

## GRUPO LALA REPORTS FOURTH QUARTER AND FULL-YEAR 2021 RESULTS

Mexico City, February 28, 2022 –Grupo LALA, S.A.B. de C.V a Mexican Company focused on healthy and nutritious foods, (“LALA” or “the Company”) (BMV: LALAB), today reported results for the fourth quarter of 2021. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

### Quarter Highlights:

- +6.3% growth in Net Sales on a comparable basis (reported +3.4%)
- 11.6% consolidated EBITDA margin; 137 bps YOY expansion
- \$460m in normalized Net Income, 2.2% net margin (reported -\$2,349 million, -11.0% net margin).
- -1.8% Consolidated Working Capital; a 102 bps YOY improvement
- Leverage ratio: reported 2.7x ND/EBITDA

The following chart provides an abridged Income Statement, in millions of pesos. The margin for each figure represents its ratio to net sales for the quarter and the year ended December 31, 2021 as compared to the same period in 2020. Operating Income, EBITDA and Net Income information related has been presented on “normalized” basis to ensure comparability between 2020 and 2021 figures <sup>(1)</sup>.

MXN\$ en millones	Q4'20	% Sales	Q4'21	% Sales	Var. %	FY'20	% Sales	FY'21	% Sales	Var. %
Net Sales	20,654	100%	21,357	100%	3.4%	80,831	100%	81,944	100%	1.4%
Gross Profit	7,011	33.9%	7,203	33.7%	2.7%	27,501	34.0%	27,239	33.2%	(1.0%)
Operating Income <sup>(1)</sup>	1,380	6.7%	1,606	7.5%	16.3%	4,938	6.1%	5,103	6.2%	3.3%
EBITDA <sup>(1)</sup>	2,118	10.3%	2,482	11.6%	17.2%	8,335	10.3%	8,369	10.2%	0.4%
Net Income <sup>(1)</sup>	464	2.2%	460	2.2%	(0.7%)	1,263	1.6%	1,412	1.7%	11.8%

### MESSAGE FROM MANAGEMENT

#### Arquímedes Celis, Grupo Lala's CEO, commented:

*"The economic context in the regions where we operate continues with strong inflationary pressure for the consumption industry. We remain consistent with our strategy to offset cost increases, while maintaining our margins and market share. The sales of our Mexican operation grew, maintaining a healthy EBITDA margin that reflects the strength of our brands. Central America remains in line with its growth and margin expansion plan. Although Brazil closed still below its potential, it showed improvement vs. the previous quarter, with positive EBITDA margin. For our U.S. operation, we continue to implement actions to recover profitable growth."*

*He continued, "Our decisions remain aligned with our three strategic pillars: focus on key markets, financial discipline, and profitable and sustainable growth, seeking to generate results and value for our stakeholders."*

## VOLUNTARY TENDER OFFER

On August 23rd a shareholders group at the Trust 410541-7 initiated a Voluntary Tender Offer for up to all of the outstanding Company shares not owned, directly or indirectly, by the offerors nor affiliated trusts, as of August 23, 2021, for a price of \$17.36 pesos payable in cash. The results were announced on September 21, 2021. Based on the intermediary's count, 565,402,873 LALA shares were tendered and were accepted by the offeror. As a result, the Offeror, including affiliates and related, is the direct or indirect holder of 99.6% of the total outstanding shares of LALA. The Offeror therefore announced on September 27, 2021 that it will maintain a purchase position through the BMV. On December 13, 2021, the Extraordinary Shareholders' Meeting approved the cancellation of the registration of Lala's shares in the Registro Nacional de Valores (RNV), as well as the corresponding listing in the Mexican Stock Exchange, subject to obtaining the corresponding authorizations.

## CONSOLIDATED RESULTS

### THE FOURTH QUARTER AND FULL-YEAR 2021

**Net Sales:** Fourth quarter 2021 Net Sales increased 3.4% year-on-year to reach \$21.357 million pesos, a 3.7% increase in constant currency basis and 6.3% on a comparable basis. During this quarter, we observed a 2.5% depreciation of the Brazilian real (versus the Mexican peso) and a 0.6% depreciation of the Mexican peso (versus the U.S. dollar).

In 2021, Net sales increased 1.4% compared to 2020, 3.3% in constant currency and 5.6% on a comparable basis, driven mainly by price increases in all countries and sales mix. During this period, we observed a 10% depreciation of the Brazilian real (versus the Mexican peso) and a 6% appreciation of the Mexican peso (versus the U.S. dollar).

#### Sales by Region:

Fourth-quarter 2021 sales in **Mexico** increased 7.2% YOY to \$17.241 million pesos, with solid performance in Yogurt, Cheese and Milk.

**Mexico** full-year 2021 sales increased 5.3% year-on-year; due to price adjustments implemented during the year to mitigate cost inflation.

Grupo Lala's **Brazil** operation reported fourth quarter net sales of \$2.446 million pesos; a year-on-year contraction of -18.8% in MXN, -16.7% in constant currency and -3.5% on a comparable basis. This decrease is due to the previously announced termination of the maquila contract and the effect of price increases on volume.

Full-year 2021 **Brazil** sales reported a decrease of 5.3% in local currency, but growth of 8.1% on a comparable basis.

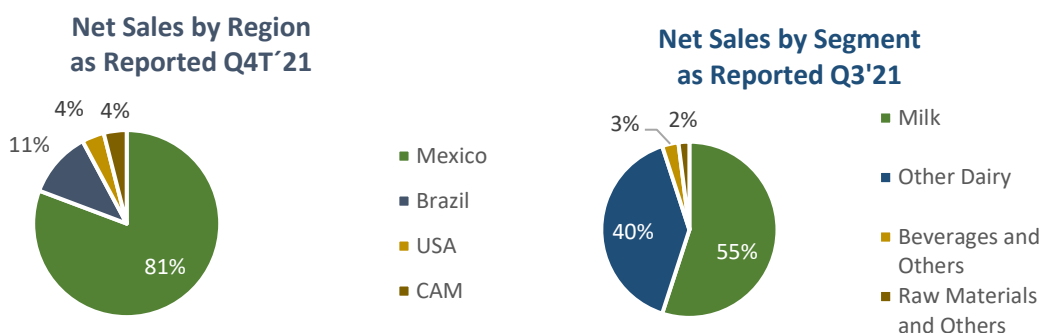
LALA's **Central America** operation reported an increase in sales of 8.8% in USD and 9.6% in MXN, to reach \$846 million pesos in the fourth quarter of 2021 thanks to a strong performance in Milk, Milk Formula and Yogurt.

**Central America** full-year 2021 sales reported a decrease of 2.2% in USD, but an increase of 13.5% on a comparable basis (excluding the Costa Rican operation that was closed in 2020).

The Company's **U.S.** operation reported \$823 million pesos in net sales for the fourth quarter 2021, an increase of 4.0% in constant currency and 4.4% in Mexican pesos. This increase was the result of increases applied to mitigate the impact on our main raw materials and an improvement in sales of drinkable yogurt.

Net Sales by Region								
MXN\$ in millions	Q4'20	Q4'21	Var. %	Constant currency Var. % <sup>(1)</sup>	FY'20	FY'21	Var. %	Constant currency Var. % <sup>(1)</sup>
Mexico	16,082	17,241	7.2%	7.2%	62,368	65,688	5.3%	5.3%
Brazil	3,011	2,446	(18.8%)	(16.7%)	11,761	10,072	(14.4%)	(5.3%)
USA	788	823	4.4%	4.0%	3,426	3,158	(7.8%)	(2.3%)
CAM	772	846	9.6%	8.8%	3,276	3,027	(7.6%)	(2.2%)
<b>Total Sales</b>	<b>20,654</b>	<b>21,357</b>	<b>3.4%</b>	<b>3.7%</b>	<b>80,831</b>	<b>81,944</b>	<b>1.4%</b>	<b>3.3%</b>

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



#### Sales by Segments:

Net Sales by Segments				
MXN\$ in millions	Q4'20	Q4'21	Var. %	Constant Currency Var. % <sup>(1)</sup>
Milk	11,457	11,836	3.3%	3.3%
Other Dairy	8,247	8,554	3.7%	4.5%
Beverages and Others	480	566	17.8%	18.2%
Raw Materials and Others	470	400	(14.8%)	14.8%
<b>Total Sales</b>	<b>20,654</b>	<b>21,357</b>	<b>3.4%</b>	<b>3.7%</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 supplies, the cost of goods in the fourth quarter of 2021 increased 3.7% vs. the previous year. Gross profit closed at \$7.203 million pesos, representing a margin of 33.7% a decrease of 22 bps.

Full-year 2021 gross profit decreased 1.0% reaching \$27,239 million pesos; a 78 bps year-on-year contraction in gross margin that closed at 33.2%

**Expenses and Operating Income:** Operating expenses reported in the fourth quarter decreased 1.9% year-on-year, to \$5,642 million pesos, as a result of operating efficiencies, losses reduction and general expense control.

It is important to remember that the figures reported in 4Q'20 include a non-recurring impact from the closure of Costa Rica and the impairment of assets in Nicaragua. The results for 4Q'2021 include a non-recurring impact of \$4,013 million pesos of impairments, consistent with financial reporting standards.

Normalized Operating Income reached \$1.606 million pesos in 4Q'21, representing a 16.3% growth. Normalized operating margin reached 7.5%, a year-on-year improvement of 83 bps.

Full-year 2021 operating expenses decreased 0.8%. Normalized operating income for the year was \$5,103, representing an operating margin of 6.2%.

**EBITDA:** Fourth quarter 2021 reported EBITDA reached \$2.482 million pesos with a margin of 11.6%; a year-on-year increase of 17.2% with a margin improvement of 137 bps. This is mainly due to the strong performance of the Mexican operation.

MXN\$ in millions	Q4'20	% NS	Q4'21	% NS	Var. bps
<b>México</b>	2,092	13.0%	2,411	13.9%	98
<b>Brazil</b>	176	5.9%	31	1.2%	(461)
<b>EE. UU.</b>	(37)	(4.6%)	(32)	(3.9%)	73
<b>CAM</b>	(114)	(14.7%)	73	8.6%	2,333
<b>Total EBITDA</b>	<b>2,118</b>	<b>10.3%</b>	<b>2,482</b>	<b>11.6%</b>	<b>137</b>

Full-year 2021 reported EBITDA reach \$8,369 million pesos with a 10.2% margin an improvement of 30 bps

MXN\$ in millions	20	% NS	21	% NS	Var. bps
<b>México</b>	7,475	12.0%	8,330	12.6%	72
<b>Brazil</b>	653	5.6%	(143)	(1.4%)	(698)
<b>EE. UU.</b>	(7)	(0.2%)	(17)	(0.5%)	(33)
<b>CAM</b>	(99)	(3.0%)	199	6.6%	960
<b>Total EBITDA</b>	<b>8,022</b>	<b>9.9%</b>	<b>8,369</b>	<b>10.2%</b>	<b>30</b>

In **Mexico**, fourth quarter 2021 EBITDA was \$2.411 million pesos with a margin of 13.9%, an increase of 98 bps year over year, as a result of expense control and the mitigation of accrued risks.

**Mexico** full-year 2021 EBITDA was \$8,330 million, a margin of 12.6%, representing a 72 bps year-over-year expansion.

Grupo Lala's **Brazil** operation reported a fourth quarter EBITDA of \$31 million pesos with 1.2% margin, a contraction of 461 bps year over year. This was mainly due to the previously announced termination of the maquila contract and strong inflationary pressure on the cost of raw materials such as raw milk, soybean oil, packaging and resins.

Full-year 2021 **Brazil** EBITDA represented a loss of 143 million pesos.

LALA's **Central America** operation reported fourth quarter EBITDA of \$73 million pesos with 8.6% margin, this mainly due to a solid sales performance in both countries and the actions implemented to optimize the portfolio and supply.

**Central America** full-year 2021 reported EBITDA was \$199 million pesos, with a 6.6% margin.

The Company's **U.S.** operation reported a negative margin EBITDA of 3.9%. The full-year EBITDA closed with a marginal loss of \$17 million pesos.

**Net Financial Expenses:** Fourth quarter 2021 net financial expenses were \$627 million pesos; a 26.6% year-on-year increase. This mainly is due to a higher weighted cost of debt, affected by the recent increase in benchmark rates in Mexico and Brazil. Net financial expenses for 2021 decreased 2.3% year over year.

**Taxes:** Fourth quarter 2021 taxes were -\$676 million pesos, resulting from the impairment. The normalized effective tax rate for the quarter was 53.4%, affected by the annual inflation adjustment on debt.

**Net Income:** Fourth quarter 2021 normalized net income closed with a variation of -0.7% vs. previous year, as a result of the growth in operating income, offset by the increase in financial expenses in the quarter and the effect of the annual inflation adjustment on debt.

MXN\$ in millions	Reported			Normalized <sup>(1)</sup>		
	4T'20	4T'21	Var. %	4T'20	4T'21	Var. %
Operating Income	118	(2,408)	(2146.2%)	1,380	1,606	16.3%
Financial Expenses	495	627	26.6%	495	627	26.6%
Results of associated companies	13	9	(34.4%)	13	9	(34.4%)
Net income before taxes	(364)	(3,026)	731.5%	899	988	9.9%
% NS	(1.8%)	(14.2%)		4.4%	4.6%	
Taxes	283	(676)	(339.2%)	435	528	21.2%
Effective tax rate	(77.7%)	22.4%		48.4%	53.4%	
Net Income	(647)	(2,349)	263.3%	464	460	(0.7%)
% NS	(3.1%)	(11.0%)	(787 bps)	2.2%	2.2%	(9 bps)

(1) Normalized excludes 2020 and 2021 impairments, as well as the normalization of taxes due the effect of impairments.

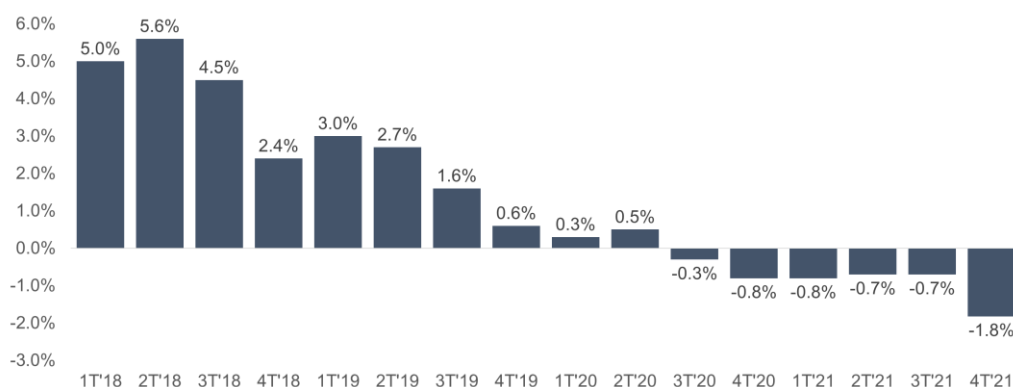
## FINANCIAL POSITION

**Capital Investment:** The Company invested \$2,017 million pesos in capacity expansion and maintenance Capex as of December 31, 2021. This was comprised of \$1,352 million pesos in property plant and equipment acquisitions and \$665 million pesos in vehicle, machinery, and equipment leasing. This represents a 2.5% Capex-to-Sales full year ratio.

**Cash and Cash Equivalents:** As of December 31, 2021, Grupo LALA had a cash position of \$4,275 million pesos; a 10.5% year-on-year decrease.

**Working Capital:** As of December 31, 2021, LALA's consolidated working capital over sales ratio improved by -102 bps year-on-year to reach -1.8%, driven by improvements in the conversion cycle in the rest of the operations.

% NS



**Total Debt:** LALA ended the quarter with \$26,842 million pesos in total debt comprised of \$2,049 million pesos in short-term debt and \$24,794 million pesos in long-term debt. As of December 31, 2021, the Company's Net Debt was therefore \$22,567 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 December 31, 2021.

Currency	% Total Debt	% Weighted avg. Cost of debt	Average maturity
<b>Mexican Pesos</b>	90%	TIIE + 1.72%	3.9 years
<b>Brazilian Reals</b>	10%	CDI + 3.09%	2.9 years
<b>Total</b>	<b>100%</b>	<b>8.51% <sup>(1)</sup></b>	<b>3.8 years</b>

(1) This rate considers contract interest rate swaps and cross currency swaps

**Key Financial Data:** As of December 31, 2021, the Company's key financial ratios were as follows:

Financial Metrics	Q4'20	Q4'21
<b>Net Debt / EBITDA</b>	3.1x	2.7x
<b>EBITDA / Interest Paid</b>	3.7x	3.9x
<b>Book value per share</b>	<b>\$8.04</b>	<b>\$6.67</b>
<b>Outstanding Shares (in millions)</b>	2,475.9	2,475.9
<b>ROIC %</b>	5.5%	1.7%

#### Share buyback program

As of December 31, 2021, the Company's share buyback program had a balance of 48,999,197 shares for a total balance of \$1,132,053,788 pesos.

#### Dividend Announcement

At the February 28, 2022 meeting, the Board of Directors resolved to submit for consideration of the next General Shareholders' Meeting a dividend of \$0.6152 pesos for each of the shares representing LALA's capital stock, payable in four installments of \$0.1538 pesos each, on the following dates:

Payment date	Amount per share	Coupon number
May 25, 2022	\$ 0.1538	32
August 24, 2022	\$ 0.1538	33
November 23, 2022	\$ 0.1538	34
February 22, 2023	\$ 0.1538	35

#### 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 December 31, 2020 and 2021**  
**(In thousands of nominal de pesos)**

	For the three months ended				For the twelve months ended			
	December 31,		December 31,		December 31,		December 31,	
	2020		2021		2020		2021	
<b>Net sales</b>	\$ 20,654,004	100.0%	\$ 21,356,555	100.0%	\$ 80,831,322	100.0%	\$ 81,944,026	100.0%
Cost of goods sold	13,643,091	66.1%	14,153,726	66.3%	53,329,986	66.0%	54,704,823	66.8%
<b>Gross profit</b>	<b>7,010,913</b>	<b>33.9%</b>	<b>7,202,829</b>	<b>33.7%</b>	<b>27,501,336</b>	<b>34.0%</b>	<b>27,239,203</b>	<b>33.2%</b>
Other income (expenses), net	1,142,786	5.5%	3,968,634	18.6%	1,396,651	1.7%	3,993,451	4.9%
Other income	(134,466)	(0.7)%	(237,062)	(1.1)%	(339,051)	(0.4)%	(552,023)	(0.7)%
Other expenses	1,277,252	6.2%	4,205,696	19.7%	1,735,702	2.1%	4,545,474	5.5%
Operating expenses	5,750,456	27.8%	5,642,014	26.4%	22,433,431	27.8%	22,243,662	27.1%
<b>Operating Income</b>	<b>117,671</b>	<b>0.6%</b>	<b>(2,407,819)</b>	<b>(11.3)%</b>	<b>3,671,254</b>	<b>4.5%</b>	<b>1,002,090</b>	<b>1.2%</b>
Net of financial (income) expenses								
Net of financial income	568,275	2.8%	602,736	2.8%	2,403,714	3.0%	2,291,421	2.8%
Exchange rate (profit) loss	(73,409)	(0.4)%	23,797	0.1%	(8,999)	(0.0)%	48,746	0.1%
Financial instruments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Gain on available-for-sale-instruments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Financial income, net</b>	<b>494,866</b>	<b>2.4%</b>	<b>626,533</b>	<b>2.9%</b>	<b>2,394,715</b>	<b>3.0%</b>	<b>2,340,167</b>	<b>2.9%</b>
Share in the results of associated companies	13,335	0.1%	8,744	0.0%	52,793	0.1%	50,196	0.1%
<b>Income before taxes</b>	<b>(363,860)</b>	<b>(1.8)%</b>	<b>(3,025,608)</b>	<b>(14.2)%</b>	<b>1,329,332</b>	<b>1.6%</b>	<b>(1,287,881)</b>	<b>(1.6)%</b>
Income tax expense	282,754	1.4%	(676,373)	(3.2)%	844,366	1.0%	181,758	0.2%
<b>Net Income</b>	<b>(646,614)</b>	<b>(3.1)%</b>	<b>(2,349,235)</b>	<b>(11.0)%</b>	<b>484,966</b>	<b>0.6%</b>	<b>(1,469,639)</b>	<b>(1.8)%</b>
Discontinued operations	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Net consolidated income</b>	<b>(646,614)</b>	<b>(3.1)%</b>	<b>(2,349,235)</b>	<b>(11.0)%</b>	<b>484,966</b>	<b>0.6%</b>	<b>(1,469,639)</b>	<b>(1.8)%</b>
Non-controlling interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Equity holders of the parent</b>	<b>\$ (646,614)</b>	<b>(3.1)%</b>	<b>\$ (2,349,235)</b>	<b>(11.0)%</b>	<b>\$ 484,966</b>	<b>0.6%</b>	<b>\$ (1,469,639)</b>	<b>(1.8)%</b>
Depreciation and amortization	789,026	3.8%	885,795	4.1%	3,139,514	3.9%	3,280,020	4.0%
Trademarks impairments	1,211,101	5.9%	4,004,168	18.7%	1,211,101	1.5%	4,087,003	5.0%
Depreciation and amortization	2,000,127	9.7%	4,889,963	22.9%	4,350,615	5.4%	7,367,023	9.0%
<b>EBITDA</b>	<b>\$ 2,117,798</b>	<b>10.3%</b>	<b>\$ 2,482,144</b>	<b>11.6%</b>	<b>\$ 8,021,869</b>	<b>9.9%</b>	<b>\$ 8,369,113</b>	<b>10.2%</b>



**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Statement of Financial Position**  
**at December 31, 2020 and 2021**  
**(In thousands of nominal pesos)**

	As of December 31, 2020	As of December 31, 2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,777,372	\$ 4,274,958
Investments in financial instruments	319,433	33,155
Accounts receivable	6,188,394	6,103,825
Taxes and other accounts receivable	4,708,180	4,251,547
Related parties	58,420	60,563
Inventories	6,021,523	6,030,231
Prepaid expenses	224,015	233,587
Assets held for sale and discontinued operations	128,281	79,864
<b>Current assets</b>	<b>22,425,618</b>	<b>21,067,730</b>
Investments in associates	608,801	627,960
Property, plant and equipment, net	19,702,840	18,872,104
Right of use assets	2,743,891	3,812,752
Intangible and other assets	7,760,945	6,855,644
Goodwill	14,832,701	10,571,203
Long term recoverable taxes	1,399,983	1,642,859
Financial instruments investments	5,189	89,387
Deferred income tax	2,497,687	2,548,952
<b>Non-current assets</b>	<b>49,552,037</b>	<b>45,020,861</b>
<b>Total assets</b>	<b>\$ 71,977,654</b>	<b>\$ 66,088,591</b>
<b>LIABILITIES</b>		
short-term loans	\$ 1,941,184	\$ 0
current portion of long-term debt	\$ 2,321,195	\$ 2,048,703
Current lease liabilities	757,226	1,024,064
Suppliers	11,614,398	12,218,849
Financial instruments liability	431,660	101,424
Related parties	494,527	481,412
Stockholders	1,231,710	1,406,236
Taxes and other accounts payable	4,077,416	4,027,308
<b>Current liabilities</b>	<b>22,869,316</b>	<b>21,307,996</b>
Non Current Long Liabilities	2,157,065	3,007,141
Long-term debt	25,265,576	24,793,720
Deferred income tax and other taxes payable	1,082,610	168,873
Taxes payable in the long term	304,748	202,235
Derivative financial instruments	357,422	1,551
Other accounts payable	2,975,439	2,559,055
<b>Long-term liabilities</b>	<b>32,142,860</b>	<b>30,732,575</b>
<b>Total liabilities</b>	<b>55,012,176</b>	<b>52,040,571</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	12,452,391	11,414,172
Other comprehensive income	-9,699,691	-9,624,325
Income of the year	484,966	-1,469,639
<b>Equity attributable to equity holders of the parent</b>	<b>16,965,478</b>	<b>14,048,020</b>
Non-controlling interest	0	0
<b>Total shareholders equity</b>	<b>16,965,478</b>	<b>14,048,020</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 71,977,654</b>	<b>\$ 66,088,591</b>

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Cash Flow Statement**  
**for the 12 months ended December 31, 2020 and 2021**  
**(In thousands of nominal pesos)**

	As of December 31, 2020	As of December 31, 2021
<b>Operating activities:</b>		
Income before taxes	\$ 1,329,332	\$ (1,287,881)
Depreciation, amortization, and trademarks impairment	4,350,615	7,367,023
Participation in associates	(52,793)	(50,196)
Financial Expenses	2,561,515	2,453,181
Financial Products	(157,801)	(161,759)
Others	15,246	(16,652)
Foreign Exchange result no realized	(94,852)	16,606
<b>Total</b>	<b>7,951,261</b>	<b>8,320,321</b>
<b>Changes in operation assets and liabilities</b>		
Accounts receivable	(160,686)	28,713
Inventories	(153,155)	(56,693)
Related parties	160,189	162,276
Suppliers	1,308,283	596,013
Other accounts receivable and prepaid expenses	(784,191)	(242,885)
Other assets and liabilities	(413,432)	(107,571)
<b>Total</b>	<b>7,908,269</b>	<b>8,700,173</b>
<b>Net cash flow provided by operating activities</b>	<b>6,454,096</b>	<b>7,919,647</b>
<b>Investing activities</b>		
Acquisition of property, plant, equipment, and intangibles	(1,576,839)	(1,352,186)
Acquisition of intangibles and other assets	(254,090)	(150,650)
Proceeds from sale of property, plant, and equipment	79,036	106,894
Dividends collected from associates	0	76,500
Investments in Financial instruments	3,140	163,774
Interest collected	134,478	126,064
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>(1,614,273)</b>	<b>(1,029,604)</b>
<b>Financing activities</b>		
Loans obtained	18,066,358	4,458,982
Repayments of borrowings to third parties	(14,531,319)	(6,980,295)
Interest paid	(2,181,903)	(2,161,362)
Payment of lease liabilities	(957,086)	(1,141,286)
Reissuance (repurchase) of capital stock	(136,330)	0
Dividends paid to equity holders of the parent	(1,492,656)	(1,492,481)
<b>Net cash flows provided (used) in financing activities</b>	<b>(1,232,937)</b>	<b>(7,316,440)</b>
<b>Net increase of cash and equivalents</b>	<b>3,606,885</b>	<b>(426,397)</b>
Adjustments to cash due to exchange rate fluctuations	(362,461)	(76,017)
Cash and equivalents at beginning of the year	1,532,950	4,777,372
<b>Cash and equivalents at the end of the period</b>	<b>\$ 4,777,373</b>	<b>\$ 4,274,958</b>