Genomma Lab.®
Internacional

IMPROVING THE FORMULA FOR SUCCESS

2021 ANNUAL REPORT

Genomma Lab.® Internacional

IMPROVING THE FORMULA FOR SUCCESS

OUR PURPOSE

Empower people to have excellent health and wellness.

HOW TO READ **THIS REPORT**

We present our integrated annual report for the year 2021[1], which contains the results of our management of environmental, social and corporate governance impacts, as well as Genomma Lab's main financial results[2]. This report has been prepared in accordance with the Global Reporting Initiative - GRI Standards, using the new 2021 Universal Standards, as well as the Sustainability Accounting Standards Board (SASB) approach. We also consider the interests of our investors and other key stakeholders through the requirements of S&P's Dow Jones Sustainability Index and RobecoSAM[3], the Transparency and Accountability Framework of the Women's Empowerment Principles (WEPs)[4], the Carbon Disclosure Project (CDP[5]), the Task Force for Climate-Related Financial Disclosures (TCFD[6]), the Sustainable Development Goals (SDGs) and the 10 principles of the United Nations Global Compact.

This report reflects our commitment to transparency and accountability to our stakeholders on our material issues . In order to identify what content is being referred to, the respective codes of the different metrics we are using can be found at the beginning of each section, starting with their corresponding acronyms (GRI, for example). Likewise, at the end of the report there is a specific index for each of the tools used.

Although there is no restatement of the information, it has there has been a change in the preparation of the report, that this year we have worked in accordance with the new 2021 Universal Standards of the Global Reporting Initiative – GRI, while the year past the report was worked according to the option "Essential" of it.

In addition, this document was externally verified by an independent third party

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

Rodrigo Herrera
Founder and Chairman of the Board of Directors of Genomma Lab

1 For the reporting period January 1 to December 31, 2021. The last report was published in 2021 and corresponded to the calendar year 2020.

2 The scope for ESG impact management results includes all entities and subsidiaries covered by the audit of our financial statements consolidated.

3 Genomma Lab was recognized as the first and only pharmaceutical company to join the Dow Jones Sustainability Index MILA, an index that recognizes the best environmental, social and corporate governance practices of companies in Mexico, Peru, Colombia and Chile.

4 Established jointly by UN Women and the UN Global Compact, the WEPs are based on international labor and human rights standards and are grounded in the recognition that business has an interest in and responsibility for gender equality and women's empowerment.

5 Non-profit organization that helps companies and cities disclose their environmental impact.

6 The multi-stakeholder ESG materiality study was prepared in 2021 additionally using the material issues with focus on investors across SASB's Biotechnology and Pharmaceuticals and Personal and Household Products sectors.

Reference to the materiality process and outcome is included in **page 190.**

ABOUT US

(GRI 2-1, 2-6)

We are Genomma Lab Internacional, S.A.B. de C.V., hereinafter GLI, a Mexican company leader in the industry of over-the-counter pharmaceutical and personal care products. We are dedicated to the development, sale and promotion of our products, with the purpose of empowering people to have excellent health and well-being.

OUR **OPERATION**

(GRI 2-1, 2-6)

2021 SALES

$15,487.1 mm MXN

55% OVER-THE-COUNTER MEDICINES

45% PERSONAL CARE

+50 BRANDS

18 OPERATING COUNTRIES

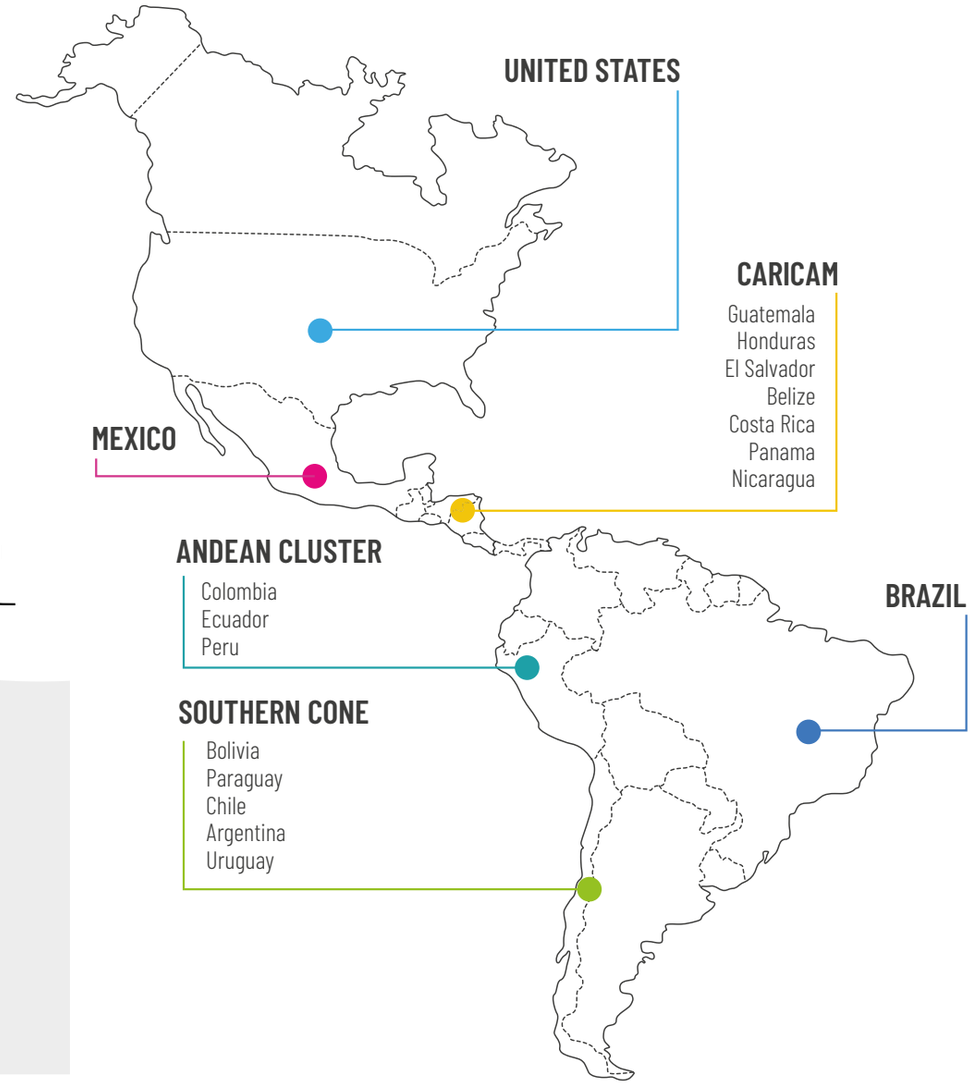
United States of America, Mexico, Guatemala, El Salvador, Belice, Costa Rica, Nicaragua, Honduras, Panama, Colombia, Ecuador, Peru, Bolivia, Chile, Argentina, Uruguay, Paraguay, and Brazil.

SALES BY REGION

42% SALES IN MEXICO

9% SALES IN THE USA

49% SALES IN LATAM



2,157 EMPLOYEES

51% WOMEN

49% MEN

OUR BRANDS

(GRI 2-6)

The main categories of our product portfolio are the following:

Over-the-counter (OTC) medicines can be purchased without a prescription and are available over the counter. These medicines are safe and effective as long as they are taken as per the directions on the label and as prescribed by a health care professional.

Cosmetics and personal care products are applied to the human body for the purpose of cleansing, improving, promoting attractiveness or changing its appearance, thus playing a fundamental role in all stages of our lives.

25 YEARS **OF HISTORY**

1996

In 1996, Rodrigo Herrera Aspra founded the company Genomma Lab, starting with his first anti-acne product, **Asepxia.**

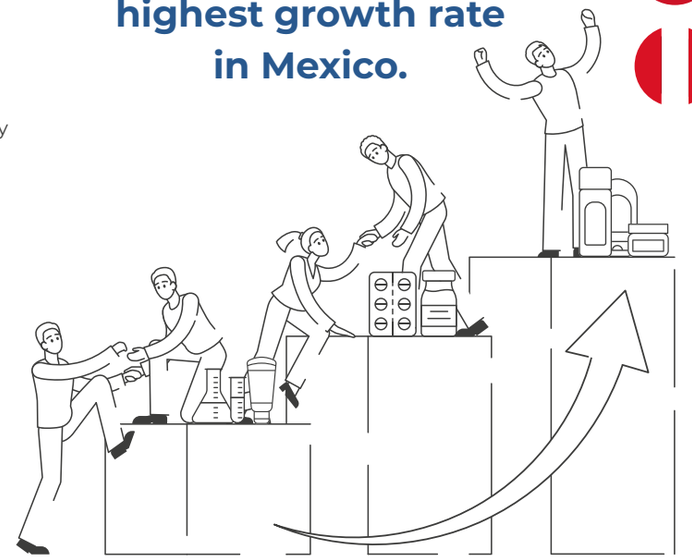
Genomma Lab.® Internacional

2000

Genomma Lab already had **10 brands** in the OTC and personal care segments.

2003

From this year to date, **Genomma Lab has been the laboratory with the highest growth rate in Mexico.**



2005

We started expanding to countries in **Latin America.**

2007

Growth of the Personal Care portfolio, including brands such as **Tío Nacho.**

2008

In June 2008, **Genomma Lab became a public** company, the first laboratory in the history of Mexico.

Adherence to the United Nations Global Compact

WE SUPPORT
UN GLOBAL COMPACT

2010

Regional expansion continued in countries such as **Brazil and the USA.**

2011

We added to our portfolio brands such as **Vanart, Pomada de la Campana and Alert.**

2013

Joined the Price and Quotations Index (IPC, in Spanish) of the Mexican Stock Exchange (BMV, in Spanish) and the Morgan Stanley EM Latin America and Mexico Index.

IPC Sustentable

Expanded OTC portfolio with brands such as Tafirol in Argentina and Losec A in Mexico.

2018

Consolidation of our **Growth Strategy.**

Launch of GENBOOK, the essence of the Company's culture.

2019

We obtained the **exclusive license** to market Novamil in Mexico from UP International in France.

2020

Launched in Mexico our **Groomen** brand of razors in association with Edgewell in the USA.

Joined the **Dow Jones** Sustainability Index MILA.

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

Joined the **S&P/BMV** Total Mexico ESG Index.

EMPRESA SUSTENTABLE

15th year of being an *Empresa Socialmente Responsable* **(ESR).**

ESR Empresa Socialmente Responsable

2021

Obtained **the Good Manufacturing Practices (GMP)** Certification granted by Mexico's Federal Commission for Protection against Health Risks *(Comisión Federal para la Protección contra Riesgos Sanitarios, COFEPRIS)* for the solids line (direct compression and uncoated tablets) and the semisolids line (ointment, gel and cream) of our first pharmaceutical plant in Mexico.

Started operations of our first **Industrial Complex in Mexico,** aimed at optimizing the accessibility of over-the-counter medicines and personal care products in the region.

Celebration of our **25th anniversary *"Año de la GENte"* ("Year of the People").**

Launched our **2025 Sustainability Strategy.**

Launched the **Tío Nacho line with a sustainable approach.**

MESSAGE FROM **RODRIGO HERRERA**

CHAIRMAN OF THE BOARD OF DIRECTORS

(GRI 2-22)

To all our stakeholders,
I am addressing you on behalf of the Board of Directors of Genomma Lab Internacional to share with you, through this report, the results achieved by the Company during 2021, a significant year for all of us who are part of this great team, as we celebrate 25 years of Genomma Lab.

These past two years have been challenging for all of humanity; we faced a global pandemic that shattered the status quo, but at the same time represented a unique opportunity to reinvent ourselves.

I want to emphasize our gratitude for the trust placed in Genomma Lab on a daily basis. We are naming 2021 the **"Year of the People",** celebrating the contribution made by each person who belongs to this great team to achieve all the goals we set for ourselves, even in times of complexity and uncertainty.

I am talking about our business partners, suppliers, investors, customers, clients and each and every link in this great system. Thank you for joining us, for being resilient, thank you for transforming, for resolving, for never giving up, for always remembering the purpose that unites us, the genuine desire to improve people's health and well-being.

We call our comfort zone CHANGE...

The formula for success is the space where three elements coincide: the interest in the common good, the passion for innovation in the field of health and well-being, and maintaining a profitable business.

Every decision we make is made with the conviction that it will be the best for the environment. Humanity is going through a complex public health situation, with strong economic repercussions. Therefore, the importance of adapting, which makes us unique, generating opportunity gaps for improvement.

At Genomma Lab we believe in a long-term vision, in building for and by the future because we are a team of people committed to a higher purpose. We want to be the most important personal care and OTC medications company, but mainly the one that generates greater well-being in Latin America and the Hispanic market of the United States.

I would like to share that we are concluding the phase of vertical integration in product manufacturing and marketing. We are investing in infrastructure and making our value chain more efficient, with the clear objective of increasing manufacturing capacity while lowering prices so that a much larger number of the population can acquire our products, backed by brands with solid know-how and value in the countries where we are present.

It is important to highlight that despite the challenge posed by the sanitary emergency in the region, during 2021 we achieved a solid sales performance and continued to improve the profitability of our business.

The results obtained during this juncture show the support of a committed team with great talent, capable of adapting to a challenging context, turning it into an opportunity to grow and fulfill our operational and expansion strategy.

All our plans and actions in the short, medium and long term are supported by a transversal sustainability strategy whose ultimate goal is to

"...For Genomma Lab 2021 was a year of celebration and learning, and we are confident that 2022 will be an extraordinary year for humanity..."

generate a positive impact in the communities where we operate, while at the same time reducing the environmental impact in all our processes.

We continue to invest in Mexico. We believe in its future, so we invest in infrastructure and talent, so that our products continue to cross borders, generating sales and profits that return to our country of origin.

For Genomma Lab 2021 was a year of celebration and learning, and we are confident that 2022 will be an extraordinary year for humanity.

I appreciate the vote of confidence placed in our ability to create integral value for everyone and for our environment. We have a long way to go in our goal of empowering people to have excellent health and well-being, a purpose that is not the goal at the end of the road, but the road itself. Thank you for joining us on this journey.

"...The results obtained during this juncture show the support of a committed team with great talent, capable of adapting to a challenging context, turning it into an opportunity to grow and fulfill our operational and expansion strategy..."

RODRIGO HERRERA
CHAIRMAN OF THE BOARD OF DIRECTORS
Genomma Lab Internacional, S.A.B. de C.V.

LETTER FROM **JORGE BRAKE**

CHIEF EXECUTIVE OFFICER OF GENOMMA LAB

(GRI 2-22)

To all our stakeholders,

I would like to begin by expressing my gratitude to each of you for the vote of confidence you place in Genomma Lab, and invite you to read this document, in which we share our activities, initiatives and achievements during the year 2021.

With its challenges, 2021 was a significant year for all the members of our great team, as we celebrated the first 25 years of operations of our company and named it the **"Year of the People",** to thank all our employees who were fundamental to continue taking solid steps to consolidate the objectives we have set for ourselves.

OUR 2021 RESULTS

We celebrate our 25th anniversary, and we continue to be a young company that continues to chart its course under a shared purpose that guides our decisions: *"Empowering people to have amazing Health and Wellness",* with a clear vision of being the leading company in the categories of medicines, personal care, beverages and healthy nutrition.

We know that we continue to face unprecedented circumstances on the planet, yet we have managed to continue our sustained growth in sales and EBITDA for the third consecutive year. During 2021, consolidated net sales increased 11.7%, reaching 15.5 billion pesos, thanks to a solid innovation plan, extraordinary operational execution and a continued focus on profitability, achieving an EBITDA margin of 20.7% and operating profit of 3.0 billion pesos

OUR GROWTH STRATEGY

The Company continues to demonstrate that it is prepared to face unprecedented challenges. Therefore, we have updated the successful growth strategy we launched in 2019, adapting and optimizing it to respond to current challenges. As a result, we added two new components to the four existing pillars: **Product Innovation and Portfolio Optimization, Strategic Alliances, Communication and Integrated Marketing, Seamless Go-To-Market, Organization, Corporate Culture and Sustainability, and Manufacturing and Supply Chain,** allowing us to operate with the adaptability that characterizes us, as well as to generate value for our shareholders and the environment. Throughout this report we will provide a breakdown of each of these pillars.

As a result of the updating of our growth strategy, mainly in the areas of Manufacturing and Supply Chain, Communication and Integral Marketing, as well as Best in Class Go-To-Market, we were able to respond successfully to one of the most visible effects of Covid-19: the disruption of supply chains, in the face of which Genomma Lab was able to acquire inputs in a complicated global context, with the ultimate goal of ensuring the availability of our products to continue responding to the current needs of our customers and clients in an efficient manner.

Similarly, in order to improve the accessibility and affordability of our products, we continue to expand our sales channels, focusing on trade channels and new forms of digital communication, as well as innovating with specific presentations that adapt to the needs of customers who opt for the traditional channel.

In addition, I am pleased to inform you that during the past year we obtained the Good Manufacturing Practices (GMP) Certification granted by Mexico's Federal Commission for Protection against Health Risks (Comisión Federal para la Protección contra Riesgos Sanitarios, COFEPRIS) for the solids line (direct compression and uncoated tablets) and the semisolids line (ointment, gel and cream) of our first pharmaceutical plant in Mexico. This result contributes to the objective of having a manufacturing capacity that ensures the superior quality of our products at accessible prices, so that more and more people can get to know and choose them.

Also, during 2021, we continued to focus our efforts on maintaining Product Innovation and Portfolio Optimization as part of our day-to-day operations, aligned with the latest global trends, with more than 25 launches, brand extensions and new formats globally, always considering new consumer habits.

Through a disruptive regional platform, we have set out to attract international companies, entrepreneurs and scientists to negotiate Strategic Alliances, collaborating to strengthen and be part of the virtuous cycle of innovation. In addition, the teams in charge of product development on a global scale are continuously trained, and this year we focused on updating them on eco-design, seeking to create products with less environmental impact, in line with our 2025 commitment to sustainability.

Being the **"Year of the People"** and aiming to strengthen our pillar of Organization, Corporate Culture and Sustainability, we focused on providing tools to the entire team to ensure their professional development, investing in training and updating our performance evaluation processes globally. We reinforced the concept of diversity, inclusion and gender equality in all our activities, considering that a more diverse team generates innovation and productivity.

I would like to take a moment to acknowledge and thank all of our employees for keeping the operation running smoothly and with sustainable results. This includes those who are working from home, as well as those who have made possible the commissioning of our first manufacturing lines and the move of our distribution center to the new industrial complex, and those who support us in ensuring that our products travel long distances to be available at every point of sale.

A COMMITMENT TO THE FUTURE

I want to recognize the importance of sustainability as a basic element of our business model and also highlight it as a fundamental tool to manage risks, which has been fundamental in the past two years. This becomes tangible every day and is a clear responsibility of each one of us, which is why we decided to formalize this commitment through the document "Our Sustainability 2025. A commitment to the future", which was made public in February 2021. This commitment details specific actions that we will follow for the next four years, focusing on 10 strategic pillars of our operation, considering the responsible development of our products and our relationship with the communities in which we are present.

Our commitment is inspired by the urgent need to build a healthier environment for all people and to contribute to the fulfillment of specific goals of the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda. Our initiatives are aligned to the specific issues of our business and to the six pillars of the corporate growth strategy. Thanks to this effort we were considered for the second consecutive year to be part of the Dow Jones Sustainability MILA Pacific Alliance Index, being the only company in the Pharmaceuticals, Biotechnology & Life Sciences category, as well as in the S&P/BMV Total Mexico ESG Index, jointly developed by S&P Dow Jones Indices (S&P DJI) and the Mexican Stock Exchange (BMV).

During 2021 we succeeded in implementing a variety of sustainable initiatives in relation to our products. Through the implementation of circular economy principles and using certified cardboard from certified forests for some of our packaging and recycled material for others, we obtained remarkable results. Our greatest achievement in this instance is the packaging of one of our most powerful brands, Tío Nacho, which is made from 100% recycled polyethylene terephthalate (PET).

On the other hand, our new manufacturing plant in Mexico incorporated sustainability into its design, construction, infrastructure and technology, which will allow for cleaner, safer industrial processes with less impact on the environment. It is also worth mentioning that our transportation and that of our logistics suppliers is adhered to voluntary clean transportation programs in Mexico, Colombia and the United States.

As a priority, our contribution must be focused on the places where we operate, including our employees and their families, suppliers, business partners, customers, clients, and investors, as well as the communities in which we operate.

I could go on listing many actions, successes and achievements that make us proud and I emphasize that I am very satisfied to work with our organization and the results we have been achieving in this great Company, full of talented and empowered people to achieve the common good.

I would like to end by reiterating that Genomma is constantly changing, adapting, strengthening its "genes" to respond adequately to this highly variable context, always seeking to deliver the best results and the greatest possible value for our investors, customers, partners, allies and for our employees and their families.

I invite you to enjoy our 2021 Annual Report.
Good luck!

Jorge Luis Brake Valderrama
Chief Executive Officer
Genomma Lab Internacional, S.A.B. de C.V.

OUR **2021**

SALES

$15,487.1 bn MXN

+11.7%
annual
growth

EBITDA

$3,209.8 bn MXN

+9.8%
annual
growth

E-COMMERCE

+105%

growth
vs 2020

+38,000

people benefited in
the *GEN Contigo*
Volunteer Program

Inclusion in the
DOW JONES SUSTAINABILITY INDEX MILA
for the second year in a row.

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

Inclusion in the
S&P/BMV TOTAL MEXICO ESG INDEX
for the second year in a row.

EMPRESA SUSTENTABLE

Launching of
TÍO NACHO SUSTENTABLE

150 AÑOS
TÍO NACHO
ETICACIA

1,116 tons

of recycled material in
our packaging

+4,400,000

of donated products
globally since 2019

Distintivo
HRC EQUIDAD MX

MEJORES LUGARES PARA TRABAJAR
2022 Por Equidad LGBTQ+
100% HRC EQUIDAD MX.

Alignment with
UN WOMEN'S EMPOWERMENT PRINCIPLES
In support of

WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

2021 THE
"YEAR OF THE PEOPLE"

FINANCIAL **SUMMARY**

RESULTS	ANNUAL GROWTH	2021 [1]	SALES %	2020 [1]	SALES %
Net Sales	11.7%	15,487.1	100.0%	13,870.1	100.0%
Gross Profit	11.4%	9,563.2	61.7%	8,588.1	61.9%
Operating Profit	10.1%	3,046.6	19.7%	2,768.0	20.0%
EBITDA [2]	9.8%	3,209.8	20.7%	2,923.0	21.1%
Net Income	(6.8)%	1,307.9	8.4%	1,403.5	10.1%

BALANCE	ANNUAL GROWTH	2021 [1]	2020 [1]
Total Assets	0.9%	21,543.0	21.340.9
Total Debt	(8.1)%	5,904.3	6,424.0
Stockholders' Equity	13.9%	10,072.2	8,842.5
Cash Conversion Cycle	13 días	109	96

STOCK MARKET DATA	ANNUAL GROWTH	2021 [1]	2020 [1]
Price	14.0%	21.48	18.84
Earning per Share	(6.5)%	1.30	1.39
Book Value per Share	13.9%	9.61	8.44
Outstanding shares	0.0%	1,048.0	1,048.0

OPERATION	ANNUAL GROWTH	2021 [1]	2020 [1]
Collaborators	63.5%	2,157	1,319

[1] Figures in millions of nominal pesos and under IFRS (International Financial Reporting Standards), except for the stock data, number of units and collaborators.

[2] EBITDA- operating income before depreciation and amortization.

VALUE CREATION **MODEL**

OUR DNA ORIGIN AND PATH

- PURPOSE
- VALUES AND PRINCIPLES
- VISION
- MISSION

OUR GROWTH STRATEGY

- PRODUCT INNOVATION
- BEST IN CLASS GO-TO-MARKET
- WORLD-CLASS SUPPLY CHAIN
- SUPERIOR BRAND VALUE & COMMUNICATION
- STRATEGIC PARTNERSHIPS
- ORGANIZATION, CORPORATE CULTURE AND SUSTAINABILITY

OPERATING MODEL

OPERATION AND SUPPORT AREAS

- MANUFACTURING
- PROMOTION AND SALES
- INNOVATION AND DEVELOPMENT
- LOGISTICS AND DISTRIBUTION
- CORPORATE

SUSTAINABILITY

SUSTAINABILITY MODEL

- RESPONSIBLE BUSINESS
- ENVIRONMENT
- SOCIETY

OUR STAKEHOLDERS

- EMPLOYEES
- CUSTOMERS
- COMMUNITIES
- CLIENTS
- SUPPLIERS AND BUSINESS PARTNERS
- INVESTORS
- AUTHORITIES
- NGOS AND ACADEMIA
- CHAMBERS AND SECTOR ASSOCIATIONS
- MULTILATERAL ORGANIZATIONS

We have a clear purpose:

"Empowering people to have excellent health and wellness."

OUR VISION

is to be the leading company in our categories of medicines and personal care products, and to be recognized for having a positive impact on the health and well-being of people, the community and the environment.

OUR MISSION

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

OUR GOAL

is, in line with our purpose, to be the healthiest company in the world because health and well-being are at the core of our business strategy.

OUR DNA: OUR ORIGIN AND OUR PATH

1. We innovate. We empower our team to challenge the status quo.

2. We have an entrepreneurial spirit. We act as owners.

3. We make decisions and take risks based on information and analysis.

4. We are courageous. We always go out of our comfort zone looking for the best future for the company.

5. We have fun while working.

6. We generate trust externally and internally, by always meeting our commitments.

7. We focus on the most relevant priorities for our company's objectives.

8. We are passionate about what we do, because we know we are creating a common good.

9. We always work together as one team. United.

10. We learn quickly: We identify the best. We match the best. We outperform the best.

VALUES AND PRINCIPLES

WE ARE RELIABLE
We always do the right thing, with honesty, respect and reliability.

WE BELIEVE IN MERITOCRACY
We recognize people based on their proven abilities.

WE ARE HUMBLE
We recognize our vulnerabilities.

WE ARE TRANSPARENT
We always tell the truth in an open and honest manner.

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

WE LEARN FROM OUR MISTAKES
We are not afraid to seek support from others.

WE ARE INCLUSIVE
We value diversity and embrace our differences, as they make us stronger.

WE ARE TRANSFORMATIONAL LEADERS
we develop and inspire by example; we help our team succeed.

WE HAVE FUN
We work in a cheerful environment, where the most important thing is our supreme well-being and good spirits.

OUR **GROWTH STRATEGY**

PRODUCT INNOVATION AND PORTFOLIO OPTIMIZATION

Through this pillar we seek to create value for our customers, clients and society in general, focusing on combining science with the expectations and needs of our customers, with the objective of developing products that positively impact their quality of life, mainly their health and well-being.

BEST IN CLASS GO-TO-MARKET

Present in +500,000 points of sale and with more than 100,000 products sold every hour of the day, we ensure that our products are always available and within reach of our customers. We work to perfect and adapt our presence in both traditional and modern channels, and we continue to develop our digital channel platforms, better known as E-commerce.

WORLD-CLASS SUPPLY CHAIN

One of our main objectives is to implement more efficient and sustainable processes throughout our supply chain, positively impacting our different stakeholders. We consider it essential to maintain an ethical and trusting relationship with each of the suppliers that are part of this chain. We are also aware of the need for an efficient use of resources.
Along these lines, we built and began operations at our new manufacturing plant.

SUPERIOR BRAND VALUE & COMMUNICATION

This feature of our company results in four times faster execution, 70-80% lower costs, multiple interactions and a greater focus on the client.

STRATEGIC PARTNERSHIPS

Ensuring the fulfillment of our purpose, in 2021 we have allied with UP International (infant nutrition) and Edgewell (razors).

ORGANIZATION, CORPORATE CULTURE AND SUSTAINABILITY

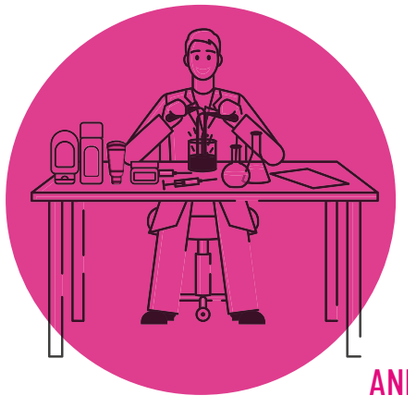
Each one of our 2,157 employees that make up the great GLI team is essential to achieve our purpose and objectives as a company. Our priority is to promote the physical and emotional well-being, constant professional development and productivity of our people, offering a dignified, honest, safe, healthy, ethical and inclusive work environment with equal opportunities.

We promote the growth of each of our employees, in order to attract and retain key talent, in line with the value of meritocracy, teamwork and an unparalleled organizational climate.

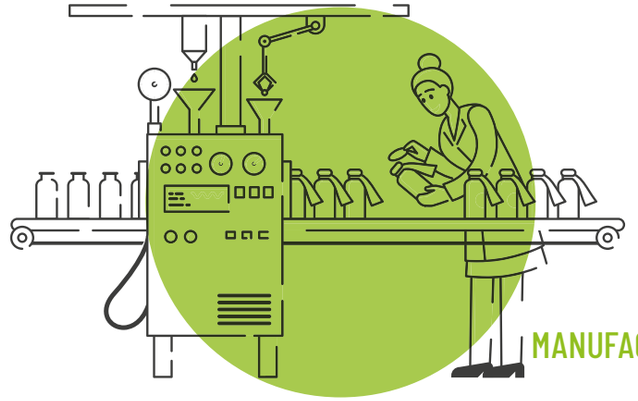
OPERATING **MODEL**

The success of our operation is possible thanks to the proper interaction and integration of the different business, operational and sustainability areas.

OPERATION AND SUPPORT AREAS



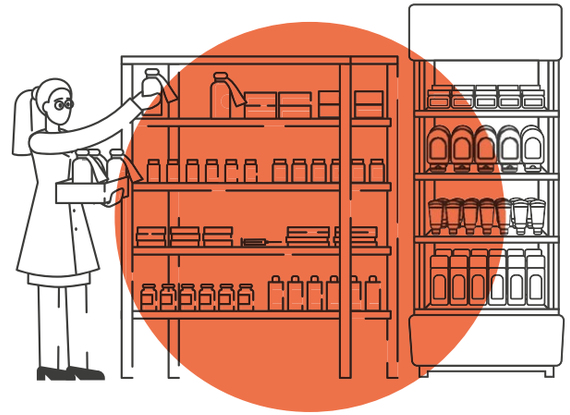
INNOVATION AND DEVELOPMENT



MANUFACTURING

LOGISTICS AND DISTRIBUTION

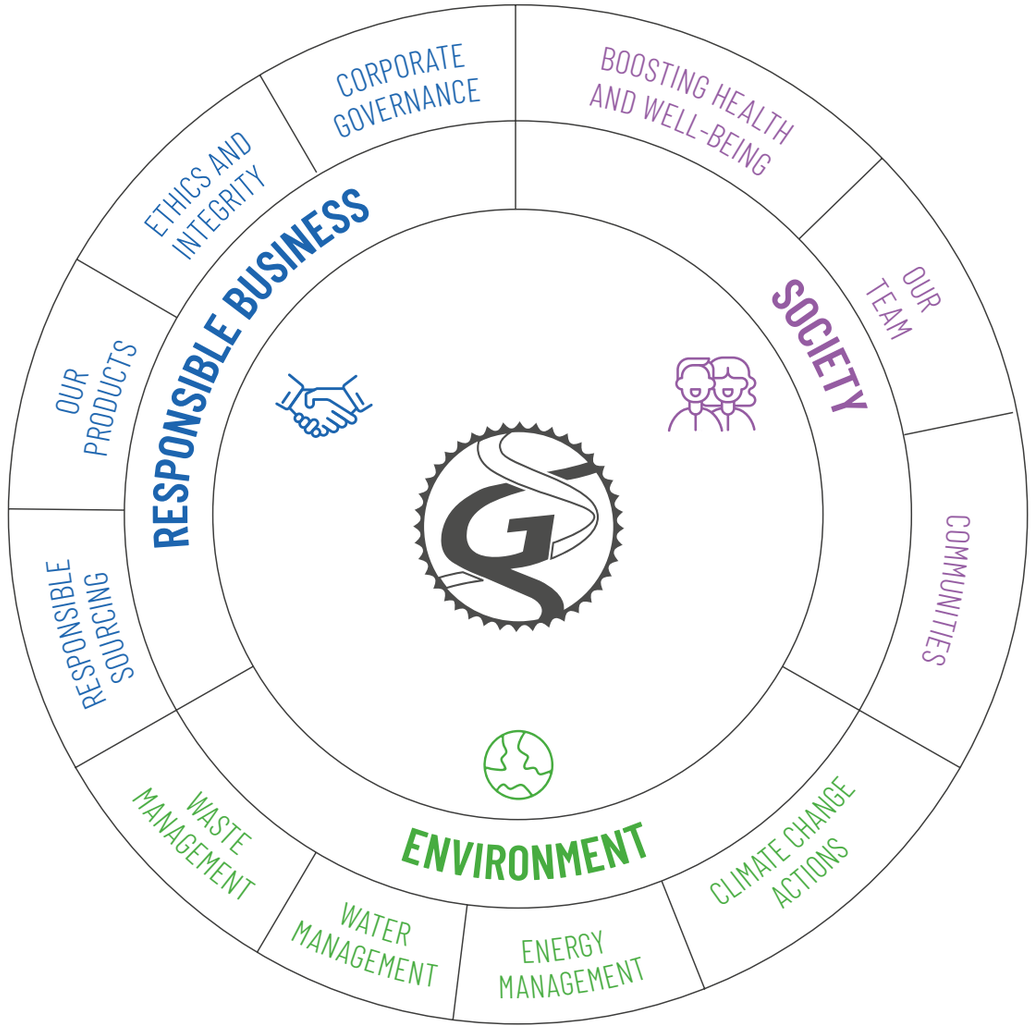
CORPORATE MANAGEMENT



PROMOTION AND SALES

SUSTAINABILITY

SUSTAINABILITY **MODEL**



OUR **STAKEHOLDERS**

(GRI 2-29)

We are a transparent company committed to maintaining a continuous dialogue with our stakeholders, taking into consideration their interests, concerns and expectations, as well as promoting among them a global culture of participation, community, communication and commitment to the environment.

Through our Stakeholder Engagement Policy, we identify, analyze and prioritize operational risks that could negatively impact our environment. Our main stakeholders include the following:

- EMPLOYEES
- CUSTOMERS
- COMMUNITIES
- CLIENTS
- INVESTORS
- PSUPPLIERS AND BUSINESS PARTNERS
- AUTHORITIES
- NGOS & ACADEMIA
- CHAMBERS AND SECTORAL ASSOCIATIONS
- MULTILATERAL ORGANIZATIONS

See Annex on **page 190, to learn more about our stakeholder engagement.**

2025 **SUSTAINABILITY STRATEGY**

(GRI 2-23, 2-24)

We are committed to integrating sustainability best practices throughout our operations. Our investments have positive social and environmental impacts.

We do business with the environment in mind, always thinking of its development and integral improvement. We are one of the 29 companies with the highest commitment to sustainable development. .

We have a Global Sustainability Committee, with the objective of outlining the Company's short- and long-term environmental, social and economic objectives. The Committee is responsible for monitoring the implementation and progress of sustainability initiatives, as well as designing action plans, policies and procedures that respond to the risks and opportunities of our business model in this area.

This Committee is led by the Chairman of the Board of Directors and the Chief Executive Officer and is comprised of leaders from the Company's strategic areas: Institutional Relations, Finance, Human Resources, Innovation & Development, Marketing, Regulatory Affairs, Manufacturing, Supply Chain, Investor Relations, Social Responsibility and Sustainability, and Country Managers.

In turn, the Global Social Responsibility Committee is part of this Committee, which makes possible the execution of social initiatives with local and international impact. This committee is chaired by the Vice President of Institutional Relations and integrated by Ambassadors with Purpose, who are responsible for the implementation and management of social initiatives for each country or region where we operate.

In this line, and with the objective of building a sustainable future, we aligned our actions to a Sustainability Strategy with goals for the year 2025 focusing on 10 strategic pillars contributing to specific goals of the Sustainable Development Goals – SDGs- to achieve progress for the common good, always focused on our material issues.

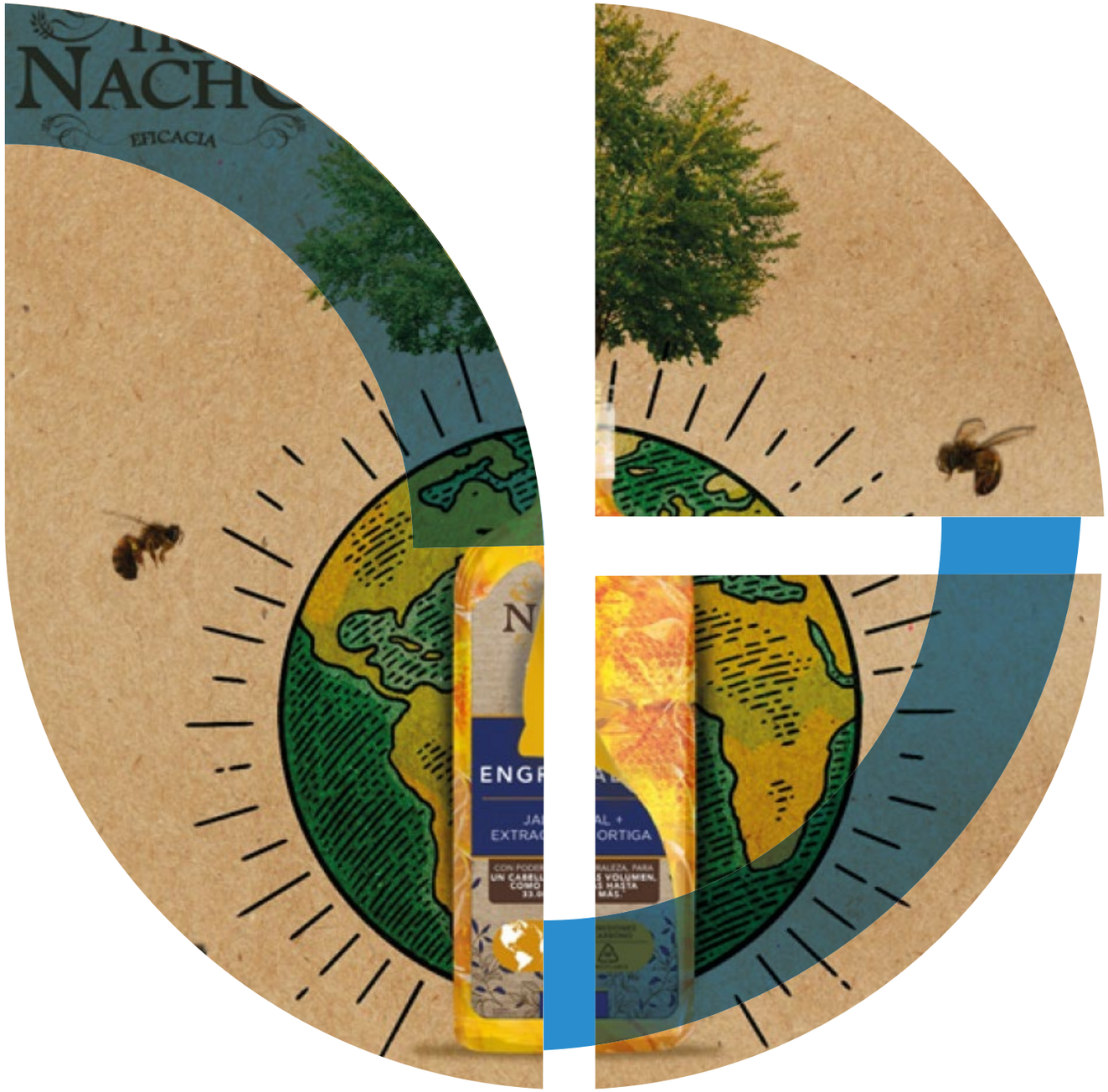
See **page 190, to learn more about our materiality analysis.**

To learn more about our Sustainability Indexes, Awards and Rankings, please see page 189.

[7] According to the S&P/BMV Total Mexico ESG Index.

SUSTAINABILITY MODEL	MATERIAL SUBJECT RELATED	SUSTAINABILITY STRATEGY	PILLARS	OUR 2021 ACTIONS	SDG	SDG GOAL
Responsible business	Packaging and waste	Our Products	We focus on packaging, committed to integrating circular economy principles and sustainable design elements into our products. We encourage the incorporation of recycled materials and reduce the use of inputs in our packaging and containers.	· Secondary packaging with cardboard from certified sources · Recycled material in our packaging · Recyclability in our packaging · Members of the Circular Economy Business Group (Grupo Empresarial en Economía Circular, GEECI) of Mexico's CANIPEC · Microplastic-free rinsable products **More information in the Innovation chapter.**	12 PRODUCCIÓN Y CONSUMO RESPONSABLES	**12.2, 12.4, 12.5**
Responsible business	Responsible management of the value chain	Our Value Chain	Through our Sustainability Program for Suppliers, we promote good environmental, social and ethical practices among the members of our value chain, ensuring that they are aligned with the company's standards.	· Supplier Code of Conduct and Ethics · Supplier Sustainability Assessment **More information in the Supply Chain chapter.**	12 PRODUCCIÓN Y CONSUMO RESPONSABLES	**12.6**
Responsible business	Responsible management of the value chain Climate change	Our Manufacturing Plant	Our new manufacturing plant in Mexico adopted, from its design and construction, sustainable infrastructure and technology that allows for cleaner, safer and more environmentally friendly industrial processes.	· Installing a cogeneration plant · LED luminaires and use of natural light. · Wastewater treatment plant · Water saving technology for toilet facilities **More information in the Supply Chain and Environmental Management chapters.**	9 INDUSTRIA, INNOVACIÓN E INFRAESTRUCTURA	**9.4**
Responsible business	Responsible management of the value chain Climate change	Our Logistics	In our business model, product transportation is a primary activity, which also means that it is one of our greatest opportunities to reduce the environmental impact of our operation.	· Clean transportation programs. **More information in the Supply Chain and Environmental Management chapters.**	7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE	**7.3**
Environment	Operational waste	Our Waste Management	We are committed to reducing our own waste generation through prevention, reduction, recycling and reuse activities, contributing to the circular economy and preventing the loss of resources.	· We will prevent waste generated at our Distribution Center and Manufacturing Plant from reaching a landfill through recycling and reuse practices **More information in the Environmental Management chapter.**	12 PRODUCCIÓN Y CONSUMO RESPONSABLES	**12.5**
Environment	Water management	Our Mater Management	Our goal is to adequately treat 100% of our operation's wastewater, implement technologies that facilitate the recycling and reutilization of water, and ensure the sustainability of water extraction, making efficient use of water.	· In 2021, through an outsourced water recycling program, we treated a percentange of the water used in our Distribution Center. **More information in the Environmental Management chapter.**	6 AGUA LIMPIA Y SANEAMIENTO	**6.3**

SUSTAINABILITY MODEL	MATERIAL SUBJECT RELATED	SUSTAINABILITY STRATEGY	PILLARS	OUR 2021 ACTIONS	SDG	SDG GOAL
Environment	Climate change	Our Actions to Address Climate Change	Reduce the use of electrical energy through energy efficiency programs and the implementation of technologies with a lower environmental impact at our manufacturing plant in Mexico.	· Installing a Cogeneration Plant. **More information in the Environmental Management chapter.**		**12.2, 12.4, 12.5**
Environment	Climate Change Packaging and waste Water management Operational waste	Our Integrated Management	Through our organizational culture, we encourage all our employees to think critically about sustainability and innovation.	· Sustainability Awards. · Sustainability training for teams in charge of product development globally. **More information in in the Corporate Culture chapter.**		**12.6**
Society	Promoting health and well-being Attracting talent and employee development Diversity, inclusion and gender equality in our team	Our Team	Our focus: employee well-being, development and ethics, seeking to provide them with equal opportunities for development and growth in a safe, transparent and inclusive environment.	·· Employee Assistance Program. · GEN Institute. · Diversity, Inclusion and Gender Equality Global Committee. · Adherence to the UN Women's Empowerment Principles (WEPs) · Global team composed of 51% women and 49% men. · HRC Equidad MX 2022 certification from the Human Rights Campaign Foundation. · Since 2021 we have been part of "*Éntrale, Alianza por la inclusión laboral de personas con discapacida*" (Alliance for the labor inclusion of people with disabilities). **More information in in the Corporate Culture chapter.**		**9.4**
Society	Promoting health and well-being. Community outreach.	Our Contribution to Society	We seek the health and well-being of vulnerable communities, especially in the places where we operate.	· Genomma Lab Volunteering. · Genomma Lab Foundation **More information in in the Corporate Culture chapter.**		**7.3**



INNOVATION

(GRI 301-2, 301-3) (SASB - CG-HP-410a.1, CG-HP-410a.2)

"We used to think our future was in the stars. Now we know it's in our genes".

James Watson[1]

[1] James Dewey Watson (Chicago, Illinois; born April 6, 1928) is an American biologist, famous for being one of the four discoverers of the molecular structure of DNA in 1953, winner of the Nobel Prize in Physiology or Medicine in 1962.

When we innovate, we empower our team to challenge the status quo. Innovation is in our DNA, it is the essence of who we are, what has led us to success in the past, what allows us to learn from our growth areas, and what drives us to continue building for the future.

We noticed that there is a strong trend in the market for products with a lower environmental impact. In addition, many customers are interested in learning more about the brands they consume and in buying products from environmentally responsible brands.

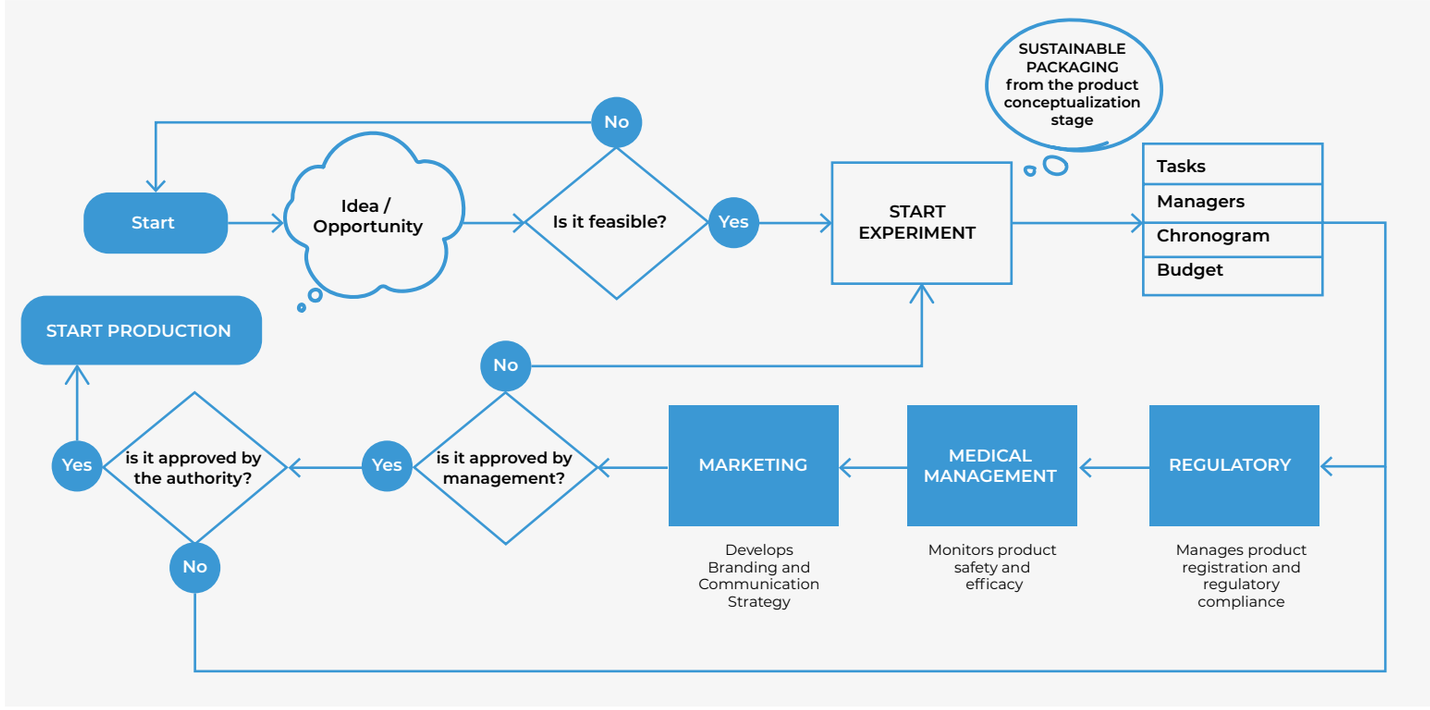
Product Innovation and Portfolio Optimization is the first of the six pillars of our growth strategy through which we seek to create value for our customers, clients and society in general, focusing on combining science with the expectations and needs of customers, in order to develop products that positively impact their quality of life, mainly their health and well-being.

According to Genomma Lab Internacional's fourth quarter earnings report, Full Year 2021 Net Sales reached 15,459.8 million pesos, 11.5% (1,589.5 million pesos) higher than in 2020. This is the result of an efficient execution of Genomma Lab's operating strategy, supported by product innovation, the expansion of new categories, a greater presence in the traditional channel and electronic media (accessibility), as well as fewer restrictions related to COVID-19 in some countries where the company operates.

NEW PRODUCT **DEVELOPMENT PROCESS**

(GRI 2-28)

Developing new products is key to the company's economic performance, as it is one of our main competitive advantages and allows for a growth perspective that ensures that we are not dependent on the acquisition of new patents.[2]



The innovation process is led by the Innovation Committee, which is made up of the General Management and the Managers of the different strategic areas related to research, development and product launching, with the purpose of approving initiatives and providing feedback to make the process more efficient.

We have achieved a significant increase in market share thanks to the introduction of innovative products in categories with growth potential. To achieve this, we have worked hard to create value-added formulas, launch new brands and line extensions in different countries in the region, while at the same time developing new presentations of our products.

[2] Mexico Stock Exchange, Annual Report 2020.

Our product development process is divided in three stages:

STAGE 1
PRODUCT, CUSTOMER AND MARKET RESEARCH

We strive to stay at the forefront of new trends in the industries that we are involved in. We attend international exhibitions and deploy research teams to major cities around the world to identify new product opportunities, monitor the latest market trends, and learn about the latest active ingredients used in the production of over-the-counter medicines.

STAGE 2
FORMULA DEVELOPMENT AND PACKAGING DESIGN

We are constantly looking for opportunities to develop new formulas. We have a research and development team that analyzes existing products in the market of our different categories, such as over-the-counter medicines and personal care products, among others.

Product packaging design and visual presentation at the point of sale are key to Genomma Lab's business strategy. It is also through design that we add value to our brands and efficiently showcase their attributes, so that our customers can perceive their differential value and thus positively influence their purchasing decision. In the **Go to Market Chapter, we will discuss this topic in greater depth.**

STAGE 3
FORMULA REGULATIONS

The Regulatory Management System, through the **Regulatory Support for Innovation** pillar, accompanies the business units in all categories by evaluating new formulas, combinations and new ingredients to offer customers innovative, safe and effective products.

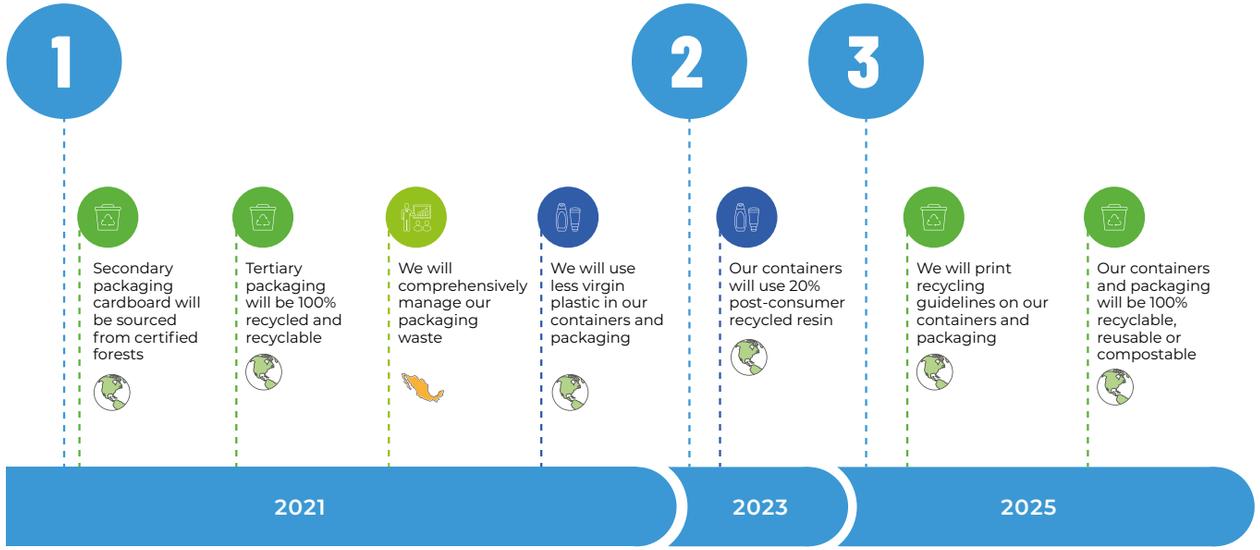
The process ensures compliance with the applicable standard in accordance with the legislation in force in each country where we operate. This includes those laws related to registration, production, packaging, advertising and export. The company also conducts audits to verify regulatory compliance in the manufacturing process of its suppliers (maquila). The Regulatory Management section of this chapter explains the process in greater detail

TOWARDS A CIRCULAR ECONOMY: **COMMITMENTS, PLANS AND GOALS**

(GRI 301-1, 301-2, 301-3, 3-3) (SASB CG-HP-250a.4, CG-HP-410a.1, CG-HP-410a.2)

At Genomma Lab we are committed to integrating circular economy principles and sustainable design elements in our products. We seek to promote the incorporation of recycled materials, reduce the use of materials in our packaging and containers, ensure their recyclability and contribute to the implementation of integrated waste management plans to prevent waste from ending up on the ground or in the oceans.

We have clear goals with a short, medium and long term vision as shown below.



[3] The glue allows the label to be easily removed from the bottles in industrial washing machines.

Tío Nacho Sustentable

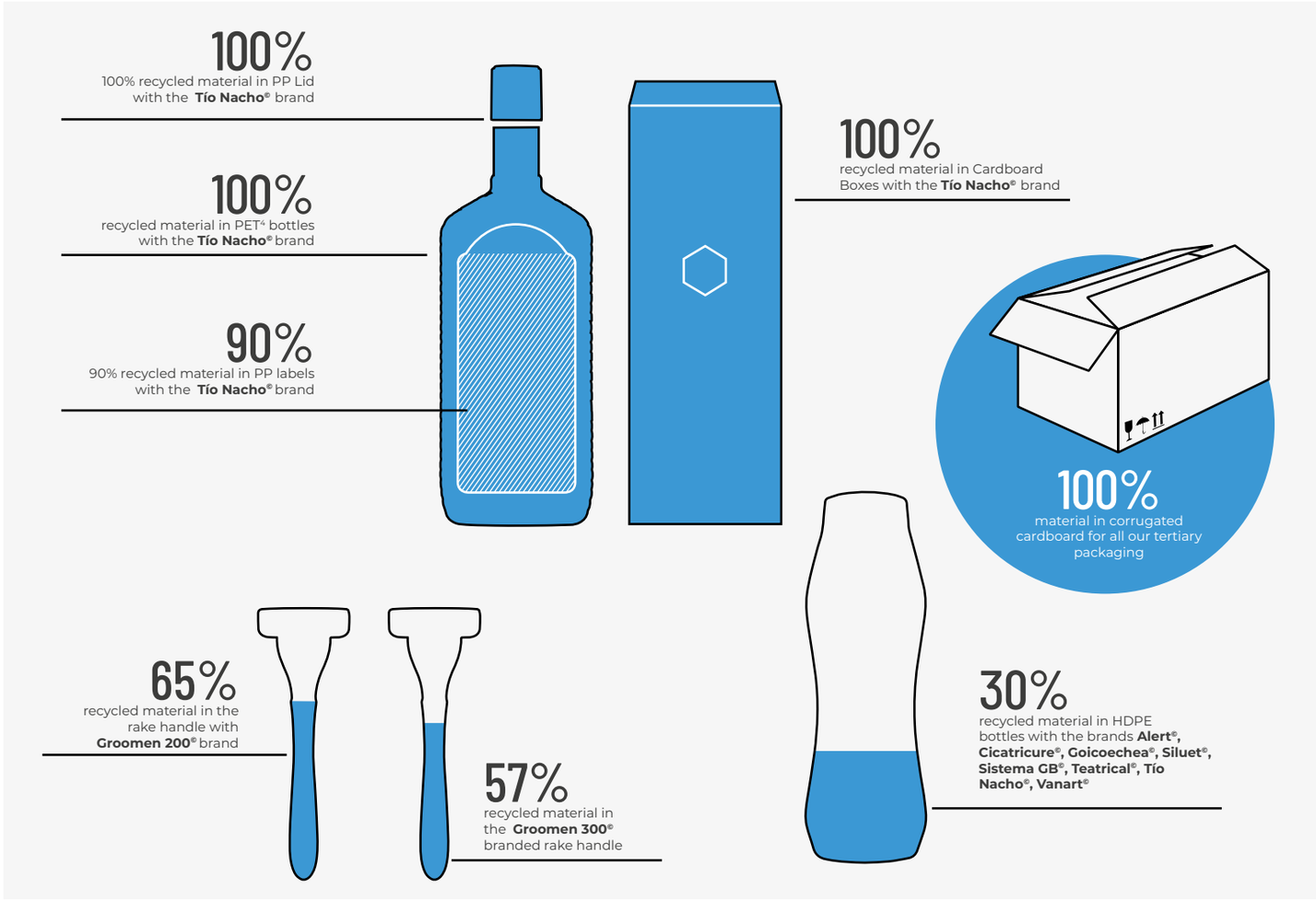
"We are betting on the redesign of one of our most emblematic products in the personal care portfolio, based on the company's 2025 Sustainability Strategy. Today Tío Nacho Sustentable is positioned as the choice in the shampoo category for the consumer segment that seeks environmentally responsible products."

Jorge Brake, CEO

INCLUDING RECYCLED MATERIALS IN PACKAGING AND LABELS

(GRI 301-1, 301-2, 301-3, 3-3) (SASB CG-HP-250a.4, CG-HP-410a.1, CG-HP-410a.2)

We are committed to reducing our waste generation through prevention, reduction, recycling and reuse activities, contributing to the circular economy and preventing the loss of resources. The following table shows our progress in this area.



TONELADAS DE MATERIAL RECICLADO

2,000 ton
Corrugated cardboard

38 ton
PP Lids

650 ton
PET Bottles

15 ton
Cardboard Boxes

480 ton
HDPE Bottles

5 ton
PP Labels

39 ton
Razor (Handle)

In 2021, we have prevented the use of

1,116 tons

of virgin raw material in our plastic packaging through the incorporation of post-consumer recycled material.

4 Polyethylene Terephthalate, also known by its acronym PET, is a type of plastic commonly used in containers and bottles of soft drinks, water and oil, among others. In addition to being 100% recyclable, its applications vary from the manufacture of more packaging to the production of fleece coats.

It is worth noting that the **Tío Nacho®** PET[5] container is made from 100% recycled material and our **Groomen** disposable razor has 65% and 57% recycled material in its handle for the Groomen 200 and Groomen 300 models, respectively.

The polyethylene containers of **Vanart, Alert, Cicatricure, Goicoechea, Sistema GB, Siluet 40, Tío Nacho and Teatrical** contain 30% "I'm Green Recycled" post-consumer recycled material, developed by Braskem Idesa[6] and provided by our supplier Citrulsa in Mexico.

Notably, we are part of the **Circular Economy Business Group[7] (Grupo Empresarial en Economía Circular, GEECI)** through which we implement and execute the Circular Economy and Post-consumer Waste Management Plan for Containers and Packaging for the Personal and Household Care Industry.

This plan aims to implement strategies and actions that promote the maximum use of post-consumer waste through partnerships with companies, civil society and the government. For more detailed information on the efforts undertaken within this plan, please refer to the **Environmental Management Chapter.**

We are also committed to the sustainable management of forest resources, using cardboard from certified forests in the secondary packaging of the **Tío Nacho, Shot Vita C, Sistema GB, Cicatricure and Lomecan** brands manufactured in Mexico.

INNOVATION
MODELS

We approach innovation from different perspectives or models:

New products (NP): Development and launch of new brands in our portfolio.

Line extensions (LE): : Any type of variation in the formulation or presentation of products belonging to a previously existing brand within our categories.

Expansion of international presence (EIP): We replicate successful brand launches in the various countries where we operate

Affordability (A): We seek to diversify and adapt the presentation of our products to facilitate our customers' access to them in the different sales channels.

Environmental performance (EP): In line with the goals established in our 2025 Sustainability Strategy, we aim to reduce the environmental impact of our products.

[5] Polyethylene Terephthalate, also known by its acronym PET, is a type of plastic commonly used in containers and bottles for soft drinks, water and oil, among others. In addition to being 100% recyclable, its applications range from the manufacture of packaging to the production of fleece coats.

[6] Press release: https://www.braskemidesa.com.mx/noticia/consolidan-alianza-para-impulsar-economia-circular-al-utilizar-resina-reciclada-en-envases-plasticos-de-genomma-lab

[7] It is a special program formed by a group of companies, called the Circular Economy Business Group (Grupo Empresarial en Economía Circular, GEECI), whose objective is to implement and execute the Circular Economy and Waste Management Plan for this industry's packaging, through the development of strategies and actions within a specialized management plan, thereby achieving a reduction in the generation of waste from the sector's containers and packaging. Website: https://www.geeci.org.mx/

INNOVATION IN PERSONAL CARE PRODUCTS

Cosmetics and personal care products used on the human body have the purpose of cleaning it, improving it, increasing its attractiveness or changing its appearance, thus playing a fundamental role in all stages of our life.

Our Personal Care product innovations are widely accepted in the consumer market. Proof of this is that 25% of the turnover of the main Personal Care brands corresponds to new launches, and growth continues in all our countries of operation.

The following table details the main innovations in our Personal Care products:

CICATRICURE® GOLD LIFT

High quality product at an affordable price (Affordable Luxury).

Tightening effect

Reduces gravitational wrinkles in 2 weeks

Eye and Mouth Duo Contour, unique in its massive category

Launch of **Cicatricure Serum VIT C** en in Latin America (Argentina and Chile)

CICATRICURE® ANTIMANCHAS

We enter the anti-blemish segment in Mexico

TIO NACHO® ANTIDAÑO CON ALOE VERA Y JALEA REAL

In the U.S. it achieved a **growth of more than one million dollars in sales**

Segment development within hair line

ASEPXIA® GEN/GENÉTICA

Dermatologically tested
specialized line

For oily and shiny skin in Latin America

We provide **accessibility to special dermo-cosmetic** grade products

Broad portfolio for oily skin with cleansing gel, SPF 50, mattifying cream and exfoliating cleanser

GOICOECHEA® DOBLE MENTOL

Brand **specializing in legs**

Tackles swelling, **tired legs and spider veins**

MEDICASP®

New package format (sachet) for the Andean region

FERMODYL® KERATINA

Now with keratin

TRIATOP®

Anti-dandruff with **added keratin**

Launch in **Argentina**

SISTEMA GB®

Hair loss treatment

LOMECAN® V

Feminine wash with micellar technology

TÍO NACHO® RECONSTRUCTOR

Launch in Brazil

TÍO NACHO® SUSTENTABLE

Simultaneous presentation in **Mexico, Chile y Costa Rica**

Packaging with **recycled and recyclable materials**

Carbon neutral packaging in its manufacture

DIABETTX®

Antiperspirant-deodorant

Designed specifically **for people with diabetes**

TEATRICAL®

Launch of micellar waters in Latin America

NEXT®-AB

Launch of **liquid soap**

VANART®

Polyethylene packaging made from **30% post-consumer recycled material**

GROOMEN®

Launch of its new Karboon by Groomen® disposable razors, with a **cartridge life of more than 100 days** and presence in the most important retailers in Mexico

SUEROX®

Launching of **Suerox Aloe Vera-Lychee**

SUEROX®

Launch of Suerox Coconut Refresh with Zinc and sugar-free in the United States

Over one million dollars in sales within 6 months

Launch of Suerox® Lemon-Lime Lift with added Zinc to stimulate the immune system

INNOVATION IN OVER-THE-COUNTER MEDICINES

As stated in the GLI 2021 Materiality Analysis Update, from the OTC medicines innovation area we work to develop innovative, cost-effective medicines, using efficient processes and with a lean structure, that contribute to improving the health and well-being of the population.

In order to continue contributing to the accessibility and affordability of medicines, we have made innovations in the presentation of some of our products to adapt them to the needs of customers who opt for the traditional channel[8].

The following table details the main innovations in our over-the-counter medicine products:

SHOT-C®

With vitamin C

Launch in **Chile and Colombia**

Innovation Shot-C® Tabs **chewable tablets**

Easy to use

Combines **Vitamin C, A, D, Zinc and Propolis**

Enters **the prevention and immunity market**

Available in a **6 tablet blister pack presentation**

ALLITRIPLE®

To treat pain requiring **greater analgesic potency**

Achieved an **additional 240% in sales** over the target for the year

LIRIS®

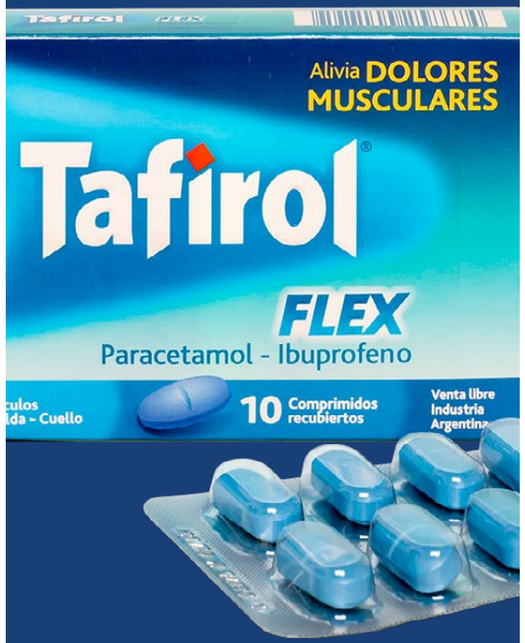
Launch in Brazil

New category of ophthalmic drops

TAFIROL®

Launch of Tafirol® Flex **in Argentina**

Combines **analgesic and anti-inflammatory properties**



NEXT® IMMUNE

New line of **vitamins and supplements**

PIECIDEX®

Launch of the **new Piecidex variety in Argentina**

Anti-fungal foot cream **with improved absorption and drying**

BUFFERIN®

Launch in the United States

Antibacterial gel under the Bufferin brand name

XL-3®

XL-3 AB antibacterial
gel reformulation

Ángel para la Innovación

*We launched a regional program for Latin America, called **Angel for Innovation.** We invited entrepreneurs to present disruptive and innovative solutions for products and services aligned with the Company's purpose, in order to find new partners and strengthen our portfolio.*[8]

The conditions of the program can be consulted on its website at:
angeldelainnovacion.com

[8] Website: https://www.mundoempresarial.pe/empresas-mundo-empresarial/4274-genomma-lab-lanza-programa-dirigido-a-emprendedores-en-latinoamerica.html

SAFETY AND EFFICACY OF OUR PRODUCTS

(GRI 416-1, 3-3)

As Genomma Lab, we ensure that 100% of the formulas we sell have undergone safety and efficacy studies according to the processes that we detail, as follows:

PRODUCT EVALUATION

The Medical Management area provides medical and scientific support to ensure the safety and efficacy of all our products. Our experienced and highly trained team is responsible for conducting research on the functionality of our products through clinical and cosmetic efficacy studies.

The product testing process aims to ensure that all our pharmaceutical and personal care products have the support of a safety profile that allows us to start or continue commercialization. The purpose of this profile is to monitor possible risks that may arise and to take the necessary actions to prevent them, in order to offer safety, confidence, health and well-being to our customers. It also provides the necessary scientific support for the generation of creative concepts for the areas of Brand Operations and Creativity

PHARMACOVIGILANCE

(SASB HC-BP-210 a.2)

MACRO PROCESS
PHARMACOVIGILANCE, TECHNOVIGILANCE AND COSMETOVIGILANCE AT GENOMMA LAB

Main goal: Creating and supporting our safety profile

PRE-AUTHORIZATION – PRE-MARKETING → **REGISTRATION, ENROLLMENT, RENEWAL** → **POST-MARKETING**

Routine activities:
Monitoring, Clinical Trials for all Phases, Cosmetic Efficacy and Safety Studies, Brand Development and Design.

Clinical Trial Reporting
Adverse Event Reporting
Preparing and presenting the Risk Management Plan

Support per r egulatory requirement, global or local regulation

Compliance

Routine activities:
Implementing the Risk Management Plan, Periodic Safety Report, Pharmacovigilance report , Technovigilance Report, Monitoring and Reporting on the Individual Case Safety Report, Reporting System, Customer Service, Warning Generation, Training Program, Information, Literature search.

Additional activities:
Development and implementation, Follow-up

PATIENT SAFETY, REPORTING TO THE AUTHORITY, COMPANY COMPLIANCE

PRODUCT LIFE CYCLE

This process, led by the Medical Management area, defines the actions and strategies to be carried out to monitor the safety profile of our pharmaceutical products (medicines) during their life cycle.

The process follows current international and local regulations.

During 2021, there were no pharmacovigilance inspections by the U.S. Food and Drug Administration (FDA) resulting in any corrective or preventive action.

[9] Website: https://www.mundoempresarial.pe/empresas-mundo-empresarial/4274-genomma-lab-lanza-programa-dirigido-a-emprendedores-en-latinoamerica.html

COSMETIC SAFETY AND EFFICACY

(GRI 416-1,3-3)

For our **Personal Care** category, according to the target population and type of product, the necessary precautions are established to ensure the safe use of the product

During 2021, 182 cosmetic safety and efficacy studies were conducted by the Medical Department, following standardized and current global methodologies. They covered both the 2021 product innovation plan and the 2021 remediation plan, with some innovations standing out for their performance, such as **Cicatricure Serum Intensivo Gold, Cicatricure Contorno de ojos and the Lomecan Therapy line.**

*A total of 57 products were also assessed, including **Cicatricure, Asepxia, Teatrical, Tío Nacho, Lomecan, Groomen and Goicoechea,** among others. All the products showed good results in terms of safety and efficacy.*

We also worked closely with the Brand Operations and Regulatory areas to establish the best strategy to design safety and efficacy studies for each product, focused on optimizing resources and sales strategies.

CLINICAL TRIALS

(SASB HC-BP-210 a.2) (GRI 409-1, 3-3)

As part of the product innovation and development process, if necessary, the Medical Management area conducts clinical safety and efficacy studies within its certified laboratories (physicochemical, microbiological and cosmetics laboratories) to determine the specifications in accordance with the safety limits established by regulatory agencies.

Since the OTC medicines marketed by Genomma Lab are released patents that are already on the market, i.e., they are currently not in the testing phase, no clinical trials are being[10] conducted for the time being . The Medical Management area compiles the existing documentation on the input to support the processes of different areas of the company.

It should be noted that the clinical trials[11] carried out by the Medical Management team adhere to the Good Practices of Clinical Research, which includes in point 1.10: [...] to safeguard the physical and mental integrity of subjects participating in clinical trials [...].

[10] Any research that is conducted in humans with the intention of discovering or verifying the clinical, pharmacological and/or any other pharmacodynamic effects of investigational product(s) and/or identifying any adverse reactions to investigational product(s) and/or to study the absorption, distribution, metabolism and excretion of investigational product(s), with the aim of testing their safety and/or efficacy.

[11] Any research that is conducted in humans with the intent of discovering or verifying the clinical, pharmacological, and/or any other pharmacodynamic effects of the investigational product(s) and/or identifying any adverse reaction to investigational product(s) and/or to study the absorption, distribution, metabolism and excretion of investigational product(s), in order to verify its safety and/or efficacy.

REGULATORY **COMPLIANCE**

(GRI 2-27)(GRI 416-2, 3-3) (SASB - HC-BP-210 a.2)

During 2021 Genomma Lab had around 62 health surveillance processes throughout the region, mainly in Mexico, Colombia, Argentina, Peru and Chile, of which 85% came from health authorities and 15% were requested by CANIPEC in Mexico. The main reason for surveillance in most cases is to request support on claims, either in advertising or labeling. For this purpose, in line with our commitment to transparency and respect for voluntarily signed codes of ethics, we submit the available support for each product, and in some cases we make improvements according to the authority's own criteria.

It is also important to note that the vast majority of cases were resolved satisfactorily and effectively. And that during the last 4 years, the organization has not received any US FDA Form 483[12] or their equivalent, either at its own manufacturing sites or at maquila sites.

REGULATORY AFFAIRS MANAGEMENT

Genomma Lab's regulatory team consists of three pillars: **Regulatory Operations, Regulatory Support for Innovation and External Influence,** in addition to the local regulatory contribution made in each of the company's countries of operation.

*During 2021, thanks to the **Regulatory Operations** team, we were able to consolidate an efficient and comprehensive process for managing procedures, focused on compliance, which allowed us to have a **high degree of effectiveness in approvals (96%).** This enabled several countries to sell "Crown Jewels"[13] products, such as Nikzon and QG5 in Chile and Bolivia.*

We also secured **25 new over-the-counter medicine registrations.** In addition, we implemented an **art harmonization process** (59% reduction of SKUs[14] in 12 products), which has the potential to provide greater agility and compliance to the business, based on a substantial reduction in complexity.

SAFETY ASSESMENT TEAM

The Safety Assessment Team (SAT) was created in 2018, and since then it is responsible for supporting safety assessment in special cases, such as personal care products, food and phytomedicines, where regulatory guidelines are not sufficient to ensure the quality and safety of products.

HAZARDOUS PRODUCTS MANAGEMENT

(SASB CG-HP-250a.1, CG-HP-250a.2)

The regulatory area assesses the ingredients of our formulations by applying regulatory criteria of the countries where we operate. Additionally, it incorporates opinions from the different international reference entities or organizations (mainly Europe and the United States), which include the main requirements established in the European legislation or Regulation for Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), which is adopted in order to improve the protection of human health and the environment against the risks derived from chemical substances and mixtures.

It is important to mention that our products are regulated, and therefore, formulated with permitted ingredients that are both safe for human health and the environment. We declare that none of our ingredients are subject to California's Department of Toxic Substances Control (DTSC), do not contain substances of very high concern (SVHC) under the REACH regulation, nor are they listed in the FDA's MedWatch database of safety alerts for human medical products. Consequently, we have not identified any revenues from products that could pose a health risk to the customer, nor have there been any reported cases of death from the consumption of products manufactured or distributed by the company.

[12] A Food and Drug Administration (FDA) Form 483 is issued to company management at the end of an inspection when an investigator has observed any condition that, in their judgment, may constitute a violation of the Food, Drug and Cosmetic (FD&C) Act and related laws

[13] High market demand

[14] A SKU is a set of numbers and letters used to identify, locate and track a product internally in a company or store. Hence the origin of the English term, Stock Keeping Unit, which in Spanish is used as "Referencia de Almacén" (Warehouse Reference).

The following are some tools that complement the safety assessment of our products:

BRAIN

A tool that provides parameters from a toxicological point of view for approximately 1,200 ingredients used in cosmetics. This allows to define the margin of safety (MOS) of cosmetic ingredients in a formulation and to alert the innovation team about possible regulatory restrictions to be considered.

Innovation Assessment

process where an idea or innovation is assessed, considering the nature of the functional ingredient, regulatory classification and the global mapping of the sales condition within the context of Genomma Lab.

Product Assessment

safety assessment of a formulation, considering the nature of the functional ingredients, minimum amounts and maximum allowable limits. In addition, allergen mapping and other requirements related to product safety are considered: toxicology, allergens, fragrances, GMO, REACH, and irradiation, if applicable.

In addition, we have established internal guidelines aimed at continuously improving the overall safety of our products, as follows:

- Hypoallergenicity
- Microplastics
- Packaging / Prepackaged Products
- Claims Supporting Document
- Preservatives
- Products intended for use during pregnancy
- *USA products with UV filter*
- *Absence Claims (or "free from")*
- Animal testing
- Cosmetic Arts

* Proclamas en español ** Productos en los Estados Unidos con filtros UV ***"Libre de"

Adding or updating the following:

- 1,4-Dioxane
- Cyclosiloxanes D4, D5 and D6
- Microplastics (updated)
- Preservatives (updated)

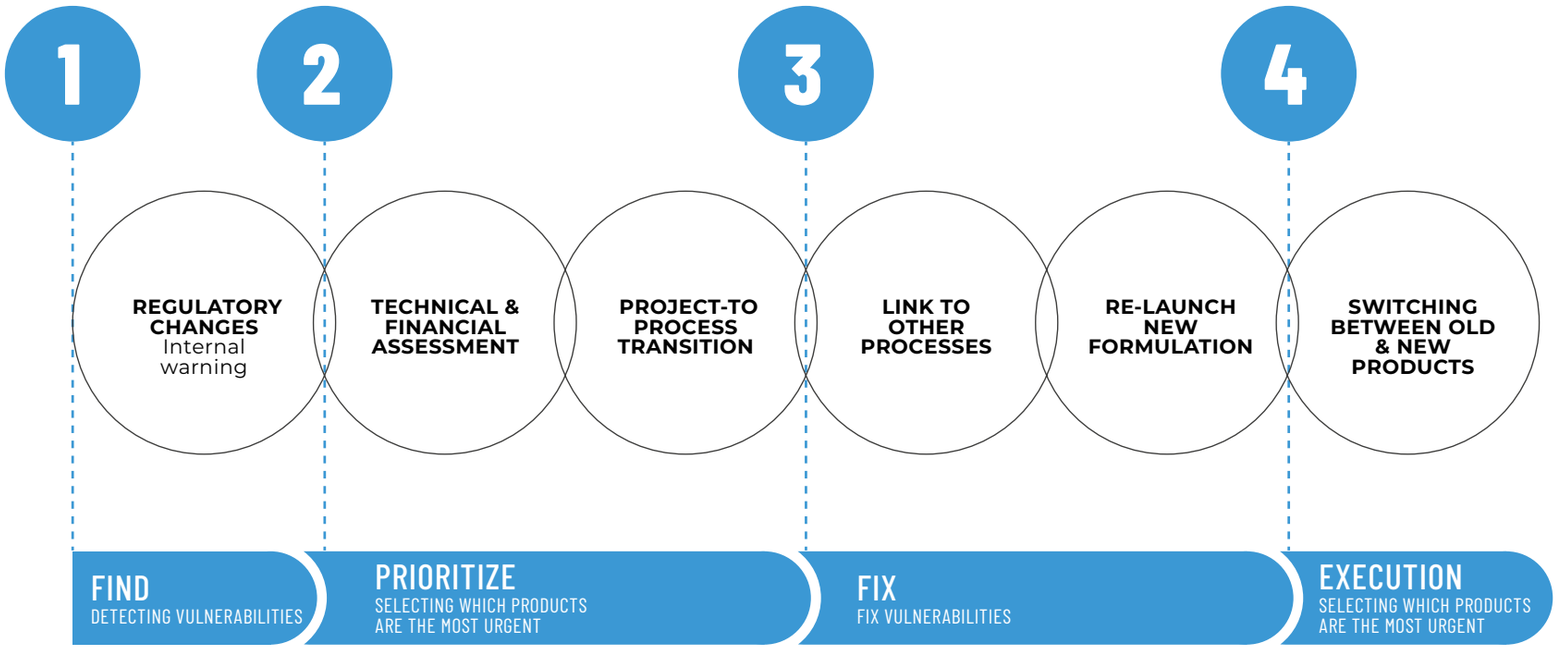
As part of the compliance strategy for our products, we implemented an annual audit exercise in which products are sampled from each country's market based on their total portfolio, to determine the main "Non-Conformities" and establish corrective plans to launch the necessary remediation activities to improve compliance. This has been done since 2016 for personal care products, and since 2019 for all categories.

In 2021, as a result of the annual regulatory compliance audit, there was a substantial increase in the results at a global level (9 percentage points), achieving a CI[15] 2021 84 vs CI 2020 75, which reflects the company's continued success on the road to regulatory improvement in all its categories.

[15] Compliance Index (CI).

PRODUCT REMEDIATION PROCESS

(SASB CG-HP-250a.3)



The Product Remediation Process arises when a non-conformity is detected in the audits performed by the regulatory area or following the periodic updates of the standards established by the health authorities of each country where we operate. It is a process performed continuously, given that whenever the list of restricted or prohibited substances for the manufacture of products is updated, our formulations must be reviewed and remediated.

The compliance area is in charge of reporting these changes and formally requesting the development area to remediate formulas containing these ingredients, following the deadline established by the authority to deplete stocks and switch to the disposal or adjustment of such substances

LABELING AND **ADVERTISING**

(GRI 417-1, 3-3)

RESPONSIBLE LABELING

The labeling support, management and review system is carried out based on what is established in the different global regulations regarding product labeling, for each of the categories of Genomma Lab products for their correct administration and use.

Additionally, in the case of the **Tio Nacho® Sustentable**product, we have incorporated all the good labeling practices established in international standards.

To design artwork/packaging that contains all the required claims, supported by the applicable safety or efficacy studies, the Brand Operation area gets support from the Medical Management area right from the product development stage. As an example, the widely used claim “Dermatologically Tested” is backed by a safety study, which guarantees that the packaging the customer finds at the point of sale is properly supported with truthful and verifiable information. This support is recorded in an internal document called **Claims Assessment and Claims Support Document**.

In the first stage of the regulatory assessment, texts and claims are defined, and the best support for each is determined. In the second stage, the safety of the product formulation is assessed, and any precautions or adjustments to the intended directions for use are defined to guarantee customer safety.

- For **personal care** products, the necessary precautions to ensure the safe use of the product are defined according to the product and target group.
- For **food,** the customer is properly informed about the content of allergens or other ingredients (e.g., colorants) so that they can take the necessary precautions.
- For **Over-The-Counter medicines,** labeling follows the pharmacological monograph and/or information approved by the health authorities of each country as required by regulation. In addition, for safety reasons, labels include the dosage, therapeutic indication of the product, warnings, indications and contraindications according to the target group, as well as adverse reactions and special precautions for sensitive populations (such as pregnant women and children, among others).

In this way, we ensure that our labeling contains the necessary information for our customers to properly take and use our products.

Finally, the batch code is included to ensure the traceability of our products throughout the market and the customer service numbers are also included for the correct and transparent communication between the customer and the company.

It is worth mentioning that our Pharmacovigilance System takes part in the responsible labeling process by promoting changes in the labels of our products in case it identifies a risk that has not been previously described or in case there is sufficient evidence to be considered as having an impact on the safety of our customers, either on its own initiative or at the request of the regulatory authorities.

Genomma Lab’s Ethical Advertising and Marketing activities during 2021 can be consulted in the **Superior Brand Value & Communication Chapter.**

QUALITY MANAGEMENT **SYSTEM**

According to **Genomma Lab's Quality Manual,** our Quality Management System allows us to control our operations by implementing and verifying compliance with best practices and applicable local and international regulatory requirements, in order to ensure the quality, safety and efficacy of our products. This system is led by our Quality Committee.

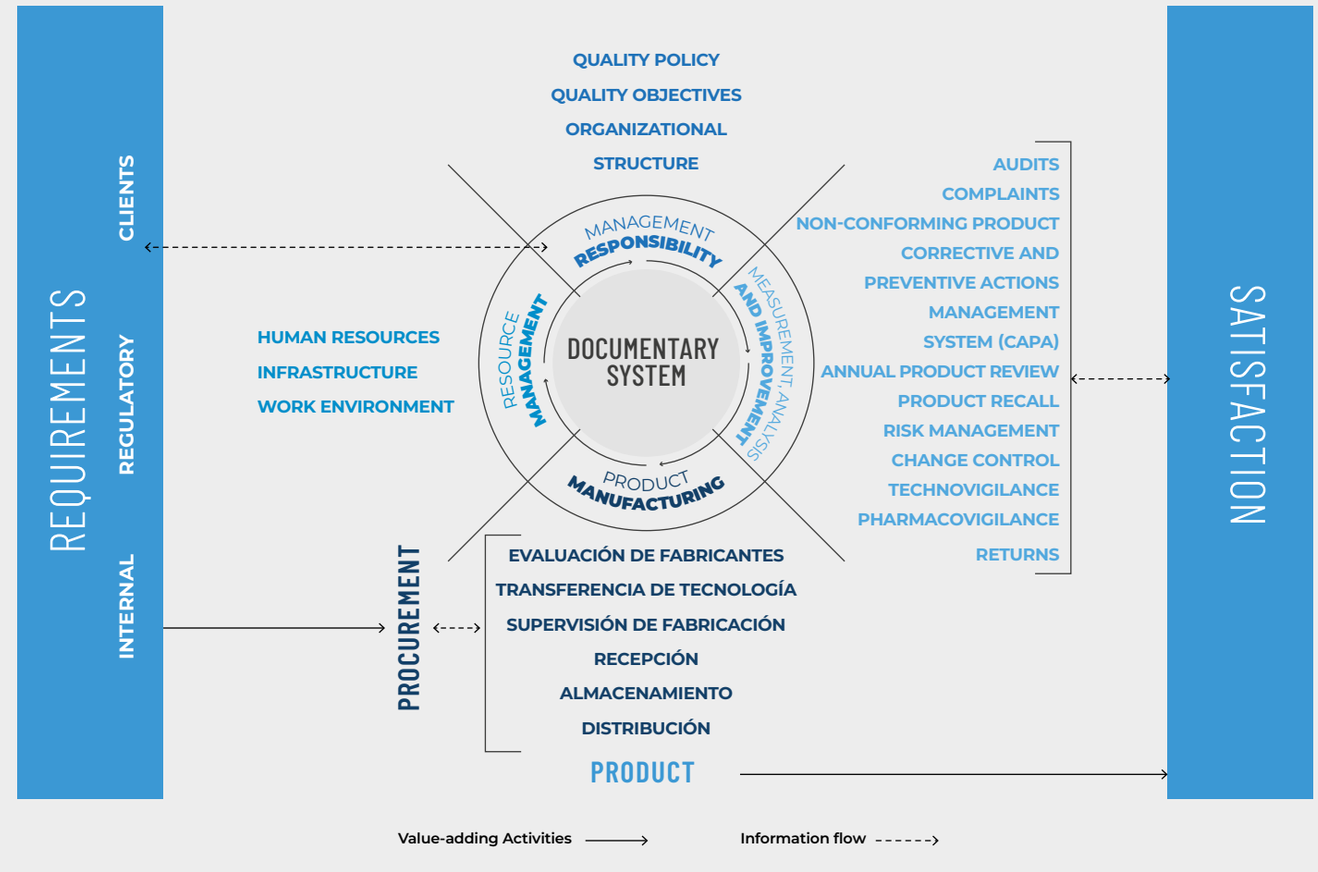
The Quality Committee reports quarterly to the General Management on the progress of the performance indicators in order to monitor the key elements of the Quality Management System to ensure compliance with the established policies.

We also have a team of 94 professionals who ensure compliance with the Quality Management System, and we work with our suppliers to ensure that production standards are met at all times.[16]
In this sense, during 2021 the global quality organization has developed several policies that have allowed us to align and reinforce all critical processes that define the path that each Genomma employee must follow to comply with the safety and quality of our products:

- Policy Issuance (POL-CA-001)
- Change Control (POL-CA-002)
- Quality Requirements for the Technical Implementation of the Innovation Process (POL-CA-003)
- Purchase of supplies and finished product (POL-CA-004)
- Customer Service (POL-CA-005)
- Selection, Approval and Termination of Maquiladoras (POL-CA-006)

The Quality Management System continuous improvement model is shown below:

QUALITY MANAGEMENT SYSTEM CONTINUOUS IMPROVEMENT



[16] Mexican Stock Exchange.

TRACEABILITY

(SASB HC-BP-260a.1)

Our products have a unique identification on their labels to preserve their traceability the supply chain. They also have primary and/or secondary packaging that integrate precise data such as sanitary registration, batch number and expiration date, as well as security elements such as holograms, security seals and security tape on opening points, among others.

In addition, customer service numbers are visibly displayed for the correct and transparent communication between the consumer and the company. Further details on this topic will be developed in the **Go to Market Chapter.**

In the event that a possible counterfeit is identified, the quality systems area evaluates the suspect product based on the standards and, if necessary, withholds it.

RELEASING THE PRODUCT INTO THE MARKET

The owner of the sanitary registration performs the final release of the product, based on its procedures and the information provided by the corresponding production plant or maquila.

As part of the quality process, the batch file is reviewed at the plant or maquila, based on the Finished Product Release procedure, to verify that all GMP requirements, procedures, established limits and quality specifications have been met.

We have established commercial and quality agreements with the maquiladoras that manufacture our products for the proper control of our inputs and finished products. We conduct periodic audits of our suppliers and maquiladoras, which include the handling and control of our inputs and/or finished products.

It is important to mention that during 2021 there was a significant decrease (-40%) of rejections in finished product, prior to commercialization. This figure includes our maquilas.

PRODUCT RECALLS

Product recall management is performed by the registration holder, i.e., it can be performed by Genomma Lab or by one of its maquiladoras, as appropriate. The responsibilities of both companies are established in the Technical Quality Agreement, which may include notifying the sanitary entity. The plant provides all the information required for the withdrawal management, which is coordinated by the sanitary responsible of the company holding the sanitary registration

ANNUAL PRODUCT REVIEW

The Annual Product Review (APR) is performed jointly between the manufacturing plant or maquila and the holder of the sanitary registration (Quality Agreement). The goal is to obtain information on product performance and process consistency based on regulatory and legal requirements, in order to continuously improve the product and the process according to trend analysis and risk assessment.

19 Un producto rechazado es aquel que se sabe o se sospecha que esta fuera de especificación, y estos incumplimientos son detectados bajo el sistema de calidad interno (inspecciones, liberaciones de producto etc.) por lo que el inventario se encuentra bajo nuestro control.

INNOVATION AND EXTERNAL INFLUENCE

(GRI 2-28)

2021 was a year of challenges in the face of the changes in Mexico, as well as the updating of regulatory schemes in several of the countries in the region, particularly the Andean countries. The direct approach with the authorities and the work with the industry chambers was key to navigate the new regulatory scenario with no major impacts.

One of the biggest challenges was the implementation of Andean Decision 833, which led each of the authorities in the Andean region to apply different criteria to the standard.

Furthermore, Genomma Lab managed to keep its third consecutive term in the leadership of the Board of Directors of the Council of the Cosmetics, Personal Hygiene and Home Care Industry of Latin America (Consejo de la Industria de Cosméticos, Aseo Personal y Cuidado del Hogar de Latinoamérica, CASIC), with Luciana Santi (Global Regulatory Affairs Corporate Leader) elected as Secretary of the Board of Directors of CASIC.

Our participation in external forums, such as industry chambers or associations, allows us to continue promoting best practices in our industry and to be an active part of regulatory developments in all the countries where we operate. It is also a way for us to stay current at the regulatory level. The list of chambers and associations we are part of is detailed in **Annex I Sectoral Associations.**

Currently, we belong to 23 regulatory and scientific-technical committees or forums in prestigious chambers and entities in the region - 12 in the personal care sector and 11 in the pharmaceutical sector. We are part of seven Steering Committees in the chambers where the Company is involved, actively participating in the relevant commissions for the categories in which we specialize.

During 2021 we invested $7'967,638.33 Mexican pesos in memberships to chambers and sectorial associations internationally. However, no contribution was made to any chamber or association that has had an impact on the change of any public policy or legislation.

BEST IN CLASS GO-TO-**MARKET & E-COMMERCE**

During 2021 we continued with the implementation and strengthening of the commercial strategy making strong advances; reflected both in physical points of sale and in digital channels, bringing us ever closer to our consumers.

AFFORDABLE AND **ACCESSIBLE PRODUCTS**

(SASB HC-BP-240b.2, HC-BP-240b.3)

In line with our growth strategy, our priority is to make products of the highest quality available to our customers at an affordable price, and through different channels for their convenience. To this end, our products are marketed in different presentations and points of sale (supermarkets, pharmacies, convenience stores and small businesses) so that they are available to all segments of the population.

Channel	Net Sales % in 2021 (Mexico)
Independent pharmacies, grocery distributors and pharmaceutical chains (through wholesalers)	37.9%
Self-service and department stores	36.5%
Pharmacy chains	18.6%
Convenience stores and others	7.0%
Total	**100.0%**

Therefore, we continue to improve and perfect the implementation of our commercial strategy, which has had a positive impact on both the physical ecosystem (point of sale) and digital platforms. We have also focused on expanding our presence in sales channels with high growth potential, such as the traditional channel in Mexico, Colombia and the Andean region, reaching more than 500,000 points of sale[1] through the accelerated distribution of key brands such as Suerox®, X-Ray® y Medicasp®.

In this sense, we have also carried out disruptive actions, some of which are highlighted below:

- **Developing new sales channels,** driven by attractive advertising campaigns that contributed to increasing our market share.
- **Strengthening communication and marketing campaigns** eat the point of sale for major brands. This includes the deployment of Instore as Media pieces, that is, the use of the point of sale as a means of communication, to influence the purchase decision. In addition, display units were implemented under the concept of Wellness Centers *(Centros de Bienestar)*, seeking to generate synergies among our main brands.
- **Perfect store**[2] execution through our innovations.

As for stability of prices of the Company, the product portfolio in Mexico had a price adjustment during 2021.

The product with the highest price increase was the 600ml Vanart Keratin shampoo, which increased by 27.9%.

As for the United States, the total portfolio of products for sale in the country had no price adjustment with respect to the previous period.

The average price of the Personal Care category during 2021 was $4.7 USD and that of OTC was $5.9 USD.

[1] Information as of the end of the first quarter.
[2] Genomma Lab defines a perfect store as the implementation of best practices and strategies to improve the shopper's experience, including the correct arrangement of products, affordable prices, and communication pieces that spark interest and motivate the purchase.

POINT-OF-SALE VISIBILITY

During 2021 we achieved five additional points of market coverage through Instore as Media strategies (loaded displays, promotional packs, additional displays, among others). We doubled pre-packaged displays in all distribution channels, impacting 68,000 points of sale with our brand communications and bringing our products to more than 145,000 points of sale in the traditional channel. We also improved our perfect store metric by seven points.

In Chile, during 2021 we installed more than 2,066 display units, achieving 55% weighted visibility (11 points higher than the previous year). This was mainly driven by our innovations: Cicatricure® Gold, Asepxia® Gen, Tío Nacho® Restage and Groomen®; and from the entry of displays into the modern channel.

In the United States, point-of-sale display
UNITS INCREASED BY 23%
contributing to double-digit growth in *sell-out*[3]

In Chile, showrooms with display units reach
17 POINTS HIGHER GROWTH
versus showrooms without them.

[3] The sell-out means the sales or quantity of product that leaves the points of sale.

DIRECT **DISTRIBUTION**

We directly serve an average of more than 500,000 points of sale globally, of which more than 200,000 are located in Mexico and more than 300,000 in the United States and Latin America.

The number of points of sale we serve under the direct distribution model continues to grow, reaching populations between 50 and 100 thousand inhabitants. In addition, we have managed to affiliate 7,500 independent pharmacies to our loyalty plan.

Other factors that contributed to growth in distribution channels, and consequently made our products more accessible, were the standardization of our commercial strategy and the numerical distribution of innovations above 14 points in the first six months.

In Mexico, our Groomen® brand had a 2.8% market share after improving its performance in the modern channel, adding up a 1.6% market share after being launched in the traditional channel. In addition, our Suerox brand achieved 16.5% of the market, an increase of 1.2 points over the previous year. This growth is driven by an increased consumption by customers, a greater number of pieces distributed in the traditional channel, and the launch of a new flavor.

On the other hand, we have achieved a 25% increase in the number of batches of cosmetic products manufactured and a 33% increase in the number of batches of medicinal products manufactured, compared to 2020. It is worth highlighting the effort carried out to maintain the supply of all our raw materials in a complex international context; it should be noted that we were able to secure more than 1,100 tons of paracetamol in a context of worldwide shortage. In this way, we reaffirm our commitment to our principles of accessibility and affordability for our customers.

In Central America and the Caribbean (CARICAM), we have achieved a presence in more than
+ 40,000 POINTS OF SALE

In Brazil, the number of points of sale increased
25,000 POINTS OF SALE
over the last two years.

In Colombia, we achieved coverage of more than
+100,000 STORES
in the traditional channel through our network of distributors throughout the country.

In terms of number of sales, during 2021, approximately 395 million pieces have been sold, equivalent to 45,000 pieces sold every hour.

GEN ORDER

During 2021, we concluded beta testing for Mexico for what will be our **"Gen-Order"** digital platform, a tool designed to connect directly with customers, as well as with points of sale within the traditional channel, seeking to boost Genomma's product portfolio based on a disruptive logistics model. Through this implementation, we expect to reach a greater number of points of sale more quickly and efficiently.

[4] Numerical distribution is the number of points of sale in which a product or reference is available. This indicator is usually contrasted with the total number of points of sale in the universe under study to calculate the percentage numerical distribution.

E-**COMMERCE**

As a consequence of the pandemic, the e-commerce channel has experienced a dizzying growth, as customers are changing their purchasing habits and opting more frequently for the use of digital platforms to carry out their transactions.

We have implemented sales in the different formats offered by e-commerce, guaranteeing sustained growth and adequate profitability. Likewise, we have strengthened our position reaching privileged levels in search engines with brands such as: Cicatricure®, Suerox ®, Novamil ®, among others.

During 2021, Genomma Lab achieved global sales of 21 million dollars through the Amazon and Mercado Libre platforms, which means a growth of 105% over 2020.

CUSTOMER **SERVICE**

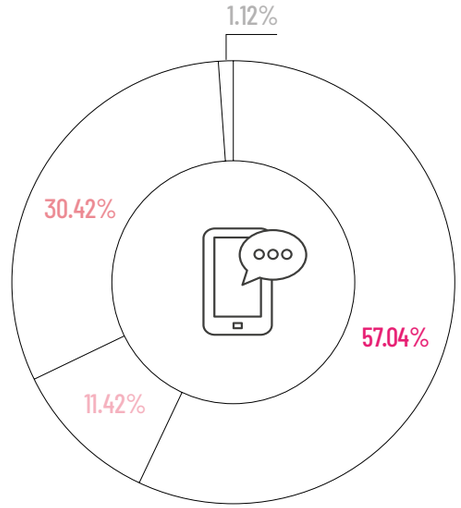
(GRI 417-1)

In accordance with our **Global Advertising and Communication Policy,** we are committed to providing honest and timely information through all our communication channels. This includes telephone support numbers, which are found on 100% of our product labels. In this way, we guarantee transparency in the information about their use, benefits and ingredients.

Our customer service is available to our customers 24 hours a day, 7 days a week, through different communication channels, such as e-mail through atención@genommalab.com and telephone numbers in all the countries where we operate, which can be found on our product labels. It is worth mentioning that inbound calls are handled by external providers.

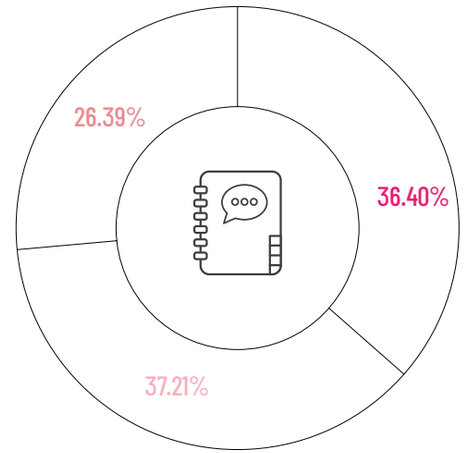
The number of reports received through the international helpline amounted to 27,338, equivalent to 0.007% of the total number of products sold.

Means of reception



- Telephone
- E-mail
- Social media
- Other means

Report classification



- Complaints
- Question solving
- Other issues
  (compliments, requests for product exchange, etc.)

CONTINUOUS IMPROVEMENT PROCESS

We have implemented several improvements in the customer service process. These are detailed below:

Optimizing response times and quality of the Call Center through the use of digital platforms..

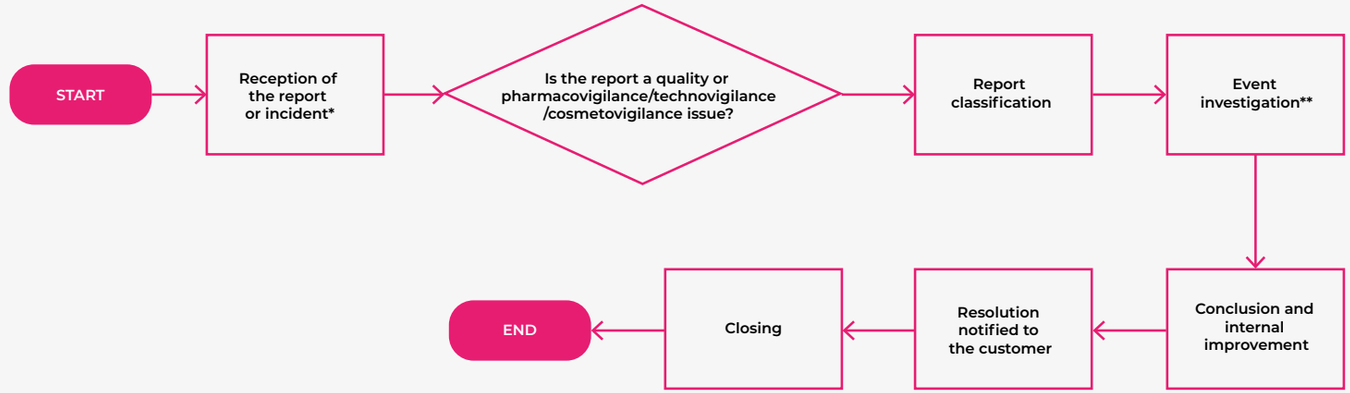
In Brazil, we improved the response rate on Social Media (Facebook and Instagram), using management tools to monitor and respond to customer queries.

In Argentina, we were able to **reduce response times** to 10 days for the Personal Care segment and 5 days for Medicinal Specialties.

In Mexico, we began a **plan to standardize immediate responses,** call feedback, product and point of sale information updates.

We improved communication between Genomma Lab's internal areas in order to be more efficient in the collection of multidisciplinary information, and thus be able to follow up and respond to specific cases.

Customer Care Flowchart



* It is received through any of our customer care channels available in the corresponding country and is directed to our customer care line.
**The investigation of the reported event may involve several areas within the company.

COMPLAINT MANAGEMENT

Management of external complaints is the responsibility of the registrant under their quality system. Each plant carries out the investigation of the root cause and the Corrective & Preventive Action (CPA) Plan, provided that the product involved was manufactured at this site.

The management of direct customer complaints is handled according to internal guidelines established in the current procedure PNO-AS-022 "Complaint Management".

Retention samples must be kept for each batch of product manufactured and each raw material analyzed, in accordance with the provisions of PNO-CC-018 Management of Retention Samples. This will ensure that the product is available for possible investigation following complaints received and/or the need for re-analysis.

SUPPLY **CHAIN**

2021 was a key year for Genomma, with a strengthened supply chain that allowed the Company to obtain a significant competitive advantage over its competitors. Likewise, 2021 was marked by the recent approval by COFEPRIS of the certification of good manufacturing practices (GMP) of the solid and semi-solid production lines at the Pharma plant of the new industrial cluster.

GENERATING SUSTAINABLE **VALUE FOR YOU**

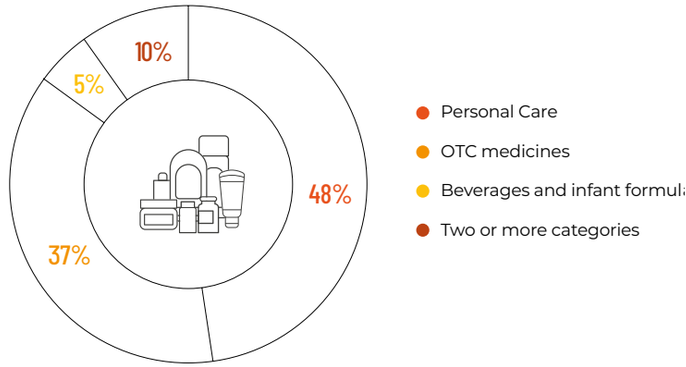
(GRI 2-6)

Our supply chain is key to the sustainability of our operation. Therefore, as part of our strategy, we seek to implement increasingly efficient processes that have a positive impact on our different stakeholders, while maintaining an ethical and trusting relationship with each of our suppliers.

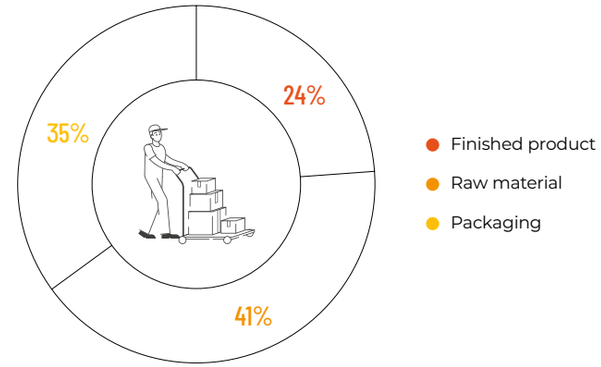
The pandemic brought with it serious challenges, such as permanent shortages of key raw materials, manufacturing outages due to affected personnel, and cost increases due to transportation, inflation and shortages. We have overcome these difficulties, improving our fill rate[1] to 90% and managing the cost and price of our products beyond our target.

Regarding our global supply chain, although we have suppliers in most of the countries where we do business, Argentina, Brazil, Colombia, the United States and Mexico are the countries with the largest number of trade agreements for manufacturing finished products. Genomma Lab has 498 suppliers globally, which are classified as follows

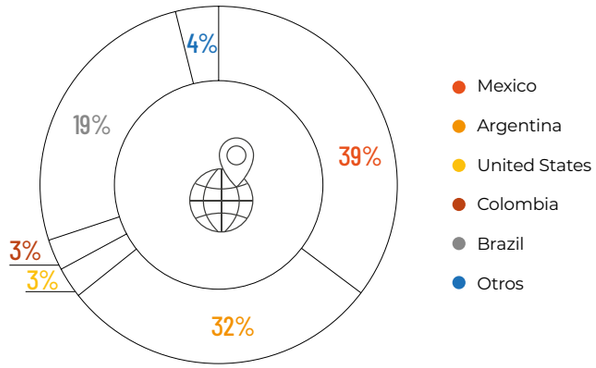
Suppliers by category of product they supply

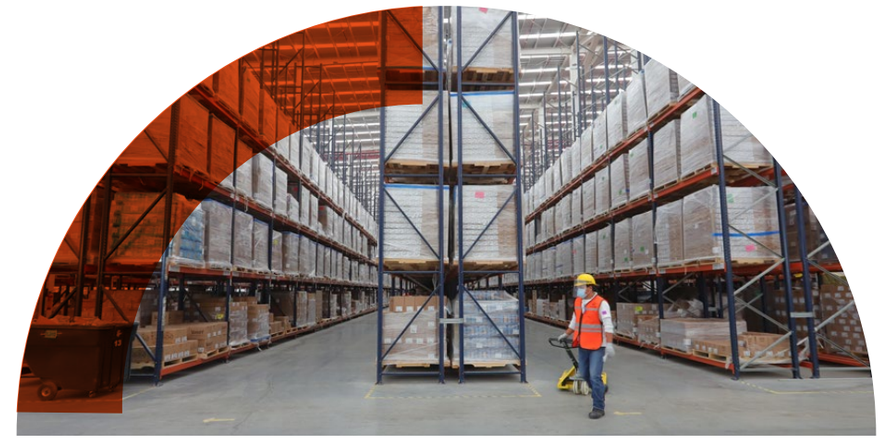


Type of suppliers in the supply chain



Supply chain vendors by country where the trade agreement is established





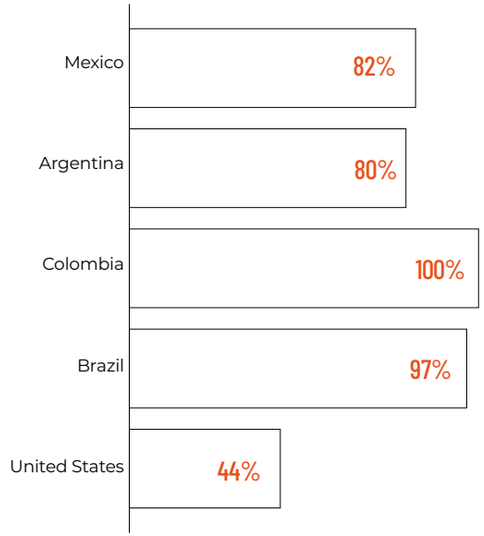
[1] Fill-Rate, or FR, is an indicator that measures the number of products delivered to customers in relation to what they ordered.

LOCAL SUPPLIERS

(GRI 204-1, 3-3)

We seek to allocate most of our supply chain procurement budget to local suppliers, defined as those located in the same country of operations where the commercial agreement is reported.

Percentage of budget allocated to local suppliers*



*Data for Colombia refer only to supply chain providers.

CRITICAL SUPPLIERS

Our critical suppliers are all those who may have a significant impact on the continuity of our operation and business model. We identify our critical suppliers of finished products and raw materials through the Pareto Principle, considering the origin of best-selling products, both in terms of volume and price. We also consider supply volume, and supply of critical and non-substitutable components in our supply chain as criteria to identify critical vendors.

Number of critical suppliers

GUAVA LEAF

Since 2010, La Joya del Campo S.A. de C.V., formerly DYCTRO S.A. de C.V., has been a strategic partner in our value chain. Within its production model in the Totonac farming communities of Veracruz, the company harvests and markets guava leaf (Psidium guajava). This is the raw material from which quercetin, the active ingredient in our QG5 treatment for colitis, is obtained. During 2021...

...we acquired 27 tons of guava leaf, boosting the economic development of Totonac communities.

SUPPLIER
SUSTAINABILITY PROGRAM

We aim to integrate sustainability into each of our decisions, with a special focus on the management of our value chain, which is a key process to ensure the continuity of our operation.

As part of our continuous improvement process, and in line with the company's standards, we implemented our **Supplier Sustainability Program.** This program promotes good practices in social, environmental and ethical matters in order to guarantee trustworthy, honest and upright relationships with our suppliers, prioritizing shared value.

SUPPLIER CODE OF CONDUCT AND ETHICS

(GRI 205-2c, 3-3) (GRI 308-1, 3-3) (GRI 407-1, 3-3) (GRI 409-1,3-3) (GRI 414-1,3-3)

Our **Supplier Code of Conduct and Ethics** (hereinafter referred to as "the Code") is aligned with our **Code of Conduct and Ethics,** and aims to establish negotiation standards, strengthen relationships with our suppliers, and bring them into alignment with our commitments on ethical, social and environmental matters.

This Code considers important issues for the company's sustainability, such as business ethics, fair working conditions, human rights, occupational health and safety, and environmental management. Accepting the Code, complying with legislation and international standards, and implementing good practices are requirements for starting and maintaining a business relationship with Genomma Lab.

As part of our Supplier Sustainability Program and our Sustainability Strategy, we set a goal for 2021 to ensure that 100% of our global supply chain vendors are aware of and sign our **Supplier Code of Conduct and Ethics.** In the case of our critical suppliers in Mexico, Colombia and the United States, at the end of 2021 we had met the goal at 100%, while reaching 86% in Argentina and 48% in Brazil.

As part of said program and moving towards our 2022 goal, in 2021 100% of our critical suppliers in Mexico completed an environmental, social and ethical assessment, same that we will conduct for all new suppliers in 2022.

We will continue working to meet this goal globally and integrate sustainability criteria into the supply chain vendor selection process.

The medium-term objective of the Supplier Sustainability Program is to establish continuous improvement plans in sustainability, by providing them with ongoing training on sustainability matters applicable to their operations, thus reducing any potential risks and strengthening our relationship.

100% of our suppliers know and signed our Code of Conduct and Ethics for Suppliers in Mexico, Colombia and the United States.

SUPPLIER QUALITY ASSURANCE

During 2021, we conducted 45 supplier audits, of which 22 corresponded to the supply of raw materials, 5 to packaging materials, 1 to services and 17 to maquilas. Critical issues for the operation were assessed, such as:

- Updating master documents.
- Referencing outdated regulations.
- Good documentation practices.
- Process Controls.
- Handling complaints.
- Generating Change Controls and Risk Management.
- Personnel Training.
- Humidity and temperature monitoring opportunities within warehouses.

The Standards and Certifications applicable to suppliers, although not limited to, are as follows:

- ISO 9001:2015: Quality management systems-requirements.
- ISO 15378: GMPs for manufacturers of primary packaging for medicinal products.
- ISO 17025: General requirements for the competence of testing and calibration laboratories.
- ISO 22000:2018 Food safety management systems — Requirements for any organization in the food chain.
- NOM-251-SSA1-2009, Mexican Official Standard, Hygiene practices for the processing of food products, beverages or food supplements.
- PROY-NOM-259-SSA1-2014, Mexican Official Standard, Products and services. Good manufacturing practices in cosmetic products.
- NOM-059-SSA1: Good manufacturing practices for medicines.
- NOM-176-SSA1: Health requirements to be met by manufacturers, distributors and suppliers of drugs used in the manufacture of medicines for human use.
- NOM-164-SSA1: Good Manufacturing Practices for Pharmaceuticals.
- Health Supplies Regulation.
- ICH Q7: Good Manufacturing Practice Guidance for Active Pharmaceutical Ingredients.
- ICH Q11: On development and manufacture of drug substances (chemical entities and biotechnological/biological entities).
- IPEC: Good Distribution Practices Guide for Pharmaceutical Excipients.

SUPPLIER TRAINING

During 2021, 28 suppliers participated in training courses on the Quality Manual, Good Manufacturing Practices and Good Documentation Practices. Each time a supplier engaged in activities at the company, training was provided. Training sessions lasted 1.5 hours per supplier.

MANUFACTURING:
OUR INDUSTRIAL COMPLEX IN MEXICO

Our new Industrial Complex located in Mexico was designed and built with sustainable infrastructure and technology that allows for cleaner, safer and more environmentally friendly industrial processes. This Complex consists of a Pharmaceutical Plant, a Personal Care Plant and a Distribution Center.

We have invested $100 million to build one of the most modern production units in Latin America to manufacture pharmaceutical and personal care products with state-of-the-art, fully automated technology.

Our new Industrial Complex covers a total area of 753,000 ft^2 (70,000 m^2), equivalent to 14 soccer fields, and includes a central warehouse with capacity for more than 78,000 storage positions strategically located to easily export to 19 countries, increasing our efficiency and profitability. This project was financed and supported by IDB Invest and the World Bank Group's International Finance Corporation (IFC).

Our short-term goal is for this plant to be the first of its kind in Latin America to be certified as Edge (Excellence in Design for Greater Efficiencies) by the World Bank's International Finance Corporation (IFC). In order to obtain this certification, it is necessary to comply with certain requirements such as the following:

- Minimum energy savings **of 20%**
- Minimum water savings **of 20%**
- Minimum **energy savings of 20%,** as a result of the building materials

Our short-term objective is to obtain the Clean Industry certification from the Federal Attorney for Environmental Protection *(Procuraduría Federal de Protección al Ambiente,* PROFEPA) in Mexico through our participation in voluntary environmental audits that attest to our proper environmental performance.

Accordingly, in our Industrial Complex we have integrated technology that ensures the correct and efficient use of resources. As an example, we have implemented a cogeneration project through which we promote energy efficiency and LED lighting in our facilities. While we already treat part of our wastewater, our goal for 2022 is to treat all of it and implement water-saving technology for our restrooms. In addition, by 2025 we set a target of integrating 50% renewable energy sources into the energy grid of our Mexican manufacturing operation.

Our goal is working to be more efficient and to generate a lower environmental impact when manufacturing each of our products.

2 ***State of the art***, es una frase que se refiere ¨al nivel más alto de desarrollo conseguido a la fecha sobre un proceso, equipo, o método en cualquier área de las ciencias, la ingeniería y las humanidades. Algunos autores usan "de punta" o "lo más avanzado".

START OF OPERATIONS

2021 marked a milestone in Genomma Lab's history with the successful start of operations at our new Manufacturing Plant, Pharmaceutical Plant and Distribution Center in Mexico.

To ensure operational excellence within the company's new Industrial Cluster, during the second quarter we launched the GPS **(Genomma Production System),** which consists of five stages: planning, start-up, stabilization, optimization and continuous improvement. This allowed us to align results, operating principles, systems and tools with our culture of growth and optimization.

Proof of this is that during the third quarter we obtained the Good Manufacturing Practices Certification (GMP) granted by Mexico's Federal Commission for Protection against Health Risks (Comisión Federal para la Protección contra Riesgos Sanitarios, COFEPRIS) for the solids line (direct compression and uncoated tablets) and the semisolids line (ointment, gel and cream) of our first pharmaceutical plant in Mexico.

As for the manufacturing of beverages and personal care products, the Suerox, Shampoo and Ointment production lines have completed their set-up phases and have reached an estimated 6.5 million bottles of Suerox, 470 thousand bottles of shampoo and 122 thousand bottles of ointment per month of production, respectively.

It should be noted that during this period we were visited twice by the relevant regulatory authorities related to the GMP, resulting in a successful outcome, with no observations.

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...production lines have completed their set-up phases and have reached an estimated 6.5 million bottles of Suerox, 470 thousand bottles of shampoo and 122 thousand bottles of ointment per month of production, respectively....

LOGISTICS

As expressed in our 2025 Sustainability Strategy, our business model's primary activity is the transportation of products, and it is one of our greatest opportunities to reduce the environmental impact of our operation.

Through the constant search for efficiency, we have been able to sustain the company's logistics operation. We have maintained our target expense of 3.7% versus sales, while absorbing the expense related to relocating our Distribution Center (CEDIS), the repatriation of one of the maquiladoras with the highest historical production volume in Genomma, the start-up of the plants' operations, and the growth of our Suerox brand.

NEW DISTRIBUTION CENTER AND WAREHOUSES

Genomma Lab's new Distribution Center in Mexico located in our Industrial Complex started operations during the first quarter of 2021 with a successful migration and no major interruptions in operations.

CEDIS MEXICO	
Number of positions	32000
Number of pallets received per day	600
Ratio of pallets per man-hour	Inbound 28 pallets / hour y Outbound 20 pallets/hour
Average number of trucks leaving the CEDIS daily	25 – 60 trucks per month
Average number of outlets stocked per day	36
Main routes served or critical routes	State of Mexico 31 % Nuevo León 10% Jalisco 9% Mexico City 7% Rest of Mexico 44%
Resource-saving and sustainability initiatives	30% reduction in truckloads between finished product suppliers and CEDIS

Similarly, the Company's new distribution center and warehouse in Brazil successfully began operations after its relocation from the southern region of Brazil to Extrema, Minas Gerais, in the southeastern region of the country. This location has become an important commercial hub since it facilitates access to the main logistical routes in the southern, southeastern and central-eastern regions of Brazil.

As a result, delivery time to customers in the north and northeast of Brazil was optimized by an average of 7 days, reducing the consumption of diesel fuel and tires and cutting delivery times. From Genomma's warehouse, we guaranteed supplies for purchases, both for the online channel and at the point of sale, with an increase of more than 25% in merchandise dispatch capacity.

PRODUCT TRANSPORTATION

We plan our logistics operations focusing on energy efficiency and route optimization, working directly with our logistics suppliers and seeking to reduce our greenhouse gas (GHG) emissions related to logistics transportation.

As part of our goals established in Our Logistics pillar of our 2025 Sustainability Strategy, our logistics fleet obtained a satisfactory rating by the Clean Transportation Program of the Mexican Ministry of Environment and Natural Resources *(Secretaría de Medio Ambiente y Recursos Naturales,* SEMARNAT). Similarly, our logistics providers in Colombia and the United States are members of local clean transportation programs.

In the United States, the transportation associated with Genomma Lab's products falls under the Environmental Protection Agency's (EPA) SmartWay program, which helps promote supply chain sustainability by measuring, benchmarking and improving freight transportation efficiency.

As part of the aforementioned program, the logistics operator in that country conducts several trainings on the efficient use of resources. Through the same operator, the company has an emissions control program that includes carbon footprint indicators and projects to renew the vehicle fleet with zero and low-emission units.

In Colombia, our logistics provider observes an Environmental Emissions Control Program, which aims to control the emissions generated by the company's different processes, in order to continue reducing the Carbon Footprint of our operation.

Transporte Limpio

SUPERIOR BRAND VALUE & COMMUNICATION

(GRI 417-1) (SASB - HC-BP-270A.2, (HC-BP-260a.2)

Aligned with the purpose we pursue as a company, placing the health and well-being of people as our sole priority, it is our responsibility to generate a relationship of trust and connect with our customers through our brands and through honest communication, guaranteeing at all times clear information about the use, benefits, ingredients, innovation and launches of our products.

As stated in our Global Advertising and Communication Policy, we are committed to being fully transparent in disseminating information through traditional media, as well as on our websites, social networks, telephone numbers, points of sale and product labels, among others. We seek to transmit the value of our products to our customers, always being aware of their needs.

CREATION PROCESS **OF ADVERTISING PIECES**

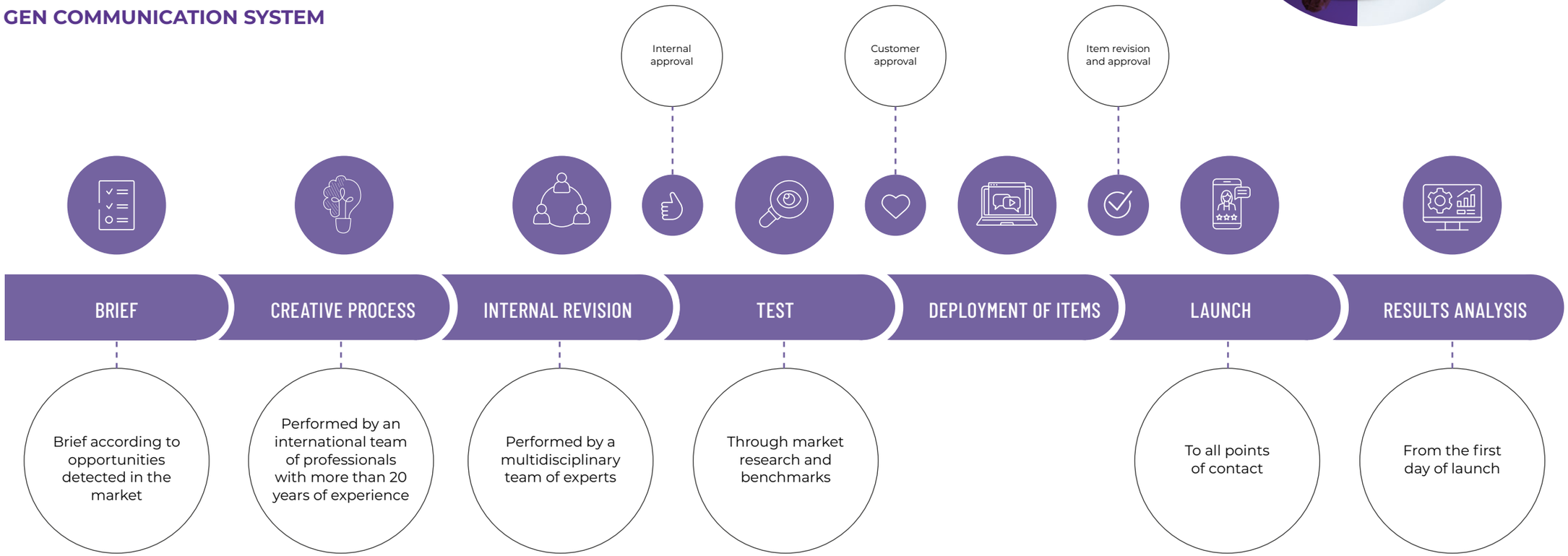
OUR CUSTOMER AT THE CENTER OF EVERYTHING

Our strategy involves our customers themselves from the creation of new products and concepts, exploring their needs and preferences through extensive market research. This includes customer surveys and benchmarking with competitors to identify categories with significant size and high growth potential.

Furthermore, we analyze the visual effects of our products on customers, so that they become an input for the creative process of packaging development, with the purpose of creating attractive designs that improve the appearance of our products in the eyes of the public and allow us to stand out from our competitors at the point of sale.

It is the customer who decides what product is launched onto the market and how to advertise it. This unconventional way of communicating, which we call the **"GEN Communication System"** (Sistema de Comunicación GEN), has proven to be an infallible seller, resulting in a four times faster execution, 70-80% lower costs, multiple interactions and a greater focus on the customer.

GEN COMMUNICATION SYSTEM



ETHICS AND **COMMUNICATION**

Sales show that the GEN Communication System is a new direction that innovates, evolves and revolutionizes across all media and platforms according to the changing customer.

We have 25 years of experience developing multimedia content for Latin America, transforming our communication campaigns around our main brands, expanding our reach across different points of contact, and promoting green innovations and sustainable solutions.

During 2021, we developed more than 482 communication pieces for television, 33% more than in the same period of the previous year. We maintained our first place in the ranking of advertisers, with a 17% increase in GRP (Gross Rating Point), with a content production cost of less than 70%-80%, as all material is created by our audiovisual production department, made up of creatives, designers, producers and post-producers.

A couple of relevant examples were the **"Testimonials"** advertising campaign for Groomen, which boosted category sales by +50% during the second half of 2021, compared to the previous year, as well as the new Suerox advertising campaign for Mexico, seeking to position the brand as a beverage for "all occasions".

In accordance with our ***Global Advertising and Communication Policy,*** **at Genomma Lab we develop communication pieces that fully and reliably express the medical and scientific aspects of our products. We do not use terminology and/or scientific vocabulary to "confuse" our customers.**

Medical, Regulatory and Legal Management take part in reviewing and updating said policy. This document states our commitment to correctly transmitting the value of our products to our customers, providing them with the tools to achieve good health through the correct and rational use of our products, by means of an honest communication and guaranteeing at all times clear information about the use, benefits, possible risks and ingredients of our products, as well as regarding innovation and launches.

[1] Index that indicates the advertising pressure exerted by a single insertion or a combination of insertions. It is also the total number of impacts generated by one or more advertising insertions per 100 people in the target audience.

OUR PRINCIPLES IN COMMUNICATION AND ADVERTISING

- All our communication must be legal, ethical, decent, honest and truthful.
- Ningún tipo de comunicación y/o promoción deberá afectar la confianza del consumidor.
- Commercial advertising should respect human dignity and should not encourage any form of discrimination based on ethnic or national origin, skin color, culture, social or economic status, religion, age, gender identity, sexual orientation and/or disability.
- Through clear communication, we point out the correct use of our products, without putting consumers at risk.
- Our commercial advertising must not, without exception, contain any visual representation or description of potentially dangerous practices, or situations that show disregard for safety or health.
- We comply with international regulations and local standards applicable to product advertising in the countries where we operate, and we voluntarily align ourselves with codes of good business practices.
- Our communication campaigns must comply with the principles of fair competition.
- Our communication campaigns must comply with applicable legislation in terms of regulatory, consumer protection and intellectual property laws.

Some of the codes to which we have voluntarily subscribed are:

- Code of Self-Regulation and Ethics in Advertising for Personal and Household Care Products
- Code of Ethics in Advertising of the Association of Manufacturers of Over the Counter Medicines A.C.
- Code of Ethics of the National Association of Entrepreneurs of Colombia
- Code of Integrity, Ethics and Transparency of Health Care Supply Companies of the Pharmaceutical Industry Ethics and Transparency Board
- Code of Ethics of the Council of the Cosmetics, Personal Hygiene and Home Care Industry of Latin America
- Code of Self-Regulation and Ethics in Advertising of the Council of the Cosmetics, Personal Hygiene and Home Care Industry of Latin America
- Advertising Practices for Nonprescription Medicines, Consumer Healthcare Products Association (CHPA).
- Consumer Commitment Code, Personal Care Products Council (PCPC).

The intervention of the cosmetic efficacy and clinical research process, led by the Medical Management area, aims at the verification of claims or disclosures for responsible advertising, which consists of the review and approval of advertising material such as advertising videos, key visuals , and POPs before they are released to the market. Claims must be in line with results obtained in safety and efficacy studies, carried out during the product development phase, and medical support.

[1] Visual guide or reference for campaigns.

[2] Point-of-purchase (POP) advertising material refers to printed or digital advertising placed in close proximity to the products being advertised to allow the customer to interact with the product.

STRATEGIC PARTNERSHIPS

We will continue to capitalize on commercial opportunities that align with the Company's values and long-term objectives, seeking to leverage our unique manufacturing and marketing capabilities. In this regard, we are forming alliances with different institutions, suppliers and commercial partners to include new categories, line extensions and launches that will allow us to make accessible, high-quality products available to our customers. Among the most noteworthy are the alliances with UP International (Novamil; infant nutrition) and Edgewell (Groomen; razors).

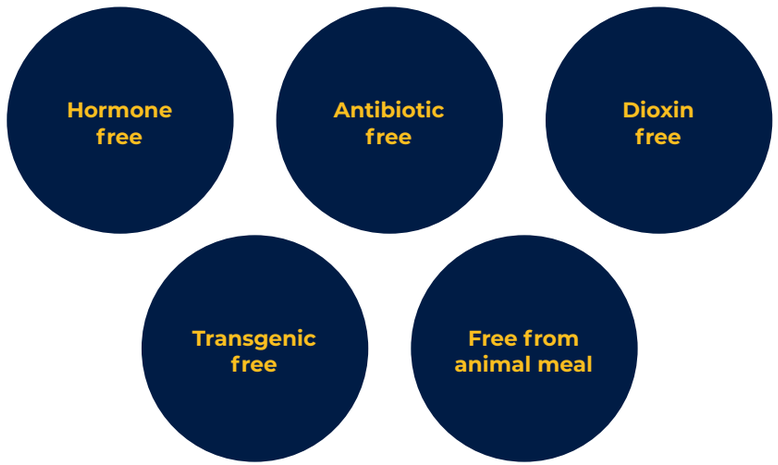
ALLIANCE WITH
UP INTERNATIONAL

Aiming to provide a nutritional solution to the specific needs of babies, Genomma Lab entered into an alliance with UP International, through which Genomma Lab was granted the exclusive license to market UPI's entire range of infant nutrition products under the Novamil and Novalac brands in Mexico.

UP International (France), which has been developing formulations for pregnant and lactating mothers since 1991. As for baby formula, they have been pioneers in the control and relief of digestive disorders that frequently occur in the first years of life, such as gastrointestinal discomfort, allergies, reflux and constipation, among others.

Their manufacturing plants located in France, The Netherlands, Germany and Spain, follow high quality standards when selecting, feeding, offering water and milking the cattle. Through the implementation of around 500 chemical and microbiological controls, all of the above ensures the total quality of their products.

It is important to point out that Novamil and Novalac origin formulas comply with the recommendations of the European Society of Pediatric Gastroenterology, Hepatology and Nutrition (ESPGHAN), CODEX[1] and the Mexican Official Standards (NOM)[2]. They also hold the Agriconfiance[3], certificate, which guarantees a product that is:



On the commercial side, it is worth highlighting Novamil's leadership in the global market. It holds a 31% market share, is present in 60 countries and has the backing of leading pharmaceutical companies in the five continents. In addition, it is the number one brand in sales in France and Australia, and its efficacy has been demonstrated in more than 40 clinical trials and studies conducted on more than 48,000 babies around the world.

In relation to the Mexican market, Novamil has a great growth potential due to the fact that, in the last 5 years, Specialty Formulas have grown +6%, a segment in which Novamil is the leader, with a 72% share.

[1] The Codex Alimentarius Commission is the United Nations body responsible for setting food standards..

[2] NOMs are issued by different Mexican governmental agencies to establish technical regulations containing information, specifications, procedures, measurement instruments and methodologies that goods and services must comply with in order to be marketed in Mexico.

[3] Website: https://www.agriconfiance.coop/en/who-we-are

ALLIANCE WITH
EDGEWELL PERSONAL CARE

In 2021, we entered into an alliance with Edgewell, a leading razor company, thanks to its legacy of technological innovation and service focused on the customer experience. As a result of this alliance, we obtained the exclusive license for the Groomen brand, through which we seek to refresh the shaving category, providing access to the best technology and shopping experience.

This strategic alliance made it possible to launch the Groomen® brand, a disposable razor that managed to position itself in the traditional channel as an accessible, disruptive and excellent quality product. Groomen® has been designed to meet the new demands of today's male customer, who is more concerned about his personal care, health and environment.

This is reflected in the growth of personal care categories targeting men. It is estimated that the skin care segment for the male sector will be worth more than 55 billion pesos by 2022.

It is worth noting that, in line with our 2025 Sustainability Strategy, the Groomen® disposable razor integrates sustainable design elements in the Groomen® 200 and Groomen® 300 models, with 65% and 57% recycled material in their handles, respectively. Finally, we highlight the innovation in its distribution chain as it is an ideal product for commercialization through traditional and modern channels, as well as in the most important e-commerce platforms in the world.

The ideal Partner *for* ***Latin America***
and the U.S. ***Hispanic Market***

Edgewell™ PERSONAL CARE

UP International

Genomma Lab.® Internacional

CORPORATE CULTURE & **SUSTAINABILITY**

(GRI 401-1, 3-3)

In order to be the healthiest company in the world and in line with the Organization, Corporate Culture and Sustainability pillar of our growth strategy, we prioritize the well-being, development and ethics of our employees, promoting equal opportunities for development and growth, as well as a safe, transparent and inclusive environment.

THE YEAR OF THE **PEOPLE**

2021 was a very significant year for us, as we celebrated Genomma Lab's 25th anniversary.

*We have named 2021 the **"Year of the People",** commemorating the contribution that each member of this great team makes to achieve all the goals we set for our company, even in times of complexity and uncertainty. This year's achievements are the result of a committed and talented team that was able to overcome challenges and turn them into opportunities to meet the goals set out in our operating and growth strategy.*

WINNING **CULTURE**

As part of our business strategy, since 2018, the company's leadership has placed special emphasis on consolidating the organizational culture. To this end, we created the Gen Book, a document through which the key elements of our philosophy and DNA are reflected. In this way, all of us who are part of Genomma Lab Internacional (GLI) share common meanings and reinforce our identity to continue building together the future and keep adding success to our history..

"I firmly believe in the power of an engaged and energized organization to exceed our business goals and help everyone meet their personal and professional objectives. I have had the opportunity to live all kinds of experiences, but the most relevant have been related to the extraordinary power that people and organizations have to truly make a difference. [...] Life shows us time and time again that achieving all of this depends on our mind and our attitude.

I am fully committed to working hand in hand with each of you to build a winning culture and a winning organization at Genomma [...][1]"

Jorge Brake, CEO
Genomma Lab Internacional

We are people who work, who evolve, who see the future and who have a purpose: to empower people to have excellent health and well-being. How do we do it? By sharing a common work culture with a defined DNA that makes us strong, with values and principles that guide our path. We have a clear understanding of our priorities, and we know how to act at all times to move forward firmly.

We are our people, we are our goals, we are the daily effort that will allow us to leave our mark and provide all the tools for people to build a life with excellent health and well-being. We are GEN: people with purpose.[2]

[1] Source: GenBook

[2] Video on GLI website

OUR **PEOPLE**

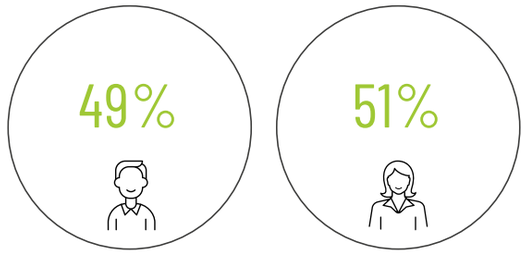
COMPOSITION

(GRI 2-7) (GRI 405-1, 3-3)

We are present in the United States, Central America, the Caribbean and most of South America. We want to offer the best working conditions to our employees, establish long-term relationships with them and provide them with open-ended contracts in all the countries where we operate.

Upon closing of the 2021 payroll, the team was made up as follows:

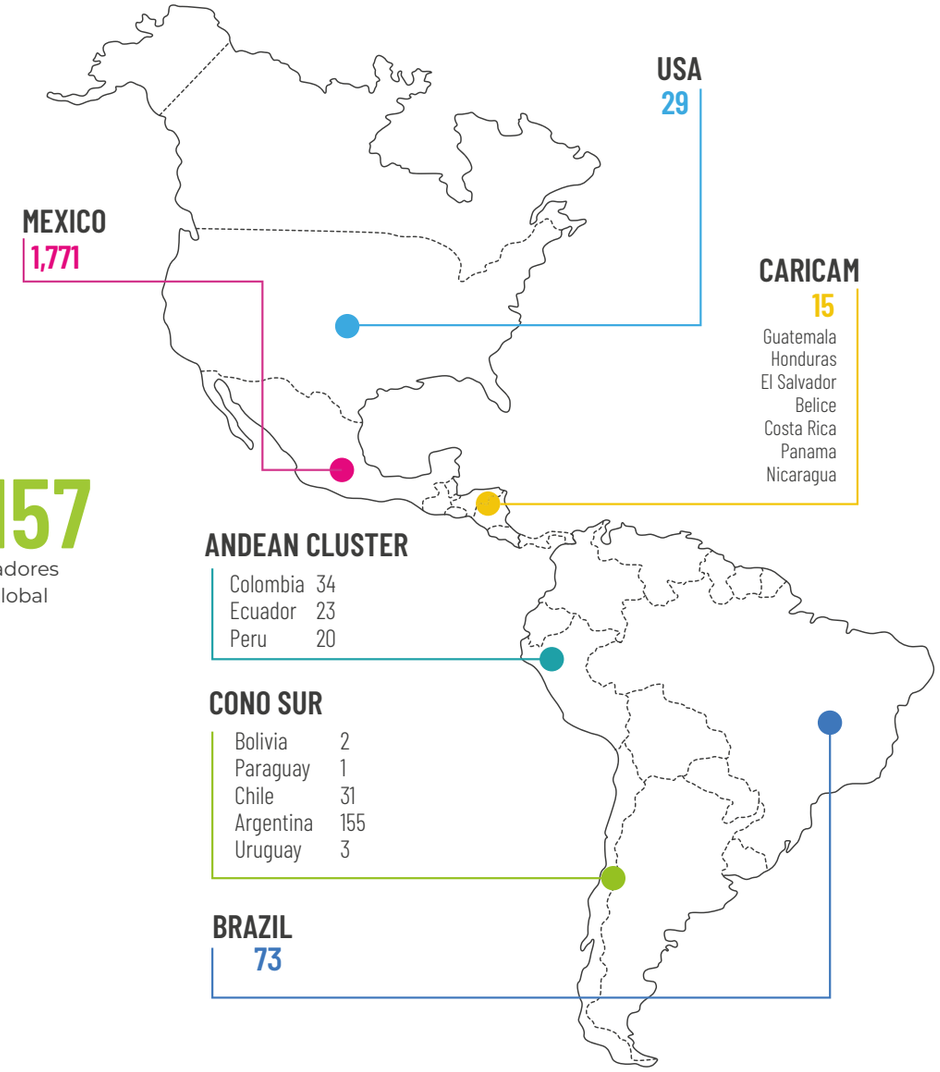
Number of permanent employees by region and gender



COUNTRY	M	W	TOTAL	%
México	871	900	1,771	82,10%
Estados Unidos	21	8	29	1,34%
Brasil	32	41	73	3,38%
Argentina	70	85	155	7,19%
Colombia	10	24	34	1,58%
Ecuador	11	12	23	1,07%
Caricam	9	6	15	0,70%
Chile	14	17	31	1,44%
Perú	11	9	20	0,93%
Uruguay	0	3	3	0,14%
Bolivia	0	2	2	0,09%
Paraguay	1	0	1	0,05%
Totales	**1,050**	**1,107**	**2,157**	**100%**

EMPLOYEES BY POSITION	
Executive	4
Country Manager	7
General Manager	84
Manager	195
Leader	143
Supervisor	64
Coordinator	101
Specialized Positions, Assistants, Analysts, Operative personnel, etc.	1,559
Total	**2,157**

2,157
colaboradores
a nivel global



In Mexico there was a considerable increase in the number of collaborators in relation to the previous period, the latter due to the hiring made due to the start of operations of the new manufacturing plant. Likewise, the direct hiring of the personnel that was under the outsourcing modality was carried out in compliance with the new provisions established in the Federal Labor Law.

[3] Anglicism that refers to the work modality where companies outsource some of their activities through subcontracting.

(GRI 2-7) (GRI 405-1)

Number of temporary employees by region and gender

	TEMPORARY		FIXED		
COUNTRY	M	W	M	W	TOTAL
Mexico	0	0	871	900	1,771
USA	0	0	21	8	29
Brazil	0	0	32	41	73
Argentina	6	9	64	76	155
Colombia	0	0	10	24	34
Ecuador	0	0	11	12	23
Caricam	0	0	9	6	15
Chile	0	0	14	17	31
Peru	0	0	11	9	20
Uruguay	0	0	0	3	3
Bolivia	0	0	0	2	2
Paraguay	0	0	1	0	1
Total	**6**	**9**	**1,044**	**1,098**	**2,157**

At Genomma Lab we do not enter into temporary contracts, except for exceptions such as the case of Argentina where the labor legislation allows it. It should be noted that the number of temporary contracts represents less than 1% of the company's total contracts.

Employees by type of workday (Part-time & Full-time) by region and gender

	PART-TIME		FULL-TIME		
COUNTRY	M	W	M	W	TOTAL
Mexico	0	0	871	900	1.771
USA	0	0	21	8	29
Brazil	0	0	32	41	73
Argentina	3	2	67	83	155
Colombia	0	0	10	24	34
Ecuador	0	0	11	12	23
Caricam	0	0	9	6	15
Chile	0	0	14	17	31
Peru	0	0	11	9	20
Uruguay	0	0	0	3	3
Bolivia	0	0	0	2	2
Paraguay	0	0	1	0	1
Total	**2**	**3**	**1.047**	**1.105**	**2.157**

Number of independent workers by region and type of work performed

(GRI 2-8)

In Argentina, 20 people were outsourced in 2021, 18 of whom worked as visibility and sales force executives, and 2 provided support to the administrative and quality control area.

In Brazil, under the same scheme, personnel were hired to support quality control processes at outsourced plants (1), billing and accounts payable processes (3), IT-related issues (3), and graphic design (1).

In Caricam, 7 people worked as third parties to support the logistics process (4), the administrative accounting process (2), and the Trade Marketing area (1); and in the case of Chile, 6 people supported the invoicing process.

In Colombia, assistance services in e-commerce, business intelligence (BI)[4], foreign trade, accounting, logistics and courier services were outsourced (6). Also, under the same contracting scheme, 139 sales promoters, 2 quality inspectors, 8 perfect stores auditors and 2 specialists for script writing and advertising graphic design were hired.

In Ecuador, outsourcing companies were hired to provide support to the legal and accounting areas, and a third party was hired to perform the role of Country Manager.

In Peru, 5 professionals were outsourced to perform assistance tasks for the commercial, regulatory, logistics and BI areas.

[4] Business Intelligence (BI) is the ability to transform data into information, and information into knowledge, in order to optimize the business decision-making process.

[5] Genomma Lab defines a perfect store as the implementation of best practices and strategies to improve the shopper's experience, including the correct arrangement of products, affordable prices, and communication pieces that spark interest and motivate the purchase.

6 Genomma Lab define como tienda perfecta la aplicación de las mejores prácticas y estrategias para mejorar la experiencia del comprador, con una correcta disposición de los productos, a precios accesibles, y con piezas de comunicación que despiertan el interés y motiven la compra.

ATTRACTING TALENT

(GRI 401-1, 3-3)

New hires

Our global recruitment process aims to hire the best talent in the market in the shortest possible time, ensuring that candidates are aligned with Genomma Lab's organizational culture.

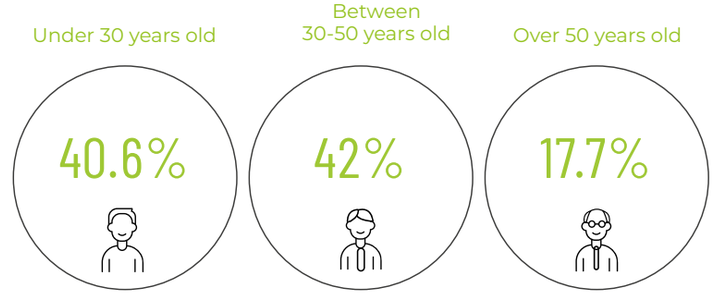
The process is carried out as follows:

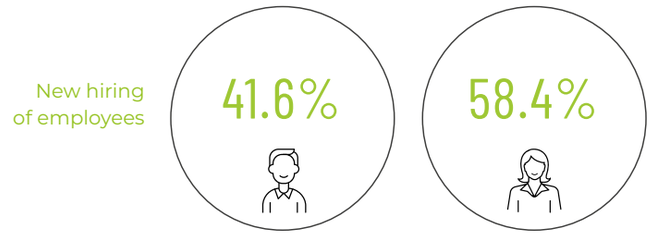
- Fill out and submit the Job Profile document to the Talent Management area to officially activate the search process.
- Candidate search.
- Interview by the Direct Manager and/or Directors.
- Interview by the Recruitment Committee.
- Dry Run: In this stage, the candidate must develop a business case or interact with at least two (2) members of the Recruitment Committee.
- Final interview: According to the hierarchical level of the position, candidates will be submitted for final approval by the Global COO or Country Managers (in case they have not participated in the previous step).
- Bid review: Performed in Mexico, coordinated with the corresponding country's Controller.
- Internal approval. All bids must go through the approval system that includes the Talent Leader, the Finance Leader and the COO.
- Formal proposal: Presented jointly by the Talent Leader and the Direct Manager, if so desired.

Notably, in line with our Diversity, **Inclusion and Gender Equality Policy,** the company requires a roster of gender-diverse candidates for all management roles.

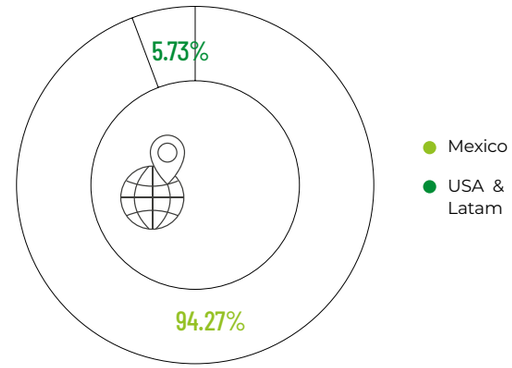
New hiring of employees

	Under 30 years old	Between 30-50 years old	Over 50 years old	Under 30 years old	Between 30-50 years old	Over 50 years old	
COUNTRY	M	M	M	W	W	W	TOTAL
Mexico	226	191	86	277	307	146	1.233
USA	1	0	0	0	0	0	1
Brazil	5	9	0	3	7	0	24
Argentina	5	7	0	1	6	0	19
Colombia	0	4	0	0	4	0	8
Ecuador	0	1	0	2	0	0	3
Caricam	1	3	0	1	1	0	6
Chile	4	1	0	1	4	0	10
Peru	0	0	0	0	2	0	2
Uruguay	0	0	0	0	1	0	1
Bolivia	0	0	0	0	1	0	1
Paraguay	0	0	0	0	0	0	0
Totales	**242**	**216**	**86**	**285**	**333**	**146**	**1.308**





New hires by contry



New positions filled by internal promotions, by gender

21%

of new hires were covered by internal promotions, totaling 275 positions

We set up the **Global Recruitment Committee,** made up of the leadership team and other employees involved in the process. Through it, we are able to comply with the profile-person match, ensuring that the talent hired has chances of success in their position, giving them the opportunity to contribute to the company.

Internship Program

(SASB - HC-BP-330a.1)

As an expanding company, we are committed to programs for identifying and incorporating potential talent that will share new ideas with us and be the future generations of talent at Genomma Lab.

With the internship programs (interns and trainees), we seek to prepare young people from public and private universities to be integrated and trained in the Genomma Lab culture, providing them with the tools to grow professionally and develop a global vision of the business, creating a hotbed of talent.

In addition, an alliance with the *Universidad Nacional Autónoma de México* (UNAM) is planned for 2022 to join efforts and achieve the recruitment and retention of scientific talent and research and development personnel.

Interns

We have collaboration agreements with institutions and universities to promote vacancies among young people who wish to carry out their professional internships as students or graduates of university programs related to our company's line of business.

To contribute to their professional development and knowing that these young people are in the final phase of their academic preparation, we offer part-time and flexible work schedules so that they can meet their academic schedules and lessons without hindrance, besides offering them the accompaniment of area leaders who share their knowledge and experience.

Additionally, the program allows interns to learn by doing, putting their knowledge into practice, meeting performance objectives, and receiving feedback to identify their strengths and improve their opportunities. Our internship programs offer financial compensation to support expenses related to their participation.

Trainee Program

This 18-month program was created with the purpose of attracting and developing a pool of young talent to be trained in the Genomma Lab culture, so that they can later fill strategic positions within the company. We offer an attractive and exciting career plan to position Genomma Lab as an employer brand.

Participants are students in their senior years of business-related degrees, from public and private universities, who speak Spanish, English or Portuguese, and who demonstrate the following main competencies: initiative, results orientation, self-confidence, teamwork, entrepreneurial spirit and leadership.

The program has been implemented in the Andean-Caricam Cluster, and during 2022 it will be expanded to some other countries where we operate.
Trainees are selected through the talent attraction process and are subsequently incorporated into the company's corporate and industrial areas in the participating countries. Upon joining, they receive onboarding training, which includes a welcome session, the definition of the area they will work in, and the assignment of a mentor (a senior leader in the company).

Trainee development consists of the following phases:

- Department rotation. Twice a year, they rotate in a department other than their assigned area.
- Assignment of direct manager, objectives, project and deliverables. .
- Institutional and Competency Development Training Program.
- Biannual performance assessments including feedback from direct manager and mentor.

At the end of the program, permanent employment is defined, and the intern is assigned to a position according to their profile.

STAFF TURNOVER

(GRI 401-1)

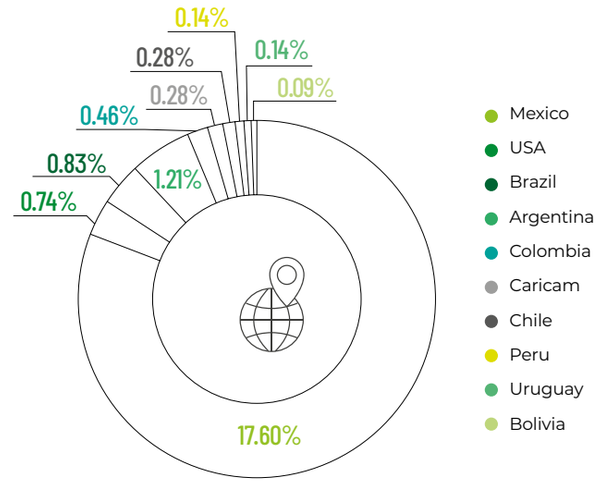
Voluntary resignations

COUNTRY	Under 30 years old M	Between 30-50 years old M	Over 50 years old M	Under 30 years old W	Between 30-50 years old W	Over 50 years old W	TOTAL
Mexico	35	49	1	38	52	2	177
USA	0	4	0	0	4	1	9
Brazil	3	1	0	6	5	0	15
Argentina	1	6	0	5	4	0	16
Colombia	1	3	0	0	2	0	6
Ecuador	0	0	0	0	0	0	0
Caricam	0	1	0	0	0	0	1
Chile	0	0	0	0	1	0	1
Peru	0	0	0	0	2	0	2
Uruguay	0	0	0	0	0	0	0
Bolivia	0	0	0	0	1	0	1
Paraguay	0	0	0	0	0	0	0
Total	**40**	**64**	**1**	**49**	**71**	**3**	**228**

Terminations

COUNTRY	Under 30 years old M	Between 30-50 years old M	Over 50 years old M	Under 30 years old W	Between 30-50 years old W	Over 50 years old W	TOTAL
Mexico	40	39	19	43	48	15	203
USA	1	6	0	0	0	0	7
Brazil	0	1	0	0	2	0	3
Argentina	0	4	0	0	6	0	10
Colombia	0	1	0	0	3	0	4
Ecuador	0	0	0	0	0	0	0
Caricam	0	3	0	0	2	0	5
Chile	0	2	0	1	1	1	5
Peru	0	0	0	0	1	0	1
Uruguay	0	0	0	0	3	0	3
Bolivia	0	0	0	0	0	1	1
Paraguay	0	0	0	0	0	0	0
Total	**41**	**56**	**19**	**44**	**66**	**17**	**242**

% Rotation by country



220
10.2%

249
11.6%

21.8%
is the total turnover percentage
adding 470 people in total

Turnover

Under 30 years old
8.1%

Between 30-50 years old
11.9%

Over 50 years old
1.8%

COMMITMENT TO **OUR PEOPLE**

LIFE AND FAMILY BALANCE

(GRI 401-2) (GRI 405-1,3-3)

As stated in our Diversity, Inclusion and Gender Equality Policy, in our Human Rights Policy and in our Policy to Prevent, Analyze and Identify Psychosocial Risk Factors, at Genomma Lab we promote work-life balance among all members of our team, seeking to promote gender equality. Some of the following modalities may vary or be adjusted according to each country where the Company operates.

Work from home, flexible hours and short Fridays

This benefit takes a results-oriented approach, providing work-life balance and supporting the shift to a performance culture based on flexibility and trust. Staggered schedules, work from home, and short Fridays were implemented.

Daycare

We maintain agreements with daycare centers close to our operation centers, allowing our employees to receive a payroll discount and enjoy other benefits for the care of their children.

Nursing room

We provide our employees with breastfeeding rooms for their well-being and comfort.

Vacations

The vacation days granted to our employees are linked to their seniority in the Company.

SENIORITY	AVERAGE
1 years	10
2 years	12
3 years	14
4 years	16
5 - 9 years	18
10 - 14 years	20
15 - 19 years	22
20 - 24 years	24

Paternity and maternity leave

(GRI 401-3, 3-3)

All our employees have this benefit, going even beyond what is required by law in the case of Mexico and Brazil.

	Number of weeks for maternity leave	Number of weeks for paternity leave
Mexico	12	2 + 1 in addition to what is required by law
USA	12	12
Brazil	17.1 + 8.5 in addition to what is required by law	1 + 2 in addition to what is required by law
Argentina	12.9	0.3
Colombia	18	1.4
Ecuador	12	1.4
Caricam	17.1	0
Chile	24	1
Peru	14	1.4
Uruguay	14	2
Bolivia	8.6	0.4
Paraguay	18	2

We seek to offer the best working conditions for our employees with benefits7 that contribute to their personal development and that of their families.

7 Los beneficios y prestaciones pueden variar por país y nivel administrativo, algunos han tenido una variación o restricción durante el periodo de distanciamiento social.

COMPENSATION, BENEFITS AND SAVINGS

Annual bonus

Days considered for the annual bonus are 45 days corresponding to sales corresponding to sales and 45 days corresponding to EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). A growth target is established for the two indicators and the days to be paid as annual bonus are calculated depending on the percentage of compliance with the target.

Savings fund

5% of the employee's payroll is allocated to a savings fund, and at the end of the year the Company equals the amount and pays it to the employee.

Transportation

It is made available to employees at different times and for different operating sites.

Employee sales

On a monthly basis, employees have the opportunity to purchase products from Genomma Lab's portfolio at a preferential discount.

Food vouchers

Life insurance

Major medical insurance

INTEGRATED WELL-BEING

Canteen

Employees have access to a canteen as a Company benefit with nutritious and healthy options.

Nutritional counseling

We promote a healthy lifestyle among our collaborators by offering nutritional advice to our collaborators.

GENWELL Employee Assistance Program

In line with our 2025 Sustainability Strategy, we implemented the GENWELL Employee Assistance Program, which provides psychological counseling, legal assistance, financial-accounting assistance, nutritional counseling and training for leaders in critical moments. The service can be accessed through a toll-free telephone line or through a mobile application; its beneficiaries are our employees and their immediate family members.

The number of temporary workers represent less than 1% of the total workforce globally. The benefits granted to part-time and full-time workers are the same.

GENWELL

FREEDOM OF ASSOCIATION

(GRI 2-30) (GRI 407-1, 3-3)

We are obliged to respect the rights of association, organization and collective bargaining of our employees, in compliance with the Federal Labor Law in Mexico, as well as the applicable regulations in each country in which we operate. 55% of the operating personnel of our new Industrial Complex in Mexico are covered by a collective bargaining agreement. For the rest of the personnel, labor conditions are not determined under any type of collective bargaining.

Employees are free to decide whether or not to join the union. In addition, each employee who joins the company is notified of the rights and obligations that apply to belonging to this type of contract through an induction course, where union delegates participate and share this information. Additionally, as a company, we support and provide the necessary forums for free dialogue between employees and the union.

Each employee has the duty to follow the established health and safety policies and protocols, as well as the Quality System corresponding to their workplace.

ASSESSMENTS

CONSOLIDATING THE PERFORMANCE ASSESSMENT PROGRAM

(GRI 404-3, 3-3)

Performance assessment is aimed at the professional growth of our employees aligned with business development, through objective and transparent feedback about their performance and expected business results. Likewise, the functional (or technical) and leadership competencies required to perform successfully in their current functions are evaluated, as well as those required to continue their professional development in Genomma.

It is an essential management tool that supports managers in achieving results through people, and leads employees to success, reaffirming our commitment to meritocracy and the professional development of our team.

For the first time, the performance assessment was conducted simultaneously for 100% of our team, at all levels and in all countries where we operate. As a result, we obtained a 90% compliance rate in the process, which means a positive impact on productivity and the established organizational goals.

The performance assessment process consists of the following:

1. Setting annual goals:

a. Business results/indicators: Each employee, together with their manager, should identify those 3-5 indicators that are most closely connected to their responsibilities and that, therefore, are expected to have a positive impact from their day-to-day work.

b. Leadership skills related to the elements of the GEN Culture

- i. Leadership
- ii. Entrepreneurial spirit
- iii. Collaboration, attitude and commitment
- iv. Analytical and problem solving skills
- v. v. Skills / technical knowledge to perform the job

2. Biannual performance review:

a. Employee self-assessment

b. Assessment by their immediate leader

c. Feedback session: The employee and their leader align results, perceptions and expectations, while completing the Excel format of the performance assessment.

d. Format uploading to TalentGEN.

Based on the results obtained in the assessment, the employee's development and career plan is defined, as well as whether the annual variable compensation (bonus) is applicable and in what percentage.

WORK CLIMATE ASSESSMENT

At Gennoma Lab we seek to know the degree of commitment[8] and satisfaction of our team, as well as identify the main needs to reduce turnover, improve effectiveness and improve our experience of working in the organization.

The dimensions evaluated were the following:

- **Agility and Innovation:** React quickly to market requirements, generate new ideas, learn from mistakes, respect job prospects.
- **Confidence:** Perception in the future of the company through the success of its management, adaptability and its products.
- **Effectiveness of the Management Team:** Topics related to the perception of honesty, communication, coherence, listening and assertiveness in decisions.
- **Strategic approach:** Understanding of the company's strategies and objectives, as well as the contribution of the collaborator's work.
- **Collaborator experience:** Feeling of being in a company that respects and cares for the collaborator, as well as issues that generate a taste for working at Genomma Lab.
- **Enabling and empowerment:** Resources and elements required for the collaborator to carry out their work.
- **Engagement:** Intention to stay, discretionary effort and organizational pride.
- **Direct Boss:** Issues related to the treatment and management style of the immediate boss.
- **Safety:** Confidence in physical conditions and workplaces.

Below we present the results of the organizational climate survey carried out in 2021:

1,258
collaborators surveyed (92% of the total at the time of implementation)

% commitment of collaborators by gender

% commitment per year

8 Engagement is the level at which employees commit their energy and effort to contribute to the success of the company. The components of the Commitment are: Pride Motivation Belonging, among others.

RECOGNITIONS

CEO AWARDS

This initiative has the purpose of acknowledging those collaborators who stood out for achieving results and who at the same time, demonstrated exceptional behavior to continue contributing to the growth of Genomma Lab.

During the year 2021, 24 collaborators were awarded in México, 2 in Argentina and 1 in each of the following countries: Brazil, Chile, Peru, Colombia, Ecuador and Cono Sur.

SUSTAINABILITY AWARDS

In line with the goal of our 2025 Sustainability Strategy, which seeks to recognize our employees for the implementation of projects that reduce the environmental impact of our operation. In 2021, we had the first edition of our "Sustainability Awards" that recognized the contribution of our team members, who from their operation area promoted initiatives aligned with our sustainability goals. In this edition, the winners represented different areas and countries, Quality in Argentina, Logistics in Mexico and Innovation & Development in Mexico.

DIVERSITY **AND INCLUSION**

(GRI 405-1, 3-3)

"In Genomma Lab we are governed by respect for diversity, and we promote a work environment that is inclusive, healthy, safe, free of violence, without discrimination, that allows the full development of all people with equality to access growth opportunities. This is supported by our Diversity Policy."[9]

As it is expressed in our **Diversity, Inclusion and Gender Equality Policy,** we promote differences expressed in: age, nationality, disability, physical and mental capacity, gender identity or expression, sexual orientation, ethnic origin, racial origin, marital status, pregnancy, health conditions, language, physical features, political affiliation, religion, personal beliefs, opinions, social or economic status, or any other analogous.

It is the responsibility of the **Ethics Committee,** as well as of the **Global Diversity, Inclusion and Gender Equality Committee,** to ensure compliance and protection of the established in the aforementioned policy.

[9] Source: https://esr.genommalab.com/es/

GLOBAL COMMITTEE ON DIVERSITY, INCLUSION AND GENDER EQUALITY

It was created in 2021 and it is formed by representative members from various nationalities, ages, and administrative levels of our team. They work under the following action lines:

- **Women GEN:** Its purpose is to promote development, equal opportunities, visibility and form a support network.
- **Community LGTBQ+:** Seeks to direct initiatives and public activities to create a more inclusive work environment for all employees, free of discrimination.
- **Talent with Disabilities:** TIts purpose is to eliminate stigmas and any barrier that may prevent the hiring and/or professional development of people with disabilities in the company.

TALENT WITH DISABILITIES

In 2021 we established an alliance with Éntrale, "Alliance for the labor inclusion of people with disabilities" from the Mexican Business Council, with whom we share the purpose of linking wills, connecting opportunities and changing paradigms, to favor the labor inclusion of people with disabilities in Mexico.

éntrale
Alianza por la inclusión laboral de personas con discapacidad

LGBTQ+ COMMUNITY

In 2021, we received for the first time the HRC Equidad MX 2022 Certification from the Human Rights Campaign Foundation, Global Labor Equity Program in Mexico, for adopting protections against discrimination, having a Diversity Committee and a group of LGBTQ+ employees, and developing public activities, creating a more inclusive work environment for all employees.

MEJORES LUGARES PARA TRABAJAR
2022 Por Equidad LGBTQ+
100% HRC EQUIDAD MX

GENDER EQUALITY

Target Gender Equality

In order to contribute to the construction of a society with greater gender equality, we participate in the Target Gender Equality initiative from the United Nations Global Compact, with the intention of accelerating the representation and leadership of women at all levels of the company.

UN GLOBAL COMPACT TARGET GENDER EQUALITY

Women's Empowerment Principles

In addition, we have adhered to the United Nations Women's Empowerment Principles (WEPs). WEPs is a joint initiative of UN Women and the Global Compact that provides a business platform that allows companies to evaluate the policies and practices they carry out for the empowerment of women in their work environment, markets, and the community.

We present our results at the end of 2021, which show the achievements made and the opportunities for improvement we have, in order to meet our goals in terms of diversity.

In support of

WOMEN'S EMPOWERMENT PRINCIPLES
Established by UN Women and the UN Global Compact Office

The goals in terms of gender balance in our 2025 Sustainability Strategy, considered that by the year 2022, 50% of our global team would be represented by women; and by 2023, 50% of our leadership positions would be occupied by women, so we achieved the proposed goals in advance.[10]

[10] 2025 Sustainability Plan

250 41.8%	348 58.2%	Staff in leadership positions **total 598**
43 45.3%	52 54.7%	Management Positions by gender **total 95**
141 41.7%	197 58.3%	Direction Positions by gender **total 338**
66 40%	99 60%	Supervisory Positions by gender **total 165**
800 51.3%	759 48.7%	Entry Positions by gender **total 1559**

54.5%
of management positions are made up of women, an increase of 11.74% compared to the previous year

51%
of the company's workforce are women, thus meeting our goal one year ahead of what was proposed

58.2%
of leadership positions in Genomma Lab are held by women

4%
of employees who were promoted during the fiscal year were women

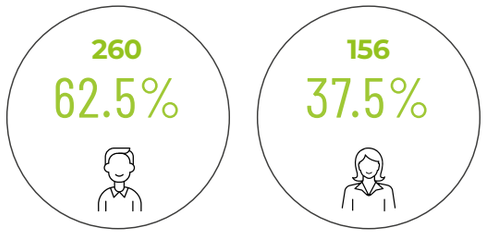
58.3%
of the Direction positions are made up of women, 15% more than in 2020

60%
of supervisory positions in the company are women, which represents an increase of 14% compared to the previous year

Number of men and women who make up the following areas in the organization at a global level

POSITION	WOMEN	MEN
Administration	8	7
Promotion and Sales	107	113
Purchase	14	17
Quality	29	15
Communication and Publicity	35	49
Finance	68	65
Information Technology	0	3
Innovation & Development	20	11
Trade Marketing	61	21
Logistics	168	249
Manufacturing	39	166
Human Resources	14	5
Others	544	329
Total	**1.107**	**1.050**

STEM[8] Positions[9]



Women in Leadership Positions[10] in areas that generate income[11]

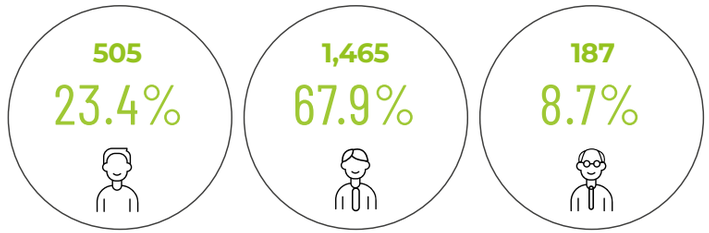
52%

of the leadership of the areas that generate income is made up of women

Although there is parity and even a predominance of women in the different areas of the company, the areas of Manufacturing, Logistics and Information Technology follow the path of continuous improvement to achieve greater representation of women.

	Under 30 years old	Between 30-50 years old	Over 50 years old	Under 30 years old	Between 30-50 years old	Over 50 years old	
COUNTRY	M	M	M	F	F	F	TOTAL
Mexico	196	627	48	238	556	106	1.771
USA	1	9	11	0	6	2	29
Brazil	7	23	2	9	29	3	73
Argentina	16	49	5	9	66	10	155
Colombia	1	9	0	7	17	0	34
Ecuador	1	10	0	3	9	0	23
Caricam	0	9	0	1	5	0	15
Chile	7	7	0	5	12	0	31
Peru	3	8	0	1	8	0	20
Uruguay	0	0	0	0	3	0	3
Bolivia	0	0	0	0	2	0	2
Paraguay	0	1	0	0	0	0	1
Totales	**232**	**752**	**66**	**273**	**713**	**121**	**2.157**

Under 30 years old | Between 30-50 years old | Over 50 years old



8 The term STEM is an acronym for Science, Technology, Engineering and Mathematics. It is an area that continues to grow, as graduates from these fields are in high demand in the labor market.

10 Scope: 416 employees from the areas of Quality, Finance, IT, R&D and Manufacturing.

11 Positions considered: Brand Manager, Brand Operations Manager, Consumer & Shopper Insights Leader, Director of Beverages, Director of Marketing, Director of Skin Care, Director of Transformation and Master Data, Director of Brand Operations, Director of Commercial Operations, Franchise Leader, Andean E-Commerce Account Manager - Kam Copservir, Medical Communications and Training Manager, District Manager, Pharmacy and Perfumery Manager, Global Group Manager, Brand Manager, Operations Manager, Southern Cone Operations Manager, De Trade Manager Regional Marketing, Sales Manager, Ecommerce Manager, Traditional Channel Regional Manager, Grouper New Business, Grouper Skin Care, Head BU Suerox, Sales Manager, Key Account Manager, Marketing Global Business Leader, Marketing Manager, Sales Manager, Team Leader.

12 Marketing and Commerciall

(GRI 405-1)

Number of employees by sex, age and job category

POSITION	Under 30 years old M	Between 30-50 years old M	Over 50 years old M	total M	Under 30 years old W	Between 30-50 years old W	Over 50 years old W	total W	TOTAL
Executive	0	0	4	4	0	0	0	0	4
Country Manager	0	4	2	6	0	1	0	1	7
Director	0	21	16	37	0	40	7	47	84
Manager	2	72	15	89	7	94	5	106	195
Leader	8	38	6	52	8	70	13	91	143
Supervisor	3	9	8	20	2	42	0	44	64
Coordinator	6	36	4	46	5	48	2	55	101
Specialists, Assistants, Operators and Analysts	319	402	79	800	184	530	45	759	1,559
Total				**1,054**				**1,103**	**2,157**

NATIONALITIES

	LOCAL		FOREIGN		
COUNTRY	M	W	M	W	TOTAL
Mexico	860	888	11	12	1.771
USA	13	4	10	2	29
Brazil	31	41	1	0	73
Argentina	66	78	4	7	155
Colombia	8	24	2	0	34
Ecuador	11	10	0	2	23
Caricam	1	2	8	4	15
Chile	11	11	3	6	31
Peru	11	9	0	0	20
Uruguay	0	3	0	0	3
Bolivia	0	2	0	0	2
Paraguay	1	0	0	0	1
Totales	**1,013**	**1,072**	**39**	**33**	**2,157**

Positions by ethnic group in United States

GRUPO ÉTNICO	NIVEL	W	M
Afroamericanos	Coordinator	0	1
Asiáticos	Headquarters	1	0
Blancos	Director	0	1
	Manager	1	0
Latinos o Hispanos	Director	2	2
	Manager	1	5
	Coordinator	1	3
	Headquarters	2	5
	Country Manager	0	1
	Supervisor	0	3
Total		**8**	**21**

We recognize that cultural diversity strengthens the company's management and productivity, since it promotes teamwork, tolerance, creativity, resilience and team adaptability. Our work centers are made up of collaborators who come from various countries, this multiculturalism represents a fundamental part, not only of our corporate culture, but also of our achievements.

EMPLOYEES BY NATIONALITY

TRAINING AND **DEVELOPMENT**

(GRI 404-1, 3-3)

Training is a key element to ensure the safety, efficiency, and quality in our operations. It is our responsibility to have trained and qualified collaborators who can perform the required functions for development, manufacture, control, and distribution of our products.

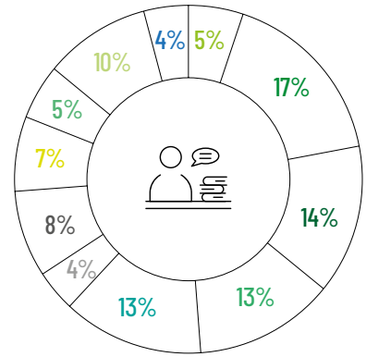
IMPLEMENTATION OF THE GLOBAL GEN INSTITUTE TRAINING PROGRAM

Through GEN Institute, training and development programs have been implemented according to the identified needs and specific responsibilities of our employees. Lessons were given with institutional content, technical specialization, for skills and abilities development, continuous training, among others. They were given in face-to-face, remote or hybrid schemes, with the objective to benefit most of our collaborators.

16.82 HRS
Average hours of training per collaborator

Average hours of training by gender

Average hours of training by job category



- Executive
- Country Manager
- Director
- Manager
- Leader
- Supervisor
- Coordinator
- Specialist
- Assistant
- Operator
- Analyst

TRAINING FOR OPERATION

(GRI 404-2, 3-3)

In our Distribution Centers and Manufacturing Plants, we have established procedures that allow the Human Resources area to clearly know the activities of each position and thereby determine a matrix of skills that each collaborator must have to perform successfully in his role. This is complemented with the detection of needs by area, the Annual General Training Plan and with the training courses or workshops that are frequently given in various modalities.

In this line, the different teams in the company, mainly the innovation and development areas, as well as the commercial team are frequently trained through the Regulatory Affairs area, in order to keep them updated and aligned with the regulation, so that they can continue with the development and sale of our products in each country where we operate.

ONBOARDING

The new GLI collaborators received an induction in order to transmit the origin, culture and strategy of the company, and in this way, build a sense of belonging to the organization.

We also had Inductions about our brands to learn in detail the products and the Genomma Lab line of business.

(GRI 404-2)

SUSTAINABILITY

In line with our strategic pillar "Our Integrated management" of the 2025 Sustainability Strategy, we encourage critical thinking in all our employees in terms of sustainability and innovation. To this end, in 2021, the teams responsible for product development at a global level were trained in sustainability, seeking redesign and innovation with less environmental impact.

Likewise, our operational and administrative teams have received training in the same subject, but this time focused on acquiring the necessary theoretical and practical knowledge to promote sustainable development, with an emphasis on mitigation and adaptation to climate change.

COMMERCIAL – SALES ACADEMY AND GLOBAL CONVENTION

Our commercial team participated in training programs to strengthen their sales skills, consolidate them in their work development and enrich their performance. Among the topics that were developed we find the following:

- Sales Fundamentals
- Perfect store
- Analytical thinking
- Negotiation
- Team development
- Logistics
- Finance

This year, once again we held the global sales meeting organized by the leadership team of the commercial area. In the same way, we had the opportunity to attend the "Consumer Week" at a global level, which included high-impact conferences, given by professional experts, transmitting their knowledge of trends and changes in the market.

LEADERSHIP, ETHICS, AND INTEGRITY

At Genomma we believe that leaders are made, and we want our leaders to be the best in the industry.

For this reason, during 2021 we have invested in the development of leadership skills, through the first **leadership skills development program**, aimed at all employees who manage work teams. During the training, topics such as leadership, reliability, situational leadership, feedback, coaching and trust were worked on. The program will continue to run through 2022 until it reaches all the leaders of the organization.

ALLIANCES WITH EDUCATIONAL INSTITUTIONS

At Genomma Lab we have committed ourselves to the development of internal talent to provide greater tools for their professional growth, which in turn generates an impact on business productivity. In this sense, we have made alliances with Educational Institutions to offer specialization programs according to our collaborators needs. As is the case of the alliance with IE University, an institution founded in 1973 in Madrid, Spain, which specializes in Business, Talent Development and Leadership, Marketing and Communication, Finance, Technology and Data Analysis, and has a portfolio of online programs and diplomas, created in order to provide companies with knowledge in these specialty areas.

HIGH IMPACT ONLINE SPECIALIZATION PROGRAM

Since 2020, Genomma Lab created a specialization program aligned to current challenges, in its High Impact Online Programs modality. This program is aimed at employees who made a special contribution to the company during the year. The training is given as recognition and incentive for the level of commitment shown, becoming an aspirational option for other members of the team who wish to continue their training.

The objective is that the knowledge acquired in the program chosen by each participating collaborator is truly applicable to their professional life; so, the pedagogical approach is completely practical. Through videoconferences, individual sessions with professors and forums, our collaborators have an experience that is enriched by the exchange of knowledge from other companies, businesses and origin places.

The programs that can be accessed are:

- **Digital Marketing Digital, Social Networks and Analytics:** through this program, you learn to develop a successful omnichannel digital marketing strategy that allows you to reach more potential customers and retain current customers.
- **Financial Decision Making;** with a practical approach to understanding finance and applying financial concepts to decision making and evaluating financial statements or conducting investment analysis.
- **Innovation and growth;** It offers a vision of the leadership styles that promote innovation in companies and the creative process of innovation.
- **Leadership and strategy in the disruption age;** Teach how to analyze the company's situation in disruptive industries and anticipate changes in the global economy.
- **Data Science & Visualization for Business;** fundamentals of data science and application of the statistical concepts underlying data analytics for decision making.
- **Legal Tech;** the development of disruptive technologies in a typically traditional sector and technological innovation through new business models.
- **Fintech: Powering the Financial Revolution;** how the financial sector is being improved by the technological revolution, from its impact on payment schemes to the use of big data and machine learning to improve capital markets.
- **Digital strategies for business;** impact of digital disruption from a business point of view, and how companies take advantage of technology.
- **Talent management in the Digital Age;** methods to apply in order to transform a traditional company and how to create an employer brand to boost recruitment, the employee experience to strengthen commitment and how to develop talent with artificial intelligence and work automation.
- **Digital Marketing Analytics;** fundamentals of marketing analytics and development of a digital analytics plan.

HIGHSCHOOL PROGRAM

(GRI 404-2, 3-3)

This project was born out of a particular interest in preparing employees in the manufacturing and distribution area to improve their academic level and have the possibility of aspiring to better positions within the company. With this, we seek to create a bond of commitment and promote the retention of our talent.

We work in association with The London School of Learning, a school with 25 years of experience in education, assisting young people and adults to study and/or complete their high school level. The institution offers personalized attention with the necessary parameters to train students academically and socially and has certification from the General Directorate of Baccalaureate of the Ministry of Public Education in Mexico and official registration with the Universidad Popular Autónoma de Veracruz (UPAV).

The program prepares collaborators in different subjects of study with the aim of promoting their technical-professional and personal development, so that they can present and accredit the high school level exam.

- Math
- Experimental Sciences
- Humanities
- Application for work
- Communication
- Social Sciences
- Training: Human Resources Management

INTERNAL **COMMUNICATION**

TOWN HALL GLOBAL

On monthly basis, our CEO informs the entire Genomma Lab team about news, organizational results and corporate strategy details. Business objectives, organizational changes, relevant events and achievements are also transmitted. In this way, senior management has a direct approach to collaborators, reporting firsthand what happens in the company.

The 2021 Town Halls maintained their relevance by being a space to generate certainty and connection among all team members, providing updates on the health contingency and how the company has been dealing with it. In addition, all team members were kept informed of the business plans in response to the pandemic, and the status of the pandemic in each country of operation.

HAVE A COFFEE WITH THE CEO

Our CEO maintains and encourages spaces for virtual dialogue with groups of collaborators belonging to different countries, areas and hierarchical levels. This is a space for communication and feedback that takes place on a monthly basis. In this space, ideas for improving the operation can be presented and concerns and doubts can be expressed regarding organizational issues. And for his part, the CEO reinforces the area's corporate strategy according to the audience with which he interacts.

CORPORATE COMMUNICATIONS

Through this medium we release important announcements of the Company, organizational changes, initiatives, calls, invitations to corporate events, among others.

It is a formal information dissemination mechanism that seeks to reach the entire team to encourage the transmission of corporate information.

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Our objective is to achieve an effective and efficient communication that allows the culture of Genomma Lab to permeate, so that commitment can be generated among our collaborators, living our culture, improving the connection of our collaborators with our brands and generating a single identity.

Through the use of different technological tools and actions promoted by the General Management and our leaders, we have been able to face the challenge of staying united and aware of the company's strategy, both in business matters and in ways of working during the health emergency.

GEN APP

With a website and application for mobile devices, GEN App represents a corporate communication network that allows the dissemination of organizational information, company initiatives, corporate communications and employees have the possibility of publishing their own information related to their work or sharing their achievements with the team.

Some benefits of this platform are:

- Global equipment connectivity
- Generation of an exclusive networking net for our collaborators
- Access to a global corporate information repository
- Consultation of news regarding the company's operations in real time, anywhere and from any electronic device
- Consultation of news and events of global scope and specific by country
- It has an offer of benefits and discounts on products and services available to employees in all regions
- Two-way communication, which allows the collaborator to give comments or suggestions to the company and be listened to,
- It is a free expression, tolerant and transparent space that allows collaborators publications.

HEALTH AND SAFETY **AT WORK**

(GRI 403-1, 3-3) (GRI 403-8, 3-3)

KEY INDICATORS OF BEHAVIOR (KBI)

Feedback

Risk Elimination

Observation System of behavior (SOC)

KEY INDICATORS PERFORMANCE (KPI)

Reduction of accidents

Decrease in the accident rate

As expressed in our **Health and Safety Policy,** and the legal labor legislation in the countries in which we operate, it is our duty to provide and maintain a safe and healthy work space for our employees and contractors, by mitigating risks, preventing occupational incidents and illnesses.

That is why we have an Industrial Safety, Occupational Safety and Environment Management System (hereinafter SSMA) whose scope is 100% of Genomma Lab's operational and administrative staff, as well as its contractors.

INDUSTRIAL SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT MANAGEMENT SYSTEM

(GRI 403-2, 3-3)

We have an established process for the prevention, registration and monitoring of incidents that occur in the work centers. With these actions we seek to identify and reduce risks, as well as the number of occupational accidents and illnesses to which our employees may be exposed. All this in accordance with the regulations established by the Ministry of Labor and Social Promotion (STPS) or its analog in the different countries in which we have operations.

Likewise, we comply with the health and safety procedures established in our Environmental and Social Management System (SGAS), as well as the applicable regulations in each country where we operate, in addition to considering international standards to achieve continuous improvement.

Additionally, our SSMA processes are carried out in accordance with the regulations established in the Good Manufacturing Practices (GMP) of the FDA in the United States for pharmaceutical products, and we are working to apply them to the manufacture of personal care products.

According to the Pillar 9 "Our Team" from our Sustainability Strategy, we have a commitment for the year 2022, to voluntarily participate in the Program for Self-Management in Safety and Health at Work (PASST) of the Ministry of Labor and Social Welfare in Mexico.

RISK MANAGEMENT

The identification of risks is carried out through the **Molecules of Risks** tool, which consists of the evaluation of 100% of the jobs and machinery in each area, following indicators of Frequency, Exposure and Consequences.

The evaluation team is made up as follows:

- One person for each job position that will be evaluated.
- Responsible of the area.
- Responsible for the line maintenance.
- Responsible for the Safety, Health and Environment pillar of the area in Genomma's Production System (GPS).

The steps to apply the tool are as follows:

- Filling out the GNM Risk Molecule 2022 format.
- Define members of the Molecule.
- Job evaluation by area.
- Risk analysis.
- Risk reduction (when applicable).
- Generation of One Point Lesson also known as OPL for the acronym of the terms, is a communication tool, used for the transfer of knowledge and simple or brief skills.
- Preparation of the Behavior Observation System (SOC).

This analysis can result in a low, medium or high level of risk, and from this, we make a plan for risk reduction, emphasizing the highest level risks.

Similarly, we promote transparent communication between middle managers and operational personnel to notify any situation that may be dangerous and attend it immediately. In addition, there is a direct communication group between brigade members and staff.

NOTIFICATION OF LABOR INCIDENTS

(GRI 403-9)

In accordance with the procedure PNO-SIS-005.01 Report and investigation of accidents, once the incident has occurred, the following steps must be followed:

1. Notification of an event
2. Occupational health care..
3. Once controlled, the investigation begins (Record in FOR-SIS-005.01 format)
4. The person involved, supervisor, commission, HSE participates.
5. Root causes are defined.
6. Action plans are generated and implemented.

The employee accident rate is 1.6864[12] of the 1,185,952 hours worked in 2021. Two worker accidents were reported, one at the Distribution Center in Mexico, and one at the Production Line in Mexico City manufacturing plant. The main types of injuries were wounds.

In the case of contractors, of the 4,739,328 hours worked, no accidents requiring specialized medical attention or days of disability were recorded.

The main types of injuries were abrasions or contusions.

It should be noted that during the 2021 period, there have been no worker or contractor fatalities, and we have managed to reduce disabling accidents[13] to 66%.

HEALTH ACTIONS

(GRI 403-3, 403-4, 403-6, 403-7, 403-10)

Health Risk Prevention

The occupational health team led by the company's medical area is responsible for developing prevention strategies for occupational and chronic-degenerative diseases. To conduct this activity, we carry out prevention campaigns, annual laboratory studies, monthly training on disease prevention, active breaks, among others, giving constant follow-up to the collaborators health and involving them.

Similarly, the occupational health team keeps a record called "Clinical Records" of all plant workers, through which periodic monitoring is carried out for disease prevention and medical control.

On the other hand, in the month of December, a voluntary HIV detection program was carried out with the collaborators of the Industrial Complex in Mexico; and during the months of November and December, the application of the influenza vaccine to employees of the Industrial Complex was carried out.

COVID-19

The sanitary protocol was continued at the entrance of the GLI corporate and industrial complex, by taking the temperature, applying gel with alcohol and questioning symptoms related to Covid-19.

TRAINING IN SAFETY, HEALTH AND ENVIRONMENT (SHE)

(GRI 403-5)

Training in this area is essential at our operating sites. Programs focused primarily on preserving the safety and health of all employees who work there, were offered. More than 500 collaborators from our manufacturing plants were trained in activities related to their area of work, through the training matrix of procedures by position, in order to reinforce the knowledge and tools necessary for the good performance of their functions.

During 2021, induction training was carried out, as well as the annual training plan for plant personnel, which included topics and/or procedures related to: 1) Occupational health and medical service, 2) Emergency care plan 3) Use of uniform and personal equipment, 4) Medical examinations, 5) Control of infectious diseases and wounds, 6) Medical care, 7) Good manufacturing and distribution practices, 8) Safety, hygiene and environmental control, to name a few.

Likewise, a simplified explanatory video of the process was prepared, which is transmitted in all the inductions for new employees and in sessions such as the Town Hall of the plant.

[12] Rate per 1000000 hours worked.

[13] Event whose injury, as a result of the medical evaluation, gives rise to rest, excused absence from work and treatment.

WELL-BEING IN **COMMUNITIES**

(GRI 413-1, 3-3)

As part of our Sustainability Strategy, we seek to strengthen the relationship we have with the communities near our operation centers globally and promote initiatives that create a sense of community and contribute to improving sustainability in our environment. We have programs in all the countries where we operate (100%).

ACADEMIC CONNECTION: PARTICIPATION IN UNIVERSITIES, FORUMS AND CONGRESSES

Our participation in international forums, educational centers, societies and industry associations allows us to continue promoting the best sustainability practices and to be an active part in the evolution of these practices in all the countries in which we have a presence. During 2021, we participated in more than 10 congresses, panels and forums, seeking to collaborate with educational institutions and other industry leaders to jointly improve our environment.

Argentina

Argentine Chamber of Personal Hygiene Products, Cosmetics and Perfumery Industry (CAPA for its name in spanish).

Carlos Elías Caro Salas, Senior Global Manager of Regulatory Affairs, and Francisco Jordana, Global Coordinator of Regulatory Affairs, were invited to participate as keynote speakers in the Cosmetic Safety Assessment forum.

International Cooperation on Cosmetics Regulation (ICCR)

Luciana Santi, representing the CAPA Chamber of Argentina, participated in the *15th Annual Meeting of International Cooperation on Cosmetics Regulation.*

Mexico

Universidad Nacional Autónoma de México (UNAM)

Rodrigo Herrera Aspra, Chairman of the Board of Directors, participated in the MiPyme Forum in collaboration with UNAM, seeking to empower university students to create new innovative businesses, with the keynote address *"Entrepreneurship during the pandemic and future prospects".*

Mexican Stock Exchange

Jorge Brake, General Director of Genomma Lab, participated in the Foro *Empresas Bolsa: Promoting sustainable development in Mexico,* with the support of the Mexican Stock Exchange, in which we reinforced our commitment to sustainability and the goals that we have established in the short and medium term.

National Chamber of Industry Cosmetic Products (CANIPEC, for its acronym in Spanish)

Jorge Brake, General Director of Genomma Lab, participated in a CANIPEC forum where he highlighted the role of human talent as part of resilience against the pandemic.

Universidad Iberoamericana

Fernanda Aguilar, Genomma Lab Sustainability Manager, was invited as a speaker at the conference Transformation towards Sustainable Innovation, organized by the Universidad Ibero Ciudad de México and Ibero Puebla.

Universidad Anáhuac

Magdalena García, Coordinator of Social Responsibility and Sustainability in Genomma Lab, participated in the Biotechnology Session: The Entrepreneurial Biotechnologist as a Motor of Change in Modern Society, where she highlighted the importance of having a sustainability strategy aligned with the business model of a pharmaceutical company.

Global Compact Mexico

Magdalena García, Coordinator of Social Responsibility and Sustainability in Genomma Lab, participated in the forum *"Global Compact, your sustainable guide. Be part of something bigger"* highlighting Genomma Lab's participation in the SDG Ambition program of Global Compact Mexico.

Similarly, Magdalena participated in the Testimonial Session of the SDG Ambition program: Second Generation of the Global Compact Mexico, sharing the experience of Genomma Lab as part of the first generation of the program.

Expansión Summit 2021

The company had an outstanding participation in *the Circular Economy forum: the reinvention of companies,* in which Fernanda Aguilar, Sustainability Manager of Genomma Lab, participated as a panelist along with other leaders from various sectors.

Latin America

Cosmetics Industry Council, Grooming Personal and Home Care of Latin America (CASIC, for its acronym in English)

Genomma Lab was present at the *XXIX Virtual Plenary Meeting: The power of the Crisis and the future of our Industry.* Jorge Brake, General Director of Genomma Lab, participated in the CASIC Partners panel on the process of adapting to the situation.

Jorge Samudio, Global Sales Director, participated in the same event as part of the panel *Where do we expect Electronic Commerce to advance in Latin America?*

GENOMMA LAB VOLUNTEERING

In our effort to promote social well-being and healthy practices, we carry out volunteer activities in line with our Sustainability Strategy, motivating each team member to participate in the social development of the communities near our operation centers in the countries where that we have presence.

Both employees and their families dedicate part of their time and talent to community development, environmental preservation and health promotion activities, consolidating our vocation as a company committed to incorporating social responsibility and sustainability throughout our entire value chain.

GEN Contigo Volunteer Program

For the second time, we carried out our remote volunteering initiative GEN Contigo, which gives employees from any area, and from anywhere in the world, the opportunity to give back and have a significant impact on society, while developing their skills and experience.

During 2021, this initiative benefited more than 38,000 people in 11 countries in the Americas, and actions were carried out in partnership with 34 assistance institutions and civil society organizations responsible for providing support to vulnerable groups and populations.

More than 350 collaborators donated more than 1,135 hours of their time and knowledge for volunteer activities during last year.

The initiative offered volunteers the opportunity to support causes not only in their own countries, but also in other regions where Genomma Lab has presence.

Among the activities that were developed as part of this day, there were nutrition workshops, computer classes, reforestation days, preparation of meals for people in vulnerable situations, among many others.

Also, the volunteers were able to make monetary contributions to institutions that work for education, health care, and social welfare.

ACTIONS FOR EDUCATION

Colombia

As part of our GEN Contigo Volunteering, our team at Genomma Lab Colombia held a virtual painting workshop for the beneficiary boys and girls of **Operación Sonrisa Colombia,** sending art kits to spend an afternoon of fun and creativity.

Costa Rica

In partnership with the **Aldeas Infantiles SOS** Costa Rica foundation, volunteers created educational videos on the importance of personal hygiene for 87 boys and girls in the town of Santa Ana, San José. Additionally, personal hygiene kits were donated so that they could put what they had learned into practice.

Chile

Various videos with recreational and educational content were generated, such as telling stories and creating crafts, for the **benefit of more than 3,000 children** and older adults through the Versus Foundation.

Ecuador

Our team at Genomma Lab Ecuador gave an oral hygiene workshop for the beneficiaries of **Operación Sonrisa Ecuador** and their families, considering the donation of oral hygiene kits, as part of our GEN Contigo Volunteering.

Mexico

Volunteers taught virtual classes on how to use spreadsheet software, word processing and presentations from beginner to advanced level for parents, administrators and beneficiaries of three assistance institutions in order to promote their professional development.

Financial education workshops were held for the collaborators of **Fundación Pro Ninos de la Calle, I.AP.**

Employees gave digital marketing workshops in order to raise funds for the Almas Cautivas institutions, **Fundación Pro Niños de la Calle I.A.P., and the Boys and Girls Club of Baja California Sur.**

A talk on motivation and teamwork was given to the administrative team of **Fraternidad sin Fronteras I.A.P.,** in addition to a talk on leadership for women beneficiaries of Interculturality, Health and Rights A.C.

Workshops were given to provide advice on marketing campaigns and for the management of social networks to the F**oundation for the Promotion of Altruism and the Almas Cautivas Foundation,** so that the beneficiary institutions could communicate their work to their different interest groups, through various digital channels.

Cooking classes were held remotely with the aim of improving the eating habits of boys and girls, in partnership with the **Vida Plena Foundation**, and **the Boys and Girls Club of Baja California Sur.**

Genomma Lab volunteers organized a day of games and recreational activities with the beneficiaries of Fundación Vuela**.**

The volunteers recorded videos telling stories for the beneficiary boys and girls of various institutions, emphasizing **values such as honesty, empathy, and respect.**

Activities were carried out to benefit the institutional strengthening of three organizations, including the **translation of documents and the design of posters and institutional presentations.**

The House of Friendship for Children with Cancer IAP benefited from the writing of articles for digital media, seeking to raise awareness about the situation of childhood cancer in Mexico.

ACTIONS FOR HEALTH AND WELLNESS

Argentina

In benefit of the **Municipal Ecological Reserve of Vicente López,** a reforestation day was held for which 70 native trees and bushes were donated and planted.

Together with the Municipality of Vicente López, a day was dedicated to help cleaning the riverbank of La Plata River, in which we achieved to **collect 45 kg of garbage that polluted the riverbank**.

Volunteers prepared **500 homemade meals and non-perishable food packages,** which were donated to the foundations El Renuevo and Camino a Jericó, benefiting people with limited resources and in a food insecurity situation.

Brazil

Our team collected **164 blankets for children and adults in vulnerable situations,** which allowed them to stay warm during the coldest time of the year in the country.

Volunteers participated by promoting creativity in older adults with the activity **Donando cariño,** in which we benefited 16 older adults from **Casa dos Velhinhos Dona Adelaide.**

Using the **Kilômetro Solidário application,** which generates income that is donated to registered organizations, **volunteers traveled 1,858 kilometers to benefit various causes.**

In association with the C**asa dos Velhinhos Dona Adelaide institution,** which cares for older adults at risk and/or social vulnerability, it aimed to sensitize employees to make a difference in the life of an older person at Christmas 2021. Using a list of required basic necessities, gifts were made **for the 25 residents of the institution.**

Colombia

Thanks to the joint donation from collaborators and Genomma Lab through Operación Sonrisa Colombia, **eight surgeries were performed for boys and girls with Cleft Lip and Cleft Palate,** with the aim of giving them a better quality of life.

Ecuador

Thanks to the joint donation from collaborators and Genomma Lab, through Operación Sonrisa Ecuador, **three surgeries were performed for boys and girls with Cleft Lip and Cleft Palate,** with the aim of giving them a better quality of life.

USA

Around **40 trees were planted** in the towns of Houston, Chicago, Spokane, Bentonville, Miami, and Cincinnatti by volunteers from the *Plant a tree in your city* initiative.

In support of local food banks, volunteers from Houston, Miami and Arkansas c**ollaborated in the preparation, collection and distribution of food for people in vulnerable situations.**

Mexico

The Collaborators made physical activation videos aimed for the children and young people in the Fraternidad sin Fronteras Foundation, IAP, in which t**hey staged a choreography with their favorite song or performed exercises.**

The volunteers provided **dance and physical activation sessions** for the elders in **Fundación Vida Plena,** with the aim of promoting their health and well-being and combating a sedentary lifestyle.

Our team and their families sent 92 handwritten letters addressed to older adults from Vida Plena **Foundation and the Gonzalo Cosio Ducoing Home,** in order to accompany them from a distance during the health contingency. As an activity closure, on the eve of December holidays, a virtual song and dance session was held with the elder adults of **Vida Plena Foundation.**

Peru

As part of our GEN Contigo Volunteering, our team at Genomma Lab Peru, with the support of experts, held a virtual nutritional education workshop for the beneficiary families of **Operación Sonrisa Peru,** in addition to sending nutrikits for the benefit of children and girls.

Additionally, thanks to the joint donation of collaborators and Genomma Lab, 1**0 surgeries were performed for boys and girls with Cleft Lip and Cleft Palate,** with the aim of giving them a better quality of life.

WELL-BEING INITIATIVES

Rehabilitation of the Carlos Chávez Kidergarten

At the beginning of the year, the Carlos Chávez community kindergarten, located in the community next to our Industrial Complex in Toluca, in the State of Mexico, was looted, making it impossible for boys and girls to return to school. In alliance with the Criantia Foundation and thanks to the work of volunteers from Genomma Lab, **the kindergarten was rehabilitated,** allowing 210 students to return to class in a safe and friendly space. As part of the rehabilitation, Genomma Lab donated the installation of surveillance cameras and lighting, the replacement of blackboards and signs for safety and hygiene.

Continuous education for doctors in Mexico

We seek to provide continuous medical education as part of the actions of the Novamil brand, through digital platforms, with topics of interest in science and medical practice, being one of the main requirements for health professionals.

This online training modality has become more relevant and has replaced face-to-face events at a national and international level. We are committed to improving the population quality of life and health, providing in 2021 more than **50 hours of training through experts** on topics related to constipation in infants, diagnosis and treatment of constipation in pediatrics, functional gastrointestinal problems of infants, importance of the intestinal microbiota in pediatrics, reflux in infants, among others.

DiabetTX Campaign “Dialogue Diabetes” in Brazil

In partnership with the **Brazilian National Association for Diabetes Care (ANAD)**, Genomma Lab carried out a campaign to increase diabetes awareness, creating a series of **10 educational videos,** which seek to help patients with type 1 and type 2 diabetes to establish a routine of care in relation to food, medication use and glycemic control. The videos were broadcast on the television channel TV Record, and include the participation of the journalist Tom Bueno, and the endocrinologist and president of the ANAD Dr. Fadlo Fraige.

Decrease in child malnutrition in Colombia

Committed to childhood, we contribute to the reduction of child malnutrition in alliance with **Fundación Éxito, through monetary contributions.**

Argentine Red Cross

We are committed to people well-being. For this reason, through the **Argentine Red Cross** we grant a monetary donation to contribute to social projects development in the metropolitan area of Buenos Aires for the benefit of people in vulnerable situations.

@genomma for Well-being

We promote a healthy lifestyle, responsibly using digital platforms by providing information validated by doctors and scientists to more **than 2 million people,** with the aim of improving the health and promoting the well-being of our followers. By 2025, our goal is to benefit at least 500,000 people through our business initiatives that support social and environmental causes.

GENOMMA LAB FOUNDATION

Alliances for Well-being

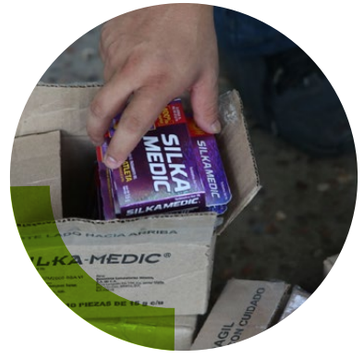
The “Alianzas para el Bienestar” program allows us to develop synergies with foundations, associations and health providers with a solid reputation, which generate high levels of performance and are recognized for their work with sectors and social groups that require different types of care and support.

2,156,305 pieces of pharmaceutical and personal care products were donated globally with a value of $43.3 million mexican pesos.

Genomma Lab's goal for 2025 is to donate 5 million pharmaceuticals and personal care items to 5 million people, helping them live healthier lives.

MEXICO

INSTITUTION	DONATION	BENEFIT
Alimento Para Todos I.A.P.	10,100 pieces of Asepxia, Goicochea, Teatrical, Xl-3, Lomecan, Silka Medic and Tukol-D	Food bank for families in vulnerable situations.
Asociación Pro Personas con Parálisis Cerebral I.A.P.	2,900 pieces of Asepxia, Cicatricure, Goicochea, Teatrical and Tío Nacho	Patients with cerebral palsy.
Asociación De Salud Y Bienestar Social De La Mujer Y Su Familia A.C.	350 pieces of Asepxia, Cicatricure, Goicochea, Teatrical and Tío Nacho	Families interested in encouraging recycling in society.
Asociación Mexicana De Ayuda A Niños Con Cáncer I.A.P.	2,598 pieces of Asepxia, Goicochea, Teatrical, Tío Nacho, Alliviax, Points, Tukol-D and QG5	Families of boys and girls with cancer.
Asociación Mexicana De Malta A.C.	15,400 pieces of Vanart, Kaopectate, Wildroot, Xl-3, Zan Zusi and Unesia	Older adults and people in vulnerable situations.
Club De Niños Y Niñas de BCS A.C.	10,200 pieces of Genoprazol, Kaopectate, Xl-3, Unesia, Asepxia and Vanart	Boys, girls and young people between 6 and 18 years old in a situation of vulnerability and social risk, through after-school programs within a healthy and safe space.
Con Diabetes Sí Se Puede I.A.P.	10,400 pieces of DiabetTX, Genoprazol, Medicasp, Nikzon, Nordiko, Shot B, Tukol-D and Xl-3 Gel Antibacterial	700 patients with Diabetes + 150 people from the LGBT+ population deprived of liberty from the Santa Martha Acatitla Women's Center for Social Reintegration.
Duerme Tranquilo Instituto Nacional de Perinatología Instituto Nacional de Neurología y Neurocirugía	2,,600 pieces of Asepxia, Nordiko, Tío Nacho, Teatrical and Goicochea	More than 2,600 patients and health personnel who attend these institutions.
El Buen Samaritano I.A.P.	1,450 pieces of Xl-3, Vanart, Kaopectate,and Unesia	People in palliative care and care for chronic patients.
Fundación Fraternidad Sin Fronteras I.A.P.	2,444 pieces of Asepxia, Gargax, Dalay, Genoprazol, Goicochea, Teatrical, Lomecan, Next, Nikzon, Ultra Bengue, Xl-3, Tukol-D, QG5, Nasalub and Unigastrozol	Caregivers and people with intellectual disabilities.
Fundación Guillermo Romo Guzmán I.A.P.	7,600 pieces of DiabetTX, Genoprazol, Medicasp, Nikzon, Nordiko, Shot B, Tukol-D and Xl-3 Gel Antibacterial	Elderly people, boys and girls in a vulnerable situation at national level.



INSTITUTION	DDONATION	BENEFIT
Hogar Gonzalo Cosio Ducoing I.A.P.	2,600 pieces of DiabetTX, Genoprazol, Medicasp, Nikzon, Nordiko, Shot B, Tukol-D, Xl-3 Gel Antibacterial and Zan Zusi	Care for elderly people with limited resources, through the Casa Hogar service with the aim that people have a decent stay during their last period of life.
Interculturalidad, Salud Y Derechos, A.C. (Almas Cautivas y Mujeres Unidas por la Libertad)	12,100 pieces of Lomecan, Vanart, Kaopectate, Zan Zusi, Wildroot and Unesia	Populations in contexts of violence and crime, who are or have been directly or indirectly deprived of liberty at the regional level.
Modelo De Formación Integral Diseña El Cambio A.C.	3,584 pieces of Alliviax, Asepxia, Genoprazol, Silka Medic, Suerox and Goicochea	Children, young people and teachers who are winners of the Somos el Cambio 2021 contest.
Patronato Pro Zona Mazahua A.C.	7,312 pieces of Goicochea, Lomecan, Bioelectro, Nikzon, QG5, Goicochea DiabetTX, Genoprazol and Silka Medic	Rural medical clinic “Si Na Na Genze” in the State of Mexico.
Por Un México Con Amor Propio A.C. (Criantia)	55,628 pieces of Alliviax, Bengue, Bioelectro, Genoprazol, Next, Silka Medic, Goicochea, QG5, Tukol-D, Vanart, Tío Nacho and Pomada de la Campana	Support for communities affected by the rains in the municipalities of Tula and Apan, in the state of Hidalgo.
Secretaría de Educación Publica	912,928 pieces of Next Gel Antibacterial and Xl-3 Gel Antibacterial	Students and teachers of the public institutions coordinated by the SEP, in response to Covid-19.
DIF Oaxaca	173,135 pieces of Novamil, Asepxia, Gargax, Goicochea, Lomecan, Medicasp, Nordiko, Tío Nacho, Dalay, Teatrical, Next, Ultra Bengue, Xl-3 and Tukol-D	Rural and indigenous communities in vulnerable situations.
DIF Chiapas	4,250 pieces of DiabetTX, Genoprazol, Medicasp, Nordiko, Tukol-D, Xl-3 Gel Antibacterial and Zan Zusi	People in a vulnerable situation living in shelters.
Soluciones Circulares A.C.	45,000 pieces of Silka Medic, Xl-3, Tukol-D, Genoprazol and Goicochea	Reward program for recycling plastic waste in Guadalajara, Mexico.
Unidos Distribuimos y Transformamos I.A.P.	9,550 pieces of Asepxia, Teatrical, Tío Nacho, Xl-3, Silka Medic, Alliviax, Lomecan and Goicoechea	Food bank for families in vulnerable situations.

Internacional

ARGENTINA

INSTITUTION	DONATION	BENEFIT
Banco de Alimentos	43,638 pieces of Gel Antibacterial	Food bank for families in vulnerable situations.

BRAZIL

INSTITUTION	DONATION	BENEFIT
Instituto Beneficiente Aconchego	266,889 pieces of Asepxia, Next, Tío Nacho, Teatrical, Medicasp, Revie, Goicoechea and Cicatricure	Mothers of hospitalized children and children undergoing medical treatment or follow-up in hospitals.

CHILE

INSTITUTION	DONATION	BENEFIT
Municipalidad de Renca	12,144 pieces of Alcohol gel XL-3	General population affected by the contingency due to COVID-19.
Municipalidad de la Florida	25,080 pieces of Alcohol gel XL-3	General population affected by the contingency due to COVID-19.
Municipalidad de Puente Alto	25,080 pieces of Alcohol gel XL-3	General population affected by the contingency due to COVID-19.
Hogar de Cristo	10,032 pieces of Alcohol gel XL-3	Boys, girls, and older adults in vulnerable situations.
Asociación de diabéticos de Chile (ADICH)	29,157 pieces of Alcohol gel XL-3, DiabetTX and Tío Nacho	Patients in vulnerable conditions suffering from diabetes.
Techo para Chile	50,000 pieces of Alcohol gel XL-3	People in a state of housing emergency.
Junta de Vecinos Pedro Aguirre Cerda	20,064 pieces of Alcohol gel XL-3	General population affected by the contingency due to COVID-19.

USA

INSTITUTION	DONATION	BENEFIT
Dallas University in Texas	25,000 pieces of Bufferin Alcohol in Gel	More than 36,000 students, professors and staff in the university campus.

COLOMBIA

INSTITUTION	DONATION	BENEFIT
Operación Sonrisa Colombia	3,727 pieces of Alcohol gel XL-3	Boys and girls with cleft lip and palate.

ECUADOR

INSTITUTION	DONATION	BENEFIT
Fundación Karla Morales	99,348 pieces of Vanart, Goicoechea, Asepxia, and Next Gel Antibacterial	Benefit to vulnerable families in the Nigeria sector on the Trinitaria Island south of Guayaquil; boys and girls Punta de Piedras, Nigeria Sector in the Las Malvinas neighborhood and people in a situation of vulnerability in the Galapagos Islands.
PROCOSMÉTICOS	7,252 pieces of Asepxia	Benefit to vulnerable families in the Nigeria sector on the Trinitaria Island south of Guayaquil; boys and girls Punta de Piedras, Nigeria Sector in the Las Malvinas neighborhood and people in a situation of vulnerability in the Galapagos Islands.
Operación Sonrisa Ecuador	80 pieces of Asepxia and Next Gel Antibacterial	Boys and girls with cleft lip and palate.

PARAGUAY

INSTITUTION	DONATION	BENEFIT
Fundación San Pio de Pietrelcina	5,187 pieces of Cicatricure and Tafirol	Assistance to people in vulnerable situations.
Hogar Geriátrico de la Merced	14,290 pieces of Asepxia, Cicatricure, Tafirol and Tío Nacho	Care for older adults with limited resources.

PERU

INSTITUTION	DONATION	BENEFIT
Asociación Stella Maris	3,479 pieces of Chao Gel Antibacterial, Vanart, Tío Nacho and Cicatricure	Provide social assistance to members of the Peruvian Navy, as well as various cases of help to the community.
Soluciones Empresariales contra la Pobreza	78,423 pieces of Chao Gel Antibacterial, Cicatricure, Teatrical, Vanart and Tío Nacho	Support in the fight against poverty.

RESPONSE TO EMERGENCY SITUATIONS AND NATURAL DISASTERS

Landslide at Surfside in Florida, United States

Gennoma Lab USA delivered 2,150 units of Suerox to rescue workers in Surfside, Florida. More than 500 rescuers, including some from Mexico and Israel, spent more than two weeks in extremely difficult conditions, working 12-hour shifts, searching through the rubble for people who sadly died as a result of this tragedy.

Earthquake in Haiti

In support to families affected by the earthquake that hit Haiti on August 14, 2021, we donated 33 tons of personal hygiene products, infant formula and medicines from our portfolio. This effort was carried out in coordination with the Ministry of Foreign Affairs of Mexico, coordinating the shipment through a ship of the Mexican Navy to Port-au-Prince, Haiti.

ENVIRONMENTAL **MANAGEMENT**

The innovation and development of our products converge with a proper optimization and operational efficiency of processes that demand water and energy resources, while using non-virgin inputs and reducing the amount of waste sent to landfills, promoting the circular economy in our operation.

OUR MANAGEMENT SYSTEM

(GRI 3-3) (GRI 3-27) (EST-B)

OUR ENVIRONMENTAL AND SOCIAL **MANAGEMENT SYSTEM** (ESMS)

"As part of our business vision, we have placed environmental protection and good corporate governance practices at the center of our business strategy, as mandated by our purpose of empowering people to have excellent health and well-being."[1]

Jorge Brake
CEO of Genomma Lab

What is ESMS?

An Environmental and Social Management System (ESMS) consists of a set of internal policies, procedures, tools and capabilities to determine and manage a financial institution's exposure to environmental and social risks to its clients or investment recipients. This management system is kept up to date, according to the requirements of Mexican regulations and Genomma Lab's internal procedures. It is important to mention that the scope of this system includes the entire Industrial Complex in Mexico.

We aim to achieve continuous improvement by evaluating the environmental performance of our operations in terms of prevention and mitigation of environmental pollution, while seeking to maintain a positive long-term relationship with the communities near our operation centers.

Therefore, our ESMS is supported by four categories, which comply with the quality standards that apply to each site.

- **Follow-up and control administrative staff**
- **Industrial Safety**
- **Occupational Health and Safety**
- **Environment**

Furthermore, it is important to mention that at the end of 2021, the ESMS consisted of 46 work procedures, including the Waste Management Procedure for our Pharmaceutical Plant and Distribution Center (*Centro de Distribución,* CEDIS), the Pest Control Procedure for the Personal Care Products Plant, and the Harmful Fauna Prevention and Control Procedure for the CEDIS. By doing so, we comply with the applicable regulations of the Mexican Ministry of Labor, the Ministry of Health and the Ministry of the Environment, as well as related international regulations.

Managing common issues with our stakeholders is of vital importance to Genomma Lab's sustainability.

We review all legislative trends related to our operations, including those associated with climate change. Our legal department assesses potential impacts on the company in the short and medium term and ensures that Genomma Lab complies with applicable laws.

Such legislation is related to water management, environmental protection, waste management and climate change. For example, the laws applicable in Mexico are: National Water Law (*Ley de Aguas Nacionales,* LAN), General Law of Ecological Equilibrium and Environmental Protection (*Ley General de Equilibrio Ecológico y Protección al Ambiente,* LGEEPA), General Law of Prevention and Integral Management of Waste *(Ley General de Prevención y Gestión Integral de Residuos,* LGPGIR), and General Law of Climate Change (*Ley General de Cambio Climático,* LGCC). We ensure that our operations comply with any changes made to these laws.

It is important to mention that as of 2021, Genomma Lab has not generated significant fines or sanctions related to the environment or ecology.

[1] Source: https://www.swissinfo.ch/spa/latinoamerica-sostenibilidad_empresa-genomma-lab-reafirma-su-estrategia-de-sostenibilidad/46768840

OUR **WASTE MANAGEMENT**

COMMITMENT TO THE CIRCULAR ECONOMY

OPERATION WASTE MANAGEMENT

(GRI 3-3) (GRI 306-1, 306-2, 306-3, 306-4, 306-5)

Our progress in the short and medium term must be based on sustainable consumption and production, avoiding environmental degradation and promoting the efficient use of natural resources. Solid waste is an important issue for us since proper and integrated waste management contributes to controlling environmental impacts, protecting the social license and guaranteeing regulatory compliance.

We are committed to reducing our waste generation through prevention, reduction, recycling and reuse activities, thus contributing to the circular economy and preventing the loss of resources.

Some Genomma Lab operations carried out in the Industrial Complex in Mexico generate urban solid waste, hazardous waste and waste requiring special handling. This has led us to review in detail the way our waste management suppliers operate and, together with all the areas involved, a process was launched to create a comprehensive proposal that aligns with the company's goals.

We depend on the dedication of our operational team for proper waste classification. In this sense, our goals are to reduce the amount of hazardous waste and non-recoverable waste, thus reducing negative environmental impacts. In line with this, we have an **Environmental Policy**[2] where our main objective is to reduce environmental impacts in terms of waste, water and energy.

We have PNO-SH-001 and PNO-SIS-002 procedures that help in the proper management of waste internally, we have the authorizations of waste managers that provide us with collection, recycling and final disposal services. In addition, the company works on the culture of proper waste classification and final waste disposal, which, through co-processing, contributes to the generation of energy. Along the same lines, at Genomma Lab we ensure in person, and through our representatives, that the final disposal of solid waste through various treatments is carried out properly by our disposal service providers.

We consider that during 2021, one of our greatest achievements in environmental management was accomplished in the category of waste. The company carried out a bidding process to incorporate an integral supplier to manage all types of waste: Urban Solid Waste, Hazardous and Non-Hazardous Waste and Bio-Hazardous Infectious Waste (Residuos Peligrosos Biológico-Infecciosos, RPBI). This decision will imply a better traceability of waste and a lower amount of waste sent to landfills. Being more specific, in accordance with the alliance between Zerolandfill Martell Mexico and Genomma Lab Internacional, the main goal is to have zero waste sent to landfills, finding different alternatives to recycle or treat the waste generated by the Company.

Our goal for 2022 is to prevent waste generated at our new Industrial Complex in Mexico from reaching the landfill through prevention and recycling. This will also help us to reduce the GHG emissions associated with discharging our waste into landfills, and at the same time is part of the progress of our 2025 Sustainability Strategy.

A comparison was made in the generation of waste against the year 2020, however, not all the indicators have a history, since, in 2021, operations began in the new location of our Distribution Center as part of our new Industrial Complex in Mexico that is also made up of two manufacturing plants (Pharmaceutical and Personal Care). These variables influence the increase in generation.

[2] Website: https://esr.genommalab.com/wp-content/uploads/2020/04/Poli%CC%81tica-Ambiental-VF-ESP.pdf

It is important to mention that our waste is generated throughout the entire production and distribution operations chain, as follows:

- Pharmacochemical and drug waste and soaked containers
- Process wastes, residual chemicals and biological wastes generated in the laboratory and medical service
- Corrugated cardboard packaging
- Plastic containers and labels
- Miscellaneous waste

PHARMA PLANT

- Paper and corrugated cardboard for packaging
- Stretch wrap for packaging
- Pallet wood
- Miscellaneous waste

DISTRIBUTION CENTER

- Soaked containers
- Process wastes, residual chemicals and biological wastes generated in the laboratory and medical service
- Corrugated cardboard packaging
- Plastic containers and labels
- Miscellaneous waste

PERSONAL CARE PLANT

DINING AREA

- Organic waste
- Miscellaneous waste

ADMINISTRATIVE OFFICES

- Paper
- Miscellaneous waste

CLASSIFICATION

Hazardous Waste

Non-Hazardous Waste

DISPOSAL METHOD

- Recovery
- Co-processing
- Landfill
- Confinement (Incineration)

(GRI 306-4, 306-5)

SOLID WASTE DISPOSAL AT THE DISTRIBUTION CENTER IN MEXICO (METRIC TONS)			
Type of waste	**Disposal (Tons)**	**2019**	**2020**
Non-Hazardous	Recovery	645.23	896.15
	Landfill	445.05	367.37
Hazardous	Confinement	0.807	4.74
	Co-processing[3]	1,335.07	1,405.08
TOTAL		**2,426.16**	**2,673.34**

During 2021, operations began at the Mexico Industrial Complex (Distribution Center, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, including the entire Mexico Industrial Complex and the Mexico City Production Line. It is also important to clarify that we only measure and manage indicators in solid waste management for our operations in Mexico.

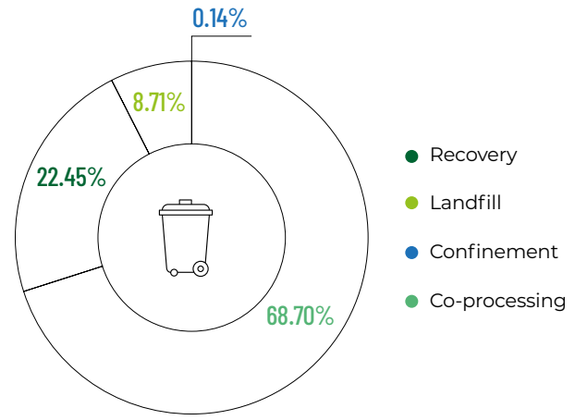
MEXICO INDUSTRIAL COMPLEX					
Type of waste	**Disposal (Tons)**	**CEDIS 2021**	**Pharmaceutical Plant 2021**	**Personal Care Plant 2021**	**Mexico City Production Line 2021**
No Peligrosos	Valorización	1,276.07	2.95	35.35	28.10
	Relleno Sanitario	300.64	2.77	27.65	190
Peligrosos	Confinamiento	0	0	0	8.13
	Coprocesamiento[4]	4,098.46	1.85	0	0
TOTAL		**5,675.17**	**7.57**	**63**	**226.23**

It is important to consider that by co-processing the waste generated, we avoid generating carbon dioxide emissions into the atmosphere. This means that the co-processing of the 4,098.46 tons of waste produced by CEDIS avoided the emission of approximately 4,255[5] tons of CO2 eq in 2021.

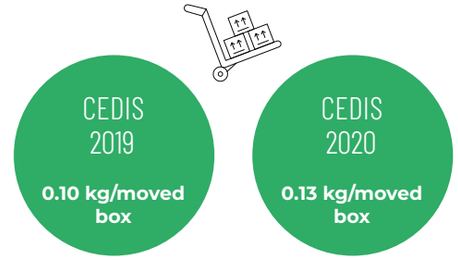
[3] and [4] A procedure by which waste goes through a shredding process that is then channeled to cement manufacturing, with the purpose of making better use of the waste generated as a substitute raw material, so as to reduce the impact on the environment.

[5] Calculation: 4,098.46 tons of waste disposed through co-processing by CEDIS, converted to kilograms and then multiplied by the Lower Heating Value (LHV) of the material (12.51 MJ/Kg), then the result is converted to Gigajoules (GJ) and finally multiplied by the emission factor (83 kg CO2/GJ) to obtain the kilograms of CO2 equivalent, which are converted to tons of CO_2eq.

WASTE DISPOSAL BY TYPE OF TREATMENT 2021



YIELD - WASTE GENERATION RATIO



During 2021, operations began at the Mexico Industrial Complex (CEDIS, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, including the entire Mexico Industrial Complex and the Mexico City Production Line.

Mexico Industrial Complex			Mexico City Production Line 2021
CEDIS 2021	**Pharmaceutical Plant 2021**	**Personal Care Plant 2021**	
0.25 kg/moved box	5.61 kg/pieces	0.0016 kg/bot	31.89 kg/ton

It is important to mention that our sustainability strategy is aligned to comply with the General Law for the Prevention and Integral Management of Waste (*Ley General para la Prevención y Gestión Integral de los Residuos*), and therefore one of our corporate objectives is to promote sustainable development through the use, recovery and prevention of solid waste generation.

EXTERNAL CIRCULAR ECONOMY INITIATIVES

In line with our 2025 Sustainability Strategy goal of contributing to the implementation of comprehensive post-consumer waste management plans for our containers and packaging, as part of the National Association of the Personal and Household Care Products Industry in Mexico (*Asociación Nacional de la Industria de Productos del Cuidado Personal y del Hogar en México, CANIPEC*) Circular Economy Business Group (*Grupo Empresarial en Economía Circular, GEECI*), we have developed the Circular Economy and Post-consumer Waste Management Plan for Containers and Packaging of the Personal and Household Care Industry.

In 2021 we joined GEECI to meet our goals linked to the Circular Economy Act and the Plastics Commitments, thus promoting regulatory, state and federal compliance regarding the circular economy and recycling.

geeci
Grupo Empresarial en Economía Circular

Among the achievements obtained in our first year of joining GEECI are the following:

We have promoted waste minimization

shared responsibility of producers, distributors and marketers; communication for adequate source separation; segregation, collection, reuse and recycling of post-consumer resources,

The Circular Economy and Post-consumer Waste Management Plan

Packaging for the Personal and Home Care Industry (*Plan de Economía Circular y Gestión de Residuos post-consumo de Envases y Empaques de la Industria del Cuidado Personal y del Hogar*) has been recognized and registered by the Ministry of the Environment of the State of Mexico.

We have formed alliances with key players

such as CEMEX, which has the *Ecomunidades* (Ecommunities) Program, and Secotol, with the *Recicla y Recibe* (Recycle and Receive) Program. Thanks to these alliances, 800 kilograms of post-consumer waste were recovered during two collection days in the Barrientos community in the State of Mexico and in a housing development in Tecámac, State of Mexico.

16 containers were installed

in eight locations in the Municipality of Merida to increase the collection of HDPE, exotic PET, aerosols and cosmetic glass waste. Waste was also exchanged for Genomma Lab products, among others.

This initiative allowed the collection of 192 kilograms of waste.

An agreement was reached with *México Recicla*

to use waste as raw material for containers through a collection center. In January, 220 tons were recovered, although the collection capacity of this initiative is expected to reach

2,640 tons per year.

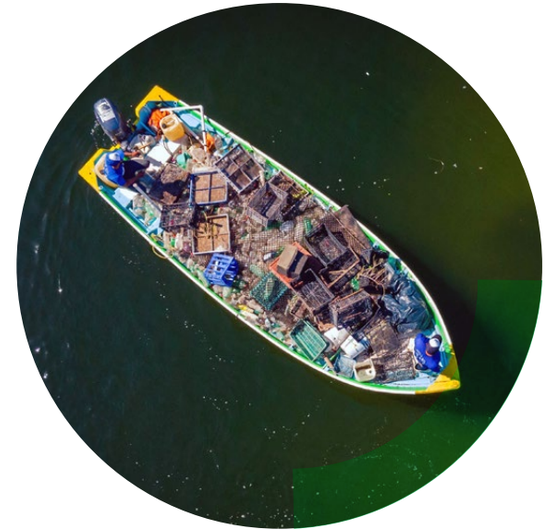
[6] Special program formed by a group of companies, called the Circular Economy Business Group (Grupo Empresarial en Economía Circular, GEECI), whose objective is to implement and execute the Circular Economy and Waste Management Plan.

We must highlight that, in line with our vision of working to raise environmental awareness alongside the community, we seek to promote recycling and the circular economy. That's why we joined Braskem Idesa[7] in Plastianguis in Guadalajara, Mexico, to collect 18 tons of plastic waste to be properly recycled. This campaign took place from November 1 to 13, 2021, during which we exchanged plastic waste for Genomma Lab product kits.

We are very excited to participate in this activity that helps us raise awareness about ocean pollution and is aligned with our 2025 Sustainability Strategy, which seeks to contribute to protecting the planet by building alliances with companies and institutions that have the same vision of preserving and regenerating our environment and being responsible for the common good[8].

Similarly, under the coordination of ONAM, Braskem Idesa and Genomma Lab, the collection of tons of waste from the Pacific Ocean was undertaken through the convening of a waste plastic fishing tournament on the seawall of Altata in Sinaloa, Mexico for more than 30 local fishermen, who were previously made aware of the environmental impacts of plastic in the ocean. Finally, the collected plastics were taken to mechanical recycling for further reprocessing.

PESCA DE PLÁSTICO
ONAM



OUR ENVIRONMENTAL MANAGEMENT EXTENDS WITH OUR GLOBAL COVERAGE

In Colombia, twe have a program for saving and efficiently using resources - including water, energy and paper. In this sense, we have identified opportunities and carried out actions in the recovery and recycling of waste through the Integrated Solid and Hazardous Waste Management Program *(Programa de Gestión Integral de Residuos Sólidos y Peligrosos)* through the logistics operator.

The processes described are very relevant, as they are aligned with strict Colombian environmental legislation, which has 56 legal requirements applicable to storage and conditioning and 40 legal requirements applicable to solid waste transportation. These compliance efforts are also aligned with the Environmental Policy and, therefore, are audited. Therefore, we proudly report that the Logistics Operator has received the Pread certification (*Premio de Excelencia Ambiental Distrital*) for 12 years and has also been certified with ISO 140001 for 9 years.

[7] Founded in 2010, Braskem Idesa is a Mexican company formed by the association of Braskem (Brazil), the largest petrochemical company producing thermoplastics on the continent, and one of the leaders in the Mexican petrochemical industry, Grupo Idesa.

[8] Source: http://www.braskemidesa.com.mx/noticia/con-un-torneo-de-pesca-de-plastico-crean-conciencia-sobre-el-cuidado-de-los-oceanos-y-la-economia-circular

OUR **WATER MANAGEMENT**

WATER AS A SHARED RESOURCE

(GRI 3-3) (GRI 303-1) (SASB - CG-HP-140a.2)

We are aware of the importance of preserving water resources in the current context, and of the effects that their pollution has on the environment and on people's health.

It is therefore important to note that the water consumed in the operations of our Industrial Complex in Mexico comes from a ground source. It is also relevant to note that the well, which is located inside the property, as well as the extraction process, are duly authorized by CONAGUA[9] or Genomma Lab Internacional, through the NOM-003-CONAGUA-1996, which establishes the requirements to be followed during the construction of water extraction wells.

This water is used both for general services (restrooms and outdoors) and for production. Water has become a material issue for the company, since it is required both for producing Suerox, our product requiring the largest amount of water, as it is a beverage, and our shampoo line.

Nevertheless, it is important to clarify that for the production line in Mexico City and for administrative services, water is sourced from municipal systems.

WATER MANAGEMENT

(GRI 303-3, 303-4) (SASB - CG-HP-140a.1)

Managing extracted water is not only focused on operational efficiency or, in other words, on controlling water consumption. Such management also considers the quality of water-dependent products. Take Suerox, for example. We performed a microbial load analysis (quality control) on its production lines, with the aim of reducing the washing frequency from 4 washes/week, which consumes 8 m³ of water, to a frequency of 2 washes/week, which resulted in a consumption of 4 m³, saving 48 m³ in a 6-month period..

WATER MANAGEMENT[10]

CEDIS 2019
8,197 m³ (8.20 ML)

CEDIS 2020
8,956 m³ (8.96 ML)

During 2021, operations began at the Mexico Industrial Complex (CEDIS, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, including the entire Mexico Industrial Complex and the Mexico City Production Line. For this reason, water consumption meters have not been implemented in production lines to record water consumption related to manufacturing.

Mexico Industrial Complex 2021	Mexico City Production Line 2021
130,699.65 m³	902.80 m³
(130.70 ML)	**(0.90 ML)**

WATER TREATMENT

(GRI 303-2, GRI 303-5)

We are committed to the adequate treatment of all wastewaters derived from our operations, to implementing technologies that facilitate its recycling and reuse, and to ensuring the sustainability of water extraction, making efficient use of it.

We have defined a goal of 100% treatment of wastewater generated in our manufacturing plant and will implement technologies that facilitate its recycling and reuse. However, it is important to mention that our Mexico Industrial Complex started operations in 2021, at which time we also began the construction of our base platform for measuring water consumption, with the objective of establishing reduction goals related to production.

VOLUME OF WATER TO BE TREATED

CEDIS 2019
7,902 m³ (7.90 ML)

CEDIS 2020
8,482 m³ (8.48 ML)

During 2021, operations began at the Mexico Industrial Complex (CEDIS, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, including the entire Mexico Industrial Complex.

Mexico Industrial Complex 2021
788.50 m³
(0.79ML)

[9] The National Water Commission is a decentralized administrative agency of the Ministry of the Environment and Natural Resources, created in 1989, whose responsibility is to manage, regulate, control and protect Mexico's national waters.

[10] Nota: El alcance a reportar, en consumo de agua, para 2021 incluye al Centro de Distribución, la Planta Farmacéutica, y la Planta Productos de Cuidado Personal como un solo conjunto; y aparte a Playa Langosta.

OUR ACTIONS
IN THE FACE OF CLIMATE CHANGE - ENERGY EFFICIENCY

Like any industrial activity, energy (both electric and fuel) is an essential element for the development of new products, the transportation of human capital and the automation of production processes.

Although we do not currently consume energy from renewable sources, it is our commitment to be in the constant search for renewable energy sources and energy efficiency initiatives in our operations.

51.2%
Reduction on Total Energy Ratio vs 2020
(GRI 302-5)

OUR ENVIRONMENTAL MANAGEMENT EXTENDS WITH OUR GLOBAL COVERAGE

In Chile, we are committed to the Extended Producer Responsibility program (Responsabilidad Extendida del Productor), through which we declare our priority products such as wood, metals, paper, cardboard, plastics and glass. This commitment allows us to establish defined goals, by 2025, in the reduction of waste generated, improving the packaging of all products.

EFFICIENT CONSUMPTION - ELECTRICITY

(GRI 302-1, 302-3, 302-4, 302-5, 3-3)

Both electricity and fuel consumption have an indirect and direct relationship with the emissions associated with such consumption. In this sense, and as mentioned above, Genomma Lab has carried out energy efficiency projects through the change of electronic equipment and lighting fixtures.

To motivate the development of these initiatives, in Genomma Lab we provide incentives related to operational efficiency and continuous improvement projects to reduce the environmental impact of our operation, called "Sustainability Awards (SA)". All areas of Genomma Lab are eligible through the SA. Although the supply chain areas and logistics teams have historically been the most participative, the rest of the areas are working on the proposal of new initiatives for operational efficiency and continuous improvement, with particular mention of the areas of Quality in Argentina and Research and Development in Mexico, which together with the Logistics area in Mexico received this recognition during 2021.

One of the energy saving initiatives was based on the substitution of inputs, such as the polyolefin[11] previously used, which was thicker and required more heat to be applied. Luminaires such as incandescent lamps have been replaced with LED luminaires. Fast-charging chargers for forklifts were purchased, consuming less power. In addition, throughout our Mexico Industrial Complex, we have invested heavily in the use of natural light, intelligent sensors and LED lights for efficient use of electrical energy.

ELECTRICITY CONSUMPTION AT THE DISTRIBUTION CENTER (CEDIS)[12]

CEDIS 2019	CEDIS 2020
1,216.57 MWh (4,379.65 GJ)	**1,168.21 MWh (4,205.56 GJ)**

During 2021, operations began at the Mexico Industrial Complex (CEDIS, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, including the entire Mexico Industrial Complex and the Mexico City Production Line.

Mexico Industrial Complex 2021	Mexico City Production Line 2021
7,024.15 MWh	441.77 MWh
(25,286.94 GJ)	**(1,590.37 GJ)**

In the same line, it is worth mentioning that we have completed the construction of the new electric energy cogeneration[13] plant, which will contribute significantly to our energy efficiency in the short term.

TOTAL ENERGY RATIO

(GRI 302-3) (Energía consultada: Energy types included: Electric, Gas and Fuel)

CEDIS 2019	CEDIS 2020	CEDIS 2021
2.295 kWh/ moved box	**0.125 kWh/ moved box**	**0.061 kWh/ moved box**

[11] Polyolefins are a family of thermoplastics, composed of Polyethylene (PE) and Polypropylene (PP), among other minor polymers.

[12] Note: The scope of electricity consumption reporting for 2021 includes the Distribution Center, the Pharmaceutical Plant, and the Personal Care Products Plant as a single unit, and separately Playa Langosta.

[13] Cogeneration is a system that produces heat and electricity simultaneously in a single plant, powered by a single primary energy source.

EFFICIENT CONSUMPTION - FUELS

(GRI 302-1, 302-3, 302-4, 302-5)

Because we want to manage our resources more efficiently and thus reduce our greenhouse gas emissions, we decided to implement several strategies that will help us reduce our fuel consumption in the short term.

Logistics in our operations have been made more efficient, we have implemented re-distributions, we have reached agreements with other distributors such as Casa Marzam. We have increased the filling capacity of utility vehicles and thus reduced the number of trips. Our logistics vehicles and the vehicles of our logistics suppliers are members of the Clean Transportation *(Transporte Limpio)* program of the Mexican Ministry of the Environment and Natural Resources *(Secretaría de Medio Ambiente y Recursos Naturales, SEMARNAT)*, and we hope to continue this trend and increase coverage in these programs.

OUR ENVIRONMENTAL MANAGEMENT EXTENDS WITH OUR GLOBAL COVERAGE

In Uruguay, as in the rest of Genomma Lab's countries of operation, materials and waste management plays an important role for the organization. Likewise, all obsolescence is revalued to the extent that they are recyclable materials (paper, cardboard, plastics and lids).

ENERGY CONSUMPTION THROUGH DIESEL AND GASOLINE FUELS

CEDIS 2019
51,904 MWh (186,854.40 GJ)

CEDIS 2020
1,313.26 MWh (4,727.74 GJ)

CEDIS 2021
GASOLINE: 3,251.02 GJ
DIESEL: 1,302.18 GJ
TOTAL 4,553.19 GJ

During 2021, operations began at the Mexico Industrial Complex (CEDIS, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, including the entire Mexico Industrial Complex.

Mexico Industrial Complex 2021 Natural Gas
725,439.63 m³
21,763.19 GJ

TOTAL ENERGY CONSUMPTION (GIGAJOULES - GJ)			
	2019	**2020**	**2021**
Fuels	186,854.40 GJ	4,727.74 GJ	26,316.38 GJ
Electricity	4,379.65 GJ	4,205.56 GJ	26,877.31 GJ
Total	**191,234.05 GJ**	**8,933.30 GJ**	**53,193.69 GJ**

OUR ACTIONS
ON CLIMATE CHANGE - OUR CARBON FOOTPRINT

RENEWABLE ENERGY SUPPLY

In order to achieve greater stability in our energy matrix and to be less vulnerable to weather events that could cause power outages, we decided to create a transition plan toward a diversification of energy supply sources for our new Industrial Complex in Mexico, whose operations began in 2021.

Our goal is that in the short term, 50% of the energy we use will come from cogeneration produced by a power plant. And we plan to integrate 50% of renewable energy sources into the energy matrix of our Mexican manufacturing operation by 2025. The idea is to gradually reduce our dependence on electricity from the national grid and generate our own energy.

CARBON INVENTORY

(GRI 305-1, 305-2, 305-3, 305-5) (GRI 302-1, 302-3, 302-4, 302-5)

Our 2025 Sustainability Strategy is aligned with the Sustainable Development Goals (SDGs) established by the United Nations. The main pillars of our 2025 Sustainability Strategy are plans to improve relevant aspects for the company, such as our products, logistics, manufacturing plant, supply chain, waste management, water management, climate change actions, integrated management, our team and our contribution to society.

Since 2017, we have quantified and analyzed the greenhouse gas (GHG) emissions derived from our productive activities in Mexico in order to better understand our impact on climate change and mitigate it through various short and medium-term actions.

In line with trends in the use of plastic, Genomma Lab is developing innovations in our packaging materials, in order to incorporate packaging with better performance in its life cycle and thus reduce GHG emissions related to the production and post-consumer waste of our packaging. The expected trend in the market is to offer more sustainable products with a lower carbon footprint due to the impending climate crisis. Specifically, we are reducing our reliance on virgin resin for some of our plastic packaging presentations. An emblematic case is our product Tío Nacho: its packaging (bottle, cap, box and label) is produced through a carbon neutral process.

We are committed to significantly reducing energy use, and thus the emissions associated with its consumption, through energy efficiency programs and the implementation of technologies with a lower environmental impact at our new Mexico Industrial Complex.

Regarding direct initiatives to reduce our carbon footprint, it is worth mentioning the mitigation of diesel emissions, which we have been working on since 2020, as a result of raising awareness and achieving savings in third-party vehicles by adhering to the Clean Transportation program *(Transporte Limpio)* of the Mexican Ministry of Environment and Natural Resources *(Secretaría de Medio Ambiente y Recursos Naturales en México, SEMARNAT)*[14]. We can also mention the savings and efficient use of diesel fuel consumption in vehicles as a result of agreements made with some distribution partners, such as Casa Marzam, to carry out the distribution of products and thus increase the efficiency of the company's logistics. Likewise, we can mention certain actions such as the substitution of specific materials that have led to savings in electricity consumption, such as the replacement of the polyolefin input from thicker to thinner material, requiring less heat to be processed. Also, there is the acquisition of fast-charging forklifts, which consume less power. Finally, we should mention our goal of preventing waste generated at our new Mexico Industrial Complex from reaching the landfill through prevention and recycling, as well as other methods of waste-to-energy management. This will help us reduce GHG emissions associated with the disposal of our waste.

It is important to mention that our greatest logistics demand is associated with the distribution of our products through the transportation we employ, which generates an opportunity to reduce greenhouse gas (GHG) emissions.

Along these lines, in 2021, both our logistics transportation and that of our suppliers have adhered to Mexico's SEMARNAT Clean Transportation Program (Transporte Limpio). As for our logistics operations in Colombia and the United States, our suppliers are part of a similar program in their respective countries.

[14] Transporte Limpio: https://www.gob.mx/semarnat/acciones-y-programas/programa-transporte-limpio-190236
Voluntary program, which seeks to make freight and passenger transportation in the country more efficient, safe, competitive and environmentally friendly.

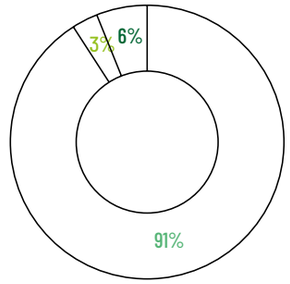
The operational limits for calculating the carbon footprint are defined according to direct and indirect emissions:

Scope 1 Emissions: Direct emissions are generated from sources owned or controlled by the Company. For example, derived from the consumption of diesel for the operation of an emergency system when electric power is unavailable due to some unexpected event; derived from the consumption of fuel and diesel for transportation vehicles owned by the company and for mobile equipment used in our facilities, such as forklifts; derived from combustion in boilers and furnaces in manufacturing plants owned by the company, and derived from chemical production in process equipment owned or controlled by the compan.

Scope 2 Emissions: Scope 2 includes emissions related to the generation of electricity purchased and consumed by the company, which is subject to energy efficiency and continuous improvement projects, detailed in the "energy efficiency" subchapter. At the moment, all electrical energy used by Genomma Lab is provided by the supplier of the national electricity system. We are currently exploring various projects or scenarios to include clean and renewable energy in our energy matrix.

Scope 3 Emissions: Scope 3 is an optional reporting category that allows the inclusion of the remaining indirect emissions. Scope 3 emissions are a consequence of the company's activities, but result from sources that are not owned or controlled by the company. Examples of Scope 3 activities include extraction and production of purchased materials; transportation of purchased fuels; and use of products and services sold.

During 2021, operations began at the Mexico Industrial Complex (CEDIS, Pharmaceutical Plant and Personal Care Products Plant). Therefore, starting this year, we will begin to report the performance of our manufacturing sites, which includes the entire Mexico Industrial Complex and Mexico City Production Line.



DISTRIBUTION CENTER (CEDIS)		
Carbon Emissions	**Total emissions (tCO_2e) 2019**	**Total emissions (tCO_2e) 2020**
Scope 1	1, 310.8	337
Scope 2	614.4	577.1
Scope 3	3, 590.7	3, 590.7
Total emissions	**5, 515.9**	**4,504.8**

The scope of the emissions inventory calculated for 2021 includes the following categories for the Mexico Industrial Complex and the Mexico City Production Line facilities.

MEXICO INDUSTRIAL COMPLEX + MEXICO CITY PRODUCTION LINE[15]		
Carbon Emissions	**Total emissions (tCO_2e) 2021**	**Composition (%)**
Scope 1	1, 704.93	3%
Scope 2	3, 158.08	6%
Scope 3	52, 039.77	91%
Total emissions	**57, 262.76**	**100%**

[3] Note: The 2021 reporting scope, in emissions, includes the Distribution Center, the Pharmaceutical Plant, and the Personal Care Products Plant as a single unit; and separately the Mexico City Production Line.

15 To calculate the organization's carbon footprint, the following greenhouse gases have been considered: CO_2, CH_4 y N_2O.

ETHICS AND CORPORATE **GOVERNANCE**

The Company is convinced that part of the performance achieved is due to the fact that our business model is supported by an excellent Corporate Governance, defined by its high degree of commitment and that it implements the best practices, based at all times on transparency and absolute ethics. We are highly committed to seeking sustainable economic growth, adhering to our high standards of integrity, respecting compliance with the laws and regulations of all the countries in which we operate.

Each member of the team understands the essence of a winning culture, demonstrating ethical and transparent management at all times, the actions that we undertake on a daily basis have as their ultimate meaning the creation of value for our stakeholders.

CORPORATE **GOVERNANCE**

"Genomma Lab is committed to improving social welfare by increasing its consumers quality of life, through research and analysis of the best ingredients for the development and marketing of personal care products and over-the-counter medicines (OTC), thus seeking to generate the highest possible levels of return to its investors."

Rodrigo Herrera Aspra
Founder and Chairman of the Board of Directors
Genomma Lab Internacional

Find out more about our Corporate Government **here.**

Our Corporate Governance is governed by the best practices suggested by the Mexican Stock Exchange, reaffirming our transparency towards our stakeholders.

BOARD OF DIRECTORS[1]

(GRI 2-9)

Our management is entrusted to the Board of Directors, whose member bodies are designated or, as the case may be, ratified each year at the company's ordinary annual general meeting of shares. The Board of Directors meets once every quarter in accordance with the provisions of the Securities Market Law (hereinafter LMV) and the Company's bylaws. In addition, we ensure that at least 25% of the members Company's Board of Directors are independent, as required by the LMV.

Our committees in charge of making decisions or managing environmental, social and corporate governance (ESG) impacts in the organization are three:

- **Board of Directors**
- **Audit and Corporate Practices Committee**
- **Operating Committee**

The Board of Directors is elected by the Ordinary Annual General Meeting of Shareholders. The bylaws dictate that it can be made up of a maximum of 21 members, where at least 25% must be independent, in accordance with the Securities Market Law in Mexico.

The current Board of Directors is made up of 10 proprietary directors, of which seven are independent.

Related Proprietary Board Members

Rodrigo Alonso Herrera Aspra
Sabrina Lucila Herrera Aspra

Independent Proprietary Board Members

Jorge Ricardo Gutiérrez Muñoz
Juan Alonso
Javier Vale Castilla
Ignacio González Rodríguez
Carlos Javier Vara Alonso
Marco Francisco Forastieri Muñoz

Independent Patrimonial Board Member

Juan Carlos Gavito Aspe

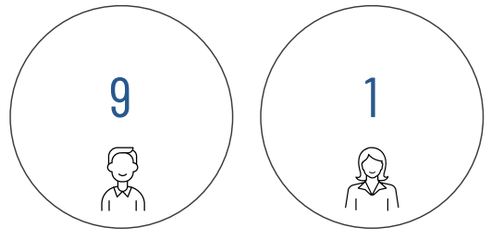
Equity Proprietary Board Member

Burkhard Wittek

Alternate Board Member

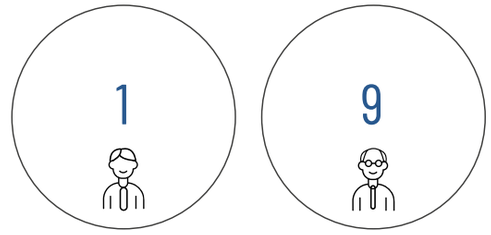
Renata Virginia Herrera Aspra

By gender



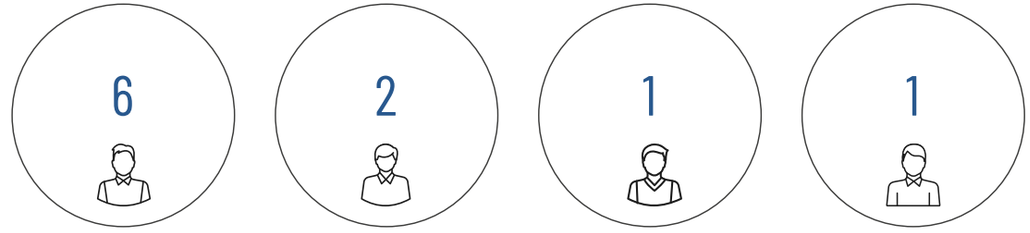
Between 30-50 years | More than 50 years

By age range



Between 30-50 years | More than 50 years

By independence



Independent Proprietary Board Members* | Related Proprietary Board Members | Independent Patrimonial Board Member* | Equity Proprietary Board Member

It is important to note that the debate on gender equity is part of Genomma's organizational culture, as evidenced by its **Diversity, Inclusion and Gender Equality Policy, and is promoted by the leadership team and Human Resources.**

[1] Considered independent under the criteria established in Art. 26 of the Mexican Securities Market Law.

*They are deemed independent under the criteria of Art. 26 of Mexican Securities.

Biographical information of the Board of Directors

(GRI 2-9, 2-17)

The Board of Directors members, given the professional profile they handle and the different activities they carry out outside the Company, are constantly updated on economic, tax, compliance, social and environmental issues. Of the 11 members, five have relevant experience in the sector[2]. Additionally, the Legal Department, with the support of the Non-Member Secretary of the Board of Directors, updates the members of the board on relevant regulatory and compliance issues.

Rodrigo Alonso Herrera Aspra

Chairman of the Board of Directors

Founder and main shareholder of Genomma Lab Internacional. He has more than 23 years of experience in marketing and brand positioning strategies, he is ultimately responsible for the proper functioning of the Board of Directors and the evaluation of the Operating Committee. He has a degree in Engineering and Administration from the Anahuac University, and a master's degree in senior management from the College of Graduates in Senior Management. He is a Director of Grupo Financiero Multiva S.A.B. de C.V., a company unrelated to Genomma Lab. ***He has been part of the Board of Directors of Genomma Lab Internacional for 12 years.***

Javier Vale Castilla

Independent Proprietary Board Member

Founder and President of Grupo Vale Euro RSCG, which is one of the four leading agencies in its field in Mexico, has extensive experience in advertising, marketing and corporate communications, directs the operations of the advertising agency in 18 Latin American countries. He served as General Manager of the television group of the Pacific in Sinaloa, later spent a decade at Televisa, where he was the Director of Sales, managing five radio stations, five magazines, four television channels and the T.V. by cable. He has an engineering in communications and electronics from the Higher School of Mechanical and Electrical Engineering (ESIME) of the Instituto Politécnico Nacional, due to his merits and achievements in the field of communication and advertising, the Centro Universitario de Comunicación awarded him the recognition Doctor Honoris Causa. ***He has been part of the Board of Directors of Genomma Lab Internacional for 5 years.***

Juan Carlos Gavito Aspe

Independent Patrimonial Board Member
Member of the Audit and Corporate Practices Committee

Founder of Airos Capital, an investment fund specialized in investments and private capital. Previously, he was a director of Nexxus Capital, where he participated in the IPOs of Genomma Lab and Grupo Hotelero Santa Fe, as well as private merger and acquisition transactions (for example, Harmon Hall, Nasoft, Crédito Real and Marmoles Arca), and has also served on the Board of Directors of various companies including Taco Holdings and Recubre. He has a degree in industrial engineering from the Universidad Iberoamericana and a master's degree in Business Administration from the Instituto Panamericano de Alta Dirección de Empresa (IPADE). ***He has been part of the Genomma Lab Board of Directors for 4 years.***

Juan Alonso

Independent Proprietary Board Member
Member of the Audit and Corporate Practices Committee

He is currently the General Director of ZAO Future Technologies, one of the largest luxury home construction companies in Russia. The brand is known in Russia as SUN CITY Developments. In March 2007, he entered into a partnership agreement with Israel's BSG Investments, the real estate developer in Russia and the Commonwealth of Independent States, to develop nearly one million square meters of commercial and residential real estate in Russia. He is also a majority shareholder in ZAO SILVER Nizhny Novgorod, Nestlé's national water bottler in Russia. He was previously president of Domino's Pizza Jalisco. S.A. de C.V., master franchisee of Domino's Pizza in central Mexico, as well as the majority shareholder of Baskin Robbins D.F. ***He has been part of the Board of Directors of Genomma Lab Internacional for 13 years.***

2 Burkhard Wittek, Sabrina Lucila Herrera Aspra, Rodrigo Alonso Herrera Aspra, Ignacio González Rodríguez y Javier Vale Castilla

(GRI 2-9)

Carlos Javier Vara Alonso
Independent Proprietary Board Member

Founder of Vace Partners, before joining Vace Partners he worked for 9 years at Citigroup as Director of the Investment Banking team in Mexico and Latin America. He is currently a member of the Board of Directors and Finance Committee of Grupo Gigante, a member of the Board of Directors and Chairman of the Hotel Development Committee Chairman, shareholder and member of the Board of Directors of Fhipo and was also a member of the Board of Directors and Committee of Aeromexico Finance. His experience includes projects in companies from various industries such as financial institutions, consumer goods, retailers, industrial conglomerates, education, transportation and mining metals mainly. He has a degree in economics from the Instituto Autónomo de México (ITAM) and an MBA from the Yale School of Management. ***He has been part of the Board of Directors at Genomma Lab Internacional for 4 years.***

Jorge Ricardo Gutiérrez Muñoz
Chairman of the Audit and Corporate Practices Committee
Independent Proprietary Board Member

Public Accountant from the Instituto Politécnico Nacional with a Master's Degree in Finance from Universidad La Salle, he is a Member of the Board of Directors of: Mexichem, S.A.B. de C.V., Grupo Aeroportuario del Centro Norte, S.A.B. de C.V., Grupo Pochteca, S.A.B de C.V. and the Mexican Stock Exchange, S.A.B de C.V. Likewise, he has served as General Director of Mexichem, S.A.B. de C.V., General Director and Member of the Board of Directors of Grupo Industrial Camesa and Industrias Synkro, Vice President of Corporate Development at Empresas Lanzagorta and Director of Finance at Indetel/ Alcatel. ***He has been part of the Board of the Board of Directors at Genomma Lab Internacional for 7 years.***

Ignacio González Rodríguez
Independent Proprietary Board Member

He is the General Director of FAGO and a member of the Board of Directors of Grupo Pavisa S.A. de C.V., a 60-year-old company specializing in the manufacture and marketing of specialized glass and crystal packaging for a wide variety of industries including cosmetics and pharmaceuticals, as well as ultra-premium liquors and quality food and beverages. He has a degree in marketing from the Instituto Tecnológico y de Estudios Superiores de Monterrey (ITESM) and a diploma from the Instituto Panamericano de Alta Dirección de Empresa (IPADE). ***He has been part of the Board of Directors at Genomma Lab Internacional for 4 years.***

Burkhard Wittek
Equity Proprietary Board Member

Founding partner and CEO of Forum Family Office Services GmbH ("FFO"), a Company located in Munich, Germany, with assets exceeding $100 million euros. He has over 35 years of asset management experience, having been a partner with global responsibility for the consumer goods/retail and healthcare sectors for the Boston Consulting Group and an advisor to the private equity fund of MTH München Trust Holding GmbH. He has a doctorate in administration and finance from the University of Innsbruck and an MBA from the Harvard Graduate School of Business. Currently, he participates as Non-Executive Chairman of the Board of Directors of Immunodiagnostic Systems Holdings PLC, Cobo Fluid System GmbH, rdl Group GmbH and Suxxeed Sales Four Your Suxxess GmbH. ***He has been part of the Board of Directors at Genomma Lab Internacional for 4 years.***

Sabrina Lucila Herrera Aspra
Related Proprietary Board Members

She collaborated for 15 years in different companies, including Posadas de México, in the areas of public relations and administration and finance. Starting in 1998, she joined Genomma Lab to manage the Company's international sales. In 2004, already as Director of International Operations, she begins the opening in Latin American markets, replicating the Company's business model. She has a bachelor's degree in information from the Universidad Anáhuac, she has a master's degree in senior management from the Colegio de Graduados de Alta Dirección. She is Chairman of the Board of Directors and shareholder of HEROE, S.A. de C.V., member of the Board of Directors of Alimentos Siosi, S.A. of C.V. She is also a member of the Board of Directors of Outhinkers Fund, Inc. None of these companies is related to Genomma Lab. ***She has been part of the Board of Directors of Genomma Lab Internacional for 10 years and is responsible for the Genomma Lab Foundation.***

Marco Francisco Forastieri Muñoz
Independent Proprietary Board Members

He has a law degree from the Escuela Libre de Derecho (ELD). He has more than 30 years of experience in transactional, corporate, financial and securities law, both in Mexico and worldwide. He was a Founding Partner of the firm Forastieri Abogados. He was also a Senior Partner in the legal practice of Ernst & Young (EY), where he held the position of Leader for the Northern Region of Latin America. Likewise, he is Secretary of the Board of Directors of other Mexican companies, he held the position of Non-Member Secretary of the Board of Directors of the Company until February 2020. ***He has been part of the Board of Directors at Genomma Lab Internacional for 2 years.***

Renata Virginia Herrera Aspra
Alternate Board Member

She held various management positions at Genomma Lab Internacional, S.A.B. de C.V., such as Director of Research and Development, Special Releases, Human Resources and Production. Previously, she developed "tailor-made" programs for Seguros La Comercial, in the major medical expense's insurance subsidiary. She also worked for several years with cancer patients, reporting to the Government in the State of Querétaro and was a professor at the Universidad Autónoma de Querétaro for 3 years. She has a degree in computer science from the Uiversidad Anáhuac. ***She has been part of the Board of Directors at Genomma Lab Internacional for 10 years.***

Nomination and Performance Evaluation

(GRI 2.10)

The members of the Board of Directors are elected and re-elected individually by the Ordinary Annual General Meeting of Shareholders.

The shareholders (investor public) each year based on the annual performance of the business (which encompasses all aspects of the business including economic, social and environmental issues) and taking into account the Activities Report of the Board, the Activities Report of the General Director and the Activity Report of the Audit and Corporate Practices Committee, decide and vote if the Board Members are ratified in their position or changed.

In the recent history of Genomma Lab Internacional S.A.B. of C.V. no requests have been submitted by the shareholders to change the Board of Directors. However, the company is in a process of continuous improvement in all aspects of its operation, including economic, social and environmental issues.

Conflicts of interest

(GRI 2-11, 2-15)

The Securities Market Law maintains stipulations regarding the management of conflicts of interest, to which we strictly adhere. By virtue of the foregoing, the people who are in this situation refrain from knowing and voting on the matter in question. In addition, there are mechanisms to prevent conflicts of interest that are established by the Ethics Committee and in the event of any possible conflict, the Company's management bodies analyze those issues and take the corresponding actions. It is worth mentioning that the Chairman of the Board of Directors does not hold an executive position in the company.

Functions of the Board of Directors

(GRI 2-12, 2-13, 2-14, 2-16)

The function of the Council is to establish the general strategies for conducting the business. Similarly, monitor the management and conduct of the Company and the legal entities it controls, considering their relevance in the financial, administrative and legal, as well as the performance of the relevant directors. Approve, with the prior opinion of the competent committee:

- The policies and guidelines for the use or enjoyment of the assets that make up the Company's assets and of the legal entities that it controls, by the related people.
- The operations, of each one individually, with related people, that they intend to celebrate with the Company or the legal entities that it controls.
- The guidelines regarding internal control and internal auditing of the Company and of the legal entities controlled by it.
- The Company's accounting policies, adjusting to the accounting principles recognized or issued by the National Banking and Securities Commission.

In accordance with the guidelines established in the Mexican Securities Market Law, the Board of Directors relies on the CEO and certain relevant directors for the management, conduct and execution of the business, delegating to them within the limits permitted by law. The Institutional Relations Vice President is responsible for consulting stakeholders on economic, environmental and social issues.

Likewise, one of its functions is to manage responsibility in economic, environmental and social matters, through the Executive Committee and the Global Sustainability Committee, in line with the provisions of the company's 2025 Sustainability Strategy.

Efficiency of the Board of Directors

(GRI 2-18)

The members of the Board of Directors carry out a self-assessment of performance based on The Four Pillars of Effectiveness of the Board of Directors of the International Institute for Management Development (IMD).

The shareholders (investing public), each year, based on the annual performance of the business, decide and vote if the Board Members are ratified in their position or changed. We consider that the evaluation is independent since it is carried out by the shareholders, and it is carried out on an annual basis.

The average attendance of the members of the Board of Directors at the meetings held during 2021 was 95%, with the minimum attendance required being 51%.

The members of the Board of Directors with four or fewer terms in other companies (CEO positions or members of the Board of Directors in other companies) are six: Juan Gavito Aspe, Ignacio González Rodríguez, Jorge Ricardo Gutiérrez Muñoz, Javier Vale Castilla, Carlos Javier Vara Alonso and Burkhard Wittek.

Compensation Process

(GRI 2-19, 2-20, 2-21)

The Annual Ordinary Shareholders' Meeting is the body that annually determines and regulates the compensation of the Members of the Board of Directors and the Audit and Corporate Practices Committee. Likewise, the compensation of senior executives is determined by the Board of Directors with the opinion of the Audit and Corporate Practices Committee, both bodies seek that this compensation is linked to the results of the business, at the same time that it is based on reasonable market rates and prices.

In the case of the CEO, financial metrics such as Economic Profitability or better known as Return on Assets (ROA), Financial Profitability or Return on Equity (ROE), Return on Capital or Return on Invested Capital (ROIC) and the performance of the share price in relation to the Price and Quotation Index (IPC) of the Mexican Stock Exchange.

For security reasons, quantitative information about the salary scale of the Board of Directors and the Audit and Corporate Practices Committee is excluded. Likewise, the compensation of the Company's senior executives.

Management of Environmental, Social and Corporate Governance matters

(GRI 2-13)

The Board of Directors, in terms of the Securities Market Law, relies on the General Director and certain relevant directors for the management, conduct and execution of the business, delegating to them, within the limits permitted by Law, the authority to address social, economic and environmental issues.

The Global Sustainability Committee, made up of the Chairman of the Board of Directors and representatives from various areas of the Company, is responsible for monitoring the implementation and progress of sustainability initiatives.

GLOBAL SUSTAINABILITY COMMITTEE

As part of our commitment to bring sustainability to every link in our operation, in 2020 we set up the **Global Sustainability Committee,** with the aim of outlining the Company's short- and long-term environmental, social, and economic objectives. The Committee, in addition to monitoring the implementation and progress of sustainability initiatives, is responsible for designing action plans, policies and procedures that respond to the risks and opportunities of our business model in this area.

The Committee is led by the Chairman of the Board of Directors and the CEO, and is made up of leaders from the following areas:

- Institutional Relations
- Marketing
- Investor Relations
- Finance
- Regulatory issues
- Social Responsibility and Sustainability
- Humane Resources
- Manufacturing
- Quality
- Connect & Develop
- Supply chain
- Country Managers

Structure of the Sustainability Committee

At the same time, the Global Social Responsibility Committee emerges from this Committee, which makes possible the execution of social initiatives with local and international impact. This committee is chaired by the Vice President of Institutional Relations and made up of Ambassadors with Purpose for each country or region where we have operations.

AUDIT AND CORPORATE PRACTICES COMMITTEE

Como parte de nuestro compromiso de llevar la sostenibilidad a cada eslabón de nuestra operación en el 2020 constituimos el **Comité de Sostenibilidad Global,** con el objetivo de trazar los objetivos de la Compañía a corto y largo plazo en materia ambiental, social y económica. El Comité, además de monitorear la implementación y el progreso de las iniciativas de sostenibilidad, es responsable de diseñar planes de acción, políticas y procedimientos que respondan a los riesgos y oportunidades de nuestro modelo de negocio en esta materia.

El Comité es liderado por el Presidente del Consejo de Administración y el Director General, y está conformado por líderes de las siguientes áreas:

Members:

Jorge Ricardo Gutiérrez Muñoz
President

Juan Carlos Gavito Aspe
Member

Juan Alonso
Member

Functions

- Give an opinion on the Company's external auditors, in addition to evaluating their performance and analyzing their reports.
- Analyze and supervise the preparation of the Company's financial statements and inform the Board of Directors of any irregularity detected in matters of internal control and auditing of the issuer.
- Receive and analyze recommendations and opinions from shareholders, members of the Board of Directors, executive directors, external auditors and any third party, as well as take the necessary actions.
- Give an opinion to the Board of Directors on the matters that fall under the Mexican Securities Market Law.
- Request the opinion of independent experts in the cases it deems convenient, for the adequate functions performance or when it is required in accordance with the Mexican Securities Market Law, or the general provisions emanating from it.
- Summon the Shareholders' Meeting and have the items they deem pertinent included in the agenda.
- Support the Board of Directors in preparing the reports referred to in article 28, section IV, subsections d) and e) of the Mexican Securities Market Law.

The chairman of the Audit and Corporate Practices Committee must prepare and present to the Board of Directors an annual report, which must contain, among others:

- Transactions with related parties, during the reporting period, detailing the characteristics of the significant transactions.
- The state of the internal controls of the Company and the audits, as well as any derivation or deficiency, considering the corresponding reports of the external auditors and independent experts.
- The results of any preventive or corrective actions adopted based on investigations related to non-compliance with operating or accounting policies.

- The evaluation carried out by the external auditors.
- The results obtained from the review of financial statements of the Company and its subsidiaries.
- The description and effects of changes in accounting policies.
- The actions taken as a result of the observations of the Company's shareholders, members of the Board of Directors, executive directors and third parties in relation to accounting, internal controls and internal and external audits.
- Compliance with the resolutions adopted by the Shareholders' Meeting and the Board of Directors.

El presidente decidirá también la forma de incorporar esas aspiraciones y metas en los procesos de planificación, las políticas y las estrategias de negocio de la Compañía.

Report of the Chairman of the Audit and Corporate Practices Committee

Mexico City, Mexico, April 12th, 2022

To the Board of Directors and the Shareholders' Meeting of Genomma Lab Internacional, S.A.B. of C.V.
In accordance with the provisions of article 43, sections I and II, of the Securities Market Law, the undersigned, Chairman of the Audit and Corporate Practices Committee of Genomma Lab Internacional, S.A.B. of C.V. (the "Company"), I present to you the following Annual Report approved by all the members of said Committee, corresponding to the fiscal year ended on December 31, 2021:
In consideration of the provisions contained in the Securities Market Law, the Committee focused during this period, generally and mainly, on the following:

1. To carry out the auditing activities conferred by law to support the Board of Directors.

2. To hold periodic and continuous meetings with the Management, as well as with the external auditors.

3. To develop the activities around corporate practices conferred by law to support the Board of Directors.

Regarding specific concepts corresponding to the functions approved for this Committee, we report the following results:

1. In Audit matters:

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

Considering the opinions, reports, communications and the external audit opinion, the Company continues to verify compliance with the most relevant internal control provisions in the handling of financial information, and as a result, I hereby state that the Company maintains internal control policies and procedures that provide reasonable assurance in the operations it conducts.

The differences in internal control matters that were analyzed by the Committee had no significant impact on the Company

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

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

The Committee has ensured the objectivity and integrity of the accounting records, as well as compliance with the Company's Guidelines and Operation and Accounting Record Policies, which were applied consistently in the preparation of the Company's financial statements on December 31, 2021. Likewise, the work plans of the function that develops the internal audit in the Company were reviewed and approved.

C. External Auditor's Performance Evaluation.

A favorable opinion was issued to ratify the firm Galaz, Yamazaki, Ruiz Urquiza, S.C. as external auditor of the Company, to audit the consolidated financial statements for the Company's 2021 fiscal year, as well as for the ratification and/or appointment of the external auditors to audit the financial statements of the Company's main subsidiaries.

For the year ended on December 31, 2021, for the audit services of the consolidated financial statements of the Company and its main subsidiaries, a budget of $4,741,000.00 M.N. (four million seven hundred and forty-one thousand pesos 00/100 National Currency) plus VAT.

The work plans for auditing the financial statements and internal control compliance provided by the external auditing firms were reviewed and approved in their entirety.

In interviews and Committee sessions with the external auditors, we ensured that they metith the independence requirements.
For the 2021 financial year, we reviewed with the external auditors and with the Company's Management their comments on internal control and the procedures and scope applied in their audit.

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

D. Result of the Revisions to the Financial Statements of the Company and of the Legal Entities that it Controls.

The Committee reviewed the consolidated financial statements of the Company and subsidiaries as of December 31, 2021, which were prepared based on the Financial Reporting Standards applied consistently, and in accordance with the applicable auditing standards and procedures, as well as the opinion of the corresponding external auditor, which was issued without exceptions.

The Committee has recommended to the Board of Directors the approval of the aforementioned financial statements, by virtue of the fact that they reasonably reflect the financial situation and results of the Company, that the relevant

events have been properly disclosed and that the application of the policies and Accounting criteria have been consistent and adequate, with the Company's management complying with the processes of implementation and assurance of internal control systems and with the recommendations made

.

E. Opinion of the Audit and Corporate Practices Committee on the report referred to in article 28, section IV, subparagraph c) of the Securities Market Law to submit it for consideration by the Company's Board of Directors.

In accordance with the provisions of article 42, section II, subsection (e) of the Securities Market Law, after having held various meetings with the Company's General Director and with the relevant directors of the Company and of the companies controlled by it, regarding the content of the General Director's Report in terms of the provisions of article 44, section XI of the Securities Market Law, having reviewed the necessary information and supporting documentation, including the opinion issued by the Galaz office , Yamazaki, Ruiz Urquiza, S.C., as External Auditor of the Company, the Committee considers that the General Director's Report that will be presented to the Shareholders' Meeting is adequate and sufficient and that: (i) the accounting and information policies and criteria followed by the Company are adequate and sufficient taking into consideration the particular circumstances of the Company; (ii) policies and criteria have been applied consistently in the information presented by the CEO; and (iii) as a consequence of subparagraphs (i) and (ii) above, the information presented by the General Director reasonably reflects the financial situation and results of the Company.

F. Measures Adopted Due to Relevant Observations.

During fiscal year 2021, no relevant observations were made by the shareholders, directors, relevant directors, employees of the Company and, in general, by any third party, regarding accounting, internal controls and issues related to internal auditing or external, nor were complaints filed about facts that they consider irregular in the administration.

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

The Company promptly complied with the resolutions and recommendations issued by the Company's Shareholders Meeting and Board of Directors during fiscal year 2020.

2. Regarding Corporate Practices

A. Performance of Relevant Directors:

During fiscal year 2021, the Company obtained satisfactory results and observed a favorable performance of the Relevant Directors of the Company, since the objectives and priorities presented by the Company to the Board of Directors for the year 2021 were achieved.

B. Transactions with Related Parties:

The Committee has verified the operations carried out by the Company during the 2021 financial year, which have been carried out at market prices or, where appropriate, supported by valuations carried out by external specialists.

C. Packages of emoluments or integral compensation of the General Director and/or Relevant Directors:

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

Likewise, it issued a favorable opinion to ratify the General Director of the Company and on the package of emoluments and General Director's variable compensation.

D. Waivers granted by the Board of Directors:

During the fiscal year ended on December 31, 2021, there were no operations in which it was necessary to grant any exemption to the directors, Relevant Executives or persons with power of command of the Company, in order for those persons to take advantage of business opportunities for themselves or the business in favor of third parties, which correspond to the Company or to the legal entities that it controls or in which it has a significant influence.

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

During fiscal year 2021, the Audit and Corporate Practices Committee has reviewed, analyzed and issued its favorable opinion regarding the following matters:

1) It was reported about certain lawsuits of the Company and its subsidiaries.

2) A favorable opinion was issued for the approval of the Company's annual audited financial statements and its subsidiaries with figures as of December 31, 2020.

3) A favorable opinion was issued for the approval of the Company's financial information corresponding to the fourth quarter of 2020, as well as that corresponding to the first, second and third quarters of 2021.

4) A favorable opinion was issued for the (i)ratification of different, unrelated and additional professional services to the external audit services (the "Additional Services") provided to the Company and its subsidiaries during fiscal year 2020 by the external auditor , as well as the fees paid by the Company and its subsidiaries for said additional services, and (ii) approval of the provision of Additional Services during fiscal year 2021 and the fees to be paid for them, provided that the Additional Services are provided in accordance with the provisions of the Policy for the approval of fees for services provided by the external auditor regarding services that the latter can provide to the Company and its subsidiaries without endangering their independence.

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

F. Composition of the Audit and Corporate Practices Committee and meetings held The Audit and Corporate Practices Committee is made up of the following members:

Nombre
Jorge Ricardo Gutiérrez Muñoz Juan Carlos Gavito Aspe Juan Alonso
Independent Proprietary Board Member

The Company's Audit and Corporate Practices Committee held sessions or adopted resolutions out of session on February 22nd, April 13th, April 27th, July 26th and October 25th, 2021, and on each of them a minute was drawn up or resolutions were recorded regarding the adopted agreements.

Sincerely,

Jorge Ricardo Gutiérrez Muñoz
Chairman of the Audit and Corporate Practices Committee
Genomma Lab Internacional, S.A.B. de C.V

OPERATIVE COMMITTEE

The Operating Committee is made up, as detailed below, of highly trained professionals in their area, with an excellent track record and a high sense of leadership. The team is committed to achieving the Company's growth objectives, working together in each part of the process.

Rodrigo Alonso Herrera Aspra
President
Chairman of the Board of Directors

Jorge Luis Brake Valderrama
Member
General Director

Antonio Zamora Galland
Member
Executive Vice President of Finance and Administration

Juan Marco Sparvieri
Member
Executive Vice President of Operations

In addition to the members of the Operating Committee, **Mr. Alejandro Bastón Patiño,** Executive Vice President of Institutional Relations, Media, Human Resources and Sustainability, is responsible for consulting stakeholders on economic, environmental and social issues, through the study of materiality carried out during 2020, and whose results are presented to the Global Sustainability Committee, Operating Committee and Board of Directors for their consideration within the Company's comprehensive strategy. Learn more about our materiality analysis and our stakeholder consultation processes on **page 190.**

ETHICS AND **INTEGRITY**

ETHICS COMMITTEE

The Ethics Committee is the internal body that monitors the correct compliance and application of each of the values and principles presented in our **Code of Conduct and Ethics,** policies, applicable laws and in the Gen Book. The Committee is responsible for receiving, investigating and providing a solution to cases of non-compliance presented by employees, suppliers, business partners or members of the communities near our operation centers.

For the proper management of its functions, the Ethics Committee is made up of strategic areas of the Company, with a comprehensive vision of the business, which are:

1. General Management, represented by our CEO, Jorge Brake.

2. Legal, represented by the area leader, Efraín Tapia.

3. Human Resources, represented by the area leader, Alejandro Bastón.

INTEGRITY POLICIES

(GRI 2-23, 2-24) (GRI 409-1, 3-3) (SASB HC-BP-510a.2)

Stakeholders Engagement Policy

We seek to generate value for all our stakeholders, through our commitment with practices that promote transparency and adherence to our values.

Anticorruption Policy

We establish guidelines to prevent and avoid any act of corruption, money laundering and influence peddling by collaborators and/or third parties with whom we have a relationship, in order to comply with applicable anti-corruption laws in the countries where we operate.

It applies to all directors, officers and employees of Genomma, regardless of where they reside or where they conduct their business, as well as direct or indirect subsidiaries of Genomma, and third parties over which Genomma has control under rule IFRS 10 (which includes any other rule that replaces it), including joint ventures, as well as all agents, consultants, business partners and other third party representatives when they act on behalf of and/or on behalf of, interest or benefit of Genomma. The Anti-Corruption Policy is global and supersedes any local policy or practice inconsistent with its terms or with Anti-Corruption laws.

Diversity, Inclusion and Gender Equality Policy

We are governed by respect and promotion of diversity, promoting a healthy, safe, violence-free, non-discriminatory and inclusive work environment that allows the full development of all people with equal opportunities.

Human Rights Policy

We are committed to promoting, defending and monitoring compliance with universal principles on Human Rights throughout our operation, respecting the principles of non-discrimination, prohibition of child exploitation, as well as forced labor.

Policy for the Prevention and Attention of Workplace Harassment

This policy is global and applies to each collaborator, direct or indirect subsidiaries, activities, processes and facilities of the Company. This policy is extensive to suppliers, business partners, shareholders and third parties that establish business relationships or collaborative agreements with Genomma Lab.

At Genomma Lab, sexual harassment is considered unacceptable and will not be tolerated under any circumstances.

As expressed in the policy, we are committed to preventing harassment, workplace violence and/or sexual harassment in the workplace, providing the necessary information to promote and develop a culture of prevention and reporting against sexual harassment, harassment workplace and/or workplace violence. In this sense, we make available to our collaborators a procedure for the reception, as well as the proper handling and treatment of complaints of sexual harassment, harassment, and/or workplace violence through the various communication channels of our Ethical System of Attention **Gen – Te escucha,** which we make available to our stakeholders.

All policies are available and were communicated and approved by the CEO.

Code of Conducts and Ethics

This Code is mandatory for all the people who make up the Genomma team, in any action, deal, operation, contract or negotiation, in all the countries where we operate, so Genomma expects that its suppliers and other partners business act consistently with this Code of Conduct and Ethics.

Code of Conducts and Ethics for Suppliers

The Code of Conduct and Ethics for Suppliers (hereinafter "the Code") is aligned with our Code of Conduct and Ethics, and is intended to establish

negotiation standards, strengthen relationships with our suppliers, and align them with our commitments on issues ethical, social and environmental.

This Code considers important issues for the company's sustainability, such as business ethics, fair labor conditions, human rights, occupational health and safety, and environmental management. It should be noted that its acceptance, compliance with legislation and international standards, as well as the implementation of good practices, are requirements for the start of a commercial relationship with Genomma Lab, and its continuity will depend on its compliance.

Health and Safety Policy

Our priority is to provide a safe work environment that guarantees their comprehensive development, maintaining a culture of safety and well-being at all times throughout our operation.

Environmental Policy

People's health and well-being is our purpose as a company and the center of our business model, we are committed to caring for our environment and preserving natural resources, through continuous improvement in all our processes, the search for new technology that reduce our environmental impacts, and at the same time permeate an environmental culture throughout our value chain.

Integrated Management Policy

Through this policy, the company recognizes the value of its employees and is committed from the highest level of the organization with quality, physical and mental well-being of its employees, environmental performance, social bonding, ethics, transparency and profitability in all its management.

Confidential Information Policy

Its objective is to establish specific guidelines, derived from what is established in the Genomma Code of Conduct and Ethics, to maintain the confidentiality of Genomma Lab information, ensuring that its use is only in the interest of Genomma and safeguarding its confidentiality.

The foregoing also applies to desktop computers, laptops, servers, printers, cell phones, mobile devices and other equipment, as well as applications, software in which Confidential Information is stored, and/or through which it is managed, including internal users, temporary collaborators and visitors.

Global Advertising and Communication Policy

It is our responsibility to generate a relationship of trust and connect with the consumer through our brands and through honest communication, guaranteeing clear information at all times about the use, benefits, ingredients, innovation and launches of our products. We are committed to being totally transparent in disseminating information through traditional media, as well as on our websites, social networks, telephone service numbers, points of sale, product labels, among others. We seek to convey to the consumer the value of our products, and always being aware of their needs.

Cybersecurity Policy

Our Cybersecurity Policy presents our guidelines and provisions to preserve the security of our data and technology infrastructure. We increasingly rely on technology to collect, store and manage information, making us more vulnerable to serious security breaches. Human errors, cyber attacks and system malfunctions could cause great financial damage and jeopardize our company's reputation. For this reason, we have implemented a series of security measures. We have also prepared instructions that can help mitigate security risks. We have described both provisions in this Policy.

Policy to Prevent, Analyze and Identify Psychosocial Risk Factors

These are the principles and commitments that we have established to prevent psychosocial risk factors and workplace violence, and to promote a favorable organizational environment, with the aim of developing a culture in which decent or dignified work and the continuous improvement of working conditions are sought.

[3] Website: https://gen-teescucha.ethicsglobal.com/#modal

ETHICAL SYSTEM "GEN – TE ESCUCHA"

(GRI 2-26) (GRI 406-1, 3-3)

At Genomma Lab we encourage the identification and reporting of illegal acts, actual or potential breaches of our Code of Conduct and Ethics, Policies, Procedures and/or inappropriate behavior in our operations[3].

Based on this, GEN – TE ESCUCHA, was born, a tool that allows us to listen to our collaborators through a completely external to Genomma ally, with absolute confidentiality, contributing to generate a prevention culture and to promptly attend to acts and/or behaviors that are not aligned with our values.

The information received is processed by specialized personnel from the company "Global Ethics", who analyze the implications of the information to finally send it to the Genomma Lab Ethics Committee, which is responsible for receiving, investigating and providing a solution to cases of non-compliance presented by collaborators, suppliers, commercial partners or members of the communities near our operation centers.

The information may be related to the following:

- Theft of company property or information
- Illegal agreements with suppliers or customers
- Use or disclosure of confidential company information for personal gain
- Falsification or adulteration of documents
- Harassment, mistreatment or discrimination within the company

GEN-TE escucha

Communication channels GEN – Te escucha

The enabled channels to make a complaint through GEN – Te Escucha are:

Telephone

Email

Website

To make a telephone complaint, you must contact the number corresponding to each country. The telephone operators are available from Monday to Saturday from 8 am to 10 pm, in all the countries where we operate, with the exception of Panama and Nicaragua, which may use the other reporting channels.

To file a complaint by email, the declarant must send it to the following address: **genteescucha@ethicsglobal.com,** including all relevant information to follow up on the case.

To make a complaint through the website, go to **gen-teescucha.ethicsglobal.com**

How to make a complaint

(GRI 406-1)

Once the Ethics Global Privacy Policy has been read and accepted, the complainant must follow the next steps:

1. Complete your personal information, specifying your relationship with Genomma Lab, as well as your work location. You can choose whether you want your report to be anonymous, or you can provide your personal data.

2. Classify the complaint by choosing the option that corresponds to the case.

3. Indicate the place and time in which the events occurred.

4. Describe the facts of the event in as much detail as possible.

5. Mention the people involved in the event.

6. You can add evidence that serves to follow up on the case: videos, photographs, documents, etc.

At the end of the report, the system will deliver a sheet through which the complainant can follow up on the status of his complaint, and in this way:

- Know the progress of the investigation
- Know the conclusion and applicable corrective measures.
- Provide additional information
- Provide more evidence of the case
- Answer possible questions from those responsible for the investigation

According to the registry made by the company **"Global Ethics",** during 2021 there were 11 cases, of which three were considered inadmissible for not having substantial information to achieve timely follow-up. From the remaining eight cases, it can be inferred that there was an increase in cases where poor leadership and abuse of authority were reported (4), followed by workplace harassment by peers (2), a case of inappropriate behavior in dealing with a supplier, and a report of lack of follow-up of internal protocols in the operation.

During the reporting period, no case related to issues of corruption and/or discrimination in the Company or in the relationship with our stakeholders was recorded.

In accordance with current legislation, there were no substantiated claims in terms of privacy or data leakage, nor were there cases of discrimination.

The corrective measures applied in response to the investigations considered conciliation between the parties involved, training on leadership skills and the identification of weaknesses and areas for improvement; and follow-up in the performance evaluation of the person involved.

4 Sitio web: https://gen-teescucha.ethicsglobal.com/#modal

CLIENT'S INFORMATION SECURITY

(GRI 418-1, 3-3)

In our client's case, the Global Ethics company safeguards access to personal data and sensitive information obtained in complaints from the channel GEN - Te Escucha, through multiple protection systems, encryption, constant auditing of best practices of independent security, platforms and infrastructure.

Likewise, in the case of our final consumers, the company SATELCO, in charge of the customer service line, has an Information Security Committee, which is responsible for the planning, implementation and maintenance of the Information Security Policies; as well as disseminating policies among users. Here are some of its functions:

- Coordinate and control the implementation of security actions and collaborate with the Information Security Policy Manual dissemination.
- Coordinate and control the mechanisms that allow access to the information contained in the databases.
- Manage data access permissions by identified authorized users.
- Enable the record of incidents for all users, so that they report incidents related to data security; as well as agreeing about corrective measures with the Data Protection Officer.
- Check, at least every six months, the validity of the authorized users list, the existence and validity of data recovery backup copies, as well as compliance with the measures related to data inputs and outputs.
- Receive and analyze the audit report to raise its conclusions and propose corrective measures to the data controller.

During the period covered by the report, no case of violation of the use of personal data has been recorded in any of our channels.

HUMAN RIGHTS **APPROACH**

(GRI 2-24)

We have a Human Rights approach that works across our entire operation, linked to each of our Integrity Policies. We also provide tools so that each stakeholder group can report any anomaly or violation of this commitment. At the same time, we are signatories to the UN Global Compact, aligning with its ten principles on Human Rights, labor, the environment and anti-corruption. We endorse our commitment to these principles annually, presenting a letter of ratification from the CEO, as well as our Advanced Communication on Progress (COP).

As part of the main guidelines, the Human Rights Policy, Engagement with Stakeholders, Health and Safety, Diversity, Code of Conduct and Ethics, GEN BOOK, as well as our Code of Conduct and Ethics for Suppliers, reflect the commitment and position that we maintain towards the promotion and defense of Human Rights, both of our own collaborators and of our groups of interest.

Similarly, our 2025 Sustainability Strategy seeks to actively contribute to the fulfillment of the United Nations Sustainable Development Goals (SDGs).

Each of the actions that make up our strategy are aligned with specific Sustainable Development Goals, which are priorities for our business model, materiality and stakeholders. All of these is supported by our Ethics Committee, which is made up of members of the Executive Committee.
Although we have solid mechanisms, such as the Human Rights Policy, there may always be the possibility that our collaborators, the subcontracted companies and the recruitment agencies with which we operate, carry out some type of breach of the established in our policy.

In response to the mentioned above, we carried out a risk analysis in social matters and working conditions in our Industrial Complex in Mexico. Derived from the above, we identify the risk factors applicable to our operations, using as a reference the standards defined by the International Finance Corporation (IFC), part of the World Bank.

Subsequently, we analyze the probability and severity of each factor, determining a level of risk. Finally, we define the controls in our operation corresponding to each risk to achieve its mitigation. Some of the risk factors and mitigation measures identified from this exercise are the following:

RISK FACTOR	MITIGACION MEASURES
Inadequate salaries, benefits and contracts in the subcontracted companies we rely on to fill some operational positions	Evidence of the agreement with subcontracted companies, where respect for the law and our labor policies are established. Communication of our Code of Conduct and Ethics for Suppliers.
Discrimination against foreign collaborators and non-compliance with local migration law	Compliance with the Diversity, Inclusion and Gender Equality Policy and the Human Rights Policy. Awareness initiatives generated by the Diversity, Inclusion and Gender Equality Committee. Training for employees to identify cases of discrimination and harassment. Training employees to identify unconscious biases.
Verbal and physical harassment of employees	Communication and training on the Prevention and Attention to Labor Harassment Policy Communication and training on the Human Rights Policy and the Code of Conduct and Ethics. Training for employees to identify cases of discrimination and harassment.

ANTI-CORRUPTION

(GRI 205-1, 205-3, 3-3) (SASB HC-BP-510A.1)

Our commitment is that in Genomma Lab there is an ethical culture and open listening, which allows us to have a work environment of trust and compliance based on a corporate governance attached to the best practices, standards and applicable laws in each country where we operate, through the prevention of unethical conduct and fostering a culture of legality both within the company and in the relationship with our stakeholders.

We have an **Anti-Corruption Policy,** which establishes zero tolerance towards any practice or act of corruption, in any of its forms, so it is our obligation to comply with the Anti-Corruption Laws, as well as to avoid and report acts of corruption, influence peddling and any similar or analogous acts.

This Policy applies to all directors, officers and employees of Genomma, regardless of where they reside or where they conduct their business, as well as direct or indirect subsidiaries of Genomma, and third parties over which Genomma has control under the International Standards. Reporting (IFRS 10), including joint ventures, as well as all agents, consultants, business partners and other third-party representatives when they act on behalf of and/or on behalf, interest or benefit of Genomma.

Our team has the duty and responsibility to sign the Code of Conduct and Ethics when joining the Company, in addition to being trained on its content as well as of the other Genomma Lab **Integrity Policies.** Employees are urged to seek the advice of the legal area or Human Resources in case of suspicion of any action or situation that could be in breach of the Code of Conduct and Ethics, the Integrity Policies or the applicable law in each country where we operate. Compliance with both the Code of Conduct and Ethics and the Integrity Policies is monitored by the Genomma Lab Ethics Committee, which is responsible for reviewing and resolving each reported case.

During 2021, no cases related to practices or acts of corruption have been reported, so there were no monetary losses due to legal proceedings arising from this issue.

ANTI-CORRUPTION TRAINING

(GRI 2-23) (GRI 205-2, 3-3)

During 2021, through the Gen Institute platform, mandatory training was carried out for 100% of our employees and new hires about our Code of Conduct and Ethics and Integrity Policies. In this way, we promote a culture of legality and ethics, considering respect for human rights, anti-corruption practices, the correct handling of confidential information, respect for the environment and neighboring communities, among other issues, as well as due behavior and values that make up the organizational base.

Likewise, we have the Code of Conduct and Ethics for Suppliers, which is aligned with our Code of Conduct and Ethics, and is intended to establish negotiation standards, strengthen relationships with our suppliers, and align them with our commitments on ethical issues, social and environmental. Additionally, suppliers must sign a certificate of having become aware of all the Company's Integrity Policies.

It should be noted that acceptance of the Code of Conduct and Ethics for Suppliers is one of the requirements for starting a business relationship with Genomma Lab, and its continuity depends on compliance.

At the end of 2021, 100% of our critical suppliers in Mexico have signed the code, and with the rest of our global suppliers we have made a progress of 86% in Argentina, 48% in Brazil, 100% in Colombia and 100% in the United States.

TAX STRATEGY

Corporate income tax is paid on the profits obtained by Genomma Lab Internacional, as provided by the tax laws in the countries in which we operate.

Our goal is to pay the right amount of taxes, at the right time, on the profits we generate and where they are generated. We are committed not to transfer the value created to jurisdictions with lower taxes. For this reason, we have the following guidelines:

- We comply with the tax laws and regulations in each country where we operate, also considering the intent of the tax policy.
- In our operation we do not use tax structures that have the purpose of eroding the tax base.
- We do not make use of secrecy jurisdictions or so-called "tax havens".

We establish guidelines to prevent and avoid any act of corruption, money laundering and influence peddling by collaborators and/or third parties with whom we have a relationship, in order to comply with applicable anti-corruption laws in the countries where we operate.

CONTRIBUTION TO POLITICAL PARTIES AND/OR REPRESENTATIVES

(GRI 415-1)

We recognize the importance of contributing to the comprehensive development of the regions where we operate, mainly evidenced by our performance during the global health crisis. Therefore, we participate in government programs in the different countries where we have a presence, which seek to improve living conditions and access to opportunities for various groups.

However, we do not make any type of contribution to political campaigns and/or political parties. On the other hand, no government institution holds more than 5% of the total voting rights among the Company's shareholders.

RISK MANAGEMENT

(GRI 2-25)

We carry out the identification and management of short, medium, and long-term risks that could significantly affect the business, operations, financial situation or operating results of Genomma Lab Internacional.

This process is essential to provide the Board of Directors and other corporate bodies with the necessary tools to establish mitigation plans that reduce the impact of these risks, in addition to generating strategies to take advantage of the opportunities that these risks may represent.

The supervision of the mitigation plans is the responsibility of the Board of Directors, with the support of the Audit and Corporate Practices Committee.

RISK MANAGEMENT PROCESS

The Risk Management process is carried out by a multidisciplinary team, made up of collaborators from various areas and administrative levels of Genomma Lab in charge of the main business processes. This team is responsible for risk identification and measurement process, considering international methodologies.

In this process, both the internal and external context of Genomma Lab is considered, according to its geographical location, operations, and characteristics of the locations in scope, as well as the trends and opportunities that could have an impact on the operation.

These processes document and qualify the assets and threats of the main components of the risk analysis, following the Assets, Threats, Vulnerability, Probability, and Impact scheme. Based on this analysis, the Operating Committee establishes mitigation plans in order to reduce the impact of the identified risks on the operation, while developing strategies that allow the Company to take advantage of the opportunities that these risks may represent.

The monitoring of mitigation plans is responsibility of the Board of Directors, through the Audit and Corporate Practices Committee. The risk mitigation plans are implemented and monitored by the operational teams responsible for each business process that may be impacted according to the risk analysis.

Climate-related risks and opportunities are overseen by the Global Sustainability Committee. The Sustainability Strategy execution is one of the main responsibilities of this committee.

The strategy contains established action plans to address climate change, such as: energy efficiency projects, emission reduction goals and integration of renewable energies in our operations. In addition, the Committee is responsible for monitoring and evaluating the risks and opportunities of climate change that impact the company, as well as promoting the creation of mitigation plans, policies, and procedures to respond to the identified risks and opportunities.

The findings of the climate assessment, considering risks and opportunities, are presented to the Committee by the Sustainability Vice President, who particularly supervises the process. For further details, consult our report on the **Task Force on Climate-Related Financial Disclosures (TCFD).**

MAIN RISKS AND MITIGATION STRATEGIES

Some of the main short, medium and long-term risks that we have identified, and their corresponding mitigation strategy are mentioned and summarized below. For more information on our risk factors, review the **Annual Report to the Mexican Stock Exchange.**

Pandemics resulting from human-to-human transmitted diseases

As a consequence of the pandemic declared by the World Health Organization (WHO) due to the virus called COVID-19, the authorities and governments from different countries, including Mexico, through the Agreement by which the General Health Council of The United Mexican States recognizes the epidemic of SARS-CoV2 virus disease (COVID-19) in the United Mexican States, have decreed measures to prevent its spread, which have caused a slowdown in various activities of the economy in all countries where the Company operates, such as consumption, tourism, supply chains, among others. During most of 2021, due to the pandemic, there was a reduction in activities considered non-essential. A similar situation has been reflected in other key regions where the Company operates, causing a decrease in traffic in the sales centers, and a lower demand for certain products the Company sells.

The Company cannot guarantee that the health situation in Mexico and/or in the different regions where it operates is controlled, nor can it anticipate the effects of possible future pandemics and/or global health risks. These effects could generate an economic slowdown, recession, and even political and social instability, which could negatively affect the Company's business and financial situation.

Mitigation actions

Monitoring of established strategies for crisis management and ensuring business continuity.

Follow-up of the health and safety protocols established for our collaborators and groups of interest protection.

Adaptation of the product portfolio to meet current consumer needs.

Strengthening of our strategy for electronic commerce channels (e-commerce) for our customers and consumers benefit.

Activation of the "Alliances for Wellbeing" program of the Genomma Lab Foundation, as well as our remote corporate volunteering in support of communities in vulnerability situations.

Adverse economic conditions

A big part of the operations depends on the economy performance in the countries in which the Company operates. As a result, the Company's business, financial situation, and operating results could be affected by the volatility of consumption in the countries it operates, and it directly affects the markets in which it participates.

If consumption in the countries the Company operates is affected, as a result of a fall in the markets the company participates, the business, financial situation or results of operations could be affected.

Mitigation actions

Updating our corporate growth strategy, adding two pillars.

Optimization and innovation of our portfolio.

Strengthening of our "Go-To-Market" strategy, promoting initiatives that promote the accessibility of products by diversifying their commercial channels.

Strengthening of our direct distribution initiative in the traditional channel.

Strengthening our strategy for electronic commerce channels (e-commerce) for our customers and consumers benefit.

Price instability

Genomma Lab is a Mexican company and an important part of its operations, 43% as of December 31st, 2021, are carried out in Mexico and depend on the performance of the Mexican economy. As a result, the business, financial situation, and operating results of the Company could be affected by the general conditions of the Mexican economy, the depreciation of the peso against the dollar, price instability, inflation, interest rates, variations in oil prices, regulations, taxes, social instability, and other political, social, and economic events in or related to Mexico, over which the Company has no control. In the past, Mexico has experienced periods of adverse economic conditions, as well as periods in which economic conditions have deteriorated, and such circumstances have had a negative impact on the Company. It is not possible to predict that those conditions will not be repeated or that, if repeated, will not have an adverse effect on the Company's business, financial condition or results of operations.

Any decrease in the growth rate of the Mexican economy, the decrease in the gross domestic product and/or increases in inflation or interest rates could result in a lower demand for Genomma Lab products or a decrease in their products prices. Since a high percentage of the Company's costs and expenses are fixed, it may be the case that the Company cannot reduce its costs and expenses if any of the aforementioned events occurs, which could negatively affect the company's profit margins.

Mitigation actions

Diversification of local suppliers

Purchase of local raw material

Strategic commercial agreements with our suppliers

Absence of debt denominated in US dollars

Changes in applicable regulations

The Company currently operates in 18 countries, all of which have different regulations regarding products. Any changes in laws, regulations, and interpretations of the laws or regulations could alter the environment in which the Company conducts its business in each country.

This includes changes to, among others, laws and regulations regarding health care, pharmaceuticals, advertising, consumer protection, environmental management, as well as changes in accounting standards and tax policies. If the Company fails to comply with applicable laws or regulations, it could face legal action, including fines or sanctions that would negatively affect the results of its international operations.

The eventual impossibility of the Company to handle legal, regulatory and fiscal matters (including responsibility derived from the sale of its products, and matters related to intellectual and industrial property rights) and to resolve matters related to the government registration of the products, that are required for its sale under current regulations, could significantly and adversely affect the Company's international business.

Mitigation actions

Compliance with laws and regulations of each country where we operate.

Commitment to carry out all our business activities in strict adherence to applicable regulations.

Strengthening and continuous development of our regulatory support area.

Constant training of our work teams in regulatory and legal matters.

Compliance with our Integrity Policies, as well as the Code of Conduct and Ethics, which address issues such as human rights; non-discrimination and harassment; security and health; relationship with the community; environment; culture of legality; conflicts of interest; use of assets; confidential information; anti-money laundering and anti-corruption; relationship with authorities; political contributions; competition; relationship with customers and suppliers; marketing; gifts, hospitality and other courtesies; among other topics.

Promote the use of “GEN- Te Escucha” ethical attention system to present reports of cases of non-compliance with our Integrity Policies, Code of Conduct and Ethics and/or the applicable regulations.

Promote among the members of our value chain alignment with our Code of Conduct and Ethics and compliance with applicable regulations.

Affectation to our brand’s reputation

The financial success of the Company depends directly on its brands. The success of such brands could be affected if marketing plans, or product initiatives do not have the desired impact on the brand's image or its ability to attract and retain customers. Additionally, the Company's results could be affected if any of the main brands suffer significant damage to their reputation as a result of real or apparent quality problems.

Likewise, OTC products could give rise to unexpected uncertainty regarding safety or efficacy, whether scientifically justified or not, which could result in increased regulations, withdrawal of products from the market, decrease in sales, as well as liability actions, and any of the foregoing matters could have an adverse impact on the Company's business or results of operations. If any of the Company's products are found to be defective or fail to meet applicable specifications, Genomma Lab and its distributors may be subject to legal action.

Any prolonged or significant damage to the Company’s costumers or consumers’ confidence, regarding the reputation, safety or effectiveness of its brands or products could have an adverse effect on operating and financial results.

Mitigation actions

Assurance of the safety and efficacy of our products through clinical and cosmetic efficacy studies supported by our Medical Management and the Regulatory Affairs team.

Application, monitoring and continuous improvement of the pharmacovigilance process to monitor our products safety.
Application, monitoring and continuous improvement of our Quality Management System (QMS).

Compliance with and commitment to the responsible labeling of our products under the applicable regulations, endorsed by the areas of Medical Management and Regulatory Affairs.

Monitoring and verification of the advertising content creation process, endorsed by the areas of Medical and Regulatory Management. Signing of codes of advertising ethics in the industrial chambers in which the Company participates

Costumer expectations

The Company's success largely depends on the attractiveness of its products to a broad spectrum of customers whose preferences cannot be anticipated with certainty and are subject to change. If the Company's current products do not meet customer expectations, sales could decrease.
Additionally, Genomma Lab’s growth depends on its ability to develop new products by expanding its current lines and through modifications to existing products, which implies various risks. The Company may not be able to accurately identify the preferences of its customers and translate its knowledge into products with consumer acceptance or successfully integrate these new products into its current platform of products or operations. The Company could suffer the consequences of an increase in expenses for product development, marketing, and advertising, and that such additional costs are not subsequently covered by a sufficient level of sales, which could negatively affect the Company's margins.
In addition, product development could divert the attention of the Company's senior officers from other business matters, and this could adversely affect sales of its existing products. In this regard, even when new products are developed within the expected times, the new products may not contribute favorably to the results of the Company's operations.

Mitigation actions

Strengthening of our Consumer Intelligence & Analytics (CIA) team.

Optimization of the portfolio and promotion of product innovation.

Strengthening of the "Go-To-Market" strategy.

Incorporation of elements of circular economy and eco-design in our products.

Risks in the value chain

The Company relies on various manufacturers to deliver high-quality products, to meet all Genomma Lab specifications and applicable regulatory requirements, to meet product delivery times, and to be competitive in terms of price. If these manufacturers deliver products that are defective or otherwise do not meet Genomma Lab's quality control specifications or applicable regulatory requirements, the Company's defect and return rates could be increased, and the Company and its manufacturers could incur liability to its customers or final consumers, and be subject to legal action, in addition to the credibility and reputation of the Company's products would be affected.

Additionally, the Company imports into Mexico and the countries with local supplies, such as Argentina, Brazil, Peru, Ecuador, Colombia and the United States, various products and supplies from manufacturers or suppliers located mainly in Mexico, the United States, China, Israel, and France. Imported products could give rise to concerns regarding their compliance with regulatory requirements. If the imported products do not meet or it seems that they do not meet the requirements established in the regulation corresponding to each country, their entry could be prohibited and, if they were already in the corresponding territory, they could be withdrawn from the market, and this could give rise to the beginning of legal actions against their manufacturers and distributors.

On the other hand, if manufacturers or suppliers contracted by the Company, fail to meet delivery requirements, or cease to do business with the Company for any reason (including, for example, the insolvency or bankruptcy of any supplier), the Company may be in default. with delivery times to its distributors and customers, which in turn would cause those customers to cancel orders, refuse to accept product deliveries, demand a lower price, or reduce the volume of subsequent orders.

In the event that Genomma Lab registers insufficient inventories to supply products to its customers, sales could decrease significantly and the business would be affected. Likewise, if the Company's manufacturers or suppliers were unable to deliver the products on time or could not continue manufacturing them, the Company would have to seek other suppliers of its products, which would imply identifying and certifying new manufacturers. The Company may not promptly identify or certify manufacturers of existing or new products, and such manufacturers may not meet Company requirements. Additionally, identifying alternative manufacturers and suppliers with insufficient lead times could compromise required production targets, which could result in additional production expense, production delay, the production of substandard products, or loss of competitive advantage or positioning in the market.

The consequences of not ensuring, on time and adequately, the manufacture and merchandise supply, would cause a negative impact on inventories, sales and gross margins, and ultimately on the Company's operating results. Additionally, the Company's current manufacturers and suppliers may increase the costs of the products the Company purchases from them. If manufacturers and suppliers increased their prices, Genomma Lab's sales costs would increase, and margins would be affected if these cost increases are not passed on to its customers or consumers.
On the other hand, the operation of our suppliers and manufacturers could be compromised by breaches in terms of sustainability and social responsibility, such as those related to the violation of human rights, the lack of industrial safety measures, the breach of ethical criteria, incorrect environmental management or violation of applicable labor and environmental regulations, among others. These factors may result in the interruption of the Company's supply due to the closure of suppliers' facilities, in addition to the generation of reputational risks for Genomma Lab.

Mitigation actions

Strengthening of the Sustainability Program for Suppliers.

Compliance with the goals established in our 2025 Sustainability Strategy in relation to our Value Chain.

Identification of critical suppliers in the value chain, and establishment of commercial agreements with critical suppliers.

Application, monitoring, and continuous improvement of our Quality Management System (QMS).

Supplier quality audits prior to negotiations. Ensure alignment of suppliers to our Code of Conduct and Ethics for Suppliers.

Evaluation of our suppliers in social, environmental and ethical matters.

Strengthening and updating of the supply team.

Protection of our intellectual and industrial property

The inability of the Company to obtain or maintain adequate protection of its intellectual and industrial property rights, whatever the cause, could have a negative effect on the business, operating results, and financial condition of the Company. Additionally, Genomma Lab cannot guarantee that its intellectual and industrial property rights will have the same degree of protection in Mexico as in other countries.

The existence of a market for the Company's products depends largely on the image and reputation associated with its trademarks and trade names. The trademarks and trade names of the Company's products are the vehicle through which the Company communicates that those products are "branded products", and therefore the Company considers that its customers attribute a certain value to the brands.
Genomma Lab owns the main trademarks and trade names that are used for the packaging and labeling, marketing, and sale of the Company's most important products. Ownership of its trademarks prevents them from being used by the Company's competitors and new market participants.

Therefore, the protection of trademarks and trade names is fundamental in the Company's business. Although most of the trademarks are registered in Mexico and in the countries in which it currently has operations, the Company may not be successful in maintaining the protection of its trademarks and trade names. Any third party could violate the intellectual and industrial property rights of the Company, which could cause a decrease in the brands value.

If Genomma Lab loses the exclusive rights over its trademarks and trade names, or their value decreases, or if its competitors introduce trademarks onto the market that could cause confusion with the Company's trademarks, the value that the customers attribute to the Company's brands could be affected, which could have an adverse effect on its sales and operating results.

Any violation of the Company's intellectual or industrial property rights could result in the Company devoting substantial time and resources to the defense and protection of such rights through litigation, which could cause an adverse effect on the business, operating results or in the financial situation of the Company. Genomma Lab cannot guarantee that it will have the resources to assert its intellectual property rights or that it will be successful in defending them.

The Company faces the risk that third-party lawsuits may be filed against it for violation of intellectual or industrial property rights. The Company's defense of any claim for infringement of intellectual or industrial property rights, including those that are unfounded, could be expensive and take too long, which could cause the Company to (i) cease to manufacture, license, or use products that incorporate the intellectual or industrial property rights in dispute; (ii) redesign, reengineer, and rebrand products or packaging, if possible; (iii) divert the attention and resources of the main executives of the Company; or (iv) has to enter into, if possible, license agreements to obtain the right to use the intellectual or industrial property of the third parties in question.

The Company's inability to exploit the brands subject to claims could have a material adverse impact on the Company's sales and results of operations.

Mitigation actions

Comply with and safeguard all applicable regulations regarding intellectual and industrial property.

Management and monitoring of the brand portfolio.

Comply with our Integrity Policies and Code of Conduct and Ethics that address issues such as culture of legality; conflicts of interest; use of assets; confidential information; competition; relationship with customers and suppliers; marketing; among other topics.

Alignment with the codes of ethics of the chambers and industry associations to which we belong, adhere to the rules of fair competition, respecting all principles such as legality, truthfulness, honesty, verification, and support, among others.

Risks or Effects of Climate Change

The Company is exposed to negative effects due to climate change such as increases in raw material and/or production costs, more rigorous sanitary regulations, promulgation of new laws and stricter regulations, and/or reforms to existing laws and/or regulations in environmental matters, specifically related to climate change, changes in consumption patterns and trends, etc., which could affect the Company's sales; That is why Genomma Lab has committed itself to the environment and has taken actions to raise awareness in the community about risks associated with climate change.

For more detail on identifying the Company's weather, physical and transition risks, see the **Report of the Task Force on Climate-Related Financial Disclosures** (TCFD).

Mitigation actions

Compliance with the goals established in our 2025 Sustainability Strategy in relation to Our Waste Management, Our Water Management and Our Actions against Climate Change.

Improved efficiency in production and distribution processes.

Increased use of recycled raw materials.

Increased use of low-emission energy sources.

Training on sustainability for the entire organization.

Launch of packages and containers with less environmental impact.

Cybersecurity

The Company relies on information technology and automated operating systems to manage and support our operations and to deliver our products to customers. Our systems and technology, as well as the services offered by third-party providers, may be vulnerable to damage, alteration or intrusion, caused by events beyond our control, such as a physical or electronic intrusion, interruption in power supply, natural disasters, computer system or network failures, viruses or malware, unauthorized access or cyberattacks.

Any material disruption to our systems and information leaks or theft could affect our compliance with data privacy laws, harm our relationships with employees, customers, and suppliers, and have a material adverse effect on our business, financial condition, results of operations and reputation.

Mitigation actions

Compliance with our Integrity Policies, as well as the Code of Conduct and Ethics, which address issues such as conflicts of interest; use of assets; confidential information; anti-money laundering and anti-corruption; among others.

Compliance with our Cybersecurity Policy and training of collaborators on its content.

Have cybersecurity controls and monitoring. Have disaster recovery plans and rapid response teams.

Strengthen insurance coverage.

Supervise the cybersecurity strategy through the member of the Board of Directors and Chairman of the Corporate Practices and Audit Committee, specialized in the matter. The cybersecurity strategy is implemented by the Director of Information Technologies, supervised by the Global Director of Finance and Administration and the General Director, responsible for issues related to IT and Cybersecurity.

Technological infrastructure failure

The Company has to make continuous investments and improvements in its technological infrastructure, such as those pertaining to Artificial Intelligence (AI) in order to maintain its level of competitiveness in the market. Information generated, obtained, or received by the Company through its current technology systems may not be timely or sufficient to generate revenue more effectively, manage its risks or react to future events.

The Company could experience difficulties in updating, developing, and expanding such systems quickly enough to accommodate the growth of its operation. The Company's inability to anticipate current market trends could have an adverse effect on its competitiveness, financial condition, and operation results.

Genomma Lab's inability to timely fill high-level job vacancies could affect its ability to implement business strategies, resulting in harm to the Company's business and operations results.

Mitigation actions

Investment and continuous improvement of technological infrastructure.

Implementation of our product demand planning model based on the fluctuation of the initial price applied at the point of sale.

Implementation of a model applicable to our Manufacturing Plant to carry out the analysis and projection of the offer required by the market for a particular product based on the national and international consumption trend and the present economic moment.

Talent Retention and Attraction

The Company's success depends largely on the performance of the Company's officers and other key employees, as well as its ability to recruit highly qualified executives and other key personnel.

The future operations of the Company could be affected if any of its senior executives or key personnel cease to provide their services. The market competition to recruit senior executives is intense and the Company cannot assure you that it will be able to retain current personnel or attract additional qualified personnel. The loss of a senior executive of the Company would result in the other executives of the Company immediately diverting their attention to carrying out that executive's duties and seeking a replacement.

Mitigation actions

Compliance with the goals established in our 2025 Sustainability Strategy in relation to Our Team.

Strengthening our corporate culture.

Development of strategies and action plans according to the areas of opportunity identified in the work environment survey and focus groups.

Implementation of training and development programs for our employees.
Communication and application of our Integrity Policies.

Implementation of wellness programs for our employees.

Development of initiatives that promote diversity, inclusion and non-discrimination.
Strengthening of our talent attraction strategy.

Integration of the Talent Committee.
Strengthening of the Performance Evaluation Program.

For more information about our risk factors consult the Annual Report to the Mexican Stock Exchange.

RESULTS ANALYSIS **AND DISCUSSION**

CONSOLIDATED RESULTS FOR THE FULL YEAR 2021

Net sales 2021

Net Sales during the 12 months of 2021 reached Ps. 15.49 billion; an increase of 11.7%, year over year. The increase in sales was mainly attributed to innovation initiatives highlighting several line extensions, a strong performance of new categories, as well as aggressive marketing and advertising campaigns at the point of sale.

Net Sales 2021 grew Ps. 1.62 billion; +11.7% year-on-year

EBITDA 2021

EBITDA for the year 2021 was Ps. 3.21 billion, compared to Ps. 2.92 billion in 2020. The EBITDA margin for the full year 2021 closed at 20.7%. EBITDA margin contraction by 40bp is mainly due to FX headwinds in some regions where the company operates, the negative impact due to inflationary effects of some raw materials, as well as non-recurring expenses related to new products launches and e-commerce platform investments. To a lesser extent, the margin contraction was also due to a negative effect on the sales mix of lower-margin products, as well as the investments made to start operations of the Genomma Industrial Cluster.

EBITDA 2021 increased Ps. 286.8 million, EBITDA margin of 20.7%

Gross Profit 2021

Gross Profit reached Ps. 9.56 billion during the twelve months of 2021, compared to Ps. 8.59 billion in 2020. The gross margin for 2021 decreased 20 bps, to close at 61.7%. The contraction in the gross profit margin was mainly due to inflation in costs associated with the sale, as well as FX headwinds in some regions where the company operates.

Selling, General, Marketing and Administrative Expenses 2021

Selling, General, Marketing and Administrative Expenses increased as a percentage of sales during the year 2021, to close at 41.4% compared to 39.7% for 2020, primarily attributed to increased payroll resulting from Mexican Labor Reform on subcontracting. In addition, this effect was due to certain investments made in marketing to increase net sales, as well as operating expenses related to the new Genomma Industrial Cluster.

Comprehensive Financing Result 2021

The Comprehensive Financing Result represented an expense of Ps. 734.3 million during 2021, compared to an expense of Ps. 597.1 million reported in 2020. The Ps. 137.2 million increase is mainly due to: i) a Ps. 151.3 million increase in the Company's monetary position within its inflationary subsidiary; ii) a net decrease of Ps. 36.7 million year-on-year in foreign exchange gain (loss). This was offset by i) an increase of Ps. 34.0 million in financial interest gains during 2021; ii) and a decrease of Ps. 16.7 million in financial interest expenses during the year 2021.

Income Taxes for 2021

Income Taxes for 2021 reported an increase of Ps. 147.2 million, to close at Ps. 914.0 million, compared to Ps. 766.8 million reported in 2020. The increase is mainly due to the tax effects derived from the repatriation of dividends from subsidiaries abroad.

Net Income 2021

Net Income closed at Ps. 1.31 billion during 2021, compared to Ps. 1.40 billion net income for the year 2020, which represented a negative variation of Ps. 95.6 million year over year.

Financial Position 2021

- 2021 Working Capital: Working Capital was adjusted during the quarter and the cash conversion cycle closed at 109 days; an increase of 13 days against the end of December 2020.
- Accounts Receivable 2021: Accounts Receivable reached Ps. 4.23 billion by December 31, 2021. The days of accounts receivable reached 100 days; a decrease of 5 days compared to the end of December 2021. The decrease was mainly due to a continuous improvement in management and collection initiatives achieved during the quarter.
- Inventories 2021: Inventories reached Ps. 2.20 billion as of December 31, 2021. Days of inventories reached 130 days; a decrease of 9 days compared to the end of December 2020. The foregoing is the result of the improvement in the execution and control of inventories result of the operation of the new demand planning system (S&OP).

- Trade Payables 2021: Trade Payables reached Ps. 1.44 billion as of December 31, 2021. Supplier days decreased to 121 days, from 148 days reported as of December 31, 2020.

Fixed Assets 2021

The Company invested Ps. 616.6 million in the twelve months, ended December 31, 2021, mainly related to the start of operations of the manufacturing lines of the new industrial cluster located in the State of Mexico.

Net Financial Debt 2021

Net Financial Debt showed a decrease compared to the end of 2021:

- Cash and Equivalents reached Ps. 1.26 billion as of December 31, 2021, which represented a decrease of 39.9% during 2021, mainly related to debt payment.
- Gross Financial Debt reached Ps. 5.90 billion as of December 31, 2021, compared to Ps. 6.42 billion at the end of 2020, which represented a decrease of Ps. 519.6 million year over year. The Company's total long-term debt represented 64.9% of total debt at the end of 2021.
- Net Financial Debt reached Ps. 4.64 billion at the end of December 2021; an increase of Ps. 319.4 million compared to December 31, 2020.

During 2021, the Net Debt to EBITDA ratio closed at 1.45x, in line with the Company's leverage expectations.

2021 Share Buyback Program

The Share Buyback Program reached a total balance of 44,562,667 shares as of December 31, 2021, equivalent to **Ps. 871.4 million.** In other words, during the 12 months of 2021, the net increase was 2,802,499 shares with a value of **Ps. 53.2 million.**

Free Cash Flow from Operations 2021

Excluding investments in the Company's new Industrial Cluster, free cash flow would have reached Ps. 1.43 billion for the twelve months of 2021. Most of the cash flow generated during the year was invested in the Personal Care Plant and the new Central Warehouse, as well as in working capital investments to drive growth strategies.

Main Financial Ratios

FINANCIAL RATIO	AS OF DECEMBER 31,2021
EV/EBITDA	8.46x
DN/EBITDA	1.45x
PE	17.21x
EPS	1.30 MXN

2021 ANALYST COVERAGE

As of December 31, 2021, LAB B is covered by 12 sell-side analysts at the following brokerages: Casa de Bolsa Credit Suisse; Banco Itaú BBA; BBVA Bancomer; UBS Casa de Bolsa; Vector Casa de Bolsa; Barclays Bank; BTG Pactual US Capital; GBM Grupo Bursátil Mexicano.; Grupo Financiero Banorte; Actinver Casa de Bolsa; JP Morgan Securities; y Monex Grupo Financiero.

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

CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEARS ENDEND DECEMBER 31, 2021, 2020 AND 2019, AND JANUARY 1ST 2019, AND INDEPENDENT AUDITORS´REPORT DATED OF APRIL, 2022

CONTENT

To consult the official audited information that was reported to the Mexican Stock Exchange (BMV) in Annex N and in the section of the issuer on the BMV page, please consult the following link:

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF GENOMMA LAB INTERNACIONAL, S. A. B. DE C. V.

Opinion

We have audited the consolidated financial statements of Genomma Lab Internacional, S. A. B. de C. V. and Subsidiaries ("the Enitity" or "the Group"), which comprise the consolidated statements of financial position as of December 31, 2021, 2020, 2019 and January 1, 2019, and the consolidated statements of profit or loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Genomma Lab Internacional, S.A.B. de C.V. and Subsidiaries as of December 2021, 2020, 2019 and January 1, 2019, and its financial performance and its cash flows for the years then ended, in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

Basis for Opinion

We conduct our audits in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further explained in the Responsibilities of Independent Auditors for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Entity in accordance with the Code of Ethics for Accounting Professionals of the International Ethics Standards Council for Accountants (IESBA Code of Ethics) and with the one issued by the Mexican Institute of Public Accountants (IMCP Code of Ethics), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code of Ethics and the IMCP Code of Ethics. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our opinion.

Emphasis paragraph

As mentioned in note 2, the accompanying consolidated financial statements as of December 31, 2020, 2019 and January 1, 2019 have been restated.

As mentioned in note 4x, the accompanying consolidated financial statements have been translated into English for the convenience of readers.

Key audit matters

Key audit matters are matters that, in our professional opinion, have been of the greatest significance in our audit of the consolidated financial statements for the 2021 financial year. These issues have been dealt with in the context of our audit of the consolidated financial statements as a whole and in the formation of our opinion on them, and we do not express a separate view on these issues. We have determined that the key audit issues described below are those that should be reported in our report.

Intangible assets - Impairment

(See Note 10 - Intangible assets)

Intangible assets mainly comprise brands..

Every year, the Entity performs an impairment analysis of its brands and other intangible assets as established by Internacional Accouting Standard 36 ("IAS 36") "Impairment of assets", in which future discounted cash flows are calculated to determine if the value of these assets has deteriorated based on the income that each one will generate in the following years. As in any projection of future results, there is the possibility that the assumptions used by management to calculate the cash flows differ from the actual results, both due to those related to the production capacity of the plant and the sale of products as well as those related to conditions external to the Entity, for which management applies judgement for its determination. This increases the judgment the auditor exercises in evaluating the reasonableness of assumptions.

Our audit procedures focused on evaluating the reasonableness of the values of intangible assets, addressing the risk of impairment, mainly by evaluating the judgments and assumptions used by management to determine the projections of discounted future cash flows, considering the sales trend, product demand and the production capacity of the new plant that is under construction. We also evaluated the reasonableness of the discount rates used. All these, with the support of our internal experts in valuation methodologies.

Revenue recognition - Excess sales to distribution channels

(See Note 3w - Revenue recognition)

In accordance with International Auditing Standards, we must assume that there is a significant risk of fraud related to revenue recognition. We define the risk of revenue recognition through channel stuffing.

Our audit procedures in response to this risk included testing the Entity's controls around the granting of discounts, obtaining an understanding of the main discounts granted in the last months of the year, carrying out analytical tests on the discounts for the year and testing of returns in the months after closing, and finally, requesting confirmations from certain customers regarding the agreed terms.

Other information included in the document containing the audited consolidated financial statements

The Entity's administration is responsible for the other information. The other information will comprise the information that will be included in the Annual Report that the Entity is obliged to prepare in accordance with Article 33, Section I, subsection b) of Title Four, First Chapter of the General Provisions Applicable to Issuers and other Participants of the Stock Market in Mexico and the Instructions that accompany those provisions (the Provisions). The Annual Report is expected to be available for our reading after the date of this audit report.

Our opinion of the consolidated financial statements does not cover the other information and we do not express any form of assurance about it..

In connection with our audit of the consolidated financial statements, our responsibility will be to read the other information mentioned, when available and when we do, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit. , or appears to contain a material error. When we read the Annual Report, we will issue the legend on its reading, required in Article 33, Section I, subsection b), numeral 1.2. of the Provisions or if we conclude that there is a material error in the other information we would have to report this fact.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Miembro de Deloitte Touche Tohmatsu Limited

C.P.C. Jorge Omar Esquivel Romero
28 de abril de 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021, 2020, 2019 and January 1, 2019
(In thousands of Mexican pesos)

ASSETS	NOTES	DECEMBER 31, 2021	DECEMBER 31, 2020 AS RESTATED	DECEMBER 31, 2019 AS RESTATED	JANUARY 1, 2019 AS RESTATED
Current assets:					
Cash, cash equivalents and restricted cash	6	$ 1,264,832	$ 2,103,870	$ 922,941	$ 1,414,641
Accounts receivable and other accounts receivable - Net	7	7,251,559	7,235,086	6,218,410	5,261,822
Accounts receivable from related parties	18	148,353	75,792	86,996	57,354
Inventories - Net	8	2,201,872	2,045,983	1,907,843	1,697,032
Advance payments		654,441	576,743	681,359	566,715
Total current assets		11,521,057	12,037,474	9,817,549	8,997,564
Long-term assets:					
Property, plant and equipment - Net	9	3,317,346	2,795,312	2,159,455	1,870,234
Investment in associates	11	765,000	909,258	909,863	845,834
Assets for right of use		48,772	56,853	61,293	-
Deferred income taxes	20	500,762	540,106	576,442	624,888
Intangible assets - Net	10	5,169,138	4,908,365	4,913,215	4,934,397
Other assets - Net		220,885	93,515	92,075	94,340
Total long-term		10,021,903	9,303,409	8,712,343	8,369,693
Total assets		**$ 21,542,960**	**$ 21,340,883**	**$ 18,529,892**	**$ 17,367,257**

PASIVOS Y CAPITAL CONTABLE	NOTES	DECEMBER 31, 2021	DECEMBER 31, 2020 AS RESTATED	DECEMBER 31, 2019 AS RESTATED	JANUARY 1, 2019 AS RESTATED
Current liabilities:					
Bank loans and current portion of long-term debt	13	$ 2,072,309	$ 1,970,239	$ 1,550,006	$ 676,022
Accounts payable to suppliers		1,439,640	1,644,766	1,881,177	1,774,441
Accounts payable to related parties	18	761	947	2,471	2,087
Other accounts payable and accrued liabilities	12	2,569,841	2,669,456	2,008,134	1,858,060
Income tax		438,568	275,791	194,307	168,177
Short-term lease liabilities		32,818	36,829	19,004	-
Employee profit sharing		17,204	15,943	23,440	6,531
TTotal current liabilities		6,571,141	6,613,971	5,678,539	4,485,318
Long-term liabilities:					
Bank and long-term debt	13	3,832,033	4,453,747	4,484,666	5,197,350
Dividends payable	17	408,244	800,000	800,000	800,000
Various creditors		37,902	36,794	34,916	36,283
Employee benefits upon retirement	14	42,998	21,491	21,537	30,116
Long-term lease liabilities		23,717	20,783	46,166	-
Deferred income taxes	20	554,699	551,643	214,818	100,370
Total long-term liabilities		4,899,593	5,884,458	5,602,103	6,164,119
Total liabilities		11,470,734	12,498,429	11,280,642	10,649,437
Stockholders' equity:					
Common stock		1,912,967	1,912,967	1,912,967	1,914,306
Premium on sale of repurchased shares		39,749	39,749	39,749	39,749
Repurchase of shares		(1,166,018)	(1,143,484)	(1,512,895)	(1,430,089)
Share-based payments		(87,821)	(31,450)	70,067	70,067
Retained earnings		9,418,955	8,084,693	6,757,049	6,096,181
Cummulative translation adjuments		(47,944)	(22,359)	(20,025)	27,606
Gain on financial assets at fair value		2,338	2,338	2,338	-
Total equity	17	10,072,226	8,842,454	7,249,250	6,717,820
Total liabilities and stockholders' equity		**$ 21,542,960**	**$ 21,340,883**	**$ 18,529,892**	**$ 17,367,257**

The accompanying notes are part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

For the years ended December 31, 2021, 2020 and 2019
(In thousands of Mexican pesos, except earnings per share which is expressed in Mexican pesos)

	NOTES	2021	2020	2019
			AS RESTATED	AS RESTATED
Net sales		$ 15,487,059	$ 13,870,148	$ 12,712,890
Cost of sales		5,923,861	5,282,059	4,614,966
Gross profit		9,563,198	8,588,089	8,097,924
Selling, general and administrative expenses		6,570,309	5,665,985	5,823,570
Other (income) expenses, net	**19**	(59,182)	154,102	(56,468)
Impairment of long-term assets		5,520	-	-
		6,516,647	5,820,087	5,767,102
Income from operations		3,046,551	2,768,002	2,330,822
Comprehensive financing income:				
Interest expense		(444,390)	(461,107)	(606,683)
Interest income		65,429	31,396	28,777
Exchange gain (loss), net		(25,917)	10,782	(151,261)
		(404,878)	(418,929)	(729,167)
Loss due to monetary position in subsidiary in hyperinflationary economy		(329,418)	(178,132)	(120,354)
Share of profits in associates	**11**	(90,378)	(605)	64,029
Profit before income taxes		2,221,877	2,170,336	1,545,330
Income taxes	**20**	914,010	766,833	795,725
Consolidated net profit		1,307,867	1,403,503	749,605

	NOTES	2021	2020	2019
Other comprehensive income, net of income taxes:				
Items that will be reclassified to results in the future				
Cummulative translation adjustment of foreign operations		(25,585)	(2,334)	(47,631)
Consolidated comprehensive income		$ 1,282,282	$ 1,401,169	$ 701,974
Basic and diluted earnings per share		$ 1.30	$ 1.39	$ 0.74
Weighted average number of shares outstanding (in thousands of shares)		1,007,626	1,011,806	1,013,099

The accompanying notes are part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2021, 2020, 2019 and January 1, 2019
(In thousands of Mexican pesos)

	CONTRIBUTED CAPITAL				EARNED CAPITAL			
	COMMON STOCK	PREMIUM IN SALE OF REPURCHASED SHARES	REPURCHASE OF SHARES	SHARED-BASED PAYMENTS	RETAINED EARNINGS	CUMMULATIVE TRANSLATION ADJUSTMENTS	GAIN ON FINANCIAL ASSETS AT FAIR VALUE	TOTAL STOCHOLDERS' EQUITY
Balances at the beginning of 2019 (As restated)	$ 1,914,306	$ 39,749	$ (1,430,089)	$ 70,067	$ 6,096,181	$ 27,606	$ -	$ 6,717,820
Repurchase of own shares	(1,339)	-	(82,806)	-	-	-	-	(84,145)
Effect of transactions with treasury shares	-	-	-	-	(88,737)	-	2,338	(86,399)
Consolidated comprehensive income (As restated)	-	-	-	-	749,605	(47,631)	-	701,974
Balances as of December 31, 2019 (As restated)	1,912,967	39,749	(1,512,895)	70,067	6,757,049	(20,025)	2,338	7,249,250
Repurchase of own shares	-	-	(11,070)	-	-	-	-	(11,070)
Effect of transactions with treasury shares	-	-	380,481	(101,517)	(75,859)	-	-	203,105
Consolidated comprehensive income (As restated)	-	-	-	-	1,403,503	(2,334)	-	1,401,169
Balances as of December 31, 2020 (As restated)	1,912,967	39,749	(1,143,484)	(31,450)	8,084,693	(22,359)	2,338	8,842,454
Repurchase of own shares	-	-	(155,805)	-	-	-	-	(155,805)
Effect of transactions with treasury shares	-	-	133,271	(56,371)	26,395	-	-	103,295
Consolidated comprehensive income	-	-	-	-	1,307,867	(25,585)	-	1,282,282
Balances as of December 31, 2021	$ 1,912,967	$ 39,749	$ (1,166,018)	$ (87,821)	$ 9,418,955	$ (47,944)	$ 2,338	$ 10,072,226

The accompanying notes are part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021, 2020, and 2019
(In thousands of Mexican pesos)

	2021	2020 AS RESTATED	2019 AS RESTATED
Cash flows from operating activities:			
Consolidated net profit for the year	$ 1,307,867	$ 1,403,503	$ 749,605
Adjustments for:			
Depreciation and amortization	170,266	158,991	142,198
Income taxes recognized in profit	914,010	766,833	795,725
Impairment of equipment	20	35	-
Long-term asset impairment	5,500	-	-
Loss on sale of assets	4,257	1,013	1,060
Net period cost due to employee benefits upon retirement	21,282	207	(168)
Unrealized exchange rate fluctuations	(1,777)	17,347	(5,210)
Monetary position and inflation adjustments in a subsidiary in a hyperinflationary economy, net	214,918	105,633	64,611
Share of profits in associate	90,378	605	(64,029)
Amortization of debt issuance expenses	12,116	16,362	9,845
Interest income	(65,429)	(31,396)	(28,777)
Interest expense	444,390	461,107	606,683
	3,117,798	2,900,240	2,271,543
Changes in working capital:			
(Increase) decrease in:			
Accounts receivable	(183,098)	(766,840)	(1,449,834)
Accounts receivable from related parties	(62,185)	11,204	(29,512)
Inventories	(227,600)	(227,554)	(359,898)
Advance payments	(96,033)	17,884	378,206
Other assets	(53,269)	135	-
Increase (decrease) in:			
Accounts payable to suppliers	(171,621)	(210,355)	179,629
Other accounts payable and liabilities accumulated	(18,261)	751,735	333,702
Accounts payable to related parties	(186)	(1,524)	101
Employee profit sharing	856	(8,858)	15,046
Income taxes paid	(838,050)	(751,542)	(332,052)
Net cash flows generated in operating activities	1,468,351	1,714,525	1,006,931

	2021	2020 AS RESTATED	2019 AS RESTATED
Cash flows from investing activities:			
Acquisition of property, plant and equipment	(630,209)	(696,852)	(845,945)
Sale of property and equipment	5,904	9,029	6,357
Acquisition of intangibles and other assets	(206,579)	(7,778)	(30,656)
Interest received	65,268	31,949	25,603
Net cash flows (applied) in investing activities	(765,616)	(663,652)	(844,641)
Cash flows from financing activities:			
Loans obtained	2,053,614	4,832,375	3,587,663
Loan repayment	(2,576,053)	(4,399,920)	(3,437,102)
Effect of transactions with treasury shares	76,900	278,964	-
Repurchase of shares	(155,805)	(15,441)	(90,900)
Sale of repurchased shares	-	4,371	6,755
Lease liability payments	(57,459)	(74,378)	(56,522)
Payment of dividends to shareholders	(391,756)	-	-
Interest paid	(418,678)	(436,123)	(632,130)
Net cash flows applied in financing activities	(1,469,237)	189,848	(622,236)
Net increase (decrease) in cash, cash equivalents and restricted cash	(766,502)	1,240,721	(459,946)
Effect of exchange rate changes in cash flows	(72,536)	(59,792)	(31,754)
Cash, cash equivalents and restricted cash at the beginning of the year	2,103,870	922,941	1,414,641
Cash, cash equivalents and restricted cash at the end of the year	$ 1,264,832	$ 2,103,870	$ 922,941

The accompanying notes are part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2021, 2020, and 2019
(In thousands of Mexican pesos)

1. Organization, nature of business, basis of presentation and important events

Activities

Genomma Lab Internacional, S.A.B. de C.V. and Subsidiaries ("Genomma Lab", and together with its subsidiaries, the "Entity") is dedicated to the sale of over-the-counter pharmaceutical products (hereinafter OTC products) and personal care products (hereinafter PC products) with a growing presence in international markets. The Entity is incorporated in Mexico and the domicile of its offices is Antonio Dovalí Jaime 70, Piso 2, Torre B, Col. Santa Fe, CP 01210, Mexico City.

The Entity develops, sells and markets a wide range of first-class products made up of more than 350 OTC pharmaceutical products and personal care products, which are marketed through more than 40 active brands. As of December 31, 2021, the Entity is the owner or authorized licensee of the Industrial and Intellectual Property rights necessary for the manufacture, marketing, distribution and sale of its OTC pharmaceutical products, cosmetics and skin care products. The mentioned Industrial Property rights include trademarks and commercial notices. In Mexico, the Entity is the owner of 1,100 trademark registrations and a total of 1,862 trademark registrations in different countries such as: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, United States of America, Guatemala, Honduras, Jamaica, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, Dominican Republic, Trinidad and Tobago, Uruguay and Venezuela. Product sales made by subsidiaries abroad represent approximately 58%, 57% and 54% of consolidated net sales as of December 31, 2021, 2020 and 2019, respectively.

Relevant events

2021

a. Debt issuance On February 2021, the Entity concluded the successful placement of short-term Debt Certificates in the Mexican market for a total amount of $800 million pesos in four stock debt issues under its dual program, at terms of 196, 280 and 364 days at a rate of TIIE plus 15, 23 and 24 basis points. The Debt Certificates were placed among a diversified base of investors..

b. On February 24, 2021, the Entity agreed to the voluntary payment of taxes for 750 million pesos, thus resolving the differences in criteria with the General Administration of Large Taxpayers of the Tax Administration Service (SAT). With this payment, the differences in criteria and the open audits with the SAT from fiscal years 2013 to date are ended.

c. As of December 31, 2020, the Entity had a leased distribution center (Cedis Doña Rosa), with an area of approximately 36,000 square meters located in the State of Mexico. Once the move to the new manufacturing plant and distribution center in San Cayetano was completed, the Entity delivered back the distribution center in March 2021.

d. On April 23, 2021, the Decree was published in the Official Gazette of the Federation by which various labor and tax regulations were modified with the aim of prohibiting the subcontracting of personnel and establishing the rules under which specialized services may be subcontracted. or execution of specialized works that are not part of the corporate purpose or the main economic activity of the beneficiary thereof.

The reform includes the possibility of considering as specialized those services or complementary or shared works provided between companies of the same business group, as long as they are not part of the corporate purpose or the predominant economic activity of the company that receives them.

As of the date of issuance of these financial statements, the Entity already has employment contracts and designated personnel in each of the companies of the same business group, to comply with the new legal provisions.

e. Debt issuance – On July 2021, the Entity concluded the successful placement of short-term Debt Certificates in the Mexican market for a total amount of $500 million pesos in four stock debt issues under its dual program, at terms of 252, 245, 357 and 364 days at a rate of TIIE plus 10, 9, 13 and 14 basis points. The Debt Certificates were placed among a diversified base of investors.

f. Debt issuance – On August 2021, the Entity concluded the successful placement of short-term Debt Certificates in the Mexican market for a total amount of $314 million pesos in four stock debt issues under its dual program, at terms of 105, 112, 357 and 364 days at a rate of TIIE plus 5, 4, and 10 basis points. The Debt Certificates were placed among a diversified base of investors

g. Debt issuance – On September 2021, the Entity concluded the successful placement of short-term Debt Certificates in the Mexican market for a total amount of $242 million pesos in two stock debt issues under its dual program, at terms of 224 and 364 days at a rate of TIIE plus 6 and 9 basis points. The Debt Certificates were placed among a diversified base of investors.

h. On September 7, 2021, the Federal Commission for the Protection against Sanitary Risks (COFEPRIS) granted the Certification of Good Manufacturing Practices to Medicinas y Medicinas Nacionales, S. A. de C. V., a subsidiary of the Entity, for its production lines of solids and semi-solids at the manufacturing plant in San Cayetano.

i. Debt issuance – On October 2021, the Entity concluded the successful placement of short-term Debt Certificates in the Mexican market for a total amount of $150 million pesos in one stock debt issues under its dual program, at terms of 336 days at a rate of TIIE plus 9 basis points. The Debt Certificates were placed among a diversified base of investors.

j. On November 18, 2021, the Entity and Oramed Pharmaceuticals, Inc. announced the formation of a strategic alliance (50/50) between Genomma Lab and Oravax Medical, Inc., a subsidiary of Oramed, to develop the necessary tests to market Oravax , the oral vaccine candidate for the COVID-19 virus, in Mexico.

The Entity will contribute to the strategic alliance with resources to develop the clinical tests that allow the COVID-19 oral vaccine to be marketed in Mexico, which will be coordinated by both companies. The Entity will leverage its supply chain capabilities and extensive presence in the Latin American market to drive business development and eventual deployment of vaccines throughout the region.

In order to align interests and deepen the business relationship between both companies, Oramed and Genomma Lab announce their intention to celebrate a share exchange (swap) for an amount equivalent to US$20 million. The share exchange price is expected to be calculated based on the average closing price of the respective shares over the previous 15 trading days. Likewise, the Entity undertakes to participate in a future investment in Oravax.

k. On November 26, 2021, the Entity presented the Notice of Rights, through the Mexican Stock Exchange, communicating the payment of a dividend to shareholders for the total amount of $400 million (four hundred million pesos 00/100 National Currency) and that was carried out on December 10, 2021, at a rate of $0.381679389 pesos for each of the shares representing the capital stock of the Entity that are in circulation according to the shareholding and in proportion to its participation in the capital stock of the entity. It is stated that the amount that will be paid as dividends to the Entity's shareholders comes from the Net Tax Profit Account (CUFIN) of the Company prior to the 2014 fiscal year.

The dividend was approved by the Ordinary and Extraordinary Annual General Meeting of Shareholders on April 27, 2017, delegating to the Board of Directors the power to determine the dates of payment of said dividend, once the investment phase in the Plant was concluded. of Manufacturing and will begin the stage of generating cash flow and important improvements in the quality of the products thanks to the new infrastructure.

l. Going concern – The consolidated financial statements have been prepared by Management assuming that the Entity will continue to operate as a going concern.

During the first months of 2020, the infectious disease COVID-19 caused by the coronavirus appeared, which was declared by the World Health Organization (WHO) as a Global Pandemic on March 11, 2020, its recent global expansion has motivated a series of containment measures in the different geographies where the Entity operates and certain sanitary measures have been taken both by the Mexican authorities and by the different governments where the Entity operates to stop the spread of this virus. Derived from the uncertainty and duration of this pandemic, the Entity with the capacity for innovation and adaptation that characterizes it, had an agile response to the changes in consumption patterns associated with the COVID-19 pandemic.

The Entity began the production and distribution of the new line of antibacterial products under the brands XL-3® for Mexico and Next® for the United States. The first production batches have been for antibacterial gel, a product with a high demand, and are already found in the main supermarkets and pharmacies in Mexico and the United States of America. The Entity continued with the launch of new products for the antibacterial line, including hand soap, towels and disinfectant sprays, among other products, which will be launched as innovations and developments are achieved in the different countries where it operates.

This line of new launches has allowed the Entity to attract new consumers, of which their changes in lifestyle and needs are analyzed. The Entity will seek to bring this antibacterial line to all the regions in which it operates. Additionally, the communication and marketing of key brands in the portfolio has also been rapidly modified and adapted to the current scenario, specifically for antiviral products and medications to alleviate flu-related symptoms, within the OTC segment in Mexico and Latin America, as well as for hygiene and skin care products.

This national and global macroeconomic context could directly or indirectly affect the financial situation of the company in the future, however, as of the date of issuance of these financial statements, no impact has been identified resulting from this situation on the financial position of the Entity and in the result of its operations. Consequently, the values of assets and liabilities were determined in accordance with International Financial Reporting Standards based on the conditions existing as of December 31, 2021.

2020

m. Debt issuance – During fiscal year 2020, the Entity placed $ 1,250 million Mexican pesos in different issues of short-term Debt Certificates through the Mexican Stock Exchange, whose terms are 364 days and only one of 168 days.

n. Sustainable index "S & P / BMV Total México ESG Index" – On June 30, 2020, the Entity announced that it was selected to be part of the "S & P / BMV Total Mexico ESG Index" sample, the new sustainable index launched on June 22, 2020, by the S&P Dow Jones Indices ("S&P DJI ") and the Mexican Stock Exchange (" BMV "), which seeks to measure the performance of companies in the Mexican stock market that meet ESG (" Environmental, Social, and Governance ") investment objectives.

o. Debt issuance - On August 31, 2020, the Entity concluded the successful placement of Debt Certificates in the Mexican market for an amount of $ 2,500,000 called "LAB 20" with a maturity of three years. The transaction was placed among a diversified base of investors with an oversupply of 2.33 times the total amount offered. The interest rate is equal to the Equilibriumq Interbank Interest Rate (TIIE) plus 1.1%. The resources obtained were used to refinance liabilities, improving the Entity's maturity profile and optimizing the average life of liabilities.

p. Pre-payment of the long-term LAB 18 Debt Certificate – On September 14, 2020, the Entity announced that it made the full early amortization of the Debt Certificates that were in circulation under the ticker symbol "LAB 18" which was scheduled to expire on March 19, 2021, adding to the capital accrued interest.

q. Dow Jones Sustainability MILA Pacific Alliance Index – On November 23, 2020, the Entity announced its inclusion in the index among a select group of companies recognized for their excellence in Sustainability and Corporate Governance practices with the highest standards in Mexico and other Latin American countries.

2019

a. Sanitary license – On July 15, 2019, Genomma Lab announced that the Federal Commission for the Protection of Sanitary Risks (COFEPRIS) granted the Sanitary License to the Entity's new manufacturing plant, which will allow it to start operations of the first manufacturing lines with cutting-edge technology for the manufacture of OTC solid products (pills) and semi-solid (ointments).

The Entity will initiate the procedures before COFEPRIS to obtain the certificates of good manufacturing practices (GMP for its acronym in English) required both for the Mexican market and for all the countries where the Entity has operations. In this sense, Genomma Lab will carry out the necessary procedures with the National Authorities of each country where it will export, in order to obtain the corresponding GMP certificates.

b. Debt issuance – On September 5, 2019, Genomma Lab announced the placement of $ 300 million Mexican pesos in two issuance of short-term Debt Certificates through the Mexican Stock Exchange, whose terms were 168 and 364 days respectively..

This is the first short-term debt placement in the Company's history. Both issues presented an excess demand close to 5 times the original amount offered for 300 million Mexican pesos. Actinver and BBVA Casa de Bolsa acted as joint underwriters for both issues.

c. Exclusive NOVAMIL® / NOVALAC® infant nutrition license - On September 12, 2019, the Entity announced that it closed an exclusive license agreement with UP International, SA (UPI) for the commercialization of its entire range of infant nutrition products under the Novamil® and Novalac® brands in Mexico.

UPI has developed nutritional supplements for pregnant mothers and unique infant formulas for the nutrition of infants, among which stand out products specially designed to control and alleviate digestive disorders that frequently occur in the first years of life, as well as gastrointestinal discomfort, allergies. , reflux and constipation, among others.

d. Debt issuance – On September 19, 2019, the Entity announced the placement of $ 300 million Mexican pesos in two issues of short-term Debt Certificates through the Mexican Stock Exchange, whose terms were 168 and 364 days, respectively.

e.Advance payment of the long-term LAB 14 Debt Certificate – On September 30, 2019, the Entity announced that it made the full early amortization of the Debt Certificates that were in circulation under the ticker symbol "LAB 14" and that it was scheduled to expire in January 2020, adding accrued interest to the capital.

2. Restatement of consolidated financial statements

After the date of issuance of the consolidated financial statements as of December 31, 2020, the Entity identified various key factors that were not considered in the performance of the impairment analysis of the investment in shares in its associate Marzam for the years ended December 31, 2020, 2019 and 2018. During 2021, the Entity carried out new impairment analyzes of its investment in shares, considering the aforementioned factors, and identifying an impairment in said investment generated mainly in the year ended December 31, 2018.

The foregoing caused the Entity to retrospectively recognize the impairment by restating its consolidated financial statements as of and for the years ended December 31, 2020 and 2019, as well as January 1, 2019. The figures are presented below as previously reported, the restatement adjustments and the restated balances, in accordance with the International Standard of Accounting 8, "Accounting Policies, Changes to Accounting Estimates and Errors":

	AS PREVIOUSLY REPORTED	ADJUSTMENTS	AS RESTATED
December 31, 2020			
Investment in associates	$ 1,700,991	$ (791,733)	$ 909,258
Total assets	**$ 22,132,616**	**$ (791,733)**	**$ 21,340,883**
Retained earnings	$ 8,876,426	$ (791,733)	$ 8,084,693
Consolidated net profit	$ 1,470,378	$ (66,875)	$ 1,403,503
Total equity	**$ 9,634,187**	**$ (791,733)**	**$ 8,842,454**

	AS PREVIOUSLY REPORTED	ADJUSTMENTS	AS RESTATED
December 31, 2019			
Investment in associates	$ 1,634,721	$ (724,858)	$ 909,863
Total assets	**$ 19,254,750**	**$ (724,858)**	**$ 18,529,892**
Retained earnings	$ 7,481,907	$ (724,858)	$ 6,757,049
Consolidated net profit	$ 764,463	$ (14,858)	$ 749,605
Total equity	**$ 7,974,108**	**$ (724,858)**	**$ 7,249,250**

	AS PREVIOUSLY REPORTED	ADJUSTMENTS	AS RESTATED
January 1, 2019			
Investment in associates	$ 1,555,834	$ (710,000)	$ 845,834
Total assets	**$ 18,077,257**	**$ (710,000)**	**$ 17,367,257**
Retained earnings	$ 6,806,181	$ (710,000)	$ 6,096,181
Total equity	**$ 7,427,820**	**$ (710,000)**	**$ 6,717,820**

3. Adoption of the new and revised International Financial Reporting Standards

New and Amended IFRS Standards Not Yet Effective

As of the authorization date of these consolidated financial statements, the Entity has not applied the following new and modified IFRS Standards that have been issued but are not yet in force:

IFRS 17	Insurance contracts
IFRS 10 e IAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture
Amendments to IAS 1	Classification of liabilities as current or non-current.
Amendments to IFRS 3	References to the conceptual framework
Amendments to IAS 16	Property, Plant and Equipment - before being used
Annual improvements to IFRS 2018-2020 cycle	Amendments to IFRS 1 First adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases and IAS 41 Agriculture
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred taxes related to assets and liabilities arising from a single transaction.

Management does not expect that the adoption of the aforementioned standards will have a significant impact on the Entity's consolidated financial statements in future periods, except as indicated below:

IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts.

IFRS 17 describes a general model, which is modified for insurance contracts with direct participation features, which is described as the Variable Fee Approach. The general model is simplified if certain criteria are met when measuring the liability for remaining coverage using the premium allocation method.

The general model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and will explicitly measure the cost of that uncertainty, taking into account market interest rates and the impact of options and guarantees of the insured.

In June 2020, the IASB issued the amendments to IFRS 17 to address the concerns and implementation of the changes that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to the annual report beginning on or after January 1, 2023. At the same time, the IASB issued a Temporary Extension of Exemption to Apply IFRS 9 (Amendments to IFRS 4) that extend the expiration date of the temporary exception to apply IFRS 9 to IFRS 4 for annual periods beginning on or after January 1, 2023.

IFRS 17 should be applied retrospectively unless it is not practical, in which case the retrospective approach will be modified or the fair value approach will be applied.

In accordance with the transition requirements, the date of initial application is the beginning of the annual reporting period in which the entity first applies the Standard and, the transition date is the beginning of the period immediately preceding the date of the initial application.

Amendments to IFRS 10 and IAS 28 Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments establish that the gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in profit or loss. of the parent only to the extent that the unrelated investors' participation in that associate or joint venture. Likewise, gains and losses resulting from the remeasurement of retained investments in any former subsidiary (which has become an associate or a joint venture that is accounted for using the equity method) at fair value are recognized in profit. or loss of the previous parent, only to the extent of the participation of unrelated investors in the new associate or joint venture.

The effective date of the amendments has not yet been set by the IASB; however, early application is allowed. The Entity's management anticipates that the application of these modifications may have an impact on the Entity's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS Classification of Liabilities as Current and Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current and non-current in the statement of financial position and not for the amount or time in which any asset, liability, income or expense is recognized, or the information disclosed about of those games.

The amendments clarify that the classification of liabilities as current and non-current is based on the rights of existence at the end of the reporting period, specifying that the classification is not affected by expectations about whether the entity will exercise the right deferring the cancellation of the liability, explaining that there are rights if there are agreements that must be fulfilled at the end of the reporting period, and introducing a definition of the 'agreement' to make clear that the agreement refers to the transfer of cash from the counterparty , equity instruments, other assets or services.

The modifications are applied retrospectively for annual periods beginning on or after January 1, 2023, with early application permitted.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it can refer to the 2018 Conceptual Framework rather than the 1989 Framework. They also added a requirement that, for obligations within the scope of IAS 37, a buyer applies IAS 37 to determine whether the acquisition date is a present obligation or exists as a result of a past event. For liens that are within the scope of IFRIC 21 Liens, the buyer applies IFRIC 21 to determine whether the obligation gives rise to a liability to pay the levy that occurred on the acquisition date.

Finally, the amendments add an explicit statement that the buyer will not recognize a contingent asset acquired from a business combination.

The amendments are effective for business combinations whose acquisition date is on or after the initial period of the first annual period beginning on or after January 1, 2022. With the option of early application if the entity also applies all other updated references (published together with the Conceptual Framework) at the same time or in advance.

Modifications to IAS 16 - Property, Plant and Equipment - Before being used.

The amendments prohibit the deduction from the cost of a property, plant or equipment asset any income from selling the asset after it is ready for use, for example, income while the asset is being brought to the location and the necessary conditioning is done so that be operable in the manner that is intended according to the administration. Consequently, an entity must recognize those sales income and costs in profit or loss. The entity measures the costs of those items in accordance with IAS 2 Inventories.

The amendments clarify the meaning of 'testing if an asset works properly'. Now IAS 16 specifies this as an evaluation in which the physical and technical performance of the asset is capable of being used in the production or supply of goods or services, for rent or other, or administrative purposes.

If it is not presented separately in the statement of comprehensive income, the financial statements must disclose the amounts of income and costs in results related to items that are not an output from the ordinary activities of the entity, in the entry line (s) in the statement of comprehensive income where income and costs are included.

The modifications are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and conditions necessary for them to be able to operate as the administration has planned on or after the beginning of the period in which they are presented. the financial statements of the entity to which you first apply the amendments.

The entity must recognize the cumulative effect of the initial application of the modifications as an adjustment to the balance sheet in retained earnings (or some capital component, as appropriate) at the beginning of the first period that is presented.

The modifications are effective for annual periods beginning on January 1, 2022 with the option of early application.

Amendments to IAS 37 - Onerous Contracts - Costs for Fulfilling a Contract

The amendments specify that the 'costs to fulfill' a contract includes the 'costs directly related to the contract'. The costs that are directly related to a contract consist of the incremental costs and the costs to fulfill a contract (example: labor or materials) and the allocation of other costs that are directly related to fulfill a contract (such as the allocation of the depreciation of property, plant and equipment items to fulfill the contract).

The modifications apply to contracts in which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity applies the modifications for the first time. The comparatives should not be reformulated. Instead, the entity should recognize the cumulative effect of the initial application of the amendments as an adjustment to the balance sheet in retained earnings or some other component of equity, as appropriate, by the date of initial application.

The modifications are effective for annual periods beginning on or after January 1, 2022, with the option of early application.

Annual Amendments to IFRS 2018-2020 standards

The Annual Modifications include the modification to four standards.

IFRS 1 First-Time Adoption of International Financial Reporting Standards

The amendment provides additional relief for the subsidiary that adopts for the first time after its parent with respect to accounting for accumulated translation differences. As a result of the amendments, a subsidiary uses the exception of IFRS 1: D16 (a) can now choose to mediate the cumulative effects of translation of foreign operations to book value that would be what is included in the consolidated statements of the parent, based on the date of transition of the parent to IFRS, if there were no adjustments for the consolidation procedures and for the business combination effects in which the parent acquired the subsidiary. A similar choice is available for an associate or joint venture that uses the exception in IFRS 1: D16 (a).

The modification is effective for periods beginning on or after January 1, 2022, with the option of early adoption.

IFRS 9 Financial Instruments

The amendment clarifies that when applying the '10%' test to assess whether a financial liability should be written off, an entity includes only installments paid or received between the entity (the borrower) and the provider, including installments paid or received. by the entity or the provider.

Amendments are applied prospectively to modifications or changes that occur on or after the date the entity first applies the amendment.

The modification is effective for annual periods beginning on or after January 1, 2022, with the option of early application.

IFRS 16 Leases

The modifications eliminate the figure of reimbursement for improvements to leases.

As the amendments to IFRS 16 are only with respect to an illustrative example, there is no set start date.

The amendments are applied prospectively, for example, the fair value measurement on or after the initial date of application of the amendments applied to the entity.

The modifications are effective for annual periods beginning on or after January 1, 2022, with the option of initial adoption.

Amendments to IAS 1 and IFRS Practice Statements 2 Disclosure of Accounting Policies

The amendments change the requirements of IAS 1 with respect to the disclosure of accounting policies. The amendment replaces the terms "significant accounting policies" with "disclosures of material accounting policies". Accounting policy disclosures are material when they are considered, in conjunction with other information included in an entity's financial statements, to influence the decision-making of primary users of general purpose financial statements and are made on the basis of those financial statements.

The supporting paragraphs in IAS 1 are amended to clarify the disclosure of accounting policies that relate to immaterial transactions, other events or conditions that are themselves material.

To support these amendments, the IASB has developed guidance and examples to explain and demonstrate the application of the "4 steps of the materiality process" described in IFRS Practice Statement 2.

The amendments to IAS 1 will be effective for annual periods beginning on January 1, 2021, with an option for early application and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

Amendments to IAS 8 Definition of accounting estimates.

The amendments replace the definition of a change in accounting estimates. Under the new definition, accounting estimates are "monetary amounts in the financial statements that are subject to measurable uncertainty".
The definition of a change in accounting estimates was eliminated. However, the IASB retained the concept of changes in an accounting estimate in the standard with the following clarifications:

- A change in an accounting estimate are the results of new information or a new development are not corrections of an error.
- The effects of a change in an input or a valuation technique used to develop an accounting estimate are changes in accounting estimates if they do not result from a correction of prior period errors.

The IASB added two examples (example 4-5) to the accompanying IAS 8 Implementation Guide. The IASB has removed one example (example 3) as it could cause confusion because of the amendments.

The amendments will be effective for annual periods beginning on January 1, 2023 for changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period with an option for early application.

Amendments to IAS 12 Deferred Taxes related to assets and liabilities arising from a single transaction.

The amendments introduced an additional exception other than the exemption from initial recognition. In the amendments, an entity does not apply the initial recognition exception for transactions that give rise to taxable and deductible temporary differences.

Depending on the applicable tax law, taxable and deductible temporary differences may arise on initial recognition of an asset and a liability in a transaction that is not a business combination and does not affect accounting and taxable income. For example, it may occur with a recognition of a lease liability and a corresponding right-of-use asset applying IFRS 16 Leases at the inception date of a lease.

Following the amendments to IAS 12, an entity is required to recognize deferred tax assets and liabilities, with the recognition of any deferred tax asset being subject to the recoverability criterion.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments apply.
The amendments apply to transactions occurring on or after the earliest comparative period of the reporting period. In addition, at the beginning of the first comparative period an entity recognizes:

- A deferred tax asset (to the extent that it is probable that taxable income is available against the deductible temporary difference) and a deferred tax liability for all taxable and temporary deductions associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning restoration and similar liabilities corresponding to amounts recognized as part of the costs related to the asset.
- The cumulative effect at the beginning of the application of the amendments as an adjustment to the opening balances of retained earnings (or some other component of equity, as appropriate) at that date.

The amendments will be effective for annual periods beginning on January 1, 2023, with an option for earlier application.

4. Significant accounting policies

a. Statement of compliance

The Entity's consolidated financial statements have been prepared in accordance with IFRS issued by the IASB.

b. Basis of preparation

The consolidated financial statements of the Entity have been prepared on a historical cost basis except for the investment in shares of associate, which was measured at fair value on the date of initial recognition and with the equity method subsequently, as explained in accounting policies included below.

i. Historical cost

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

ii. Fair value

Fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the valuation date regardless of whether that price is directly observable or estimated using another technique. valuation. When estimating the fair value of an asset or a liability, the Entity takes into account the characteristics of the asset or liability, if the market participants would take those characteristics when setting the price of the asset or liability on the measurement date. The fair value for measurement and / or disclosure purposes of these consolidated financial statements is determined in such a way, with the exception of share-based payment transactions that are within the scope of IFRS 2, and the modifications that have some similarities with the fair value, but they are not fair value , such as IAS 2 net realizable value , or IAS 36 value in use.

In addition, for financial reporting purposes, fair value measurements are classified as Level 1, 2 or 3 based on the degree to which observable inputs are included in the measurements and their importance in determining fair value in their totality, which are described as follows:

· Level 1 - Quoted prices in an active market are considered for identical assets or liabilities;

· Level 2- Observable input data other than the listed prices of Level 1, either directly or indirectly,

· Level 3 - Considers unobservable input data.

c. Basis of consolidation of financial statements

The consolidated financial statements include those of Genomma Lab Internacional, S.A.B. de C.V. and those of its subsidiaries in which you have control. Control is obtained when the Entity complies with the following assumptions:

a) Has power over investment,

b) Is exposed, or has the right to variable returns derived from its participation in said entity, and

c) It has the ability to affect such returns through its power over the entity in which it invests.

The Entity reassesses whether or not it has control over an entity if the facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The shareholding in its capital stock is shown below:

ENTITY	PARTICIPATION			ACTIVITY
	2021	2020	2019	
Mexico -				
Genomma Laboratories México, S.A. de C.V.	100%	100%	100%	Research and development of OTC and PC products
Television Products Retail, S.A. de C.V.	100%	100%	100%	Provision of professional services
Aero Lab, S.A. de C.V.	100%	100%	100%	Air transportation services and as of 2019 logistics services
Gibart, S.A. de C.V.	100%	100%	100%	Distribution of pharmaceutical products, articles for health and beauty
Servicios Logísticos Genomma, S.A. de C.V.	100%	100%	100%	Logistics services until 2019, currently without operation
Medicinas y Medicamentos Nacionales, S.A. de C.V.	100%	100%	100%	Sale of generic drugs, currently without operation
Initiativas de Éxito, S.A. de C.V.	100%	100%	100%	Sale of OTC and PC products
Internacional -				
Genomma Lab USA, Inc.	100%	100%	100%	Sale of OTC and PC products
Genomma Laboratories Argentina, S.A. [1]	100%	100%	100%	Sale of OTC and PC products
Genomma Laboratories do Brasil, LTDA [2]	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Chile, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Colombia, LTDA	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Perú, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Ecuador, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Centroamérica, S.A.	100%	100%	100%	Sale of OTC and PC products
GL Nicaragua, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Dominicana, S.R.L.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Guatemala, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab El Salvador, S. A. de C. V.	100%	100%	100%	Sale of OTC and PC products

ENTITY	PARTICIPATION			ACTIVITY
	2021	2020	2019	
Genomma Lab Honduras, S. A. de C. V.	100%	100%	100%	Sale of OTC and PC products
Genomma Laboratorios Médicos, S.L.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Panamá, S.A.	100%	100%	100%	Sale of OTC and PC products
GLB Laboratorios Bolivia, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Uruguay, S.A.	100%	100%	100%	Sale of OTC and PC products
Genomma Lab Paraguay, S.R.L.	100%	100%	100%	Sale of OTC and PC products
The Dutch-LATEM Royalty Company, B.V.	100%	100%	100%	Research and development of OTC and PC products

(1)Derived from the classification of Argentina as a country with inflation greater than 100% in three accumulated years, the country is considered highly or hyper-inflationary according to International Accounting Standard 29 (IAS 29, for its acronym in English) "Financial Information in Hyperinflationary Economies ", for which Genomma Laboratories Argentina for the purposes of its financial information updated the results of the year due to the country's inflation, using official indices. In accordance with IAS 21, the updated results of each month were converted into Mexican Mexican pesos using the exchange rate of December 31, 2021. (2) See Note 1 subsection a.

ENTITY	PARTICIPATION			ACTIVITY
	2021	2020	2019	
		(Reformulado)	(Reformulado)	
Grupo Comercial e Industrial Marzam, S.A.P.I. de C.V. and subsidiaries (Marzam) [1]	49.99%	49.99%	49.99%	Distribution of pharmaceutical products, articles for health and beauty
Investment in associate [2]	50%	50%	50%	Manufacture and commercialization of display furniture for point of sale

(1) As of September 29, 2016, Marzam is an associate of the Entity.
(2) See purchase of the associated investment in Note 11, as of August 28, 2018 it is an associate of the Entity.

When the Entity has less than the majority of the voting rights of an investee, it has power over it when the voting rights are sufficient to grant it the practical ability to direct its relevant activities, unilaterally. The Entity considers all relevant facts and circumstances to assess whether the Entity's voting rights in the investee are sufficient to grant it power, including:

- The percentage of participation of the Entity in the voting rights in relation to the percentage and the dispersion of the voting rights of the other holders thereof;

- The potential voting rights held by the Entity, by other shareholders or by third parties;

- The rights derived from other contractual agreements, and

- Any additional facts and circumstances that indicate that the Entity has, or does not have, the current capacity to direct the relevant activities at the time when the decisions must be taken, including the voting tendencies of the shareholders in previous meetings.

Subsidiaries are consolidated from the date control is transferred to the Entity, and are no longer consolidated from the date control is lost. The gains and losses of the subsidiaries acquired or sold during the year are included in the Consolidated statement of profit or loss from the date the holding company obtains control or until the date it is lost, as the case may be.

Profit and each component of other comprehensive income are attributed to controlling and non-controlling interests. The comprehensive income of the subsidiaries is attributed to the controlling and non-controlling interests even if it gives rise to a deficit in the latter.

When necessary, adjustments are made to the financial statements of the subsidiaries to align their accounting policies in accordance with the Entity's accounting policies.

All balances and transactions between the consolidated entities have been eliminated.

Changes in the Entity's interests in existing subsidiaries

Changes in investments in the Entity's subsidiaries that do not result in a loss of control are recorded as capital transactions. The book value of the investments and non-controlling interests of the Entity is adjusted to reflect the changes in the corresponding investments in subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in stockholders' equity and is attributed to the owners of the Entity.

When the Entity loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the sum of the fair value of the consideration received and the fair value of any retained interest and (ii) the value in previous books of assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognized in other comprehensive income items related to the subsidiary are recorded (that is, they are reclassified to results or transferred directly to other equity items as specified / permitted by the applicable IFRS) in the same manner established for the if the relevant assets or liabilities are available. The fair value of any investment retained in the subsidiary on the date control is lost is considered as the fair value for initial recognition, according to IAS 39, Financial Instruments: Recognition and Valuation or, where appropriate, the cost in the initial recognition of an investment in an associate or joint venture.

d. Financial instruments

Financial assets and liabilities are recognized when the Entity becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially valued at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and liabilities (other than financial assets at fair value through profit or loss) are added to or reduced from the fair value of financial assets or financial liabilities, as the case may be. , on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

e. Financial assets

All regular purchases or sales of financial assets are recognized and written off on a trading date. Regular purchases or sales are purchases or sales of financial assets that require the delivery of assets within the period established by regulation or customary market practices.

All recognized financial assets are subsequently measured in their entirety, either at amortized cost or fair value, depending on the classification of financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortized cost:

- If the financial asset is maintained in a business model whose objective is to maintain financial assets with the objective of obtaining contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are only payments of principal and interest on the principal amount.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- The financial asset is maintained within a business model whose objective is met by obtaining contractual cash flows and selling financial assets; and

- The contractual terms of the financial asset give rise, on specific dates, to cash flows that are solely payments of principal and interest on the outstanding amount of principal.

By default, all other financial assets are subsequently measured at fair value through profit or loss.

Despite the foregoing, the Entity may make the following irrevocable election / designation in the initial recognition of a financial asset:

- The Entity may irrevocably elect to present subsequent changes in the fair value of a capital investment in other comprehensive income if certain criteria are met (see (iii) below); and

- The Entity may irrevocably designate a debt instrument that meets the criteria of amortized cost or fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below).

(i) Amortized cost and effective interest method

The effective interest method is a method for calculating the amortized cost of a debt instrument and for allocating interest income during the relevant period.

For financial assets that were not purchased or originated by credit-impaired financial assets (for example, assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts future cash inflows. (including all commissions and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, over the expected life of the debt instrument or , if applicable, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, an established effective interest rate per credit is calculated by discounting estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument at initial recognition.

The amortized cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus repayments of principal, plus the accumulated amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss. The gross book value of a financial asset is the amortized cost of a financial asset before adjusting any provision for losses.

Interest income is recognized using the effective interest effect for debt instruments subsequently measured at amortized cost and at fair value through other comprehensive income. For purchased or originated financial assets other than credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently suffered impairment. credit (see below). For financial assets that have subsequently become credit-impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset. If in subsequent reporting periods the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial assets.

For financial assets acquired or originated that are credit-impaired, the Entity recognizes interest income by applying the effective interest rate adjusted for credit to the amortized cost of the financial asset from its initial recognition. The calculation does not return to the gross basis, even if the financial asset's credit risk subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognized in income (profit / loss) and is included in the concept "Financial income - Interest income" in the statement of comprehensive income.

(ii)Debt instruments classified at fair value through other comprehensive income

The corporate bonds held by the Entity are classified at Fair value through other comprehensive income. Corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the book value of these corporate bonds as a result of foreign exchange gains and losses, impairment of gains or losses, and interest income calculated through the effective interest method are recognized in profit or loss. The amounts that are recognized as results are the same that would have been recognized as results if they had been measured at amortized cost. All other changes in the book value of these corporate bonds are recognized in other comprehensive income or accumulated under the reserve title of the revaluation of investments.

(iii) Investments in capital designated as Fair Value through other comprehensive income

On initial recognition, the Entity may make an irrevocable election (instrument by instrument) to designate investments in equity instruments such as Fair Value through other comprehensive income. The designation at fair value through other comprehensive income is not permitted if the capital investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investment revaluation reserve. Accumulated gain or loss cannot be reclassified to profit or loss on disposal of equity investments, but is transferred to retained earnings.

Dividends from these investments in equity instruments are recognized in profit or loss in accordance with IFRS 9 - Financial Instruments, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included under the heading Loss (profit) on derivative financial instruments, in profit or loss for the year.

The Entity has designated all investments in equity instruments that are not held for trading as at fair value through other comprehensive income in the initial application of IFRS 9.

A financial asset is held for trading if

- It has been obtained with the main objective of being sold in the short term; or

- The initial recognition is part of a portfolio of identified financial instruments that the Entity manages together and has evidence of a recent pattern of obtaining profits in the short term; or

- It is a derivative (except for derivatives that are contractual financial guarantees or an effective hedging instrument).

(iv) Financial Assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or fair value through other comprehensive income are measured at fair value through income. Specifically:

- Investments in equity instruments are classified as in fair value through profit or loss, unless the Entity designates an equity investment that is not held for trading or a contingent consideration arising from a business combination as in fair value through of other comprehensive income on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the fair value criteria through other comprehensive income are classified with fair value through income. In addition, debt instruments that meet the amortized cost criteria or the fair value criteria through other comprehensive income may be designated as fair value through income at the time of initial recognition if such designation eliminates or significantly reduces an inconsistency of measurement or recognition (called "accounting mismatch") that would arise from the measurement of assets or liabilities or the recognition of gains and losses on them on different bases. The Entity has not designated any debt instrument with fair value through results.

Financial assets in fair value through comprehensive income are measured at fair value at the end of each reporting period, with any fair value gain or loss recognized in profit or loss to the extent that they are not part of a hedging relationship designated. The net gain or loss recognized in profit or loss includes any dividend or interest earned on the financial asset and is included in “other gains and losses”.

Exchange gains and losses

The book value of financial assets denominated in a foreign currency is determined in that foreign currency and is translated at the exchange rate at the end of each reporting period. Specifically;

- For financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in the consolidated statement of comprehensive income;

- For debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences in the amortized cost of the debt instrument are recognized in the consolidated statement of income and other comprehensive income. Other exchange differences are recognized in other comprehensive income in the investment revaluation reserve;

- For financial assets measured at fair value through results that are not part of a designated hedging relationship, exchange differences are recognized in the consolidated statement of comprehensive income; and

- For equity instruments measured at fair value through other comprehensive income, exchange differences are recognized in other comprehensive income in the investment revaluation reserve.

See hedge accounting policy regarding exchange rate differences where the risk component of a foreign currency for a financial asset designated as a foreign currency risk hedging instrument.

Impairment of financial assets

The Entity recognizes a provision for losses due to expected credit losses on investments in debt instruments that are measured at amortized cost or at fair value through other comprehensive income, lease receivables, trade receivables and contractual assets, as well as in financial guarantee contracts. The amount of expected credit losses is updated on each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instrument.

The Entity recognizes credit losses expected for life for trade accounts receivable, contractual assets and lease accounts receivable. Expected credit losses on these financial assets are estimated using a provision matrix based on the Entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, and an assessment of both current and current direction. of the forecast of conditions on the reporting date, including the time value of money when appropriate.

For all other financial instruments, the Entity recognizes the expected credit loss for life when there has been a significant increase in credit risk since initial recognition. However, if the credit risk in the financial instrument has not increased significantly since initial recognition, the Entity measures the provision for losses for that financial instrument in an amount equal to the 12-month expected credit loss.

Lifetime expected credit loss represents the expected credit losses that will result from all possible events of default during the expected useful life of a financial instrument. In contrast, the 12-month expected credit loss represents the portion of the expected lifetime loss that is expected to result from predetermined events in a financial instrument that are possible within 12 months of the reporting date.

(i) Significant increase in credit risk

When evaluating whether the credit risk in a financial instrument has increased significantly since initial recognition, the Entity compares the risk of a default on the financial instrument on the reporting date with the risk of a default on the financial instrument at the start date. recognition. In making this evaluation, the Entity considers both quantitative and qualitative information that is reasonable and substantiated, including historical experience and prospective information that is available without unnecessary cost or effort. The forward-looking information considered includes the future prospects of the industries in which the Entity's debtors operate, obtained from reports from economic experts, financial analysts, government agencies,

In particular, the following information is taken into account when evaluating whether credit risk has increased significantly since initial recognition:

- An existing or expected significant deterioration in the external (if any) or internal rating of the financial instrument;

- Significant deterioration in external market indicators of credit risk for a specific financial instrument, for example, a significant increase in the credit spread, credit default swap for the debtor, or the period of time or the extent to which the fair value of a financial asset is less than its amortized cost;

- Existing or expected adverse changes in economic, financial or business conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligation;

- A significant current or expected deterioration in the debtor's operating results;

- Significant increases in credit risk in other financial instruments of the same debtor;

- An existing or expected adverse change in the debtor's regulatory, economic or technological conditions that results in a significant decrease in the debtor's ability to meet its obligations.

Regardless of the result of the previous evaluation, the Entity assumes that the credit risk in a financial asset has increased significantly since the initial recognition when the contractual payments have a maturity of more than 30 days, unless the Entity has reasonable and reliable information. that proves otherwise.

Despite the foregoing, the Entity assumes that the credit risk in a financial instrument has not increased significantly since the initial recognition if it is determined that the financial instrument has a low credit risk on the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low default risk,

(2) The debtor has a notable ability to meet its contractual cash flow obligations in the short term, and

(3) Adverse changes in long-term business and economic conditions may reduce the debtor's ability to meet its contractual cash obligations, but will not necessarily happen.

The Entity considers that a financial asset has low credit risk when the asset has an external credit rating of "investment grade" according to the globally accepted definition, or if there is no external rating available, that the asset has an internal "achievable" rating. Realizable means that the counterparty has a strong financial position and there are no past amounts outstanding.

For financial guarantee contracts, the date on which the Entity becomes part of the irrevocable commitment is considered the date of initial recognition for the purposes of evaluating the impairment of the financial instrument. When evaluating whether there has been a significant increase in credit risk since the initial recognition of financial guarantee contracts, the Entity considers changes in the risk that the specified debtor defaults on the contract.

The Entity regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and reviews them as appropriate to ensure that the criteria are capable of identifying a significant increase in credit risk before the amount has been defeated.

(ii) Definition of non-compliance

The Entity considers that the following constitutes an event of default for internal credit risk management purposes, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- When the debtor breaches the financial agreements;

- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Entity, in full (regardless of any collateral held by the Entity).

Regardless of the above analysis, the Entity considers that the default has occurred when a financial asset is more than 90 days old, unless the Entity has reasonable and reliable information to demonstrate that a later default criterion is more appropriate.

(iii) Credit Impaired Financial Assets

A financial asset is credit-impaired when one or more events have occurred that have a detrimental impact on the estimated future cash flows of that financial asset. Evidence that a financial asset is credit-impaired includes observable data on the following events:

(a) significant financial difficulty on the part of the issuer or the debtor;

(b) the breach of a contract, such as a default or an expired event (see (ii) above);

(c) the debtor's lenders, for economic or contractual reasons related to the debtor's financial difficulty, grant the debtor a concession that the lenders would not otherwise consider;

(d) the debtor is more and more likely to go into bankruptcy or some other financial reorganization; or

(e) the extinction of a functional market for financial assets due to financial difficulties.

(iv) Unsubscribe policy

The Entity derecognizes a financial asset when there is information that indicates that the debtor is in serious financial difficulty and there is no realistic prospect of recovery, for example, when the debtor has been placed in liquidation or has entered into a process of bankruptcy, or in the case of trade receivables, when amounts are due more than two years, whichever comes first. Financial assets written off may still be subject to compliance activities under the Entity's recovery procedures, taking into account legal advice when appropriate. Any recovery made is recognized in income.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, the loss given the default (that is, the magnitude of the loss if there is a default), and the exposure at default. The assessment of the probability of default and the default loss is based on historical data adjusted for forward-looking information as described above.

Regarding exposure to default, for financial assets, this is represented by the gross book value of the assets on the reporting date; for financial guarantee contracts, the exposure includes the amount established on the reporting date, together with any additional amount expected to be obtained in the future by default date determined based on the historical trend,

For financial assets, the expected credit loss is estimated as the difference between all the contractual cash flows that are due to the Entity in accordance with the contract and all the cash flows that the Entity expects to receive, discounted at the interest rate. original effective. For a lease receivable, the cash flows used to determine the expected credit losses are consistent with the cash flows used in the measurement of the lease receivable in accordance with IAS 17 Leases.

For a financial guarantee contract, where the Entity is obliged to make payments only in the event of default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss forecast is the expected payment to reimburse the holder for a credit loss incurred less any amount that the Entity expects to receive from the holder, the debtor or any other party.

If the Entity has measured the provision for losses for a financial instrument in an amount equal to the expected credit loss for life in the previous reporting period, but determines at the current reporting date that the conditions for the loss are no longer met lifetime expected credit loss, the Entity measures the loss margin in an amount equal to the 12-month expected credit loss on the current reporting date, except for assets for which the simplified approach was used.

The Entity recognizes an impairment loss or loss in the result of all financial instruments with a corresponding adjustment to their book value through a provision for losses account, except investments in debt instruments that are measured at fair value at through other comprehensive income, for which the provision for losses is recognized in other comprehensive and accumulated results in the investment revaluation reserve, and does not reduce the book value of the financial asset in the statement of financial position.

Derecognition of financial assets

The Entity derecognizes a financial asset only when the contractual rights to the asset's cash flows expire, or when it transfers the financial asset and substantially all the risks and benefits of ownership of the asset to another entity. If the Entity does not transfer or retain substantially all the risks and benefits of ownership and continues to control the transferred asset, the Entity recognizes its retained interest in the asset and an associated liability for the amounts due. If the Entity retains substantially all the risks and benefits of ownership of a transferred financial asset, the Entity continues to recognize the financial asset and also recognizes a loan guaranteed by the income received.

Upon derecognition of a financial asset measured at amortized cost, the difference between the asset's book value and the sum of the consideration received and receivable is recognized in income. In addition, upon derecognition of an investment in a debt instrument classified as fair value through other comprehensive income, the accumulated gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss. In contrast, in the derecognition of an investment in an equity instrument that the Entity chose on initial recognition to measure at fair value through other comprehensive income, the accumulated gain or loss previously accumulated in the investment revaluation reserve is not reclassifies to profit or loss,

Financial liabilities and capital

i. Classification as debt or equity

Debt and equity instruments are classified as financial liabilities or equity according to the content of the contractual agreements and the definitions of a financial liability and an equity instrument.

ii. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Entity are recognized at income received, net of direct issuance costs.

The repurchase of the Entity's own capital instruments is recognized and deducted directly in capital. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Entity's own equity instruments..

f. Financial liabilities

All financial liabilities are subsequently measured at amortized cost using the effective interest method or at fair value through profit or loss.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuous participation approach is applied, and financial guarantee contracts issued by the Entity, are measured in accordance with specific accounting policies. detailed below.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified at fair value through profit or loss when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) is held for trading or (iii) is designated as fair value through results.

A financial liability is classified as held for trading if:

- It has been acquired mainly for the purpose of buying it back in the short term; or

- On initial recognition, it is part of a portfolio of identified financial instruments that the Entity manages jointly and has a recent real pattern of short-term profit-taking; or

- It is a derivative, except for derivatives that are a financial guarantee contract or a designated and effective hedging instrument.

A financial liability that is not held for trading or contingent consideration of an acquirer in a business combination may be designated as fair value through profit or loss at initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability is part of an Entity's financial assets or financial liabilities or both, which is managed and its performance is evaluated on the basis of fair value, in accordance with the Entity's documented risk management or investment strategy, and information on the grouping is provided internally on that basis; or

- It is part of a contract that contains one or more embedded derivatives, and IFRS 9 allows the entire combined contract to be designated as fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value, and gains or losses arising from changes in fair value are recognized in profit or loss to the extent that they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the consolidated statement of comprehensive income.

However, for financial liabilities that are designated at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income. unless recognition of the effects of changes in the liability's credit risk on other comprehensive income would create or widen an accounting mismatch in results. The remaining amount of the change in the fair value of the liability is recognized in profit or loss. Changes in fair value attributable to the credit risk of a financial liability that are recognized in other comprehensive income are not subsequently reclassified to income. instead, they are transferred to retained earnings once the financial liability is written off.

Gains or losses on financial guarantee contracts issued by the Entity that are designated by the Entity as fair value through profit or loss are recognized in profit or loss.

Fair value is determined in the manner described in Note 16.

Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as fair value through profit or loss, are subsequently measured at amortized cost using the equity method. effective interest.

The effective interest method is a method for calculating the amortized cost of a financial liability and for allocating interest expense during the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all charges and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts) during the period. expected life of the financial liability, or (where appropriate) a shorter period, at the amortized cost of a financial liability.

Contractual financial guarantee liabilities

A financial guarantee contract is a contract that requires the issuer to make specific payments to reimburse the holder for a loss it incurs due to the failure of a specific debtor to make payments when they are due in accordance with the terms of a debt instrument.

The liabilities of the financial guarantee contract are initially measured at their fair values and, if they are not designated as fair value through comprehensive income and do not arise from a transfer of an asset, they are subsequently measured at the higher of:

- The amount of the provision for losses determined in accordance with IFRS 9 (see financial assets above); and

- The amount initially recognized less, when applicable, the accumulated amortization recognized in accordance with the income recognition policies established above.

Exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, gains and losses in foreign currency are determined based on the amortized cost of the instruments. These gains and losses in foreign currency are recognized under “Other gains and losses” in income for financial liabilities that are not part of a designated hedging relationship.

For those that are designated as a hedging instrument for a foreign currency risk hedge, foreign currency gains and losses are recognized in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and is translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as fair value through profit or loss, the foreign currency component is part of fair value gains or losses and is recognized in profit or loss for financial liabilities that are not part of an equity ratio. designated coverage.

Cancellation of financial liabilities

The Entity derecognizes financial liabilities if, and only if, the Entity's obligations are fulfilled, canceled or have expired. The difference between the carrying amount of the financial liability written off and the consideration paid and payable is recognized in profit or loss.

When the Entity exchanges with the existing lender a debt instrument in another with substantially different terms, said exchange is accounted for as an extinction of the original financial liability and the recognition of a new financial liability. Similarly, the Entity considers the substantial modification of the terms of an existing liability or part of it as an extinction of the original financial liability and the recognition of a new liability. The terms are assumed to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the current discounted rate and the value of the remaining cash flows of the original financial liability. If the modification is not material, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after the modification should be recognized in income as the gain or loss due to modification within other gains and losses.

g. Business combinations

Business acquisitions are accounted for using the purchase method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred to the Entity, less the liabilities incurred by the Entity with the previous owners of the acquired company and the equity shares issued by the Entity in exchange for control over the acquired company on the date of purchase. Acquisition-related costs are generally recognized in the consolidated statement of comprehensive income as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at fair value except for:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits that are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;

- Liabilities or equity instruments related to the acquiree's share-based payment arrangements or the Entity's share-based payment arrangements entered into to replace the acquiree's share-based payment arrangements that are measured in accordance with IFRS 2 Payments Based on Shares as of the acquisition date; and

- Assets (or a group of assets for their disposal) that are classified as held for sale in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations that are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired company, and the fair value of the acquirer's previous shareholding in the acquired company (if any) over the net of the amounts of identifiable assets acquired and liabilities assumed at the acquisition date. If after a revaluation the net of the amounts of identifiable acquired assets and liabilities assumed at the acquisition date exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquired company and the fair value of the previous shareholding of the acquirer in the acquired company (if any),

Non-controlling interests that are current equity interests and that grant their holders a proportional participation of the Entity's net assets in the event of liquidation, can be initially measured either at fair value or at the value of the proportional participation of the non-controlling interest. parent company in the recognized amounts of the acquired company's identifiable net assets. The measurement basis option is made in each transaction. Other types of non-controlling interests are measured at fair value or, when applicable, based on what is specified in another IFRS.

When the consideration transferred by the Entity in a business combination includes assets or liabilities resulting from a contingent consideration agreement, the contingent consideration is measured at its fair value at the acquisition date and is included as part of the transferred consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are retrospectively adjusted with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from the additional information obtained during the “measurement period” (which cannot be more than one year from the acquisition date) on facts and circumstances that existed on the acquisition date.

The accounting treatment for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as capital is not subsequently remeasured and its subsequent settlement is accounted for within capital. Contingent consideration that is classified as an asset or liability is remeasured on subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, recognizing the resulting gain or loss in the consolidated statement. comprehensive income.

When a business combination is achieved in stages, the Entity's previous shareholding in the acquired company is remeasured at its fair value on the acquisition date and the resulting gain or loss, if any, is recognized in the consolidated statement of income. and other comprehensive income. The amounts arising from interests in the company acquired before the acquisition date that have been previously recognized in other comprehensive income are reclassified to the consolidated statement of income and other comprehensive income when this treatment is appropriate if said participation is eliminated.

If the initial accounting treatment of a business combination is incomplete at the end of the reporting period in which the combination occurs, the Entity reports provisional amounts for the items whose accounting is incomplete. These provisional amounts are adjusted during the measurement period or additional assets or liabilities are recognized to reflect the new information obtained on the facts and circumstances that existed on the acquisition date and that, if known, would have affected the asset amounts. or liabilities recognized as of that date.

h. Information by segment

The operating segments are reported consistently with the internal reports prepared to provide information to the Chief Executive Officer, who is responsible for assisting the Presidency of the Genomma Lab Board of Directors, for which reason the Chief Executive Officer is considered to be chief operation decision maker for strategic decisions on the allocation of resources and the evaluation of the operating segments on the established Corporate Governance platform.

i. Cash, cash equivalents and restricted cash

They consist mainly of bank deposits in checking accounts and investments in highly liquid short-term securities, easily convertible into cash, maturing up to three months from the date of acquisition and subject to minor risks of changes in value. Cash is presented at nominal value and equivalents are valued at fair value. Cash equivalents are mainly represented by investments in money tables. As of December 31, 2021, 2020, and 2019, the Entity has restricted funds designated to comply with contractual commitments.

j. Inventories

Inventories are valued at the lower of acquisition cost and net realizable value. Cost comprises direct materials and, where applicable, direct costs and overheads incurred to bring inventories to their current location and condition. The cost is calculated using the average cost method. The net realizable value represents the estimated sale price less all estimated costs of completion and costs incurred in marketing, sale and distribution.

k. Advance payments

Advance payments are mainly represented by advances to suppliers and advertising expenses, which are amortized to results as the service accrues. The Entity classifies in the long term the advertising expense that it expects to accrue for more than one year.

l. Property, plant and equipment

Property, plant and equipment are initially recorded at acquisition cost.

Land and buildings are presented in the consolidated statement of financial position at cost, less any accumulated depreciation or accumulated impairment losses.

Properties that are under construction for production purposes or for purposes not yet determined are recorded at cost less any recognized impairment loss. The cost could include professional fees and, in the case of qualifying assets, capitalized loan costs in accordance with the Entity's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when they are complete for their intended use. Depreciation of these assets, as in other properties, begins when the assets are ready for their planned use.

Land is not depreciated.

Furniture and equipment are presented at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized to show cost over their useful lives using the straight-line method. The estimated useful life, the residual value and the depreciation method are reviewed at the end of each year, and the effect of any change in the recorded estimate is recognized on a prospective basis.

An item of property, property and equipment is derecognized when it is sold or when it is not expected to obtain future economic benefits derived from the continued use of the asset. The gain or loss that arises from the sale or retirement of an item of Property, plant and equipment, is calculated as the difference between the resources received from sales and the book value of the asset, and is recognized in the results.

m. Investment in associate

An associate is an entity over which the Entity has significant influence. Significant influence is the power to participate in decisions about financial and operating policies of the entity in which it is invested, but it does not imply control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated into the consolidated financial statements using the equity method.

An investment in an associate is recorded using the equity method from the date the investee becomes an associate. In the acquisition of the investment in an associate, the excess in the acquisition cost over the Entity's participation in the net fair value of the identifiable assets and liabilities in the investment is recognized as goodwill, which is included in the value on investment books. Any excess participation of the Entity in the net fair value of the identifiable assets and liabilities in the acquisition cost of the investment, after its re-evaluation, is immediately recognized in the results of the period in which the investment was acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize an impairment loss with respect to the Entity's investment in an associate. When necessary, the total carrying amount of the investment is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset, comparing its recoverable amount (higher between value in use and fair value less cost to sell) against its value. in books. Any recognized impairment loss is part of the investment's carrying amount. Any reversal of such impairment loss is recognized in accordance with IAS 36 to the extent that such recoverable amount of the investment subsequently increases.

The Entity discontinues the use of the equity method from the date the investment ceases to be an associate, or when the investment is classified as held for sale. When the Entity maintains the interest in the former associate, the retained investment is measured at fair value at that date and is considered as its fair value at the time of initial recognition in accordance with IAS 39. The difference between the book value of the associate in the date on which the equity method was discontinued and the fair value attributable to the stake retained and the gain from the sale of a part of the interest in the associate is included in the determination of the gain or loss on disposal of the associate. Further, the Entity records all amounts previously recognized in other comprehensive income in relation to that associate with the same basis that would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by said associate has been reclassified to the income statement upon disposing of the related assets or liabilities, the Entity reclassifies the capital gain or loss to the income statement (as a reclassification adjustment) when the equity method is discontinued.

When the Entity reduces its participation in an associate, but the Entity continues to use the equity method, the Entity reclassifies to results the proportion of the gain or loss that had previously been recognized in other comprehensive income in relation to the reduction of its participation in the investment if that profit or loss had been reclassified to the income statement in the disposition of the related assets or liabilities.

When the Entity carries out transactions with its associate, the profit or loss resulting from said transactions with the associate is recognized in the consolidated financial statements of the Entity only to the extent of the participation in the associate that is not related to the Entity.

n. Intangible assets

These assets represent expenditures that give rise to future economic benefits because they meet certain requirements for recognition as assets.

1. Intangible assets acquired separately

Intangible assets with indefinite useful lives acquired separately are recognized at acquisition cost less accumulated impairment loss. Intangible assets with indefinite useful lives that are acquired separately are recorded at cost less accumulated impairment losses.

Intangible assets with a defined useful life are amortized based on the straight-line method over their estimated useful life. The estimated useful life and the amortization method are reviewed at the end of each year, and the effect of any change in the recorded estimate is recognized on a prospective basis.

2. Intangible assets generated internally - research and development expenditures

Disbursements originating from research activities are recognized as an expense in the period in which they are incurred.

An intangible asset that is generated internally as a result of development activities (or the development phase of an internal project) is recognized if, and only if all of the following have been demonstrated:

- Technically, it is possible to complete the intangible asset so that it can be made available for use or sale;
- The intention to complete the intangible asset for use or sale;
- The ability to use or sell the intangible asset;
- The way in which the intangible asset will generate probable economic benefits in the future;
- The availability of technical, financial and other appropriate resources to complete the development and to use or sell the intangible asset; and
- The ability to reliably value the expenditure attributable to the intangible asset during its development.

The amount that is initially recognized for an intangible asset that is generated internally will be the sum of the disbursements incurred from the moment the intangible asset meets the conditions for its recognition, established above. When an internally generated intangible asset cannot be recognized, development expenditures are charged to income in the period in which they are incurred. After initial recognition, an internally generated intangible asset is recognized at cost less accumulated amortization and the accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

3. Intangible assets acquired in a business combination

When an intangible asset is acquired in a business combination and recognized separately from goodwill, its initial cost will be its fair value on the acquisition date.

After its initial recognition, an intangible asset acquired in a business combination will be recognized at its cost less accumulated amortization and the accumulated amount of impairment losses, on the same basis as intangible assets that are acquired separately.

4. Intangible assets derecognition

An intangible asset is written off by sale, or when it is not expected to have future economic benefits from its use or disposal. Gains or losses arising from the derecognition of an intangible asset, measured as the difference between net income and the asset's book value, are recognized in income when the asset is derecognised.

The Entity classifies its intangible assets into assets with an indefinite useful life and assets with a defined useful life, according to the period in which the Entity expects to receive the benefits.

i. Assets with an indefinite useful life
They correspond to trademarks, licenses and other rights, for which the Entity expects to generate income indefinitely, so they are not amortized, but their value is subject to impairment tests in the same way.

ii. Definite useful life assets

They correspond mainly to costs incurred in the development phase of comprehensive information systems and are amortized based on the straight-line method according to the useful life of the project and with a maximum of 5 years. Also included arelicenses for the commercialization of the Entity's products, which are amortized based on the straight line method in the validity period of said licenses.

o. Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the book values of its tangible and intangible assets in order to determine if there is an indication that these assets have suffered any impairment loss. If there is any indication, the recoverable amount of the asset is calculated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which said asset belongs. When a reasonable and consistent basis for distribution can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise,

Intangible assets with an indefinite useful life or not yet available for use are subject to impairment tests at least every year, and whenever there is an indication that the asset could have deteriorated.

The recoverable amount is the higher of the fair value less the cost of selling it and the value in use. When evaluating value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset to the future. which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) is adjusted by increasing the revised estimated value to the recoverable amount, such that the adjusted carrying amount does not exceed the carrying amount. that would have been determined if an impairment loss had not been recognized for said asset (or cash-generating unit) in previous years.

The reversal of an impairment loss is recognized immediately in profit or loss.

p. Leases

Classification and valuation of leases under IAS 17, effective until December 31, 2018

The Entity as lessee

Until December 31, 2018, the Entity classified its leases as financial or operating depending on the substance of the transaction rather than the form of the contract.

Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor were classified as operating leases. Payments made under operating leases (net of incentives received by the lessor) were recorded in the consolidated statement of income based on the straight-line method during the lease period.

The leases in which the Entity assumes substantially all the risks and benefits inherent to the ownership of the asset were classified as financial leases. Finance leases were capitalized at the beginning of the lease at the lower of the fair value of the leased property and the present value of the minimum payments. If its determination was practical, to discount the minimum payments to present value, the interest rate implicit in the lease was used, otherwise, the incremental loan rate of the lessee should be used. Any initial direct costs to the lessee were added to the original amount recognized as an asset. Each lease payment was allocated between the liability and the finance charges until a constant rate was achieved on the current balance. The corresponding rental obligations were included in the current portion of non-current debt and non-current debt, net of finance charges. Interest on finance costs was charged to income for the year during the lease period, in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under a finance lease were depreciated between the shorter of the useful life of the asset and the term of the lease. in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under a finance lease were depreciated between the shorter of the useful life of the asset and the term of the lease. in order to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under a finance lease were depreciated between the shorter of the useful life of the asset and the term of the lease.

The Entity as lessor

The leases for which the Entity acts as lessor are classified as financial or operating. As long as the terms of the lease transfer substantially all the risks and rewards of the property to the lessee, the contract is classified as a finance lease. The other leases are classified as operating leases.

Income from operating leases is recognized in a straight line during the corresponding lease term. The initial direct costs incurred in negotiating and arranging an operating lease are added to the book value of the leased asset and are recognized in a straight line over the term of the lease. The amounts for financial leases are recognized as accounts receivable for the amount of the Entity's net investment in the leases.

Classification and valuation of leases under IFRS 16, effective as of January 1, 2020

The Entity as lessee

The Entity assesses whether a contract contains a lease at its origin. The Entity recognizes an asset for rights of use and a corresponding lease liability with respect to all lease contracts in which it is a lessee, except for short-term leases (term of 12 months or less) and those of low-value assets (such as electronic tablets, personal computers and small items of office furniture and telephones).

For these leases, the Entity recognizes the rental payments as an operating expense under the straight-line method throughout the term of the lease, unless another method is more representative of the pattern of time in which the economic benefits from consumption of the leased assets.

The lease liability is initially measured at the present value of the rental payments that are not paid on the commencement date, discounted by the rate implicit in the contract. If this rate cannot be easily determined, the Entity uses incremental rates.

The rent payments included in the measurement of the lease liability consist of:

- Fixed rent payments (including fixed payments in substance), less any rental incentives received;
- Variable income payments that depend on an index or rate, initially measured using the index or rate on the commencement date;
- The amount expected to be paid by the lessee under residual value guarantees;

· The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

· Penalty payments resulting from the termination of the lease, if the lease period reflects the exercise of a lease termination option.

The lease liability is presented as a separate concept in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the book value to reflect the interest accrued on the lease liability (using the effective interest method) and reducing the book value to reflect the rental payments made.

The Entity revalues the lease liability (and makes the corresponding adjustment to the related use rights asset) provided that:

· The lease term is modified or there is a significant event or change in the circumstances of the lease resulting in a change in the evaluation of the purchase option exercise, in which case the lease liability is measured by discounting the updated rent payments using a rate. discount updated.

· Rent payments are modified as a result of changes in indices or rate or a change in the expected payment under a guaranteed residual value, in which cases the lease liability is revalued by discounting the updated rent payments using the same discount rate (at unless the change in rent payments is due to a change in a variable interest rate, in which case an updated discount rate is used).

· A lease is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is revalued based on the lease term of the modified lease, discounting the updated rent payments using an updated discount rate. as of the effective date of the amendment.

The Entity did not make any of the aforementioned adjustments in the periods presented. Rights-of-use assets consist of the initial measurement of the corresponding lease liability, rental payments made on or before the commencement date, less any lease incentives received and any direct initial costs. Subsequent valuation is cost less accumulated depreciation and impairment losses.

If the Entity incurs an obligation arising from the costs of dismantling and removing a leased asset, restoring the relationship in which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease, a provision measured in accordance with IAS 37. To the extent that costs relate to a rights-of-use asset, the costs are included in the related rights-of-use asset, unless such costs are incurred to generate inventories.

Assets for rights of use are depreciated over the shorter period between the lease period and the useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the use rights asset reflects that the Entity plans to exercise a purchase option, the use rights asset will be depreciated over its useful life. Depreciation begins on the lease commencement date.

Assets for rights of use are presented as a separate concept in the consolidated statement of financial position.

The Entity applies IAS 36 to determine whether a rights-of-use asset is impaired and accounts for any identified impairment losses as described in the 'Property, plant and equipment' policy.

Leases with variable income that do not depend on an index or rate are not included in the measurement of the lease liability and the asset for rights of use. The related payments are recognized as an expense in the period in which the event or condition that triggers the payments occurs and are included in the concept of "Other expenses" in the consolidated statement of income.

As a practical expedient, IFRS 16 allows you not to separate the non-lease components and instead account for any lease and its associated non-lease components as a single arrangement. The Entity has not used this practical file. For contracts that contain lease components and one or more additional lease or non-lease components, the Entity assigns the consideration of the contract to each lease component under the relative selling price method independent of the lease component and relative selling price. Separate aggregate for all non-lease components.

The Entity as lessor

The Entity enters into lease agreements as lessor with respect to some of the investment properties. The Entity also rents to retailers the equipment necessary for the presentation and development of their activities and equipment manufactured by the Entity.

Leases in which the Entity acts as lessor are classified as finance leases or operating leases. When the terms of the contract transfer substantially all the risks and rewards of the property to the lessee, the contract is classified as a finance lease. All other contracts are classified as operating contracts.

When the Entity is an intermediate lessor, it accounts for the main lease and the sublease as two separate contracts. The sublease is classified as a finance lease or operating lease in reference to the asset for rights of use originated from the main lease.

The rental income from operating leases is recognized on a straight-line basis through the relevant lease term. Direct initial costs incurred in the negotiation and arrangement of the operating lease are added to the book value of the leased asset and are recognized on a straight-line basis throughout the term of the lease.

Subsequent to initial recognition, the Entity regularly reviews the estimate of residual unguaranteed values and applies the impairment requirements of IFRS 9, recognizing an estimate for expected losses in accounts receivable from leases.

Income from finance leases is calculated with reference to the gross book value of accounts receivable from leases, except for financial assets with credit impairment, for which interest income is calculated with reference to amortized cost (ie after deduction of the loss reserve).

When a contract includes lease and non-lease components, the Entity applies IFRS 15 to assign the consideration corresponding to each component under the contract.

q. Transactions in foreign currencies

When preparing the financial statements of each entity, transactions in a currency other than the entity's functional currency (foreign currency) are recognized using the exchange rates in effect on the dates on which the operations are carried out. At the end of each period, monetary items denominated in foreign currency are reconverted at the exchange rates in effect on that date. Non-monetary items recorded at fair value, denominated in foreign currency, are reconverted at the exchange rates in effect on the date on which the fair value was determined. Non-monetary items that are calculated in terms of historical cost, in foreign currency, are not reconverted.

Exchange rate differences in monetary items are recognized in income for the period, except when they arise from:

- Exchange rate differences from loans denominated in foreign currencies related to assets under construction for future productive use, which are included in the cost of said assets when they are considered as an adjustment to interest costs on such loans denominated in foreign currencies;

- Exchange rate differences arising from monetary items receivable or payable to a foreign operation whose liquidation is not planned nor is payment likely to be made (thus forming part of the net investment in the foreign operation), which are initially recognized in other comprehensive income and are reclassified from stockholders' equity to results in reimbursement of monetary items.

For the purposes of presenting the consolidated financial statements, the Entity's assets and liabilities in foreign currency are expressed in Mexican pesos, using the exchange rates in effect at the end of the period. Income and expense items are translated at the average exchange rates in effect for the period, unless these fluctuate significantly during the period, in which case the exchange rates on the date the transactions are carried out are used. The exchange rate differences that arise, if applicable, are recognized in other comprehensive income and are accumulated in stockholders' equity (attributed to non-controlling interests when appropriate).

In the sale of a foreign operation (that is, sale of the Entity's entire interest in a foreign operation, or a disposal involving a loss of control in the subsidiary that includes a foreign operation, partial loss of joint control over an entity jointly controlled that includes a foreign operation, part of which the interest withheld becomes a financial instrument; all the exchange rate differences accumulated in capital related to that operation attributable to the Entity are reclassified to results.

Additionally, in the partial disposal of a subsidiary that includes a foreign operation, the Entity will once again attribute the proportional participation of the accumulated amount of the exchange differences recognized in the other comprehensive income to the non-controlling interests in that foreign operation and they are not recognized in results. In any other partial disposal of a foreign operation (that is, of associates or jointly controlled entities that does not involve a loss of significant influence or joint control), the Entity will reclassify to results only the proportional participation of the accumulated amount of exchange differences.

The adjustments corresponding to goodwill and the fair value of identifiable acquired assets and assumed liabilities generated in the acquisition of a foreign operation are considered as assets and liabilities of said operation and are translated at the exchange rate in effect at the end of the reporting period. . The resulting exchange differences are recognized in other comprehensive income.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which require a substantial period of time until they are ready for use or sale, are added to the cost of those assets during that time until the moment in that are ready for use or sale.

To the extent that the variable rate of loans used to finance a qualified asset and that are hedged in an effective hedge of interest rate risk cash flows, the effective portion of the derivative is recognized in other comprehensive income and is reclassified to income. when the qualified asset impacts results. To the extent that fixed rate loans are used to finance qualifying assets and are covered by an effective hedge of interest rate risk, capitalized borrowing costs reflect interest rate hedging.

The income obtained from the temporary investment of funds from specific loans pending to be used in qualifying assets is deducted from the costs for loans eligible to be capitalized.

All other borrowing costs are recognized in income during the period in which they are incurred.

s. Employee benefits

Employee benefits for termination and retirement

Contributions to defined contribution retirement benefit plans are recognized as expenses when employees have rendered the services that entitle them to contributions.

In the case of defined benefit plans, which include seniority premiums and pensions, their cost is determined using the projected unit credit method, with actuarial valuations carried out every year or every two years at the end of the period over which they are reports depending on whether the effect is material or not depending on the subsidiary to which the concepts of employee benefits correspond. Remeasurements, which include actuarial gains and losses, the effect of changes in the asset floor (if any), and the return on the asset plan (excluding interest), are immediately reflected in the consolidated statement of financial position. with a charge or credit that is recognized in other comprehensive income in the period in which they occur. Remeasurements recognized in other comprehensive income are immediately reflected in retained earnings and are not reclassified to income. The cost for past services is recognized in income in the period of the plan modification. Net interest is calculated by applying the discount rate at the beginning of the period of the obligation to the asset or liability for defined benefits. Defined benefit costs are classified as follows:

- Cost per service (including the cost of current service, cost of past services, as well as gains and losses from reductions or settlements).

- Net interest income or expenses.

- Remeasurements

The Entity presents the first two components of defined benefit costs as an expense or income, as appropriate. Gains and losses from service reduction are recognized as past service costs.

Obligations for retirement benefits recognized in the consolidated statement of financial position represent actuarial gains and losses in the Entity's defined benefit plans. Any gains arising from this calculation are limited to the present value of any economic benefits available from future plan contributions and rebates.

Any indemnification obligation is recognized when the Entity can no longer withdraw the severance offer and / or when the Entity recognizes the related restructuring costs.

Short-term employee benefits

A liability is recognized for benefits that correspond to the employees with respect to wages and salaries, annual vacations and sick leave in the period of service in which it is provided for the amount not discounted by the benefits expected to be paid for that service.

Liabilities recognized for short-term employee benefits are valued at the undiscounted amount for the benefits expected to be paid for that service.

Employee profit sharing (PTU)

PTU is recorded in the results of the year in which it is incurred and is presented under the heading of operating expenses in the consolidated statement of comprehensive income.

As a result of the 2014 Income Tax Law, as of December 31, 2021, 2020, and 2019, PTU is determined based on taxable income in accordance with section I of article 9 of the same Law.

t. Share-based payments

Transactions with payments based on the Entity's shares

Transactions with payments based on shares settled through equity instruments to employees and third parties that provide similar services to the Entity are valued at the fair value of the equity instruments on the date they are granted.

The fair value determined at the grant date of the payments based on shares payable through equity instruments is recorded as expenses on a straight-line basis during the award period, based on the Entity's estimate of the equity instruments that they will eventually be awarded with a corresponding increase in capital. At the end of each period, the Entity reviews its estimates of the number of equity instruments that are expected to be awarded. The effect of the revision of the original estimates, if any, is recognized in the results of the period so that the accumulated expense reflects the revised estimate, with the corresponding adjustment to the reserve for employee benefits payable through equity instruments.

Share-based payment transactions settled through equity instruments with third parties that provide similar services are valued at the fair value of the goods or services received, except if it is not possible to reliably estimate the fair value of the services received, in which case they are valued at the fair value of the equity instruments granted, on the date the Entity obtains the goods or the counterparty renders the service.

For the share-based payment transaction payable in cash, a liability is recognized for the goods or services acquired, initially valued at the fair value of the liability. At the end of each reporting period, until it is settled, as well as on the settlement date, the Entity reassesses the fair value of the liability and any change in its fair value is recognized in the results of the period.

u. Income taxes

Income tax expense represents the sum of accrued income taxes and deferred income taxes.

1. Income taxes incurred

The calculated current tax corresponds to income tax (ISR) and is recorded in the results of the year in which it is incurred.

2. Deferred income taxes

Deferred income taxes are recognized on the temporary differences between the book value of the assets and liabilities included in the financial statements and the corresponding tax bases used to determine the tax result, the rate corresponding to these differences and, where appropriate, they include the benefits of tax loss carryforwards and some tax credits. The deferred income tax asset or liability is generally recognized for all temporary tax differences. A deferred tax asset will be recognized for all deductible temporary differences, to the extent that it is probable that the Entity will have future taxable profits against which it can apply these deductible temporary differences.

The carrying amount of a deferred tax asset should be reviewed at the end of each reporting period and should be reduced to the extent that it is deemed probable that there will not be sufficient taxable earnings to allow all or a portion of it to be recovered. part of the asset.
Deferred tax assets and liabilities are valued using the tax rates that are expected to apply in the period in which the liability is paid or the asset is realized, based on the rates (and tax laws) that have been approved or substantially approved at the time end of the reporting period.

The valuation of deferred tax liabilities and assets reflects the tax consequences that would arise from the way in which the Entity expects, at the end of the reporting period, to recover or settle the book value of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset when there is a legal right to offset short-term assets with short-term liabilities and when they refer to income taxes corresponding to the same tax authority and the Entity intends to settle its assets and liabilities on a net basis.

3. Accrued and deferred taxes

Accrued and deferred taxes are recognized in income, except when they refer to items that are recognized outside income, either in other comprehensive income or directly in stockholders' equity. When they arise from the initial recognition of a business combination, the tax effect is included in the recognition of the business combination.

v. Earnings per share

Basic earnings per common share is calculated by dividing the consolidated net income of the controlling interest by the weighted average number of common shares outstanding during the year. To determine the weighted average number of shares, those in treasury are decreased from the shares in circulation. Basic and diluted earnings per share are the same because there are no potentially diluted instruments at the close of 2020.

w. Revenue recognition

The Entity recognizes income from the following source:

Sale of goods

Revenues are recognized when control of the goods has been transferred, at the time the goods have been transported to the customer's specific location (delivery).

The Entity's obligation is to deliver the product to the customer either at its facilities or at the Entity's facilities where the customer picks up the product.

The price is established from the moment the purchase order is lifted by the client and is accepted by the Entity. All the Entity's income is recognized at a point in time.

Revenues are calculated at the fair value of the consideration collected or receivable, taking into account the estimated amount of customer returns, rebates and other similar discounts.

x. Explanation for translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for use outside of Mexico. These consolidated financial statements are presented on the basis of International Financial Reporting Standards. Certain accounting practices applied by the Entity that conform with IFRS may not conform with accounting principles generally accepted in the country of use.

4. Critical accounting judgments and key sources for estimating uncertainties

In applying the Entity's accounting policies, which are described in Note 3, management must make judgments, estimates and assumptions about the carrying amounts of assets and liabilities in the consolidated financial statements. Relative estimates and assumptions are based on experience and other factors deemed relevant. Actual results could differ from these estimates.

Estimates and assumptions are reviewed on a regular basis. Modifications to accounting estimates are recognized in the period in which the modification is made and future periods if the modification affects both the current period and subsequent periods.

a. Critical judgments when applying accounting policies

Below are critical judgments, apart from those involving estimates, made by Management during the process of applying the Entity's accounting policies and that have a significant effect on the consolidated financial statements.

• Capitalization of borrowing costs

As described in Note 3r, the Entity capitalizes the cost of the loans directly to the acquisition, construction or production of qualifying assets. Borrowing costs have been capitalized in the time that the technical and administrative work was associated with the resumed project.

• Significant increase in credit risk

As explained in Note 7, the PCE is measured in an allocation equal to 12 months of the total expected loss for the assets of stage 1, the total life of the total expected loss for the assets of stage 2 or 3. An asset is moved to stage 2 when credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. To consider whether credit risk has significantly increased, the Entity takes quantitative and qualitative prospective information into consideration.

• Contingent events

The Entity is subject to contingent transactions or events on which it uses professional judgment in developing estimates of probability of occurrence, the factors considered in these estimates are the current legal situation at the date of the estimate and the opinion of the advisors. legal.

• Valuation and impairment of intangibles

At the close of each year, Management is required to determine whether its intangible assets are impaired. This determination requires critical judgments in the selection of the valuation method to be used and the assumptions applied in calculating the expected future cash flows. Said judgments and assumptions require reflecting the current assessment of the market and the time value of money and the consequent determination of an appropriate pre-tax discount rate. Valuations require proper consideration of the benefits of the new production facility that is under construction.

• Estimation of useful life and residual value of property, plant and equipment

The Entity reviews the estimated useful life of property, plant and equipment at the end of each annual period. The degree of uncertainty related to the estimates of useful lives is related to changes in the market and the use of assets due to the volumes of commercialization and technological development.

• Estimation for bonuses and discounts

La Entity recognizes this estimate based on authorized business plans with customers.

• Valuation of inventories to their net realizable value

The Entity records the estimates necessary to recognize the decreases in the value of its inventories due to impairment that are classified as obsolete and close to maturity based on their specific characteristics and based on their expiration date; however, particular situations may occur that increase the reserve due to the unexpected entry of new competitors or the temporary nature of the products that may represent uncertainty in the value of the reserve. The Entity has the policy of not accepting returns, except in the case of expired products or offline products, so that as soon as the Entity knows of their existence, it recognizes the corresponding provsion.

• Deferred income tax assets

The Entity assesses external and internal factors at the end of each reporting period on the recoverability of the deferred income tax asset to ensure that no amounts are maintained whose tax benefits cannot be recovered against future earnings.

5. Non-cash transactions

The Entity carried out the following non-cash financing activities that are excluded from the consolidated statements of cash flows:

· The Entity registered additions of construction in process that as of December 31, 2020 and 2019, were pending payment for $124,377 and $138,502, respectively.

6. Cash, cash equivalents and restricted cash

For the purposes of the consolidated statements of cash flows, cash, cash equivalents and restricted cash include cash and banks and investments in money market instruments.

Cash, cash equivalents and restricted cash at the end of the period are as follows:

	2021	2020	2019
Cash	$ 1,143,227	$ 1,956,132	$ 878,837
Cash equivalent:			
Money market and investments in securities	77,678	92,653	20,825
Restricted cash	43,927	55,085	23,279
	$ 1,264,832	$ 2,103,870	$ 922,941

7. Accounts receivable and other accounts receivable

	2021	2020	2019
Customers	$5,449,300	$5,290,808	$4,793,558
Estimates for:			
Doubtful collection accounts	(755,446)	(784,838)	(778,138)
Reserve for returns and bonuses	(460,840)	(478,589)	(575,881)
	(1,216,286)	(1,263,427)	(1,354,019)
	4,233,014	4,027,381	3,439,539
Recoverable taxes, mainly value added tax	2,599,328	2,774,011	2,362,446
Other	426,393	440,870	651,901
Estimate for other accounts receivable	(7,176)	(7,176)	(235,476)
	$7,251,559	$7,235,086	$6,218,410

Expected credit losses

The Entity has recognized an allowance for doubtful accounts for 100% of all accounts receivable older than 360 days or more, due to the fact that due to experience, accounts receivable overdue for more than 360 days are not recovered. For accounts receivable that are between 270 and 360 days old, an allowance is recognized for doubtful accounts based on the expected loss determined by the counterparty's default experiences and an analysis of its current financial position.

Before accepting any new client, the Entity uses an external credit rating system to assess the credit quality of the potential client and defines the credit limits per client. The limits and ratings attributed to clients are reviewed twice a year.

To determine the estimate for doubtful accounts, the Entity performs an analysis of the age of balances per customer and an estimate percentage is assigned based on experience. This first analysis gives an indication of deterioration; Subsequently, an analysis of the financial situation of all the clients included is carried out to determine which accounts are impaired according to the expected credit loss model and the corresponding estimate is recorded on these.

The movements of the estimate for doubtful accounts and other accounts receivable that are recorded inselling, general and administrative expenses, were as follows:

	BEGINNING BALANCE	INCREASES	APPLICATIONS	ENDING BALANCE
2021	$ (792,014)	$ (64,049)	$ 93,441	$ (762,622)
2020	$ (1,013,614)	$ (32,231)	$ 253,831	$ (792,014)
2019	$ (997,562)	$ (39,064)	$ 23,012	$ (1,013,614)

The movements of the reserve for returns and discounts were as follows:

	BEGINNING BALANCE	INCREASES	APPLICATIONS	ENDING BALANCE
2021	$ (478,589)	$ (349,599)	$ 367,349	$ (460,839)
2020	$ (575,881)	$ (233,423)	$ 330,715	$ (478,589)
2019	$ (645,590)	$ (332,791)	$ 402,500	$ (575,881)

The Company established automation processes in SAP to comply with new tax regulations (CFDI 3.3), this allowed automatic reconciliation with the client and as a consequence decreased the amount of returns.

a. Accounts receivable from customers

Accounts receivable from customers disclosed above are classified as accounts receivable and therefore are valued at amortized cost.

The average credit term on the sale of goods is 90 days. No interest charge is made on accounts receivable from customers. The Entity recognizes an allowance for doubtful accounts based on irrecoverable amounts determined by experiences of default of the counterparty and an analysis of its current financial position.

Before accepting any new client, the Entity assesses the credit quality of the potential client and defines the credit limits per client. The limits and ratings attributed to clients are periodically reviewed. Sales to the Entity's ten main clients represent 36%, 40% and 41% of consolidated net sales and 64% 55% and 48% of the balance of accounts receivable in 2021, 2020 and 2019, respectively.

Accounts receivable from customers disclosed in the preceding paragraphs include amounts that are past due at the end of the reporting period (see aging analysis below), but for which the Entity has not recognized any estimate for receivables. doubtful as there has been no significant change in credit quality and amounts are still considered recoverable. The Entity does not maintain any collateral or other credit enhancements on these balances, nor does it have the legal right to offset them against any amount owed by the Entity to the counterparty.

Aging of accounts receivable overdue, but not uncollectible

	2021	2020	2019
60-90 días	$ 146,134	$ 134,275	$ 90,272
Más de 90 días	501,611	450,328	273,941
Total	$ 647,745	$ 584,603	$ 364,213
Antigüedad promedio (días)	88	89	62

When determining the recoverability of an account receivable, the Entity considers any change in the credit quality of the account, from the date the credit was initially granted until the end of the reporting period.

The following is the effect of adoption and subsequent application of IFRS 9:

Balance al 1 de enero 2019 bajo IAS 39	$ 706,691
Increase / changes in credit risk parameters	53,978
Balance as of December 31, 2019 readjusted under IFRS 9	760,669
Increase / changes in credit risk parameters	17,469
Balance as of December 31, 2019	778,138
Increase / changes in credit risk parameters	6,700
Balance as of December 31, 2020	784,838
Increase / changes in credit risk parameters	(29,392)
Balance as of December 31, 2021	$ 755,446

8. Inventories

	2021	2020	2019
Finished products	$ 1,775,175	$ 1,730,289	$ 1,790,374
Raw material	1,014,281	944,991	817,928
Estimation for obsolete inventories	(642,805)	(724,643)	(802,475)
	2,146,651	1,950,637	1,805,827
Goods in transit	55,221	95,346	102,016
	$ 2,201,872	$ 2,045,983	$ 1,907,843

The movements of the estimate for obsolete inventories were as follows:

	BEGINNING BALANCE	INCREASES	APPLICATIONS	ENDING BALANCE
2021	$ (724,643)	$ (541,091)	$ 622,929	$ (642,805)
2020	$ (802,475)	$ (640,659)	$ 718,491	$ (724,643)
2019	$ (887,772)	$ (596,713)	$ 682,010	$ (802,475)

9. Property, plant and equipment

a. The reconciliation of beginning and ending balances of the book value as of December 31, 2021, 2020, and 2019 is as follows:

	BALANCE AS OF JANUARY 1, 2021	DIRECT ADDITIONS	DISPOSALS FROM SALES	IMPAIRMENT	TRANSFERS TO ASSETS	CURRENCY TRANSLATION EFFECT	BALANCE AS OF DECEMBER 31, 2021
Building	$ 176,683	$ 55	$ (2,925)	$ -	$ 25,091	$ -	$ 198,904
Improvements to leased properties	86,135	1,679	(7)	-	-	20,436	108,243
Laboratory equipment, molds and machinery	131,743	14,699	-	-	146,522	9,480	302,444
Transport equipment	197,344	17,345	(30,869)	-	-	411	184,231
Computer equipment	92,581	5,755	(2,050)	-	-	1,060	97,346
Production and recording equipment	60,447	127	-	-	-	249	60,823
Office, sales and telecommunications equipment	292,082	66,656	(5,542)	(17)	-	4,305	357,484
	1,037,015	106,316	(41,393)	(17)	171,613	35,941	1,309,475
Accumulated depreciation and amortization	(649,353)	(97,716)	18,486	-	-	(43,127)	(771,710)
	387,662	8,600	(22,907)	(17)	171,613	(7,186)	537,765
Constructions in process	2,142,507	536,686	-	-	(171,613)	6,848	2,514,428
Land	265,143	-	-	-	-	10	265,153
	$ 2,795,312	$ 545,286	$ (22,907)	$ (17)	$ -	$ (328)	$ 3,317,346

	BALANCE AS OF JANUARY 1, 2021	DIRECT ADDITIONS	DISPOSALS FROM SALES	IMPAIRMENT	TRANSFERS TO ASSETS	CURRENCY TRANSLATION EFFECT	BALANCE AS OF DECEMBER 31, 2020
Building	$ 172,649	$ 4,034	$ -	$ -	$ -	$ -	$ 176,683
Improvements to leased properties	95,030	630	-	-	(2,838)	(6,687)	86,135
Laboratory equipment, molds and machinery	113,488	18,862	-	-	(1,199)	592	131,743
Transport equipment	193,305	9,825	(4,435)	-	(1,265)	(86)	197,344
Computer equipment	84,226	11,512	(960)	(81)	(1,417)	(699)	92,581
Production and recording equipment	57,887	2,540	-	-	-	20	60,447
Office, sales and telecommunications equipment	261,270	23,462	(1,376)	(33)	(194)	8,953	292,082
	977,855	70,865	(6,771)	(114)	(6,913)	2,093	1,037,015
Accumulated depreciation and amortization	(566,461)	(84,047)	1,987	76	4,384	(5,292)	(649,353)
	411,394	(13,182)	(4,784)	(38)	(2,529)	(3,199)	387,662
Constructions in process	1,482,920	662,339	(11,339)	-	7,994	593	2,142,507
Land	265,141	-	-	-	-	2	265,143
	$ 2,159,455	$ 649,157	$ (16,123)	$ (38)	$ 5,465	$ (2,604)	$ 2,795,312

	BALANCE AS OF JANUARY 1, 2021	DIRECT ADDITIONS	DISPOSALS FROM SALES	IMPAIRMENT	TRANSFERS TO ASSETS	CURRENCY TRANSLATION EFFECT	BALANCE AS OF DECEMBER 31, 2019
Building	$ 171,526	$ 1,123	$ -	$ -	$ -	$ -	$ 172,649
Improvements to leased properties	97,779	308	-	-	(337)	(2,720)	95,030
Laboratory equipment, molds and machinery	112,878	3,901	(26)	-	26	(3,291)	113,488
Transport equipment	47,376	22,098	(27,142)	-	153,600	(2,627)	193,305
Computer equipment	77,770	15,048	(7,584)	-	(33)	(975)	84,226
Production and recording equipment	57,782	173	-	-	-	(68)	57,887
Office, sales and telecommunications equipment	247,803	27,403	(7,822)	-	(41)	(6,073)	261,270
	812,914	70,054	(42,574)	-	153,215	(15,754)	977,855
Accumulated depreciation and amortization	(515,835)	(68,842)	11,048	-	479	6,689	(566,461)
	297,079	1,212	(31,526)	-	153,694	(9,065)	411,394
Constructions in process	1,518,582	594,075	(53,253)	-	(574,521)	(1,963)	1,482,920
Land	54,573	210,538	-	-	10	20	265,141
	$ 1,870,234	$ 805,825	$ (84,779)	$ -	$ (420,817)	$ (11,008)	$ 2,159,455

As of December 31, 2020, and 2019, the Entity has capitalized interests for $67,000 and $64,498, respectively, which correspond to the construction of the plant.

The following average useful lives that are used in the calculation of depreciation are:

	USEFUL LIFE IN YEARS
Building	40
Improvements to leased properties	10
Laboratory equipment, molds and machinery	3
Transport equipment	4
Computer equipment	3
Production and recording equipment	3
Office, sales and telecommunications equipment	10

10. Intangible assets

	BALANCE AS OF JANUARY 1, 2021	DIRECT ADDITIONS	DIVESTMENTS	IMPAIRMENT	RECLASSIFICATIONS[1]	CURRENCY TRANSLATION EFFECT	BALANCE AS OF DECEMBER 31, 2021
Indefinite life assets:							
Trademarks	$ 3,897,745	$ 10,000	$ -	$ (5,500)	$ -	$ 99,546	$ 4,001,791
Trademark use licenses	529,211	15,517	-	-	-	3,060	547,788
Distribution rights	397,212	-	-	-	-	-	397,212
Other intangibles	74,258	147,607	-	-	-	(258)	221,607
	4,898,426	173,124	-	(5,500)	-	102,348	5,168,398
Definite life assets:							
Software - Development Costs	147,272	8,013	-	-	(149)	1,641	156,777
Trademark use licenses	36,558	-	-	-	-	-	36,558
Accumulated amortization	(173,891)	(15,807)	-	-	149	(3,046)	(192,595)
	9,939	(7,794)	-	-	-	(1,405)	740
	$ 4,908,365	$ 165,330	$ -	$ (5,500)	$ -	$ 100,943	$ 5,169,138

	BALANCE AS OF JANUARY 1, 2020	DIRECT ADDITIONS	DIVESTMENTS	IMPAIRMENT	RECLASSIFICATIONS[1]	CURRENCY TRANSLATION EFFECT	BALANCE AS OF DECEMBER 31, 2020
Indefinite life assets:							
Trademarks	$ 3,886,947	$ -	$ -	$ -	$ (11)	$ 10,809	$ 3,897,745
Trademark use licenses	528,101	715	-	-	3,331	(2,936)	529,211
Distribution rights	397,206	-	-	-	6	-	397,212
Other intangibles	73,449	827	-	-	-	(18)	74,258
	4,885,703	1,542	-	-	3,326	7,855	4,898,426
Definite life assets:							
Software - Development Costs	145,509	4,811	(836)	-	(1,878)	(334)	147,272
Trademark use licenses	36,558	-	-	-	-	-	36,558
Accumulated amortization	(154,555)	(17,578)	-	-	(3,120)	1,362	(173,891)
	27,512	(12,767)	(836)	-	(4,998)	1,028	9,939
	$ 4,913,215	$ (11,225)	$ (836)	$ -	$ (1,672)	$ 8,883	$ 4,908,365

	BALANCE AS OF JANUARY 1, 2019	DIRECT ADDITIONS	DIVESTMENTS	IMPAIRMENT	RECLASSIFICATIONS[1]	CURRENCY TRANSLATION EFFECT	BALANCE AS OF DECEMBER 31, 2019
Indefinite life assets:							
Trademarks	$ 3,916,859	$ 1,011	$ -	$ -	$ (572)	$ (30,351)	$ 3,886,947
Trademark use licenses	511,008	20,809	-	-	(13,421)	9,705	528,101
Distribution rights	397,206	-	-	-	-	-	397,206
Other intangibles	54,373	3,248	-	-	15,961	(133)	73,449
	4,879,446	25,068	-	-	1,968	(20,779)	4,885,703
Definite life assets:							
Software - Development Costs	141,284	4,662	-	-	-	(437)	145,509
Trademark use licenses	36,558	-	-	-	-	-	36,558
Accumulated amortization	(122,891)	(17,985)	-	-	(1,908)	(11,771)	(154,555)
	54,951	(13,323)	-	-	(1,908)	(12,208)	27,512
	$ 4,934,397	$ 11,745	$ -	$ -	$ 60	$ (32,987)	$ 4,913,215

(I) The main reclassifications correspond to licenses to use trademarks for terms of up to 99 years and / or whose contracts stipulate rights to renew them for which the Entity considers them to have an indefinite life.

11. Investment in associates

	2021	DECEMBER 31, 2020	DECEMBER 31, 2019	JANUARY 1, 2019
		(As restated)	(As restated)	(As restated)
Investment value at the beginning of the year	$ 855,295	$ 870,857	$ 815,790	$ 762,805
Profit recognized in the equity method	(90,295)	(15,562)	55,067	52,985
Value of the investment in Marzam at the end of the year	765,000	855,295	870,857	815,790
Acquisition value of investment in joint venture	-	39,006	30,044	18,867
Profit recognized in the equity method	-	14,957	8,962	11,177
Investment value at the end of the year	$ 765,000	$ 909,258	$ 909,863	$ 845,834

A summary of Marzam's financial information as of December 31, 2021, 2020, 2019 and January 1, 2019 is as follows:

	DECEMBER 31, 2021	DECEMBER 31, 2020	DECEMBER 31, 2019	JANUARY 1, 2019
Current assets	$ 5,215,764	$ 7,682,807	$ 6,673,965	$ 6,052,762
Non-current assets	$ 912,758	$ 762,148	$ 687,902	$ 296,285
Total liabilities	$ 4,235,908	$ 6,545,872	$ 5,478,969	$ 4,578,527
Stockholders' equity	$ 1,892,614	$ 1,899,083	$ 1,882,898	$ 1,770,520
(Loss) gain net profit	$ (20,059)	$ (1,212)	$ 128,315	

Amounts presented by Marzam as adjusted based on Genomma's policies for purposes of the equity method.

The other investment in associates is not material for the consolidated financial statements as a whole, therefore, no further disclosure is included.

12. Other accounts payable and accrued liabilities

	2021	2020	2019
Various creditors	$ 692,243	$ 831,408	$ 368,717
Accumulated liabilities	679,356	706,869	550,262
Employee benefits	114,534	150,863	71,757
Advertising payable	262,298	247,259	233,036
Taxes payable, except ISR	809,359	720,530	769,831
Interest payable	12,051	12,527	14,531
	$ 2,569,841	$ 2,669,456	$ 2,008,134

13. Debt and bank loans and current portion of long-term debt

As of December 31, they are comprised as follows:

	2021	2020	2019
Debt certificates:			
LAB 20 issued on August 31, 2020, maturing on August 28, 2023, at a floating interest rate of TIIE + 1.1%	$ 2,500,000	$ 2,500,000	$ -
LAB 0121 issued on January 31, 2021, maturing on February 107, 2022, at a floating interest rate of TIIE + 0.24%	200,000	-	$ -
LAB 00421 issued on February 11, 2021, maturing on January 27, 2022, at a floating interest rate of TIIE + 0.23%	200,000	-	-
LAB 00521 issued on July 8, 2021, maturing on March 17, 2022, at a floating interest rate of TIIE + 0.10%	100,000	-	-
LAB 00621 issued on July 8, 2021, maturing on July 7, 2022, at a floating interest rate of TIIE + 0.14%	100,000	-	-
LAB 00721 issued on July 15, 2021, maturing on March 17, 2022, at a floating interest rate of TIIE + 0.09%	100,000	-	-
LAB 00821 issued on July 15, 2021, maturing on July 7, 2022, at a floating interest rate of TIIE + 0.13%	200,000	-	-
LAB 01021 issued on August 12, 2021, maturing on August 11, 2022, at a floating interest rate of TIIE + 0.10%	100,000	-	-
LAB 01221 issued on August 19, 2021, maturing on August 11, 2022, at a floating interest rate of TIIE + 0.10%	33,333	-	-
LAB 01321 issued on September 9, 2021, maturing on September 8, 2022, at a floating interest rate of TIIE + 0.09%	150,000	-	-
LAB 01421 issued on September 23, 2021, maturing on May 5, 2022, at a floating interest rate of TIIE + 0.06%	92,600	-	-
LAB 01521 issued on October 14, 2021, maturing on September 15, 2022, at a floating interest rate of TIIE + 0.09%	150,000	-	-
LAB 00120 issued on February 13, 2020, maturing on February 11, 2021, at a floating interest rate of TIIE + 0.15%	-	300,000	-
LAB 00220 issued on February 20, 2020, maturing on February 11, 2021, at a floating interest rate of TIIE + 0.16%	-	500,000	-
LAB 00420 issued on June 25, 2020, maturing on June 24, 2021, at a floating interest rate of TIIE + 0.6%	-	51,049	-
LAB 00520 issued on July 9, 2020, maturing on July 8, 2021, at a floating interest rate of TIIE + 0.6%	-	150,000	-
LAB 00620 issued on August 13, 2020, maturing on August 12, 2021, at a floating interest rate of TIIE + 0.6%	-	150,000	-

	2021	2020	2019
Debt certificates			
LAB 18 issued on March 23, 2019, maturing on March 19, 2021, at a floating interest rate of TIIE + 1.90% and prepaid on September 14, 2020	-	-	2,450,000
LAB 00219 issued on September 5, 2019, maturing on September 3, 2020, at a floating interest rate of TIIE + 0.5%	-	-	120,000
LAB 00319 issued on September 19, 2019, maturing on March 5, 2020, at a floating interest rate of TIIE + 0.3%	-	-	180,000
LAB 00419 issued on September 19, 2019, maturing on September 17, 2020, at a floating interest rate of TIIE + 0.3%	-	-	180,000
LAB 00419 emitidos el 19 de septiembre de 2019, con vencimiento el 17 de septiembre 2020, a una tasa de interés flotante de TIIE + 0.3%	-	-	120,000
International Finance Corporation - World Bank Group:			
Credit that bears monthly interest at the TIIE rate plus 1.87%. The principal is amortized through sixty equal amortizations for $ 12.3 million beginning on May 31, 2020 and ending on May 15, 2025	503,858	651,329	737,356
Banco del Bajío, S. A.:			
Credit that bears monthly interest at the TIIE rate plus 1.75%. The principal is amortized through 42 equal amortizations for $ 9.5 million beginning on March 29, 2021 and ending on August 27, 2024	304,762	400,000	-
Inter-American Development Bank - IDB Loan 49945:			
Credit for $ 362.3 million, which bears monthly interest at the TIIE rate + 1.45%. The capital will be amortized through 60 equal amortizations for $ 6.04 million beginning on June 15, 2021 and ending on May 15, 2026	319,988	362,250	362,250
Inter-American Development Bank - IDB:			
Credit that bears monthly interest at the TIIE rate plus 1.45%. The principal is amortized through 60 equal amortizations for $ 5.2 million beginning on June 15, 2021 and ending on May 15, 2026	276,262	312,750	312,750
Scotiabank Inverlat, S. A. IBM:			
Credit that bears monthly interest at the TIIE rate plus 1.90%. The capital will be amortized through 18 equal amortizations for $ 13.9 million beginning on March 19, 2021 and ending on August 19, 2022	111,111	250,000	-

	2021	2020	2019
Debt certificates			
Scotiabank Inverlat, S. A. IBM:			
Credit that bears monthly interest at a fixed rate of 6.84%. The capital will be amortized through 18 equal amortizations for $ 2.8 million beginning on March 19, 2021 and ending on August 19, 2022	22,222	50,000	-
International Finance Corporation - World Bank Group loan 40144-00:			
Credit for $ 263 million, which bears monthly interest at the TIIE rate + 1,094%. The capital will be amortized through 60 equal amortizations for $ 4.4 million beginning on June 16, 2021 and ending on May 16, 2026	232,423	263,127	263,127
Inter-American Investment Corporation - IDB investment loan 49951:			
Credit that bears monthly interest at the TIIE rate plus 1.45%. The principal is amortized through 60 equal amortizations for $ 1.7 million beginning on June 15, 2021 and ending on May 15, 2026	92,087	104,250	104,250
Inter-American Investment Corporation - IDB préstamo de inversión 49951:			
Credit for $ 120.8 million, which bears monthly interest at the TIIE rate + 1.45%. The capital will be amortized through 60 equal amortizations for $ 2 million beginning on June 15, 2021 and ending on May 15, 2026	106,663	120,750	120,750
Banco Bolivariano, C. A. (Ecuador):			
Simple credit for $1 million US dollars, which bears monthly interest at a fixed rate of 5.95%. The payment of the principal will be made in a single installment at maturity on January 11, 2022	20,516	-	-
National Bank of Foreign Trade, SNC:			
Credit that bears monthly interest at the TIIE rate plus 0.70%. The capital is amortized through seventy-two equal amortizations for $ 6.3 million beginning on July 17, 2015 and ending on June 17, 2021	-	38,011	114,033
Banca Santander Brasil, S. A.:			
Simple credit with Banco Santander Brasil for $ 41 million Brazilian reais, which bears monthly interest at a fixed rate of 9.38%. The principal payment will be made in a single payment upon maturity on June 17, 2020	-	157,129	192,430

	2021	2020	2019
Debt certificates			
Banco Digimais, S.A. (Brazil):			
Simple credit for $ 21 million Brazilian reais, which bears monthly interest at a fixed rate of 9.90%. The payment of the principal will be made in a single payment upon maturity on November 5, 2021	-	80,481	-
Banco Sabadell, S. A.:			
Simple credit with Banco S.A.B.adell for $ 150 million, which bears monthly interest at the TIIE rate + 1.25%. The principal payment was made in advance in a single exhibition on August 26, 2020	-	-	150,000
BBVA Bancomer, S. A.:			
Simple credit with BBVA Bancomer México for $ 500 million, which bears monthly interest at the TIIE rate + 1.45%. The capital will be amortized through 18 equal amortizations for $ 27.8 million beginning on September 30, 2019 and ending early on September 30, 2020	-	-	388,920
Banco Santander, S. A.:			
Simple credit with Banco Santander México for $ 250 million Mexican pesos, which bears monthly interest at the rate of TIIE + 0.85%. The principal payment will be made in a single payment upon maturity on March 13, 2020	-	-	250,000
	5,915,825	6,441,126	6,045,866
Less:			
Short-term bank loans and current portion of long-term debt	2,072,309	1,970,239	1,550,006
Debt issuance expenses	11,483	17,140	11,194
Long-term debt	$3,832,033	$ 4,453,747	$ 4,484,666

Long-term debt maturities as of December 31, 2021 will be as follows:

To pay during	
2023	$ 2,984,777
2024	456,298
Later years	390,958
	$ 3,832,033

The debt certificates and the loan contracts establish obligations to do and not to do for the Entity. All these requirements are met as of December 31, 2021.

14. Employee benefits upon retirement

The net cost of the period for obligations derived from severance pay for termination of employment, retirement benefits and seniority premiums, amounted to $21,282 in 2021, $207 in 2020 and ($168) in 2019. Other disclosures required by the provisions accounting are considered unimportant.

15. Risk management

The Entity has exposure to market, operational and financial risks derived from the use of financial instruments such as interest rate, credit, liquidity and exchange risk, which are managed centrally. The Board of Directors establishes and monitors the policies and procedures to measure and manage these risks, which are described below:

a. Capital risk management - The Entity manages its capital to ensure that it will continue as a going concern while maximizing returns to its shareholders through the optimization of capital balances, through continuous monitoring of the debt and capital structure.

The Entity's capital structure consists of net debt (the loans as detailed in Note 13 offset by balances of cash and cash equivalents) and the Entity's capital (made up of issued share capital, reserves and accumulated earnings as disclosed in Note 17).

Indebtedness ratio

The debt ratio at the end of the reporting periods is as follows:

	2021	2020	2019
Debt (i)	$ 5,904,342	$ 6,423,986	$ 6,034,672
Cash and cash equivalents - excluding restricted cash	1,220,905	2,048,785	899,662
Net debt	$ 4,683,437	$ 4,375,201	$ 5,135,010
Stockholders' equity (ii)	$ 10,072,226	$ 8,842,454	$ 7,249,250
Net debt to equity ratio	47%	49%	71%

(i) Debt is defined as the book value of long and short-term loans.

(ii) Stockholders' equity includes all the reserves and the capital stock of the Entity that are managed as capital.

b. Interest rate risk management - The Entity is exposed to interest rate risks due to the fact that it has debt contracted at variable rates.

The Entity's exposures for interest rate risk are mainly in TIIE interest rates on financial liabilities. The sensitivity analysis determined by the Entity is prepared based on the exposure to interest rates of its total uncovered financial debt held at variable rates, an analysis is prepared assuming that the amount of the outstanding liability at the end of the period over which It is reported to have been the pending liability for the entire year. The Entity reports internally to the Board of Directors on interest rate risk.

Sensitivity analysis for interest rates

The following sensitivity analyzes have been determined based on the exposure to interest rates at the end of the reporting period. For variable rate liabilities, an analysis is prepared assuming that the amount of the current liability at the end of the reporting period has been the current liability for the entire year. When reporting internally to key management personnel about interest rate risk, an increase or decrease of 50 points is used, which represents management's assessment of the possible reasonable change in interest rates.

If interest rates had been 50 points above / below and all other variables remained constant:

- The result for the year ended December 31, 2021 would increase / decrease by $30,934 (2020: increase / decrease by $30,444) (2019: increase / decrease by $28,243). This is mainly attributable to the Entity's exposure to interest rates on its variable rate loans.

c. Credit risk management - Credit risk refers to the risk that one of the parties fails to comply with its contractual obligations resulting in a financial loss for the Entity. The Entity has adopted a policy of only engaging with solvent parties and obtaining sufficient guarantees, when appropriate, as a way of mitigating the risk of financial loss caused by defaults. The Entity only carries out transactions with entities that have a risk rating equivalent to investment grade or higher. This information is provided by independent rating agencies and, if not available, the Entity uses other available financial information and its own business records to rate its main clients. The Entity's exposure and the credit ratings of its counterparties are continuously monitored and the accumulated value of the concluded transactions is distributed among the approved counterparties. The credit exposure is controlled by the counterparty limits that are reviewed and approved by the Entity's credit committee.

Before granting credit to any client, a financial evaluation is performed and credit references are requested. Subsequently, a continuous evaluation of the credit is carried out on the financial condition of the accounts receivable.

d. Liquidity risk management - The Entity's Board of Directors is the body that has final responsibility for liquidity management, which has established the appropriate policies for its control, through monitoring of working capital, which allows management to manage the Entity's short, medium and long-term financing requirements, maintaining cash reserves, disposing of credit lines, continuously monitoring projected and real cash flows, reconciling the maturity profiles of financial assets and financial liabilities.

The following table details the contractual maturities of the Entity for its financial liabilities considering the agreed repayment periods. The table has been designed based on projected cash flows less financial liabilities based on the date on which the Entity must make payments. The table includes both projected interest cash flows and financial debt principal disbursements included in the Consolidated statement of financial positions. To the extent that interest is at the variable rate, the undiscounted amount is derived from the curves in the interest rate at the end of the reporting period. The contractual maturity is based on the minimum date on which the Entity must make the payment.

AS OF DECEMBER 31, 2021	LESS THAN A YEAR	FROM ONE TO 3 YEARS	MORE THAN 3 YEARS	TOTAL
Bank loans including current portion of long-term debt	$ 2,072,309	$ 3,441,075	$ 390,958	$ 5,904,342
Interest to accrue	324,328	229,772	17,700	571,800
Accounts and documents payable to suppliers	1,439,640	-	-	1,439,640
Other accounts payable and accrued liabilities, sundry creditors and employee benefits	2,602,659	469,863	42,998	3,115,520
Total	$ 6,438,936	$ 4,140,710	$ 451,656	$ 11,031,302

AS OF DECEMBER 31, 2020	LESS THAN A YEAR	FROM ONE TO 3 YEARS	MORE THAN 3 YEARS	TOTAL
Bank loans including current portion of long-term debt	$ 1,970,239	$ 3,606,557	$ 847,190	$ 6,423,986
Interest to accrue	331,925	438,073	14,559	784,557
Accounts and documents payable to suppliers	1,644,766	-	-	1,644,766
Other accounts payable and accrued liabilities, sundry creditors and employee benefits	2,374,360	857,577	21,491	3,253,428
Total	$ 6,321,290	$ 4,902,207	$ 883,240	$ 12,106,737

AS OF DECEMBER 31, 2019	LESS THAN A YEAR	FROM ONE TO 3 YEARS	MORE THAN 3 YEARS	TOTAL
Bank loans including current portion of long-term debt	$ 1,550,006	$ 3,345,820	$ 1,138,846	$ 6,034,672
Interest to accrue	469,703	407,292	72,420	949,415
Accounts and documents payable to suppliers	1,881,177	-	-	1,881,177
Other accounts payable and accrued liabilities, sundry creditors and employee benefits	1,557,435	881,082	21,537	2,460,054
Total	$ 5,458,321	$ 4,634,194	$ 1,232,803	$ 11,325,318

The amounts included in the debt with credit institutions include instruments at fixed and variable interest rates. Financial liabilities at variable interest rates are subject to change, changes in variable interest rates may differ from those estimates of interest rates determined at the end of the reporting period.

e. Foreign exchange risk management - The Entity carries out transactions denominated in foreign currency; consequently, it is exposed to fluctuations in the exchange rate, which are managed within the parameters of the approved policies.

The book values of the monetary assets and liabilities denominated in foreign currency to which the Entity is mainly exposed at the end of the reporting period, are the following (figures in thousands):

	2021		2020		2019	
	ASSETS	PASSIVEYOU	ASSETS	PASSIVEYOU	ASSETS	PASSIVEYOU
US dollars	50,829	23,657	83,588	25,078	59,081	17,856
Other currencies valued in US dollars	151,982	51,769	139,591	68,225	135,257	56,933

Foreign currency sensitivity analysis

The Entity's sensitivity to a 10% increase or decrease in the peso against foreign currencies is not relevant. The 10% represents the sensitivity rate used when reporting exchange risk internally to the Entity's key personnel, and represents the management's assessment of a reasonably possible change in exchange rates.

The Entity is mainly exposed to the dollar. The exchange rates as of December 31, 2021 and April 28, 2022 are $20.5157 and $20.5670, respectively.

The following table details the Entity's sensitivity to a 10% increase and decrease in the dollar against the relevant foreign currencies. The 10% represents the sensitivity rate used when reporting exchange rate risk internally to key management personnel, and represents management's assessment of the possible reasonable change in exchange rates. The sensitivity analysis includes only the pending monetary items denominated in foreign currency and adjusts their translation at the end of the period for a 10% change in exchange rates. Sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the currency of the lender or borrower. A positive figure (as seen in the table below) indicates an increase in results where the peso strengthens 10% against the relevant currency. If there were a 10% weakening in the peso relative to the reference currency, then there would be a comparable impact on results and other comprehensive income, and subsequent balances would be negative.

	EFFECT ON RESULTS		
	2021	2020	2019
Mexican pesos	$ 261,339	$ 258,910	$ 226,697

16. Fair value of financial instruments

The fair value of the financial instruments that are subsequently presented has been determined by the Entity using the information available in the market or other valuation techniques that require judgment to develop and interpret the fair value estimates. Likewise, it uses assumptions that are based on the market conditions existing at each of the dates of the Consolidated statement of financial position. Consequently, the estimated amounts presented are not necessarily indicative of the amounts that the Entity could make in a current market exchange. The use of different assumptions and / or estimation methods could have a material effect on the estimated fair value amounts.

The following table presents an analysis of the financial instruments that are measured after initial recognition at fair value, grouped in levels 1 to 3 depending on the degree to which fair value is observed:

- Level 1 are those derived from quoted prices (not adjusted) in active markets for identical assets or liabilities.;

- Level 2 are those derived from indicators other than quoted prices included within Level 1, but which include indicators that are observable for an asset or liability, either directly at quoted prices or indirectly, that is, derived from these prices; and

- Level 3 are those derived from valuation techniques that include indicators for assets or liabilities, which are not based on observable market information (unobservable indicators).

The amounts of cash and cash equivalents of the Entity, as well as accounts receivable and payable from third parties and related parties, and the current portion of bank loans and long-term debt are close to their fair value because they have short maturities term. The Entity's long-term debt is recorded at its amortized cost and consists of debt that generates interest at fixed and variable rates that are related to market indicators.

The carrying amounts of financial instruments by category and their estimated fair values as of December 31, 2021, 2020, and 2019 are as follows:

	2021		2020		2019	
	VALUE IN BOOKS	FAIR VALUE	VALUE IN BOOKS	FAIR VALUE	VALUE IN BOOKS	FAIR VALUE
Financial liabilities measured at amortized cost (level 2)						
Bank loans and current portion of long-term debt	$ 2,072,309	$ 2,158,931	$ 1,970,239	$2,017,885	$ 1,550,006	$1,570,869

The fair value of the debt contracted with credit institutions is close to the amount recorded in the accounting due to the short-term nature of some of the maturities.

The fair valuesof financial assets and liabilities shown as of December 31, 2021, 2020 and 2019 in the consolidated statements of financial position, do not differ from their book value, except bank loans, because the values are derived from those observed in the market they are very similar to those registered.

During the period there were no transfers between Level 1 and 2.

17. Stockholders' equity

a. The share capital at nominal value as of December 31, is as follows:

	NUMBER OF ACTIONS	AMOUNT
Fixed capital		
B series	82,176	$ 150
Variable capital		
B series	1,047,917,824	1,912,817
	1,048,000,000	$ 1,912,967

The capital stock is made up of nominative common shares with no par value. The variable capital is unlimited.

b. At the General Shareholders' Meeting held on April 30, 2020, the maximum amount of resources that the Entity may allocate to the acquisition of treasury shares was approved that is equal to the total balance of the Entity's net distributed profits, less the separate amount of said profits to integrate the reserve fund of the Entity, during the year of 2020, without exceeding said amount. The repurchase of shares during the 2021, 2020, and 2019 fiscal years amounts to $155,805, $11,070 y $84,145. As of December 31, 2021, there are 44,562,667 treasury shares charged to stockholders' equity.

c. In the Ordinary Annual General Meeting of Shareholders of April 29, 2019, the Entity was authorized to expand the request for issuance of short and long-term stock certificates previously approved by the Company's Board of Directors (the "Stock Certificates") under the modality of a revolving placement program (the "Program"), up to a total amount of $10,000,000 or its equivalent in Investment Units, and to request the National Banking and Securities Commission (the "Commission ") The preventive registration in the National Registry of Securities of the Program up to said amount, and to the Mexican Stock Exchange, SAB de C.V. (the "Stock Exchange") the listing of the Stock Certificates up to said amount, in the list of securities authorized to be listed on the stock market, and to carry out, during the term of the Program, the placement among the investing public, through public offering through the Stock Exchange, of one or more issues of the Stock Certificates under the same, under the scheme or modality that is convenient, in accordance with the applicable legislation and regulations, and as determined by the General Directorate and / or the Vice Presidency of Finance and Administration of the Company. (ii) The Company was authorized to carry out all the acts, procedures, and procedures that are necessary or convenient, with the Commission, the Stock Exchange, and S.D. Indeval Institución para el Depósito de Valores, S.A. de CV, as well as to celebrate and negotiate any contracts, agreements, and documents that are required, related or convenient about the modification of the Program and concerning each and every one of the issues that are made from now on under the of the Program. (iii) The proprietary and alternate Secretaries not members of the Company's Board of Directors were authorized to issue any certifications about the authorizations granted in the relief of the fifth point of the Meeting's Agenda.

d. On December 21, 2019, the Entity informed its shareholders that, due to the updating of the registration of the shares representing LAB's capital stock in the National Securities Registry authorized by the National Banking and Securities Commission by official letter number 153/12202/2018, derived from the cancellation of the 733,370 (seven hundred thirty-three thousand three hundred seventy) ordinary, nominative shares, without expression of nominal value, Series "B", representing the variable capital of LAB that it held in its possession, The definitive titles currently in circulation would be exchanged for new definitive titles that reflect the cancellation of shares in their possession. The exchange of the definitive titles was carried out on January 31, 2020, through S.D. Indeval Institución para el Depósito de Valores, S.A. de C.V., regarding the shares that are deposited in a said institution that cover shares representing LAB's capital stock in the amount equivalent to the sum of the theoretical value of the treasury shares, that is, the amount of $ 1,339.

e. At the General Shareholders' Meeting on April 27, 2017, the payment of dividends for $ 800,000 was approved. For this, the Shareholders' Meeting delegated to the Board of Directors of the Entity to determine the payment dates of each exhibition, as well as the amounts to be paid in each of them, considering the liquid resources available to the Entity and provided that the payments for such exhibitions do not originate or may originate a Cause of Early Expiration of the current Stock Certificate Program. In the exercise of the powers conferred by the Shareholders' Meeting, the Board of Directors of the Entity in the sessions held on October 24, 2017, February 20, 2019, and February 20, 2020, the payment of the dividend decreed by the Ordinary and Extraordinary Annual General Meeting of Shareholders held on April 27, 2017, and discussed the various investments that the Company was making in the construction of the new production plant and the inclusion of business lines, and resolved that derived from the various investments that are being carried out, the Company would not have liquid resources available in 2019 and 2020 fiscal years to carry out the payment of the decreed dividend, therefore said the dividend will remain in the long-term liability account with related parties of the Company.

On November 26, 2021, the Entity presented the Notice of Rights, through the Mexican Stock Exchange, communicating the payment of a dividend to shareholders for the total amount of $400 million (four hundred million pesos 00/100 National Currency) and that was carried out on December 10, 2021, at a rate of $0.381679389 pesos for each of the shares representing the capital stock of the Entity that are in circulation according to the shareholding and in proportion to its participation in the capital stock. Of the entity. It is stated that the amount that will be paid as dividends to the Entity's shareholders comes from the Net Tax Profit Account (CUFIN) of the Company prior to the 2014 fiscal year.

f. Retained earnings include the reserve fund. In accordance with the General Law of Mercantile Companies, a minimum of 5% must be separated from the net profits for the year to form the reserve fund, until its amount rises to 20% of the capital stock at nominal value. The reserve fund can be capitalized, but it should not be distributed unless the Entity is dissolved, and it should be reconstituted when it decreases for any reason. As of December 31, 2021, the legal reserve registered at nominal value by the Entity amounts to $442,083 equivalent to 20% of its capital stock.

g. The distribution of stockholders' equity, except for the updated amounts of the contributed capital stock and of the tax retained earnings, will cause the ISR to be paid by the Entity at the rate in effect at the time of distribution. The tax paid for said distribution may be credited against the income tax for the year in which the tax on dividends is paid and in the two immediately following years, against the tax for the year and the provisional payments thereof.

Dividends paid from profits generated as of January 1, 2014 to individuals residing in Mexico and residents abroad, may be subject to an additional income tax of up to 10%, which must be withheld by the Entity.

h. The balances of the fiscal accounts of the stockholders' equity as of December 31, are:

	2021	2020	2019
Contribution capital	$ 3,169,061	$ 2,978,986	$ 2,861,244
Net tax profit account at the end of 2013	4,087,599	3,807,731	3,469,803
Net tax profit account as of 2014	6,396,852	4,535,122	2,055,939
Total	**$ 13,653,512**	**$ 11,321,839**	**$ 8,386,986**

18. Balances and transactions with related parties

The balances and transactions between the Entity and its subsidiaries, which are related parties of the Entity, have been eliminated in consolidation and are not disclosed in this note. The transactions between the Entity and other related parties are detailed below.

a. Balances receivable with related parties are:

	2021	2020	2019
Associates	$ 148,353	$ 75,792	$ 86,996

b. As of December 31, 2021, 2020 and 2019, there is an account payable to related parties for $761, $947 and $2,471, respectively.

Commercial transactions - During 2021, 2020, and 2019, the Entity's subsidiaries carried out the following commercial transactions with related parties that are not members of the Entity:

	2021	2020	2019
Sales to associate	$ 370,936	$ 352,757	$ 309,305
Professional services paid to related party	(378,662)	(361,329)	(290,638)
Purchase of commercial furniture and space design	(61,986)	(57,097)	-

Compensation of key management personnel - Compensation to management and other key members of management during the year was as follows:

	2021	2020	2019
Short-term direct benefits	$ 378,662	$ 361,329	$ 290,638

19. Other expenses (income), net

They are comprised as follows:

	2021	2020	2019
Other income from advertising services	$ (10,757)	$ (27,829)	$ (8,700)
Taxes refunds	(3,962)	(11,726)	-
Loss on sale of assets	4,257	1,012	1,060
Others, net	(48,720)	192,645	(48,828)
	$ (59,182)	$ 154,102	$ (56,468)

20. Income taxes

Mexico -The Entity is subject to income tax. According to the Income Tax Law in Mexico, the rate for 2021, 2020, and 2019 was 30% and will continue at 30% for subsequent years.

Other countries - The ISR rates applicable in the year 2021, in the countries where the Entity has subsidiaries, are mentioned below:

	%
Argentina	35
Bolivia	25
Brazil	34
Chile	27
Colombia	32
Costa Rica	30
Ecuador	25
United States of America (1)	21
Peru	29.5

	%
Dominican Republic	27
Guatemala	25
El Salvador	30
Honduras	25
Nicaragua	30
Panama	25
Spain	25
Uruguay	25
Paraguay	10

(1) On December 20, 2019, the tax reform of this country was approved and as of 2019 the federal income tax rate will be 21%.

The periods in which tax losses can be applied in these countries range from three to eight years.

Operations in Colombia and Argentina are subject to asset tax.

In Argentina there is a tax on minimum presumed earnings (IGMP) that results from applying the 1% rate on certain productive assets, and is paid only for the amount that exceeds the income tax for the year. If a payment is made in any year, this tax is credited against the excess of the ISR over the IGMP in the next ten years.

a. The income tax (benefit) is integrated as follows:

	2021	2020	2019
ISR:			
Current	$ 939,166	$ 827,030	$ 972,258
Deferred	(25,156)	(60,197)	(176,533)
	$ 914,010	$ 766,833	$ 795,725

The reconciliation of the legal income tax rate and the effective rate expressed as a percentage of profit (loss) before income taxes and discontinued operations is:

	2021 %	2020 %	2019 %
		(As restated)	(As restated)
Legal rate	30	30	30
Plus (minus) effect mainly of non-deductible expenses and differences in legal rates in foreign operations	19	(6)	16
Inflation effects	(15)	11	5
Non-deductible for impairment of long-lived assets	7	-	-
Effective rate	41	35	51

b. b. Deferred taxes on consolidated statements of financial position

The following is the analysis of the deferred tax assets (liabilities) presented in the consolidated statements of financial position:

	2021	2020	2019
Deferred income tax asset:			
Estimates for doubtful accounts, returns and bonuses	$ 234,054	$ 67,932	$ 519,652
Accrued expenses	434,476	410,053	181,775
Tax losses to be amortized	193,171	136,509	130,656
Inventory reserve and others, net	178,766	374,359	884,747
Deferred income tax asset	1,040,467	988,853	1,716,830
Deferred income tax (liability):			
Dividendos por cobrar	(9,323)	(1,835)	(34,643)
Dividends receivable	(12,634)	(62,906)	(57,498)
Advance payments	(1,072,447)	(935,649)	(1,263,065)
Intangible assets and other assets	(1,094,404)	(1,000,390)	(1,355,206)
Deferred income tax (liability)	$ (53,937)	$ (11,537)	$ 361,624
The net assets for deferred income taxes are comprised as follows:			
Total assets	$ 500,762	$ 540,106	$ 576,442
Total liabilities	(554,699)	(551,643)	(214,818)
Net (liability) asset	$ (53,937)	$ (11,537)	$ 361,624

Tax balances corresponding to different tax regimes are not offset against each other, and are shown separately in the accompanying consolidated statements of financial position.

c. The net asset deferred tax movements for the year are as follows:

	2021	2020	2019
Beginning balance	$ (11,537)	$ 361,624	$ 524,518
Income tax applied to results	(42,400)	(373,161)	(162,894)
	$ (53,937)	$ (11,537)	$ 361,624

d. The benefits of the updated tax losses pending amortization for which the deferred income tax asset has already been recognized can be recovered by meeting certain requirements. The expiration years and their updated amounts as of December 31, 2021, are:

YEAR OF EXPIRATION	CARRYFORWARD LOSSES
2022	$ 129
2023	831
2024	55,147
2025	41,244
2026	77,732
2027	64,109
2028	18,803
2029	37,348
2030	31,709
2031	135,409
No expiration year	157,961
	$ 620,422

21. Contingencies

The Entity and its assets are not subject to any legal action other than those of a routine nature and characteristic of its activity.

22. Information by segments

Information by operating segments is presented based on management's classification and general information is presented by geographic area.

Transactions between segments have been eliminated. Total assets are those used in the operations of each segment. The corporate assets included in the services segment are: cash, available and long-term investments, recoverable taxes and certain fixed assets.

The administration has identified two operating segments divided into national and international, for which it considered the following premises:

a) The business activity or a particular economic environment, from which it obtains income, maintains assets or incurs liabilities.

b) Due to its importance, it requires the attention of the management of the economic entity, to evaluate its development and make decisions regarding the allocation of resources for its operation.

c) Information in addition to financial information is available and is based on a managerial approach criterion.

d) The inherent risks of business and returns are different from those of other operating segments.

As of December 31, 2021, the Entity has operations in 20 countries in addition to Mexico: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Spain, El Salvador, United States, Guatemala, Honduras, Nicaragua, Panama, Paraguay , Peru, Dominican Republic, Uruguay, Puerto Rico and Trinidad and Tobago.

The decisions of the General Management are taken evaluating the results of the segments, as well as their main indicators.

The operating segments are reported consistently with the internal reports prepared to provide information to the Chief Executive Officer The Chief Executive Officer is responsible for the allocation of resources, as well as the evaluation of the operating segments, therefore, he is considered the chief operation decsion maker.

a. The following tables show the financial information by business segment. Transactions between segments have been eliminated. Total assets are those used in the operations of each segment, mainly:

2021

	MEXICO	INTERNACIONAL	TOTAL
Income	$ 6,463,551	$ 9,023,508	$ 15,487,059
Depreciation and amortization	92,565	77,701	170,266
Interest income	18,592	46,837	65,429
Interest expense	(308,789)	(135,601)	(444,390)
Income taxes	414,195	499,815	914,010
Participation in the profit of associates	(90,378)	-	(90,378)
Net profit	429,476	878,391	1,307,867
Total assets	16,038,531	5,504,429	21,542,960
Total liabilities	9,239,990	2,230,744	11,470,734
Investments in productive assets	733,419	103,369	836,788

2020 (AS RESTATED)

	MÉXICO	INTERNACIONAL	TOTAL
Income	$ 6,004,129	$ 7,866,019	$ 13,870,148
Depreciation and amortization	96,768	62,223	158,991
Interest income	24,893	6,503	31,396
Interest expense	(420,930)	(40,177)	(461,107)
Income taxes	403,533	363,300	766,833
Participation in the profit of associates	(605)	-	(605)
Net profit	815,763	587,740	1,403,503
Total assets	16,387,555	4,953,328	21,340,883
Total liabilities	10,228,489	2,269,940	12,498,429
Investments in productive assets	669,325	35,305	704,630

2019 (AS RESTATED)

	MÉXICO	INTERNACIONAL	TOTAL
Income	$ 5,802,817	$ 6,910,073	$ 12,712,890
Depreciation and amortization	86,936	55,262	142,198
Interest income	15,628	13,149	28,777
Interest expense	(564,677)	(42,006)	(606,683)
Income taxes	520,394	275,331	795,725
Participation in the profit of associates	64,029	-	64,029
Net profit	32,568	717,037	749,605
Total assets	13,754,120	4,775,772	18,529,892
Total liabilities	9,209,492	2,071,150	11,280,642
Investments in productive assets	845,684	29,129	874,813

23. Authorization of the issuance of financial statements

The consolidated financial statements were authorized for issuance on April 12, 2022 by the management of the Entity and the Board of Directors and are subject to the approval of the Ordinary Annual Meeting of Shareholders, who can decide its modification in accordance with the provisions in the Securities Market Law. These financial statements were subsequently revised and, therefore, reflect events that occurred between April 12, 2022 and April 28, 2022.

INDICES, RECOGNITIONS AND RANKINGS **2021**

INDICES

Inclusion in the Dow Jones Sustainability MILA Pacific Alliance Index for the second consecutive year. Only company in the Pharmaceuticals, Biotechnology & Life Sciences category. Recognition of companies with the best corporate sustainability practices in Chile, Colombia, Peru and Mexico.

Members of the S&P Global Sustainability Yearbook 2022, for our environmental, social and corporate governance (ESG) practices.

Integration into the S&P/BMV Total Mexico ESG Index for the second consecutive year, which includes the 29 most sustainable companies in Mexico, previously known as IPC Sustentable, which we have been part of for eight consecutive years.

RECOGNITIONS

For the 15th consecutive year, we have been awarded the Distintivo Empresa Socialmente Responsable (Socially Responsible Company Distinction), Awarded by the Mexican Center for Philanthropy (Centro Mexicano para la Filantropía, CEMEFI), certifying us as a company publicly committed to social responsibility.

HRC Equidad MX 2022 Certification from the Human Rights Campaign Foundation. Global Workplace Equality Program in Mexico, for adopting anti-discrimination protections, having a Diversity Committee / LGBTQ+ employee group and developing public activities, creating a more inclusive work environment for all employees.

SUSTAINABILITY INITIATIVES

UNITED NATIONS GLOBAL COMPACT
Since 2008 Genomma Lab Internacional, S.A.B. de C.V. has been committed to the corporate responsibility initiative of the United Nations Global Compact and its principles in the areas of human rights, labor, environment and anti-corruption

Engagement in the United Nations Sustainable Development Goals Accelerator Program- SDG Ambition (UN Global Compact) This is an initiative that aims to challenge and support UN Global Compact participating companies to set ambitious corporate goals and accelerate the integration of the 17 Sustainable Development Goals (SDGs) into core business management.

Adherence to the UN Women's Empowerment Principles (WEPs). The WEPs are a joint initiative of UN Women and the Global Compact to provide guidance to the private sector on measures to empower women in the workplace, markets and community. It is a business platform that helps companies review their policies and practices on women's empowerment.

CDP (Carbon Disclosure Project), disclosure of information on environmental impacts, risks and opportunities of climate change. B rating in the Climate Change 2021 assessment.

RANKINGS IN MEXICO

We are part of Merco *Responsabilidad ESG's* sectorial Ranking of the most responsible companies 2021, , Pharmaceutical Industry, which considers the analysis of the social, environmental and ethical practices of companies.

Inclusion in Expansión's Ranking Empresas Responsables (Responsible Business Ranking), which recognizes the 100 companies with the best economic, social and environmental performance in Mexico.

We are part of Expansión Mx Magazine's 500 Empresas contra la Corrupción (500 Companies against Corruption) ranking. This list is made up of companies that have codes and statements in which they declare their genuine commitment to anti-corruption, based on transparency, publicity, accuracy and scope as part of a commitment against corruption.

Rodrigo Herrera Aspra, Chairman of the Board and Founder of Genomma Lab, recognized in Expansión Magazine's Los 100 empresarios más importantes de México ranking (The 100 most important businessmen in Mexico).

MATERIALITY ANALYSIS

(GRI 3-1)

STAKEHOLDERS

Through our **Stakeholder Engagement Policy, we express our commitment to promote a global culture of participation, community, communication and commitment to the environment among our stakeholders. Among the guidelines that make up this policy is the fact that we are a transparent company committed to maintaining a continuous dialogue with our stakeholders, through the communication channels that we make available to them, taking into consideration their interests, concerns and expectations.**

This constant communication helps us to identify, analyze and prioritize operational risks that could negatively impact our environment. In this line, we consider it necessary to establish strictly supervised controls through the Environmental and Social Management System (ESMS) as a prevention and mitigation tool.

Our ESMS aims at continuous improvement through the measurement of the environmental and social performance of our operations to prevent and mitigate environmental pollution, strengthen our human resources policies, improve our working conditions and identify risks to establish occupational health and safety action plans, as well as maintain a positive long-term relationship with the communities surrounding our operation centers. This system is made up of four categories: administrative monitoring and control, industrial safety, occupational health, and environment, in compliance with the applicable quality standards for each site. It should be noted that the ESMS is based on Inter-American Development Bank (IDB) and International Finance Corporation (IFC) guidelines.

Relationship and communication with our stakeholders

STAKEHOLDERS	EMPLOYEES	CLIENTS AND CUSTOMERS
RELATIONSHIP	2021 was the Year of the People in Genomma Lab. Through our **Integrated Management Policy** we recognize our employees as the most important link in our value chain. We promote the well-being of our people as an essential part of the organization. We develop their talent, always observing equality of opportunities, diversity, inclusion and respect for human rights, in a framework of legality and with a philosophy of zero tolerance in matters of discrimination, harassment and/or violence. We also focus on ensuring the physical, mental and social well-being of our employees. We guarantee a safe work environment that allows us to minimize the environmental impact of our operations, complying with the applicable legal framework and striving for continuous improvement. We do not allow unsafe behavior and/or conditions that may cause incidents, accidents or occupational diseases.	We are committed to offering products that meet applicable quality, regulatory and legal requirements. The entire company is committed to the satisfaction of our customers and clients, through the continuous improvement of our processes throughout the supply chain, from our suppliers to our customers, ensuring timely product availability, as well as customer and client service during and after the purchase of our products.
IDENTIFIED CONCERNS	• Corporate culture • Training • Programs and benefits for employees and their families • Well-being of employees • Care for the environment	• Price and quality of our products and services • Responsibility towards the environment
COMMUNICATION CHANNELS	• Internal communication • Social platform “GEN APP”, which allows daily interaction with all members of the organization • Work environment surveys • Ethical helpline “GEN Te-Escucha” • Town Hall session • Open dialogue sessions with the CEO -Open dialogue sessions with the CEO • Organizational climate survey • NOM-035-STPS-2018 diagnostics to prevent psychosocial risks / Psychosocial risk factors in the workplace Identification, Analysis and Prevention • Employee Assistance Program (Psychological Guidance, Legal Assistance, Financial-Accounting Assistance and Nutritional Counseling)	**Clients** • Direct contact with sales representatives • Website • Customer service helpline **Customers** • Website • Customer service helpline
RESULTS	• Understanding of employee needs • Communication of organizational changes, training and benefits • Improvement of the work environment • Knowledge of the company’s values and Integrity Policies • Reporting of ethics cases	**Clients** • Communicating our product and service range, prices, and quality • Satisfying our customers and exceeding their expectations **Customers** • Customer satisfaction • Understanding expectations

STAKEHOLDERS	 INVESTORS	 SUPPLIERS AND BUSINESS PARTNERS	 AUTHORITIES
RELATIONSHIP	We strive to guarantee the financial sustainability of the company, within a framework of transparency and legality, ensuring the lasting success of the company and the generation of profitability for our shareholders, so that they continue to place their trust in us.	We focus on having an efficient and sustainable supply chain, building long-term relationships, aligning all members of our value chain with the values and policies of our company. We have a Supplier Code of Conduct and Ethics in place to verify and promote the level of commitment of our suppliers and contractors to sustainability, through the ESMS, prioritizing respect for human rights, environmental management and the well-being of their employees.	We manage our operations and relations with governmental, regulatory and legislative authorities always in line with the applicable laws and regulations in the countries where we operate, in addition to acting in accordance with the provisions of our Integrity Policies, such as our **Code of Conduct and Ethics and Anti-Corruption Policy.**
IDENTIFIED CONCERNS	• Company's financial performance • Stock performance • Sustainability disclosure and performance • Risks and opportunities	• Efficient and sustainable supply chain • Ethics and legal compliance • Quality of products and services • Alignment with the company's values and policies	• Ethics and legal compliance • Health and safety • Environmental performance
COMMUNICATION CHANNELS	• Direct communication with the Investor Relations area • Regular meetings • Quarterly financial reports • Investor Relations website • Annual Report • Press releases	• Direct communication with Procurement. representatives. • Supplier website • Supplier helpline	• Direct communication with the regulatory affairs area • Direct communication with the legal area
RESULTS	• Understanding the Company's economic, environmental and social performance • Transparency and reliability towards investors • Investor attraction	• Efficient supply chain • Long-term partnerships • Alignment with the Company's values, standards, and policies • Supplier Sustainability Program • Increased efficiency, reliability and transparency	• Legal compliance • Adjustment to new local, national and regional regulations • Reduced legal risks • Company's increased trust and reputation

STAKEHOLDERS	NGO MEMBERS	ORGANISMOS MULTILATERALES Y CÁMARAS SECTORIALES	COMUNIDADES
RELATIONSHIP	We establish strategic relationships with NGOs, such as foundations and local health institutions in order to enhance well-being initiatives aimed at vulnerable communities and groups.	In 2018, the World Bank's IFC and the Inter-American Development Bank's IDB Invest granted us long-term financing to support our first manufacturing project in Mexico, offering us strategic advice on various technical, social and environmental aspects. In addition, since 2008 we have been a signatory to the United Nations Global Compact, actively participating in initiatives that promote the private sector's contribution to the United Nations Sustainable Development Goals. Our participation in external forums, such as industry chambers or associations, allows us to continue promoting best practices in our industry and to be an active part of the regulatory evolution throughout the countries in which we operate.	Through our **Integrated Management Policy** and our **Stakeholder Engagement Policy,** we aim to conduct our business objectives in an ethical manner wherever we operate, and to promote engagement with our stakeholders, particularly with neighboring communities, contributing to the company's Sustainable Development Goals and Sustainability Model.
IDENTIFIED CONCERNS	• Company's performance in terms of sustainability. • Building alliances to promote the development of the environment	• Company's commitment and responsibility towards the environment • Ethics and legal compliance • Environmental performance • Promoting best practices in the industry	• Open dialogue with the community surrounding our operations • Company's responsibility and commitment towards the environment
COMMUNICATION CHANNELS	• Direct communication with the social responsibility and sustainability area • Website. • Annual Report	**Multilateral organizations** • Direct communication with the Investor Relations area. • Direct communication with the legal area. • Direct communication with the social responsibility and sustainability area. • Annual Sustainability Monitoring Report. • Annual Report. **Sectoral chambers** • Direct communication with the regulatory affairs area • Regular meetings • Annual conferences and forums • Specialized committees and working groups addressing the international context	• Direct communication with the social responsibility and sustainability area • Community service helpline • Dialogue with surrounding communities • Social initiatives • Volunteer work • Genomma Lab Foundation programs • Corporate volunteering
RESULTS	• Understanding the Company's economic, environmental and social performance • Building strategic alliances to promote the development of the environment • Collaboration in capacity development projects	**Multilateral organizations** • Understanding the Company's economic, environmental and social performance • Implementing best environmental and social practices • Reducing environmental and social risks **Sectoral chambers** • Developing coordinated initiatives with industry chambers • Adapting to new local, national and regional regulations • Sharing industry best practices	• Identifying concerns and needs. • Integrated well-being • Trusting relationships • Social license to operate • Mitigation of social and environmental risks

MATERIALITY ANALYSIS

Our latest materiality analysis was conducted between the end of 2020 and the beginning of 2021, by an external consulting firm. The main objectives were as follows:

- **Updating materiality analysis**.
- Consulting the company's stakeholders on **relevant topics** and identify the priority topics for the company.
- **Linking material issues with value chain** or cross-cutting environmental, social and economic (non-financial) risks.
- **Identifying GRI standards and content aligned** to material issues based on good practices of sustainable reporting in the pharmaceutical and personal care industry.

Regarding the scope of the analysis, the following criteria were taken into account:

- The 19 countries where Genoma Lab operates.
- 11 key stakeholders.
- Sustainable Development Goals (SDGs).
- GRI standards.
- Criteria assessed by the Dow Jones Sustainability Index (S&P and RobecoSAM).
- Pharmaceutical and personal care industry.

The selection criteria for the stakeholders who participated in the survey were:

- The level of relevance they had for Genomma Lab.
- The level of collaboration and characteristics that the stakeholders had in the previous materiality analysis.
- The analysis carried out by members of Genomma Lab's senior management on its value chain.

The following stakeholders were consulted on material issues for the company:

When identifying the key issues and concerns of the main stakeholders, the design of each questionnaire took into account different considerations for each stakeholder group. All surveys included questions related to the three sustainability pillars (environmental, social and economic) and consulted on the relevant topics resulting from the previous materiality analysis, complemented with additional topics based on best practices in the pharmaceutical and personal care industry, the experience of the work teams (both Genomma Lab and the external consultant) as well as information from public sources available at the time of the fieldwork. Indicators from various sustainability measurement tools such as the GRI Standards and the Corporate Sustainability Assessment (CSA) of S&P Global and RobecoSAM were also considered.

Consultation with stakeholders was carried out through online surveys, for which a list of questions and a tutorial were generated as a customer guide. Each survey was sent to each participant or representative of the selected stakeholder groups. The survey design and criteria were developed by the consulting firm and validated with us as Genomma Lab, prior to submission. Throughout the entire process, representatives of our employees served as the sole point of contact with stakeholders.

To build the materiality matrix, the results obtained in the stakeholder surveys were weighted, for which internal and external groups were considered in order to have a vision both inside and outside the organization on material issues. After obtaining these results, one additional point was assigned to each issue regardless of its level of materiality (i.e., to the universe of issues evaluated) each time one of the following criteria was met:

- If the material issue has an associated risk from the ODS materiality tool developed jointly with GLI.
- If the material issue has an associated SDG.
- If the material issue has one or more GRI KPIs.
- If the KPI associated with the material issue was reported by two or more companies in the benchmark.
- If the material issue was prioritized in the 2025 agenda.
- If the KPI associated with the material issue is also associated with SAM.
- In addition to the above analysis, a quality and best practices analysis was carried out as an industry benchmark.

After processing the surveys and analyzing the aforementioned tools, the consulting firm proposed the scope and contents of the next sustainability report to be prepared. These results were reviewed and authorized by our Board of Directors.

In terms of the Mexican Securities Market Law, our Board of Directors relies on the Chief Executive Officer for the management, conduct and execution of the business. Within the limits allowed by the same law, certain relevant executives are responsible for addressing social, economic and environmental issues. These same issues are managed through the Company's Global Sustainability Committee, led by the Chairman of the Board and the Chief Executive Officer, and comprised of leaders from strategic areas at a global level. Alejandro Bastón Patiño, Executive Vice President of Institutional Relations,

Media, Human Resources and Sustainability, is responsible for stakeholder consultation on economic, environmental and social issues through the materiality analysis conducted during 2020, the results of which have been presented to the Global Sustainability Committee, Operating Committee and Board of Directors for consideration as part of the Company's comprehensive strategy. Learn more about our Corporate Governance in our **Ethics and Corporate Governance Chapter.**

(GRI 3-2)

The material issues identified and selected were as follows, prioritizing a list from 1 to 12, and are listed at the top of the materiality matrix shown above:

Axe	#	Material Issue
Environmental	1	Climate change
	2	Water management
	3	Packaging and waste
	4	Operational waste
Social	5	Promoting health and well-being
	6	Talent attraction and employee development
	7	Diversity, inclusion and gender equity within our team
	8	Community outreach
Economic	9	Product quality and safety
	10	Responsible value chain management
	11	Customer satisfaction
	12	Anti-corruption practices

It is important to note that in order to select the topics to be reported in this report SASB analysis was added in the sectors of Biotechnology and Pharmaceuticals, and Personal Care Products. For this purpose, the following SASB metrics were reviewed, which coincide with some of the important (and not priority) material issues of the aforementioned materiality analysis and which are also directly related to Human Rights.

- Access and affordability
- Ethical marketing

Although, in comparison to the material issues of the 2020 report, two issues are apparently excluded: the one related to "Price and affordability of products" is within the SASB metrics included. Also, the issue of "Value chain management" would include "Responsible and sustainable sourcing", which is not named in the 2021 material topics.

IMPACTS RELATED TO 2021 MATERIAL ISSUES

The potential impacts identified for each of the aforementioned material issues are:

CLIMATE CHANGE

Fuel price increase.

Logistical interruption due to extreme hydrometeorological events.

Non-compliance with environmental management regulations/standards

WATER MANAGEMENT

Non-compliance with local and federal environmental regulations.

Changes in environmental requirements

Non-compliance with environmental management regulations/standards.

PACKAGING AND WASTE

Environmental regulatory changes regarding packaging.

Non-compliance with local and federal environmental regulations.

Changes in environmental requirements.

Development of products without considering current standards and regulations.

Changes in customer expectations and preferences.

OPERATIONAL WASTE

Non-compliance with local and federal environmental regulations.

Changes in environmental requirements.

Non-compliance with environmental management regulations/standards.

PROMOTING HEALTH AND WELL-BEING

Lack of accessibility and affordability of products for customers.

TALENT ATTRACTION AND EMPLOYEE DEVELOPMENT

High voluntary employee turnover.

Low budget for talent development training programs.

COMMUNITY OUTREACH

Unsafe environment.

Violation of human rights and well-being of surrounding communities as a result of our operation.

DIVERSITY, INCLUSION AND GENDER EQUITY WITHIN OUR TEAM

High voluntary employee turnover.

Lack of diversity in the workforce.

PRODUCT QUALITY AND SAFETY

Development of products without considering current standards and regulations

RESPONSIBLE VALUE CHAIN MANAGEMENT

Work incidents.

Changes in environmental requirements.

Changes in social requirements.

CUSTOMER SATISFACTION

Misleading advertising or lack of transparency in product marketing.

Development of products without considering current standards and regulations.

Changes in customer expectations and preferences.

ANTI-CORRUPTION PRACTICES

Unethical practices/corruption in operations.

ANNEX I **INDUSTRY ASSOCIATIONS**

1.COSMETIC CHAMBERS & ASSOCIATIONS

Chamber	Country
Council of the Cosmetics, Personal Hygiene and Home Care Industry of Latin America *(Consejo de la Industria de Cosméticos, Aseo Personal y Cuidado del Hogar de Latinoamérica,* **CASIC**)	Latin America
Personal Care Product Council **(PCPC)**	United States of America
Personal and Home Care Industry *(Industria del Cuidado Personal y del Hogar)* **(CANIPEC)**	Mexico
Chamber of Commerce of Costa Rica *(Cámara de Comercio Costa Rica)* – Cosmetics Commission	Costa Rica
Association of Personal and Home Care and Hygiene Products Manufacturers, Inc. *(Asociación de Fabricantes de Productos para el Cuidado e Higiene Personal y del Hogar, Inc)* **(AFAPER)**	Dominican Republic
National Association of Entrepreneurs of Colombia *(Asociación Nacional de Empresarios de Colombia,* **ANDI).** Personal Care Cluster	Colombia
PROCOSMETICS *(PROCOSMÉTICOS)*	Ecuador
Peruvian Cosmetics and Hygiene Committee *(Comité Peruano de Cosmética e Higiene))* **(COPECOH)**	Peru
Bolivian Association of Cosmetics and Hygiene and Grooming *(Asociación Boliviana de Cosmética e Higiene y Aseo)* **(AB-COH)**	Bolivia
Brazilian Association of the Personal Hygiene Products Industry. Perfumes and Cosmetics, *(Asociación Brasilera de la Industria de Productos de Higiene Personal. Perfumería y Cosméticos)* **(ABIHPEC)**	Brazil
Argentine Chamber of Cosmetics and Perfumery, (*Cámara Argentina de Cosmética y Perfumería)* **(CAPA)**	Argentina
Chamber of the Cosmetic Industry of Chile *(Cámara de la Industria Cosmética de Chile)*	Chile

2.PHARMACEUTICAL AND MULTISECTORAL CHAMBERS

Chamber	Country
Coonsumer Healthcare Products Association **(CHPA)**	United States of America
National Chamber of the Pharmaceutical Industry (*Cámara Nacional de la Industria Farmacéutica)* **(CANIFARMA)**	Mexico
Association of Manufacturers of Over the Counter Medicines AC *(Asociación de Fabricantes de Medicamentos de Libre Acceso AC)* **(AFAMELA)**	Mexico
Chamber of Commerce of Costa Rica *(Cámara de Comercio de Costa Rica).* Medicines Commission	Costa Rica
National Association of Entrepreneurs of Colombia *(Asociación Nacional de Empresarios de Colombia)* **(ANDI)** Medicines Cluster	Colombia
COMSALUD	Peru
National Chamber of Commerce of Bolivia *(Cámara Nacional de Comercio de Bolivia)*	Bolivia
Union of the Pharmaceutical Products Industry *(Sindicato de la Industria de Productos Farmacéuticos)* **(SINDUSFARMA)**	Brazil
Brazilian Association of the Industry of Non-Prescription Medicines *(Asociación Brasileña de Industria de Medicamentos Exentos de Prescripción)* **(ABIMIP)**	Brazil
Chamber of Direct Sales *(Cámara de Venta Directa)* **(CAMEVED)**	Chile
Argentine Chamber of Producers of OTC Medicinal Specialty Products *(Cámara Argentina de Productores de Especialidades Medicinales de Venta Libre)* **(CAPEMVeL)**	Argentina

GRI CONTENT INDEX

Statement of use	Genomma Lab has reported in accordance with the GRI Standards for the period 2021
GRI 1	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-1 Organizational details	208, 6, 7			
	2-2 Entities included in the organization's sustainability reporting	206			
	2-3 Reporting period, frequency and contact point	206			
	2-4 Restatements of information	206			
	2-5 External assurance	206, 208			
	2-6 Activities, value chain and other business relationships	6, 7, 8, 57			
	2-7 Employees	76, 77			
	2-8 Workers who are not employees	77			
	2-9 Governance structure and composition	122, 123, 124			
	2-10 Nomination and selection of the highest governance body	125			
	2-11 Chair of the highest governance body	125			
	2-12 Role of the highest governance body in overseeing the management of impacts	125			
	2-13 Delegation of responsibility for managing impacts	125, 126			
	2-14 Role of the highest governance body in sustainability reporting	125			
	2-15 Conflicts of interest	125			
	2-16 Communication of critical concerns	125			
	2-17 Collective knowledge of the highest governance body	123			
	2-18 Evaluation of the performance of the highest governance body	125			
	2-19 Remuneration policies	126			
	2-20 Process to determine remuneration	126			
	2-21 Annual total compensation ratio	126			
	2-22 Statement on sustainable development strategy	12, 14			
	2-23 Policy commitments	24, 131, 137			
	2-24 Embedding policy commitments	24, 131, 135			
	2-25 Processes to remediate negative impacts	138			
	2-26 Mechanisms for seeking advice and raising concerns	133			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-27 Compliance with laws and regulations	109			
	2-28 Membership associations	49			
	2-29 Approach to stakeholder engagement	23			
	2-30 Collective bargaining agreements	82			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	190			
	3-2 List of material topics	194			
Responsible management of the value chain					
GRI 3: Material Topics 2021	3-3 Management of material topics	58, 59, 82			
GRI 204: rocurement Practices 2016	204-1 Proportion of spending on local suppliers	58			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	59			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	59, 82			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory laboro	42, 59, 131			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	59			
Anti-corruption practices					
GRI 3: Material Topics 2021	3-3 Management of material topics	59			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	136			
	205-2 Communication and training about anti-corruption policies and procedures	59, 137			
	205-3 Confirmed incidents of corruption and actions taken	136			
GRI 415: Public policy 2016	415-1 Political contributions	137			
Empaques y residuos					
GRI 3: Material Topics 2021	3-3 Management of material topics	30, 31, 32			
GRI 301: Materials 2016	301-1 Materials used by weight or volume	31, 32			
	301-2 Recycled input materials used	30, 31, 32			
	301-3 Reclaimed products and their packaging materials	30, 31, 32			
Cambio climático					
GRI 3: Material Topics 2021	3-3 Management of material topics	116			
GRI 302: Energy 2016	302-1 Energy consumption within the organization	116, 117, 118			
	302-3 Energy intensity	116, 117, 118			
	302-4 Reduction of energy consumption	116, 117, 118			
	302-5 Reduction in energy requirements of products and services	116, 117, 118			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	118			
	305-2 Energy indirect (Scope 2) GHG emissions	118			
	305-3 Other indirect (Scope 3) GHG emissions	118			
	305-4 GHG emissions intensity	Omitted	a. GHG emissions intensity ratio for the organization. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). d. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all.	Information unavailable	Genomma Lab International does not currently manage GHG emission intensity indicators
	305-5 Reduction of GHG emissions	Omitted	a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO2 equivalent. b. Gases included in the calculation; whether CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, or all. c. Base year or baseline, including the rationale for choosing it. d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3). e. Standards, methodologies, assumptions, and/or calculation tools used.	Information unavailable	For this Report, no reductions in GHG emissions have been identified given the increase in operations in 2021 compared to the previous year.
Water management					
GRI 3: Material Topics 2021	3-3 Management of material topics	115			
GRI 303: Water 2018	3-3 Management of material topics	115			
	303-1Interactions with water as a shared resource	115			
	303-2 Management of water discharge-related impacts	115			
	303-3 Water withdrawal	115			
	303-4 Water discharge	115			
	303-5 Water consumption	114			
Operational waste					
GRI 3: Temas Materiales 2021	3-3 Management of material topics	110			
GRI 306: Residuos 2020	306-1 Waste generation and significant waste-related impacts	110			
	306-2 Management of significant waste-related impacts	110			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 306: Residuos 2020	306-3 Waste generated	110			
	306-4 Waste diverted from disposal	110, 112			
	306-5 Waste directed to disposal	110, 112			
Talent attraction and employee development					
GRI 3: Material Topics 2021	3-3 Management of material topics	73			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	73, 78, 80			
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	81			
	401-3 Parental leave	81			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	90			
	404-2 Programs for upgrading employee skills and transition assistance programs	90,91, 92			
	404-3 Percentage of employees receiving regular performance and career development reviews	83			
Improving health and well-being					
GRI 3: Material Topics 2021	3-3 Management of material topics	94, 95			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	94			
	403-2 Hazard identification, risk assessment, and incident investigation	95			
	403-3 Occupational health services	96			
	403-4 Worker participation, consultation, and communication on occupational health and safety	96			
	403-5 Worker training on occupational health and safety	96			
	403-6 Promotion of worker health	96			
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	96			
	403-8 Workers covered by an occupational health and safety management system	94			
	403-9 Work-related injuries	96			
	403-10 Work-related ill health	96			
Diversity, inclusion and gender equity in our team					
GRI 3: Material Topics 2021	3-3 Management of material topics	85			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	76, 77, 81, 85, 89			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	133			

GRI STANDARD	DISCLOSURE	LOCATION	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Associating with communities					
GRI 3: Material Topics 2021	3-3 Management of material topics	97			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	97			
Product safety and quality					
GRI 3: Material Topics 2021	3-3 Management of material topics	41, 43			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	41, 42			
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	43			
Consumer satisfaction					
GRI 3: Material Topics 2021	3-3 Management of material topics	46			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	46, 54, 65 Omitted	The reporting organization shall report the following information: a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling, by: i. incidents of non-compliance with regulations resulting in a fine or penalty; ii. incidents of non-compliance with regulations resulting in a warning; iii. incidents of non-compliance with voluntary codes. b. If the organization has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.	Confidentiality constraints	Disclaimer: The information regarding monetary losses as a result of legal procedures associated with marketing and labeling, is of a sensitive nature for the organization, so it will not be disclosed for 2021. However, reporting such information will be considered for the next edition of the report.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	134			

SUSTAINABLE DEVELOPMENT GOALS (SDG) INDEX

SDG	TARGET	SOURCES	DISCLOSURES	LOCATION
3 GOOD HEALTH AND WELL-BEING — GOOD HEALTH AND WELL-BEING	3.9	**GRI 305: Emissions 2016**	305-1 Direct (Scope 1) GHG emissions	118
	3.9		305-2 Energy indirect (Scope 2) GHG emissions	118
	3.9		305-3 Other indirect (Scope 3) GHG emissions	118
	3.9	**GRI 306: Waste 2020**	306-1 Waste generation and significant waste-related impacts	110
	3.9		306-2 Management of significant waste-related impacts	110
	3.9		306-3 Waste generated	110
	3.9		306-4 Waste diverted from disposal	110, 112

SDG	TARGET	SOURCES	DISCLOSURES	LOCATION
3 GOOD HEALTH AND WELL-BEING — GOOD HEALTH AND WELL-BEING	3.2	**GRI 401: Employment 2016**	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	81
	3.3	**GRI 403: Occupational Health and Safety 2018**	403-6 Promotion of worker health	96
	3.6		403-9 Work-related injuries	96
	3.4		403-10 Work-related ill health	96
5 GENDER EQUALITY — GENDER EQUALITY	5.2	**GRI 414: Supplier Social Assessment 2016**	414-1 New suppliers that were screened using social criteria	59

SDG	TARGET	SOURCES	DISCLOSURES	LOCATION
5 GENDER EQUALITY — GENDER EQUALITY	5.1	**GRI 401: Employment 2016**	401-1 New employee hires and employee turnover	78, 80
	3.2		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	81
	5.4		401-3 Parental leave	81
	5.1	**GRI 404: Training and Education 2016**	404-1 Average hours of training per year per employee	90
	8.5		404-3 Percentage of employees receiving regular performance and career development reviews	83
	8.5	**GRI 405: Diversity and Equal Opportunity 2016**	405-1 Diversity of governance bodies and employees	76, 77, 81, 89
	8.8	**GRI 406: Non-discrimination 2016**	406-1 Incidents of discrimination and corrective actions taken	133
7 ENERGÍA ASEQUIBLE Y NO CONTAMINANTE — AFFORDABLE AND CLEAN ENERGY	12.2	**GRI 302: Energy 2016**	302-1 Energy consumption within the organization	116, 117, 118
	12.2		302-3 Energy intensity	116, 117, 118
	12.2		302-4 Reduction of energy consumption	116, 117, 118
	12.2		302-5 Reductions in energy requirements of products and services	116, 117, 118
8 DECENT WORK AND ECONOMIC GROWTH — DECENT WORK AND ECONOMIC GROWTH	8.3	**GRI 204: Procurement Practices 2016**	204-1 Proportion of spending on local suppliers	58
	8.8	**GRI 407: Freedom of Association and Collective Bargaining 2016**	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	59, 82
	8.7	**GRI 409: Forced or Compulsory Labor 2016**	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	42, 59, 131
	5.2	**GRI 414: Supplier Social Assessment 2016**	414-1 New suppliers that were screened using social criteria	59
	12.2	**GRI 301: Materials 2016**	301-1 Materials used by weight or volume	31, 32
	12.2		301-2 Recycled input materials used	30, 31, 32
	12.2	**GRI 302: Energy 2016**	302-1 Energy consumption within the organization	116, 117, 118
	12.2		302-3 Energy intensity	116, 117, 118
	12.2		302-4 Reduction of energy consumption	115, 116, 117
	12.2		302-5 Reductions in energy requirements of products and services	115, 116, 117

SDG	TARGET	SOURCES	DISCLOSURES	LOCATION
8 DECENT WORK AND ECONOMIC GROWTH — DECENT WORK AND ECONOMIC GROWTH	5.1	**GRI 401: Employment 2016**	401-1 New employee hires and employee turnover	78, 80
	3.2		401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	81
	5.4		401-3 Parental leave	81
	5.1	**GRI 404: Training and Education 2016**	404-1 Average hours of training per year per employee	90
	8.2		404-2 Programs for upgrading employee skills and transition assistance programs	90, 91, 92
	8.2		404-3 Percentage of employees receiving regular performance and career development reviews	83
	8.8	**GRI 403: Occupational Health and Safety 2018**	403-1 Occupational health and safety management system	94
	8.8		403-2 Hazard identification, risk assessment, and incident investigation	95
	8.8		403-3 Occupational health services	96
	8.8		403-4 Worker participation, consultation, and communication on occupational health and safety	96
	8.8		403-5 Worker training on occupational health and safety	96
	8.8		403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	96
	8.8		403-8 Workers covered by an occupational health and safety management system	94
	8.8		403-9 Work-related injuries	96
	8.8		403-10 Work-related ill health	96
	8.5	**GRI 405: Diversity and Equal Opportunity 2016**	405-1 Diversity of governance bodies and employees	76, 77, 81, 89
	8.8	**GRI 406: Non-discrimination 2016**	406-1 Incidents of discrimination and corrective actions taken	133
10 REDUCED INEQUALITIES — REDUCED INEQUALI-TIES	5.1	**GRI 401: Employment 2016**	401-1 New employee hires and employee turnover	78, 80
	5.1	**GRI 404: Training and Education 2016**	404-1 Average hours of training per year per employee	90
	8.5		404-3 Percentage of employees receiving regular performance and career development reviews	83

SDG		TARGET	SOURCES	DISCLOSURES	LOCATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	RESPONSIBLE CONSUMPTION AND PRODUCTION	12.2	**GRI 301: Materials 2016**	301-1 Materials used by weight or volume	31, 32
				301-2 Recycled input materials used	30, 31, 32
		12.2	**GRI 302: Energy 2016**	302-1 Energy consumption within the organization	116, 117, 118
		12.2		302-3 Energy intensity	116, 117, 118
		12.2		302-4 Reduction of energy consumption	115, 116, 117
		12.2		302-5 Reductions in energy requirements of products and services	115, 116, 117
		3.9	**GRI 305: Emissions 2016**	305-1 Direct (Scope 1) GHG emissions	118
		3.9		305-2 Energy indirect (Scope 2) GHG emissions	118
		3.9		305-3 Other indirect (Scope 3) GHG emissions	118
		12.4	**GRI 303: Water 2018**	303-1 Interactions with water as a shared resource	115
		6.3		303-2 Management of water discharge-related impacts	115
		6.4		303-3 Water withdrawal	115
		6.3		303-4 Water discharge	115
		6.4		303-5 Water consumption	115
		3.9	**GRI 306: Waste 2020**	306-1 Waste generation and significant waste-related impacts	110
		3.9		306-2 Management of significant waste-related impacts	110
		3.9		306-3 Waste generated	110
		3.9		306-4 Waste diverted from disposal	110, 112
		12.8	**GRI 417: Marketing and Labeling 2016**	417-1 Requirements for product and service information and labeling	46, 54, 65
13 CLIMATE ACTION	CLIMATE ACTION	12.2	**GRI 302: Energy 2016**	302-1 Energy consumption within the organization	116, 117, 118
		12.2		302-3 Energy intensity	116, 117, 118
		12.2		302-4 Reduction of energy consumption	115, 116, 117
		12.2		302-5 Reductions in energy requirements of products and services	115, 116, 117
		3.9	**GRI 305: Emissions 2016**	305-1 Direct (Scope 1) GHG emissions	118
		3.9		305-2 Energy indirect (Scope 2) GHG emissions	118
		3.9		305-3 Other indirect (Scope 3) GHG emissions	118
14 LIFE BELOW WATER	LIFE BELOW WATER	3.9	**GRI 305: Emissions 2016**	305-1 Direct (Scope 1) GHG emissions	118
		3.9		305-2 Energy indirect (Scope 2) GHG emissions	118
		3.9		305-3 Other indirect (Scope 3) GHG emissions	118
		3.9	**GRI 306: Waste 2020**	306-1 Waste generation and significant waste-related impacts	110
		3.9		306-2 Management of significant waste-related impacts	110
		3.9		306-3 Waste generated	110
		3.9		306-5 Waste directed to disposal	110, 112
15 LIFE ON LAND	LIFE ON LAND	3.9	**GRI 305: Emissions 2016**	305-1 Direct (Scope 1) GHG emissions	118
		3.9		305-2 Energy indirect (Scope 2) GHG emissions	118
		3.9		305-3 Other indirect (Scope 3) GHG emissions	118
		3.9	**GRI 306: Waste 2020**	306-3 Waste generated	110
		3.9		306-5 Waste directed to disposal	110, 112
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	PEACE, JUSTICE AND STRONG INSTITUTIONS	5.2	**GRI 414: Supplier Social Assessment 2016**	414-1 New suppliers that were screened using social criteria	59
		16.5	**GRI 205: Anti-corruption 2016**	205-2 Communication and training about anti-corruption policies and procedures	59, 137
		16.5		205-3 Confirmed incidents of corruption and actions taken	136
		16.5	**GRI 415: Public Policy 2016**	415-1 Political contributions	137
		8.8	**GRI 403: Occupational Health and Safety 2018**	403-9 Work-related injuries	96
		8.8		403-10 Work-related ill health	96
		16.3	**GRI 416: Customer Health and Safety 2016**	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	43
		12.8	**GRI 417: Marketing and Labeling 2016**	417-1 Requirements for product and service information and labeling	46, 54, 65
		16.10	**GRI 418: Customer Privacy 2016**	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	134

SASB INDEX

MATERIAL TOPICS 2021	SASB TOPIC	ACCOUNTING METRIC	CODIFIED METRIC CODE	LOCATION	NOTES	DISCLAIMER	GLI COMMENTS
Climate Change	Water Management	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	CG-HP-140a.1	115	-	-	-
Water Management	Water Management	Description of water management risks and discussion of strategies and practices to mitigate those risks	CG-HP-140a.2	115	-	-	-
Packaging and waste	Packaging Lifecycle Management	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials, and (3) percentage that is recyclable, reusable, and/or compostable	CG-HP-410a.1	30,31, 32	-	-	-
		Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	CG-HP-410a.2	30,31, 32	-	-	-
Operational waste	Water Management	Description of water management risks and discussion of strategies and practices to mitigate those risks	CG-HP-140a.2	115	-	-	-
Health & Wellness	Counterfeit Drugs	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	HC-BP-260a.1	48	-	-	-
	Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	CG-HP-250a.1	43	-	-	-
		Revenue from products that contain substances on the California DTSC Candidate Chemicals List	CG-HP-250a.2	43	-	-	-
		Discussion of process to identify and manage emerging materials and chemicals of concern	CG-HP-250a.3	45	-	-	-
		Revenue from products designed with green chemistry principles	CG-HP-250a.4	30, 31, 32	-	-	-
	Safety of Clinical Trial Participants	Número de inspecciones de patrocinadores de la FDA relacionados con la administración de ensayos clínicos y farmacovigilancia que dieron como resultado: (1) Acción voluntaria indicada (VAI) y (2) Acción oficial indicada (OAI).	HC-BP-210a.2	41, 42, 43	-	-	-
Talent attraction and employee development	Employee Recruitment, Development & Retention	Discusssion of talent recruitment and retention efforts for scientists and other research and development personnel	HC-BP-330a.1	79	-	-	-
		(1) Voluntary and (2) involuntary turnover rate for: (a) executives/senior managers, (b) mid-level managers, © professionals, and (d) all others	HC-BP-330a.2	Not reported	Information not available	Disclaimer: The HR department did not have a measurement for turnover by hierarchical level. However, this level of segmentation will be considered for future reports.	

TEMA	TEMA	PARÁMETRO	CÓDIGO	UBICACIÓN (PÁGINA)	OBSERVACIONES	DISCLAIMER	OBSERVACIONES GLI
Safety and quality of products	Counterfeit Drugs	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	HC-BP-260a.1	48	-	-	-
	Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	CG-HP-250a.1	43	-	-	-
Customer satisfaction	Counterfeit Drugs	Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting	HC-BP-260a.1	48	-	-	-
		Discussionescription of process for alerting end customers and business partners of potential or known risks associated with counterfeit products	HC-BP-260a.2	46, 65	-	-	-
	Ethical Marketing	Description of code of ethics governing promotion of off-label use of products	HC-BP-270a.2	65	-	-	-
	Product Environmental, Health, and Safety Performance	Revenue from products that contain REACH substances of very high concern (SVHC)	CG-HP-250a.1	43	-	-	-
	Affordability & Pricing	Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year	HC-BP-240b.2	51	-	-	-
		Percentage change in: (1) list price and (2) net price of product with largest increase compared to previous year	HC-BP-240b.3	51	-	-	-
Anti-corruption practices	Ethical Marketing	Total amount of monetary losses as a result of legal proceedings associated with false marketing claims	HC-BP-270a.1	Not reported	Omission	Disclaimer: The information regarding monetary losses as a result of legal procedures associated with marketing and labeling, is of a sensitive nature for the organization, so it will not be disclosed for 2021. However, reporting such information will be considered for the next edition of the report.	
	Business Ethics	Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery	HC-BP-510a.1	136	-	-	-
		Description of code of ethics governing interactions with health care professionals	HC-BP-510a.2	131	-	-	-

ABOUT **THIS REPORT**

(GRI 2-2, 2-3, 2-4, 2-5)

We present our integrated annual report corresponding to the year 2021. The previous edition corresponded to the year 2020 and was published in the year 2021. The periodicity of this document is annual.
The scope of this report includes all the of Genomma Lab's entities and subsidiaries, considered in the Annual Report in XBRL format for the year 2021, reported by the Company to the Mexican Stock Exchange (hereinafter BMV) in accordance with ANNEX N of the Single Circular of broadcasters. For more information and/or reference, please consult the aforementioned document at the following link.

Our sustainability report contains the results of the impact management of environmental, social and corporate governance issues; in addition to the main financial results of Genomma Lab, taken entirety from the mentioned BMV report.

This document has been prepared by Genomma Lab with the advice of the specialized firm Valora Consultores, in accordance with the Global Reporting Initiative - GRI Standards, using the new 2021 Universal Standards; and additionally, the approach of the Sustainability Accounting Standards Board (SASB).

Likewise, we consider the interests of investors and other of our main stakeholders, through the requirements of the Dow Jones Sustainability Index of S&P and RobecoSAM, the Reference Framework for Transparency and Responsibility of the Principles for the Empowerment of Women (WEPs), the Carbon Disclosure Project (CDP), the Task Force for Climate-Related Financial Disclosures (TCFD), the Sustainable Development Goals - SDG and the 10 principles of the Global Compact of Nations United.

This report reflects our commitment to transparency and accountability to our stakeholders on our material issues. In order to identify what content is being referred to, at the beginning of each section there are codes of the different metrics that we are using, beginning with their corresponding acronyms (GRI, for example). Similarly, the specific index for each of the tools used are at the end of the report.

Although there is no restatement of the information, there has been a change in the preparation of the report, since this year work has been carried out in accordance with the new Universal Standards 2021 of the Global Reporting Initiative - GRI, while last year the report was worked on according to the "Essential" option of the same. Additionally, this document was submitted to external verification through the auditing company Redes Sociales.

The information contained in this report is for informational purposes only and does not constitute an official means of information for the Company.
The information presented in this report, except for the financial information, contains certain forward-looking statements and information regarding Genomma Lab Internacional, S.A.B. of C.V. and its subsidiaries (collectively "Genomma Lab" or the "Company") which are based on the understanding of its administrators, as well as assumptions and information currently available to the Company. Such statements reflect Genomma Lab's current view of future events and are subject to certain risks, uncertainties, and assumptions. Many factors could cause the Company's current results, performance, or achievements to be materially different from any future results, performance, or achievements of Genomma Lab that may be included, express or implied, in such forward-looking statements, including, among others: changes in general economic and/or political conditions, governmental and commercial changes globally and in the countries in which the Company does business, changes in interest and inflation rates, exchange rate volatility, changes in the demand and regulation of the products marketed by the Company, changes in the price of raw materials and other supplies, changes in business strategy and various other factors. If one or more of these risks or uncertain factors materializes, or if the assumptions used turn out to be incorrect, actual results could vary materially from those described herein as anticipated, believed, estimated, or expected. Genomma Lab makes no attempt and assumes no obligation to update these forward-looking statements.

DISSEMINATION OF THE ANNUAL REPORT
Official website, email, Mexican Stock Exchange and United Nations Global Compact website.

REPORT RELEASE DATE
May 27th, 2022

LAST REPORT RELEASE DATE
May 27th, 2021

REDES SOCIALES

Verification Letter of the 2021 Annual Report "Improving the formula for success"

To the Board of Directors of Genomma lab International, S.A.B. de C.V. :

We inform you that Redes Sociales en Línea Timberlan performed a limited and independent verification of a sample of disclosures of GRI Standards, detailed on this letter and published in the 2021 Annual Report: **"Improving the formula for success "** ("2021 Annual Report") of Genomma Lab Internacional ("GLI").

Responsibilities, criteria and scope:

The scope of our verification covered the results of Genomma Lab Internacional (in the sample of verified content, the detailed scope is indicated); corresponding to the period: from January 1st to December 31st, 2021.

Our commitment is to express impartial and objective opinions about the certainty, traceability and reliability of the sample contained in the "2021 Annual Report". Our work considered as criteria: the GRI Standards in the most recent versión and and the International Standard on Assurance Engagements (ISAE) 3000.

The Direction of Genomma Lab International it is responsible for preparing the information contained in the "2021 Annual Report" and for that presented in the verification process, which implies, but is not limited to the selection process of material topics and the GRI disclosures report, provide documentary and/or visual, true and enough evidence to verify the agreed contents.

Among the activities carried out during the verification process are listed: interviews with Management from various areas, validation of information presented in previous reports, checking qualitative data and quantitative through visual, documentary and public and quantitative data analysis.

Therefore, we can conclude that, during the verification process, we did not identify any factor that would lead us to doubt about the certainty of information and that the methodological requirements of the GRI Standards are not met.

An internal report of recommendations is delivered separately, exclusively for Genomma Lab International.

Sample of verified content

GRI Disclosures	Description	Scope
3-2	List of material topics	GLI
	ENVIRONMENTAL	
302-1	Energy consumption within the organization	Mexico
303-5	Water consumption	Mexico
305-1	Direct (Scope 1) GHG emissions	Mexico
305-2	Energy indirect (Scope 2) GHG emissions	Mexico
305-3	Other indirect (Scope 3) GHG emissions	Mexico
306-3	Waste generated	Mexico
	SOCIAL	
2-7	Employees	GLI
401-1	New employee hires and employee turnover	GLI
404-1	Average hours of training per year per employee	GLI
406-1	Incidents of discrimination and corrective actions taken	GLI
403-8	Workers covered by an occupational health and safety management system	GLI
2-27	Compliance with laws and regulations	GLI
2-6	Activities, value chain and other business relationships	GLI
414-1	New suppliers that were screened using social criteria	GLI
308-1	New suppliers that were screened using environmental criteria	GLI
416-1	Assessment of the health and safety impacts of product and service categories	GLI
	GOVERNANCE	
205-3	Confirmed incidents of corruption and actions taken	GLI
415-1	Political contributions	GLI
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	GLI

Alma Paulina Garduño Arellano
paulina@redsociales.com
April 29th, 2022

Declaration of independence and competence of Redes Sociales en Línea Timberlan

Employees of Redes Sociales has the level of competence necessary to verify compliance with the standards used in the preparation of Sustainability Reports, so they can issue a professional opinion on the reports of non-financial information, complying with the principles of independence, integrity , objectivity, competence and professional diligence, confidentiality and professional behavior. In no case can our verification statement be understood as an audit report, so no responsibility is assumed for the management and internal control systems and processes from which the information is obtained. This Verification Letter is issued on 29th April 2022 and is valid as long as no subsequent and substantial modifications are made to the "2021 Annual Report **"Improving the formula for success** " of Genoma Lab Internacional.

INFORMATION FOR
INVESTORS AND STAKEHOLDERS

(GRI 2-1, 2-5)

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

EMPRESA SUSTENTABLE

ESR Empresa Socialmente Responsable

cotiza en Bolsa Mexicana LAB

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

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Tel. (55) 5081 0000

Web site
www.genommalab.com

Mexican Stock Exchange (BMV)
Genomma Lab Internacional, S.A.B. of C.V. shares have been listed on the Mexican Stock Exchange under the ticker symbol “LABB” (Bloomberg: LABB. MM) since June 18th, 2008.

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Internacional

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