

## Genomma Lab Internacional Reports Third Quarter 2020 Results

### HIGHLIGHTS

**Q3-2020 Sales** increased by  
**Ps. 350.6 million;**  
**+11.4%** year-on-year

**Q3-2020 EBITDA** grew **24.7%**  
with a **22.4% margin;**  
**+230bps** year-on-year margin  
expansion

**Q3-2020 Net Income**  
increased by  
**Ps. 175.7million;**  
**+75.3%** year-on-year

**Q3-2020 Net Debt to EBITDA**  
ratio closed at **1.8x**

**Capex Investments** for the  
nine months ended  
September 30, 2020 reached  
**Ps. 338.4 million.**

Mexico City, October 21, 2020 – Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B) (“Genomma Lab” or “the Company”), today announced its results for the third quarter ended September 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 third quarter 2020 as compared with the same period in 2019:

	Q3 2020	% Sales	Q3 2019	% Sales	Var. %
<b>Net Sales</b>	<b>3,427.9</b>	<b>100.0%</b>	<b>3,077.3</b>	<b>100.0%</b>	<b>11.4%</b>
Gross Profit	2,189.9	63.9%	1,962.1	63.8%	11.6%
Operating Income	731.7	21.3%	581.4	18.9%	25.8%
<b>EBITDA<sup>(1)</sup></b>	<b>769.4</b>	<b>22.4%</b>	<b>617.1</b>	<b>20.1%</b>	<b>24.7%</b>
Net Income	409.1	11.9%	233.4	7.6%	75.3%

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

### Comments from the CEO

**Mr. Jorge Brake, Chief Executive Officer, commented:** “Our strong third quarter performance was enabled by the extraordinary work of our teams, who remained agile and resilient in today’s challenging operating environment. We are realizing the benefits of the successful strategy we implemented almost two years ago- which is particularly attuned to times of crisis- and of Genomma’s ability to adapt our advantaged product portfolio to address consumers’ ever evolving needs. During the quarter our Company’s exceptional innovation, go-to-market capabilities and strengthened presence within critical channels again drove outstanding year-on-year and sequential results.”

**He added:** “Our team’s resilient mindset, combined with Genomma’s strategic capabilities and execution excellence, continue to turn challenges into opportunities. I’d like to express my deepest gratitude, pride and appreciation for the extraordinary performance across our organization which enable us to empower people to have excellent health and well-being.”

## KEY DATA

### % Sales by Segment:

 OTC 53.8%

 PC 46.2%



\*Points of Sale



### Tio Nacho®

Product line extension  
across the regions

## Business Review

Genomma Lab reached Ps. 3.43 billion in net sales for the third quarter of 2020, representing an 11.4% year on year increase. Accumulated net sales for the first nine months of 2020, reached Ps. 10.40 billion; a 9.5% increase compared to the same period of 2019.

Consolidated net sales increased Ps. 350.6 million during the third quarter of 2020 with benefit from the successful implementation of Genomma's four strategic pillars, particularly related to innovation, portfolio optimization and go-to-market strategies. Performance was also supported by strong management team leadership, successful expansion strategy execution and the Company's ability to quickly adapt to changes in customer sentiment, demand and operating environments.

Third quarter EBITDA margin closed at 22.4%; a 230 basis point margin expansion compared to the same quarter of 2019. This extraordinary improvement was mainly due to increased operating leverage resulting from strengthened sales as well as continued discipline which drove efficiencies and cost savings during the quarter. This was partially impacted by FX headwinds in certain regions where the Company has operations.

Below updates for the third quarter 2020 related to the four pillars of Genomma's strategy; the foundation of Genomma's new business model:

### Product Innovation and Portfolio Optimization

Genomma continued with the execution of new product launches and line extensions during the third quarter 2020, supported by in-store visibility efforts, as well as targeted media and communications strategies, throughout the regions where it operates. These included a successful *Asepxia® Charcoal* campaign, raising awareness of personal hygiene importance, as well as consolidating Genomma's *Tio Nacho®* and *Cicatricure®* brands within various countries in Latin America. In Mexico, Genomma launched its *Allivix® 4s* pain medication product line extension in a 4-tablet pack format, targeted for the traditional channel.

Genomma further expanded its antibacterial product line during the quarter. This high-quality product category, marketed under strong and successful Genomma brands, represents future growth opportunities within the different regions.

Other key launches during the quarter included new sachet formats for Genomma's *Vanart®* and *Medicasp®* shampoos and conditioners in Peru and Bolivia, reflected in increased market share within the traditional channel. In the U.S., Genomma successfully continued with the execution of its *SueroX®* isotonic beverage, as well as the launched of fourteen new brands for the region including, *Tio Nacho® Aloe Vera*, *Next® Immune* and *X-Ray® Restage*.



**Tukeli<sup>®</sup>**  
100% natural-origin  
herbal product

Also of note, *Tukol<sup>®</sup>*, one of the quarter’s fastest growing brands, consolidated its presence in Mexico, US, Colombia, Peru and Ecuador supported by marketing initiatives ahead of the winter cold and flu season. Genomma also launched in Mexico a related line extension of *Tukol<sup>®</sup>* brand during the quarter, under the *Tukeli<sup>®</sup>* name; a 100% natural-origin herbal product designed for the whole family.

### Strengthened Marketing and Perfect Go-To-Market Execution

During the quarter, Genomma reaffirmed its commitment to building out new channels, categories and brands in the different regions where the Company operates. In Colombia, Brazil and Peru Genomma further strengthened its presence within the pharmacy channel, achieving important market share expansion versus global peers, as well as within the traditional channel in the Andean region, supported by individual format and sachet presentation launches.

In the southern United States and Puerto Rico, Genomma launched a comprehensive communication strategy for the *SueroX<sup>®</sup>* brand. In Central America, Genomma’s traditional channel presence deepened during the quarter as part of the new direct distribution strategy implemented at the end of the second quarter of 2020. Additionally, strengthened sales and an increased presence within digital e-commerce platforms enabled Genomma to triple this channel’s share of consolidated net sales for the third quarter 2020.

### World-Class Supply Chain

Genomma’s shampoo and beverage Personal Care production lines began the final stage of installation, with the start of operations estimated by year-end 2020. During the quarter, Genomma continued with the process and requirements to obtain GMP certification by the Mexico health authority (COFEPRIS) to begin OTC plant operation.

Additionally, the Company began the rack and equipment installation process at its new centralized warehouse for finished products. Genomma will begin stocking its warehouse once the in-house manufacturing operations have begun.

During the first nine months of 2020, investments related to the manufacturing plant reached Ps. 338.4 million, with pre-operating and production expenses of approximately Ps. 41.2 million for the quarter.

### Corporate Culture and Organization

Genomma team members not required on-site continued to successfully work remotely during the quarter, based on the appropriate sanitary measures and restrictions within their respective countries. Genomma remains focused on ensuring the health and well-being of all employees as the Company’s top priority.



Finished Product  
Central Warehouse



**Allivix<sup>®</sup> 4's**  
New product presentation  
for the **traditional channel**

Genomma “*GEN Contigo*” volunteer program enabled the team and their family members to provide support remotely to charity institutions and their beneficiaries through educational training, school supply and hygiene kit donations, as well as food.

### Mexico

During the quarter, net sales in Mexico closed at Ps. 1.48 billion; a 0.7% decrease year on year. Third quarter 2020 sales were impacted by reduced advertising in broadcasting TV, impacting overall sales in Mexico. Additionally, the slight sales decline is due to reduced initial winter season demand, as the extensive use of hand sanitizer, masks and heightened hygiene advisories to mitigate the effects of COVID-19 have reduced demand for cough & cold products. These effects were partially offset by new product launches, line extensions and innovation, as well as increased sales from new categories during the quarter.

Third quarter 2020 EBITDA margin expanded by 380bps, to close at 22.8%, primarily due to reduced advertising and marketing investments, a leaner organizational structure as well as a continued focus on cost and expense controls.

### U.S.

Genomma's U.S. operation achieved 20.0% year-on-year top-line growth for the third quarter 2020, a continued reflection of successful execution on the Company's new operating strategy based on related portfolio reconfiguration within this market and, to a lesser extent, due to Mexican peso depreciation relative to the U.S. dollar. This was partially offset by a COVID-19 impact on consumption and foot traffic at the stores.

Third quarter 2020 EBITDA margin closed at 12.2%; a 380 basis point increase compared to the same period of 2019. EBITDA margin expansion for the quarter was the result of strong cost and expense controls and increased sales-driven operating leverage, as well as a favorable sales mix effect.

### Latin America

During the quarter, net sales for Latin America closed at Ps. 1.56 billion; a 23.5% year on year increase. Strong performance in Argentina, Brazil, Colombia, Chile, Peru and Uruguay was due to successful new product releases and line extensions within the region as well as increased points of sale served and the arising demand for Genomma products within the e-commerce channel. Eased lockdown restrictions within certain Latin America countries improved consumer demand during the quarter.

EBITDA margin reached 24.6%, representing a 40 basis point increase compared to the previous year. This was mainly due to the continued focus on cost and expense control as well as increased operating leverage resulting from increased sales. These effects were offset by the depreciation of some local currencies in the region and to the adverse and uncertain macroeconomic environment in certain countries.



**Next<sup>®</sup> Immune**  
Dietary supplement with  
Vitamin C for the  
**U.S. Market**



New **Medicasp<sup>®</sup>** sachet  
product presentation for  
**Latin America**

## New Personal Care Manufacturing Facility

**Personal Care Plant**  
Manufacturing layout with  
**+27,000 sqm**



**Panoramic View of the Personal Care Plant**

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Commissioning of **shampoo production line** scheduled to be completed in **Q4-2020**



**Shampoo and Isotonic Beverage Manufacturing Product Lines**

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Personal Care  
**Raw material Warehouse**  
is about to begin operations



**Raw Material Warehouse for Personal Care Plant**

## Consolidated Results for the Third Quarter of 2020

**Third quarter 2020 Net Sales** reached Ps. 3.43 billion; an 11.4% year on year increase. The increase of Ps. 350.6 million is attributable to the successful execution of the Company's four pillar strategy with new product launches and line extensions in every region where Genomma is present, supported by an optimized media strategy. However, sales growth for the third quarter 2020 was partially offset by macroeconomic challenges as well as FX headwinds in certain Latin American countries.

**Third quarter 2020 EBITDA** increased to Ps. 769.4 million from Ps. 617.1 million for the same period of 2019. Third quarter 2020 EBITDA margin reached 22.4%; a 230bps year on year margin expansion. Said improvement is the result of the operational leverage effect on fixed expenses due to top-line growth, as well as ongoing cost and expense control.

### Sales by Category & Region

(Figures in million Mexican Pesos)

	Over-the-counter (OTC)			Personal Care			Total		
	Q3'19	Q3'20	% Var.	Q3'19	Q3'20	% Var.	Q3'19	Q3'20	% Var.
<b>Mexico</b>	916.7	913.8	(0.3)%	578.0	570.9	(1.2)%	1,494.7	1,484.7	(0.7)%
<b>LatAm</b>	392.1	661.6	68.7%	875.3	903.3	3.2%	1,267.4	1,564.9	23.5%
<b>U.S.</b>	212.6	267.2	25.7%	102.6	111.1	8.3%	315.2	378.3	20.0%
<b>Total</b>	<b>1,521.4</b>	<b>1,842.6</b>	<b>21.1%</b>	<b>1,555.9</b>	<b>1,585.3</b>	<b>1.9%</b>	<b>3,077.3</b>	<b>3,427.9</b>	<b>11.4%</b>

## Results by Region for the Third Quarter of 2020

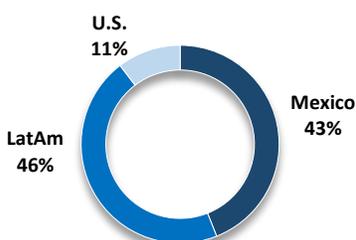
### Mexico

Third quarter 2020 Net Sales reached Ps. 1.48 billion; a 0.7% year on year decline. Sales for the quarter were adversely impacted by reduced initial winter season demand, decreased advertising in broadcast TV to drive sales, as well as reduced consumption due to continued lockdown restrictions in the region. These effects were partially offset by continued innovation, product launches and entry into new categories.

EBITDA for the quarter reached Ps. 338.3 million; a 22.8% EBITDA margin with a 380bps margin expansion as compared to the same period of 2019. Increase third quarter 2020 EBITDA margin was supported by operating savings achieved during the quarter, as well as ongoing focus on cost and expense controls and reduced investments in broadcast TV advertising.

230bps year on year  
EBITDA Margin expansion

#### Q3-2020 SALES\*



\*Percentage of Consolidated Sales by Region for the 3 months ended Q3-2020.

**MEXICO**  
Sales in MXN: 1.48 billion  
EBITDA Margin: 22.8%

**U.S.**

Sales in MXN: 378.3 million  
EBITDA Margin: 12.2%



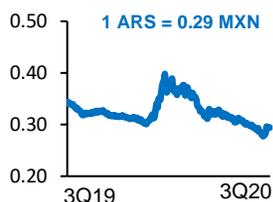
**LATIN AMERICA**

Sales in MXN: 1.56 billion  
EBITDA Margin: 24.6%



**FX headwinds**

ARS (14.4%)



Local Currency  
expressed in MXN

BRL (16.2%)

UYU (5.0%)

**U.S.**

Genomma's U.S. operation closed the third quarter 2020 with a 20.0% net sales increase in Mexican pesos, to Ps. 378.3 million. Increased sales were primarily the result of continued success of Genomma's restructuring strategy implemented within this market including: 1) a significant increase in SKUs within both the Personal Care and OTC categories; 2) customized media and local promotions; 3) an improved digital, TV and in-store media strategy. To a lesser extent, revenues for the quarter were supported by a weaker Mexican peso relative to the US dollar. Positive results were adversely impacted by reduced consumption and in-store foot traffic from ongoing COVID restrictions during the quarter.

EBITDA for the period reached Ps. 46.0 million, with a 12.2% EBITDA margin. The 380bps margin increase was the result of the success of operational strategies during the quarter including, among others, a strong cost and expense efficiency focus and a favorable sales mix effect.

**Latin America**

Net sales for Latin America during the third quarter reached Ps. 1.56 billion; a Ps. 297.5 million year on year increase. Increased sales were mainly due to product innovation and new line extension launches across the region, as well as an increase in points of sale. To a lesser extent, third quarter sales increased due to a strengthened presence and resulting sales in the e-commerce channel.

EBITDA margin for the third quarter 2020 reached Ps. 365.1 million, as compared to Ps. 307.1 million for the same period in 2019. The EBITDA margin for the quarter closed at 24.6%; a 40bps margin expansion as compared to same quarter of 2019. This margin improvement, is the result of a continuous cost and expense control as well as increased operating leverage due to sales growth. This was partially offset by FX headwinds in certain countries across the region.

**Other Income Statement Results for the Third Quarter of 2020**

**Gross Profit** increased by 11.6%, to Ps. 2.19 billion, compared to Ps. 1.96 billion a year ago. Gross margin improved by 10bps year on year, to close at 63.9%. Gross margin expansion was primarily driven the positive effect from sales mix, where products with higher margin have a bigger contribution to net sales. This effect was partially offset by the increase in some input costs, mainly due to FX headwinds, as well as related costs and investments for Genomma's future in-house production.

**Selling, General, Marketing and Administrative Expenses** for the quarter decreased by 230bps as a percentage of net sales, to 41.4%, compared to 43.7% for the same quarter of 2019. The SGM&A reduction as a percentage of sales is primarily due to increased operating leverage resulting from top-line growth and to the Company's optimization efforts and ongoing focus on expense control.

**Q3-2020 Net Income** increased by **75.3%** year-on-year

**Ps. 41.4 million decrease** in Comprehensive Financing Result

**Net Income** reached Ps. 409.1 million in the third quarter of 2020, compared to Ps. 233.4 million in the third quarter of 2019. The Ps. 175.7 million Net Income increase is primarily due to the Ps. 150.2 million year on year increase in Operating Income and the Ps. 41.4 decrease in the all-in cost of financing.

## Non-Operating Result for the Third Quarter of 2020

**Comprehensive Financing Result** represented a Ps. 169.6 million expense in the third quarter of 2020, compared to a Ps. 211.0 million expense during the third quarter of 2019. The Ps. 41.4 million positive variation was mainly due to: i) a Ps. 40.6 million net decrease in interest expense year on year; ii) a Ps. 6.7 year on year net increase in financial interest gains; and iii) a Ps. 9.7 million year on year net decrease in Foreign Exchange loss. These effects were offset by: i) Ps. 15.6 million negative variation on the Company's monetary position in its inflationary subsidiary, mainly due to IAS-29.

**Income Tax Expense** for the third quarter 2020 reached Ps. 157.8 million as compared to the Ps. 133.5 million Income Tax Expense recorded during the third quarter of 2019.

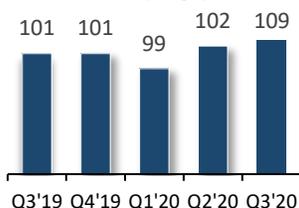
## Financial Position

**Working Capital** was adjusted during the quarter and the cash conversion cycle ended at 109 days; a seven day increase since the end of June of 2020 and an eight day when compared at the end of September 2019:

Days of Accounts Receivable (DSO)

	3Q19	2Q20	3Q20
Mexico	104	118	114
LatAm	91	114	93
U.S.	70	97	67
<b>Consolidated</b>	<b>94</b>	<b>118</b>	<b>111</b>

Cash Conversion Cycle (Days)



- **Accounts Receivable** amounted to Ps. 4.22 billion as of September 30, 2020. The days of consolidated accounts receivable amounted to 111; a 17-day increase when compared at end of September 2019. This was mainly the result of increased sales accounted for at the end of the quarter.
- **Inventories** closed at Ps. 2.27 billion as of September 30, 2020. Days of Inventories amounted to 158; a 5-day improvement when compared with the third quarter of 2019.
- **Trade Payables** amounted to Ps. 1.75 billion as of September 30, 2020. Days Payable Outstanding (DPO) increased to 160 days, from 156 days as of September 30, 2019. The 4-day increase is due to the favorable impact of Genomma's improved S&OP system on operations.

**Fixed Assets.** The Company invested Ps. 338.4 million during the nine months ended September 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. 58.9 million over the last twelve months.

**Net Financial Debt** at the end of September 2020 decreased when compared with year-end 2019:

- **Cash and Equivalents** amounted to Ps. 1.57 billion as of September 30, 2020, representing a 69.9% increase as compared to December 31, 2019.
- **Gross Financial Debt** amounted to Ps. 6.50 billion as of September 30, 2020, compared to Ps. 6.03 billion as of December 31, 2019; a Ps. 464.4 million increase. The Company's long-term debt represented 71.2% of gross financial debt at the end of the third quarter 2020.
- **Net Financial Debt** amounted to Ps. 4.93 billion as of September 30, 2020; a Ps. 180.3 million decrease as compared to December 31, 2019.

**Share Buyback Program.** During the three months ended September 30, 2020 the Company repurchased a total of 170,000 shares, representing an estimated investment of Ps. 3.8 million.

**Free Cash Flow from Operations.** Excluding investments made in the Company's new manufacturing facility, free cash flow for the nine months ended September 30, 2020 would have reached Ps. 832.0 million. Most of the cash flow generated during the year was reinvested into the Company's new manufacturing facility and was also directed towards working capital investments to drive growth.

### Key Financial Metrics

	Q3-2020
EBITDA / Interest Paid	5.5x
Net Debt / EBITDA	1.8x

Q3-2020 Net Debt to EBITDA  
ratio closed at **1.8x**

A total balance of  
**36,255,792 shares**  
in the **Buyback Program**  
as of September 30, 2020

## CONFERENCE CALL Q3-2020

Thursday, October 22, 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 Q3 '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](#)

## Third Quarter 2020 Other Relevant Events

- [Genomma Lab successfully issues a MXN 2.5 billion long-term unsecured local Bond “3-year local bond issuance in the Mexican Market to prepay debt; the transaction was 2.33x oversubscribed by a wide range of investors with variable interest rate and spread of 110bps.”](#)
- [Genomma Lab Internacional announces the prepayment for the total amortization of its “LAB-18” unsecured Mexican Bond](#)  
“This transaction reaffirms the Company’s ongoing focus on smoothing our 2021 maturity curve and creating a more balanced debt payment schedule.”

## 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 October 21, 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 nine months ended September 30, 2020 and 2019

Thousands of Mexican pesos	THIRD QUARTER				ACCUMULATED			
	2020	%Sales	2019	%Sales	2020	%Sales	2019	%Sales
Net Sales	3,427,909	100.0%	3,077,305	100.0%	10,398,770	100.0%	9,492,619	100.0%
Cost of goods sold	1,237,991	36.1%	1,115,249	36.2%	3,968,861	38.2%	3,420,587	36.0%
<b>Gross Profit</b>	<b>2,189,918</b>	<b>63.9%</b>	<b>1,962,056</b>	<b>63.8%</b>	<b>6,429,909</b>	<b>61.8%</b>	<b>6,072,032</b>	<b>64.0%</b>
Selling, general and administrative expenses	1,419,261	41.4%	1,346,301	43.7%	4,236,662	40.7%	4,179,729	44.0%
Other (income) expense	1,287	0.0%	(1,315)	(0.0)%	(9,413)	(0.1)%	(16,459)	(0.2)%
<b>EBITDA</b>	<b>769,370</b>	<b>22.4%</b>	<b>617,070</b>	<b>20.1%</b>	<b>2,202,660</b>	<b>21.2%</b>	<b>1,908,762</b>	<b>20.1%</b>
Depreciation and amortization	37,708	1.1%	35,622	1.2%	115,586	1.1%	96,916	1.0%
<b>Income from operations</b>	<b>731,662</b>	<b>21.3%</b>	<b>581,448</b>	<b>18.9%</b>	<b>2,087,074</b>	<b>20.1%</b>	<b>1,811,846</b>	<b>19.1%</b>
Interest expense	(121,253)	(3.5)%	(161,897)	(5.3)%	(364,131)	(3.5)%	(466,401)	(4.9)%
Interest income	14,652	0.4%	8,014	0.3%	27,059	0.3%	22,588	0.2%
Foreign exchange result	(18,663)	(0.5)%	(28,321)	(0.9)%	112,538	1.1%	(115,146)	(1.2)%
Inflationary result from monetary position	(44,330)	(1.3)%	(28,753)	(0.9)%	(130,738)	(1.3)%	(126,954)	(1.3)%
<b>Comprehensive financing income (cost)</b>	<b>(169,594)</b>	<b>(4.9)%</b>	<b>(210,957)</b>	<b>(6.9)%</b>	<b>(355,272)</b>	<b>(3.4)%</b>	<b>(685,913)</b>	<b>(7.2)%</b>
Associated company	4,818	0.1%	(3,590)	(0.1)%	23,893	0.2%	26,274	0.3%
<b>Income before income taxes</b>	<b>566,886</b>	<b>16.5%</b>	<b>366,901</b>	<b>11.9%</b>	<b>1,755,695</b>	<b>16.9%</b>	<b>1,152,207</b>	<b>12.1%</b>
Income tax expense	157,750	4.6%	133,514	4.3%	612,108	5.9%	423,384	4.5%
<b>Consolidated net income</b>	<b>409,136</b>	<b>11.9%</b>	<b>233,387</b>	<b>7.6%</b>	<b>1,143,587</b>	<b>11.0%</b>	<b>728,823</b>	<b>7.7%</b>

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

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

Thousands of Mexican pesos	<b>As of</b>		<b>As of</b>
	<b>September 30,</b>	<b>2019</b>	<b>December 31,</b>
	<b>2020</b>	<b>2019</b>	<b>2019</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and equivalents and restricted fund	1,567,634	1,133,191	922,941
Clients - Net	4,223,216	3,314,220	3,439,539
Recoverable Taxes	1,574,290	1,633,237	1,556,923
Other accounts receivable*	1,279,902	1,167,803	1,308,944
Inventory - Net	2,268,870	2,057,041	1,907,843
Prepaid expenses	964,982	620,686	681,359
<b>Total current assets</b>	<b>11,878,894</b>	<b>9,926,178</b>	<b>9,817,549</b>
<b>Non-current assets</b>			
Trademarks	4,901,213	4,747,335	4,913,215
Investment in shares	1,658,613	1,582,108	1,634,721
Building, properties and equipment – Net	2,564,826	2,063,247	2,159,455
Deferred income tax, assets and others	778,247	786,694	729,810
<b>Total non-current assets</b>	<b>9,902,899</b>	<b>9,179,384</b>	<b>9,437,201</b>
<b>TOTAL ASSETS</b>	<b>21,781,793</b>	<b>19,105,562</b>	<b>19,254,750</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Current portion of long-term debt	1,873,827	1,336,062	1,550,006
Suppliers	1,749,172	1,971,691	1,881,177
Other current liabilities	2,773,131	1,981,261	2,053,049
Income tax payable	250,607	183,872	194,307
<b>Total current liabilities</b>	<b>6,646,737</b>	<b>5,472,886</b>	<b>5,678,539</b>
<b>Non-current liabilities</b>			
Long-term debt securities	2,482,253	2,436,405	2,438,806
Long-term loans with financial institutions	2,142,965	2,185,043	2,045,860
Deferred income tax and other long term liabilities	379,097	193,860	317,437
Payable dividends to shareholders	800,000	800,000	800,000
<b>Total liabilities</b>	<b>12,451,052</b>	<b>11,088,194</b>	<b>11,280,642</b>
<b>Stockholders' equity</b>			
Contributed Capital	1,912,967	1,914,306	1,912,967
Retained earnings	8,736,005	7,474,638	7,481,907
Cumulative translation effects of foreign subsidiaries	85,901	32,401	(20,025)
Repurchased shares - Net	(1,404,132)	(1,403,977)	(1,400,741)
<b>Total stockholders' equity</b>	<b>9,330,741</b>	<b>8,017,368</b>	<b>7,974,108</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21,781,793</b>	<b>19,105,562</b>	<b>19,254,750</b>

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

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

For the three months ended September 30, 2020

Thousands of Mexican pesos	3Q-2019
<b><i>Cash and cash equivalents beginning of period</i></b>	<b>1,209,516</b>
<b><i>Consolidated Net Income</i></b>	<b>409,136</b>
<b><i>Charges to results with no cash flow:</i></b>	
Depreciation and amortization	38,830
Income tax	157,698
Accrued interest and others	136,680
	<b>742,344</b>
<b><i>Changes in Working Capital:</i></b>	
Clients - Net	110,871
Recoverable VAT	10,620
Inventories	(291,585)
Suppliers	(107,817)
Other current assets	(158,154)
Paid income tax	(81,606)
Other current liabilities	118,461
	<b>(399,210)</b>
<b><i>Net cash generated (used) in operating activities</i></b>	<b>343,134</b>
<b><i>Investing activities:</i></b>	
Investment in fixed assets	(165,826)
Sales of equipment	961
Other asset acquisitions	(1,207)
<b><i>Net cash generated (used) in investing activities</i></b>	<b>(166,072)</b>
<b><i>Financing activities:</i></b>	
Payments of borrowings with financial institutions	(3,478,176)
Loans with financial and securities institutions	3,800,000
Interest paid	(103,123)
Stock repurchase	(3,801)
Payment of liabilities for lease	(15,822)
<b><i>Net cash used in financing activities</i></b>	<b>199,078</b>
<b><i>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</i></b>	<b>376,140</b>
Foreign exchange and inflationary effects from international operations	(18,022)
<b><i>Accumulated cash flow at the end of the period</i></b>	<b>1,567,634</b>
Less - restricted fund	23,274
<b><i>Cash and cash equivalents at end of period balance for operation</i></b>	<b>1,544,360</b>