTAL ASSETS	19,332,591	18,077,257	19,105,562
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term debt and Current portion of long-term debt	1,550,006	676,022	1,336,062
Suppliers	1,870,566	1,774,441	1,749,237
Other current liabilities	2,010,186	1,866,678	2,203,715
Income tax payable	196,501	168,177	183,872
Total current liabilities	5,627,259	4,485,318	5,472,886
Non-current liabilities			
Long-term debt securities	2,438,806	3,928,961	2,436,405
Long-term loans with financial institutions	2,045,860	1,268,389	2,185,043
Deferred income tax and other long term liabilities	175,837	166,770	193,860
Payable dividends to shareholders	800,000	800,000	800,000
Total liabilities	11,087,762	10,649,438	11,088,194
Stockholders' equity			
Contributed Capital	1,914,306	1,914,306	1,914,306
Retained earnings	7,752,494	6,806,180	7,474,638
Cumulative translation effects of foreign subsidiaries	(19,891)	27,606	32,401
Repurchased shares - Net	(1,402,080)	(1,320,273)	(1,403,977)
Total stockholders' equity	8,244,829	7,427,819	8,017,368
TOTAL EQUITY AND LIABILITIES	19,332,591	18,077,257	19,105,562

*Includes warranty deposits, deferred income tax, investment projects, software and sanitary registries.

GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three and twelve months ended December 31, 2019

Thousands of Mexican pesos	4Q-2019	2019
<i>Cash and cash equivalents beginning of period</i>	1,133,192	1,414,641
<i>Consolidated Net Income</i>	257,883	986,706
<i>Charges to results with no cash flow:</i>		
Depreciation and amortization	39,593	137,462
Income tax	125,815	549,199
Accrued interest and others	138,013	680,808
	561,304	2,354,175
<i>Changes in Working Capital:</i>		
Clients - Net	(353,772)	(744,858)
Recoverable taxes (Income tax compensated with VAT)	305,055	9,359
Inventories	6,284	(354,859)
Suppliers	(30,322)	166,928
Other current assets	(426,643)	(419,358)
Paid income tax	(39,925)	(324,475)
Other current liabilities	257,346	317,240
	(281,977)	(1,350,023)
<i>Net cash generated (used) in operating activities</i>	279,327	1,004,152
<i>Investing activities:</i>		
Investment in fixed assets	(340,735)	(838,857)
Sales of equipment	1,614	6,349
Other asset acquisitions	(31,306)	(14,872)
<i>Net cash generated (used) in investing activities</i>	(370,427)	(847,380)
<i>Financing activities:</i>		
Payments of borrowings with financial institutions	(367,669)	(3,437,102)
Loans with financial and securities institutions	441,336	3,587,463
Interest paid	(188,981)	(626,455)
Stock repurchase	-	(90,900)
Sale of repurchased shares	1,897	6,755
Liabilities and finance leases paid	(14,797)	(56,509)
<i>Net cash used in financing activities</i>	(128,214)	(616,748)
<i>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</i>	(219,314)	(459,976)
Foreign exchange and inflationary effects from international operations	9,068	(31,719)
<i>Accumulated cash flow at the end of the period</i>	922,946	922,946
Less - restricted fund	23,279	23,279
<i>Cash and cash equivalents at end of period balance for operation</i>	899,667	899,667