



A B O U T
B E C L E



We are a globally renowned company in the spirits industry and the world's largest producer of tequila. We were born out of the vision of Don José María Guadalupe de Cuervo y Montaño, more than 250 years ago and nurtured by a legacy of 11 generations. Some of our brands are sold and distributed in more than 85 countries.

Our portfolio strength is based in 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[®] and Boodles[®], as well as a relentless focus on innovation that during the years has created renowned brands such as 1800[®], Maestro Dobel[®], Centenario[®], Kraken[®], Jose Cuervo[®] Margaritas and Boost[®], among others.

Since February 2017, Becele, S.A.B. de C.V. shares are listed on the Mexican Stock Exchange (BMV), under the ticker symbol CUERVO.

W O R L D W I D E F O O T P R I N T

UNITED STATES AND CANADA

12.4 MILLION
NINE-LITER CASES | +3.7%

NET SALES

PS. \$18.5 BILLION PESOS

+2.8%

SALES ANNUAL GROWTH

7.3 MILLION

NINE-LITER CASES | +8.2%

NET SALES

PS. \$7.2 BILLION PESOS

+15.8%

SALES ANNUAL GROWTH

2.5 MILLION

NINE-LITER CASES | +1.7%

NET SALES

PS. \$3.9 BILLION PESOS

+1.6%

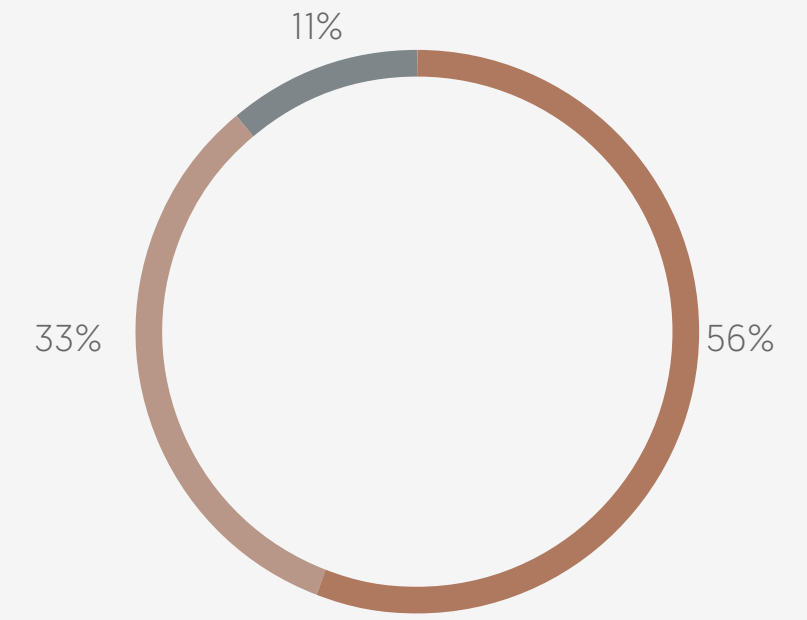
SALES ANNUAL GROWTH

MEXICO

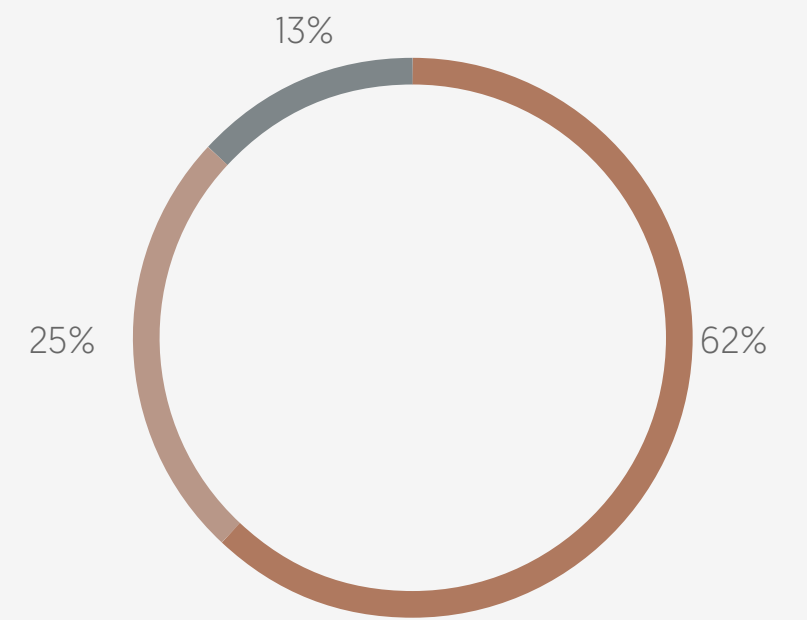
REST OF THE WORLD



- UNITED STATES AND CANADA
- MEXICO
- REST OF THE WORLD

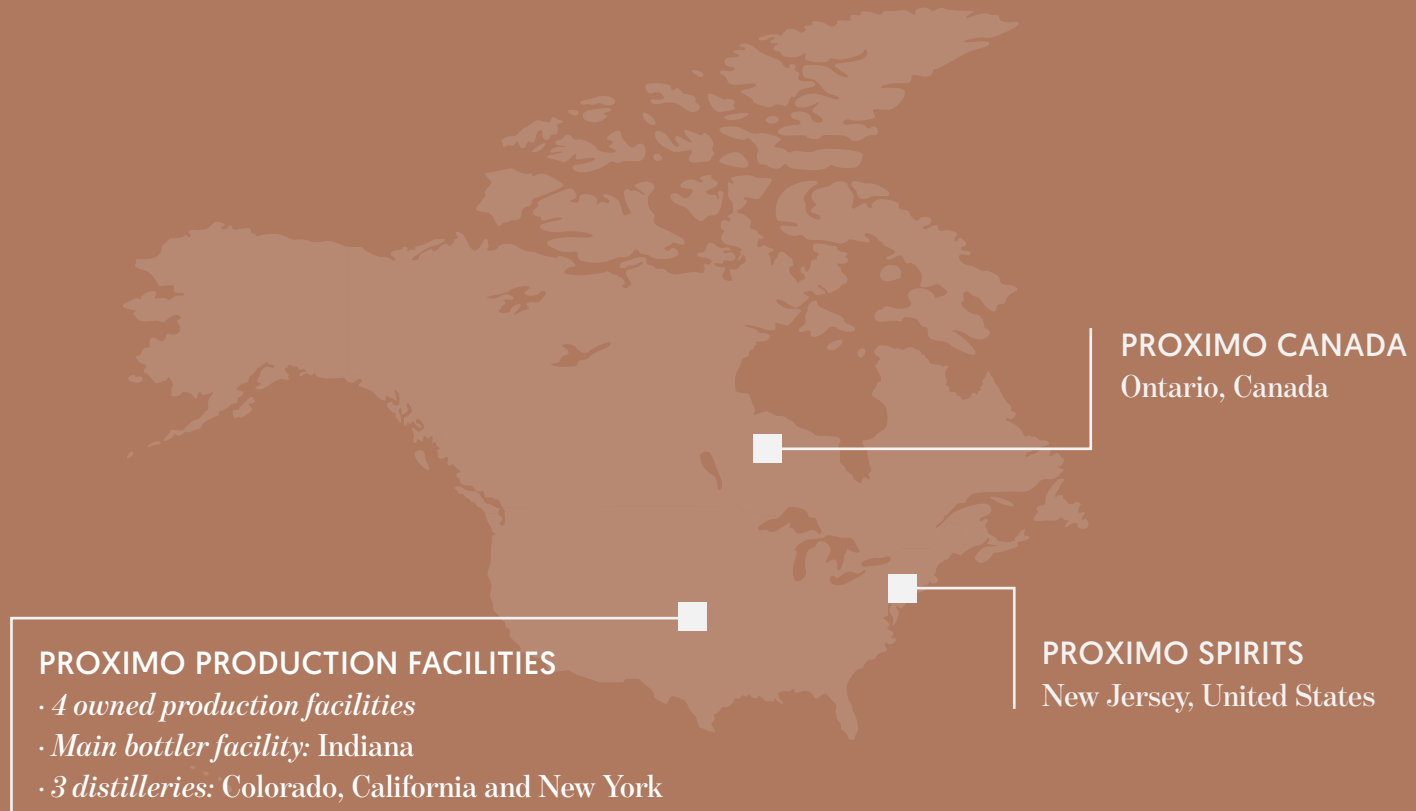


VOLUME PER REGION



SALES PER REGION

UNITED STATES AND CANADA



MEXICO



REST OF THE WORLD



2 0 1 9

M I L E S T O N E S

Tequila Centenario and 1800 crossed the million-case mark in Mexico and the United States, respectively

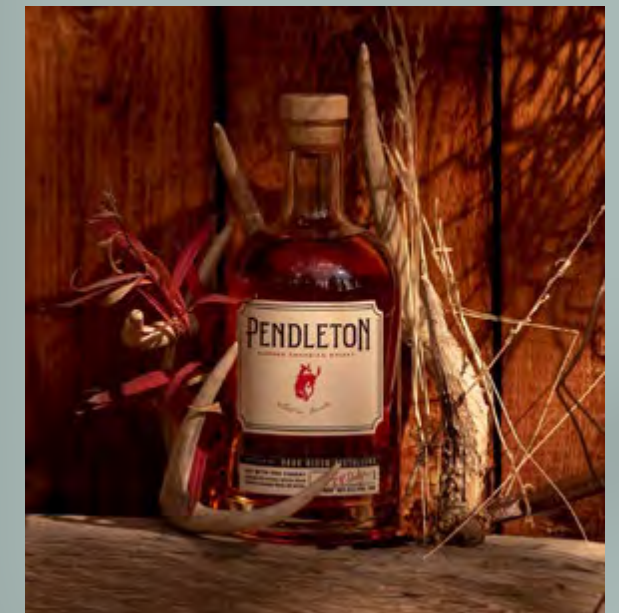


United States extended flavor offerings and presentations with the 200 milliliters Ready-to-Drink Margarita family



Introduction of 1800 Cristalino in the United States and a very successful first year with Proper Number Twelve Irish Whiskey

Fastest growing multibrand spirits company in the United States, according to Nielsen



C O N V E R S A T I O N W I T H O U R C E O

JULY 2020



“Looking into the future, we continue to grow our brands, expand our operations and distilleries.”

Dear Shareholders,

As you all are aware, the entire world is experiencing enormous challenges in the face of the COVID-19 crisis. Our industry has not been any exception. This challenge has impacted each of our daily lives, our families and how we do business. We hope for a return to more normal times and an economic recovery across the world. At Becele, we responded quickly to the rapidly developing crisis and evolving macro environment. We began preparing our global integrated supply chain, before the pandemic declaration from the World Health Organization, by working closely with our suppliers and distribution partners to develop plans to ensure we can effectively and efficiently continue to support our customers around

the world. Once the COVID-19 pandemic was declared, we enacted all business continuity measures and transitioned many of our employees to working remotely from home while maintaining production and business activities, as well as ensuring the health and safety of all our employees. I would like to express my sincere respect and gratitude to the entire Company Staff for their support in these challenging times.

During these tough months we've set up various measures, including donations of \$1.2 million dollars and other efforts, as part of our commitment to help families and individuals who have been affected by the economic impact of the COVID-19 crisis. We will implement many more in the future, prioritizing our most valuable assets: our people and communities' safety and wellbeing. I reiterate that our Company is solid, and we are positioned well to overcome the challenges as we have done in the past.

I share with you in the following pages the operational and financial results of Becele for 2019. I am proud to inform that despite the increasingly competitive market and challenging industry conditions; we were able to meet and surpass our targets through strong strategies that helped us maintain our position as an industry leader.

UNDERLYING NET SALES INCREASE

9.2%

PS.\$29,348 MILLION PESOS

8.1% UNITED STATES AND CANADA

16.0% MEXICO

2.9% REST OF THE WORLD

We closed the year with excellent top line growth, in which our product categories had strong growth across all regions. Our portfolio has some noteworthy achievements in 2019, such as our premium Tequila and our super premium brands growing double digits in the United States. Jose Cuervo Especial, our largest brand, is growing in the high single digit range, demonstrating the strong brand equity it has built throughout years of hard work and heritage. Jose Cuervo Especial remains the number one brand in the Tequila category in the world.

Our total underlying volume was 22.1 million nine-liter cases, which reflects an 8% increase in the United States and Canada, 8% growth in Mexico and 3% in the Rest of the World Region.

Our underlying net sales increased 9%, amounting to \$29,348 million pesos. Net sales increased 8% in United States and Canada, 16% in Mexico and 3% in the Rest of the World. We accomplished these outstanding results driven by the strength of our brands, showing volume growth in line with our ongoing premiumization strategy. Testament to the strength of our Company, Proximo Spirits, Inc. ended 2019 being the fastest growing multi-brand spirit company in the United States, according to Nielsen market data.

Our categories possess strong momentum, which speaks to our attractive brand portfolio and favorable positioning in key growth categories in high growth markets. The volume of the Jose Cuervo Tequila family of brands grew 9% versus the prior year.

The rest of our Tequila brands had 9% growth and our Other Spirits portfolio of brands increased 5%. In a highly competitive category, our Ready-To-Drink brands generated an increase of 9% compared to the prior year. In addition to this, our Non-Alcoholic portfolio delivered 4% growth.

Despite the challenging conditions in the agave market due to escalating costs and super-premium Tequila strong growth, we continue growing, as we increase pricing to offset production costs. We have increased our plantations to satisfy demand. Our growth has been fueled specifically by the premium tequila category.

Looking to the future, we continue to expand our operations and distilleries. We have embarked on our third tequila distillery in Jalisco, and we have initiated the expansion of our Old Bushmills facilities in Northern Ireland, to support our growing Irish whiskey category for the years to come.

We are a company with the best corporate citizenship practices, socially and sustainably committed with our global communities, customers, employees and the environment. We strive to actively support our stakeholders, especially in these challenging and unique times.

I sincerely thank our shareholders, customers, employees and stakeholders for their unrelenting support and confidence in BeCLE. I am convinced that together we will overcome all challenges and maintain our consistent success.



**JUAN DOMINGO
BECKMANN LEGORRETA**
CHIEF EXECUTIVE OFFICER, BECLE S.A.B. DE C.V.

F I N A N C I A L P E R F O R M A N C E

“In 2019 the Company had a good performance, in which all categories in all regions, delivered growth at a good pace, and several of our brands had significant milestones.”

FERNANDO SUÁREZ
CHIEF FINANCIAL OFFICER

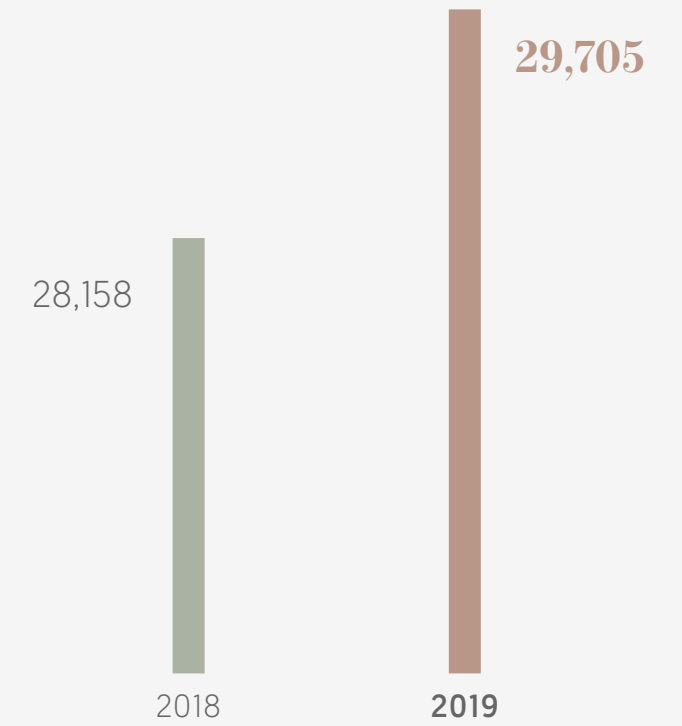
22.1

MILLION NINE-LITER CASES
WORLDWIDE | +4.9% VS. 2018

[PS. \$MM]	2018	2019	VARIATION %
Net sales	28,158	29,705	5.5
Cost of goods sold	11,975	14,039	17.2
Gross Profit	16,183	15,666	(3.2)
Advertising, marketing and promotion	6,580	6,425	(2.4)
Distribution	1,242	1,041	(16.2)
Sales and administration	2,759	2,950	6.9
Other expense (income), net	60	(160)	(368)
Operating income	5,543	5,410	(2.4)
Financing results	387	263	(32.1)
Equity method on associates	9	0	(100.0)
Income before income taxes	5,146	5,147	0.0
Total income taxes	1,113	1,430	28.4
Consolidated net income	4,033	3,718	(7.8)
EBITDA	6,074	6,096	0.4
Earnings per share	1.13	1.04	(7.9)

“Consumer takeaway for our brands in the U.S., as measured by Nielsen data, grew over the last 3 months of 2019 by 7.3%, outpacing all major multi-branded distributors in the industry.”

MICHAEL KEYES
PRESIDENT AND CEO OF PROXIMO SPIRITS



NET SALES ¹

“Strategically it is important for the Group to have a more balanced share of business across the globe closer reflecting the weight of premium spirits.”

GORDON DRON
MANAGING DIRECTOR EMEA AND APAC

¹ Million pesos

- 01 TEQUILA
- 02 WHISKEY
- 03 VODKA
- 04 RUM
- 05 MEZCAL
- 06 GIN
- 07 READY TO DRINK COCKTAILS
- 08 NON-ALCOHOLIC BEVERAGES



We are focused on premiumization, with a unique portfolio of 30 iconic brands, in key fast-growing spirit categories, built upon an innovation focus and value enhancing Mergers and Acquisitions (M&A).

D I V E R S I F I E D P O R T F O L I O

- 01 TEQUILA
- 02 WHISKEY
- 03 VODKA
- 04 RUM
- 05 MEZCAL
- 06 GIN
- 07 READY TO DRINK COCKTAILS
- 08 NON-ALCOHOLIC BEVERAGES

BECLE VOLUME

22.3

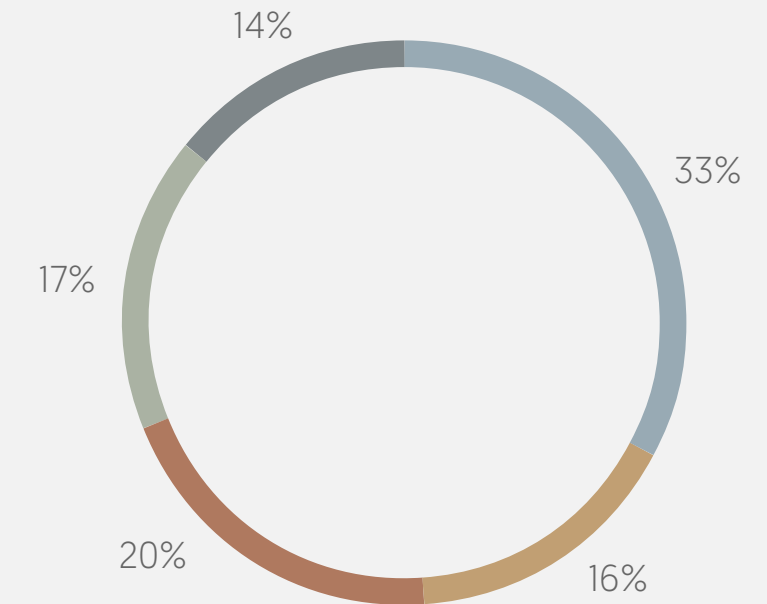
MILLION NINE-LITER CASES
WORLDWIDE | +4.9% VS. 2018

BECLE NET SALES

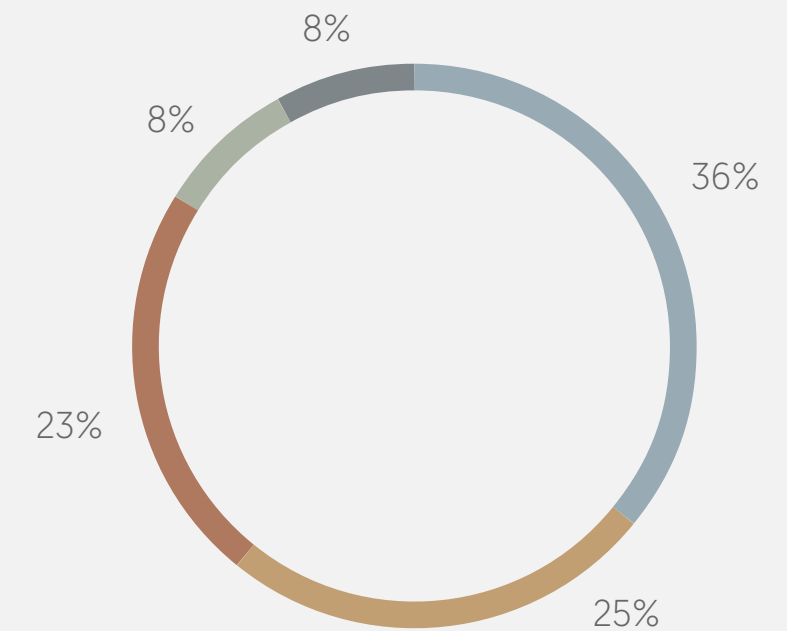
PS. **\$29,705**

MILLION PESOS | +5.5% VS. 2018

- JOSE CUERVO
- OTHER TEQUILAS
- OTHER SPIRITS
- NON ALCOHOLIC AND OTHER
- READY TO DRINK



VOLUME BY
CATEGORY



NET SALES
BY CATEGORY

Millennials are eager to try and embrace variety and specialness innovation, they are looking for distinctiveness. For 2019, we introduced more Cristalino brands in the US to compete in the ultra-premium segment, one of the fastest growing Tequila Category globally.

T E Q U I
L A 01



JOSE CUERVO FAMILY

JOSE CUERVO
ESPECIAL



JOSE CUERVO
TRADICIONAL



RESERVA DE
LA FAMILIA



VOLUME

7.3 MILLION

NINE-LITER CASES | +9% VS. 2018
32.7% OF TOTAL VOLUME

NET SALES

PS. **\$10.7** MILLION

PESOS | +11.5% VS. 2018
36.0% OF TOTAL NET SALES



ALEJANDRO CORONADO
BECLE'S TEQUILA MASTER DISTILLER

The master distiller for the oldest tequila company in the world, Alejandro's art and science is to balance innovation along with craftsmanship and tradition to have the best quality tequilas.



OTHER TEQUILAS



1800



GRAN
CENTENARIO



MAESTRO
DOBEL

VOLUME

3.5 MILLION

NINE-LITER CASES | +9.3% VS. 2018
16.0% OF TOTAL VOLUME

NET SALES

PS. **\$7.4** MILLION

PESOS | +13.5% VS. 2018
25.1% OF TOTAL NET SALES



Tequila Regulatory Council (CRT) reported that 2019 ended as the most successful year for the agave-tequila production chain. At the closing of 2019, 351.7 million liters of Tequila were produced, which is equal to 669 liters per minute. The CRT stated in a release: “This figure is 12 percent higher than 2008, which was recorded as the year with the highest production with 312 million liters.



BECLE

- *Operations unit in Guadalajara, Jalisco*
- *Rojeña and Los Camichines Distilleries*
- *EDISA Bottling Company*



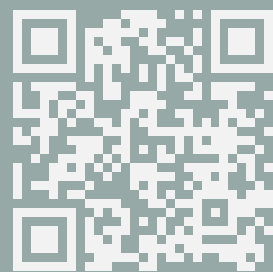
BECLE

- *Headquarters*
- *CDMX*

2019 TEQUILA CAMPAIGNS

TEQUILA
1800.
CRISTALINO

THE ADVENTURE OF A DROP

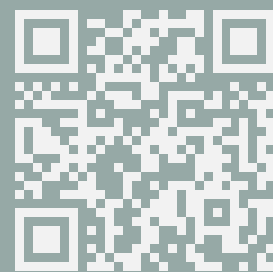
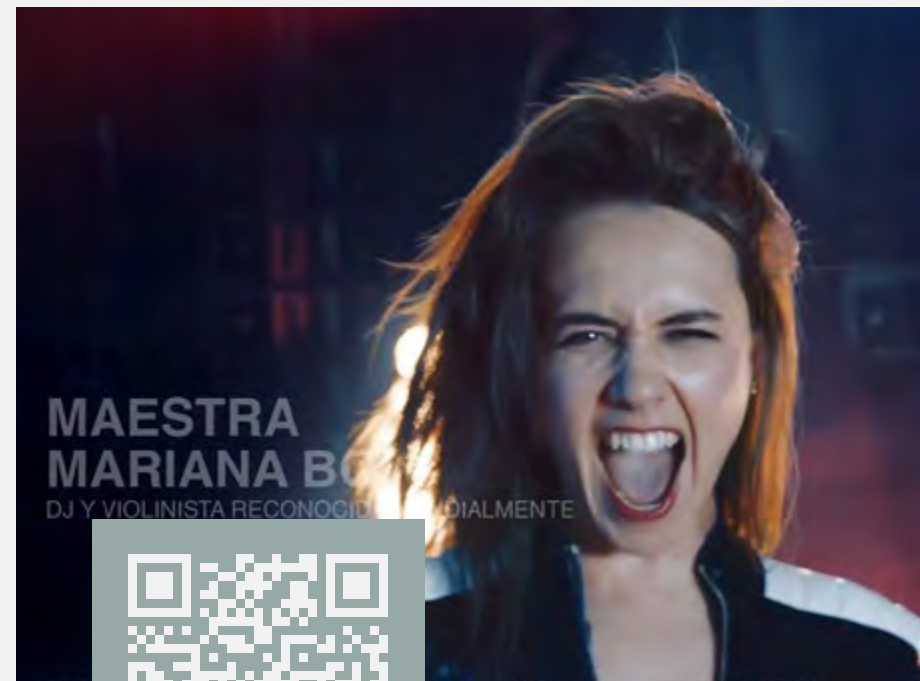


WATCH
The adventure of a drop

- A cinematic journey behind the making of Tequila 1800 Cristalino.
- Director and Cinematographer: Bruno Aveillan 2019.

MAESTRO
DOBEL.
TEQUILA

TIERRA DE MAESTROS



WATCH
Tierra de Maestros

- Three great Mexican Masters recognized worldwide come together to show the passion, strength and dedication that characterize Mexico.

Jose Cuervo®

JOSE CUERVO
MARGARITA ESPECIAL



- Margarita La Diosa de la Cumbia was the main character.
- Different ways to prepare a Margarita.

O T H E R S P I R I T S

We hold an extensive portfolio of over 15 leading Spirits brands.

We are well positioned in the right categories, and continue to invest and develop our brands. According to Nielsen reports, in 2019, the categories that outpace the Spirits industry are: Tequila, Irish and American whiskey in volume and value. We have a leading position in Tequila, and have made significant progress in the Whiskey category, in both Irish and American.



VOLUME

4.4 MILLION

NINE-LITER CASES | +5.1% VS. 2018
19.9% OF TOTAL VOLUME

NET SALES

PS. **\$6.7** MILLION

PESOS | +2.8% VS. 2018
22.8% OF TOTAL NET SALES

01
02 **WHISKEY**
03
04
05
06
07
08

We are one of the world's top Irish Whiskey producers, holding a strong market position in high growth for Irish whiskey, which is set to continue to be one of the fastest growing categories in the world in coming years. We will continue being active with new brand launches and formats for both Irish and American Whiskey.

W **H** **I** **S**
K **E** **Y**



02

IRISH WHISKEY



BUSHMILLS



SEXTON

NORTH AMERICAN WHISKEY



STRANAHAN'S



TINCUP



PENDLETON



BLACK DIRT



HELEN MULHOLLAND
BUSHMILLS MASTER BLENDER

The first female master blender in Ireland, known as the “nose” of Bushmills, she is the one who determines the ideal mixes and assemblies to get unique profile whiskeys.

“Whiskey manufacturers are rising to the challenge to widen this spirit’s appeal. In the months ahead, expect to see more innovative takes on distilling, non-traditional whiskey mash bills, wood aging and distinctly new flavor profiles to attract a broader demographic.”

NIELSEN TRENDS 2020



OLD BUSHMILLS DISTILLERY
Northern Ireland, UK



2019 WHISKEY CAMPAIGNS



RED.SET.GO



- Red Bush campaign.
- Aimed to target millennial market, our next generation of whisky drinkers.



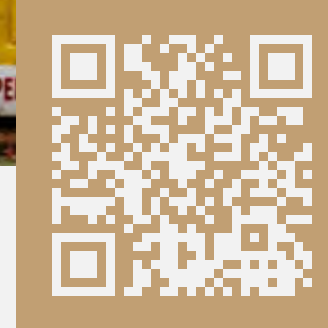
OWN THE NIGHT



- Photography exhibition with images of both amateur and professional photographers that marked the launch of our new Irish whiskey.



ROUND UP



KNOW MORE
Pendleton Round Up

- National TV campaign for Pendleton whiskey new bottle design.
- Rodeo has always been the heart of Pendleton Whiskey.
- It invites viewers to learn more about the world of rodeo.

In the vodka category, Three Olives – premium vodka– and Ultra-Premium Hangar One sales increased during the last year, mainly due to the inclusion of different flavors in our brands, as well as successful advertising campaigns.

V O D
K A



THREE OLIVES



HANGAR 1



According to Nielsen, trends will “continue to be heavily influenced by the ‘Better-for-you’ movement,” with more diet and sugar free vodkas and flavored expressions.



BECLE is a global innovator of quality spirits that create excitement with every sip.

“Always on the lookout for what’s next, BECLE builds brands and invents new products to meet the world’s changing tastes and trends in memorable new ways.”

“The future of spirits is coming. Enjoy what’s next.”

PROXIMO DISTILLERIES
Indiana, Colorado, California
and New York. (United States)



01
02
03
04 RUM
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08

Innovation and premiumization has been the double digit growth above category average and gain market share in the United States for our Rum brands. Europe, Middle East, Australia and Pacific regions were not the exception where Kraken, our premium rum, delivered a dynamic 20% growth during the year.

R U M





KRAKEN



OWNEY'S



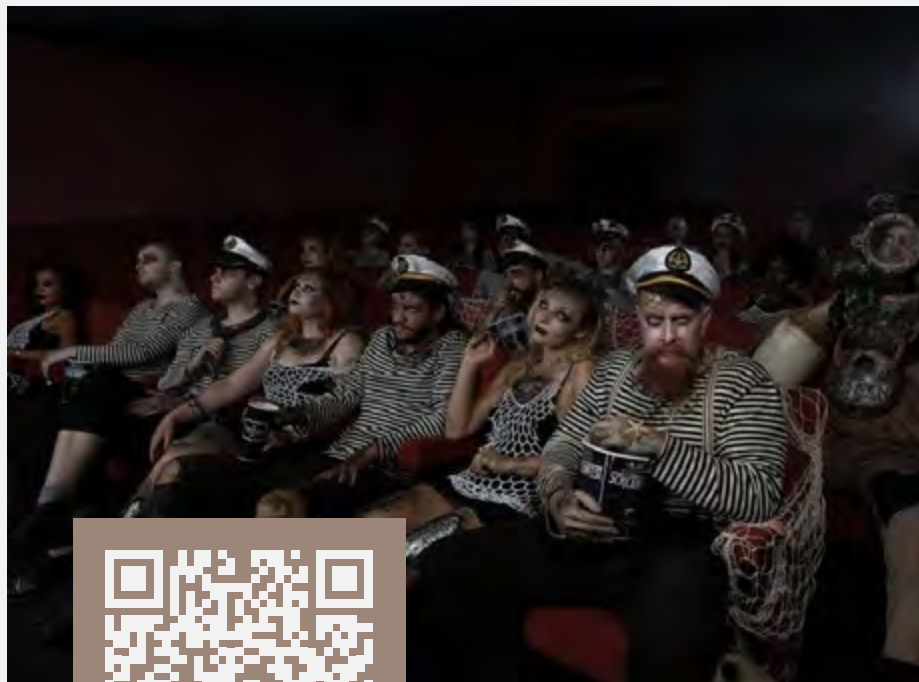
MATUSALEM



2019 RUM CAMPAIGNS



SCREAMFEST



WATCH
Kraken Scremfest

- Rolled out across several European markets.
- Awarded with the first ever Cinema Rating by a spirit's brand.
- Designed for brave partygoers to experience a truly terrifying night accompanied by Kraken rum.



BUS WRAP



- Bus side advertising.
- Tunnel wrap for Angel tube station, London, England to advertise Kraken Rum.



THIS IS RUMBA



- Campaign in Mexico whose purpose was to share with the public the magic of Matusalem and how everyone feels about it.

Our new Mezcal Joven Creyente is based on a philosophy that anything is possible.

We will continue our efforts to grow our premium mezcal market, following our premiumization strategy for the upcoming years and agave diversification.

M **E** **Z**
C **A** **L**



05



CREYENTE



400 CONEJOS

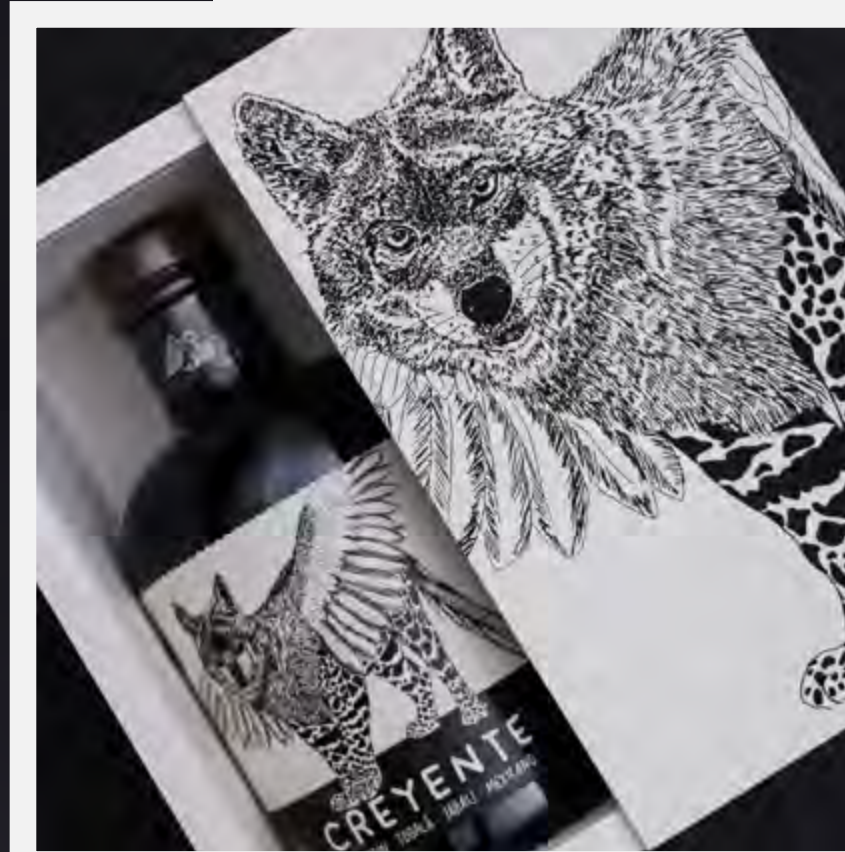
According to IWSR figures from 2018, 400 Conejos continues to be the largest Mezcal brand in Mexico.



MEZCAL FACTS

“Mezcal’s production is still very traditional, with recipes passed down through generations and produced without electricity.”

“Drinking mezcal has grown from a ritualistic regional tradition to become one of the most popular drinks in Mexico.”



Creyente Salvaquimera

- Charitable project in the Company.
- Limited edition of 200 bottles with an artistic intervention.
- Profit from sales will be donated to the Panthera Foundation which takes care of the Mexican wolf, macaw and the jaguar.

01
02
03
04
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06 GIN
07
08

| G | I | N



06



BOODLES



“Through a more premium experience and lower sugar content of mixers, we expect gin and tonics to grow in popularity over the next year and finally have their moment in the spotlight.”

NIELSEN TRENDS 2020

- 01
- 02
- 03
- 04
- 05
- 06
- 07 READY TO DRINK COCKTAILS
- 08

READY TO DRINK COCKTAILS

In the United States, year-to-date our Ready to Drink offerings are up 4%. We have extended our flavor offerings on our 200 milliliters Ready-to-Drink margarita line to capitalize on this increasing trend to single serve convenient sizes.



07

1800 ULTIMATE MARGARITA



JOSE CUERVO AUTHENTIC MARGARITA



GOLDEN MARGARITA



VOLUME

3.0 MILLION

NINE-LITER CASES | +9.2% VS. 2018
13.7% OF TOTAL VOLUME

NET SALES

PS. \$2.5 MILLION

PESOS | +8.9% VS. 2018
8.4% OF TOTAL NET SALES



JOSE CUERVO PALOMA



KRAKEN RUM AND COLA



N O N - A L C O H O L I C
B E V E R A G E S



08

SANGRITA VIUDA
DE SANCHEZ



JOSE CUERVO
MARGARITA MIX



VOLUME

3.9 MILLION

NINE-LITER CASES | -8.1% VS. 2018
17.6% OF TOTAL VOLUME

NET SALES

PS. **\$2.2** MILLION

PESOS | -26.9% VS. 2018
7.7% OF TOTAL NET SALES



B: O O S T



THE KRAKEN STORM,
BLACK GINGER BEER



M A N A G E M E N T D I S C U S S I O N A N D A N A L Y S I S

During the full year of 2019, total volume growth was 4.9% to 22.3 million nine-liter cases, on reflecting a 3.7 % increase in the U.S. and Canada, 8.2% increase in sales volumes in Mexico and a 1.7% increase in the Rest of the World region.

Volume of Jose Cuervo grew 9.0% versus the prior year and represented 32.7% of total volume for the full year of 2019. The Company's Other Tequila brands represented 16.0% of total volume and increased 9.3% compared to the prior year. The Company's Other Spirits brands represented 19.9% of total volume in the period and increased 5.1% over the full year of 2018. Volume of Non-alcoholic and Other represented 17.6% of total volume, decreasing 8.1% compared to the prior year driven by the non-renewal of the distribution agreement for the The Cholula Food Company brand in April of 2019. Volume of ready-to-drink (RTDs) represented 13.7% of total volume and increased by 9.2% compared to the prior year period.

Net sales during the full year 2019 increased 5.5 % to P\$29.7 billion pesos compared to the same period in 2018, driven by volume growth, higher average net selling prices per case and price increases, primarily reflecting the favorable sales mix toward premium spirits brands. Net sales in U.S. and Canada increased 2.8%, versus the same period last year, driven by both volume growth and favorable sales mix. Mexico net sales increased by 15.8% over the prior year period as a result of volume growth and higher average net selling prices per case as a result of favorable sales mix and price increases. Net sales of the Rest of the World region increased 1.6% over the full year of 2018, also reflecting volume growth and a higher sales mix of premium spirits brands.

Net sales of Jose Cuervo represented 36.0% of total net sales for the full year of 2019 and reported an increase in net sales of 11.5% compared to 2018. The Company's Other Tequila brands represented 25.1% of total net





sales and increased net sales 13.5% compared to the prior year. The Company's Other Spirits brands represented 22.8% of total net sales in the period and reported a 2.8% increase in net sales compared to the full year of 2018. Net sales of Non-Alcoholic and Other represented 7.7% of total net sales with net sales increasing 4.3% on an underlying basis (-26.9% reported) compared to the prior year driven by the non-renewal of the distribution agreement for the The Cholula Food Company brand in April of 2019. Net sales of ready-to-drink (RTDs) represented 8.4% of total net sales and reported an increase of 8.9% compared to the prior year.

Gross profit during the full year of 2019 decreased 3.2% over the same period in 2018 to P\$15,666 million pesos. Gross margin was 52.7% for the full year of 2019 compared to 57.5% for the full year of 2018. Gross margin was negatively impacted primarily by increases in third-party agave supply costs and lower production efficiencies; reflecting the impact of higher demand of super premium tequila along with the industry-wide sourcing of younger agave plants, affecting our distilling efficiency, and to a lesser degree the Mexican peso appreciation against the U.S. Dollar impacting our net sales.

During the full year of 2019, operating income profit decreased 2.4% to P\$5,410 million pesos compared to the prior year. Operating margin decreased to 18.2% as compared to 19.7% in the prior year period.

EBITDA for the full year of 2019 increased by 0.4% to P\$6,096 million pesos compared to P\$6,074 million pesos during the full year of 2018. EBITDA margin decreased to 20.5% compared to the 21.6% of 2018.

Net financial results were a loss of P\$263 million pesos during the full year 2019, primarily driven by a net interest expense and partially offset by a net foreign exchange gain during the year.

Consolidated net income in the full year of 2019 was P\$3,718 million pesos, a 7.8% decrease compared to the prior year period. Net margin was 12.5% for the full year. Earnings per share were Ps. \$1.04 compared to Ps. \$1.13 in 2018.

C O R P O R A T E G O V E R N A N C E



Our Corporate Governance is made up of the Board of Directors, the Audit and the Corporate Practices Committee.

Our Board of Directors is responsible for our business management. It complies with international practices, as well as the regulation imposed by the Mexican Stock Exchange and the Securities Market Law.

It is comprised by nine proprietary members and two alternates, of which five are independent. Directors are elected for one-year terms at the Annual Ordinary Shareholders' Meeting; they may be reelected and must remain in their positions until a successor has been appointed. All current directors were elected or ratified in their positions on June 22, 2020.

BOARD RESPONSIBILITIES

- Establish the general strategy for managing the Company and the legal entities controlled by BECLE.
- Represent the Company and take any legal actions and adopt any determinations it

deems necessary or convenient to achieve the corporate purpose.

- Ensure that the resolutions of the Shareholders' Meetings are executed, which may be performed by the Committee responsible for audit activities. One statutory committee assists the board to oversee the company's management and direction.

AUDIT AND CORPORATE PRACTICES COMMITTEE'S RESPONSIBILITIES

- Evaluate the work of Company's external auditors.
- Oversees the management, conducts and execution of the company's business.
- Analyze the external auditors' reports and inform the Board of Directors of any irregularity relating to internal controls.
- Supervise related party transactions and the activities of the Chief Executive Officer.
- Submit an Annual Report to the Board of Directors and to Shareholders.

BOARD OF DIRECTORS

AS OF JULY 2020

JUAN FRANCISCO BECKMANN VIDAL
CHAIRMAN

JUAN DOMINGO BECKMANN LEGORRETA
REGULAR MEMBER

MICHAEL VERDON CHEEK
REGULAR MEMBER

JOHN RANDOLPH MILLIAN*
REGULAR MEMBER

RICARDO CERVERA LOMELÍ*
REGULAR MEMBER

ALEXANDER GIJS VAN TIENHOVEN*
REGULAR MEMBER

SERGIO VISINTINI FRESCHI*
REGULAR MEMBER

KAREN VIRGINIA BECKMANN LEGORRETA
REGULAR MEMBER

RONALD ANDERSON*
REGULAR MEMBER

CARLOS JAVIER VARA ALONSO*
ALTERNATE BOARD MEMBER

FERNANDO SUÁREZ GERARD
ALTERNATE BOARD MEMBER

CYNTHIA CORRO ORIGEL
ALTERNATE SECRETARY

AUDIT AND CORPORATE PRACTICES COMMITTEE

SERGIO VISINTINI FRESCHI
CHAIRMAN

JOHN RANDOLPH MILLIAN
MEMBER

RICARDO CERVERA LOMELÍ
MEMBER

MANAGEMENT TEAM

JUAN DOMINGO BECKMANN LEGORRETA
CHIEF EXECUTIVE OFFICER

MAURICIO GIORDANO FERREIRA
GLOBAL SUPPLY CHAIN DIRECTOR

FERNANDO SUÁREZ GERARD
CHIEF FINANCIAL AND ADMINISTRATION OFFICER

MICHAEL KEYES
PRESIDENT AND CEO OF PROXIMO

LUIS FERNANDO FÉLIX FERNÁNDEZ
MANAGING DIRECTOR, MEXICO AND LATAM

GORDON DRON
MANAGING DIRECTOR, EMEA AND APAC

DANIEL GERARDO LORIA SAVIÑON
MANAGING DIRECTOR, HUMAN RESOURCES

JORGE SCORIA
INTERNAL AUDIT DIRECTOR



*Independent Member

CODE OF CONDUCT



Our Code of Conduct guides the behavior of our employees and stakeholders in aspects that could lead to ethical and legal problems if conducted incorrectly. Our business relations are based on our values and commitment to act always honestly, with ethics and transparency. We also have a Suppliers Code of Conduct which guides the relations with our suppliers, and which is based on the 10 principles of the United Nations Global Compact.

The main issues addressed in our Code of Conduct are, among others: respect, inclusion, harassment free environment, wellbeing, health and safety, conflict of interest, key principles regarding responsible consumption of alcoholic beverages, as well as anti-corruption guidelines and for proprietary information.

Our Ethics Committee is responsible of promoting an integrity culture and compliance of the company's Code of Conduct and policies, as well as to ensure that we comply with all the applicable regulations in every country where we have presence for all our operations.

All our employees must have an annual certification that ensures they know and act following our Code of Conduct. Likewise, we have set up an anonymous whistleblower line where our associates can report any deviation to the Company's Code of Conduct and policies.

S O C I A L R E S P O N S I B I L I T Y



In Mexico, for the 14th year, we obtained the Socially Responsible Company Distinction by the Mexican Center for Philanthropy (CEMEFI), which evaluates the scopes: Environmental care, Business ethics, Community engagement, Quality of life and Responsible alcohol consumption.

O U R T E A M



“We respect and support all our employees, seeking above all, their development, quality of life and the best possible environment.”

At BECLE, we respect and support all our employees, seeking above all, their development, quality of life and the best possible environment. We offer them competitive benefits and compensations above the Law, and we follow and respect all Labor Law regulations in the countries where we have operations. We are a diverse and inclusive company which respects ideologies and sexual preferences.

All facilities practice equal opportunity employment and promote a non-discriminating work environment. To encourage personal and professional growth, we consider our internal staff before seeking external resources to fill our vacancies.

Convinced that their training and development, benefits not only them but the entire company, we offer technical and functional training, through programs developed for different skills outlined by the company. Likewise, we have set up indicators for objective achievements and performance.

PASST (*Programa de Autogestión en Seguridad y Salud en el Trabajo*) from the *Secretaría del Trabajo y Previsión Social*



7,324
EMPLOYEES

We implement action plans focused on the results of our Organizational Climate Survey to reiterate our commitment to continuous improvement in leadership, people development, institutional and communication issues, among others.

We have a Comprehensive Management Policy and established the Safety and Hygiene Commission which oversees all Health and Safety issues for our employees. As well, we have been certified by the Self-Management Program in Occupational Safety and Health (PASST-2) of the Ministry of Labor and Social Welfare which endorses all our plant's procedures.

Our Code of Conduct and internal work regulations govern the behavior of employees and must always be followed, to preserve the good working environment of our company.

In Proximo, safety is our highest priority, all our facilities have comprehensive and documented safety protocols for all employees and site visitors with routine/reinforcement training and performance measurement; 100% compliance OSHA required training which has resulted in total OSHA recordable incident rates of 50% below national average and we participate in internal and external programs to support safe work practices.

R E S P O N S I B L E C O N S U M P T I O N

We promote responsible and moderate consumption of spirits, aiming to safeguard our consumers' health. Hence, we oppose the informal alcoholic market, discourage drinking and driving, prevent consumption by minors and encourage absolute respect towards abstinence.

For many years now, we have been supporting *Fundación de Investigaciones Sociales, A.C. (FISAC)* –a nonprofit social research organization that since 1981 has been promoting campaigns to raise social awareness about the risks associated with excess alcohol consumption– which we currently preside.

The institution carries out media, billboard and written campaigns to promote the

message of prevention and encourage a culture of moderation and responsible consumption in four main axes: no drinking behind the wheel, zero alcohol consumption for minors, respect for abstinence and moderation in consumption.

We have participated in diverse campaigns such as responsible consumption, respect to abstinence, no alcohol sale to minors, in the countries where we have operations. In 2019 we took part of “*No tomes y manejes*” (Don't drink and drive), national strategy for the prevention of the consumption of alcoholic beverages and operating vehicles or machinery, among others. Besides, all of our websites and social networks include age gateways. In 2020 we will be giving lectures at the universities about responsible consuming.

“All our brands’ websites have age verification systems to restrict access to digital content for minors and discourage their consumption.”



COFEPRIS (*Comisión Federal para la Protección contra Riesgos Sanitarios*). We are compliant with all COFEPRIS regulations and our marketing and advertising campaigns are submitted to them before launch.

R E S P O N S I B L E O P E R A T I O N

All our business relations with suppliers are regulated through our Suppliers Code of Ethics, which include clauses specifically for child labor, force labor, work hours, health and safety.

We comply with all the regulations from the countries where we have operations as well as the official Mexican normativity.

Our production facilities hold several certifications that guarantee the quality and excellence of our products.

Likewise, we have set up procedures that establish protocols to deal with deviations and non-conformities detected, both in product, process and finished product, as well as in packaging material, raw material, bulk products and process manufactured products.

We issue warning and rejection reports to suppliers, requesting the implementation of action plans. Additionally, feedback sessions are scheduled in which their performance is

reviewed which include quality index result (audits, functionality and lots acceptance results), quality issues (agreed quality), service index (negotiation elements), provider index and other service-related issues.

To ensure our products, raw materials, ingredients and packaging materials quality provided by external suppliers, we evaluate them in detail. In addition we implemented an internal “Agreed Quality”. Likewise, our annual training program includes topics related to quality and safety management systems, including manufacturing, HACCP (Hazard Analysis and Critical Control Points), ISO 9001 (Quality Management System “QMS”), risk management among others.

We continue assisting our consumers and clients, through the Consumer Assistance platform which helps us measure their satisfaction, as well as improve our brand positioning. Furthermore, this program manages all interactions through our brands’ social media.

- ISO 9001:2015 Quality Management Systems
- ISO 17025 General requirements for the competence of testing and calibration laboratories
- HACCP (Hazard Analysis and Critical Control Points) which requires that potential hazards are identified and controlled at specific points in the process.
- KMD Kosher. We undergo audits carried out by a Kosher certifier in our production facilities to guarantee that production lines comply with Kosher quality standards and specifications.
- CTPAT (Customs Trade Partnership Against Terrorism). Through this program, CBP (U.S. Customs and Border Protection’s) works with the trade community to strengthen international supply chains and improve United States border security.
- GMP Good Manufacturing Practices



C O M M U N I T Y
E N G A G E M E N T



Volunteering in facilities around the world, donations, projects with non-governmental organizations.














E N V I R O N M E N T A L M A N A G E M E N T



Our commitment with people and planet requires us to improve our value chain in all our operations. This means efficiency in the use of resources which includes, water, energy, emissions, and waste.

At Jose Cuervo we have a Comprehensive Management Policy, which guides our efforts to reduce the environmental impact of our processes, through the rational use of natural resources, incorporation of clean technologies and search of alternative and renewable resources, which includes annual reporting of environmental indicators.

Our production facilities hold several certifications that guarantee our products and operations' quality and excellence.

	EDISA BOTTLING FACILITY	CAMICHINES DISTILLERY	LA ROJEÑA DISTILLERY	TODOS LOS SANTOS RANCH AND SAN JUAN RANCH
Voluntary Environmental Compliance Program (SEMADET, Jalisco)				
Clean Industry (SEMARNAT)				
Self-Management Program in Occupational Health and Safety (STPS)				
ISO-14001: 2015				
Management Stages Authorization (SEMADET, Jalisco)				
Residuals treatment plant				
Natural gas decompression station				

ENVIRONMENTAL INITIATIVES



WATER FOOTPRINT

In all our production plants, we installed wastewater treatment plants, which help clean waters from processes to return to the subsoil or rivers, according to the regulations included in the NOM-001 from the Ministry of the Environment and Natural Resources.

CARBON FOOTPRINT

Emissions

Our initiatives to reduce emissions from our productions, include:

- Use of natural gas instead of fuel oil on boilers burners, for steam generation. Natural gas produces less CO₂, avoiding combustion particles and reducing carbon monoxide emissions.
- Use of solar concentrators to preheat water for boilers, consisting of solar panels to heat water which is later stored in containers. This system reduces the use of diesel to heat water, avoiding carbon footprint.

- Our Rojeña production facility has a residuals treatment plant, through which it generates biogas used in boilers and other services to reduce CO₂ emissions. In addition, we have installed a heat exchanger which uses the energy produced after de plonk distillation and the use of cogenerated electric power.

Energy

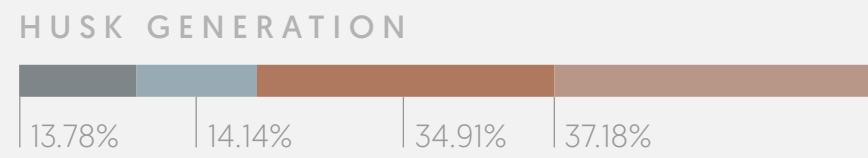
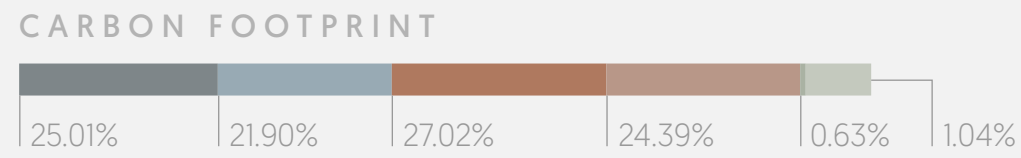
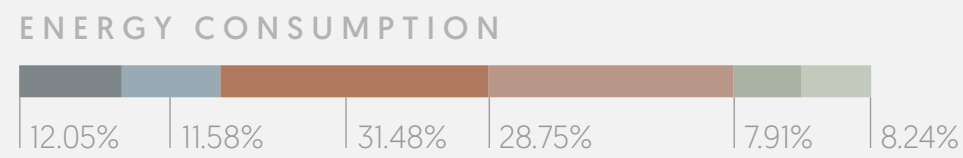
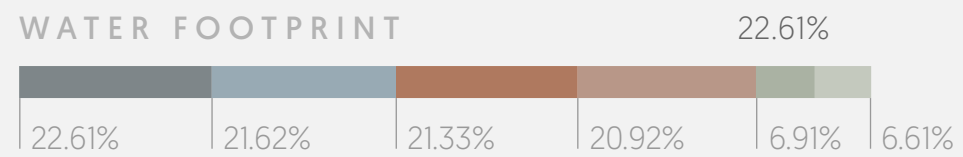
- Clean electricity generation contracts, which reduce emissions and improve our carbon footprint.
- Installation of translucent sheets in our facilities, as well as thermal insulators.
- Use of cogenerated electricity energy.
- Purchase of clean energy produced by the burning of sugarcane husks, which produce an extremely low amount of emissions.

CAMICHINES DISTILLERY

-24% REDUCTION

WATER CONSUMPTION PER LITER OF TEQUILA (L/L) VS. 2018

TOTAL CONSUMPTIONS



- LA ROJEÑA DISTILLERY 2018
- LA ROJEÑA DISTILLERY 2019
- CAMICHINES DISTILLERY 2018
- CAMICHINES DISTILLERY 2019
- EDISA BOTTLING FACILITY 2018
- EDISA BOTTLING FACILITY 2019

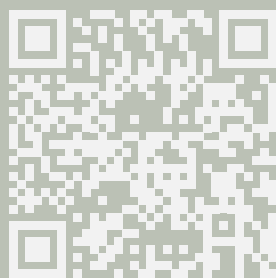
LA ROJEÑA DISTILLERY

-18% REDUCTION

ELECTRIC ENERGY CONSUMPTION PER LITER OF TEQUILA (KWH/L) VS. 2018

AGAVE PROJECT

CASE STUDY



Know more

“The project’s latest creation is a more sustainable alternative to regular plastic straws made from upcycled agave fibers: a first-of-its-kind biodegradable, bio-based drinking straw that will decompose up to 200 times faster than regular plastic.”

On December 2019 — Jose Cuervo Tradicional® — the original 100% agave tequila — in partnership with BioSolutions Mexico and the production team at Mexico-based PENKA, launched “The Agave Project”, a new initiative that continues BECLE’s commitment to the land and people of Tequila and Mexico and the potential of the agave plant.

This innovation project offers a new sustainable alternative for the spirits industry, utilizing the many tons of fibrous material left over from the tequila-making process.

The new recyclable straws made out of an agave bio-based composite —FDA approved— replace around a third of the polymers used in traditional straw production, and at the end of its lifecycle can be consumed by microorganisms to fully biodegrade within one to five years in landfill conditions, timing that has been lab tested in accordance with several internationally recognized guidelines and standards. All straws are recyclable and biodegradable in landfills, initiating its biodegradation process after 12 months and taking between 12-60 months to complete according to the exact landfill conditions.



C O N S O L I D A T E D

F I N A N C I A L

S T A T E M E N T S

I N D E P E N D E N T A U D I T O R S ' R E P O R T

*To the stockholders
and board members of
Becele, S. A. B. de C. V.*

*(figures stated in thousands
of Mexican Pesos)*



OPINION

We have audited the consolidated financial statements of Becele, S.A.B. de C.V. and its subsidiaries (the Company) which comprise the consolidated statement of financial position as at December 31, 2019, and the related consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's "Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are

independent of the Company in accordance with the Ethics Standards of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RECOVERABLE AMOUNT OF INDEFINITE-LIVED INTANGIBLE ASSETS

As mentioned in Notes 2.13 and 12 to the consolidated financial statements, the Company performs annual impairment tests on indefinite-life intangible assets

(trademarks and goodwill). Those tests are based on the estimated recoverable amount of such assets, determined through projected future cash flows of each Cash Generating Unit (CGU) related to those assets.

We have focused on this matter in our audit, mainly due to the importance of the book value of the Company's indefinite-life intangible assets (Ps. 20,256,931 as of December 31, 2019), and because significant judgments for determining the recoverable amount thereof are involved.

We particularly focused our audit efforts on:

- 1) Management's process to identify the CGU;
- 2) Key assumptions used in the projected future cash flows, such as: revenue growth rate, costs and expenses behavior related to revenues; and the discount rate used to discount such cash flows.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We evaluated the Company's analysis to identify each CGU, considering the geographic zones where the Company operates and the identified operating segments.

We evaluated and considered the projected future cash flows prepared by Management and processes to prepare them, comparing such projections with historical trends and budgets approved by the Company's Board of Directors.

We compared actual results for the current year to this year's budget, in order to identify whether any of the assumptions included in the projected future cash flows could be considered overly optimistic.

We compared the key assumptions used to perform the cash flow projections concerning the revenue growth rate, as well as costs and expenses related to revenues, to the Company's historical trends.

With our valuation experts' support, we compared:

- The methodology used to estimate the recoverable amount with that commonly used in the market for this type of assets.
- The discount rate used to discount the future cash flows with an estimated market rate, considering the Company's leverage ratio, the expected short and medium-term leverage ratio and the industry optimal level.

We discussed with Management the sensitivity analysis and evaluated to what extent the assumptions needed to be modified, to occur an impairment adjustment.

Additionally, we evaluated the consistency of disclosures contained in the notes to the financial statements with the information provided by Management.

ADOPTION OF THE NEW ACCOUNTING STANDARD IFRS 16 "LEASES"

As mentioned in Notes 2.1.3.1 and 15 to the consolidated financial statements, effective January 1, 2019, the Company adopted, the new standard IFRS 16 "Leases" (IFRS 16). Due to this adoption, the Company has recognized the right-of-use asset and lease liabilities related to lease contracts, which had been classified as "operating leases" under the previous accounting standard. These assets and liabilities were measured at present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

We have focused on this matter in our audit, mainly due to the importance of the value of the right-of-use assets and lease liabilities recognized as of adoption date (Ps 1,904,392) and because determination of the present value of lease payments involves significant management's judgment.

We particularly focused our audit efforts on:

- 1) Management's process to identify lease contracts and their key data such as: start date of the contract term; amount of the fixed and variable lease payments, as well as the lease term and its renewal options;

- 2) Key assumptions used to calculate lease liabilities such as: determination of discount rates, and consideration of the extension option exercise of each contract's lease term.

HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We evaluated Management's process for the adoption and determination of the initial application impact related to IFRS 16. Particularly and by applying selective testing, we:

- Reconciled lease obligations disclosed in the notes to the previous year financial statements, with data used in the lease liability calculation.
- Evaluated Management's analysis regarding whether the service contracts include a lease, considering the contracts' clauses related to potential existence of identifiable assets.
- Evaluated that leases recorded as expenses in the consolidated statement of comprehensive income, based on the value of the underlying assets and their remaining term were less than 12 months, according to the relevant contracts.
- Compared key data included in the lease liability calculation such as: start date of the contract term, amount of fixed and variable lease payments, as well as lease term and its renewal options, with the relevant contracts.

- With our valuation experts' support, we evaluated the methodology used by the Company to determine the discount rates and compared such rates with estimated observable market rates and inputs, considering the segmentation condition of the lease contracts portfolio provided by the Company.
- Obtained the history of the extension option exercise of leases in previous years, considered by the Company to evaluate exercise of similar options in the future.

Additionally, we evaluated consistency of the disclosed information in the notes to the financial statements with previously detailed information.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the annual report presented to the National Banking and Securities Commission (CNBV) and the annual information presented to shareholders (but does not include the consolidated financial statements and our auditor's report thereon), which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH THE GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for

assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in

the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and subsidiaries audit. We remain solely responsible for our audit opinion.

We communicated those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

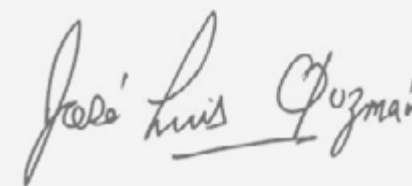
We also provided those charged with governance with a statement that we have complied with relevant ethical

requirements regarding independence and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S. C.



JOSÉ LUIS GUZMÁN
 AUDIT PARTNER
 MEXICO CITY, MARCH 9, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

[NOTES 1 AND 2]

[THOUSANDS OF MEXICAN PESOS [PS]]

ASSETS	NOTE	DECEMBER 31,			
		2019*		2018	
CURRENT ASSETS:					
Cash and cash equivalents	2.6 and 6	US\$ 510,908	Ps 9,628,169	Ps	12,027,931
Trade receivables - Net	2.7 and 3	493,226	9,294,939		8,536,421
Related parties	14	5,481	103,294		96,870
Recoverable income tax	2.8	41,502	782,106		1,055,771
Other recoverable taxes and receivables	2.8 and 7	33,813	637,217		544,593
Inventories	2.9 and 8	500,822	9,438,092		7,716,151
Biological assets	2.10 and 9	48,574	915,393		473,543
Prepayments	2.14	45,153	850,902		804,562
Total current assets		1,679,479	31,650,112		31,255,842
NON-CURRENT ASSETS:					
Inventories	2.9 and 8	264,829	4,990,747		4,399,291
Biological assets	2.10 and 9	144,299	2,719,349		2,432,679
Investments in associates	2.2 and 10	12,225	230,383		228,136
Equity investments at fair value	2.2 and 10	1,950	36,748		83,261
Property, plant and equipment - Net	2.11 and 11	368,512	6,944,677		5,506,305
Intangible assets	2.13, 4 and 12	755,097	14,229,951		14,663,673
Goodwill	2.13, 4 and 12	331,813	6,253,088		6,353,738
Right-of-use assets	2.1.3.1, 4 and 15	108,578	2,046,169		-
Deferred income taxes	2.19, 4 and 18	69,725	1,313,980		1,454,055
Employee benefits - net	2.20 and 16	13,316	250,939		269,798
Other assets	-	3,120	58,792		64,611
Total non-current assets		2,073,464	39,074,823		35,455,547
Total assets		US\$ 3,752,943	Ps 70,724,935	Ps	66,711,389

LIABILITIES	NOTE	DECEMBER 31,			
		2019*		2018	
CURRENT LIABILITIES:					
Short-term Senior Notes	2.16, and 13	US\$ 2,448	Ps 46,131	Ps	48,182
Trade payables	2.15	115,823	2,182,716		2,593,980
Related parties	14	3,629	68,382		48,801
Lease liabilities	2.1.3.1 and 15	23,644	445,582		-
Other accounts payable	2.17	209,316	3,944,604		2,400,690
Total current liabilities		354,860	6,687,415		5,091,653
NON-CURRENT LIABILITIES					
Long-term Senior Notes	2.16 and 13	495,864	9,344,657		9,745,014
Lease liabilities	2.1.3.1 and 15	90,358	1,702,822		-
Environmental reserve	2.18 and 22	6,258	117,924		121,125
Other long-term liabilities	2.32, and 17.3	10,126	190,823		314,036
Deferred income taxes	2.19, 4 and 18	216,984	4,089,090		3,567,750
Total liabilities		1,174,450	22,132,731		18,839,578
STOCKHOLDERS' EQUITY					
Capital stock	2.21 and 17	611,003	11,514,467		11,622,553
Share premium	2.21	815,321	15,364,892		16,426,406
Capital reserves	17	305,551	5,758,171		5,602,893
Retained earnings	17	630,417	11,880,337		8,984,722
Other comprehensive income	2.29 and 17	212,347	4,001,717		5,168,448
Stockholders' equity attributable to Controlling interest		2,574,639	48,519,584		47,805,022
Non-controlling interest	17.3	3,854	72,620		66,789
Total stockholders' equity		2,578,493	48,592,204		47,871,811
Contingencies and commitments	22 and 23				-
Total		US\$ 3,752,943	Ps 70,724,935	Ps	66,711,389

* Convenience translation to thousands of US Dollars [US\$], Note 2.1.1, supplementary information.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME, BY EXPENSES FUNCTION

FOR THE YEARS ENDED ON DECEMBER 31, 2019 AND 2018
[THOUSANDS OF MEXICAN PESOS (PS), EXCEPT EARNINGS PER SHARE]

	NOTE	YEAR ENDED ON DECEMBER 31,			
		2019*		2019	2018
Net sales	2.22 and 19	US\$ 1,576,252	Ps 29,704,781	Ps 28,158,210	
Cost of goods sold	20	744,972	14,039,147	11,974,906	
Gross profit		831,280	15,665,634	16,183,304	
Expenses:					
Advertising, marketing and promotion	20	340,921	6,424,715	6,580,182	
Distribution	20	55,235	1,040,914	1,241,703	
Selling	20	63,442	1,195,568	937,774	
Administrative	20	93,079	1,754,087	1,821,079	
Other (income) expenses - Net	20	(8,480)	(159,790)	59,625	
Total expenses		544,197	10,255,494	10,640,363	
Operating income		287,083	5,410,140	5,542,941	
Interest income	2.28	(10,534)	(191,321)	(193,097)	
Interest expense	2.28	28,429	528,551	431,558	
Foreign exchange gain (loss) - Net	2.4	(3,951)	(74,461)	148,561	
Financing result		13,944	262,769	387,022	
Equity method on associates	10			(9,445)	
Income before income taxes		273,139	5,147,371	5,146,474	
Income taxes	18	75,856	1,429,518	1,113,474	
Consolidated net income		US\$ 197,283	Ps 3,717,853	Ps 4,033,000	

	NOTE	YEAR ENDED ON DECEMBER 31,			
		2019*		2019	2018
Other comprehensive income, net of taxes:					
<u>Components to be subsequently reclassified to income</u>					
Foreign operations - Foreign currency translation reserve		(US\$ 60,808)	(Ps 1,145,931)	(Ps 1,040,587)	
<u>Components not to be subsequently reclassified to income</u>					
Changes in the fair value of equity investments at fair value through other comprehensive income - net of income taxes		(2,468)	(46,513)	-	
Employee benefits - net of income taxes		1,363	25,713	72,238	
Other comprehensive income		(US\$ 61,913)	(Ps 1,166,731)	(Ps 968,349)	
Consolidated comprehensive income		US\$ 135,370	Ps 2,551,122	Ps 3,064,651	
Net income attributable to:					
Controlling interest		US\$ 196,974	Ps 3,712,022	Ps 4,024,879	
Non-controlling interest		309	5,831	8,121	
		US\$ 197,283	Ps 3,717,853	Ps 4,033,000	
Comprehensive income attributable to:					
Controlling interest		135,061	Ps 2,545,291	Ps 3,056,530	
Non-controlling interest		309	5,831	8,121	
		US\$ 135,370	Ps 2,551,122	Ps 3,064,651	
Basic and diluted earnings per share (pesos)	2.24	US\$ 0.06	Ps 1.04	Ps 1.12	

* Convenience translation to thousands of US Dollars [US\$], Note 2.1.1, supplementary information, except earnings per share
The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED ON DECEMBER 31, 2019 AND 2018

[NOTES 1, 2 AND 17]

[THOUSANDS OF MEXICAN PESOS [PS], EXCEPT DIVIDENDS PAID PER SHARE]

	CAPITAL STOCK		SHARE PREMIUM		CAPITAL RESERVES		RETAINED EARNING		OTHER COMPREHENSIVE INCOME		TOTAL CONTROLLING INTEREST		NON-CONTROLLING INTEREST		TOTAL STOCKHOLDERS' EQUITY	
	Ps		Ps		Ps		Ps		Ps		Ps		Ps		Ps	
Balances at January 1, 2018	Ps	11,622,553	Ps	16,426,406	Ps	5,833,595	Ps	6,911,881	Ps	6,136,797	Ps	46,931,232	Ps	54,078	Ps	46,985,310
Comprehensive income:																
Net income		-		-		-		4,024,879		-		4,024,879		8,121		4,033,000
Remeasurement of employee benefits - Net		-		-		-		-		72,238		72,238		-		72,238
Foreign currency translation reserve		-		-		-		-		(1,040,587)		(1,040,587)		-		(1,040,587)
Total comprehensive income								4,024,879		(968,349)		3,056,530		8,121		3,064,651
Transactions with stockholders:																
Repurchase of shares - Net (Note 17.2)		-		-		(230,702)		-		-		(230,702)		-		(230,702)
Dividends		-		-		-		(1,819,121)		-		(1,819,121)		-		(1,819,121)
Other stockholders' movements - Net (Note 17.3)		-		-		-		(132,917)		-		(132,917)		4,590		(128,327)
Total transactions with stockholders		-		-		(230,702)		(1,952,038)		-		(2,182,740)		4,590		(2,178,150)
Balances as of December 31, 2018		11,622,553		16,426,406		5,602,893		8,984,722		5,168,448		47,805,022		66,789		47,871,811
Adoption of IFRIC 23 (Note 2.1.2)		-		-		-		(117,297)		-		(117,297)		-		(117,297)
Balances as of January 1, 2019		11,622,553		16,426,406		5,602,893		8,867,425		5,168,448		47,687,725		66,789		47,754,514
Comprehensive income:																
Net income		-		-		-		3,712,022		-		3,712,022		5,831		3,717,853
Changes in the fair value of equity investments at fair value thorough other comprehensive income - net of income tax		-		-		-		-		(46,513)		(46,513)		-		(46,513)
Remeasurement of employee benefits - Net		-		-		-		-		25,713		25,713		-		25,713
Foreign currency translation reserve		-		-		-		-		(1,145,931)		(1,145,931)		-		(1,145,931)
Total comprehensive income		-		-		-		3,712,022		(1,166,731)		2,545,291		5,831		2,551,122
Transactions with stockholders:																
Capital stock reduction (Note 17.2)		(108,086)		(1,061,514)				1,169,600		-		-		-		-
Repurchase of shares - Net (Note 17)		-		-		155,278		-		-		155,278		-		155,278
Acquisition of non-controlling interest (Note 17.3)		-		-		-		(20,968)		-		(20,968)		-		(20,968)
Dividends		-		-		-		(1,962,221)		-		(1,962,221)		-		(1,962,221)
Other stockholders' movements - Net (Note 17.3)		-		-		-		114,479		-		114,479		-		114,479
Total transaction with stockholders		(108,086)		(1,061,514)		155,278		(699,110)		-		(1,713,432)		-		(1,713,432)
Balances as of December 31, 2019	Ps	11,514,467	Ps	15,364,892	Ps	5,758,171	Ps	11,880,337	Ps	4,001,717	Ps	48,519,584	Ps	72,620	Ps	48,592,204

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOW

FOR YEARS ENDED ON DECEMBER 31, 2019 AND 2018
[THOUSANDS OF MEXICAN PESOS (PS)]

	NOTE	YEAR ENDED ON DECEMBER 31,		
		2019*	2019	2018
Operating activities				
Income before income taxes	2.32	US\$ 273,140	Ps 5,147,371	Ps 5,146,474
Adjustment from items not implying cash flows:				
Depreciation and amortization	11 and 12	36,371	685,425	530,688
Loss on sale of property, plant and equipment	20	5,021	94,625	56,745
Gain on the sale of The Cholula Food Company	1	(1,016)	(19,139)	-
Allowance for trade receivables	3	449	8,453	1,876
Allowance for obsolete inventories	8	9,585	180,623	(34,921)
Equity method on associates	10	-	-	9,445
Interest income	2.30	(10,152)	(191,321)	(193,097)
Translation effect	2.4	(129)	(2,429)	1,816
Net cost for the period of employee benefits	16	1,644	30,980	46,457
Unrealized foreign exchange	2.4	(11,563)	(217,910)	(151,301)
Interest expense	2.30 and 13	28,827	543,243	443,024
Subtotal		332,176	6,259,921	5,857,206
(Increase) decrease in:				
Trade receivables		(56,913)	(1,072,542)	(1,427,920)
Related parties		3,042	57,330	129,417
Other recoverable taxes and receivables		(5,257)	(99,060)	(579,949)
Inventories		(157,611)	(2,970,209)	(2,127,228)
Biological assets		(35,636)	(671,559)	(699,213)
Prepayments		(3,906)	(73,604)	(85,059)
Other assets		15,617	294,298	177,024
Increase (decrease) in:				
Trade payables		(19,672)	(370,718)	284,120
Other accounts payables		77,493	1,460,375	(323,941)
Employee benefits		823	15,505	(216,345)
Income taxes paid or recoverable		(24,438)	(460,548)	(1,167,332)
Net cash from (used in) operating activities		125,718	2,369,189	(179,220)

	NOTE	YEAR ENDED ON DECEMBER 31,		
		2019*	2019	2018
Investment activities				
Property, plant and equipment		(108,149)	(2,038,090)	(811,423)
Intangible assets		(10,040)	(189,203)	(188,568)
Acquisition of subsidiaries - net of cash		-	-	(4,218,044)
Investment in associates	10	-	-	(230,834)
Sale of property, plant and equipment		637	12,006	7,778
Sale of The Cholula Food Company	1	14,112	265,938	-
Interest income		10,152	191,321	193,097
Net cash flows used in investing activities		(93,288)	(1,758,028)	(5,247,994)
Financing activities				
Dividends paid	17.1	(104,123)	(1,962,221)	(1,819,121)
Repurchase of shares - Net	17.2	8,240	155,278	(230,702)
Principal lease payments	15	(13,321)	(251,045)	-
Interest lease payments	15	(9,060)	(170,740)	-
Interest paid	13	(19,089)	(359,729)	(431,687)
Acquisition of minority interest		(1,113)	(20,967)	-
Net cash flows used in financing activities		(138,466)	(2,609,424)	(2,481,510)
Net decrease of cash and cash equivalents		(106,036)	(1,998,263)	(7,908,724)
Cash and cash equivalents at beginning of year:				
At beginning of year		638,249	12,027,931	19,999,149
Effects of exchange rate changes on cash and cash equivalents		(21,305)	(401,499)	(62,494)
Cash and cash equivalents at end of year		US\$ 510,908	Ps 9,628,169	Ps 12,027,931

* Convenience translation to thousands of US Dollars [US\$], Note 2.211, supplementary information
The accompanying notes are an integral part of these consolidated financial statements.

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