

Genomma Lab Internacional Reports Second Quarter 2021 Results

HIGHLIGHTS

Q2-2021 Sales increased by
Ps. 229.1 million;
+6.3% year-on-year

Ps. 70.5 million year-to-date
interest expense decrease

Cash & Equivalents
closed at
Ps. 1.41 billion
as of June 30, 2021

Q2-2021 Net Debt to EBITDA
ratio closed at **1.59x**

5,000,000 bottles of **Suerox®**
produced in-house
during **June 2021**

Capex Investments reached
Ps. 318.4 million.
in the six months ended
June 30, 2021

Mexico City, July 28, 2021 – **Genomma Lab Internacional, S.A.B. de C.V. (BMV: LAB B)** (“Genomma Lab” or “the Company”), today announced its results for the second quarter ended June 30, 2021. All figures included herein are stated in nominal Mexican pesos and have been prepared in accordance with International Financial Reporting Standards (IFRS).

The following tables provide an abridged Income Statement, in millions of Mexican pesos. The margin for each figure represents its ratio to net sales and the percentage change in the second quarter 2021 as compared with the same period in 2020:

	Q2 2021	% Sales	Q2 2020	% Sales	Var. %
Net Sales	3,865.4	100.0%	3,636.3	100.0%	6.3%
Gross Profit	2,351.6	60.8%	2,178.4	59.9%	8.0%
Operating Income	742.0	19.2%	714.9	19.7%	3.8%
EBITDA⁽¹⁾	776.5	20.1%	754.9	20.8%	2.9%
Net Income	379.2	9.8%	360.8	9.9%	5.1%

1) EBITDA defined as operating income before depreciation and amortization

Comments from the CEO

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

“We continued to deliver consistent growth during the first half of 2021, following Genomma’s strong 2020 results, despite the pandemic’s ongoing economic and social impact. The second quarter of 2021 was one of the strongest quarters in Genomma’s history, and the eleventh consecutive quarter of growth, driven by innovation and the continued implementation of our Four Pillar growth plan. This was characterized by line extensions, product repositioning and brand modernization through new and improved formulas and packaging, and supported by a business model which increases consumers’ access to our broad range of products at competitive price points.”

He added: *“Our strategy drives sustained profitable growth, as we continue to win with the consumer while strengthening efficiencies throughout every aspect of Genomma’s business as part of our Continuous Improvement Program. Additionally, we remain focused on strengthening our ESG strategy; delivering high-quality innovative products through sustainable initiatives while we nimbly adapt to evolving consumer demands.”*

KEY DATA

% Sales by Segment:

 OTC 50.3%

 PC 49.7%



*Points of Sale



Lomecan® Intimo
cleanser
Clinically-proven with
micellar technology

Business Review

Genomma Lab maintained continued robust levels of profitability and sales growth during the second quarter of 2021; the Company's eleventh consecutive quarter delivering solid top-line performance. This was driven by innovation, strong marketing initiatives and successful point of sale execution and brand portfolio expansion also within new categories.

Second quarter 2021 net sales reached Ps. 3.87 billion; a 6.3% year-on-year increase reflecting the Company's resilient and dynamic business model based on its Four Pillar strategy. Adjusted for the second quarter 2020 hand sanitizer non-recurring effect in the U.S., consolidated net sales would have increased by double-digits, year-on-year. These results were offset by a difficult comparison base due to increased pandemic-related 2020 sales as well as FX headwinds in the second quarter 2021 across the main countries where Genomma operates.

EBITDA margin for the quarter closed at 20.1%, a 70bps year-on-year margin contraction primarily attributable to a negative impact from COGS inflation, FX headwinds and a negative portfolio sales mix in certain key countries, including the U.S. which experienced a difficult comparison base due to extraordinary hand sanitizer sales as well as a soft flu season in South America. Second quarter 2021 EBITDA margin was impacted to a lesser extent by non-recurring investments related to Genomma's process of consolidating sourcing to its Industrial Cluster.

The following four-pillar strategy priorities continued to guide Genomma's execution and operation during the quarter:

Product Innovation and Portfolio Optimization

Product innovation is an important growth driver for Genomma. The Company successfully executed key innovation strategies during the second quarter 2021, including new categories such as Novamil® & Groomen® with continued product portfolio optimization including line extensions and new product launches to further strengthen the portfolio. Examples during the quarter included: 1) In Mexico, the Suerox® Aloe Vera-Lychee launch, Sistema GB® relaunch, a new micellar technology cleansing line launched under the Lomecan® brand, as well as a new XL-3® AB antibacterial gel reformulation; 2) In Latin America, the Shot-C® vitamin C ready to drink immune support liquid launched in Chile and Colombia, upgraded Medicasp® sachet presentation for the Andean region, the Liris® brand launch- a new ophthalmic lubrication eye drop category for the Company- in Brazil, the DiabetTX® antiperspirant deodorant specifically designed for individuals with diabetes, launched in Argentina, and 3) a sugar-free Suerox® Coconut Refresh with Zinc launch within the U.S. market.



Wellness Center endcap in Chile

Strengthened Marketing and Perfect Go-To-Market Execution

Genomma expanded its presence within the traditional channel in Mexico, Central America and the Andean region during the quarter. The Company also focused on two key growth projects:

- 1) Expansion within the e-commerce channel through attractive Hot Sale campaigns, which increased Genomma’s market share.
- 2) Strengthening in-store media marketing and communication campaigns for core brands.

During the quarter, the Company also leveraged point of sale endcaps to promote its "Wellness Center" concept to drive synergies among core brands. Genomma continued transforming its core brand advertising campaigns, expanding its product reach within respective markets and promoting environmentally friendly innovations.

World-Class Supply Chain

Genomma’s supply chain further drove the Company’s transformation during the second quarter through the launch of its GPS (*Genomma Production System*) to ensure operational excellence at the Company’s new Industrial Cluster. The implementation process consists of five phases: planning, start-up, stabilization, optimization and ongoing improvement. GPS will align results, operating principles, systems and tools supported by the Company’s corporate culture characterized by delivering growth and optimizing efficiencies.

The isotonic beverage line reached more than 5,000,000 bottles produced during the month of June. Initial production trials began at Genomma’s Personal Care manufacturing facility for its shampoo and skin care lines. Production for sale is expected to begin during the third quarter of 2021.

Manufacturing facility investments reached Ps. 318.4 million during the first half of 2021, primarily for equipment, production line installation and establishing Genomma’s industrial cluster infrastructure. Pre-operating expenses for new lines during the quarter were approximately Ps. 36.3 million.

Sustainability and Corporate Culture

Genomma was once again selected as a component within the “S&P/BMV Total Mexico ESG Index” for the second consecutive year. The index is comprised of 29 public companies in Mexico recognized for their outstanding ESG practices based on the S&P’s Corporate Sustainability Assessment. Genomma also updated its Diversity, Inclusion and Gender Equality Policy, inaugurating its *Global Committee for Diversity, Inclusion and Gender Equality* during the quarter, with associated action groups. Related to its focus on the environment, Genomma worked with a specialized consultancy to update its climate risk and opportunities analysis to align with the TCFD ([Task Force on Climate-Related Financial Disclosures](#)) recommendations.



Growth initiative ensures operational excellence



Diversity, inclusion and gender equality policy
(See document)



Sistema GB®
Relaunch in the
Mexican market

Mexico

Net sales and EBITDA at Genomma’s Mexico operations increased by 8.6% and 14.4% year-on-year, respectively, to close at Ps. 1.64 billion with a 20.2% EBITDA margin. Strong results were due to a solid growth strategy execution in Mexico and incremental sales from new categories, such as Novamil® & Groomen®, as well as strong performance at the point of sale which increased market share within key pharmacy chains nationwide and within the traditional channel. This was partially offset by decreased demand within certain portfolio categories, reflecting continued COVID-19 pandemic effects.

U.S.

Net sales at Genomma’s U.S. operation decreased by 33.4% with a 650bps decline in EBITDA margin, primarily due to a challenging year-on-year comparison base reflected in atypically strong second quarter 2020 antibacterial hand sanitizer sales and, to a lesser extent, by the lagging effect from a historically low 2021 flu season, as well as FX headwinds due to appreciation of the peso relative to the U.S. dollar, reflected in a corresponding decreased contribution by Genomma’s U.S. subsidiary in Mexican pesos. Adjusted for the second quarter 2020 hand sanitizer non-recurring effect, sales in the region would have increased by double-digits, year-on-year. The Company incurred incremental expenses during the quarter related to advertising and in-store media strategies to drive U.S. market share increases. The above was partially offset by an outstanding performance of Suerox® sales and strong performance within the e-commerce channel, a reflection of Genomma’s solid e-commerce strategy within this market since the beginning of the pandemic.

Latin America

Latin America net sales reached Ps. 1.90 billion during the second quarter 2021; a 15.7% year-on-year increase. Increased sales were driven by strong execution of new strategies with successful portfolio expansion initiatives. Second quarter 2021 EBITDA margin closed at 22.8%; a 260bps year on year margin decline, primarily due to raw materials and commodity inflation, as well as a negative sales mix and increased operating expenses within the region. Additionally, second quarter 2021 EBITDA margin was adversely impacted by FX headwinds in those key countries where Genomma operates.



Cicatricure® Gold Lift
New liquid foundation line
with gold peptides

Genomma's New Industrial Cluster

+5,000,000 bottles
of **Suerox®** produced
during June 2021



Suerox® Aloe-Vera Lychee
New flavor produced at new
manufacturing cluster



Isotonic Beverage Manufacturing Line



**Tío Nacho[®]
& Vanart[®]**

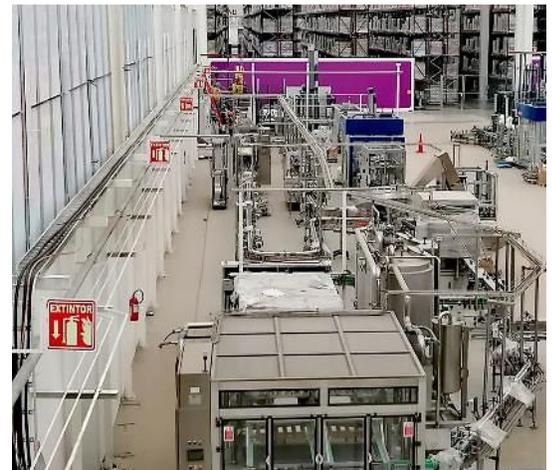
brands expected to begin
production in **Q3-2021**



Shampoo Manufacturing Line

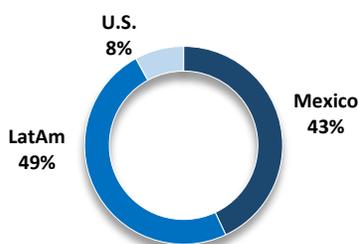
Commissioning **four**
additional lines during **2021**

- Shampoo
- Ointments
- Skin Care
- Medical Devices



Commissioning of four additional lines

Q2-2021 SALES*



* Q2-2021 percentage of Consolidated Sales by Region.

Consolidated Results Second Quarter 2021

Second Quarter 2021 Net Sales reached Ps. 3.87 billion; a 6.3% year-on-year increase. This increase is primarily due to outstanding performance of new categories in Mexico, successful line extensions and product launches in key regions, the execution of go-to market initiatives, as well as digital advertising and marketing campaigns throughout the regions in which Genomma operates. These positive impacts on sales were partially offset by a challenging comparison base due to incremental pandemic-related sales as well as FX headwinds.

Second Quarter 2021 EBITDA increased Ps. 21.5 million year-on-year, to Ps. 776.5 million. Second quarter EBITDA margin closed at 20.1%; a 70bps year-on-year margin contraction. This margin contraction is mainly due by FX headwinds and commodities inflation, negative operating leverage from increased sales of lower margin products, as well as non-recurring investments that are part of Genomma's journey consolidate sourcing to the Company's Industrial Cluster. These negative effects were partially offset by product innovation launches and solid go-to-market execution across the regions where Genomma operates.

Sales by Category & Region

(Figures in millions of Mexican Pesos)

	Over-the-counter (OTC)			Personal Care			Total		
	Q2'20	Q2'21	% Var.	Q2'20	Q2'21	% Var.	Q2'20	Q2'21	% Var.
Mexico	734.7	770.2	4.8%	781.0	876.1	12.2%	1,515.7	1,646.3	8.6%
LatAm	823.4	1,001.3	21.6%	818.8	899.1	9.8%	1,642.2	1,900.4	15.7%
U.S.	397.2	174.1	(56.2%)	81.2	144.6	78.1%	478.4	318.7	(33.4%)
Total	1,955.3	1,945.6	(0.5%)	1,681.0	1,919.8	14.2%	3,636.3	3,865.4	6.3%

Results by Region for the Second Quarter 2021

Mexico

Second quarter 2021 Net Sales reached Ps. 1.64 billion; an 8.6% year-on-year increase. This Ps. 130.6 million increase is primarily due to a better than expected performance of new categories and line extensions, as well as an improved go-to-market and in-store visibility execution within the traditional channel. This increase was also driven by an increase in points of sale served, as well as ongoing e-commerce initiatives.

EBITDA for the quarter reached Ps. 332.1 million with a 20.2% margin, reflecting a 100bps expansion. This was primarily due to the operational leverage effect on fixed expenses with continued cost controls and supply chain efficiencies reached during the quarter. Second quarter 2021 EBITDA was partially offset by expenses associated with the commissioning of new lines at the Industrial Cluster and investments made in trade channels.

MEXICO

Sales in MXN: 1.64 billion

EBITDA Margin: 20.2%

U.S.

Sales in MXN: 318.7 million
EBITDA Margin: 3.6%

U.S.

Second quarter 2021 net sales for Genomma's U.S. operation decreased by 33.4%, to Ps. 318.7 million. Sales decreased due to a challenging year-on-year comparison base with increased second quarter 2020 hand sanitizer sales with the residual effect of weak OTC portfolio performance due to decreased 2021 cold and flu cases within this market. Traditional pharmacy chain consumer foot traffic also declined during the quarter due to increased e-commerce competition.

Second quarter 2021 EBITDA reached Ps. 11.6 million, compared to Ps. 48.2 million during the same period of 2020, with a 3.6% EBITDA margin. The year-on-year EBITDA margin contraction is primarily due to the commodities and raw materials inflation impact on COGS and an operating leverage decline with a negative sales mix effect. EBITDA for the quarter was also impacted by additional investments made in TV and trade marketing initiatives to support new product launches, sales and the Company's broader strategy within this market.

LATIN AMERICA

Sales in MXN: 1.90 billion
EBITDA Margin: 22.8%

Latin America

Net Sales for the quarter increased by 15.7% year on year, to Ps. 1.90 billion. Year-on-year sales in Argentina, Brazil, Bolivia, Chile and Colombia reflected a double-digit increase when expressed in both local currency and Mexican pesos. Successful go-to-market strategies, enhanced in-store visibility, new product launches and line extensions, as well as an increased store base, drove topline growth during the quarter.

FX from Local Currency Expressed in MXN



EBITDA for the second quarter of 2021 reached Ps. 432.7 million, as compared to Ps. 416.4 million for the same period in 2020, with a 22.8% EBITDA margin; a 260bps year on year margin contraction. The EBITDA margin contraction was primarily due to a negative product mix effect and COGS inflation, notably impacted by API imports in Argentina. EBITDA for the quarter was also adversely impacted by macro headwinds and local currency depreciation within key countries in which Genomma has a presence. EBITDA was adversely impacted, to a lesser extent, by extraordinary investments made in marketing and in-store media, as well as one-off traditional channel distribution expenses.

* Exchange rate at the end of the period.

Other Income Statement Results for the Second quarter of 2021

Gross Profit increased by 8.0%, to Ps. 2.35 billion, compared to Ps. 2.18 billion for the second quarter of 2020. Second quarter 2021 gross margin increased by 90bps year-on-year to close at 60.8%, primarily due to increased operating leverage and with benefit of strategies implemented to partially mitigate inflation and commodity price increases across all markets. Gross margin was also adversely impacted by FX headwinds across all markets during the quarter.

Selling, General, Marketing and Administrative Expenses increased as a percentage of sales, to 40.7% for the second quarter of 2021 from 39.4% for the previous year. The increased SGM&A is the result of certain investments made in marketing, digital platforms and trade channels and, to a lesser extent, by operating expenses related to Genomma’s new Industrial Cluster.

Net Income reached Ps. 379.2 million, a Ps. 18.4 million increase compared to second quarter 2020. Despite FX headwinds, second quarter 2021 net income increased due to a lower reported effective tax rate as compared to the same quarter of 2020.

Non-Operating Result for the Second Quarter 2021

Comprehensive Financing Result represented a Ps. 211.2 million expense for the second quarter of 2021, compared to a Ps. 111.4 million in the second quarter 2020. The Ps. 99.8 million expense increase is due to: i) a Ps. 81.9 million year-on-year net increase in the Company’s monetary position within its inflationary subsidiary, ii) a Ps. 42.0 million year-on-year net increase in Foreign Exchange Gain (Loss), and iii) a Ps. 5.6 million decrease in financial interest gains. This was partially offset by a Ps. 29.7 million decrease in financial interest expense during the quarter

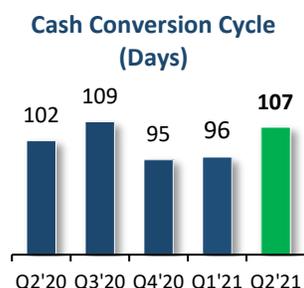
Income Tax Expense for the second quarter 2021 reached Ps. 167.5 million as compared to a Ps. 248.3 million in the second quarter 2020.

Financial Position

Working Capital was adjusted during the second quarter 2021 and the cash conversion cycle ended at 107 days; a 5-day year on year decrease:

- **Accounts Receivable** amounted to Ps. 4.40 billion as of June 30, 2021. Days of consolidated accounts receivable amounted to 111; an 8-day improvement when compared to the end of June 2020.
- **Inventories** closed at Ps. 2.51 billion as of June 30, 2021. Days of Inventories amounted to 168; a 12-day increase when compared to the end of June 2020. This is consistent with the Company’s manufacturing facility transition.
- **Trade Payables** amounted to Ps. 2.04 billion as of June 30, 2021. Days Payable Outstanding (DPO) increased to 171 days, from 170 days on June 30, 2020.

Ps. 29.7 million
decrease in
Financial Interest Expense



Q2-2021
Net Debt to EBITDA ratio
closed at **1.59x**

A total balance of
39,864,578 shares
in the **Buyback Program**
as of June 30, 2021

Fixed Assets. The Company invested Ps. 318.4 million during the six months ended June 30, 2021, primarily in construction and commissioning of new lines at the Company's new Industrial Cluster located in the State of Mexico.

Net Financial Debt at the end of June 30, 2021 reflected a year-on-year decrease:

- **Cash and Equivalents** amounted to Ps. 1.41 billion as of June 30, 2021; a 16.5% increase as compared to June 30, 2020.
- **Gross Financial Debt** amounted to Ps. 6.17 billion as of June 30, 2021, compared to Ps. 6.33 billion as of June 30, 2020; a Ps. 26.5 million year-on-year decrease. The Company's long-term debt represented 66.6% of gross financial debt at the end of the second quarter 2021.
- **Net Financial Debt** amounted to Ps. 4.77 billion as of June 30, 2021; a Ps. 226.0 million year on year decline.

Share Buyback Program. The Company repurchased a total of 1,876,000 shares during the three months ended June 30, 2021, representing an investment of approximately Ps. 38.4 million.

Free Cash Flow from Operations. Excluding investments made in the Company's new manufacturing facility, free cash flow for the six months ended June 30, 2021 would have reached Ps. 205.9 million. Cash allocation during the quarter, includes investments made related to the Company's new Industrial Cluster, as well as working capital investments to drive growth.

Key Financial Metrics

	Q2-2021
EBITDA / Interest Paid	7.7x
Net Debt / EBITDA	1.6x

COVID-19 Actions. Throughout the pandemic, the Company has remained vigilant to anticipate hoarding and stock depletion, shifting part of its operations to accommodate new trade channels while carefully monitoring sales to adapt quickly to changing sales dynamics.

CONFERENCE CALL Q2-2021

Thursday, July 29, 2021
at 11:00 a.m. ET /
10:00 a.m. CST

Jorge Luis Brake
CEO

Antonio Zamora
CFO

Webcast:

[Genomma's Q2'21 Earnings Call](#)

To participate, please
dial-in:

United States:
+1 877-407-0784

International:
+1 201-689-8560

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

Second Quarter 2021 Other Relevant Events

- [Genomma Lab Internacional included in the S&P/BMV Total Mexico ESG Index for second consecutive year](#)
"The Company's social responsibility strategy is aligned with the objectives of the UN Global Compact."
- [Genomma Lab Internacional updated its climate risk and opportunities analysis to align with the TCFD recommendations](#)

Additional Information

- [New Accounting Standards Impact \(April 29, 2019\)](#)
- [Genomma Lab Internacional 2020 Integrated Annual Report](#)
- [2020 Audited Results \(XBRL Format\)](#)

Sell-side Analyst Coverage

As of July 28, 2021 "LABB" is covered by 14 sell-side analysts at the following brokerages: Actinver Casa de Bolsa, Banco Itaú BBA, BBVA Bancomer, Barclays Bank, BTG Pactual US Capital, Credit Suisse Casa de Bolsa, GBM Grupo Bursátil Mexicano, Grupo Financiero Banorte, HSBC Securities (USA), Invex Grupo Financiero, 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 six months ended June 30, 2021 and 2020

Thousands of Mexican pesos	SECOND QUARTER				ACCUMULATED			
	2021	%Sales	2020	%Sales	2021	%Sales	2020	%Sales
Net Sales	3,865,364	100.0%	3,636,325	100.0%	7,413,015	100.0%	6,970,861	100.0%
Cost of goods sold	1,513,801	39.2%	1,457,955	40.1%	2,880,983	38.9%	2,730,870	39.2%
Gross Profit	2,351,563	60.8%	2,178,370	59.9%	4,532,032	61.1%	4,239,991	60.8%
Selling, general and administrative expenses	1,574,006	40.7%	1,432,883	39.4%	3,028,721	40.9%	2,817,400	40.4%
Other (income) expense	1,094	0.1%	(9,448)	(0.3)%	2,171	0.0%	(10,699)	(0.2)%
EBITDA	776,463	20.1%	754,935	20.8%	1,501,140	20.3%	1,433,290	20.6%
Depreciation and amortization	34,473	1.0%	40,080	1.1%	72,375	1.0%	77,878	1.1%
Income from operations	741,990	19.2%	714,855	19.7%	1,428,765	19.3%	1,355,412	19.4%
Interest expense	(83,922)	(2.2)%	(113,577)	(3.1)%	(172,348)	(2.3)%	(242,878)	(3.5)%
Interest income	1,346	0.0%	6,907	0.2%	4,769	0.1%	12,407	0.2%
Foreign exchange result	(53,490)	(1.4)%	(11,493)	(0.3)%	(30,157)	(0.4)%	131,201	1.9%
Inflationary result from monetary position	(75,161)	(1.9)%	6,725	0.2%	(142,626)	(1.9)%	(86,408)	(1.2)%
Comprehensive financing income (cost)	(211,227)	(5.5)%	(111,438)	(3.1)%	(340,362)	(4.6)%	(185,678)	(2.7)%
Associated company	15,933	0.4%	5,686	0.2%	39,877	0.5%	19,075	0.3%
Income before income taxes	546,696	14.1%	609,103	16.8%	1,128,280	15.2%	1,188,809	17.1%
Income tax expense	167,493	4.3%	248,286	6.8%	429,659	5.8%	454,358	6.5%
Consolidated net income	379,203	9.8%	360,817	9.9%	698,621	9.4%	734,451	10.5%

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

As of June 30, 2021 and 2020 and December 31, 2020

<i>Thousands of Mexican pesos</i>	As of		As of
	June 30,	2020	December 31,
	2021		2020
ASSETS			
Current assets			
Cash and equivalents and restricted fund	1,408,994	1,209,516	2,103,870
Clients - Net	4,396,078	4,366,950	4,027,382
Recoverable Taxes	1,639,604	1,579,693	1,669,847
Other accounts receivable*	1,770,056	1,181,611	1,613,649
Inventory - Net	2,509,667	2,193,189	2,045,983
Prepaid expenses	657,064	792,025	576,743
Total current assets	12,381,463	11,322,984	12,037,474
Non-current assets			
Trademarks	4,897,089	4,922,788	4,851,459
Investment in shares	1,740,868	1,652,682	1,700,991
Building, properties and equipment – Net	3,076,162	2,430,377	2,795,312
Deferred income tax, assets and others	774,196	772,935	747,380
Total non-current assets	10,488,315	9,778,782	10,095,142
TOTAL ASSETS	22,869,778	21,101,766	22,132,616
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Short-term debt and Current portion of long-term debt	2,064,651	4,479,627	1,970,239
Suppliers	2,039,209	1,861,594	1,644,766
Other current liabilities	2,734,508	2,650,067	2,723,175
Income tax payable	258,668	234,126	275,791
Total current liabilities	7,097,036	9,225,414	6,613,971
Non-current liabilities			
Long-term debt securities	2,487,586	-	2,484,386
Long-term loans with financial institutions	1,622,190	1,721,334	1,969,361
Deferred income tax and other long term liabilities	728,073	415,762	630,711
Payable dividends to shareholders	800,000	800,000	800,000
Total liabilities	12,734,885	12,162,510	12,498,429
Stockholders' equity			
Contributed Capital	1,912,967	1,912,967	1,912,967
Retained earnings	9,462,911	8,270,565	8,876,426
Cumulative translation effects of foreign subsidiaries	(42,293)	156,055	(22,359)
Repurchased shares - Net	(1,198,692)	(1,400,331)	(1,132,847)
Total stockholders' equity	10,134,893	8,939,256	9,634,187
TOTAL EQUITY AND LIABILITIES	22,869,778	21,101,766	22,132,616

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

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

For the three months ended June 30, 2021

<i>Thousands of Mexican pesos</i>	2Q-2021
<i>Cash and cash equivalents beginning of period</i>	1,824,276
<i>Consolidated Net Income</i>	379,203
<i>Charges to results with no cash flow:</i>	
Depreciation and amortization	36,276
Income tax	167,493
Accrued interest and others	127,525
	710,497
<i>Changes in Working Capital:</i>	
Clients - Net	(275,482)
Recoverable VAT	54,964
Inventories	(218,005)
Suppliers	77,401
Other current assets	(91,710)
Paid income tax	(314,025)
Other current liabilities	99,853
	(667,004)
<i>Net cash generated (used) in operating activities</i>	43,493
<i>Investing activities:</i>	
Investment in fixed assets	(143,906)
Sales of equipment	1,138
Interest collected	1,428
Other asset acquisitions	(3,650)
<i>Net cash generated (used) in investing activities</i>	(144,990)
<i>Financing activities:</i>	
Payments of borrowings with financial institutions	(204,880)
Loans with financial and securities institutions	26,338
Interest paid	(77,889)
Stock repurchase	(38,370)
Sale of repurchased shares	-
Payment of liabilities for lease	(17,162)
<i>Net cash used in financing activities</i>	(311,963)
<i>Net increase in cash and cash equivalents before foreign exchange adjustments coming from international operations and inflationary affects cash</i>	(413,460)
Foreign exchange and inflationary effects from international operations	(1,822)
<i>Accumulated cash flow at the end of the period</i>	1,408,994
Less - restricted fund	44,456
<i>Cash and cash equivalents at end of period balance for operation</i>	1,364,538