



## GRUPO LALA REPORTS FOURTH QUARTER AND FULL-YEAR 2020 RESULTS

Mexico City, February 22, 2021 – Grupo LALA, S.A.B. de C.V., a Mexican Company focused on healthy and nutritious foods, (“LALA”) (BMV: LALAB), today reported results for the fourth quarter and full year 2020. The following information has been presented based on International Financial Reporting Standards (IFRS) and in nominal terms.

### Quarter Highlights:

- Strengthened operations and financial discipline, coupled with business resilience and flexibility, resulted in continued Mexico margin stability and a stronger financial position
- +10.0% YOY constant currency Sales growth driven by Mexico and Brazil
- 13.0% reported EBITDA margin for Mexico, +450 bps YOY expansion
- One-time impacts from Central America operations
- \$616m in normalized <sup>(1)</sup> Net Income, +300 bps net margin improvement YOY
- -0.8% Consolidated Working Capital to Sales; a 140 bps YOY decrease driven by improvements in all regions
- Leverage ratio: reported 3.1x Net Debt / 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, 2020 as compared to the same period in 2019. Operating Income, EBITDA and Net Income information related has been presented on a “normalized” basis <sup>(1)</sup>.

MXN\$ in millions	Q4'19	% Sales	Q4'20	% Sales	Var. %	FY'19	% Sales	FY'20	% Sales	Var. %
Net Sales	19,217	100%	20,654	100%	7.5%	75,784	100%	80,831	100%	6.7%
Gross Profit	6,463	33.6%	7,011	33.9%	8.5%	26,608	35.1%	27,501	34.0%	3.4%
Operating Income <sup>(1)</sup>	615	3.2%	1,380	6.7%	124.5%	5,029	6.6%	5,144	6.4%	2.3%
EBITDA <sup>(1)</sup>	1,429	7.4%	2,221	10.8%	55.4%	8,100	10.7%	8,335	10.3%	2.9%
Net Income <sup>(1)</sup>	3	0.0%	616	3.0%	22,343%	1,739	2.3%	1,889	2.3%	8.6%

(1) Normalized excludes: Q4'20 CR Closure and NIC Impairment, Q3'20 MX one-time tax expense, Q2'20 US accrual cancellation, Q1'20 BR tax benefit, and Q4'19 BR tax benefit

### MESSAGE FROM MANAGEMENT

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

*“We’ve lived through a year of unprecedented circumstances since I rejoined LALA - a year which underscored the resilience, flexibility and adaptability of our team and our business. Our employee and consumers’ health and well-being remain our priority while we further build out our strategy to ensure our Company prevails through the pandemic and emerges optimally positioned for the future. Despite significant headwinds, we delivered strong results against our stated priorities and initial objectives. Our successful Mexico business turnaround has resulted in a stabilized, leaner and substantially more viable operation.”*

*He continued, “While we took bold steps to strengthen the profitability of our Mexico operations, we simultaneously made difficult decisions to ensure our Central America business is aligned with our expectations and value potential, based on our strategic priorities of focusing on core markets, delivering financial discipline, and achieving profitable and sustainable growth. This will further drive our decisions in the year ahead, as we navigate towards to a post-pandemic economy and nimbly adapt to capitalize on evolving trends. As we begin 2021, our Company is now stronger and better positioned to turn to the next phase to build sustainable value for all LALA stakeholders.”*

## ONGOING COVID-19 ACTIONS

Grupo LALA has remained committed to maintaining all implemented operational processes and protocols during the COVID-19 pandemic to ensure employee, supplier and consumer health while guaranteeing food safety and supply chain continuity, all within the context of financial flexibility and liquidity.

Additionally, LALA has continued supporting communities with food donations through Fundación LALA.

## ONE-OFF ITEMS

### Fourth Quarter 2020 Impacts

- **Costa Rica Closure - \$433 million pesos:** In December 2020, Grupo LALA announced the closure of its Costa Rica operation, effective immediately. This difficult decision was the result of a comprehensive analysis of the return potential, geographic footprint and strategic alignment of each of the Company's prior investments. Resources related to this operation will be redirected to drive sustainable and profitable growth in the Company's other markets. As a result, the Company also expects a USD 3 million favorable impact in Central America (Nicaragua and Guatemala) full-year EBITDA for 2021 onward. This impact is comprised as follows:
  - \$380 million pesos in balance sheet and goodwill write-offs (non-cash)
  - \$53 million peso for closure expenses and contingencies (cash)
- **Nicaragua Impairment - \$830 million pesos:** The decision process that led to the closure of Costa Rica was part of a broader assessment of the Company's assets within the region. This resulted in a value adjustment of the goodwill and assets of the Nicaragua operations.

### Other Quarters Impacts

All normalized figures (Operating Income, EBITDA and Net Income) include the aforementioned Q4'20 impacts and the following previously disclosed one-time effects for ease in comparability:

- Q3'20 Mexico tax expense
- Q2'20 US accrual cancellation benefit
- Q1'20 Brazil tax benefit
- Q4'19 Brazil tax benefit

## CONSOLIDATED RESULTS

### THE FOURTH QUARTER AND FULL-YEAR 2020

**Net Sales:** Fourth quarter 2020 total net sales increased 7.5% year-on-year to reach \$20,654 million pesos; a 10.0% increase on a constant currency basis. This was due to: 1) topline growth driven by strong Mexico volumes resulting from consumer preference for at-home categories and presentations; 2) price increases executed in Brazil and Mexico to pass on cost inflation; and 3) a net negative translation effect resulting from 18.6% depreciation of the BRL and 7.0% appreciation of the USD relative to the Mexican peso.

Full year 2020 total net sales increased 6.7% YOY, or 8.2% in constant currency, driven mainly by 1) volume growth in Mexico, Brazil and Central America; 2) price increases in Brazil and Mexico; and 3) a net negative translation effect resulting from 14.8% depreciation of the BRL and 11.7% appreciation of the USD relative to the Mexican peso.

### Sales by Region:

Fourth quarter 2020 sales in **Mexico** increased by 9.5% YOY, to \$16,082 million pesos, with volume expansion across segments and particularly strong UHT Milk, Butter, Cream, Cheese and Cold-cuts performance, also driven by the full effect of mid-single digit price increases. As in previous months during the pandemic, eat-at-home dynamics continued to adversely affect demand for Drinkable Yogurt and “on-the-go” presentations within this market, reflected in continued volume contractions.

**Mexico** full-year 2020 sales increased 8.2% year-on-year due to strong volume growth and price increases in line with cost inflation.

Grupo LALA’s **Brazil** operations reported fourth quarter net sales of \$3,011 million pesos; a 24.2% year-on-year increase in BRL and a 1.1% increase in MXN. This increase was due to strong *Requeijão*, Cream, Mature Cheeses, UHT Milk and Spreads performance, as well as price increases executed to pass on cost inflation. During the quarter, reduced consumer demand in Brazil due to decreased government *corona-voucher* subsidies to consumers as well as LALA’s pricing strategy in Brazil resulted in lower volumes year on year. However, Food Service sales reflected a gradual recovery as volume losses were offset by new LALA clients.

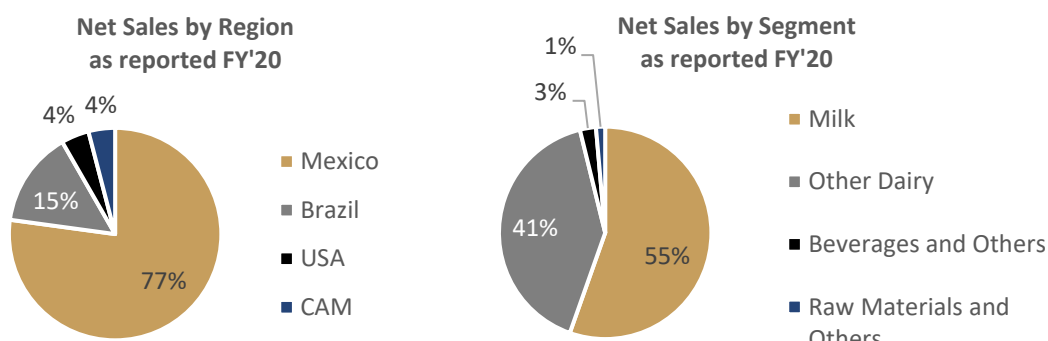
Full-year 2020 **Brazil** sales grew 15.4% in local currency despite headwinds within the Food Service channel, driven by solid volume in at-home categories such as *Requeijão*, Butter and Cream.

The Company’s **U.S.** operations reported \$788 million pesos in net sales for fourth quarter 2020; a 9.8% decrease in constant currency and a 3.4% decrease in Mexican pesos. Volumes reflect a high-single digit contraction due to 1) a continued decrease in on-the-go consumption that has adversely impacted Drinkable Yogurt volumes, which to date have not been fully offset by solid Premium Milk category performance in this market; and 2) weak co-packing sales impacted by the pandemic’s ongoing effect on the Food Service channel. Full-year 2020 sales in USD therefore decreased by 8.9%.

LALA’s **Central America** operations sales reflect a 1.4% decrease in USD and 5.4% increase in MXN, to reach \$772 million pesos in fourth quarter 2020 sales. This result was due to: 1) the Costa Rica operation closure in December 2020; and 2) strong Milk performance, offset by a decline in the Yogurt and Ice-cream categories. Reported 2020 topline increased by 3.7% in USD.

Net Sales by Region								
MXN\$ in millions	Q4'19	Q4'20	Var. %	Constant currency Var. % <sup>(1)</sup>	FY'19	FY'20	Var. %	Constant currency Var. % <sup>(1)</sup>
Mexico	14,689	16,082	9.5%	9.5%	57,624	62,368	8.2%	8.2%
Brazil	2,979	3,011	1.1%	24.2%	11,964	11,761	(1.7%)	15.4%
USA	816	788	(3.4%)	(9.8%)	3,368	3,426	1.7%	(8.9%)
CAM	733	772	5.4%	(1.4%)	2,829	3,276	15.8%	3.7%
Total Sales	19,217	20,654	7.5%	10.0%	75,784	80,831	6.7%	8.2%

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



### Sales by Segment:

**Milk** solid growth in the quarter driven by UHT Milk volume in all regions except CAM where fourth quarter volumes were flatter, impacted by Costa Rica operation closure. For the full year 2020, UHT Milk grew consistently throughout all regions.

**Other Dairy** quarterly growth in Brazil and Mexico was offset by the decline in US and flat performance in CAM. Cream, Butter, and Cheese performed well, while Yogurt and Desserts continue to be affected by decreased on-the-go consumption across all regions. Similar trends were observed during the full year 2020, resulting in Brazil and Mexico fully offsetting US and CAM.

**Beverages and Others:** Cold-cuts and Plant-based Beverages reflected continued growth in Mexico for the quarter and full year.

Net Sales by Segment									
MXN\$ in millions	Q4'19	Q4'20	Var. %	Constant currency Var. % <sup>(1)</sup>	FY'19	FY'20	Var. %	Constant currency Var. % <sup>(1)</sup>	
Milk	10,243	11,457	11.9%	11.7%	40,186	44,712	11.3%	11.1%	10.7%
Other Dairy	8,216	8,247	0.4%	6.1%	32,378	32,406	0.1%		3.8%
Beverages and Others	473	480	1.6%	4.8%	1,879	1,909	1.6%		3.9%
Raw Materials and Others	285	470	64.8%	64.8%	1,341	1,805	34.6%		34.6%
Total Sales	19,217	20,654	7.5%	10.0%	75,784	80,831	6.7%		8.2%

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

**Costs and Gross Profit:** Fourth quarter 2020 Cost of Goods Sold increased by 7.0%, resulting in a gross profit of \$7,011 million pesos with a 30 bps increase in gross margin to reach 33.9% of Net Sales. The year-on-year gross margin increase was due to the operational improvements executed in Mexico which fully offset raw material cost inflation in Brazil.

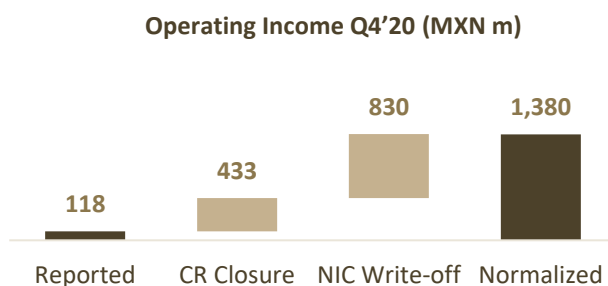
Full-year 2020 gross profit increased by 3.4% to reach \$27,501 million pesos; a 110 bps year-on-year margin decrease, to 34.0%, mainly due to the cost inflation in Brazil.

**Expenses and Operating Income:** Operating Expenses reported in the fourth quarter 2020 decreased by 2.1% year-on-year, to \$5,750 million pesos. Operating Expenses as a percentage of sales decreased 280 bps to 27.8%. As was the case in the third quarter 2020, this improvement was the result of successfully right-sizing prior overinvestments in Mexico with aligned demand planning and continued overhead savings which offset COVID-related incremental expenses in all regions.

It's important to note that Q4'19 figures included a one-time tax recovery benefit in Brazil which favorably impacted Operating Income for the region. Fourth quarter 2020 includes \$433 million pesos in one-time expenses related to the Costa Rica operation closure (\$380 million non-cash), as well as an \$830 million peso non-cash impact from the Nicaragua assets impairment.

Fourth quarter 2020 reported Operating Income was \$118 million pesos; an 85% year-on-year decrease with a 0.6% reported operating margin.

Normalized Operating Income reached \$1,380 million pesos with a 6.7% operating margin, representing a 350 bps year-on-year increase.

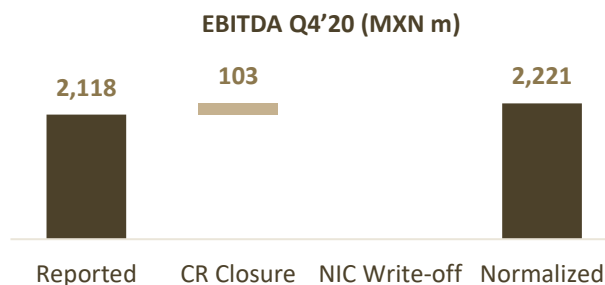


Full-year 2020 reported Operating Expenses decreased by 0.3%. 2020 reported Operating Income reached \$3,671 million pesos with a 4.5% operating margin; a 240 bps year-on-year decrease.

Full-year Operating Income was \$5,144 million pesos on a normalized basis, representing a 6.4% operating margin.

**EBITDA:** Fourth quarter 2020 reported EBITDA reached \$2,118 million pesos with a 10.3% EBITDA margin; a 33.0% year-on-year increase with a 200 bps margin expansion. This was primarily due to the strong operating results delivered in Mexico due to the aforementioned improvements.

On a normalized basis, fourth quarter 2020 EBITDA margin was 10.8%, reaching \$2,221 million pesos with a 55% year-on-year increase.



Fourth Quarter	Reported					Normalized <sup>(1)</sup>				
MXN\$ in millions	Q4'19	% NS	Q4'20	% NS	Var. bps	Q4'19	% NS	Q4'20	% NS	Var. bps
Mexico	1,244	8.5%	2,092	13.0%	450	1,244	8.5%	2,092	13.0%	450
Brazil	306	10.3%	176	5.9%	(440)	140	4.7%	176	5.9%	120
United States	44	5.4%	(37)	(4.6%)	(1,000)	44	5.4%	(37)	(4.6%)	(1,000)
Central America	0	0.0%	(114)	(14.7%)	(1,470)	0	0.0%	(11)	(1.4%)	(140)
<b>Total EBITDA</b>	<b>1,594</b>	<b>8.3%</b>	<b>2,118</b>	<b>10.3%</b>	<b>200</b>	<b>1,429</b>	<b>7.4%</b>	<b>2,221</b>	<b>10.8%</b>	<b>340</b>

(1) Normalized excludes Q4'20 CR Closure, and Q4'19 BR tax benefit

Full-year 2020 reported EBITDA reached \$8,022 million pesos with a 9.9% EBITDA margin; a 100 bps margin contraction.

On a normalized basis, full-year 2020 EBITDA margin was 10.3%, reaching \$8,335 million pesos with a 2.9% year-on-year increase.

Full Year	Reported					Normalized <sup>(1)</sup>				
MXN\$ in millions	FY'19	% NS	FY'20	% NS	Var. bps	FY'19	% NS	FY'20	% NS	Var. bps
Mexico	6,840	11.9%	7,475	12.0%	10	6,840	11.9%	7,751	12.4%	50
Brazil	1,305	10.9%	653	5.6%	(530)	1,139	9.5%	610	5.2%	(430)
United States	112	3.3%	(7)	(0.2%)	(350)	112	3.3%	(30)	(0.9%)	(420)
Central America	9	0.3%	(99)	(3.0%)	(330)	9	0.3%	4	0.1%	(20)
<b>Total EBITDA</b>	<b>8,265</b>	<b>10.9%</b>	<b>8,022</b>	<b>9.9%</b>	<b>(100)</b>	<b>8,100</b>	<b>10.7%</b>	<b>8,335</b>	<b>10.3%</b>	<b>(40)</b>

(1) Normalized excludes: Q4'20 CR Closure and NIC Impairment, Q3'20 MX one-time tax expense, Q2'20 US accrual cancellation, Q1'20 BR tax benefit, and Q4'19 BR tax benefit

In **Mexico**, fourth quarter 2020 reported EBITDA was \$2,092 million pesos with a 13.0% margin; a 450 bps year-on-year increase. This strong turnaround performance was due to 1) operational right-sizing and restructuring; 2) well aligned demand planning; and 3) portfolio optimization.

Full-year 2020 Mexico EBITDA was \$7,475 million pesos with a 12.0% EBITDA margin; a 10 bps year-on-year expansion. On a normalized basis, the EBITDA margin reached \$7,751 million pesos with a 12.4% margin.

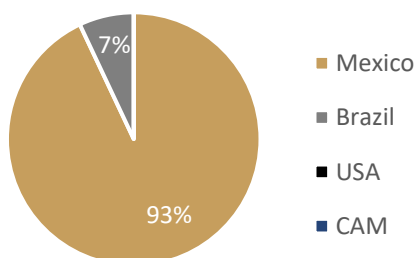
LALA's **Brazil** operation closed the fourth quarter 2020 with \$176 million pesos in EBITDA and a 5.9% margin; a 440 bps year-on-year decrease. This is due to 1) continued raw materials cost pressure, primarily in raw milk (+56% YOY) and soybean oil (+90% YOY increase) and 2) a high Q4'19 comparable EBITDA due to a one-time tax recovery benefit. On a normalized basis, Brazil EBITDA margin increased by 120 bps.

Full-year 2020 Brazil EBITDA reached \$653 million pesos with a 5.6% margin; a 50% year-on-year decrease. This is due to 1) one-off benefits recognized in Q3'19 related to a favorable litigation settlement in Brazil and a one-time tax recovery in Q4'19; and 2) margin pressure due to raw material cost increases as described above.

The Company's **US** operation reported a negative 4.6% EBITDA margin; a 1,000 bps year-on-year decrease. LALA's US operation closed the fourth quarter 2020 with a \$37 million peso EBITDA loss resulting primarily from a high single-digit volume decrease driven by decreased demand for Drinkable Yogurt and reduced co-packing sales, which resulted in decreased operational leverage. Full year 2020 EBITDA for this operation reached negative \$7 million pesos and a -0.2% margin, favorably impacted by positive one-off in the second quarter of 2020. Normalized EBITDA full year margin is -0.9%.

Fourth quarter 2020 reported EBITDA for LALA's **Central America** operation was a negative \$114 million pesos, reflecting the impact of one-off expenses related to the Company's Costa Rica operation closure. Normalized EBITDA margin for the quarter was -1.4%. Full year 2020 reported EBITDA for Central America was negative \$99 million pesos; positive \$4 million pesos with a 0.1% EBITDA margin on a normalized basis.

Normalized EBITDA by Region  
as reported FY'20

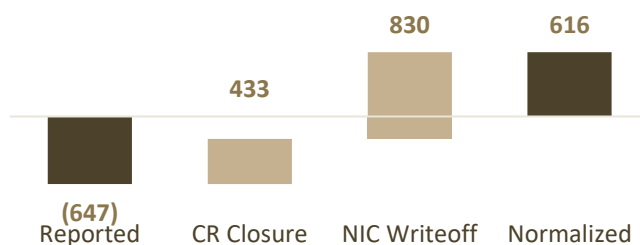


**Net Financial Expenses:** The Company reported \$495 million pesos in net financial expenses for the fourth quarter 2020; a 21.6% year-on-year decrease due to exchange rate gains from the appreciation of the Mexican peso and the reduction in the weighted average cost of debt. This was related to TIIE and CDI rate cuts during the quarter as well as to the refinancing completed in September of 2020 resulting in reduced financing costs. Full-year net financial expenses decreased 6.1% year-on-year.

**Taxes:** The fourth quarter 2020 reported tax expense was \$283 million pesos. The effective tax rate based on Net Income Before Taxes was negative 77.7% due to the non-deductibility of one-off expenses related to LALA's Central America operations (Costa Rica operation closure and a Nicaragua asset impairment). These impacts, along with inflationary effects and other non-deductible expenses, resulted in a 63.5% effective tax rate for full year 2020. Normalized for one-off effects, the 4Q'20 effective tax rate was 31.5%, in line with the rate in prior quarters, while full year effective tax rate was 32.6%.

**Net Income:** Reported Net Income for the fourth quarter 2020 was negative \$647 million pesos, with a negative 3.1% net margin. Normalized Net Income for the quarter was \$616 million pesos, with a 3.0% net margin; a 300 bps year-on-year increase. Full year reported Net Income was \$485 million pesos, with a 0.6% net margin. 2020 normalized Net Income for 2020 reached \$1,889 million pesos, with a 2.3% net margin.

Net Income Q4'20 (MXN m)



Fourth Quarter				Normalized <sup>(1)</sup>		
Reported						
MXN\$ in millions	Q4'19	Q4'20	Var %	Q4'19	Q4'20	Var %
Operating Income	780	118	(84.9%)	615	1,380	124.5%
Financing Expenses	631	495	(21.6%)	631	495	(21.6%)
Results of associated companies	20	13	(34.2%)	20	13	(34.2%)
Net income before taxes	169	(364)	(314.8%)	4	899	22,135%
% NS	0.9%	(1.8%)		0.0%	4.4%	
Taxes	54	283	420.2%	1	283	21,697%
Effective tax rate	32.1%	(77.7%)		32.1%	31.5%	
Net Income	115	(647)	(662.2%)	3	616	22,343%
% NS	0.6%	(3.1%)	(370 bps)	0.0%	3.0%	300 bps

(1) Normalized excludes Q4'20 CR Closure and NIC Impairment, and Q4'19 BR tax benefit

Full Year				Normalized <sup>(1)</sup>		
Reported						
MXN\$ in millions	FY'19	FY'20	Var %	FY'19	FY'20	Var %
Operating Income	5,194	3,671	(29.3%)	5,029	5,144	2.3%
Financing Expenses	2,549	2,395	(6.1%)	2,549	2,395	(6.1%)
Results of associated companies	66	53	(20.2%)	66	53	(20.2%)
Net income before taxes	2,711	1,329	(51.0%)	2,546	2,803	10.1%
% NS	3.6%	1.6%		3.4%	3.5%	
Taxes	860	844	(1.8%)	807	914	13.3%
Effective tax rate	31.7%	63.5%		31.7%	32.6%	
Net Income	1,851	485	(73.8%)	1,739	1,889	8.6%
% NS	2.4%	0.6%	(180 bps)	2.3%	2.3%	0 bps

(1) Normalized excludes: Q4'20 CR Closure and NIC Impairment, Q3'20 MX one-time tax expense, Q2'20 US accrual cancellation, Q1'20 BR tax benefit, and Q4'19 BR tax benefit



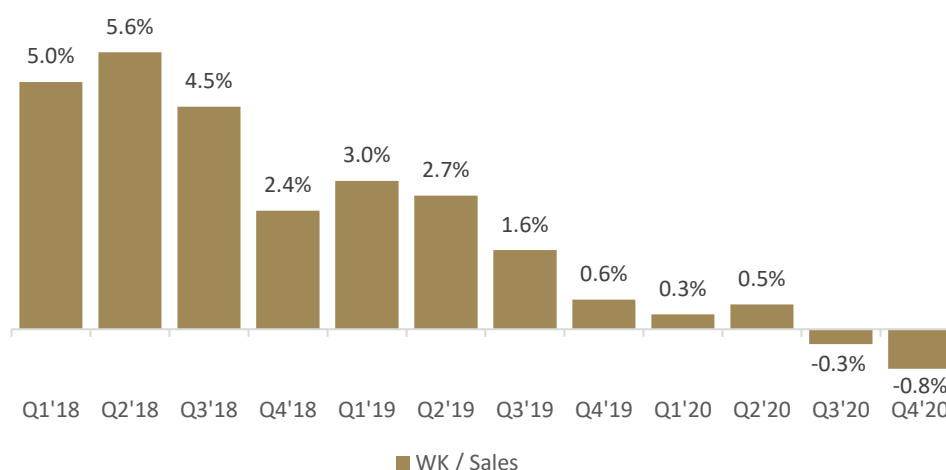
## CONSOLIDATED

### FINANCIAL POSITION

**Capital Investment:** The Company invested \$2,059 million pesos in capacity expansion and maintenance Capex as of December 31, 2020. This was comprised of \$1,577 million pesos in property plant and equipment acquisitions and \$482 million pesos in vehicle, machinery and equipment leasing. This represents a Capex-to-Sales ratio of 2.5% for the full year 2020.

**Cash and Cash Equivalents:** As of December 31, 2020, Grupo LALA had a cash position of \$4,777 million pesos; a 212% year-on-year increase driven by a strong focus on liquidity to ensure a reserve for potential COVID-related needs, with short-term debt maturities.

**Working Capital:** As of December 31, 2020, LALA's consolidated working capital over sales ratio improved by -140 bps year-on-year to reach -0.8%, driven by negative working capital in Mexico and cash conversion cycle improvements in Brazil, US, and CAM.



**Total Debt:** LALA ended the year with \$29,528 million pesos in total debt, comprised of \$4,262 million pesos in short-term debt and \$25,266 million pesos in long-term debt. As of December 31, 2020, the Company's Net Debt was therefore \$ 24,751 million pesos, representing a Reported Net Debt-to-EBITDA ratio of 3.1x.

The following table illustrates the composition of the Company's debt by currency, interest rate and year of maturity as of December 31, 2020.

Currency	% Total Debt	% Weighted avg. Cost of debt	Average maturity
Mexican Pesos	90%	TIE +2.22%	4.5 years
Brazilian Reals	10%	CDI +1.52%	0.9 years
<b>Total</b>	<b>100%</b>	<b>7.32% <sup>(1)</sup></b>	<b>4.2 years</b>

(1) All-in rate including the effect of interest and FX hedging derivatives

**Key Financial Data:** As of December 31, 2020, the Company's key financial ratios, based on reported figures, were as follows:

Financial Metrics	FY'19	FY'20
Net Debt / EBITDA	3.0x	3.1x
EBITDA / Interest Paid	3.2x	3.7x
Earnings per Share (12 months)	\$ 0.75	\$ 0.20
Book Value per share	\$ 9.80	\$ 8.04
Outstanding Shares (in millions)	2,475.9	2,475.9
ROIC %	7.3%	5.5%
ROIC % excluding Q4'20 write-offs		7.3%

#### Share buyback program

As of December 31, 2020, the Company's share buyback program had a balance of 48,999,197 shares at a weighted average price of \$20.94 pesos per share for a total balance of \$1,132,053,788 pesos. The Company has currently put share buybacks on hold to prioritize deleveraging and preserving capital.

#### Dividends Announcement

Grupo LALA has announced that the following resolution was submitted at the Company's February 22, 2021 Board of Directors Meeting for consideration at LALA's General Shareholders meeting: to issue a cash dividend in the amount of \$0.6152 pesos per each share representing LALA's capital stock, payable in four installments of \$0.1538 each, on the following dates:

Payment date	Amount per share	Coupon number
May 26, 2021	\$0.1538	28
August 25, 2021	\$0.1538	29
November 24, 2021	\$0.1538	30
February 23, 2022	\$0.1538	31

#### Sell-side analyst coverage

In compliance with BMV regulations, article 4.033.01 Frac. VIII, Grupo LALA is covered by analysts at the following brokers: Actinver, Bank of America Merrill Lynch, Barclays, BBVA, BTG Pactual, Citigroup, Credit Suisse, GBM Grupo Bursátil Mexicano, Intercam, JP Morgan, Monex, Morgan Stanley, Santander, Scotiabank, Vector and Ve Por Más.

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## About LALA

Grupo LALA is a Mexican company focused on healthy and nutritious foods, with more than 70 years of experience in the production, innovation and marketing of milk, dairy products and beverages under the highest quality standards. The Company operates 30 production plants and 173 distribution centers in Mexico, Brazil, United States and Central America, supported by more than 40,000 employees. Grupo LALA's fleet of approximately 7,500 vehicles distributes its more than 600 products to more than 628,000 points of sale. LALA's portfolio is led by its three main brands: LALA®, Nutri Leche® and Vigor®.

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.

## CONFERENCE CALL INFORMATION



Tuesday, February 23, 2021 at  
11:00am EST / 10:00am CST



Arquímedes Celis, Chief Executive Officer  
Alberto Arellano, Chief Financial Officer  
David González, Investor Relations Officer



Webcast:  
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**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Income Statements**  
**ended December 31, 2019 and 2020**  
**(In thousands of nominal pesos)**

	For the three months ended				For the twelve months ended			
	December 31,		December 31,		December 31,		December 31,	
	2019		2020		2019		2020	
<b>Net sales</b>	<b>\$ 19,216,742</b>	<b>100.0%</b>	<b>\$ 20,654,004</b>	<b>100.0%</b>	<b>\$ 75,783,972</b>	<b>100.0%</b>	<b>\$ 80,831,322</b>	<b>100.0%</b>
Cost of goods sold	12,753,561	66.4%	13,643,091	66.1%	49,176,329	64.9%	53,329,986	66.0%
<b>Gross profit</b>	<b>6,463,181</b>	<b>33.6%</b>	<b>7,010,913</b>	<b>33.9%</b>	<b>26,607,643</b>	<b>35.1%</b>	<b>27,501,336</b>	<b>34.0%</b>
Other income (expenses), net	(188,283)	(1.0)%	1,142,786	5.5%	(1,089,533)	(1.4)%	1,396,651	1.7%
Operating expenses	5,871,438	30.6%	5,750,456	27.8%	22,503,176	29.7%	22,433,431	27.8%
<b>Operating income</b>	<b>780,026</b>	<b>4.1%</b>	<b>117,671</b>	<b>0.6%</b>	<b>5,194,000</b>	<b>6.9%</b>	<b>3,671,254</b>	<b>4.5%</b>
Net of financial (income) expenses								
Net of financial income	612,068	3.2%	568,275	2.8%	2,490,257	3.3%	2,403,714	3.0%
Exchange rate (profit) loss	18,850	0.1%	(73,409)	(0.4)%	59,014	0.1%	(8,999)	(0.0)%
Financial instruments	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Financial income, net</b>	<b>630,918</b>	<b>3.3%</b>	<b>494,866</b>	<b>2.4%</b>	<b>2,549,271</b>	<b>3.4%</b>	<b>2,394,715</b>	<b>3.0%</b>
Share in the results of associated companies	20,256	0.1%	13,335	0.1%	66,183	0.1%	52,793	0.1%
<b>Income before taxes</b>	<b>169,364</b>	<b>0.9%</b>	<b>(363,860)</b>	<b>(1.8)%</b>	<b>2,710,912</b>	<b>3.6%</b>	<b>1,329,332</b>	<b>1.6%</b>
Income tax expense	54,357	0.3%	282,754	1.4%	859,629	1.1%	844,366	1.0%
<b>Net consolidated income</b>	<b>115,007</b>	<b>0.6%</b>	<b>(646,614)</b>	<b>(3.1)%</b>	<b>1,851,283</b>	<b>2.4%</b>	<b>484,966</b>	<b>0.6%</b>
Non-controlling interest	0	0.0%	0	0.0%	0	0.0%	0	0.0%
<b>Equity holders of the parent</b>	<b>\$ 115,007</b>	<b>0.6%</b>	<b>\$ (646,614)</b>	<b>(3.1)%</b>	<b>\$ 1,851,283</b>	<b>2.4%</b>	<b>\$ 484,966</b>	<b>0.6%</b>
Depreciation and amortization	800,933	4.2%	789,026	3.8%	2,995,608	4.0%	3,139,514	3.9%
Trademarks impairments	13,072	0.1%	1,211,101	5.9%	75,869	0.1%	1,211,101	1.5%
Depreciation and amortization	814,005	4.2%	2,000,127	9.7%	3,071,477	4.1%	4,350,615	5.4%
<b>EBITDA</b>	<b>\$ 1,594,031</b>	<b>8.3%</b>	<b>\$ 2,117,798</b>	<b>10.3%</b>	<b>\$ 8,265,477</b>	<b>10.9%</b>	<b>\$ 8,021,869</b>	<b>9.9%</b>
Effective income tax rate	32.1%		-77.7%		31.7%		63.5%	

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Statement of Financial Position**  
**at December 31, 2019 and 2020**  
**(In thousands of nominal pesos)**

	As of December 31, 2019	As of December 31, 2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,532,950	\$ 4,777,372
Investments in financial instruments	16,686	319,433
Accounts receivable	6,282,373	6,188,394
Taxes and other accounts receivable	4,326,395	4,708,180
Related parties	29,938	58,420
Inventories	6,047,261	6,021,523
Prepaid expenses	251,383	224,014
Assets held for sale and discontinued operations	0	128,281
<b>Current assets</b>	<b>18,486,986</b>	<b>22,425,617</b>
Investments in associates	538,086	608,802
Property, plant and equipment, net	21,386,028	19,702,840
Right of use assets	2,710,523	2,743,891
Intangible and other assets	9,989,505	7,760,945
Goodwill	17,871,869	14,832,701
Long term recoverable taxes	1,374,149	1,399,983
Financial instruments investments	0	5,189
Deferred income tax	1,691,461	2,497,687
<b>Non-current assets</b>	<b>55,561,621</b>	<b>49,552,038</b>
<b>Total assets</b>	<b>\$ 74,048,607</b>	<b>\$ 71,977,654</b>
<b>LIABILITIES</b>		
short-term loans	\$ 476,339	\$ 1,941,184
current portion of long-term debt	\$ 26,621	\$ 2,321,195
Current lease liabilities	605,689	757,226
Suppliers	10,824,349	11,614,398
Financial instruments liability	87,324	431,660
Related parties	477,138	494,527
Stockholders	1,073,787	1,231,710
Taxes and other accounts payable	4,073,849	4,077,416
<b>Current liabilities</b>	<b>17,645,096</b>	<b>22,869,316</b>
Non Current Long Liabilities	2,181,392	2,157,065
Long-term debt	25,595,073	25,265,576
Deferred income tax and other taxes payable	998,169	1,082,610
Taxes payable in the long term	510,030	304,748
Derivative financial instruments	200,446	357,422
Other accounts payable	4,335,522	2,975,439
<b>Long-term liabilities</b>	<b>33,820,632</b>	<b>32,142,860</b>
<b>Total liabilities</b>	<b>51,465,728</b>	<b>55,012,176</b>
<b>SHAREHOLDERS EQUITY</b>		
Capital Stock	1,487,073	1,485,883
Net premium in share placement	12,564,470	12,241,929
Retained earnings	12,094,073	12,452,391
Other comprehensive income	-5,414,050	-9,699,691
Income of the year	1,851,313	484,966
<b>Equity attributable to equity holders of the parent</b>	<b>22,582,879</b>	<b>16,965,478</b>
Non-controlling interest	0	0
<b>Total shareholders equity</b>	<b>22,582,879</b>	<b>16,965,478</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 74,048,607</b>	<b>\$ 71,977,654</b>

**GRUPO LALA, S.A.B. DE C.V.**  
**Consolidated Cash Flow Statement**  
**for the 12 months ended December 31, 2019 and 2020**  
**(In thousands of nominal pesos)**

	As of December 31, 2019	As of December 31, 2020
<b>Operating activities:</b>		
<b>Income before taxes</b>	<b>\$ 2,710,942</b>	<b>\$ 1,329,332</b>
Depreciation, amortization, and trademarks impairment	3,071,472	4,350,615
Participation in associates	(66,183)	(52,793)
Financial Expenses	2,621,150	2,561,515
Financial Products	(130,897)	(157,801)
Others	(57,726)	15,246
Foreign Exchange result no realized	(35,754)	(94,852)
<b>Total</b>	<b>8,113,004</b>	<b>7,951,262</b>
<b>Changes in operation assets and liabilities</b>		
Accounts receivable	(80,424)	(160,686)
Inventories	(1,225,634)	(153,155)
Related parties	(4,615)	160,189
Suppliers	2,176,931	1,308,283
Other accounts receivable and prepaid expenses	(443,460)	(784,191)
Other assets and liabilities	(547,995)	(413,432)
<b>Total</b>	<b>7,987,805</b>	<b>7,908,269</b>
Taxes	(2,116,778)	(1,454,173)
<b>Total</b>	<b>5,871,028</b>	<b>6,454,096</b>
<b>Net cash flow provided by continuing operating</b>	<b>5,871,028</b>	<b>6,454,096</b>
Net cash flow provided by discontinued operating activities	0	0
<b>Net cash flow provided by operating activities</b>	<b>5,871,028</b>	<b>6,454,096</b>
<b>Investing activities</b>		
Acquisition of property, plant, equipment, and intangibles	(1,640,906)	(1,576,839)
Acquisition of intangibles and other assets	(380,312)	(254,090)
Proceeds from sale of property, plant, and equipment	92,637	79,036
Dividends collected from associates	76,500	0
Investments in Financial instruments	(3,478)	3,140
Interest collected	127,839	134,478
Cash received on the sale of investments	(131,973)	0
<b>Net cash flow used in Investing activities</b>	<b>(1,859,692)</b>	<b>(1,614,275)</b>
<b>Financing activities</b>		
Loans obtained	31,705,585	18,066,358
Repayments of borrowings to third parties	(31,958,690)	(14,531,319)
Interest paid	(2,549,123)	(2,181,903)
Payment of lease liabilities	(719,978)	(957,086)
Reissuance (repurchase) of capital stock	(170,507)	(136,330)
Dividends paid to equity holders of the parent	(1,497,738)	(1,492,656)
<b>Net cash flows provided (used) in financing activities</b>	<b>\$ (5,190,452)</b>	<b>\$ (1,232,937)</b>
<b>Net increase of cash and equivalents</b>	<b>(1,179,116)</b>	<b>3,606,884</b>
Adjustments to cash due to exchange rate fluctuations	161,948	(362,461)
Cash and equivalents at beginning of the year	2,550,118	1,532,950
<b>Cash and equivalents at the end of the period</b>	<b>\$ 1,532,950</b>	<b>\$ 4,777,372</b>