

Genomma Lab Internacional Reports Fourth Quarter & Full Year 2020 Results

HIGHLIGHTS

FY-2020 Sales increased by
Ps. 1.15 billion;
+9.1% year-on-year

FY-2020 EBITDA
grew **+18.6%**
with a **21.1% margin;**
+170bps year-on-year
margin expansion

FY-2020 Net Income
increased by
Ps. 713.3 million;
+93.3% year-on-year

Q4-2020 Net Debt to EBITDA
ratio closed at **1.47x**

Capex Investments for the
twelve months ended
December 31, 2020 reached
Ps. 577.6 million.

Mexico City, February 24, 2021 – 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 full year ended December 31, 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 fourth quarter and full year 2020 as compared with the same audited period in 2019:

	Q4 2020	% Sales	Q4 2019 ⁽²⁾	% Sales	Var. %
Net Sales	3,467.9	100.0%	3,220.3	100.0%	7.7%
Gross Profit	2,164.9	62.4%	2,025.9	62.9%	6.9%
Operating Income	690.0	19.9%	519.0	16.1%	33.0%
EBITDA⁽¹⁾	729.4	21.0%	563.0	17.5%	29.6%
Net Income	334.2	9.6%	35.6	1.1%	-

	FY 2020	% Sales	FY 2019 ⁽²⁾	% Sales	Var. %
Net Sales	13,866.6	100.0%	12,712.9	100.0%	9.1%
Gross Profit	8,594.9	62.0%	8,097.9	63.7%	6.1%
Operating Income	2,777.1	20.0%	2,330.8	18.3%	19.1%
EBITDA⁽¹⁾	2,932.0	21.1%	2,471.7	19.4%	18.6%
Net Income	1,477.8	10.7%	764.5	6.0%	93.3%

1) EBITDA defined as operating income before depreciation and amortization

2) FY-2019 audit adjustments were allocated to Q4-2019 as presented herein. Variance between audited and unaudited figures was Ps. 43 million on Net Sales. Auditors recommended a reclassification of Ps. 94 million between Operating Expenses and Inflationary Results as part of hyperinflationary accounting in Argentina, this reclassification only impacted Earnings Before Taxes by Ps. 24 million.

Comments from the CEO

Mr. Jorge Luis Brake, Genomma Lab’s Chief Executive Officer, commented:

“2020 was a year like no other. Despite considerable headwinds, Genomma delivered strong business results. We successfully executed on all fronts of our Four Pillar growth strategy, accelerating product innovation, taking our Commercial and Supply Operations to the next level while also supporting the communities where we operate. Most importantly, I couldn’t be more proud of our people—they successfully managed the extraordinary challenges we faced and truly made the difference through their commitment, energy and personal engagement, solving any disruptions to our business. Working as one team, we demonstrated agility, innovation and resilience in navigating and prevailing during the difficult and unprecedented 2020.”

He added: *“Additionally, we’ve actively been laying the foundation for Genomma’s Sustainability commitment. I’m especially excited to share more about our enterprise-wide sustainability program in the next few weeks. Therefore, while 2021 will likely present new challenges, my confidence is underpinned by our proven strategy supported by our outstanding team and winning culture.”*

KEY DATA

% Sales by Segment:

 OTC 49.3%

 PC 50.7%



*Points of Sale



Alli-Triple®
Product line extension⁽¹⁾
to alleviate **systemic
muscle pain**



Successful **Visibility** and
Marketing at POS

1) Alliviax® line extension.

Business Review

Genomma Lab maintained a solid growth trend during the full year 2020, achieving consistently positive sequential quarterly results despite a challenging macroeconomic environment. Full year 2020 Net Sales reached Ps. 13.87 billion; a 9.1% year on year increase. The Company's fourth quarter 2020 Net Sales closed at Ps. 3.47 billion; a 7.7% year on year increase. Strong Net Sales for the final quarter of the year was further reflection of the flexibility of Genomma's operating model to adapt to the current environment with benefit of continued success of the Company's growth strategies across regions.

Genomma delivered positive 2020 Net Sales to EBITDA flow through the P&L. Full year 2020 EBITDA margin closed at 21.1%; a 170 bps margin expansion, compared to a 19.4% margin within 2019 audited results. Fourth quarter 2020 EBITDA margin reached 21.0%; a 350 bps year on year expansion compared audited fourth quarter 2019 results. Excluding hyperinflationary adjustments on audited 2019 results, EBITDA margin for the fourth quarter 2020 expanded by 70 bps year on year due to continued efficiencies and cost savings as well as positive operating leverage effects and excellent execution despite considerable headwinds. These results were partially offset by adverse FX impacts in some countries where Genomma operates as well as increased new product launches and marketing initiative expenses.

An executive summary of Genomma's Four Pillar Growth Strategy evolution as follows:

Product Innovation and Portfolio Optimization

Innovation was a key component of Genomma's performance throughout 2020. Fourth quarter growth was driven by continued new product launches and line extensions across Genomma's portfolio. Examples include the launch of Alli-Triple® muscle and nerve fiber inflammation pain medication, Tio Nacho® shampoo line extensions and the launch of micellar waters under the Cicatricure®, Asepxia® and Teatrical® brands.

In the U.S., Genomma launched Tukul® Syrup & Duo, Tio Nacho® Aloe, and Next® Vitamins & Supplements. Latin America product launches included expanding the premium anti-aging line under the Cicatricure® Gold Lift brand, new X-Ray® Dol brand glucosamine and chondroitin joint supplements in Colombia, a Tio Nacho® shampoo line extension in Argentina and the launch of Teatrical® brand make-up removal wipes, among others.

Strengthened Marketing and Perfect Go-To-Market Execution

Genomma further expanded its presence within digital platforms and e-commerce channels throughout the year; increasing both visibility and market share and more than tripling its sales from these channels in 2020 as compared to the prior year. The Company also further expanded its presence within the Traditional Channel, reaching more than 450,000 points of sale with the support of a more than 2,000 person sales team. Finally, Genomma's Central America and Andean Region Direct Distribution Program for the Traditional Channel began operation during the last quarter of 2020.



Suerox® Product Line
Manufacturing
[\(Watch video\)](#)

World-Class Supply Chain

Genomma achieved two key milestones during the fourth quarter 2020: 1) isotonic beverage manufacturing line began operation at Genomma’s Personal Care plant and 2) the Company successfully executed the full transfer of all logistic operations to the new Central Warehouse. Genomma’s Personal Care plant began test batch production for the isotonic beverage business at the end of 2020. This fully-automated line will begin manufacturing products for market sale in late first quarter of 2021. Genomma is also in the process of commissioning the four other manufacturing lines at its Personal Care facility, with operations expected during 2021.

The Company successfully transferred all warehouse, distribution and logistics operations to the new Central Warehouse, located at Genomma’s New Industrial Cluster, which is now fully operational. This project required more than 850 trucks to move more than 15,000 pallets and install 16,000 racks while simultaneously successfully fulfilling 795 customer orders. The migration process required more than 150 associates to complete an excess of 14,400 personnel-hours who ensured no major disruptions to operations.

Genomma implemented a next generation Electronic Data Interchange system (“EDI”) during the fourth quarter. This platform ensures strengthened business automation through standardization and simplification of critical data exchanges with key clients and suppliers. The first client integration has been successfully implemented with Walmex. The Company will continue the customer integration process during 2021 to further improve overall operations. These and other Sales & Operations Planning initiatives enabled the Company to successfully reduce days of inventory by year end 2020.

The new Central Warehouse, together with the new Supply Chain Systems (S&OP), will contribute to further distribution cost reductions and minimize lead times to fulfill customer orders. Further, the Central Warehouse location within the same site as the manufacturing facilities results in lower inventory levels, improved product quality controls and working capital efficiencies.

Additionally, during the quarter Genomma’s Brazil distribution center was also relocated to a more strategic region within this market, improving logistics and distribution capabilities.

Investments related to Genomma’s manufacturing plant during 2020 reached Ps. 577.6 million, with pre-operating and production expenses of approximately Ps. 39.6 million for the quarter. As was previously described, Genomma successfully began operations at two of the three major components of Genomma’s Industrial Complex: the Central Warehouse and the Personal Care manufacturing plant.

Corporate Culture and Organization

Genomma Lab continues to support a home-office format for non-field personnel; following strict health guidelines to protect the health and well-being of the Company’s field workers. The Company was also pleased to announce in November 2020 that LAB* was included within the **Dow Jones Sustainability MILA Pacific Alliance Index**, one of the most important ESG indexes in the region based on global recognition.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

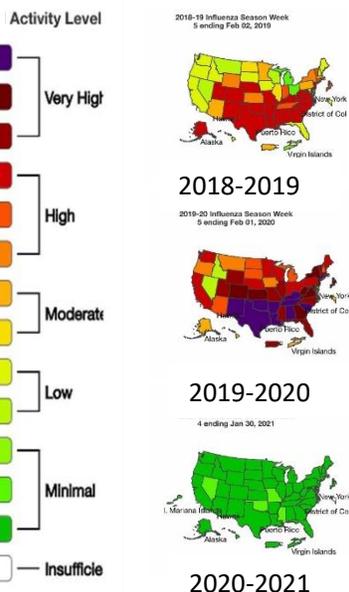
Genomma Lab **recognized**
for excellence in
Sustainability Practices
[\(See press release\)](#)



Tío Nacho®

Format innovation for the traditional channel

Flu Season



Source: CDC 2020



Cicatricure® Gold Lift
Line of affordable premium cosmetics

Mexico

Mexico sales grew 11.6% during the fourth quarter of 2020, closing at Ps. 1.47 billion. The Ps. 153.1 million year on year sales increase as compared to 2019 audited figures is primarily due to expansion, optimization and growth strategies supported by initiatives that resulted in market share gains across key categories. Genomma also launched Tío Nacho® line extensions for the traditional channel and continued to develop its Groomen® “Está Karbóon” razors brand, among other initiatives. Positive results from Genomma's go-to-market strategies were partially offset by decreased cold and cough product sales due to an unusually mild winter season in North America, as is described below.

Fourth quarter EBITDA margin reached 21.8%; a 200 bps year on year margin expansion compared to 2019 audited fourth quarter results. This margin improvement is primarily due to higher operating leverage, successful cost and expense controls, as well as strong marketing efficiencies. This was partially offset by non-recurring expenses associated to Genomma's new Industrial Cluster and to investments made related to the growth strategy.

U.S.

Fourth quarter net sales for Genomma's U.S. operations closed with a 4.4% year on year increase, reaching Ps. 321.9 million. This was primarily the result of new product launches and positive FX tailwinds. Net sales were adversely impacted by an unusually mild flu season in the U.S. as well as hygiene-related precautions taken due to Covid-19. This resulted in unusually low rates of influenza (flu) and other related illnesses in this market, reducing sales of Genomma's related categories.

Fourth quarter 2020 EBITDA margin contracted by 20 bps year on year due to extraordinary expenses related to distribution, marketing and new product launches to support Genomma's new operational business model.

Latin America

Fourth quarter 2020 Latin America sales closed at Ps. 1.68 billion; a 5.1% year on year increase when compared to 2019 audited numbers. The top-line increase is a reflection of successful strategies implemented for new products and line extensions, as well as Genomma's operating strategy to re-position brands with high growth potential across the region. This was partially offset by reduced consumer demand related to COVID-19 effects. To a lesser extent, sales were impacted by FX headwinds in Argentina, Brazil and Central America operations.

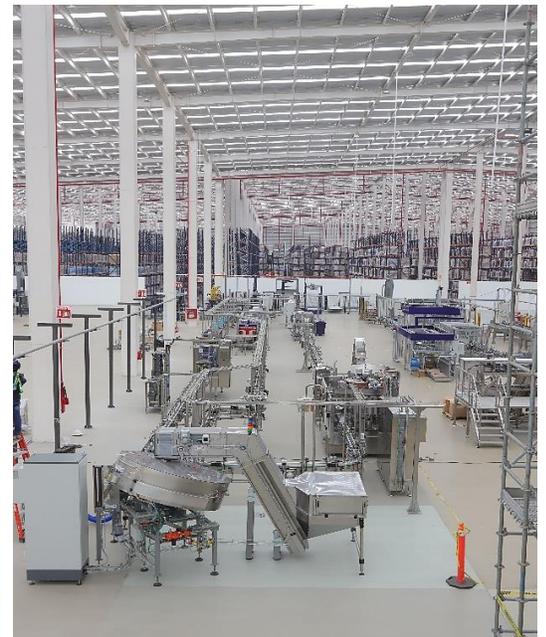
Latin America EBITDA margin for the quarter closed at 23.0%; a 550 bps margin expansion when compared to the audited fourth quarter 2019 results. Excluding 2019 audited hyperinflationary adjustments, fourth quarter 2020 EBITDA margin decreased by 10 bps year on year due to extraordinary growth-related investments in this market, as well as local currency FX headwinds.

Genomma's New Industrial Cluster

New **Cogeneration Electric Grid** to supply up to **50.0%** of total electricity use to **Genomma's Industrial Cluster**



Genomma's Industrial Cluster
in San Cayetano, State of Mexico
More than 77.0 acres



Isotonic Beverage Product Line Manufacturing

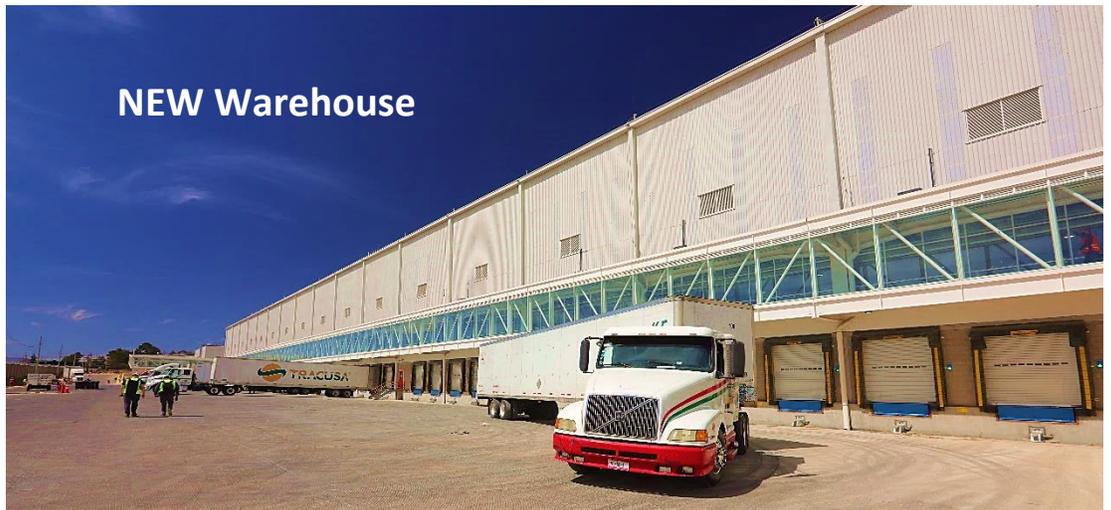


OLD Warehouse



Prior Leased Warehouse

NEW Warehouse



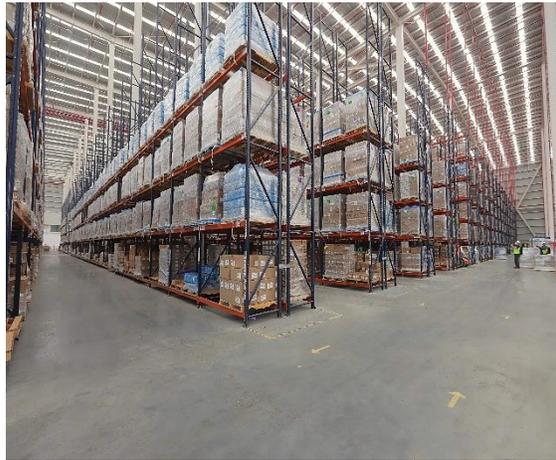
More than **850 trucks**
required to move **+15,000**
pallets

New Central Warehouse
with **+33,000 SQM**
in operation



New Warehouse located in San Cayetano, State of Mexico

More than **16,000 racks**
installed at the
New Central Warehouse



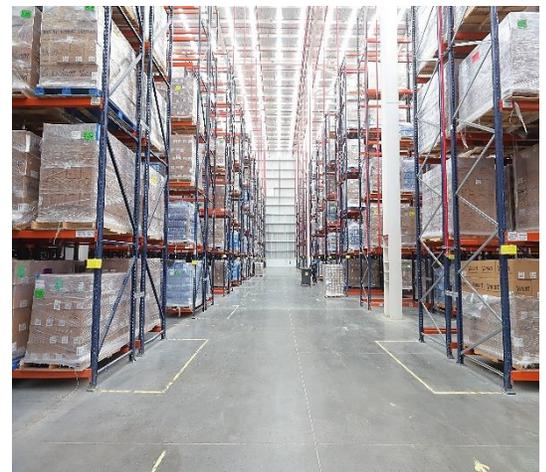
New Warehouse located in San Cayetano, State of Mexico

More than **150 associates** to
complete over **14,400**
personnel-hours.

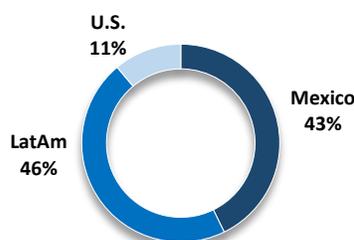


New Warehouse located in San Cayetano, State of Mexico

More than
50,000
Storage Positions



FY 2020 SALES*



*Percentage of Consolidated Sales by Region for the 12 months of 2020.

+170bps year on year
EBITDA margin expansion

+7.7% year on year
increase in Net Sales

+350 bps year on year
EBITDA Margin expansion

Consolidated Results for the Full Year 2020

Full Year 2020 Net Sales reached Ps. 13.87 billion; a 9.1% year on year increase. The Ps. 1.15 billion increase is attributable to successful product innovation as well as entry into new categories with high growth potential, supported by an expanded presence within the traditional channel and within e-commerce and digital channels. Full year sales were partially impacted by COVID-19 lockdown measures implemented in almost every region where Genomma operates.

Full Year 2020 EBITDA reached Ps. 2.93 billion compared to Ps. 2.47 billion for the same period of 2019. Full Year 2020 EBITDA margin reached 21.1%; a 170 bps year on year EBITDA margin expansion primarily due to continued cost containment, marketing and expense control efficiencies as well as increased operating leverage due to sales growth. Full year EBITDA margin expansion was also due, to a lesser extent, to a positive product mix effect. These were partially offset by increased distribution expenses unrelated to operations due to the current macroeconomic environment, as well as extraordinary expenses related to new product launches, e-commerce platform investments and digital channel operations, as well as the investments made to begin Genomma's Industrial Cluster operations.

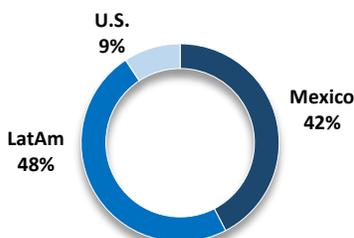
Full Year 2020 Net Income reached Ps. 1.48 billion; a 93.3% year on year increase compared to Ps. 764.5 million audited 2019 figures. Positive net income is mainly due to strengthened operating income with a reduced cost of comprehensive financing.

Consolidated Results Fourth Quarter 2020

Fourth Quarter 2020 Net Sales reached Ps. 3.47 billion; a 7.7% year on year increase. Sales growth for the quarter is the result of Genomma's successful Four Pillar strategy implementation throughout the regions where Genomma operates. This included new categories, product innovation, improved sell-out ratios, increased points of sale served and aggressive go-to-market and in-store visibility. To a lesser extent, net sales were favorably impacted by increased e-commerce sales during the quarter. This was partially offset by macroeconomic uncertainty and FX headwinds in certain regions where Genomma operates.

Fourth Quarter 2020 EBITDA increased Ps.166.4 million to Ps. 729.4 million as compared with the same audited period of 2019. Fourth quarter EBITDA margin closed at 21.0%; a 350 bps year on year margin expansion when compared with 2019 audited figures. Excluding 2019 hyperinflationary adjustments from audited numbers, year on year margin increased by 70 bps due to operational leverage resulting from increased from sales, as well as continued operating and marketing efficiencies.

Q4-2020 SALES*



*Percentage of Consolidated Sales by Region for the Q4-2020.

Sales by Category & Region

(Figures in millions of Mexican Pesos)

	Over-the-counter (OTC)			Personal Care			Total		
	Q4'20	Q4'19	% Var.	Q4'20	Q4'19	% Var.	Q4'20	Q4'19	% Var.
Mexico	845.1	851.5	(0.8)%	625.3	465.8	34.2%	1,470.4	1,317.3	11.6%
LatAm	662.5	569.1	16.4%	1,013.1	1,025.5	(1.2)%	1,675.6	1,594.6	5.1%
U.S.	202.6	178.7	13.4%	119.3	129.6	(7.9)%	321.9	308.3	4.4%
Total	1,710.2	1,599.3	6.9%	1,757.7	1,620.9	8.4%	3,467.9	3,220.2	7.7%

	Over-the-counter (OTC)			Personal Care			Total		
	FY'20	FY'19	% Var.	FY'20	FY'19	% Var.	FY'20	FY'19	% Var.
Mexico	3,319.4	3,323.5	(0.1)%	2,610.8	2,289.0	14.1%	5,930.2	5,612.5	5.7%
LatAm	2,759.2	2,096.1	31.6%	3,637.8	3,693.9	(1.5)%	6,397.0	5,790.0	10.5%
U.S.	1,127.7	792.3	42.3%	411.8	518.1	(20.5)%	1,539.5	1,310.4	17.5%
Total	7,206.3	6,211.9	16.0%	6,660.4	6,501.0	2.5%	13,866.7	12,712.9	9.1%

Results by Region for the Fourth Quarter of 2020

Mexico

Fourth quarter 2020 Net Sales reached Ps. 1.47 billion; an 11.6% year on year increase. This Ps. 153.1 million increase was mainly due to new category sales, product launches and line extensions, successful advertising and marketing initiatives, improved fill-rate levels, additional points of sale served across the different trade channels, and Genomma's increasing presence within e-commerce platforms.

EBITDA for the quarter reached Ps. 320.0 million with a 21.8% EBITDA margin. The 200 bps margin year on year improvement was the result of higher operating leverage, successful cost and expense controls, as well as strong marketing efficiencies. This was offset by non-recurring expenses related to Genomma's new Central Warehouse migration and to the Personal Care manufacturing facility commissioning.

U.S.

Fourth quarter 2020 net sales for Genomma's U.S. operation increased by 4.4%, to Ps. 321.9 million, due to favorable peso-dollar depreciation during the quarter. To a lesser extent, U.S. sales increased due to new product launches and innovation, as well as an increased e-commerce presence. This was adversely impacted by reduced consumption and decreased in-store foot traffic due to ongoing COVID restrictions as well as the unusually mild flu season as previously described.

EBITDA for the quarter reached Ps. 24.1 million with a 7.5% margin. The 20 bps year on year margin contraction resulted from extraordinary expenses related to distribution, new product launches and the execution of visibility strategies at the point of sale.

MEXICO

Sales in MXN: 1.47 billion

EBITDA Margin: +21.8%

U.S.

Sales in MXN: 321.9 million

EBITDA Margin: +7.5%

LATIN AMERICA

Sales in MXN: 1.68 billion
EBITDA Margin: +23.0%

Local Currency Expressed in MXN

	ARS* (20.3%)
	BRL (18.8%)
	UYU (7.4%)
	PYG (1.8%)

* Exchange rate at the end of the period.

Ps. 230.0 million
decrease in SGM&A
Expenses

Latin America

Net sales for the quarter grew by 5.1% year on year to Ps. 1.68 billion. Sales increased to double-digit figures when expressed in local currency. Increased sales were mainly due to product innovation and new line extensions across the region, as well as additional points of sale served. This was offset by decreased sales due to FX headwinds, mainly at Genomma's Argentina, Brazil and Central America operations.

Fourth quarter 2020 EBITDA reached Ps. 385.3 million, as compared to Ps. 279.0 million for the same audited period in 2019. EBITDA margin for the quarter closed at 23.0%; a 550 bps margin expansion as compared to 2019 audited figures. Excluding audited hyperinflationary adjustments to 2019 figures, fourth quarter 2020 EBITDA margin decreased by 10 bps year on year. This was primarily due to extraordinary investments in product launches, innovation and point of sale visibility, as well as to FX headwinds within the region.

Other Income Statement Results for the Fourth Quarter of 2020

Gross Profit increased by 6.9%, to Ps. 2.16 billion, compared to Ps. 2.03 billion for the fourth quarter 2019. Gross margin contracted by 50 bps year on year to close at 62.4%, due to FX-related increases in certain input costs, negative impact from product mix effect, as well as extraordinary logistics expenses to migrate Genomma's inventories to its new Central Warehouse facility.

Selling, General, Marketing and Administrative Expenses decreased as a percentage of sales; to 36.7% for the fourth quarter of 2020 from 46.7% for the fourth quarter of 2019. The 10.0 percentage point year on year decrease is due to non-cash hyperinflationary audit adjustments to the 2019 comparison base. Excluding this audit adjustment, fourth quarter 2020 SGM&A decreased due to increased operating leverage resulting from top-line growth as well as to the Company's ongoing focus on expense control and marketing efficiencies.

Net Income reached Ps. 334.2 million; a Ps. 298.6 million increase compared to fourth quarter 2019 audited results. Positive net income is mainly due to strengthened operating income with a reduced cost of comprehensive financing.

Non-Operating Result for the Fourth Quarter of 2020

Comprehensive Financing Result represented a Ps. 241.1 million expense in the fourth quarter of 2020, compared to a Ps. 163.6 million expense within fourth quarter 2019 audited results. The Ps. 77.5 million cost increase is due to: i) a Ps. 66.6 year on year net increase in Foreign Exchange Loss; ii) a Ps. 52.3 million negative impact on the Company's monetary position within its inflationary subsidiary; iii) a Ps. 1.9 year on year slightly net decrease in financial interest gains. These effects were offset by: i) Ps. 43.3 million decrease in interest expense.

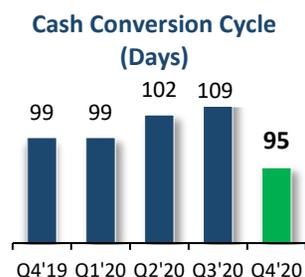
Income Tax Expense for the fourth quarter 2020 reached Ps. 157.1 million as compared to a Ps. 372.3 million income tax expense within fourth quarter 2019 audited results. The Company recorded a tax provision within 2019 Audited Financials which at year-end 2020 was allocated to a voluntary tax payment made by the Company to the Mexican Tax Administration Service ("SAT"). Said voluntary payment has been fully completed and all related discrepancies in judgment and audits opened with the SAT from the 2013 Fiscal Year to date have thereby been resolved.

Financial Position

Working Capital was adjusted during the fourth quarter 2020 and the cash conversion cycle ended at 95 days; a 14-day improvement since the end of September 2020:

Ps. 43.3 million decrease
in Interest Expense

Days of Accounts Receivable (DSO)			
	4Q19	3Q20	4Q20
Mexico	115	114	144
LatAm	85	93	80
U.S.	72	67	55
Consolidated	97	111	105



- **Accounts Receivable** amounted to Ps. 4.03 billion as of December 31, 2020. Days of consolidated accounts receivable amounted to 105; a 6-day decrease when compared to the end of September 2020. This was mainly due to strengthened collection and other successful initiatives during the quarter.
- **Inventories** closed at Ps. 2.00 billion as of December 31, 2020. Days of Inventories amounted to 137; a 21-day decrease from the end of September 2020. This is due to the favorable impact of Genomma's improved S&OP system on controls and operations.
- **Trade Payables** amounted to Ps. 1.63 billion as of December 31, 2020. Days Payable Outstanding (DPO) decreased to 147 days, from 160 days on September 30, 2020. The 13-day decrease is due to the acceleration of payment agreements to take advantage of certain year-end discount opportunities and strategies.

Fixed Assets. The Company invested Ps. 577.6 million during the twelve months ended December 31, 2020, primarily related to the construction and installation of the Company's new Industrial Cluster 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. 13.0 million at the end of 2020 when compared to September 30, 2020.

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

- **Cash and Equivalents** amounted to Ps. 2.10 billion as of December 31, 2020, representing a 128.0% increase as compared to December 31, 2019.
- **Gross Financial Debt** amounted to Ps. 6.42 billion as of December 31, 2020, compared to Ps. 6.03 billion as of December 31, 2019; a Ps. 389.3 million increase. The Company's long-term debt represented 69.3% of gross financial debt at the end of the fourth quarter 2020.
- **Net Financial Debt** amounted to Ps. 4.32 billion as of December 31, 2020; a Ps. 791.7 million decrease as compared to December 31, 2019.

Share Buyback Program. The Company repurchased a total of 410,000 shares during the three months ended December 31, 2020, representing an estimated investment of Ps. 7.7 million.

Free Cash Flow from Operations. Excluding investments made in the Company's new manufacturing facility, free cash flow for the twelve months ended December 31, 2020 would have reached Ps. 1.87 billion. Most of the cash flow generated during the year was reinvested into the Company's new Personal Care manufacturing facility and Central Warehouse, as well as working capital investments to drive growth.

Q4-2020 Net Debt to EBITDA
ratio closed at **1.47x**

A total balance of
36,665,792 shares
in the **Buyback Program**
as of December 31, 2020

Key Financial Metrics

	Q4-2020
EBITDA / Interest Paid	6.36x
Net Debt / EBITDA	1.47x

CONFERENCE CALL Q4-2020

Thursday, February 25, 2021
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 Q4' & Full Year 2020
Earnings Call](#)

**To participate, please
dial-in:**

United States:
+1 877-407-0784

International:
+1 201-689-8560

Receive a Call:
[Call Me Link](#)

Fourth quarter 2020 Other Relevant Events

- [Genomma Lab included in the "Dow Jones Sustainability MILA Pacific Alliance Index"](#)
"For the highest sustainability standards in Mexico and Latin America. Genomma is recognized for excellence in Sustainability and Corporate Governance practices."
- [Issuance of Ps. 800 million through four unsecured short-term local bonds](#)
"Offerings were more than 2.5x oversubscribed."
- [HR Ratings upgrades rating for LAB Short-Term bond issuance to HR+1, from HR1](#)
- [Genomma Lab Internacional agrees to voluntary tax payment](#)
"Agreed to pay taxes in the amount of Ps. 750 million related to a discrepancy associated with judgments made by the Mexican Tax Administration Service, thereby endorsing the Company's commitment to Mexico and the moment the country is facing."

Additional Information

- [New Accounting Standards Impact \(April 29, 2019\)](#)
- [Genomma Lab Internacional 2019 Integrated Annual Report](#)
- [2019 Audited Results \(XBRL Format\)](#)

Sell-side Analyst Coverage

As of February 24, 2021 "LABB" 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).



Member of
**Dow Jones
Sustainability Indices**
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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. 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, 2020 and 2019

	FOURTH QUARTER				ACCUMULATED			
	2020	%Sales	2019*	%Sales	2020	%Sales	2019*	%Sales
<i>Thousands of Mexican pesos</i>								
Net Sales	3,467,872	100.0%	3,220,272	100.0%	13,866,642	100.0%	12,712,890	100.0%
Cost of goods sold	1,302,930	37.6%	1,194,379	37.1%	5,271,791	38.0%	4,614,966	36.3%
Gross Profit	2,164,942	62.4%	2,025,893	62.9%	8,594,851	62.0%	8,097,924	63.7%
Selling, general and administrative expenses	1,272,930	36.7%	1,502,914	46.7%	5,509,593	39.7%	5,682,644	44.7%
Other (income) expense	162,640	4.7%	(40,008)	(1.2)%	153,227	1.1%	(56,468)	(0.4)%
EBITDA	729,372	21.0%	562,987	17.5%	2,932,031	21.1%	2,471,748	19.4%
Depreciation and amortization	39,347	1.1%	44,011	1.4%	154,934	1.1%	140,927	1.1%
Income from operations	690,025	19.9%	518,976	16.1%	2,777,097	20.0%	2,330,821	18.3%
Interest expense	(96,951)	(2.8)%	(140,281)	(4.4)%	(461,081)	(3.3)%	(606,682)	(4.8)%
Interest income	4,338	0.1%	6,189	0.2%	31,397	0.2%	28,777	0.2%
Foreign exchange result	(102,712)	(3.0)%	(36,116)	(1.1)%	9,827	0.1%	(151,261)	(1.2)%
Inflationary result from monetary position	(45,735)	(1.3)%	6,601	0.2%	(176,473)	(1.3)%	(120,354)	(0.9)%
Comprehensive financing income (cost)	(241,060)	(7.0)%	(163,607)	(5.1)%	(596,330)	(4.3)%	(849,520)	(6.7)%
Associated company	42,378	1.2%	52,613	1.6%	66,270	0.5%	78,887	0.6%
Income before income taxes	491,343	14.2%	407,982	12.7%	2,247,037	16.2%	1,560,188	12.3%
Income tax expense	157,129	4.5%	372,342	11.6%	769,237	5.5%	795,725	6.3%
Consolidated net income	334,214	9.6%	35,640	1.1%	1,477,800	10.7%	764,463	6.0%

*2019 Audited Figures

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

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

<i>Thousands of Mexican pesos</i>	As of		As of
	December 31,		September 30,
	2020	2019	2020
ASSETS			
CURRENT ASSETS			
Cash and equivalents and restricted fund	2,103,979	922,941	1,567,634
Clients - Net	4,027,382	3,439,539	4,223,216
Recoverable Taxes	1,561,276	1,556,923	1,574,290
Other accounts receivable*	1,626,218	1,308,944	1,279,902
Inventory - Net	1,998,835	1,907,843	2,268,870
Prepaid expenses	576,732	681,359	964,982
Total current assets	11,894,422	9,817,549	11,878,894
Non-current assets			
Trademarks	4,854,965	4,845,342	4,901,213
Investment in shares	1,700,991	1,634,721	1,658,613
Building, properties and equipment – Net	2,795,093	2,159,455	2,564,826
Deferred income tax, assets and others	729,479	797,683	778,247
Total non-current assets	10,080,528	9,437,201	9,902,899
TOTAL ASSETS	21,974,950	19,254,750	21,781,793
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Current portion of long-term debt	1,970,239	1,550,006	1,873,827
Suppliers	1,625,745	1,881,177	1,749,172
Other current liabilities	2,702,714	2,053,049	2,773,131
Income tax payable	258,316	194,307	250,607
Total current liabilities	6,557,014	5,678,539	6,646,737
Non-current liabilities			
Long-term debt securities	2,484,386	2,438,806	2,482,253
Long-term loans with financial institutions	1,969,361	2,045,860	2,142,965
Deferred income tax and other long term liabilities	524,031	317,437	379,097
Payable dividends to shareholders	800,000	800,000	800,000
Total liabilities	12,334,792	11,280,642	12,451,052
Stockholders' equity			
Contributed Capital	1,912,967	1,912,967	1,912,967
Retained earnings	8,882,397	7,481,907	8,736,005
Cumulative translation effects of foreign subsidiaries	(22,359)	(20,025)	85,901
Repurchased shares - Net	(1,132,847)	(1,400,741)	(1,404,132)
Total stockholders' equity	9,640,158	7,974,108	9,330,741
TOTAL EQUITY AND LIABILITIES	21,974,950	19,254,750	21,781,793

*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, 2020

<i>Thousands of Mexican pesos</i>	4Q-2020	2020
<i>Cash and cash equivalents beginning of period</i>	1,567,634	922,946
<i>Consolidated Net Income</i>	334,214	1,477,800
<i>Charges to results with no cash flow:</i>		
Depreciation and amortization	40,593	158,963
Income tax	157,129	769,237
Accrued interest and others	347,343	782,314
	879,279	3,188,314
<i>Changes in Working Capital:</i>		
Clients - Net	69,979	(744,606)
Recoverable VAT	5,575	(6,575)
Inventories	412,931	(186,287)
Suppliers	(78,452)	(201,914)
Other current assets	(92,723)	16,312
Paid income tax	(187,177)	(762,947)
Other current liabilities	27,488	720,266
	157,621	(1,165,751)
<i>Net cash generated (used) in operating activities</i>	1,036,900	2,022,563
<i>Investing activities:</i>		
Investment in fixed assets	(260,553)	(725,585)
Sales of equipment	7,220	9,029
Other asset acquisitions	(728)	23,921
<i>Net cash generated (used) in investing activities</i>	(254,061)	(692,635)
<i>Financing activities:</i>		
Payments of borrowings with financial institutions	(154,824)	(4,399,920)
Loans with financial and securities institutions	82,376	4,832,376
Interest paid	(91,441)	(436,106)
Stock repurchase	(7,680)	(15,441)
Payment of liabilities for lease	(20,305)	(70,008)
<i>Net cash used in financing activities</i>	(191,874)	(89,099)
<i>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</i>	590,965	1,240,829
Foreign exchange and inflationary effects from international operations	(54,619)	(59,796)
<i>Accumulated cash flow at the end of the period</i>	2,103,979	2,103,979
Less - restricted fund	72,516	72,516
<i>Cash and cash equivalents at end of period balance for operation</i>	2,031,463	2,031,463

APPENDIX

• CONSOLIDATED STATEMENT OF INCOME 2019 (Audited vs. Interim)

	Audited (Reported on May, 2020)				Interim (Reported on February, 2020)			
	4Q-2019	%Sales	FY-2019	%Sales	4Q-2019	%Sales	FY-2019	%Sales
<i>Thousands of Mexican pesos</i>								
Net Sales	3,220,272	100.0%	12,712,890	100.0%	3,263,274	100.0%	12,755,893	100.0%
Cost of goods sold	1,194,379	37.1%	4,614,966	36.3%	1,205,214	36.9%	4,625,801	36.3%
Gross Profit	2,025,893	62.9%	8,097,924	63.7%	2,058,060	63.1%	8,130,092	63.7%
Selling, general and administrative expenses	1,502,914	46.7%	5,682,644	44.7%	1,436,274	44.0%	5,616,004	44.0%
Other (income) expense	(40,008)	(1.2)%	(56,468)	(0.4)%	(40,617)	(1.2)%	(57,077)	(0.4)%
EBITDA	562,987	17.5%	2,471,748	19.4%	662,403	20.3%	2,571,165	20.2%
Depreciation and amortization	44,011	1.4%	140,927	1.1%	39,275	1.2%	136,191	1.1%
Income from operations	518,976	16.1%	2,330,821	18.3%	623,128	19.1%	2,434,974	19.1%
Interest expense	(140,281)	(4.4)%	(606,682)	(4.8)%	(140,274)	(4.3)%	(606,676)	(4.8)%
Interest income	6,189	0.2%	28,777	0.2%	6,186	0.2%	28,775	0.2%
Foreign exchange result	(36,116)	(1.1)%	(151,261)	(1.2)%	(36,428)	(1.1)%	(151,573)	(1.2)%
Inflationary result from monetary position	6,601	0.2%	(120,354)	(0.9)%	(87,077)	(2.7)%	(214,032)	(1.7)%
Comprehensive financing income (cost)	(163,607)	(5.1)%	(849,520)	(6.7)%	(257,593)	(7.9)%	(943,506)	(7.4)%
Associated company	52,613	1.6%	78,887	0.6%	18,459	0.6%	44,733	0.4%
Income before income taxes	407,982	12.7%	1,560,188	12.3%	383,994	11.8%	1,536,201	12.0%
Income tax expense	372,342	11.6%	795,725	6.3%	126,112	3.9%	549,495	4.3%
Consolidated net income	35,640	1.1%	764,463	6.0%	257,882	7.9%	986,706	7.7%

- FY-2019 audit adjustments were allocated to Q4-2019 as presented herein
- Variance between audited and unaudited figures was Ps. 43 million on Net Sales
- Auditors recommended a reclassification of Ps. 94 million between Operating Expenses and Inflationary Results as part of hyperinflationary accounting in Argentina, this reclassification only impacted Earnings Before Taxes by Ps. 24 million.

• NET SALES BY REGION

<i>Net Sales</i>	Audited (May, 2020)		Interim (February, 2020)	
	<i>Ps. million</i>	4Q-19	FY-19	4Q-19
Mexico	1,317.4	5,612.5	1,318.4	5,612.5
LatAm	1,594.6	5,790.0	1,636.6	5,833.0
U.S.	308.3	1,310.4	308.3	1,310.4
Total	3,220.3	12,712.9	3,263.3	12,755.9

• EBITDA BY REGION

<i>EBITDA</i>	Audited (May, 2020)				Interim (February, 2020)			
	<i>Ps. million</i>	4Q-19	%Sales	FY-19	%Sales	4Q-19	%Sales	FY-19
Mexico	260.4	19.8%	1,007.5	18.0%	261.3	19.8%	1,133.4	20.2%
LatAm	279.0	17.5%	1,334.5	23.0%	377.5	23.1%	1,319.3	22.6%
U.S.	23.6	7.7%	129.7	9.9%	23.6	7.7%	118.5	9.0%
Total	563.0	17.5%	2,471.7	19.4%	662.4	20.3%	2,571.2	20.2%