

Genomma Lab Internacional Reports Fourth Quarter & Full Year 2023 Results

HIGHLIGHTS

FY-2023 Sales closed at
Ps. 16.5 billion

FY-2023 EBITDA margin
of **21.0%**
a **50bps expansion**

FY-2023 Gross Profit Margin
of **61.2%**
an **80bps year on year**
increase

Q4-2023 Net Debt to EBITDA
of **1.31x**

Capex Investments for the
twelve months ended
December 31, 2023 reached
Ps. 212.2 million.

“Due to the abrupt devaluation of the Argentine peso in late December, accounting rules required Genomma Lab to record a non-cash negative impact on 4Q23 and full year 2023 earnings. However, excluding this extraordinary accounting effect, the Company’s core business is solid with good prospects. This information has been proactively and transparently presented, enabling investors to understand that this is an isolated event, not indicative of operating issues. Genomma remains committed to delivering value for its shareholders through a strong and growing business.”

Mexico City, February 21, 2024 – **Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B)** (“Genomma Lab” or “the Company”), today announced its results for the fourth quarter and full year ended December 31, 2023. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS), unless otherwise mentioned.

The following table provides an abridged Income Statement, in millions of Mexican pesos. The margin for each figure represents its ratio to net sales and the percentage change in full year 2023 as compared with the same audited period in 2022.

	FY 2023	% Sales	FY 2022 ⁽²⁾	% Sales	Like for like ⁽³⁾	Var. %
Net Sales	16,466.7	100.0%	16,819.9	100.0%	+16.7%	(2.1)%
Gross Profit	10,082.8	61.2%	10,163.5	60.4%		(0.8)%
Operating Income	3,224.2	19.6%	3,245.2	19.3%		(0.6)%
EBITDA⁽¹⁾	3,453.5	21.0%	3,453.1	20.5%		0.0%
Net Income	1,030.6	6.3%	1,389.2	8.3%		(25.8)%

- 1) EBITDA defined as operating income before depreciation and amortization
- 2) FY-2022 audit adjustments were allocated to Q4-2022 as presented herein.
- 3) Like For Like currency (excluding Argentina)

The following table provides an abridged Income Statement, in millions of Mexican pesos, for the full year 2023 as compared with the same period in 2022, excluding the IAS 29 effect and the special conversion method of IAS 21.

	FY 2023 Excl. IAS 29 ⁽⁴⁾	% Sales	FY 2022 Excl. IAS 29 ⁽⁴⁾	% Sales	Var. %
Net Sales	17,411.1	100.0%	16,860.0	100.0%	+3.3%
EBITDA⁽¹⁾	3,930.2	22.6%	3,480.6	20.6%	+12.9%
Net Income	1,807.5	10.4%	2,122.7	12.6%	(14.9)%

- 4) This table is presented as supplementary information (non-IFRS standard). To understand IAS 29 effect on income statement comparison, please refer to annex at the end of this document

Comments from the CEO

Mr. Marco Sparvieri, Genomma Lab's Chief Executive Officer, commented:

"In essence, the sudden devaluation of the Argentine peso in late December required the recording of a non-cash, negative impact on our fourth-quarter and full-year 2023 earnings, as dictated by accounting standards. However, it's crucial to emphasize that, setting aside this exceptional accounting occurrence, the foundation of our core business remains robust, with promising prospects for the future. We have proactively and transparently communicated this situation to our investors, ensuring they are fully aware that this is an isolated incident, not reflective of any underlying operational challenges. Our commitment to delivering shareholder value is unwavering, supported by the strength and continued growth of our business. This approach underscores our dedication to maintaining investor confidence and tranquility, even in the face of unforeseeable market dynamics.

Overall 2023 was a robust year for Genomma Lab. Top line grew +16.7% expressed in like for like constant currency (excluding Argentina). When expressed in MXN, sales grew +10% despite of the strong revaluation of the Mexican peso (excluding Argentina) and declined -2.1% when Argentina is included. Our EBITDA margin improved, reaching 20.8% in Q4 and 21% for 2023, an increase of +50 basis points over 2022. The Cash Conversion Cycle (CCC) also saw notable improvement, ending at 83 days in 2023, -17 days less than the previous year. Our FCF delivered 2.2 Bn MXN (+347 MM MXN YoY). Key market performances in 2023 included Mexico at +15%, USA at +19%, Colombia at +20%, and Brazil at +10%.

Our focus on core brands continued to pay off, with 53% of our business gaining market share in their respective categories. In 2023, core brands like Analgesics (+24%), Cough & Cold (+19%), Suerox (+42%), Groomen (36.5%), Tio Nacho (+23.2%), and Novamil (+44%) performed exceptionally well. Cicatricure showed promising signs of a turnaround in Q4 with a growth of +14.7%. However, Asepxia faced challenges, declining by -17% in 2023.*

We remain on track with our productivity goals, aiming for 1,800 MM by 2027. In Q4, the San Cayetano plant realized COGS savings of +2.2 MM, contributing to a total of +23.8MM for the year. Additionally, we completed 4 core productivity projects, yielding 166 MM in total annual savings. These include raw material negotiations for annual savings of 84 MM, new CAPEX for Tio Nacho Bottles saving 12 MM, and a Suerox Packaging redesign saving 70MM annually. In 2023, we executed 674 MM (approximately 3.9 pts of EBITDA margin) in annual productivity savings. These savings will impact the biz in 2024.

In conclusion, FY 2023, excluding Argentina's impact, demonstrated strong financial health, consistent growth in key markets and brands, and significant progress in our productivity initiatives. Our strategy moving forward is to further enhance our core brand strengths and continue executing productivity projects to reach our 1,800 MM target by 2027.

KEY DATA

FY-2023 % of Sales by Segment:

 **OTC 54.5%**

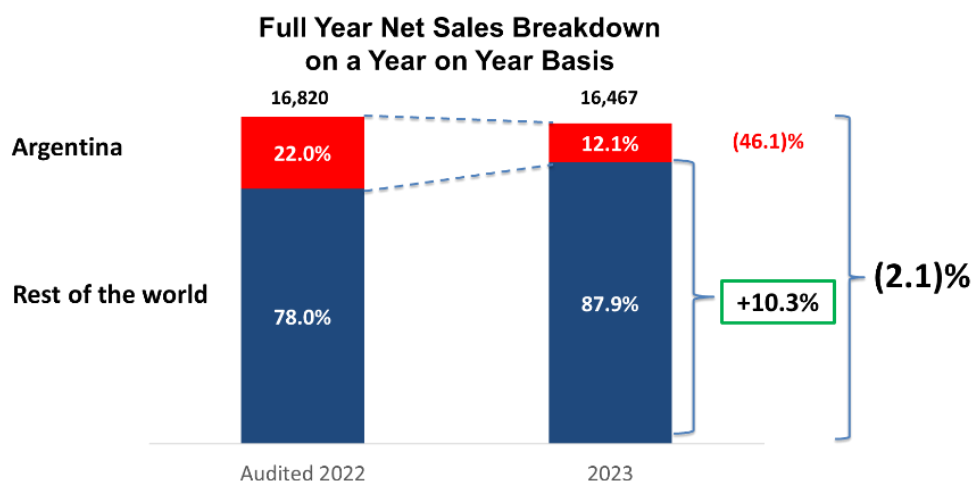
 **PC 45.5%**

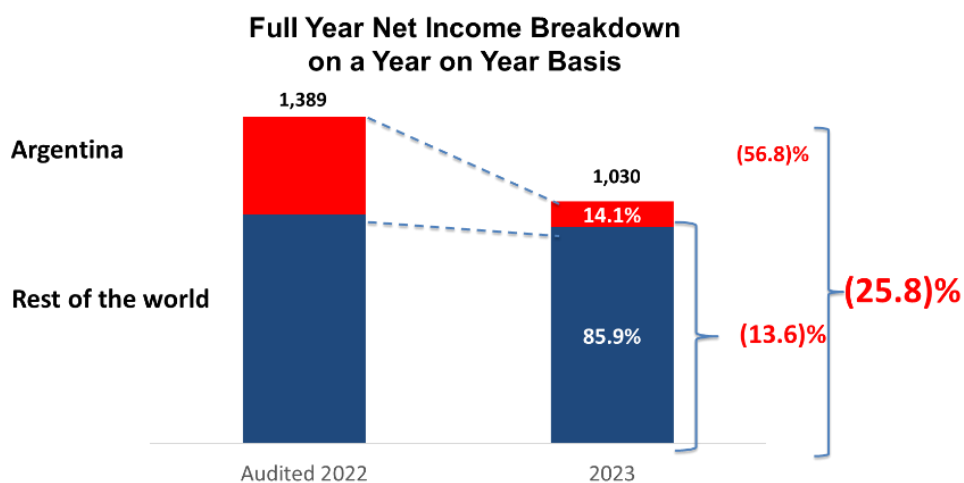
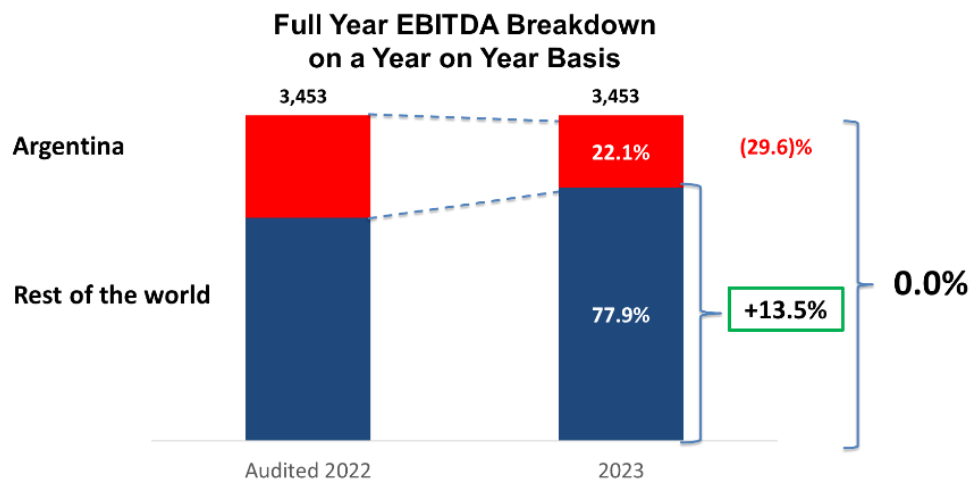
Consolidated Results for the Full Year 2023

Full Year 2023 Net Sales reached Ps. 16.47 billion; a +2.1% year on year decrease compared to audited 2022 figures. As a result of the significant 137% Argentine peso devaluation in Q4 2023, IFRS accounting rules require an adjustment to the accumulative results of Q1-Q3 using the FX rate as of December 2023. This resulted in a negative adjustment equal to Ps. 944 million, an amount roughly equivalent to -5% percentage points of total Company Full Year Sales. This negative effect was partially offset by new product line extensions, the expansion of core brands' presence within new countries, effective media campaigns and strong in-store visibility during 2023.

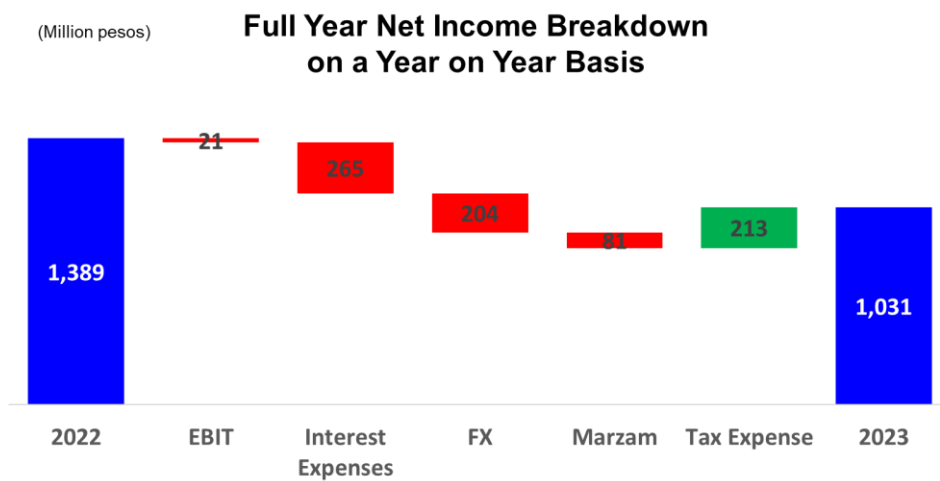
Full Year 2023 EBITDA reached Ps. 3.45 billion, with a 21.0% EBITDA margin; a 50 bps year on year increase primarily attributed to operating leverage from increased sales, a favorable product mix, and strong cost and expense controls throughout the year. As a result of the significant 137% Argentine peso devaluation in Q4 2023, IFRS accounting rules require an adjustment to Q1-Q3 accumulative results using the December 2023 FX rate. This resulted in a negative adjustment equal to Ps. 477 million.

Full Year 2023 Net Income reached Ps. 1.03 billion, compared to Ps. 1.39 billion for the same period of 2022. Full Year 2023 Net margin reached 6.3%; a 200 bps year on year margin contraction. As a result of the significant 137% Argentine peso devaluation in Q4 2023, IFRS accounting rules require an adjustment to the Q1-Q3 accumulative results using the December 2023 FX rate. This resulted in a negative adjustment equal to Ps. 777 million. An increased all-in cost of financing resulting from FX losses and higher TIIE interest rate during 2023 also adversely impacted the Company's Full Year Net Income.





(Million pesos)



Fourth Quarter 2023- Business Review

The following table provides an abridged Income Statement, in millions of Mexican pesos. The margin for each figure represents its ratio to net sales and the percentage change in fourth quarter 2023 as compared with the same audited period in 2022.

	Q4 2023	% Sales	Q4 2022 ⁽²⁾	% Sales	Like for like ⁽³⁾	Var. %
Net Sales	3,524.7	100.0%	4,132.2	100.0%	+16.7%	(14.7)%
Gross Profit	2,112.3	59.9%	2,351.6	56.9%		(10.2)%
Operating Income	663.5	18.8%	770.7	18.7%		(13.9)%
EBITDA⁽¹⁾	732.3	20.8%	822.1	19.9%		(10.9)%
Net Income	-115.5	-3.3%	246.0	6.0%		n.m

- 1) EBITDA defined as operating income before depreciation and amortization
 2) FY-2022 audit adjustments were allocated to Q4-2022 as presented herein.
 3) Like For Like currency (excluding Argentina)

The following table provides an abridged Income Statement, in millions of Mexican pesos for the full year 2023 as compared with the same period in 2022, excluding IAS 29 effect and the related conversation effect.

	Q4 2023 Excl. IAS 29 ⁽⁴⁾	% Sales	Q4 2022 Excl. IAS 29 ⁽⁴⁾	% Sales	Var. %
Net Sales	4,369.4	100.0%	4,296.1	100.0%	+1.7%
EBITDA⁽¹⁾	1,100.4	25.2%	892.5	20.8%	+23.3%
Net Income	386.5	8.8%	596.8	13.9%	(35.2)%

- 4) This table is presented as supplementary information (non-IFRS standard). To understand IAS 29 effect on income statement comparison, please refer to annex at the end of this document

Core Brands: Product Innovation and Portfolio Optimization

Due to continued volatility of the various currencies in those markets where Genomma operates, the Company provides below an update on its product line priorities, disclosing “like-for-like” top-line growth figures (excluding Argentina) to illustrate the Company’s performance in constant currency.

Strong Sales Performance within Core Categories

Isotonic Beverages: Fourth quarter represented another outstanding quarter for Suerox, achieving a remarkable +87%* year-on-year growth in Q4 and +42%* in FY 2023. Strong results were driven by robust performance in Mexico and the expansion of the brand’s presence in Peru, Chile, Argentina, CARICAM, US, and Brazil.

*Like For Like currency (excluding Argentina)

Hair Care: Tío Nacho showed significant growth, with a YoY increase of +17%* in Q4 and 23%* for FY 2023, expanding market share within all markets. Growth was largely due to the successful launch of the Tío Nacho 'anti-canás' line and new 950ml size, surpassing initial targets to achieve at least 60% of the market leader's size in key markets including Chile (53%), Colombia (76%), and Ecuador (100%).

Blades & Razors: Groomen also reported strong growth, with +34%* YoY in Q4 and 37%* for FY 2023. The brand achieved an increased market share within both Mexico and Chile, in Mexico driven by the launch of disposable and cartridge SKUs with a key client.

Analgesics: The Analgesics category observed a robust YoY growth of +23%* in Q4 and +24%* for FY 2023. This was led by X-Ray success in Colombia, with a 9.7% market share increase and solidifying its position as the third leading brand within Colombia. In Mexico, Allivix, and its variant Allitriple, showed positive results. Tafirol maintained its market share position (+15pts vs pre-pandemic) in Argentina despite challenges.

Cough & Cold: The category experienced a +4%* growth in Q4 and 19%* in FY 2023 due to increased market share, particularly Tukol in Mexico and through a focus on value-added segments such as 'Antiviral and Gel caps'. The Company also implemented a comprehensive 360 plan targeting seasonality, in-store programs, expert recommendations, and an expanding presence in the traditional channel.

Gastro: The category grew by +7%* in Q4 and 12%* in FY 2023. Despite initial challenges, the Brazil 'Primo de un amigo' campaign and Genoprazol relaunch in Mexico resulted in significant sell-out growth during the quarter.

Derma OTC (Antimycotics): Category increased by +5%* in the fourth quarter and +5%* for the full year 2023, driven by strong performance of Genomma's Silka[®] brand; reflected in a +39%* year on year increase in fourth quarter 2023 Silka[®] sales, led by its expansion within the US market through new SKUs including Silka[®] Nail and Silka[®] Spray. The Mexico relaunch of Silka[®] Spray during the 2023 summer season enabled the brand's leadership position within this market, ending the year with a 29.3% market share; a +5.7pts year on year increase resulting from innovation which contributed +3pts in additional market share. However, supply chain issues not related to brand health continue to adversely impact Medicasp[®], reflected in a -13% decrease in fourth quarter 2023 sales.

Infant Nutrition: The Company continued its strong performance with a YoY growth of +46%* in Q4 and +44%* in FY 2023. Novamil showed robust growth across all core variants, increasing market share within their respective segments.

Skin Care: Cicatricure showed promising signs of a turnaround, growing +15%* in Q4 and +1.7%* in FY 2023. The introduction of new innovation, such as Porcelana, across all markets resulted in impressive Q4 2023 results. Asepxia continued to struggle, declining -17.1% in 2023.

World-Class Supply Chain

Productivity Projects Update: The Company made substantial strides in key productivity initiatives. **Genomma has already secured Ps. 674 million (approximately 3.9 pts of EBITDA margin) in projected annual savings in FY 2023** aligned with the target established in February 2023 to achieve Ps. 1.8 billion in productivity savings by 2027. Genomma's manufacturing plant has performed in line with expectations, contributing a total of Ps. 23.8 million in COGS savings for the full year 2023.

Investments related to Genomma's manufacturing facilities reached Ps. 212.2 million for the full year 2023. Future CAPEX investments will be focused on maintenance and tactical innovation.

Sustainability and Organization Development

Genomma was included within the [S&P Global Sustainability Yearbook](#) for the third consecutive year, recognition of the Company's environmental, social and corporate governance (ESG) practices. The 2024 yearbook edition assesses more than 7,800 companies across 61 industries globally and showcases the best performing companies among industry peers and in terms of financially material ESG metrics. Genomma's sustainability performance was ranked within the top 15% of the industry's category with an S&P Global ESG score within 30% of the industry's top-performing companies.

As part of the company's Sustainability Strategy, its brand Tío Nacho® has established an important alliance with UBEES, an organization dedicated to promoting sustainable beekeeping practices globally. This partnership's goal is to protect more than a million bees and to pollinate more than 300 hectares of land while empowering agricultural communities in Latin America.

Full Year and Fourth Quarter 2023 Results by Region

Mexico

Genomma's Mexican full year 2023 sales reached Ps. 8.05 billion; a **Ps. 1.05 billion, or +15.0%, year on year increase** primarily driven by strategies with a strong focus on core brand, resulting in a noteworthy double digit sales increase for its XL-3®, Tio Nacho®, Tukul®, Novamil® and Suerox® products during the year. Full year 2023 OTC sales increased by +16% year on year, while PC sales increased by +13% year on year.

Genomma's fourth quarter 2023 Mexico net sales increased by +13.5%, closing at Ps. 2.13 billion; a Ps. 252.7 million year on year sales increase. Mexico OTC category Net sales increased by +8.3%. Personal Care category sales increased by +21.6% during the fourth quarter 2023.

FY 2023 MEXICO

Sales in MXN: 8.05 billion

EBITDA Margin: 21.7%

Full year 2023 EBITDA closed at Ps. 1.75 billion with a 21.7% margin; a 100 bps year on year expansion resulting from operating leverage from increased 2023 sales, as well as efficiencies achieved by the Company's new manufacturing plant.

Mexico's fourth quarter EBITDA margin closed at 25.2%; a 370 bps year on year expansion primarily attributable to savings related to the Company's internal manufacturing facility, productivity initiatives, and key negotiations with third party manufacturers.

U.S.

Full year 2023 **U.S. net revenues increased by +8.7%, to Ps. 1.64 billion, and a +19% when expressed in Local Currency.** Net revenues benefited from strong Cough & Cold category performance during 2023, particularly the Tukul® brand, as well as the aggressive expansion of Suerox® within points of sale in Puerto Rico during 2023. It is important to note that 53% of the total increase in full year 2023 sales was driven by PC product sales, which today represents 40% of total U.S. sales.

Fourth quarter 2023 U.S. sales reached Ps. 365.1 million; a 15.5% year on year increase. This was led by core brands such as Tukul®, Cicatricure®, Tio Nacho® and Silka®, reflected in a year on year sales increase of +29%,+28%,+30% and 10%, respectively. These results were adversely affected by the strengthening of the Mexican Peso relative to the U.S. dollar during the quarter.

Full year 2023 EBITDA reached Ps. 145.4 million with a 8.9% EBITDA margin, while fourth quarter 2023 EBITDA closed at Ps. 33.5 million with an 9.2% EBITDA margin; an 540bps margin expansion. Full year 2023 EBITDA benefited from an increased operating leverage resulting from increased U.S. sales, as well as a positive product mix sales effect. EBITDA for Genomma U.S. was adversely impacted by FX headwinds and COGS inflation during 2023.

Latin America

Full year 2023 net sales for Latin America excluding Argentina reached Ps. 4.78 billion; a +2.8% increase in Mexican Pesos when compared to 2022 audited results, or **+15.6%* in Like-for-like basis**. Increase in sales was primarily driven by core brand expansion, particularly the Suerox isotonic beverage which expanded its presence within new markets including Brazil, Colombia, and Peru; gaining significant market share during its initial launch phase within these markets.

Full year 2023 EBITDA for Latin America excluding Argentina reached Ps. 798.1 million; a -6.1% year on year decrease compared to 2022 audited results. The full year 2023 EBITDA margin excluding Argentina reached 16.7%; a 160bps decrease when compared to Latin America excluding Argentina full year 2022 margin. The margin decrease was adversely affected by FX headwinds resulting from a stronger Mexican Peso.

FY 2023 U.S.

Sales in MXN: 1.64 billion
EBITDA Margin: 8.9%






USD* (10.8%)

* Average Exchange rate Q4-2023 vs. Q4-2022.

FY 2023 LATIN AMERICA

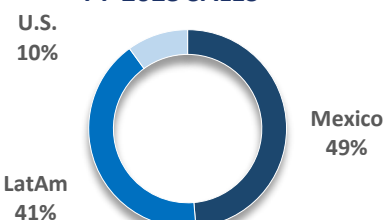
Sales in MXN: 6.77 billion
EBITDA Margin: 23.0%

Local Currency expressed in MXN

	ARS**	(80.9)%
	PYG	(13.1)%
	USD	(10.8)%
	UYU	(9.8)%
	CLP	(9.1)%
	PEN	(8.2)%
	BRL	(5.3)%

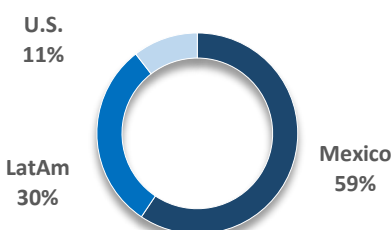
*Average Exchange rate Q4-2022 vs. Q4-2023.
**Exchange rate for the ARS/MXN at the end of each Quarter.

FY-2023 SALES



*Percentage of Consolidated Sales by Region for the 12 months of 2023.

Q4-2023 SALES



*Percentage of Consolidated Sales by Region for the Q4-2023

Full Year Latin America net sales, including Argentina, reached Ps. 6.77 billion; a -18.5% decrease compared to 2022 audited figures. 2023 Latin America sales were adversely impacted by FX headwinds resulting from a stronger Mexican Peso and from the significant Argentine peso devaluation with related hyperinflationary accounting effects (IAS 29) as was previously referenced within this report. Excluding the IAS 29 effect, full year 2023 Latin America sales reached Ps. 7.72 billion; a -7.5% decrease from full year 2022 Latin America sales (excluding IAS 29), due to decreased demand for paracetamol within this market relative to the 2022 Omicron demand-driven comparison base and the strength of the Mexican Peso.

Full year 2023 EBITDA, including Argentina, reached Ps. 1.56 billion; a -18.5% decrease compared to 2022 audited figures, representing a 23.0% margin EBITDA, primarily due to FX headwinds and a negative IAS 29 effect resulting from the significant December 2023 Argentine Peso devaluation. Excluding IAS 29, 2023 EBITDA for Latin America reached Ps. 2.04 billion; a +4.9% increase as compared to a full year 2022 Latin America EBITDA comparative base (excluding IAS 29).

Fourth quarter sales reached Ps. 1.03 billion; a -46.8% decrease when compared to audited fourth quarter 2022 figures. Revenues were adversely impacted by FX headwinds resulting from a stronger Mexican Peso, as well as the hyperinflationary accounting effect resulting from the significant December 2023 Argentine Peso devaluation. Excluding IAS 29, fourth quarter 2023 Latin America sales reached Ps. 1.88 billion; a -10.8% decrease as compared to fourth quarter 2022 Latin America sales (excluding IAS 29).

Fourth quarter 2023 EBITDA reached Ps. 162.9 million; a -60.0% decrease compared to 2022 audited figures primarily due to a negative IAS 29 effect resulting from the significant December 2023 Argentine Peso devaluation. Latin America fourth quarter 2023 EBITDA excluding IAS 29 reached Ps. 530.9 million; a +11.2% increase as compared to fourth quarter 2022 Latin America EBITDA (excluding IAS 29).

Sales by Category & Region

(Figures in millions of Mexican Pesos)

	Over-the-counter (OTC)			Personal Care (PC)			Total		
	FY2022	FY2023	% Var.	FY2022	FY2023	%Var.	FY2022	FY2023	%Var.
Mexico	3,772.2	4,375.7	16.0%	3,226.3	3,672.7	13.8%	6,998.4	8,048.4	15.0%
Latam	5,041.4	3,603.9	(28.5)%	3,270.6	3,173.4	(3.0)%	8,312.0	6,777.3	(18.5)%
U.S.	937.3	1,001.0	6.8%	572.2	639.8	11.8%	1,509.5	1,640.8	8.7%
Total	9,789.7	8,980.6	(8.3)%	7,069.1	7,486.0	5.9%	16,819.9	16,466.7	(2.1)%

	Over-the-counter (OTC)			Personal Care (PC)			Total		
	4Q2022	4Q2023	% Var.	4Q2022	4Q2023	% Var.	4Q2022	4Q2023	%Var.
Mexico	1,145.6	1,240.9	8.3%	727.3	884.7	21.6%	1,872.9	2,125.6	13.5%
Latam (ex.Arg)	464.5	463.0	(0.3)%	614.3	645.7	5.1%	1,078.8	1,108.7	2.8%
U.S.	215.3	254.4	18.2%	100.8	110.7	9.8%	316.1	365.1	15.5%

Other Income Statement Results for the Fourth Quarter 2023

Gross Profit decreased to Ps. 2.11 billion, compared to Ps. 2.35 billion audited fourth quarter 2022 results. Gross margin decreased primarily due to the hyperinflationary effect of the significant December 2023 Argentine peso devaluation. However, excluding this effect, fourth quarter gross margin increased due to higher operating leverage and ongoing COGS savings.

Selling, General, Marketing and Administrative Expenses increased year on year as a percentage of sales to 37.0% from 34.7% for the audited fourth quarter of 2022. Increased SGM&A as a percentage of sales is due to increased TV and media marketing expenses during the quarter.

Non-Operating Result for the Fourth Quarter 2023

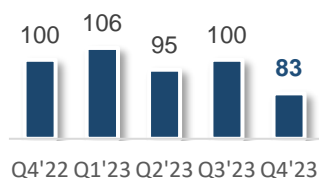
Comprehensive Financing Result represented a Ps. 589.9 million expense for the fourth quarter of 2023, compared to a Ps. 298.8 million for fourth quarter 2022. The Ps. 291.1 million cost increase is due to: i) Ps. 63.3 million in Foreign Exchange Loss related to currency translation; ii) a Ps. 56.1 million year-on-year net financial interest expense increase during the quarter; iii) a Ps. 94.9 million year-on-year net increase in the net loss associated with the Company's monetary position within its hyperinflationary subsidiary due to the significant December 2023 Argentine peso devaluation; and a iv) a Ps. 76.8 million decrease in financial interest gains during the quarter, primarily due to hyperinflation effects on its Argentina subsidiary.

Income Tax Expense for the fourth quarter 2023 reached Ps. 186.1 million, as compared to the Ps. 284.2 million income tax expense for the fourth quarter 2022. It's important to note that some accounting losses related to the hyperinflationary subsidiary are not fully tax deductible.

Net Income closed at a Ps. 115.5 million loss for the fourth quarter. Excluding hyperinflationary effects on the fourth quarter 2023 results, net income reached Ps. 386.5 million, a -35.2% decrease from fourth quarter 2022 net income excluding IAS 29. The year on year net income decrease is primarily due to increased total financial cost and an increased loss on the non-controlling associated company's results during the period.

Days of Accounts Receivable (DIO)

	4Q22	3Q23	4Q23
Mexico	131	112	89
LatAm	67	79	101 ¹
U.S.	41	48	53
Consolidated	91	90	83

Cash Conversion Cycle
(Days)
Q4-2023 Net Debt to EBITDA
 ratio closed at **1.31x**

Financial Position

Working Capital was adjusted during the fourth quarter 2023 and the cash conversion cycle ended at 83 days; a 17-day improvement since the end of September 2023:

- **Accounts Receivable** amounted to Ps. 3.78 billion as of December 31, 2023. Days of consolidated accounts receivable amounted to 83; an 8-day decrease when compared to the end of September 2023. This was primarily due to strengthened collections and other successful initiatives during the quarter.
- **Inventories** closed at Ps. 1.85 billion as of December 31, 2023. Days of Inventories amounted to 104; a 19-day decrease since the end of September 2023.
- **Trade Payables** amounted to Ps. 1.84 billion as of December 31, 2023. Days Payable Outstanding (DPO) decreased to 104 days, from 114 days on September 30, 2023.

Fixed Assets. The Company invested Ps. 212.2 million during the twelve months ended December 31, 2023, primarily related to the manufacturing line ramp-up at the Company's Industrial Complex.

Recoverable Taxes. This position is comprised of claims against the tax authorities relating mostly to VAT (IVA) and income taxes. The position increased by Ps. 64.5 million during 2023.

Net Financial Debt at the end of December 2023 decreased when compared with year-end 2022:

- **Cash and Equivalents** amounted to Ps. 1.67 billion as of December 31, 2023; an 11.1% year on year increase.
- **Gross Financial Debt** amounted to Ps. 6.19 billion as of December 31, 2023, compared to Ps. 6.38 billion as of December 31, 2022; a Ps. 185.5 million decrease. The Company's long-term debt represented 68.6% of gross financial debt by end of the fourth quarter 2023.
- **Net Financial Debt** amounted to Ps. 4.52 billion as of December 31, 2023; a Ps. 352.4 million year on year decrease.

¹ During Q4-23, Receivables Accounts in LatAm were impacted by hyperinflationary accounting effects.

71,901,660 shares
 in the **Buyback Program**
 balance as of December 31,
 2023

Share Buyback Program. The Company repurchased a total of 6,535,677 shares during the three months ended December 31, 2023, representing an estimated Ps. 91.7 million investment.

Dividends. Genomma paid a cash dividend to shareholders on December 27, 2023 in the amount of \$0.196080 Mexican pesos per share on its common stock, representing a total of Ps. 200 million. **Genomma intends to continue paying dividends on a quarterly basis.**

Free Cash Flow from Operations. Excluding investments made in the Company's new manufacturing facility, free cash flow for the twelve months ended December 31, 2023 would have reached Ps. 2.22 billion. The majority of cash flow generated year to date has been directed towards the Company's new Industrial Cluster as well as the dividend payment, debt reduction and the share buyback program.

Key Financial Metrics

	Q4-2023
EBITDA / Interest Paid	4.2x
Net Debt / EBITDA	1.3x

CONFERENCE CALL Q4-2023

Thursday, February 22, 2024
at 12:00 p.m. ET /
11:00 a.m. Mexico City Time

Marco Sparvieri
CEO

Antonio Zamora
CFO

Webcast Registration:

[Genomma's FY & Q4 2023
Earnings Call](#)

Fourth Quarter 2023 Other Relevant Events

- [Effects of Argentina hyperinflationary accounting on Q4 and Full Year 2023 results](#)
"In a nutshell, due to the abrupt devaluation of the Argentine peso in late December, accounting rules required us to record a non-cash negative impact on our 4Q23 and full year 2023 earnings. Excluding this extraordinary accounting effect, **our core business is solid with good prospects**. We present this information proactively and transparently so investors understand **this is an isolated event, not indicative of operating issues**. We remain committed to delivering value for our shareholders with a strong and growing business."
- [Genomma Lab Internacional Announces Sixth Dividend Payment representing a Total Amount of 200 Million Pesos](#)
- [Procaps Group and Genomma Lab Announce a Strategic Agreement to Manufacture and Market Softgel Products in Latin America](#)

Additional Information

- [Methodology For The Effects Of Argentina Hyperinflationary Accounting \(IAS29 & IAS21\)](#)
- [Impact to the Company's financials from the adoption of new Accounting Standards](#)

Sell-side Analyst Coverage

As of February 21, 2024 "LABB" is covered by 10 sell-side analysts at the following brokerages: Actinver Casa de Bolsa, Banco Itaú BBA, BBVA Bancomer, BTG Pactual US Capital, GBM Grupo Bursátil Mexicano, Grupo Financiero Banorte, J.P. Morgan Securities, Monex Grupo Financiero, UBS Casa de Bolsa y Vector Casa de Bolsa.

About

Genomma Lab Internacional, S.A.B. de C.V. is one of the leading pharmaceutical and personal care products companies in Mexico with an increasing international presence. Genomma Lab develops, sells and markets a broad range of premium branded products, many of which are leaders in the categories in which they compete in terms of sales and market share. Genomma Lab relies on the combination of a successful new product development process, a consumer-oriented marketing, a broad retail distribution network and a low-cost, highly flexible operating model.

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



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Note on Forward-Looking Statements

This report may contain certain forward-looking statements and information relating to the Company that reflect the current views and/or expectations of the Company and its management with respect to its performance, business and future events. Forward looking statements include, without limitation, any statement that may predict, forecast, indicate or imply future results, performance or achievements, and may contain words like "believe," "anticipate," "expect," "envisages," "will likely result," or any other words or phrases of similar meaning. Such statements are subject to a number of risks, uncertainties and assumptions. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in this presentation and in oral statements made by authorized officers of the Company. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates. Risks and uncertainties include, but are not limited to: risks related to the impact of the COVID19 global pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, material delays, supply chain disruptions and other impacts to the business, or on the Company's ability to execute business continuity plans as a result of the COVID-19 pandemic, economic factors, such as interest rate and currency exchange rate fluctuations; competition, including technological advances, new products attained by competitors; challenges inherent in new product development; the ability of the Company to successfully execute strategic plans; the impact of business combinations and divestitures; manufacturing difficulties or delays, internally or within the supply chain; significant adverse litigation or government action, including related to product liability claims; changes to applicable laws and regulations, including tax laws; changes in behavior and spending patterns of purchasers of products and services; financial instability of international economies and legal systems and sovereign risk. A further list and descriptions of these risks, uncertainties and other factors can be found within the Company's related filings with the Bolsa Mexicana de Valores. Any forward-looking statement made in this release speaks only as of the date of this release. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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

For the three and twelve months ended December 31, 2023 and 2022

<i>Thousands of Mexican pesos</i>	FOURTH QUARTER				ACCUMULATED		
	2023	% Sales	2022*	% Sales	2023	% Sales	2022*
Net Sales	3,524,736	100.0%	4,132,230	100.0%	16,466,709	100.0%	16,819,912
Cost of goods sold	1,412,417	40.1%	1,780,601	43.1%	6,383,911	38.8%	6,656,365
Gross Profit	2,112,319	59.9%	2,351,629	56.9%	10,082,798	61.2%	10,163,547
Selling, general and administrative expenses	1,302,877	37.0%	1,435,166	34.7%	6,643,946	40.3%	6,714,346
Other (income) expense	77,098	2.2%	94,335	2.3%	(14,676)	(0.1)%	(3,942)
EBITDA	732,344	20.8%	822,128	19.9%	3,453,528	21.0%	3,453,143
Depreciation and amortization	68,822	2.0%	51,411	1.2%	229,370	1.4%	207,967
Income from operations	663,522	18.8%	770,717	18.7%	3,224,158	19.6%	3,245,176
Interest expense	(218,301)	(6.2)%	(162,212)	(3.9)%	(829,903)	(5.0)%	(525,641)
Interest income	(41,327)	(1.2)%	35,451	0.9%	156,926	1.0%	118,052
Foreign exchange result	(171,133)	(4.9)%	(107,808)	(2.6)%	(543,507)	(3.3)%	(208,745)
Inflationary result from monetary position	(159,138)	(4.5)%	(64,237)	(1.6)%	(264,045)	(1.6)%	(394,782)
Comprehensive financing income (cost)	(589,899)	(16.7)%	(298,806)	(7.2)%	(1,480,529)	(9.0)%	(1,011,116)
Associated company	(3,046)	(0.1)%	58,302	1.4%	(58,599)	(0.4)%	22,752
Income before income taxes	70,577	2.0%	530,213	12.8%	1,685,030	10.2%	2,256,812
Income tax expense	186,072	5.3%	284,219	6.9%	654,451	4.0%	867,609
Consolidated net income	(115,495)	(3.3)%	245,994	6.0%	1,030,579	6.3%	1,389,203

*2022 Audited Figures.

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

As of December 31, 2023 and 2022 and September 30, 2023

<i>Thousands of Mexican pesos</i>	As of December 31, 2023	As of December 31, 2022	As of September 2023
ASSETS			
Current assets			
Cash and equivalents and restricted fund	1,670,784	1,503,871	1,763,956
Clients - Net	3,776,838	4,270,528	4,304,510
Recoverable Taxes	1,560,626	1,625,167	1,651,415
Other accounts receivable*	754,961	868,468	1,022,555
Inventory - Net	1,846,700	2,397,039	2,307,719
Prepaid expenses	814,417	647,171	892,342
Total current assets	10,424,326	11,312,244	11,942,497
Non-current assets			
Trademarks	4,961,537	4,976,690	5,112,579
Investment in shares	716,832	787,752	719,877
Building, properties and equipment – Net	3,402,391	3,546,846	3,393,316
Deferred income tax, assets and others	1,134,439	937,223	864,075
Assets by right of use	23,802	45,775	45,686
Total non-current assets	10,239,001	10,294,286	10,135,533
TOTAL ASSETS	20,663,327	21,606,530	22,078,030
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term debt and Current portion of long-term debt	1,946,571	4,826,146	2,247,559
Suppliers	1,842,118	1,790,380	1,990,300
Other current liabilities	2,506,234	2,458,567	2,246,467
Income tax payable	192,075	281,350	328,586
Total current liabilities	6,486,998	9,356,443	6,812,912
Non-current liabilities			
Long-term debt securities	3,180,814	-	3,179,271
Long-term loans with financial institutions	1,064,795	1,551,515	933,185
Deferred income tax and other long term liabilities	517,293	515,491	502,072
Payable dividends to shareholders	30,581	30,581	30,581
Total liabilities	11,280,481	11,454,030	11,458,021
Stockholders' equity			
Contributed Capital	1,861,857	1,912,967	1,912,967
Retained earnings	9,769,392	10,045,828	10,582,326
Cumulative translation effects of foreign subsidiaries	(401,709)	(70,757)	(68,124)
Repurchased shares - Net	(1,849,032)	(1,737,876)	(1,809,498)
Fair value through profit OCI	2,338	2,338	2,338
Total stockholders' equity	9,382,846	10,152,500	10,620,009
TOTAL EQUITY AND LIABILITIES	20,663,327	21,606,530	22,078,030

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

<http://inversionistas.genommalab.com/>

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

For the three and twelve months ended December 31, 2023

<i>Thousands of Mexican pesos</i>	Q4-2023	FY-2023
Cash and cash equivalents beginning of period	1,763,956	1,503,871
Consolidated Net Income	(115,495)	1,030,579
Charges to results with no cash flow:		
Depreciation and amortization	81,229	271,441
Income tax	186,072	654,451
Accrued interest and others	371,757	794,588
	523,563	2,751,059
Changes in Working Capital:		
Clients - Net	364,128	(43,756)
Recoverable VAT	51,100	(56,613)
Inventories	258,419	(100,167)
Suppliers	(74,540)	284,109
Other current assets	54,801	(151,924)
Paid income tax	(247,499)	(981,143)
Other current liabilities	(103,053)	552,878
	303,356	(496,616)
Net cash generated (used) in operating activities	826,919	2,254,443
Investing activities:		
Investment in fixed assets	(73,043)	(246,801)
Sales of equipment	6,898	13,074
Other asset acquisitions	(72,505)	(88,794)
Interest collected	(41,347)	156,912
Net cash generated (used) in investing activities	(179,997)	(165,609)
Financing activities:		
Payments of borrowings with financial institutions	(1,013,992)	(5,582,921)
Loans with financial and securities institutions	834,230	5,493,853
Interest paid	(212,259)	(811,563)
Net Stock repurchase	(90,643)	(162,266)
Payment of liabilities for lease	(3,294)	(33,213)
Dividends paid to shareholders	(192,553)	(580,704)
Net cash used in financing activities	(678,511)	(1,676,814)
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash	(31,589)	412,020
Foreign exchange and inflationary effects from international operations	(61,583)	(245,107)
Accumulated cash flow at the end of the period	1,670,784	1,670,784
Less - restricted fund	16,242	16,242
Cash and cash equivalents at end of period balance for operation	1,654,542	1,654,542

ANNEX

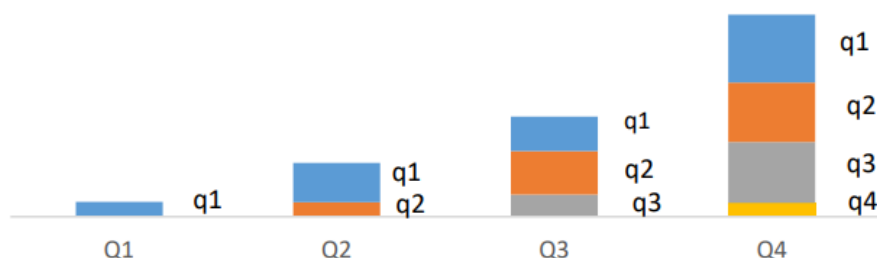
EFFECTS OF ARGENTINA HYPERINFLATIONARY ACCOUNTING ON Q4 AND FULL YEAR 2023 RESULTS

Genomma is a company that on a consolidated basis, has preserved value and the relative weight of its hyperinflationary subsidiary has diminished. Genomma has successfully mitigated the exposure on the hyperinflation-prone subsidiary, by showcasing strategic resilience and adaptability in the face of economic challenges. The Company demonstrates a proactive approach to financial stability and risk management, positioning itself for sustainable growth in the ever-changing business landscape.

NOTE: Accounting standards recommend using the Consumer Price Index (IPC) as published by INDEC (*Instituto Nacional de Estadística y Censos*), to measure inflation. **Only in Q4-2023 general consumer prices increased by 53.3%.**

Each Quarter, all items need to be restated into the same measuring unit current at the date of the reporting period. This implies that the Company must restate the comparative figures for the prior periods in terms of the measuring unit at the end of the reporting period.

For example, year-to-date results as of December 31, 2023 must also include a restatement of Q1, Q2 and Q3 (adding inflationary gains or losses) to the Q4 results, to ensure all numbers have been expressed in the same measuring unit (as of December 31 in this example). The restatement requires the application of the change in CPI-based index (inflation) from the dates on which income/expenses were initially recorded (as well as information of earlier periods).



Translating results from a currency of a hyperinflationary economy:

Special rules apply for translating the results of an entity whose functional currency is the currency of a hyperinflationary economy (Argentinian Peso ARS) into the currency (Mexican Peso MXN) used to consolidate these with the parent Company.

The financial statements of the foreign entity should be restated as required by IAS 29 Financial Reporting in Hyperinflationary Economies, before translation into the reporting currency. The restated financial statements are then **translated at closing rates** (i.e. December 31). During Q4-2023, **the Argentine Peso (ARS) depreciated 137% against the Mexican Peso (MXN).**

The negative net effect recorded in Q4-2023 is the result of adding the fourth quarter's inflation (53.3%) to the cumulative Q1-Q3 figures from Argentina and translate it using the closing FX rate depreciation (-137%).

Please refer to Genomma's press release "[Methodology For The Effects Of Argentina Hyperinflationary Accounting \(IAS 29 & IAS 21\)](http://inversionistas.genommalab.com/)"

The following table is presented as supplementary information (non-IFRS standard).

Thousands of Mexican Pesos

	Reported			IAS 29 (2023)		IAS 29 (2022)		Excl. IAS 29		
Q4	2023	2022	Var%	Inflation Effect	Conversion Effect	Inflation Effect	Conversion Effect	2023	2022	Var%
Sales	3,524,736	4,132,230	-14.7%	623,630	- 1,468,303	511,753	- 675,658	4,369,410	4,296,135	1.7%
EBITDA	732,344	822,128	-10.9%	190,601	- 558,645	135,291	- 205,643	1,100,388	892,480	23.3%
EBITDA Margin	20.8%	19.9%						25.2%	20.8%	
Net Income	- 115,495	245,994	-147.0%	- 221,952	- 280,076	- 70,695	- 79,507	386,533	596,765	-35.2%
Net Margin	-3.3%	6.0%						8.8%	13.9%	
FY	2023	2022	Var%	Inflation Effect	Conversion Effect	Inflation Effect	Conversion Effect	2023	2022	Var%
Sales	16,466,709	16,819,912	-2.1%	1,279,968	- 2,224,407	1,162,697	- 1,202,802	17,411,148	16,860,017	3.3%
EBITDA	3,453,528	3,453,143	0.0%	416,290	- 892,925	343,468	- 370,903	3,930,163	3,480,578	12.9%
EBITDA Margin	21.0%	20.5%						22.6%	20.6%	
Net Income	1,030,579	1,389,203	-25.8%	- 283,323	- 493,596	- 585,387	- 148,141	1,807,498	2,122,731	-14.9%
Net Margin	6.3%	8.3%						10.4%	12.6%	