

Genomma Lab Internacional Reports Second Quarter 2020 Results

Mexico City, July 22, 2020 – **Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B)** (“Genomma Lab” or “the Company”), today announced its results for the second quarter ended June 30, 2020. 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 second quarter 2020 as compared with the same period in 2019:

	Q2 2020	% Sales	Q2 2019	% Sales	Var. %
Net Sales	3,636.3	100%	3,277.5	100.0%	10.9%
Gross Profit	2,178.4	59.9%	2,087.9	63.7%	4.3%
Operating Income	714.9	19.7%	633.3	19.3%	12.9%
EBITDA⁽¹⁾	754.9	20.8%	667.5	20.4%	13.1%
Net Income	360.8	9.9%	243.2	7.4%	48.4%

1) EBITDA defined as operating income before depreciation and amortization.

Comments from the CEO

Mr. Jorge Brake, Chief Executive Officer, commented: “While Genomma Lab faced an exceptionally challenging second quarter 2020, we continued to embrace the crisis mindset to transform headwinds into opportunities for our Company, supported by all four pillars of our 2020 growth and expansion strategy. Innovation was an important driver during the quarter with continued line extensions, new categories and product launches. We also expanded our reach and deepened our presence within key retail outlets, particularly in the traditional channel, while leveraging our strong presence in the many e-commerce platforms vital to consumers’ access to our products in the current environment. The strength of our organization and of our corporate culture have been critical to our success during this period of volatility, and one of the reasons we have delivered outstanding execution within today’s unprecedented market environment- reflected in robust growth throughout the regions in which we are present. This is further evidence of our continued evolution and transformation, I am confident we will emerge from the current crisis as an even stronger Company.”

He added: “I’m honored that LAB was one of the 29 companies recently included within the new S&P/BMV Total Mexico ESG Index. Further, we remained focused on social responsibility during the quarter, donating more than 950,000 Genomma products to local communities in need and 10,000 meals to front-line medical personnel as part of Genomma’s Feeding the Heroes campaign in Mexico. This reaffirms our commitment to social and environmental responsibility, and to continuously delivering value for all of our stakeholders.”

HIGHLIGHTS

Q2-2020 Sales increased by
Ps. 358.8 million;
+10.9% year-on-year

Q2-2020 EBITDA grew
13.1% with a **20.8% margin;**
+40 bps year-on-year
margin expansion

Q2-2020 Net Income
increased by
Ps. 117.6 million;
+48.4% year-on-year

Net Debt to EBITDA ratio
closed at **1.9x**
at the end of **Q2-2020**

Capex Investments for the
six months ended
June 30, 2020 reached
Ps. 219.1 million.

KEY DATA

% Sales by Segment:

 OTC 53.8%

 PC 46.2%



*Points of Sale



Groomen[®]
New category
in **Mexico**
[\(Watch video\)](#)

Business Review

Genomma Lab achieved strong growth in the second quarter of 2020 despite a challenging consumer and economic backdrop resulting from the COVID-19 global pandemic. Results for the quarter therefore represent the sixth consecutive quarter of growth and profitability for the Company.

Genomma's 10.9% second quarter top-line increase is a reflection of continued strong execution of the Company's growth strategy, based on four key strategic pillars, as well as the unwavering dedication and commitment of the Genomma team throughout the countries in which it operates. The Company's successful business model, considerable resilience and demonstrated ability to adapt to evolving consumer preferences and demand trends were supported by its strong and a well-diversified portfolio of leading OTC and Personal Care brands.

The second quarter 2020 EBITDA margin closed at 20.8%; a 40 basis point year on year increase, as the Company continues to deliver on its commitment to growth and profitability, supported by a positive sales mix and an ongoing focus on cost and expense containment. These results were partially impacted by FX headwinds and extraordinary investments to keep the growth strategy ongoing.

Product Innovation and Portfolio Optimization

During the quarter, Genomma Lab made significant progress delivering on line extensions and product innovation, including new brands and categories, supported by a deep understanding of changing consumer trends. In Mexico, Genomma introduced its new razor category within the Personal Care portfolio under the *Groomen[®]* brand with a favorable initial response. This new category represents an important long-term growth opportunity.

During the quarter, Genomma's antibacterial gel product line continued to expand the Company's footprint within the U.S., as well as in Mexico, Argentina and Colombia. In Argentina, taking advantage of the coming winter season in this market, Genomma launched a complete line of antibacterial products under the *Next-AB[®]* brand, including disinfecting wet wipes, alcohol-based hand sanitizer and antibacterial soap with a touch of aloe vera.

Other examples of innovation during the quarter include: 1) In Brazil, the launch of the *Next[®]* brand anti-flu medicine and the positioning of the *OraQuick[®]* brand, the region's first kit for at home HIV testing; 2) the introduction of *Cicatricure[®] Gold Lift* cream in the U.S., Mexico, Brazil and Chile within the "affordable luxury" product category and, 3) the successful launch of the *Suerox[®]* isotonic beverage in the United States.



Next-AB[®]
New line of antibacterial
products in **Argentina**
[\(Watch video\)](#)



**Meals and Personal Care
products** donated to
healthcare institutions and
medical teams
[\(Watch video\)](#)



Tío Nacho[®] Coco
Product line extension

Strengthened Marketing and Perfect Go-To-Market Execution

Genomma continued to adapt its communication, visibility and marketing capabilities to the new consumption environment, calibrating the Company's reach and product mix to altered consumer behavior. During the quarter, the Company strengthened relationships with independent pharmacies to increase its presence and visibility in Brazil, Peru and Colombia.

The Company also launched new initiatives and projects focused on increasing sales and presence across the different online platforms and digital e-commerce channels, adapting to ever-increasing consumer demand through these important channels. This successfully accelerated sales contribution from these channels during the quarter.

World-Class Supply Chain

During the second quarter Genomma's **Personal Care** production facility, which includes the first shampoo and beverage manufacturing lines progressed according to plan. Initial stages of operation would be expected to begin during the fourth quarter. Genomma's OTC production facility awaits the COFEPRIS visit to obtain GMP certificate.

Between January and June 2020, investments related to Genomma's manufacturing facilities reached Ps. 219.1 million with pre-operating expenses of approximately Ps. 30.2 million.

Corporate Culture and Organization

The Company has maintained its remote office model indefinitely for all corporate positions in light of the current COVID-19 pandemic. Genomma's new operating model also ensures that all field employees are provided with the necessary equipment and safety measures to continue operating without disruption.

As part of Genomma's environmental and social commitment, more than 950,000 health care and personal hygiene products were donated to various health and welfare organizations during the quarter, and 10,000 meals were distributed to COVID-19 front-line medical personnel.

Mexico

Genomma's Mexico operations continued a positive trend, achieving a 5.0% increase in sales, to close at Ps. 1.52 billion for the second quarter. This Ps. 71.5 million increase is primarily due to the expansion and growth strategies implemented within this market, specifically: new categories such as the antibacterial line, razors and infant formulas, as well as continued product line extensions initiatives for brands like *Tío Nacho[®]* and *Cicatricure[®]*, among others. Second quarter sales growth was also due to incremental points of sale served through new commercial agreements and an increased presence of Genomma's portfolio within the traditional channel.

Second quarter 2020 EBITDA margin expanded by 50 bps, to 19.2%, primarily due to operating leverage from increased sales, lower advertising and marketing investments, as well as a continued focus on cost and expense controls.

U.S.

Genomma's second quarter 2020 results for its U.S. operations successfully reversed the negative trend of prior quarters, with a meaningful growth in sales achieving a 47.8% year on year increase. This was due to successful initial execution of the Company's new operating strategy within this market, as well as the sales of Genomma's product launches and new categories, which included: *Cicatricure[®] Gold Lift*, *Tío Nacho[®] Thickening*, *Asepxia[®] Charcoal*, *Teatrical[®] Pro-Aclarant*, *Bufferin[®]*, *Next[®]* hand sanitizer and the *Suerox[®]* isotonic beverage.

EBITDA margin for the quarter closed at 10.1%; a 3.4 percentage point's year-over-year decrease primarily due to one-time investments made during the quarter to increase communication, marketing and in-store visibility to support new product launches and new operational strategies.

Latin America

Genomma's second quarter 2020 Latin America sales reached Ps. 1.64 billion; an 8.8% year on year increase mainly due to solid top-line growth in Uruguay, Central America, Paraguay, Peru, Argentina and Ecuador, where various initiatives and strategies were implemented during the quarter, successfully adapting to changing consumer trends and impacts from social distancing policies in the countries where Genomma operates.

These initiatives and strategies include an expanded presence of *Revie[®]* shampoo in Brazil, increased sales from the introduction of *Vanart[®]* sachets in Peru and Colombia, the increased presence of *Asepxia[®] Carbon* in the region and the introduction of *Next[®]* OTC products in Brazil, Argentina and Colombia. Further, the regional launch of cough and cold *Tuko[®]* cough and cold brand and the introduction of *Tío Nacho[®]* shampoo also contributed to quarterly top-line growth. To a lesser extent, the launch of Genomma's new antibacterial line in Argentina and Colombia saw positive initial results. These were partially offset by decreased consumer demand in some Latin American countries due to varying degrees of social distancing affecting consumer demand.

Genomma Lab maintained strict cost and expense controls during the quarter, achieving significant savings and efficiencies, resulting in a 190 bps year-on-year EBITDA margin expansion to close at 25.4%. These were adversely impacted by FX headwinds across the region.



Suerox[®]
Initial launch of isotonic beverage for **U.S. Market**



Next[®]
Blister and Box presentation launched in **Brazil**
[\(Watch video\)](#)

New Personal Care Manufacturing Facility

Manufacturing Facility
Personal Care Production Line
for **Shampoo** and **Beverage**
under installation process



Water Treatment Machinery Room, for Personal Care Plant



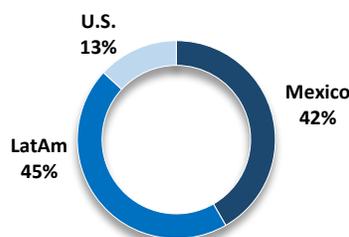
Isotonic beverage production line for Suerox[®] brand



State-of-the-art fully automated equipment

Team of Experts from **Italy** and **Germany** have been commissioned for **final phase** of the Personal Care installation process

Q2-2020 SALES*



*Percentage of Consolidated Sales by Region for the 3 months ended Q2-2020.

40 bps EBITDA Margin
expansion year on year

Consolidated Results for the Second Quarter of 2020

Second Quarter 2020 Net Sales reached Ps. 3.64 billion; a 10.9% year on year increase. This Ps. 358.8 million increase is mainly due to the sales from product launches and line extensions across three regions where the Company operates. Additionally, sales from new categories and the incremental in numbers of points of sales served contributed to second quarter consolidated figures. These positive effects on sales were partially offset by decreased demand due to varying degrees of quarantine in the countries where Genomma operates, coupled with FX headwinds.

Second Quarter 2020 EBITDA reached Ps. 754.9 million, compared to Ps. 667.5 million for the same period of 2019. Second Quarter 2020 EBITDA margin reached 20.8%. This 40-bps margin improvement is the result of operating leverage from increased sales, positive sales mix effects and the constant savings and efficiencies from costs and expenses containment strategies. This was partially offset by extraordinary investments for new product and category launches. To a lesser extent, FX headwinds and new plant pre-operating expenses offset second quarter EBITDA margin expansion.

Sales by Category & Region

(Figures in million Mexican Pesos)

	Over-the-counter (OTC)			Personal Care			Total		
	Q2'19	Q2'20	% Var.	Q2'19	Q2'20	% Var.	Q2'19	Q2'20	% Var.
Mexico	755.4	734.7	(2.7%)	688.8	781.0	13.4%	1,444.2	1,515.7	5.0%
LatAm	549.8	823.4	49.8%	959.9	818.8	(14.7%)	1,509.7	1,642.2	8.8%
U.S.	173.8	397.2	128.5%	149.8	81.2	(45.8%)	323.6	478.4	47.8%
Total	1,479.0	1,955.3	32.2%	1,798.5	1,681.0	(6.5%)	3,277.5	3,636.3	10.9%

Results by Region for the Second Quarter of 2020

MEXICO
Sales in MXN: 1.52 billion
EBITDA Margin: 19.2%

Mexico

Second quarter 2020 Net Sales reached Ps. 1.52 billion; a 5.0%, or Ps. 71.5 million, year on year increase. This was due to increased sales within Genomma's new categories, product launches and line extensions, successful advertising and marketing initiatives, improved fill-rate levels as well as additional points of sale reached across the different trade channels.

EBITDA for the quarter reached Ps. 290.4 million; a 19.2% EBITDA margin reflecting a 50 bps year-on-year increase. Second Quarter 2020 EBITDA margin expansion was supported by the increased operating leverage associated with top-line growth and the ongoing efforts to maintain cost and expense controls.

U.S.

Sales in MXN: 478.4 million
EBITDA Margin: 10.1%

U.S.

Second Quarter 2020 Net Sales for Genomma’s U.S. operations increased by 47.8%, to Ps. 478.4 million. Increased sales were mainly the result of the Company’s operations restructuring strategy implemented in 2019 within this market, with improved in-store visibility, marketing and communication, as well as increased sales from new categories and product launches. To a lesser extent, Second Quarter 2020 top-line was supported by a weaker Mexican peso relative to the US dollar.

Second Quarter 2020 EBITDA reached Ps. 48.2 million, to close at 10.1% EBITDA margin. The 3.4 percentage point of margin contraction was the result of higher investments made in marketing, visibility and communications strategies to support new categories and product launches. Second quarter EBITDA margin expanded by 70 bps quarter on quarter, representing initial benefits from new operational strategies.

LATIN AMERICA

Sales in MXN: 1.64 billion
EBITDA Margin: 25.4%

Latin America

Net Sales for the Latin American region grew 8.8% year on year, to Ps. 1.64 billion. Increased sales were mainly due to product innovation and new line extension launches across the region, followed by agreements made with pharma clients and retailers in order to improve product visibility as well as an increase in points of sale served. To a lesser extent, the positive effect in sales is the result of increased presence and sales in the e-commerce channel. This was partially offset by a varying degrees of lockdown measures and more restrictive mobility policies in some markets.

Second quarter 2020 EBITDA reached Ps. 416.4 million , as compared to Ps. 354.2 million for the same period in 2019 with a 25.4% EBITDA margin; a 190-bps year on year margin increase. Margin improvement was primarily due to increased sales from higher margin SKUs, as well as SG&A optimization and efficiency strategies implemented during the quarter. This was partially offset by FX and macro headwinds within some markets in which Genomma Lab operates.

FX headwinds



Local Currency expressed in MXN



BRL (10.9%)



UYU (1.5%)

Other Income Statement Results for the Second Quarter of 2020

Gross Profit increased by 4.3%, to Ps. 2.18 billion in the Second Quarter of 2020, compared to Ps. 2.09 billion during the second quarter of 2019. Gross margin for the quarter decreased by 380 bps, to close at 59.9%. Gross margin contraction was primarily driven by increased input costs due FX headwinds. In addition, the gross margin decline was due to the temporary effect of accruing raw material inventories as well as related costs for Genomma’s future in-house production.

Selling, General, Marketing and Administrative Expenses for the quarter declined by 410 bps as a percentage of net sales, to 39.4%, compared to 43.5% for the same quarter of 2019. The SGM&A improvement as a percentage of sales is primarily due to operating leverage resulting from top-line growth and to the Company’s optimization efforts and ongoing focus on expense control.

Q2-2020 Net Income increased by **48.4%** year-on-year

Decrease of **Ps. 126.1 million** in Comprehensive Financing Result

Net Income amounted to Ps. 360.8 million in the Second Quarter of 2020, compared to Ps. 243.2 million in the second quarter of 2019. The Ps. 117.6 million increase is mainly the result of increased operating profit, lower cost of financing, and a positive foreign exchange result.

Non-Operating Result for the Second Quarter of 2020

Comprehensive Financing Result represented a Ps. 111.4 million expense in the second quarter of 2020, compared to a Ps. 237.5 million expense in the second quarter of 2019. The Ps. 126.1 million positive variation was is mainly due to: i) a Ps. 67.1 million net positive variation on the Company's monetary position in its inflationary subsidiary, mainly due to IAS-29, during Q2 2020 as compared to a 60.4 million loss in Q2 2019; ii) a net loss decrease of Ps. 29.8 million in Foreign Exchange result during Q2 2020, as compared to Q2 2019; and iii) a Ps. 28.7 million net decrease in interest expense during Q2 2020 as compared to Q2 2019.

Income Tax Expense for the Second Quarter 2020 reached Ps. 248.3 million as compared to the Ps. 172.3 million Income Tax Expense recorded during the second quarter of 2019.

Financial Position

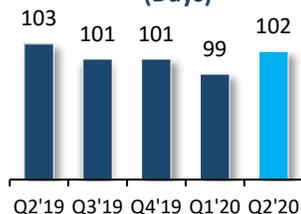
Working Capital was optimized during the quarter and the cash conversion cycle was reduced by one day: from 103 days at the end of June 2019 to 102 days at the end of June 2020:

Days of Accounts Receivable (DSO)

	2Q19	1Q20	2Q20
Mexico	116	121	118
LatAm	95	112	114
U.S.	77	93	97
Consolidated	102	114	118

- **Accounts Receivable** amounted to Ps. 4.37 billion as of June 30, 2020. The days of consolidated accounts receivable amounted to 118; a 16-day increase when compared to second quarter of 2019. This was mainly the result of increased sales accounted for at the end of the quarter.
- **Inventories** closed at Ps. 2.19 billion as of June 30, 2020. Days of Inventories amounted to 156; a 7-day decrease when compared with the second quarter of 2019.
- **Trade Payables** amounted to Ps. 1.86 billion as of June 30, 2020. As of the Second Quarter 2020, Days Payable Outstanding (DPO) increased to 172 days, from 162 days as of June 30, 2019. The 10-day increase is the result of Genomma's new operation supported by S&OP.

Cash Conversion Cycle (Days)



Net Debt to EBITDA ratio at the end of **Q2-2020** closed at **1.9x**

Fixed Assets. The Company invested Ps. 219.1 million during the six months ended June 30, 2020, primarily related to the construction and installation process 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 decreased by Ps. 56.9 million over the last twelve months.

Net Financial Debt decreased when compared with year-end 2019:

- **Cash and Equivalents** amounted to Ps. 1.21 billion as of June 30, 2020, representing a 31.1% increase as compared to December 31, 2019.
- **Gross Financial Debt** amounted to Ps. 6.20 billion as of June 30, 2020, compared to Ps. 6.03 billion as of December 31st, 2019; a Ps. 166.3 million increase. The Company's long-term debt represented 27.8% of gross financial debt at the end of the Second Quarter 2020.
- **Net Financial Debt** amounted to Ps. 4.99 billion as of June 30, 2020; a Ps. 120.3 million decrease as compared to December 31, 2019.

Share Buyback Program. During the three months ended June 30, 2020 the Company repurchased a total of 35,000 shares, representing a total investment of Ps. 0.6 million.

Free Cash Flow from Operations. Excluding investments made in the Company's new manufacturing facility, free cash flow for the six months ended June 30, 2020 would have reached Ps. 535.3 million. Most of the cash flow generated during the year was reinvested into the Company's new manufacturing facility and also was directed towards working capital investments to fuel growth.

Key Financial Metrics

	Q2-2020
EBITDA / Interest Paid	4.8x
Net Debt / EBITDA	1.9x

A total balance of **36,085,792 shares** in the **Buyback Program** as of June 30, 2020

CONFERENCE CALL Q2-2020

Thursday, July 23, 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's Q2 '20 Earnings Call](#)

To participate, please
dial-in:

United States:

+1 877-407-0784

International:

+1 201-689-8560

Receive a Call:

[Call Me Link](#)

Second Quarter 2020 Other Relevant Events

- [Mr. Marco Francisco Forastieri Muñoz joined as an Independent Member of the Company's Board of Directors and Mr. Efrain Tapia Córdova was appointed as Secretary non-member of the Company's Board of Directors](#)
- [Genomma Lab Internacional S.A.B. de C.V. included as a constituent of the "S&P/BMV Total Mexico ESG Index"](#)

Additional Information

- [New Accounting Standards Impact \(April 29, 2019\)](#)
- [2018 Quarterly Financial Statements Restatement \(May 1, 2019\)](#)
- [Genomma Lab Internacional 2019 Integrated Annual Report](#)

Sell-side Analyst Coverage

As of July 22, 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 Grupo Financiero; 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. Risks and uncertainties include, but are not limited to: risks related to the impact of the COVID-19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, material delays, supply chain disruptions and other impacts to the business, or on the Company's ability to execute business continuity plans as a result of the COVID-19 pandemic, economic factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products attained by competitors; challenges inherent in new product development; the ability of the Company to successfully execute strategic plans; the impact of business combinations and divestitures; manufacturing difficulties or delays, internally or within the supply chain; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws; changes in behavior and spending patterns of purchasers of products and services; financial instability of international economies and legal systems and sovereign risk. A further list and descriptions of these risks, uncertainties and other factors can be found within the Company's related filings with the Bolsa Mexicana de Valores. Any forward-looking statement made in this release speaks only as of the date of this release. 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 six months ended June 30, 2020 and 2019

Thousand of Mexican pesos

	SECOND QUARTER				ACCUMULATED			
	2020	%Sales	2019	%Sales	2020	%Sales	2019	%Sales
Net Sales	3,636,325	100.0%	3,277,463	100.0%	6,970,861	100.0%	6,415,314	100.0%
Cost of goods sold	1,457,955	40.1%	1,189,592	36.3%	2,730,870	39.2%	2,305,338	35.9%
Gross Profit	2,178,370	59.9%	2,087,871	63.7%	4,239,991	60.8%	4,109,976	64.1%
Selling, general and administrative expenses	1,432,883	39.4%	1,424,303	43.5%	2,817,400	40.4%	2,833,428	44.2%
Other (income) expense	(9,448)	(0.3)%	(3,949)	(0.1)%	(10,699)	(0.2)%	(15,145)	(0.2)%
EBITDA	754,935	20.8%	667,517	20.4%	1,433,290	20.6%	1,291,693	20.1%
Depreciation and amortization	40,080	1.1%	34,234	1.0%	77,878	1.1%	61,294	1.0%
Income from operations	714,855	19.7%	633,283	19.3%	1,355,412	19.4%	1,230,399	19.2%
Interest expense	(113,577)	(3.1)%	(142,288)	(4.3)%	(242,878)	(3.5)%	(304,505)	(4.7)%
Interest income	6,907	0.2%	6,430	0.2%	12,407	0.2%	14,574	0.2%
Foreign exchange result	(11,493)	(0.3)%	(41,309)	(1.3)%	131,201	1.9%	(86,825)	(1.4)%
Inflationary result from monetary position	6,725	0.2%	(60,374)	(1.8)%	(86,408)	(1.2)%	(98,201)	(1.5)%
Comprehensive financing income (cost)	(111,438)	(3.1)%	(237,541)	(7.2)%	(185,678)	(2.7)%	(474,957)	(7.4)%
Associated company	5,686	0.2%	19,702	0.6%	19,075	0.3%	29,864	0.5%
Income before income taxes	609,103	16.8%	415,444	12.7%	1,188,809	17.1%	785,306	12.2%
Income tax expense	248,286	6.8%	172,269	5.3%	454,358	6.5%	289,870	4.5%
Consolidated net income	360,817	9.9%	243,175	7.4%	734,451	10.5%	495,436	7.7%

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

As of June 30, 2020 and 2019 and December 31, 2019

Thousands of Mexican pesos	As of		As of
	June 30,	2019	December 31,
	2020	2019	2019
ASSETS			
CURRENT ASSETS			
Cash and equivalents and restricted fund	1,209,516	1,214,160	922,941
Clients - Net	4,366,950	3,469,504	3,439,539
Recoverable Taxes	1,579,693	1,636,624	1,556,923
Other accounts receivable*	1,181,611	1,246,481	1,308,944
Inventory - Net	2,193,189	1,958,495	1,907,843
Prepaid expenses	792,025	954,453	681,359
Total current assets	11,322,984	10,479,717	9,817,549
Non-current assets			
Trademarks	4,922,788	4,823,098	4,913,215
Investment in shares	1,652,682	1,585,698	1,634,721
Building, properties and equipment – Net	2,430,377	1,760,761	2,159,455
Deferred income tax, assets and others	772,935	763,048	729,810
Total non-current assets	9,778,782	8,932,605	9,437,201
TOTAL ASSETS	21,101,766	19,412,322	19,254,750
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Current portion of long-term debt	4,479,627	2,150,196	1,550,006
Suppliers	1,861,594	1,946,071	1,881,177
Other current liabilities	2,650,067	2,093,249	2,053,049
Income tax payable	234,126	114,676	194,307
Total current liabilities	9,225,414	6,304,192	5,678,539
Non-current liabilities			
Long-term debt securities	-	2,434,328	2,438,806
Long-term loans with financial institutions	1,721,334	1,455,800	2,045,860
Deferred income tax and other long term liabilities	415,762	496,801	317,437
Payable dividends to shareholders	800,000	800,000	800,000
Total liabilities	12,162,510	11,491,121	11,280,642
Stockholders' equity			
Contributed Capital	1,912,967	1,914,306	1,912,967
Retained earnings	8,270,565	7,365,773	7,481,907
Cumulative translation effects of foreign subsidiaries	156,055	18,147	(20,025)
Repurchased shares - Net	(1,400,331)	(1,377,025)	(1,400,741)
Total stockholders' equity	8,939,256	7,921,201	7,974,108
TOTAL EQUITY AND LIABILITIES	21,101,766	19,412,322	19,254,750

*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 months ended June 30, 2020

Thousands of Mexican pesos	2Q-2020
<i>Cash and cash equivalents beginning of period</i>	1,370,093
<i>Consolidated Net Income</i>	360,818
<i>Charges to results with no cash flow:</i>	
Depreciation and amortization	40,874
Income tax	248,338
Accrued interest and others	102,757
	752,787
<i>Changes in Working Capital:</i>	
Clients - Net	(312,389)
Recoverable taxes (Income tax compensated with VAT)	(51,743)
Inventories	(106,170)
Suppliers	149,241
Other current assets	42,290
Paid income tax	(354,189)
Other current liabilities	(42,907)
	(675,867)
<i>Net cash generated (used) in operating activities</i>	76,920
<i>Investing activities:</i>	
Investment in fixed assets	(167,894)
Sales of equipment	20,488
Interest Collected	(347)
Other asset acquisitions	11,556
<i>Net cash generated (used) in investing activities</i>	(136,197)
<i>Financing activities:</i>	
Payments of borrowings with financial institutions	(114,605)
Loans with financial and securities institutions	150,000
Interest paid	(138,748)
Stock repurchase	(643)
<i>Net cash used in financing activities</i>	(103,996)
<i>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</i>	(163,273)
Foreign exchange and inflationary effects from international operations	2,696
<i>Accumulated cash flow at the end of the period</i>	1,209,516
Less - restricted fund	23,277
<i>Cash and cash equivalents at end of period balance for operation</i>	1,186,239