



Becle, S.A.B. de C.V. Reports Second Quarter 2023 Unaudited Financial Results

Mexico City, Mexico, July 27, 2023 – BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) announced today financial results for the second quarter ended June 30th, 2023.

All figures in this release are derived from the Company’s interim consolidated financial statements as of June 30th, 2023, and for the six-month period then ended, which are prepared in accordance with International Financial Reporting Standard (IFRS).

Second quarter 2023 highlights

- Volume decreased 0.7% to 7.0 million nine-liter cases;
- Net sales increased 7.0% in constant currency on a like-for-like basis (-2.4% reported);
- Gross profit decreased 5.3% to P\$5,625 million pesos. Gross margin was 50.8%, a decrease of 1.6 percentage points year over year;
- EBITDA decreased 18.2% to P\$1,917 million pesos. EBITDA margin was 17.3%, a decrease of 3.4 percentage points year over year;
- Consolidated net income decreased 5.5% to P\$1,332 million pesos. Net margin was 12.0%, a decrease of 0.4 percentage points year over year and;
- Earnings per share (“EPS”) was P\$0.37 pesos.

All aforementioned increases and decreases have been determined in comparison to the corresponding period in the preceding year.

Management commentary

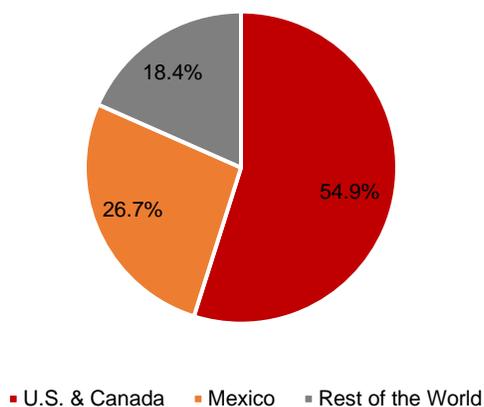
“The prevailing theme throughout this year has been the pressure on profitability, primarily driven by exchange rate appreciation, input cost inflation and region mix headwinds. Despite these difficulties, we are proud to report that our premiumization strategy has provided some relief, as we have seen robust growth in our premium tequila and whiskey segments, outperforming the overall industry. As we enter the second half of the year, we are encouraged by the momentum we have built thus far. While we acknowledge the ongoing challenges, we remain confident in our ability to navigate these headwinds effectively by monitoring market conditions and closely following consumer trends.”

Second quarter 2023 results

Volume by region 2Q23 (in 000s nine-liter cases)

Region	2Q23	2Q22	YoY % Δ
U.S. & Canada	3,862	4,093	-5.6%
Mexico	1,883	1,896	-0.7%
Rest of the World	1,293	1,098	17.8%
Total	7,038	7,087	-0.7%

Volume Breakdown by Region 2Q23



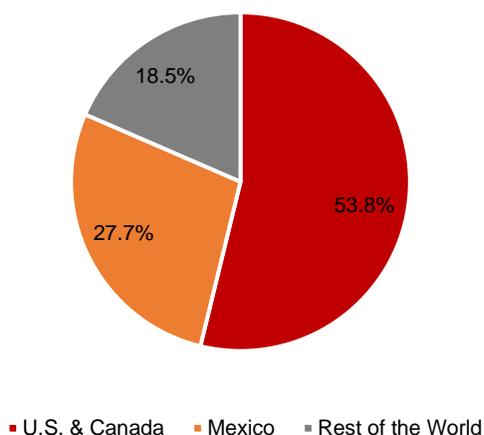
During the second quarter of 2023, total volume decreased 0.7% to 7.0 million nine-liter cases. The year-over-year decline is mainly explained by a 5.6% volume decrease in the U.S. and Canada region, resulting from price increases, alongside a 0.7% decline in Mexico, primarily driven by distribution changes from our B:oost energy drink. This decrease was partially offset by a 17.8% increase in the Rest of the World (“RoW”) region, driven by growth in both EMEA and APAC.

Net sales by region 2Q23 (in P\$, millions)

Region	2Q23	2Q22	YoY % Δ	YoY % Δ PF*
U.S. & Canada	5,954	6,833	-12.9%	-1.4%
Mexico	3,065	2,604	17.7%	17.7%
Rest of the World	2,046	1,897	7.9%	22.4%
Total	11,065	11,334	-2.4%	7.0%

*Pro forma figures on a constant currency basis.

Net Sales Breakdown by Region 2Q23

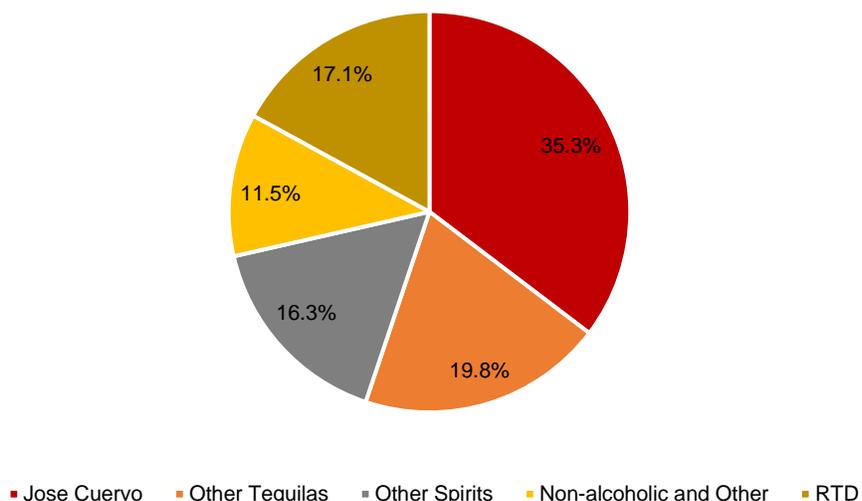


Second quarter 2023 net sales decreased 2.4% year on year to P\$11,065 million pesos. Net sales for the RoW region increased by 7.9% when compared to the second quarter of 2022, driven by significant volume growth. In the same period, net sales in Mexico increased 17.7%, primarily due to premiumization efforts and by year over year price increases in our portfolio. U.S. and Canada net sales decreased 12.9% year on year, a consequence of volume decreases and foreign currency effects from the appreciation of the Mexican peso against the U.S. dollar.

Volume by category 2Q23 (in 000s nine-liter cases)

Category	2Q23	2Q22	YoY % Δ
Jose Cuervo	2,487	2,358	5.5%
Other Tequilas	1,394	1,340	4.0%
Other Spirits	1,146	1,109	3.3%
Non-alcoholic and Other	811	962	-15.7%
RTD	1,200	1,318	-9.0%
Total	7,038	7,087	-0.7%

Volume Breakdown by Category 2Q23

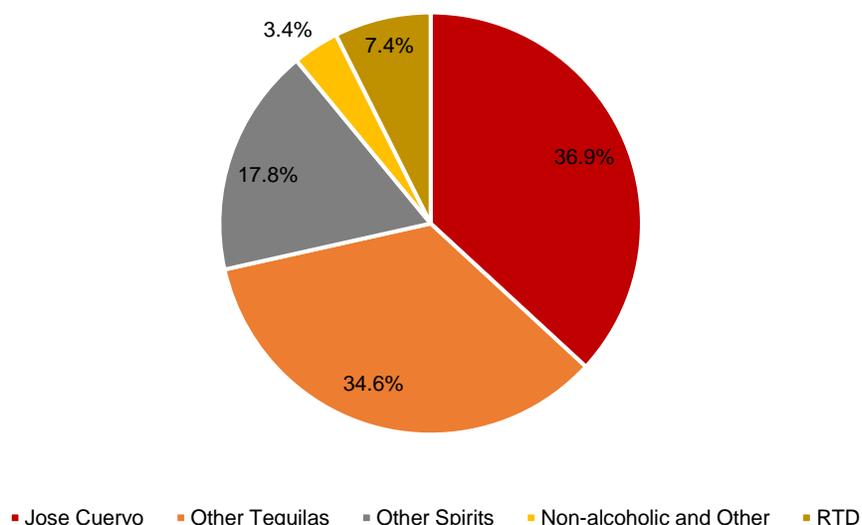


Volume of 'Jose Cuervo' increased 5.5% compared to the same period in 2022 and represented 35.3% of total volume for the second quarter of 2023. 'Other Tequilas' brands represented 19.8% of total volume, with volume increasing 4.0% compared to the prior year period. 'Other Spirits' brands represented 16.3% of total volume in the period and experienced a 3.3% increase in volume compared to the second quarter of 2022. Volume of 'Non-alcoholic and Other' represented 11.5% of total volume and decreased 15.7% compared to the prior year period. Volume of 'RTD' represented 17.1% of total volume and decreased by 9.0% compared to the same period in the previous year.

Net sales by category 2Q23 (in P\$, millions)

Category	2Q23	2Q22	YoY % Δ
Jose Cuervo	4,079	4,014	1.6%
Other Tequilas	3,832	3,803	0.8%
Other Spirits	1,965	2,065	-4.8%
Non-alcoholic and other	371	382	-2.9%
RTD	818	1,070	-23.6%
Total	11,065	11,334	-2.4%

Net Sales Breakdown by Category 2Q23



Net sales of 'Jose Cuervo' increased 1.6% compared to the same period in 2022 and represented 36.9% of total net sales for the second quarter of 2023. Net sales of 'Other Tequilas' brands increased 0.8% compared to the prior year period and represented 34.6% of total net sales. 'Other Spirits' brands represented 17.8% of total net sales in the period and decreased 4.8% compared to the second quarter of last year. Net sales of 'Non-alcoholic and Other' represented 3.4% of total net sales and decreased 2.9% compared to the prior year period. Net sales of 'RTD' represented 7.4% of total net sales and decreased 23.6% compared to the same period in the previous year.



Profitability and financial performance

Gross profit during the second quarter of 2023 decreased 5.3% over the same period in 2022 to P\$5,625 million pesos. Gross margin was 50.8% for the second quarter of 2023 compared to 52.4% for the second quarter of 2022. The gross margin decrease primarily reflects currency translation effects as a result of the appreciation of the Mexican peso against the U.S. dollar and an adverse region mix, partially offset by price increases across regions, better product mix and a decrease in the agave market price.

Advertising, marketing and promotion (“AMP”) expenses in the second quarter of 2023 increased 7.1% to P\$2,483 million pesos when compared to the second quarter of 2022. As a percentage of net sales, AMP increased to 22.4% from 20.4% in the prior year period. This increase reflects the planned timing of AMP spend relative to the prior year period.

Distribution expenses decreased 3.0% to P\$504 million pesos when compared to the second quarter of 2022, driven by lower logistics and carrier costs. As a percentage of net sales, distribution expenses remained flat at 4.6% versus the same period of 2022.

Selling and administrative (“SG&A”) expenses increased 10.2% to P\$1,025 million pesos when compared to the second quarter of 2022. As a percentage of net sales, SG&A expenses increased to 9.3% from 8.2% in the same period of 2022, driven by a decrease in net sales.

Operating income during the second quarter of 2023 decreased 22.6% to P\$1,648 million pesos compared to the same period of 2022. Operating margin decreased to 14.9% compared to 18.8% in the same prior year period.

EBITDA in the second quarter of 2023 decreased 18.2% to P\$1,917 million pesos compared to the second quarter of 2022. The EBITDA margin was 17.3% for the second quarter of 2023 versus 20.7% for the second quarter of 2022.

Net financing results posted a gain of P\$203 million pesos during the second quarter of 2023 compared to a loss of P\$142 million pesos in the same period of 2022. This gain was primarily driven by the strengthening of the Mexican peso versus the U.S. dollar in comparison to the second quarter of 2022.

Consolidated net income in the second quarter of 2023 decreased 5.5% to P\$1,332 million pesos, compared to P\$1,410 million pesos in 2022. Net margin for the second quarter of 2023 was 12.0%, compared to 12.4% for the second quarter of 2022. EPS was P\$0.37 pesos in the second quarter of 2023 versus P\$0.39 for the second quarter of 2022.



Financial position and cash flow

As of June 30, 2023, cash and cash equivalents were P\$4,292 million pesos, and total financial debt was P\$17,604 million pesos. During the first half of 2023, the Company used net cash from operating activities of P\$3,274 million pesos and used P\$1,839 million pesos in net investing activities. Net cash generated from financing activities was P\$5,239 million pesos for the period ended on June 30, 2023.

Dividend payment and Board members

As announced in the Company's capital allocation program during the annual general ordinary shareholders meeting held on April 28, 2023, a cash dividend payment will be made on August 3, 2023, in an amount of P\$0.49128 pesos for each outstanding share representing the capital stock of Becele. Additionally, the Company reports that Mr. James Clerkin started his functions as Independent Board Member as of July 27th, 2023.

Integrated Annual Report

The Company released its 2022 Integrated Annual Report: "Our heritage in a glass" highlighting its milestones for the year. The report provides further information on the Company's financial and non-financial performance, as well as its new ESG strategy. See more: <https://www.cuervo.com.mx/investors/#investors2>

Conference call

The Company plans to host a conference call for investors at 9:00 a.m. Mexico City Time (11:00 a.m. EDT) on, Friday, July 28th, 2023, to discuss the Company's second quarter 2023 unaudited financial results. Interested parties may also listen to a simultaneous webcast of the conference call by logging onto the Company's website at:

<https://mm.closir.com/slideslo?id=623996> or www.becle.com.mx.

Second Quarter 2023 Unaudited Financial Results Conference Call and Webcast Details

Date: Friday, July 28th, 2023

Time: 9:00 a.m. Mexico City Time (11:00 a.m. EDT)

Participants: Juan Domingo Beckmann (CEO)

Fernando Suárez (CFO)

Dial-in:	Mexico	+52 55 1168 9973
	Brazil	+55 61 2017 1549
	USA	+1 718 866 4614
	Canada	+1 587 855 1318
	United Kingdom	+44 203 984 9844
	France	+33 1758 50 878
	Germany	+49 30 25 555 323

Conference ID: 623996

Webcast: <https://mm.closir.com/slideslo?id=623996> or www.becle.com.mx.

*Those joining via webcast will be unable to participate in the live Q&A

About Becele

Becle is a globally renowned company in the spirits industry and the world's largest producer of tequila. Its extraordinary portfolio of over 30 spirits brands, some of them owned, some of them agency brands distributed only in Mexico, has been developed throughout the years to participate in key categories with high growth potential, serving the world's most important alcoholic beverage markets and attending key consumer preferences and tendencies. Becele's portfolio strength is based on the profound legacy of its iconic internally developed brands such as Jose Cuervo®, combined with complementary acquisitions such as Three Olives®, Hangar 1®, Stranahan's®, Bushmills®, Pendleton®, Boodles® and Proper No. Twelve®, as well as a relentless focus on innovation that over the years has created renowned brands such as 1800®, Maestro Doble®, Centenario®, Kraken®, Jose Cuervo®



Margaritas and B:oot®, among others. Becele's brands are sold and distributed in more than 85 countries.

EBITDA

EBITDA is a measure used in the Company's financial analysis that is not recognized under IFRS but is calculated from amounts that derive from the Company's financial statements. We calculate EBITDA as net income plus depreciation and amortization, income tax expense, and interest expense, less interest income, plus foreign exchange gain (loss).

EBITDA is not an IFRS measure of liquidity or performance, nor is EBITDA a recognized financial measure under IFRS. We believe that EBITDA can be useful to facilitate comparisons of operating performance between periods on a combined basis, but these metrics may be calculated differently by other issuers. EBITDA should not be construed as an alternative to (i) net income as an indicator of the Company's operating performance or (ii) cash flow from operating activities as a measure of the Company's liquidity.

Disclaimer

This press release contains certain forward-looking statements which are based on Becele's current expectations and observations. Actual results obtained may vary significantly from these estimates. The information related to future performance contained in this press release should be read jointly with the risks included in the "Risk Factors" section of the Annual Report filed with the Comision Nacional Bancaria y de Valores (Mexican National Banking and Securities Commission). This information, as well as future statements made by Becele or by any of its legal representatives, either in writing or verbally, may vary significantly from the actual results obtained. These forward-looking statements speak only as of the date on which they are made, and no assurance can be made as to the actual results obtained. Becele undertakes no obligation and does not intend to update or review any such forward-looking statements, whether as a result of new information, future developments or other related events.

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Consolidated Income Statements

	Second quarter ended June 30 th , 2023			Second quarter ended June 30 th , 2022		Year over year variance	
	(U.S. \$) ⁽¹⁾	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
Net sales	648	11,065		11,334		(269)	(2.4)
Cost of goods sold	319	5,440	49.2	5,397	47.6	43	0.8
Gross profit	329	5,625	50.8	5,937	52.4	(312)	(5.3)
Advertising, marketing, and promotion	145	2,483	22.4	2,318	20.4	165	7.1
Distribution	30	504	4.6	520	4.6	(16)	(3.0)
Selling and administrative	60	1,025	9.3	931	8.2	95	10.2
Other (income) expense, net	(2)	(36)	(0.3)	40	0.4	(76)	NA
Operating income	97	1,648	14.9	2,129	18.8	(481)	(22.6)
Financing results, net	(12)	(203)	(1.8)	142	1.3	(345)	NA
Income before income taxes	108	1,851	16.7	1,986	17.5	(135)	(6.8)
Income taxes	30	518	4.7	576	5.1	(58)	(10.0)
Consolidated net income	78	1,332	12.0	1,410	12.4	(78)	(5.5)
Non-controlling interest	0	6	0.1	11	0.1	(5)	(42.9)
Controlling interest	78	1,326	12.0	1,399	12.3	(73)	(5.2)
Depreciation and amortization	16	269	2.4	215	1.9	54	25.3
EBITDA	112	1,917	17.3	2,343	20.7	(426)	(18.2)
Earnings per share	0.02	0.37		0.39		(0.02)	(5.5)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 17.07 Mexican pesos solely for the convenience of the reader.

Consolidated Income Statements

	Six months ended June 30 th , 2023			Six months ended June 30 th , 2022		Year over year variance	
	(U.S. \$) ⁽¹⁾	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
Net sales	1,209	20,648		20,402		246	1.2
Cost of goods sold	595	10,166	49.2	9,487	46.5	679	7.2
Gross profit	614	10,482	50.8	10,915	53.5	(433)	(4.0)
Advertising, marketing, and promotion	261	4,453	21.6	4,003	19.6	450	11.2
Distribution	56	963	4.7	1,001	4.9	(38)	(3.8)
Selling and administrative	115	1,959	9.5	1,808	8.9	151	8.3
Other (income), net	(5)	(80)	(0.4)	(9)	0.0	(71)	780.1
Operating income	187	3,188	15.4	4,111	20.2	(923)	(22.5)
Financing results, net	(22)	(373)	(1.8)	217	1.1	(589)	NA
Income before income taxes	209	3,560	17.2	3,894	19.1	(334)	(8.6)
Income taxes	58	997	4.8	1,129	5.5	(132)	(11.7)
Consolidated net income	150	2,563	12.4	2,765	13.6	(201)	(7.3)
Non-controlling interest	1	13	0.1	15	0.1	(2)	(11.7)
Controlling interest	149	2,550	12.4	2,750	13.5	(200)	(7.3)
Depreciation and amortization	31	529	2.6	423	2.1	106	25.1
EBITDA	218	3,717	18.0	4,534	22.2	(817)	(18.0)
Earnings per share	0.04	0.71		0.77		(0.06)	(7.3)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 17.07 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Financial Position

(Figures in millions)	June 30 th , 2023	December 31 st , 2022
	(U.S. \$) ⁽¹⁾	(Pesos)
Assets		
Cash and cash equivalents	251	4,292
Trade receivables - Net	565	9,640
Related parties	2	32
Recoverable income tax	49	836
Other recoverable taxes and receivables	144	2,457
Inventories	1,161	19,820
Biological assets	101	1,732
Prepayments	73	1,242
Total current assets	2,346	40,049
Inventories	347	5,931
Biological assets	465	7,932
Investments in associates	50	851
Property, plant, and equipment - Net	859	14,668
Intangible assets	991	16,916
Goodwill	322	5,505
Right-of-use assets	144	2,456
Deferred income tax	119	2,029
Employee benefits - Net	26	443
Other assets	4	69
Total non-current assets	3,327	56,800
Total assets	5,673	97,849
Liabilities		
Bank loan	351	5,989
Senior Notes	6	108
Trade payables	396	6,756
Related parties	2	27
Lease liabilities	14	232
Other accounts payable	280	4,783
Dividends payable	103	1,764
Total current liabilities	1,152	19,660
Senior Notes	907	15,487
Lease liabilities	132	2,259
Environmental reserve	7	127
Other liabilities	13	218
Deferred income taxes	187	3,186
Total non-current liabilities	1,246	21,276
Total liabilities	2,398	39,443
Stockholders' equity		
Stockholders' equity attributable to controlling interest	3,267	55,782
Non-controlling interest	8	131
Total stockholders' equity	3,275	58,423
Total liabilities and stockholders' equity	5,673	97,866

(1) U.S. dollars translated at 17.07 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Cash Flow

(Figures in millions)	Six months ended June 30 th , 2023	Six months ended June 30 th , 2022
	(U.S. \$) ⁽¹⁾	(Pesos)
Operating activities:		
Income before income taxes	209	3,560
Adjustment from non-cash items:		
Depreciation and amortization	31	529
Loss on sale of property, plant, and equipment	1	16
Non-cash items	5	81
Interest income	(7)	(128)
Unrealized foreign exchange profit	(44)	(751)
Interest expense	19	324
Subtotal	214	3,652
(Increase) decrease in:		
Trade receivables	101	1,723
Related parties	(2)	(32)
Other recoverable taxes and receivables	(23)	(386)
Inventories	(177)	(3,021)
Biological assets	(54)	(914)
Prepayments	(8)	(130)
Other assets	16	267
Increase (decrease) in:		
Trade accounts payables	(88)	(1,509)
Other accounts payables	(79)	(1,356)
Employee benefits	(1)	(12)
Income taxes paid	(91)	(1,555)
Net cash from operating activities	(192)	(3,274)
Investing activities:		
Property, plant, and equipment	(91)	(1,555)
Intangible assets	(2)	(33)
Investment in associates	(22)	(379)
Interest income	7	128
Net cash from investment activities	(108)	(1,839)
Financing activities:		
Bank loan	366	6,255
Principal lease payment	(39)	(671)
Interest paid	(20)	(345)
Net cash from financing activities	307	5,239
Net increase (decrease) of cash and cash equivalents	7	126
Cash and cash equivalents at beginning of year:		
At beginning of the period	265	4,521
Effects of exchange rate changes on cash and cash equivalents	(21)	(354)
Cash and cash equivalents at end of period	251	4,292

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