

## GRUPO LALA REPORTS FIRST QUARTER 2022 RESULTS

Mexico City, April 25, 2022 – Grupo LALA, S.A.B. de C.V., a Mexican Company focused on the healthy food industry, (“LALA”) (BMV: LALAB), today reported results for the first quarter of 2022. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

### Quarter Highlights:

- +10.8% growth in Net Sales on a comparable basis (reported +9.4%)
- 8.9% consolidated EBITDA margin; -112 bps YOY on a comparable basis (reported -155 bps)
- 11.3% reported EBITDA margin for Mexico; -153 bps YOY
- \$199.5m in Net Income, 0.9% net margin (-168 bps YOY)
- -2.2% consolidated Working Capital; a 138 bps YOY improvement
- Leverage ratio: reported 2.7x ND/EBITDA

The following chart provides an abridged Income Statement in millions of MXN. The margin for each figure represents its ratio to net sales for the quarter ended March 31, 2022 as compared to the same period in 2021.

<i>MXN\$ in millions</i>	1Q'21	% NS	1Q'22	% NS	Var. %
<b>Net Sales</b>	20,043	100%	<b>21,936</b>	<b>100%</b>	<b>9.4%</b>
<b>Gross Profit</b>	6,681	33.3%	<b>6,938</b>	<b>31.6%</b>	<b>3.8%</b>
<b>Operating Income</b>	1,322	6.6%	<b>1,086</b>	<b>5.0%</b>	<b>(17.8%)</b>
<b>EBITDA</b>	2,103	10.5%	<b>1,962</b>	<b>8.9%</b>	<b>(6.7%)</b>
<b>Net Income</b>	519	2.6%	<b>199</b>	<b>0.9%</b>	<b>(61.5%)</b>

### MESSAGE FROM MANAGEMENT

#### **Arquímedes Celis, Grupo LALA's CEO, commented:**

*"We began 2022 with inflationary challenges in the regions where we operate; nevertheless, the strength of our business in Mexico continues to drive Grupo LALA's profitable growth. The results of the first quarter of the year reflect a complex environment, but the strength of our business model supported by the value of our brands, execution capabilities and our broad portfolio allow us to face these challenges and generate value for all our stakeholders."*

*He continued, "As the world gradually transitions into a post-COVID era, the successful execution of our strategies will continue to drive long-term sustainable growth. We continue fostering the health and well-being of our employees and partners to maintain access to nutritious, affordable and high-quality products to our consumers."*

## CONSOLIDATED RESULTS

### THE FIRST QUARTER 2022

**Net Sales:** First quarter 2022 Net Sales increased 9.4% year-on-year to reach \$21,936 million pesos, an 8.6% increase in constant currency basis and 10.8% on a comparable basis. During this quarter, we observed a 5.0% appreciation of the Brazilian real (versus the Mexican peso) and a 1.0% depreciation of the Mexican peso (versus the U.S. dollar).

#### Sales by Region:

First-quarter 2022 sales in **Mexico** increased 10.1% YOY to \$17,500 million pesos, with solid performance in Yogurt, Desserts and Milk.

Grupo Lala's **Brazil** operation reported first quarter net sales of \$2,807 million pesos; a year-on-year expansion of +5.9% in MXN, +0.6% in constant currency and +17.6% on a comparable basis. This increase is due to price interventions to mitigate the impact of inflation on the main materials.

LALA's **Central America** operation reported an increase in sales of 16.6% in MXN, to reach \$839 million pesos in the first quarter of 2022 thanks to a strong performance in Milk, Ice Creams and Yogurt.

The Company's **U.S.** operation reported \$789 million pesos in net sales for the first quarter 2022, a decrease of 0.3% in constant currency and an increase of 0.5% in Mexican pesos.

Net Sales by Region				
MXN\$ in millions	1Q'21	1Q'22	Var. %	Constant Currency Var. % <sup>(1)</sup>
<b>Mexico</b>	15,889	<b>17,500</b>	10.1%	10.1%
<b>Brazil</b>	2,650	<b>2,807</b>	5.9%	0.6%
<b>USA</b>	785	<b>789</b>	0.5%	(0.3%)
<b>CAM</b>	720	<b>839</b>	16.6%	15.5%
<b>Total Sales</b>	<b>20,043</b>	<b>21,936</b>	<b>9.4%</b>	<b>8.6%</b>

(1) Constant currency uses BRL for Brazil and USD for the United States and Central America.

**Costs and Gross Profit:** As a result of inflation in the main materials, the cost of goods in 1Q'22 increased 12.2% vs. the previous year. Gross profit closed at \$6,938 million pesos, representing a margin of 31.6%, a decrease of 170 bps.

**Expenses and Operating Income:** Operating expenses reported in the first quarter increased 8.4% year-on-year, to \$5,817 million pesos, mainly by inflationary impacts.

**EBITDA:** First quarter 2022 reported EBITDA reached \$1,962 million pesos with a margin of 8.9%; a year-on-year decrease of 6.7% with a margin contraction of 155 bps.

MXN\$ in millions	1Q'21	% NS	1Q'22	% NS	Var. bps
<b>Mexico</b>	2,040	12.8%	1,981	11.3%	(153)
<b>Brazil</b>	20	0.8%	(7)	(0.2%)	(99)
<b>USA</b>	11	1.4%	(59)	(7.5%)	(887)
<b>CAM</b>	32	4.5%	47	5.6%	111
<b>Total EBITDA</b>	<b>2,103</b>	<b>10.5%</b>	<b>1,962</b>	<b>8.9%</b>	<b>(155)</b>

**Net Financial Expenses:** First quarter 2022 net financial expenses were \$552 million pesos; a 1.8% year-on-year decrease, mainly due to a reduction in total debt, offsetting recent increases in reference rates in Mexico and Brazil.

**Taxes:** First quarter 2022 taxes were \$345 million pesos. The normalized effective tax rate for the quarter was 53.4%, affected by the annual inflation adjustment on debt.

**Net Income:** First quarter 2022 Net Income reported was \$199.5 million pesos, with a net margin of 0.9%; a contraction of 168 bps year-on-year, due to the effects described above on Operating Profit.

MXN\$ in millions	Reported		
	1Q'21	1Q'22	Var. %
<b>Operating Income</b>	1,322	1,086	(17.8%)
Financial Expenses	563	552	(1.8%)
Results of associated companies	19	11	(45.6%)
<b>Net income before taxes</b>	778	544	(30.1%)
% NS	3.9%	2.5%	
Taxes	260	345	32.7%
Effective tax rate	33.4%	63.3%	
<b>Net Income</b>	<b>519</b>	<b>199</b>	<b>(61.5%)</b>
<b>% NS</b>	<b>2.6%</b>	<b>0.9%</b>	<b>(168 bps)</b>

## FINANCIAL POSITION

**Capital Investment:** The Company invested \$457 million pesos in capacity expansion and maintenance Capex as of March 31, 2022. This was comprised of \$252 million pesos in property plant and equipment acquisitions and \$205 million pesos in vehicle, machinery, and equipment leasing. This represents a 2.1% Capex-to-Sales ratio for 1Q 2022.

**Cash and Cash Equivalents:** As of March 31, 2022, Grupo LALA had a cash position of \$5,015 million pesos; a 10.5% year-on-year increase.

**Working Capital:** As of March 31, 2022, LALA's consolidated working capital over sales ratio improved by 138 bps year-on-year to reach -2.2%, driven by improvements in the conversion cycle in all the operations.

**Total Debt:** LALA ended the quarter with \$27,118 million pesos in total debt, comprised of \$2,305 million pesos in the short-term and \$24,814 million pesos in the long-term. As of March 31, 2022, the Company's Net Debt was therefore \$22,103 million pesos, representing a reported Net Debt-to-EBITDA ratio of 2.7x.

The following table illustrates the composition of the Company's debt by currency, interest rate and average maturity as of March 31, 2022.

Currency	% Total Debt	% Weighted avg. Cost of debt	Average maturity
<b>Mexican Pesos</b>	89%	TIEE + 1.20%	3.6 years
<b>Brazilian Reals</b>	11%	CDI + 0.95%	2.7 years
<b>Total</b>	<b>100%</b>	<b>8.70% <sup>(1)</sup></b>	<b>3.5 years</b>

(1) Integrates the effect of acquired derivative financial instruments for interest rate and exchange rate hedging

**Key Financial Data:** As of March 31, 2022, the Company's key financial ratios were as follows:

Key Financial Ratios	1Q'21	1Q'22
Net Debt / EBITDA	3.0x	2.7x
EBITDA / Interest Paid	4.0x	3.8x
Book value per share	<b>\$7.57</b>	<b>\$6.49</b>
Outstanding Shares (in millions)	2,475.9	2,475.9
ROIC %	6.1%	1.3%

- (1) The book value per share for 1Q 2021 and 1Q 2022 is calculated considering the average equity of the last twelve months with reference to the reported period and 2,475,932,111 subscribed shares (including the repurchased shares). The book value per share considering the equity at the close of 1Q 2021 and 1Q 2022 would be \$6.70 and \$6.48 pesos respectively.

### Share buyback program

As of March 31, 2022, the Company's share buyback program had a balance of 48,999,197 shares for a total balance of \$1,132,053,788 pesos.

### Sell-side analyst coverage

In compliance with BMV regulations, article 4.033.01 Frac. VIII, LALA is covered by analysts at the following brokers: BTG Pactual and Morgan Stanley.

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### About LALA

Grupo LALA, a Mexican company focused on the healthy and nutritious food industry, has more than 70 years of experience in the production, innovation and marketing of milk, dairy products and beverages under the highest quality standards. LALA operates 29 production plants and 172 distribution centers in Mexico, Brazil, the United States and Central America and is supported by more than 40,000 employees. LALA operates a fleet that exceeds 7,500 units for the distribution of its more than 600 products which reach more than 628,000 points of sale. LALA®, Nutri® and Vigor® stand out in their brand portfolio.

For more information, visit: [www.lala.com.mx](http://www.lala.com.mx)

Grupo LALA trades on the Mexican Stock Exchange under the ticker symbol "LALAB"

### Forward Looking Statements

This press release and related conference call contain, in addition to historical information, forward-looking statements including statements related to the Company's ability to manage its business and liquidity during and after the COVID-19 pandemic, the impact of the COVID-19 pandemic on the Company's results of operations, including net revenues, earnings and cash flows, the Company's ability to reduce costs and capital spending in response to the COVID-19 pandemic if needed, the Company's balance sheet, liquidity and inventory position throughout and following the COVID-19 pandemic, the Company's prospects for financial performance, growth and achievement of its long-term growth objectives following the COVID-19 pandemic, future dividends and share repurchases. Actual results may vary materially from these estimates. The information on future events contained in this press release should be read together with a summary of these risks, which are included in the Annual Report. That information, as well as future reports issued by the Company or any of its representatives, whether verbally or in writing, may vary materially from actual results. These projections and estimates, which were prepared with reference to a specific date, should not be considered as fact. The Company has no obligation whatsoever to update or revise any of these projections and estimates, whether as a result of new information, future events, or other associated events

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Income Statement**  
**Ended March 31, 2021 and 2022**  
**(In thousands of nominal pesos)**

	For the three months ended						
	March 31,				Var \$\$	Var %	
	2021		2022				
<b>Net sales</b>	\$	20,043,460	100.0%	\$ 21,935,569	100.0%	1,892.11	9.4%
Cost of goods sold		13,362,810	66.7%	14,997,749	68.4%	1,634.94	12.2%
<b>Gross profit</b>		<u>6,680,650</u>	<b>33.3%</b>	<u>6,937,820</u>	<b>31.6%</b>	257.17	<b>3.8%</b>
Other income (expenses), net		(8,272)	(0.0)%	34,963	0.2%	43.24	-522.7%
Operating expenses		<u>5,367,367</u>	26.8%	<u>5,816,931</u>	26.5%	449.56	8.4%
<b>Operating Income</b>		<u>1,321,555</u>	<b>6.6%</b>	<u>1,085,926</u>	<b>5.0%</b>	-235.63	<b>-17.8%</b>
Net of financial (income) expenses							
Net of financial income		545,014	2.7%	581,986	2.7%	36.97	6.8%
Exchange rate (profit) loss		17,670	0.1%	(29,525)	(0.1)%	-47.20	-267.1%
<b>Financial income, net</b>		<u>562,684</u>	<b>2.8%</b>	<u>552,461</u>	<b>2.5%</b>	-10.22	<b>-1.8%</b>
Share in the results of associated companies		19,356	0.1%	10,538	0.0%	-8.82	-45.6%
<b>Income before taxes</b>		<u>778,227</u>	<b>3.9%</b>	<u>544,003</u>	<b>2.5%</b>	-234.22	<b>-30.1%</b>
Income tax expense		259,576	1.3%	344,511	1.6%	84.94	32.7%
<b>Net consolidated income</b>		<u>518,651</u>	<b>2.6%</b>	<u>199,492</u>	<b>0.9%</b>	-319.16	<b>-61.5%</b>
Non-controlling interest		0	0.0%	0	0.0%	0.00	0.0%
Depreciation and amortization		781,877	3.9%	876,165	4.0%	94.29	12.1%
<b>EBITDA</b>	\$	<u>2,103,432</u>	<b>10.5%</b>	<u>1,962,091</u>	<b>8.9%</b>	-141.34	<b>-6.7%</b>
Effective income tax rate		33.4%		63.3%			

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Statement of Financial Position**  
**As of March 31, 2021 and 2022**  
**(In thousands of nominal pesos)**

	As of March 31, 2021	As of March 31, 2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,538,864	\$ 5,015,386
Investments in financial instruments	405,844	80,415
Accounts receivable	5,905,253	6,452,927
Taxes and other accounts receivable	4,553,482	4,373,372
Related parties	49,971	74,311
Inventories	6,509,772	6,692,745
Prepaid expenses	317,033	279,356
Assets held for sale and discontinued operations	127,387	76,098
<b>Current assets</b>	<b>22,407,606</b>	<b>23,044,610</b>
Investments in associates	628,750	688,352
Property, plant and equipment, net	19,411,030	18,882,081
Right of use assets	2,986,885	3,954,181
Intangible and other assets	7,312,131	7,394,583
Goodwill	14,003,470	11,630,551
Long term recoverable taxes	1,214,298	1,953,336
Financial instruments investments	797	53,171
Deferred income tax	2,608,757	2,677,399
<b>Non-current assets</b>	<b>48,166,118</b>	<b>47,233,654</b>
<b>Total assets</b>	<b>\$ 70,573,724</b>	<b>\$ 70,278,264</b>
<b>LIABILITIES</b>		
short-term loans	\$ 3,336,745	\$ 254,134
current portion of long-term debt	\$ 599,315	\$ 2,050,403
Current lease liabilities	841,166	1,102,660
Suppliers	11,704,409	13,045,964
Financial instruments liability	322,987	337,833
Related parties	115,556	97,629
Stockholders	1,388,933	1,931,410
Taxes and other accounts payable	4,033,944	4,362,411
<b>Current liabilities</b>	<b>22,343,055</b>	<b>23,182,444</b>
Non Current Long Liabilities	2,327,416	3,097,068
Long-term debt	25,074,260	24,813,945
Deferred income tax and other taxes payable	1,027,616	183,730
Taxes payable in the long term	260,447	206,666
Derivative financial instruments	162,540	0
Other accounts payable	2,787,601	2,742,362
<b>Long-term liabilities</b>	<b>31,639,880</b>	<b>31,043,771</b>
<b>Total liabilities</b>	<b>53,982,935</b>	<b>54,226,215</b>
<b>SHAREHOLDERS EQUITY</b>		
Capital Stock	1,485,883	1,485,883
Net premium in share placement	12,241,929	12,241,929
Retained earnings	12,937,357	9,944,534
Other comprehensive income	-10,593,030	-7,819,789
Income of the year	518,651	199,492
<b>Equity attributable to equity holders of the parent</b>	<b>16,590,790</b>	<b>16,052,049</b>
Non-controlling interest	0	0
<b>Total shareholders equity</b>	<b>16,590,790</b>	<b>16,052,049</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 70,573,725</b>	<b>\$ 70,278,264</b>

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Cash Flow Statement**  
**for the 3 months ended March 31, 2021 and 2022**  
**(In thousands of nominal pesos)**

	As of March 31, 2021	As of March 31, 2022
<b>Operating activities:</b>		
<b>Income before taxes</b>	\$ 778,227	\$ 544,003
Depreciation, amortization, and trademarks impairment	781,877	876,165
Participation in associates	(19,356)	(10,538)
Financial Expenses	591,551	650,226
Financial Products	(46,537)	(68,241)
Others	(1,568)	(5,024)
Foreign Exchange result no realized	67,566	(33,953)
<b>Total</b>	<b>2,151,760</b>	<b>1,952,638</b>
<b>Changes in operation assets and liabilities</b>		
Accounts receivable	183,230	(180,591)
Inventories	(591,816)	(466,732)
Related parties	164,815	492,204
Suppliers	174,265	509,645
Other accounts receivable and prepaid expenses	270,061	(106,108)
Other assets and liabilities	17,872	395,975
<b>Total</b>	<b>2,370,187</b>	<b>2,597,032</b>
<b>Net cash flow provided by operating activities</b>	<b>1,903,972</b>	<b>2,245,806</b>
<b>Investing activities</b>		
Acquisition of property, plant, equipment, and intangibles	(347,828)	(252,029)
Acquisition of intangibles and other assets	(57,576)	(61,632)
Proceeds from sale of property, plant, and equipment	8,061	25,561
Dividends collected from associates	0	0
Investments in Financial instruments	3,694	(52,022)
Interest collected	19,401	58,329
Cash received by sale of associates and adjustment to the sale price	0	0
Cash received on the sale of investments	0	0
<b>Net cash flow used in investing activities</b>	<b>(374,247)</b>	<b>(281,793)</b>
<b>Financing activities</b>		
Loans obtained	1,150,000	205,926
Repayments of borrowings to third parties	(1,509,489)	(161,602)
Interest paid	(647,674)	(650,691)
Payment of lease liabilities	(247,493)	(326,300)
Reissuance (repurchase) of capital stock	0	0
Dividends paid to equity holders of the parent	(373,119)	(373,181)
<b>Net cash flows provided (used) in financing activities</b>	<b>\$ (1,627,774)</b>	<b>\$ (1,305,849)</b>
<b>Net increase of cash and equivalents</b>	<b>(98,049)</b>	<b>658,164</b>
Adjustments to cash due to exchange rate fluctuations	(140,458)	82,263
Cash and equivalents at beginning of the year	4,777,372	4,274,959
<b>Cash and equivalents at the end of the period</b>	<b>\$ 4,538,865</b>	<b>\$ 5,015,386</b>