

GENOMMA LAB
SECOND QUARTER
2024



Genomma Lab.®
Internacional



Genomma Lab Internacional Announces Results for the Second Quarter 2024

Mexico City, July 24, 2024 – Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B) (“Genomma” or “the Company”), today announced its results for the second quarter of 2024. 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.

Comments from our CEO, Marco Sparvieri

“We had a strong quarter, with a 6.4% Net Sales increase, a 54% EPS increase to Ps. 0.63, and EBITDA margin expanding to 22.9%; a more than 180 basis-point increase due to our productivity initiatives’ continued significant progress. We saw steady growth in key markets and brands, and will continue to strengthen our core brands while we focus on achieving Ps. 1,800 MM in annual cost savings by 2027.”

Q2 2024 Financial Summary

The following table provides a summary of the Company’s Income Statement, in millions of Mexican pesos.

	Q2 2024	% sales	Q2 2023	% sales	% var
Net Sales	4,651.5	100.0%	4,370.5	100.0%	6.4%
Like-for-like Sales ⁽¹⁾					5.2%
Gross Profit	2,977.7	64.0%	2,664.8	61.0%	11.7%
Operating Income	983.3	21.1%	871.1	19.9%	12.9%
EBITDA⁽²⁾	1,065.8	22.9%	920.2	21.1%	15.8%
Net Income	631.6	13.6%	417.4	9.6%	51.3%
EPS	0.63		0.41		54.4%

(1) Like-for-like (“LFL”) Sales are Net Sales expressed in constant currency and excludes the hyperinflationary subsidiary

(2) EBITDA defined as operating income before depreciation and amortization

Net sales: 6.4% increase reflecting healthy growth across regions, sales recovery in Argentina and a favorable FX environment for Genomma’s ex-Mexico operations. 78% of sales grew above inflation and 64% of sales maintained or increased market share.

Like-for-like (“LFL”) sales: when adjusted to constant currency and excluding the hyperinflationary subsidiary, sales increased by 5.2%, reflecting healthy growth in six of nine core categories.

EBITDA: reached a 22.9% margin; a 15.8% increase reflecting a significant 186 basis-point expansion due to manufacturing cost efficiencies and company-wide productivity initiatives.

Net income: 51.3% increase due to a higher operating income, a favorable FX environment and the classification of the associated affiliate as a “non-core asset available for sale” (IFRS-5).

EPS: Ps. 0.63 per share; a 54.4% increase reflecting higher net income and the cancellation of 20 million shares during the second quarter 2024.

Category Review

Genomma's strategy to focus on core brands continues to resonate on the Company's results, reflected in growth of six out of nine core categories with 78% of sales growing above inflation and 64% of sales maintaining or gaining market share. The following table provides a summary of sales per category for the three-month and six-month period ended June 30, 2024.

Rank	Core categories	Net Sales Growth	L4L Sales Growth	Net Sales Growth	L4L Sales Growth
		Q2 2024 YoY	Q2 2024 YoY	Acum 2024 YTD	Acum 2024 YTD
1	Skincare	(5.5)%	0.9%	(15.8)%	(4.5)%
2	Cough & Cold	(16.7)%	(24.7)%	(9.0)%	(7.9)%
3	Beverages	21.7%	21.1%	19.6%	19.3%
4	Analgesics	22.3%	8.0%	9.3%	10.5%
5	Haircare	(0.2)%	(1.3)%	(5.3)%	0.0%
6	Derma OTC	3.0%	8.7%	(0.8)%	8.9%
7	Gastro	13.0%	16.1%	16.1%	20.9%
8	Infant Nutrition	8.4%	8.4%	26.8%	26.8%
9	Blades & Razors	(25.2)%	(21.4)%	(14.4)%	(8.2)%
	Total	6.4%	5.2%	3.5%	7.4%

Like-for-like ("LFL") Sales are Net Sales expressed in constant currency and excludes the hyperinflationary subsidiary

The following category review compares results of the current quarter with the same quarter of last year in sell-out terms:

Skincare: -6.6% sell-out decrease with a 10% increase in Teatrical, offset by challenges in Cicatricure and Asepxia. The Company is focused on launching its turnaround strategy for this category.

Cough & Cold: +6.5% sell-out increase, Genomma's brand portfolio outperformed the category compared to a -5.7% category decline across markets due to a weaker season.

Beverages: +32% sell-out increase driven by robust performance across regions, exceeding the Company's estimates. In July 2024, Genomma successfully executed bolt-on acquisitions of Suero Oral and Suero Repone, targeting a strengthened brand position within the U.S.

Analgesics: +24% sell-out increase, with key markets performing well and expanding market share. At the end of the quarter, Genomma successfully executed the bolt-on acquisition of IBU 400 to enter the Ibuprofen segment and increase overall category market share potential.

Hair Care: +2.1% sell-out increase of Tio Nacho, with varying results per market and a double-digit increase in Mexico, Colombia and Central America.

Derma OTC: +29% sell-out increase driven by the category relaunch in Mexico with revitalized packaging design, robust in-store execution and a renewed TV advertisement campaign.

Gastro: +8.4% sell-out increase driven by a strong performance of Genoprazol: +14%. At the end of the quarter, Genomma successfully executed the bolt-on acquisition of Treg to strengthen its overall category brand portfolio.

Infant Nutrition: +28% sell-out increase with Novamil increasing market share across all core formula variants.

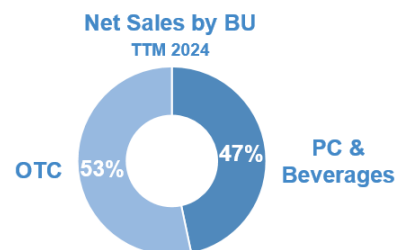
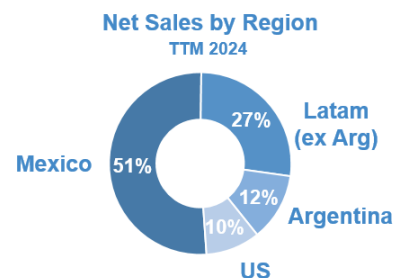
Blades & Razors: +5% sell-out increase with mixed results per market. Mexico grew 14% and Chile decreased -9%.

Regional Review

The following table provides a summary of sales performance in millions of Mexican pesos per region for the three-month period ended June 30, 2024:

	Q2 2024	Q2 2023	% Growth	LFL % Growth
Mexico	2,199.5	2,081.3	5.7%	5.7%
Latam (ex Arg)	1,200.8	1,183.6	1.5%	3.3%
Argentina	835.8	714.3	17.0%	n.a.
US	415.3	391.2	6.2%	7.4%
Total Net Sales	4,651.5	4,370.4	6.4%	5.2%
Total EBITDA	1,065.7	920.1	15.8%	n.a.

Figures in millions of Mexican pesos
Like-for-like ("LFL") Sales are Net Sales expressed in constant currency and excludes Argentina



Mexico: Net sales increased by 5.7% led by a successful execution of the Company's summer sales strategies. Related demand for Suerox, Derma OTC, Analgesics, as well as in Infant Nutrition, increased significantly during the quarter. The EBITDA margin increased to 22.6%, a 314 basis-point expansion due to productivity gains.

Latam (ex Arg): Net sales increased 3.3% in LFL terms, driven by Brazil and Caricam. EBITDA margin including Argentina reached 25.2%, a 67-bps decrease due to a one-time increase in the comparative base.

Argentina: second quarter 2024 net sales increased by 17% in Mexican pesos led by increased consumption following previous quarters of declining sales due to a macro recession. Notably, Genomma was able to grow market share within several categories in which it competes.

US: Net sales grew 7.4% in LFL terms led by a successful execution of the Company's summer sales strategies. Suerox, Derma OTC, and Gastro gained market share in both the Hispanic and general categories. The EBITDA margin reached 13.7%, a 718 basis-point expansion due to productivity gains.

Working Capital & Free Cash Flow

The following tables provide a summary of the Company's working capital.

	Q2 2024	Q2 2023	Δ	1Q 2024	Δ
Payable days	103	119	-16	110	-7
Receivable days	104	96	8	100	4
Inventory days	121	118	3	113	8
CCC	122	95	27	103	19

Cash Conversion Cycle (CCC): extended to 122 days including Argentina and 105 days excluding Argentina. This was due to:

- DPO 16-day decrease reflecting advanced purchases to mitigate potential shortages of raw materials and APIs amid the increased demand from the COVID uptrend.
- DSO distortion caused by IAS 29 and IAS 21 effects on Argentine TTM sales. Receivables decreased by 3 days year over year excluding Argentina.

Free Cash Flow (FCF): increased 35% to Ps. 1,806 million during the trailing-twelve months (TTM) compared to the same period of last year. The Company converted 10.8% of the TTM Net Sales into free cash flow.

Capital Allocation

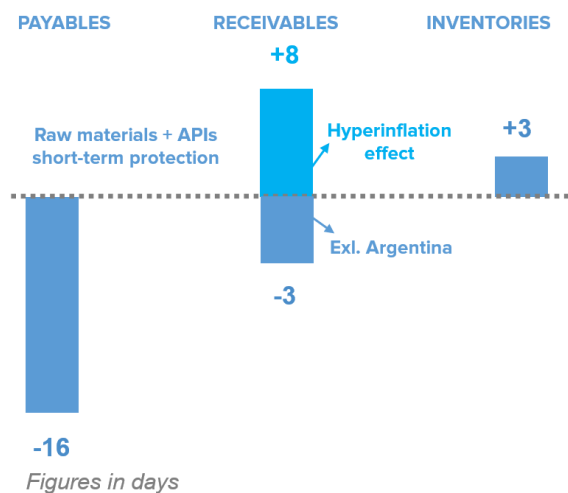
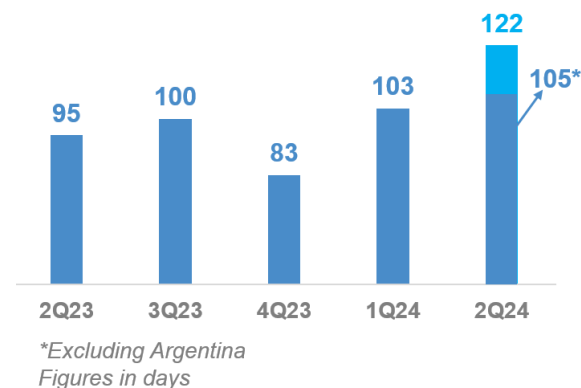
The Company allocated a total of Ps. 310.0 million to the following during the reported quarter:

Dividends. Cash dividend of \$0.200000 Mexican pesos per share on common stock paid during the quarter, totaling Ps. 200 million. Genomma intends to continue quarterly dividend payments.

M&A: Bolt-on brand acquisitions designed to enhance the Company's core brand portfolio in isotonic beverages, analgesics, and gastro categories. Ps. 46.4 million disbursed in Q2 2024 out of a total USD 25.6 million investment. The acquired brands' TTM net revenues reached USD 21.7 million.

CAPEX: Investments in manufacturing equipment totaled Ps. 64.3 million in Q2 2024, including new label equipment for Suerox sleeve production, enabling Ps. 30 million in annual savings.

Cash Conversion Cycle



Days of Accounts Receivable (DSO)

	Q2 2024	Q2 2023	Q1 2024
Mexico	106	134	112
Latam	108	74	80
US	73	60	60
Consolidated	104	96	100
Ex. Argentina	99	102	98

Key Debt Ratios

EBITDA / Debt Service: 4.4x

Net Debt / EBITDA: 1.4x

Relevant Events

[Genomma Lab Announces Share Redemption in Marzam](#)

[Genomma Lab Announces Eighth Dividend Payment representing a Total Amount of 200 Million Pesos](#)

[Genomma Lab Announces Refinancing of Long-Term Liabilities and Release of Real Estate Collateral](#)

Conference Call

Date: Thursday, July 25, 2024

Time: 1:00 p.m. ET | 11:00 a.m. Mexico City Time

Webcast Registration: [Genomma's Q2 2024 Earnings Call](#)

Participants:

Marco Sparvieri, CEO
Antonio Zamora, CFO
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Sell-side Analyst Coverage

As of July 24, 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 and 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).



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.

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

For the three months ended June 30, 2024 and 2023

<i>Thousands of Mexican pesos</i>	Q2 2024	% Sales	Q2 2023	% Sales	Δ%
Net Sales	4,651,495	100.0%	4,370,506	100.0%	6.4%
Cost of goods sold	(1,673,795)	(36.0)%	(1,705,706)	(39.0)%	(1.9)%
Gross Profit	2,977,700	64.0%	2,664,800	61.0%	11.7%
Selling, general and administrative expenses	(1,918,346)	(41.2)%	(1,795,646)	(41.1)%	6.8%
Other income (expense)	6,408	0.1%	50,998	1.2%	(87.4)%
EBITDA	1,065,762	22.9%	920,152	21.1%	15.8%
Depreciation and amortization	(82,478)	(1.8)%	(49,086)	(1.1)%	68.0%
Income from operations	983,284	21.1%	871,066	19.9%	12.9%
Interest expense	(208,556)	(4.5)%	(221,442)	(5.1)%	(5.8)%
Interest income	9,007	0.2%	62,997	1.4%	(85.7)%
Foreign exchange result	128,714	2.8%	(154,088)	(3.5)%	(183.5)%
Inflationary result from monetary position	(69,778)	(1.5)%	19,673	0.5%	(454.7)%
Comprehensive financing income (cost)	(140,613)	(3.0)%	(292,860)	(6.7)%	(52.0)%
Associated company	0	0.0%	(3,355)	(0.1)%	(100.0)%
Income before income taxes	842,671	18.1%	574,851	13.2%	46.6%
Income tax expense	(211,026)	(4.5)%	(157,454)	(3.6)%	34.0%
Consolidated net income	631,645	13.6%	417,397	9.6%	51.3%

GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of June 30, 2024 and 2023 and December 31, 2023

<i>Thousands of Mexican pesos</i>	As of June 31,			As of December 31,		
	2024	2023	Δ%	2023	Δ%	
ASSETS						
Current assets						
Cash and equivalents and restricted fund	1,233,360	1,369,610	(9.9)%	1,671,570	(26.2)%	
Clients - Net	4,842,027	4,538,830	6.7%	3,743,154	29.4%	
Recoverable Taxes	1,587,398	1,564,023	1.5%	1,558,006	1.9%	
Other accounts receivable*	777,009	933,262	(16.7)%	972,501	(20.1)%	
Inventory - Net	2,088,052	2,215,218	(5.7)%	1,910,700	9.3%	
Prepaid expenses	955,781	905,409	5.6%	814,464	17.4%	
Total current assets	11,483,627	11,526,352	(0.4)%	10,670,395	7.6%	
Non-current assets						
Trademarks	5,211,297	5,119,159	1.8%	4,961,537	5.0%	
Investment in shares	0	759,657	(100.0)%	729,153	(100.0)%	
Assets available for sale	550,000	0	100.0%	0	na	
Building, properties and equipment – Net	3,455,618	3,397,801	1.7%	3,391,009	1.9%	
Deferred income tax, assets and others	1,240,499	824,898	50.4%	962,591	28.9%	
Assets by right of use	43,773	51,968	(15.8)%	23,802	83.9%	
Total non-current assets	10,501,187	10,153,483	3.4%	10,068,092	4.3%	
TOTAL ASSETS	21,984,814	21,679,835	1.4%	20,738,487	6.0%	
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities						
Short-term debt and Current portion of long-term debt	1,526,335	2,542,792	(40.0)%	1,985,967	(23.1)%	
Suppliers	1,773,987	1,876,672	(5.5)%	1,839,397	(3.6)%	
Other current liabilities	2,635,365	2,199,237	19.8%	2,575,697	2.3%	
Income tax payable	206,861	364,899	(43.3)%	221,292	(6.5)%	
Total current Liabilities	6,142,548	6,983,600	(12.0)%	6,622,353	(7.2)%	
Non-current liabilities						
Long-term debt securities	3,183,906	2,581,425	23.3%	3,180,814	0.1%	
Long-term loans with financial institutions	1,662,589	1,148,386	44.8%	1,025,399	62.1%	
Deferred income tax and other long term liabilities	417,573	475,742	(12.2)%	437,992	(4.7)%	
Payable dividends to shareholders	0	30,581	(100.0)%	30,581	(100.0)%	
Total non-current Liabilities	5,264,068	4,236,134	24.3%	4,674,786	12.6%	
TOTAL LIABILITIES	11,406,616	11,219,734	1.7%	11,297,139	1.0%	
Stockholders' equity						
Contributed Capital	1,861,857	1,912,967	(2.7)%	1,861,857	0.0%	
Retained earnings	11,511,808	10,478,421	9.9%	10,825,394	6.3%	
Cumulative translation effects of foreign subsidiaries	(976,343)	(97,536)	901.0%	(1,399,209)	(30.2)%	
Repurchased shares - Net	(1,821,462)	(1,836,093)	(0.8)%	(1,849,032)	(1.5)%	
Fair value through profit OCI	2,338	2,338	0.0%	2,338	0.0%	
Total Stockholders' Equity	10,578,198	10,460,097	1.1%	9,441,348	12.0%	
TOTAL EQUITY AND LIABILITIES	21,984,814	21,679,831	1.4%	20,738,487	6.0%	

GENOMMA LAB INTERNACIONAL, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended June 30, 2024 and 2023

Thousands of Mexican pesos	Q2		Δ%
	2024	2023	
Cash and cash equivalents beginning of period	1,142,126	1,249,044	(8.6)%
Consolidated Net Income	631,645	417,397	51.3%
Charges to results with no cash flow:			
Depreciation and amortization	59,845	61,187	(2.2)%
Income tax	211,026	157,454	34.0%
Accrued interest and others	245,036	84,355	190.5%
Changes in Working Capital:			
Clients - Net	(154,915)	(221,203)	(30.0)%
Recoverable VAT	86,486	39,127	121.0%
Inventories	(60,029)	(34,475)	74.1%
Suppliers	(165,617)	332,339	(149.8)%
Other current assets	(307,984)	(26,621)	1056.9%
Paid income tax	(57,741)	(232,718)	(75.2)%
Other current liabilities	(75,674)	(129,136)	(41.4)%
Net cash generated (used) in operating activities	412,078	447,706	(8.0)%
Investing activities:			
Investment in fixed assets	(16,097)	(45,599)	(64.7)%
Resources from financial instruments	7,086	0	na
Sales of equipment	3,361	5,817	(42.2)%
Other asset acquisitions	(58,666)	(2,358)	2388.0%
Interest collected	9,025	62,980	(85.7)%
Net cash generated (used) in investing activities	(55,291)	20,840	(365.3)%
Financing activities:			
Payments of borrowings with financial institutions	(1,710,466)	(3,132,521)	(45.4)%
Loans with financial and securities institutions	1,787,798	3,329,623	(46.3)%
Interest paid	(209,613)	(217,084)	(3.4)%
Net Stock repurchase	68,455	(66,701)	(202.6)%
Payment of liabilities for lease	(28,770)	(10,590)	171.7%
Dividends paid to shareholders	(208,189)	(194,480)	7.0%
Net cash used in financing activities	(300,785)	(291,753)	3.1%
Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash	56,002	176,793	(68.3)%
Foreign exchange and inflationary effects from international operations	35,232	(56,227)	(162.7)%
Accumulated cash flow at the end of the period	1,233,360	1,369,610	(9.9)%
Less - restricted fund	16,299	(12,425)	(231.2)%
Cash and cash equivalents at end of period balance for operation	1,217,061	1,382,035	(11.9)%

ANNEX

EXCLUSION OF IAS 29 AND IAS 21 EFFECTS

For the three months and trailing twelve months ended June 30, 2024 and 2023

	Reported		Δ%	2024		2023		Excl. IAS 29 & 21		
	Q2 2024	Q2 2023		Inflation Effect (IAS 29)	Conversion Effect (IAS 21)	Inflation Effect (IAS 29)	Conversion Effect (IAS 21)	Q2 2024	Q2 2023	Δ%
Net Sales	4,651.5	4,370.5	6.4%	131.8	36.5	221.5	(247.2)	4,483.2	4,396.2	2.0%
EBITDA	1,065.8	920.2	15.8%	43.3	12.9	74.5	(88.5)	1,009.6	934.1	8.1%
EBITDA Margin	22.9%	21.1%						22.5%	21.2%	
Net Income	631.6	417.4	51.3%	(107.7)	9.8	14.4	(62.3)	729.6	465.3	56.8%
Net Margin	13.6%	9.6%						16.3%	10.6%	

	Reported		Δ%	2024		2023		Excl. IAS 29 & 21		
	TTM Q2 2024	TTM Q2 2023		Inflation Effect (IAS 29)	Conversion Effect (IAS 21)	Inflation Effect (IAS 29)	Conversion Effect (IAS 21)	TTM Q2 2024	TTM Q2 2023	Δ%
Net Sales	16,766.8	17,030.2	(1.5)%	1,182.1	(1,875.4)	1,171.0	(1,352.5)	17,460.0	17,211.8	1.4%
EBITDA	3,667.4	3,522.1	4.1%	376.9	(706.0)	349.4	(496.3)	3,996.4	3,668.9	8.9%
EBITDA Margin	21.9%	20.7%						22.9%	21.3%	
Net Income	1,258.9	1,420.7	(11.4)%	(766.4)	(617.1)	(260.6)	(238.6)	2,642.4	1,919.8	37.6%
Net Margin	7.5%	8.3%						15.1%	11.2%	

