



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

Mexico City, Mexico, October 25, 2023 – BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) announced today financial results for the third quarter ended September 30, 2023.

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

Third quarter 2023 highlights

- Volume decreased 4.5% to 6.5 million nine-liter cases;
- Net sales increased 4.3% in constant currency on a like-for-like basis (-8.5% reported);
- Gross profit decreased 18.7% to P\$5,068 million pesos. Gross margin was 48.1%, a decrease of 6.0 percentage points year over year;
- EBITDA decreased 58.8% to P\$1,159 million pesos. EBITDA margin was 11.0%, a decrease of 13.4 percentage points year over year;
- Consolidated net income decreased 88.0% to P\$207 million pesos. Net margin was 2.0%, a decrease of 12.9 percentage point year over year and;
- Earnings per share (“EPS”) was P\$0.06 pesos.

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

Management commentary

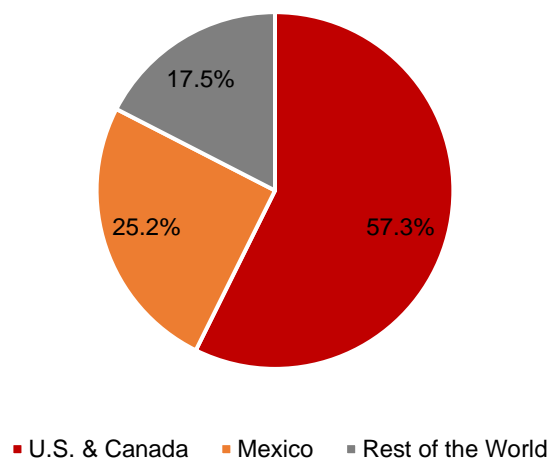
“In the face of what is still a challenging business environment, characterized by the exchange rate appreciation and complex macroeconomic conditions, we are encouraged by our year-to-date performance. Our ongoing focus on premiumization and optimizing our product mix has enabled us to outperform the overall sector. The consistent demand for our key brands, alongside the enduring popularity of tequila, reinforces our confidence in our brands’ lasting value. Our core business has shown resilience and adaptability in the midst of evolving challenges.”

Third quarter 2023 results

Volume by region 3Q23 (in 000s nine-liter cases)

Region	3Q23	3Q22	YoY % Δ
U.S. & Canada	3,729	3,493	6.8%
Mexico	1,641	2,145	-23.5%
Rest of the World	1,135	1,172	-3.2%
Total	6,505	6,809	-4.5%

Volume Breakdown by Region 3Q23



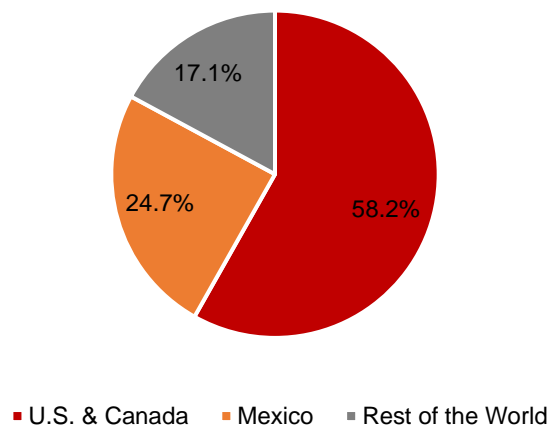
During the third quarter of 2023, total volume decreased 4.5% to 6.5 million nine-liter cases. The contraction is in good part explained by a 23.5% year-on-year volume decrease in Mexico primarily due to setbacks in the non-alcoholic category, alongside a market contraction and a 3.2% year-on-year volume decrease in the Rest of the World (“RoW”) region, which was mainly impacted by the economic slowdown in EMEA and macroeconomic challenges in LatAm. This decrease was partially offset by a 6.8% volume increase in the U.S. and Canada region, mainly driven by the resilient performance of our super and ultra-premium tequila brands.

Net sales by region 3Q23 (in P\$, millions)

Region	3Q23	3Q22	YoY % Δ	YoY % Δ PF*
U.S. & Canada	6,134	6,473	-5.2%	12.5%
Mexico	2,603	3,016	-13.7%	-13.7%
Rest of the World	1,805	2,038	-11.4%	4.0%
Total	10,542	11,527	-8.5%	4.3%

*Pro forma figures on a constant currency basis.

Net Sales Breakdown by Region 3Q23

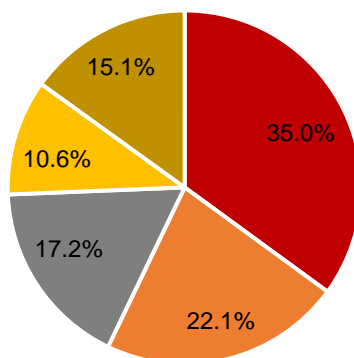


Third quarter 2023 net sales decreased 8.5% year-on-year to P\$10,542 million pesos. Net sales for the RoW region decreased by 11.4% when compared to the third quarter of 2022, primarily due to currency translation effects. In the same period, net sales in Mexico decreased 13.7%, a result of volume decreases. U.S. and Canada net sales decreased 5.2% year-on-year, despite a 6.8% year-on-year volume increase, demonstrating the impact of foreign currency effects from the appreciation of the Mexican peso against the U.S. dollar.

Volume by category 3Q23 (in 000s nine-liter cases)

Category	3Q23	3Q22	YoY % Δ
Jose Cuervo	2,279	2,208	3.2%
Other Tequilas	1,437	1,440	-0.2%
Other Spirits	1,121	1,241	-9.7%
Non-alcoholic and Other	689	882	-21.9%
RTD	979	1,038	-5.7%
Total	6,505	6,809	-4.5%

Volume Breakdown by Category 3Q23



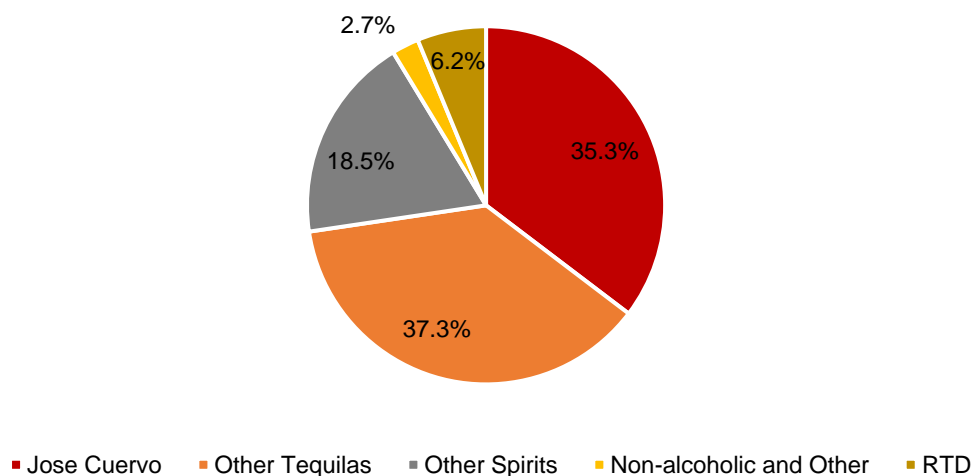
■ Jose Cuervo ■ Other Tequilas ■ Other Spirits ■ Non-alcoholic and Other ■ RTD

Volume of 'Jose Cuervo' increased 3.2% compared to the same period in 2022 and represented 35.0% of total volume for the third quarter of 2023. 'Other Tequilas' brands represented 22.1% of total volume, with volume decreasing 0.2% compared to the prior year period. 'Other Spirits' brands represented 17.2% of total volume in the period and experienced a 9.7% decrease in volume compared to the third quarter of 2022. Volume of 'Non-alcoholic and Other' represented 10.6% of total volume and decreased 21.9% compared to the prior year period. Volume of 'RTD' represented 15.1% of total volume and decreased by 5.7% compared to the same period in the previous year.

Net sales by category 3Q23 (in P\$, millions)

Category	3Q23	3Q22	YoY % Δ
Jose Cuervo	3,725	3,935	-5.3%
Other Tequilas	3,935	4,065	-3.2%
Other Spirits	1,945	2,348	-17.2%
Non-alcoholic and other	281	355	-20.8%
RTD	657	824	-20.3%
Total	10,542	11,527	-8.5%

Net Sales Breakdown by Category 3Q23



Net sales of 'Jose Cuervo' decreased 5.3% compared to the same period in 2022 and represented 35.3% of total net sales for the third quarter of 2023. Net sales of 'Other Tequilas' brands decreased 3.2% compared to the prior year period and represented 37.3% of total net sales. 'Other Spirits' brands represented 18.5% of total net sales in the period and decreased 17.2% compared to the third quarter of last year. Net sales of 'Non-alcoholic and Other' represented 2.7% of total net sales and decreased 20.8% compared to the prior year period. Net sales of 'RTD' represented 6.2% of total net sales and decreased 20.3% compared to the same period in the previous year.



Profitability and financial performance

Gross profit during the third quarter of 2023 decreased 18.7% over the same period in 2022 to P\$5,068 million pesos. Gross margin was 48.1% for the third quarter of 2023 compared to 54.1% for the third quarter of 2022. The gross margin decrease was primarily due to foreign currency effects caused by the appreciation of the Mexican peso against the U.S. dollar, and by higher input costs, which reflect the gradual transition through our older inventory produced with higher-cost materials. This was partially offset by price increases across the regions, a favorable change in the geographic mix and a recent decline in the agave market pricing environment.

Advertising, marketing, and promotion (“AMP”) expenses in the third quarter of 2023 increased 21.5% to P\$2,689 million pesos when compared to the third quarter of 2022. As a percentage of net sales, AMP increased to 25.5% from 19.2% in the prior year period. However, on a year-to-date basis, AMP represented 22.9% of net sales, in line with the Company’s full-year guidance of 22% plus/minus 1%.

Distribution expenses in the third quarter of 2023 decreased 17.8% to P\$439 million pesos when compared to the third quarter of 2022. As a percentage of net sales, distribution expenses decreased to 4.2% from 4.6% in the same period of 2022, driven by lower logistics and carrier costs.


Selling and administrative (“SG&A”) expenses increased 15.4% to P\$1,064 million pesos when compared to the third quarter of 2022. As a percentage of net sales, SG&A expenses increased to 10.1% from 8.0% in the same period of 2022, driven by a decline in net sales and overall inflationary pressures impacting the cost structure.

Operating income during the third quarter of 2023 decreased 65.6% to P\$892 million pesos compared to the same period of 2022. Operating margin decreased to 8.5% compared to 22.5% in the same prior year period.

EBITDA in the third quarter of 2023 decreased 58.8% to P\$1,159 million pesos compared to the third quarter of 2022. The EBITDA margin was 11.0% for the third quarter of 2023 versus 24.4% for the third quarter of 2022.

The net financial result was negative P\$604 million pesos during the third quarter of 2023 compared to negative P\$173 million pesos in the same period of 2022. This increase was mainly driven by a higher year over year foreign exchange loss, as our net cash exposure in U.S. dollars was negatively impacted by the depreciation of the Mexican Peso. In addition, the Company recorded a higher interest expense compared to the same period of the previous year, driven by short-term financing incurred during the first nine-months of 2023. These effects were partially offset by higher interest income, mainly driven by an increase in interest rates.

Consolidated net income in the third quarter of 2023 decreased 88.0% to P\$207 million pesos, compared to P\$1,720 million pesos in the third quarter of 2022. Net margin was 2.0%



for the third quarter of 2023, compared to 14.9% for the third quarter of 2022. EPS was P\$0.06 pesos in the third quarter of 2023 versus P\$0.48 for the third quarter of 2022.

Financial position and cash flow

As of September 30, 2023, cash and cash equivalents were P\$4,024 million pesos, and total financial debt was P\$25,067 million pesos. During the first nine months of 2023, the Company used net cash from operating activities of P\$3,572 million pesos and used P\$2,423 million pesos in net investing activities. Net cash used from financing activities was P\$5,790 million pesos for the period ended on September 30, 2023.

Capital allocation and dividend payment

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 was made on August 3, 2023 for an amount of P\$0.49128 pesos for each outstanding share representing the capital stock of Becele.

Debt refinancing

The Company has mandated two banks as joint arrangers to refinance its US\$500 million short-term bank debt (~34% of total debt) with a five-year tenor bullet syndicated facility in two-tranches (term and revolving). The Company expects to be able to negotiate and close such refinancing before the end of the fourth quarter of 2023.

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, Thursday, October 26th, 2023, to discuss the Company's third 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.

Third Quarter 2023 Unaudited Financial Results Conference Call and Webcast Details

Date: Thursday, October 26th, 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 Dobel®, Centenario®, Kraken®, Jose Cuervo® Margaritas and B:oost®, 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 Becle'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 Becle 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. Becle 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.

Investor Relations Contacts:

Bryan Carlson
bcarlson@cuervo.com.mx

Jose Ignacio Aldama
valdamad@cuervo.com.mx

Corporate Affairs and Sustainability Contacts:

Alfredo López
alopez@cuervo.com.mx

Pablo Cepeda
pcepedab@cuervo.com.mx

Consolidated Income Statements

	Third quarter ended September 30th, 2023			Third quarter ended September 30th, 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	598	10,542		11,527		(985)	(8.5)
Cost of goods sold	311	5,474	51.9	5,296	45.9	178	3.4
Gross profit	288	5,068	48.1	6,231	54.1	(1,163)	(18.7)
Advertising, marketing, and promotion	153	2,689	25.5	2,214	19.2	475	21.5
Distribution	25	439	4.2	534	4.6	(95)	(17.8)
Selling and administrative	60	1,064	10.1	922	8.0	142	15.4
Other expenses (income), net	(1)	(16)	(0.2)	(35)	(0.3)	19	(54.3)
Operating income	51	892	8.5	2,595	22.5	(1,704)	(65.6)
Financing results	34	604	5.7	173	1.5	431	249.1
Income before income taxes	16	288	2.7	2,422	21.0	(2,135)	(88.1)
Income taxes	5	81	0.8	703	6.1	(622)	(88.5)
Consolidated net income	12	207	2.0	1,720	14.9	(1,513)	(88.0)
Non-controlling interest	0	4	0.0	5	0.0	(1)	(15.6)
Controlling interest	12	203	1.9	1,715	14.9	(1,512)	(88.2)
Depreciation and amortization	15	267	2.5	219	1.9	48	22.1
EBITDA	66	1,159	11.0	2,814	24.4	(1,656)	(58.8)
Earnings per share	0.00	0.06		0.48		(0.42)	(88.2)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 17.62 Mexican pesos solely for the convenience of the reader.

Consolidated Income Statements

	Nine months ended September 30 th , 2023			Nine months ended September 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	1,770	31,190		31,929		(739)	(2.3)
Cost of goods sold	888	15,640	50.1	14,783	46.3	857	5.8
Gross profit	883	15,551	49.9	17,146	53.7	(1,595)	(9.3)
Advertising, marketing, and promotion	405	7,141	22.9	6,217	19.5	924	14.9
Distribution	80	1,402	4.5	1,536	4.8	(134)	(8.7)
Selling and administrative	172	3,023	9.7	2,730	8.6	293	10.7
Other expenses (income), net	(5)	(97)	(0.3)	(44)	(0.1)	(53)	119.6
Operating income	232	4,080	13.1	6,706	21.0	(2,627)	(39.2)
Financing results	13	232	0.7	390	1.2	(158)	(40.6)
Profit before income taxes	218	3,849	12.3	6,317	19.8	(2,468)	(39.1)
Income taxes	61	1,078	3.5	1,832	5.7	(754)	(41.2)
Consolidated net income	157	2,771	8.9	4,485	14.0	(1,714)	(38.2)
Non-controlling interest	1	17	0.1	20	0.1	(3)	(15.0)
Controlling net income	156	2,754	8.8	4,465	14.0	(1,711)	(38.3)
Depreciation and amortization	45	796	2.6	642	2.0	154	24.0
EBITDA	277	4,876	15.6	7,348	23.0	(2,473)	(33.6)
Earnings per share	0.04	0.77		1.25		(0.48)	(38.2)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 17.62 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Financial Position

(Figures in millions)	September 30 th , 2023	December 31 st , 2022
	(U.S. \$) ⁽¹⁾	(Pesos)
Assets		
Cash and cash equivalents	228	4,024
Trade receivables	532	9,382
Related parties	2	28
Recoverable income tax	95	1,675
Other recoverable taxes and other receivables	133	2,349
Inventories	1,055	18,587
Biological assets	108	1,905
Prepayments	67	1,188
Total current assets	2,221	39,138
Inventories	346	6,104
Biological assets	469	8,270
Investments in associates	50	878
Property, plant, and equipment	860	15,156
Intangible assets	969	17,081
Goodwill	311	5,479
Right-of-use assets	131	2,302
Deferred income tax	116	2,048
Employee benefits	25	437
Other assets	4	69
Total non-current assets	3,282	57,824
Total assets	5,503	97,962
Liabilities		
Bank loan	503	8,857
Senior notes	11	201
Trade payables	260	4,582
Related parties	1	26
Lease liabilities	24	429
Other accounts payable	293	5,154
Total current liabilities	1,092	19,249
Senior notes	909	16,009
Lease liabilities	111	1,963
Environmental reserve	7	132
Other liabilities	13	234
Deferred income taxes	184	3,249
Total non-current liabilities	1,225	21,586
Total liabilities	2,318	40,835
Stockholders' equity		
Stockholders' equity attributable to controlling interest	3,178	55,992
Non-controlling interest	8	135
Total stockholders' equity	3,186	58,127
Total liabilities and stockholders' equity	5,503	97,962

(1) U.S. dollars translated at 17.62 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Cash Flow

(Figures in millions)	Nine months ended September 30 th , 2023	Nine months ended September 30 th , 2022
(U.S. \$) ⁽¹⁾	(Pesos)	(Pesos)
Operating activities:		
Income before income taxes	218	6,317
Adjustment from items not implying cash flows		
Depreciation and amortization	45	642
Loss on sale of property, plant and equipment	1	56
Non-cash items	10	213
Interest income	(12)	(101)
Unrealized foreign exchange profit	(21)	(326)
Interest expense	30	391
Net cost for the period of employee benefits	2	-
Subtotal	274	7,191
(Increase) decrease in:		
Trade receivables	117	456
Related parties	(2)	(31)
Other recoverable taxes and other receivables	(18)	(559)
Inventories	(121)	(4,140)
Biological assets	(74)	(1,613)
Prepayments	(3)	(389)
Other assets	23	331
Increase (decrease) in:		
Trade payables	(210)	879
Other accounts payables	(38)	(2,041)
Employee benefits	(1)	13
Income taxes paid or recoverable	(149)	(2,068)
Net cash from operating activities	(203)	(1,971)
Investment Activities:		
Property, plant, and equipment	(125)	(2,370)
Intangible assets	(3)	(149)
Investment in associates	(22)	(30)
Interest income	12	101
Net cash flows used in investment activities	(138)	(2,449)
Financing activities:		
Dividends paid	(100)	(1,510)
Bank loan	500	-
Principal lease payment	(46)	(502)
Interest paid	(25)	(322)
Net cash flows used in financing activities	329	(2,333)
Net decrease of cash and cash equivalents	(12)	(6,753)
Cash and cash equivalents at beginning of year:		
At beginning of the period	257	12,791
Cash proceeds from acquisition	-	25
Effects of exchange rate changes on cash and cash equivalents	(16)	(270)
Cash and cash equivalents at end of period	228	5,793

(1) U.S. dollars translated at 17.62 Mexican pesos solely for the convenience of the reader.