



## **Becle, S.A.B. de C.V. Reports Second Quarter 2022 Unaudited Financial Results**

Mexico City, Mexico, July 28, 2022 – BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) announced today financial results for the second quarter ended June 30<sup>th</sup>, 2022.

All figures in this release are derived from the Company’s interim consolidated financial statements as of June 30<sup>th</sup>, 2022, and for the six-month period then ended, which are prepared in accordance with International Financial Reporting Standard (IFRS).

### **Second quarter 2022 highlights**

- Volume increased 11.4% to 7.1 million nine-liter cases;
- Net sales increased 18.9% to P\$11,334 million pesos;
- Gross profit increased 17.1% to P\$5,937 million pesos. Gross margin was 52.4%, a decrease of 0.8 percentage points year over year;
- EBITDA increased 43.7% to P\$2,343 million pesos. EBITDA margin was 20.7%, an increase of 3.6 percentage points year over year;
- Consolidated net income increased 58.0% to P\$1,410 million pesos. Net margin was 12.4%, an increase of 3.0 percentage points year over year and;
- Earnings per share (“EPS”) was P\$0.39 pesos.

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

### **Management commentary**

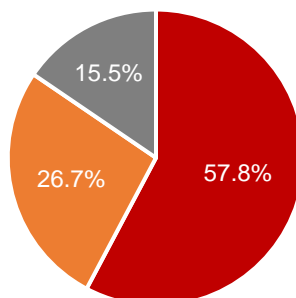
“We delivered strong second quarter net sales growth of 18.9% on volume growth of 11.4%. Despite continuing industry wide supply chain constraints, Tequila growth was robust across our family of brands. Even though the global environment remains volatile, with a difficult macro and inflationary backdrop, we continue to anticipate favorable trends across our portfolio and geographical regions as a result of the on-premise rebounds, off-premise resilience and our ongoing premiumization efforts.”

## Second quarter 2022 results

### Volume by region 2Q22 (in 000s nine-liter cases)

Region	2Q22	2Q21	(Var.% YoY)
U.S. & Canada	4,093	4,428	-7.6%
Mexico	1,896	1,308	45.0%
Rest of the World	1,098	628	74.8%
Total	7,087	6,364	11.4%

### Volume Breakdown by Region 2Q22



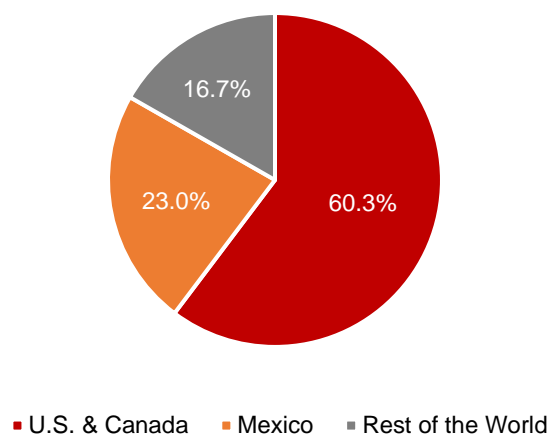
■ U.S. & Canada ■ Mexico ■ Rest of the World

During the second quarter of 2022, total volume increased 11.4% to 7.1 million nine-liter cases. The year over year growth is in good part explained by a 74.8% year on year volume increase in the Rest of the World (“RoW”) region, which was mainly driven by the recovery of the on-premise channel in some of the countries in the region and a 45.0% year on year volume increase in Mexico primarily driven by the strong performance of the Premium Tequila category. This increase was partially offset by a 7.6% decrease in the U.S. and Canada, mainly due to an impact from supply chain disruptions and a high comparison base in “Non-alcoholic and Other” and “RTD” for the same period last year.

### Net sales by region 2Q22 (in P\$, millions)

Region	2Q22	2Q21	(Var.% YoY)
U.S. & Canada	6,833	6,822	0.2%
Mexico	2,604	1,584	64.4%
Rest of the World	1,897	1,124	68.8%
Total	11,334	9,531	18.9%

Net Sales Breakdown by Region 2Q22

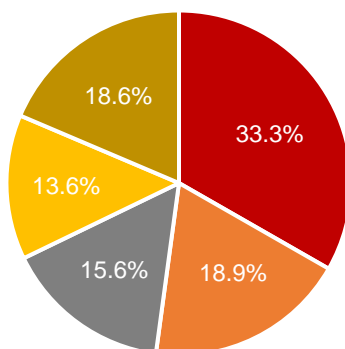


Second quarter 2022 net sales increased 18.9% year on year to P\$11,334 million pesos. Net sales for the RoW region increased by 68.8% when compared to the second quarter of 2021, primarily due to the strong volume growth. In the same period, net sales in Mexico increased 64.4%, primarily due to premiumization efforts and by year over year price increases in our portfolio. U.S. and Canada net sales were flat year on year, despite negative year on year volume decreases, demonstrating the positive impact of our premiumization strategy and price increases throughout the portfolio.

### Volume by category 2Q22 (in 000s nine-liter cases)

Category	2Q22	2Q21	(Var.% YoY)
Jose Cuervo	2,358	1,967	19.9%
Other Tequilas	1,340	1,027	30.5%
Other Spirits	1,109	1,070	3.6%
Non-alcoholic and Other	962	803	19.8%
RTD	1,318	1,496	-11.9%
Total	7,087	6,364	11.4%

### Volume Breakdown by Category 2Q22



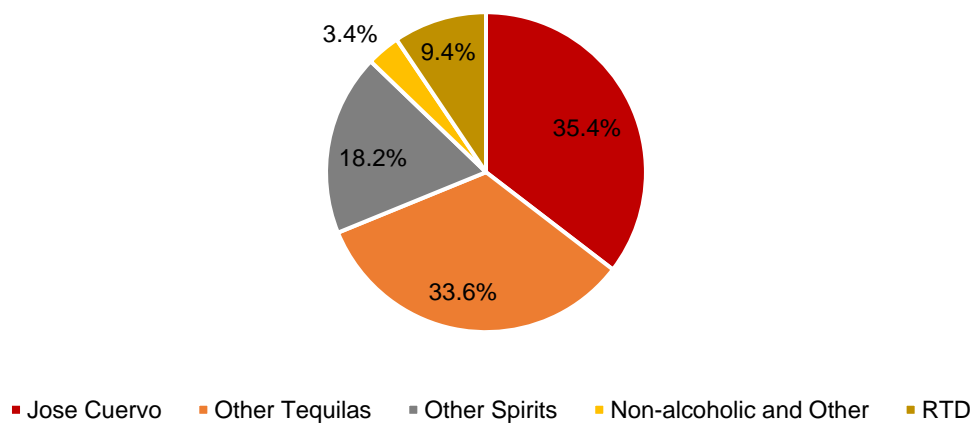
■ Jose Cuervo ■ Other Tequilas ■ Other Spirits ■ Non-alcoholic and Other ■ RTD

Volume of 'Jose Cuervo' increased 19.9% compared to the same period in 2021 and represented 33.3% of total volume for the second quarter of 2022. 'Other Tequilas' brands represented 18.9% of total volume, with volume increasing 30.5% compared to the prior year period. 'Other Spirits' brands represented 15.6% of total volume in the period and experienced a 3.6% increase in volume compared to the second quarter of 2021. Volume of 'Non-alcoholic and Other' represented 13.6% of total volume and increased 19.8% compared to the prior year period. Volume of 'RTD' represented 18.6% of total volume and decreased by 11.9% compared to the same period in the previous year.

### Net sales by category 2Q22 (in P\$, millions)

Category	2Q22	2Q21	(Var.% YoY)
Jose Cuervo	4,014	3,407	17.8%
Other Tequilas	3,803	2,678	42.0%
Other Spirits	2,065	1,912	8.0%
Non-alcoholic and other	382	322	18.6%
RTD	1,070	1,211	-11.6%
Total	11,334	9,531	18.9%

### Net Sales Breakdown by Category 2Q22



Net sales of 'Jose Cuervo' increased 17.8% compared to the same period in 2021 and represented 35.4% of total net sales for the second quarter of 2022. Net sales of 'Other Tequilas' brands increased 42.0% compared to the prior year period and represented 33.6% of total net sales. 'Other Spirits' brands represented 18.2% of total net sales in the period and increased 8.0% compared to the second quarter of last year. Net sales of 'Non-alcoholic and Other' represented 3.4% of total net sales and increased 18.6% compared to the prior year period. Net sales of 'RTD' represented 9.4% of total net sales and decreased 11.6% compared to the same period in the previous year.



## Profitability and financial performance

Gross profit during the second quarter of 2022 increased 17.1% over the same period in 2021 to P\$5,937 million pesos. Gross margin was 52.4% for the second quarter of 2022 compared to 53.2% for the second quarter of 2021. This gross margin decrease is primarily due to region mix, and to a lesser degree higher non-agave related input costs, partially offset by price increases across regions and a steady agave market pricing environment. The U.S. and Canada region has the highest segment contribution to the consolidated gross margin and was the region which reported flat net sales year over year.

Advertising, marketing and promotion (“AMP”) expenses in the second quarter of 2022 increased 17.0% on a pro forma basis<sup>(1)</sup> to P\$2,318 million pesos when compared to the second quarter of 2021. As a percentage of net sales, AMP decreased on a pro forma basis<sup>(1)</sup> to 20.4% from 20.8% in the prior year period. This decrease reflects the planned timing of AMP spend relative to the prior year period.

Distribution expenses increased 12.8% to P\$520 million pesos when compared to the second quarter of 2021, driven by higher volume and increased logistics and carrier costs. As a percentage of net sales, distribution expenses decreased to 4.6% from 4.8% in the same period of 2021, driven by an increase in net sales and distribution efficiencies.

Selling and administrative (“SG&A”) expenses increased 16.3% to P\$931 million pesos when compared to the second quarter of 2021. As a percentage of net sales, SG&A expenses decreased to 8.2% from 8.4% in the same period of 2021, driven by firm cost controls.

Operating income during the second quarter of 2022 increased 48.8% to P\$2,129 million pesos compared to the same period of 2021. Operating margin increased to 18.8% compared to 15.0% in the same prior year period.

EBITDA in the second quarter of 2022 increased 43.7% to P\$2,343 million pesos compared to the second quarter of 2021. The EBITDA margin was 20.7% for the second quarter of 2022 versus 17.1% for the second quarter of 2021.

The net financial result was negative P\$142 million pesos during the second quarter of 2022 compared to negative P\$224 million pesos in the same period of 2021. This loss was mainly derived from higher net interest expenses versus the same period of the prior year.

Consolidated net income in the second quarter of 2022 increased 58.0% to P\$1,410 million pesos, compared to P\$893 million pesos in 2021. Net margin was 12.4% for the second quarter of 2022, compared to 9.4% for the second quarter of 2021. EPS was P\$0.39 pesos in the second quarter of 2022 versus P\$0.25 for the second quarter of 2021.

(1) Pro forma to exclude a non-recurring AMP accrual of P\$373 million related to continuing promotional activities for acquired intellectual property as part of the Eire Born Spirits (“EBS”) transaction closing in April 2021.



### **Financial position and cash flow**

As of June 30, 2022, cash and cash equivalents were P\$9,143 million pesos, and total financial debt was P\$18,114 million pesos. During the first half of 2022, the Company used net cash from operating activities of P\$1,269 million pesos and used P\$1,351 million pesos in net investing activities. Net cash used from financing activities was P\$726 million pesos for the period ended on June 30, 2022.

### **Capital allocation and dividend payment**

As announced in the Company's capital allocation program during the annual general ordinary shareholders meeting held on April 29, 2022, a cash dividend payment will be made on August 4, 2022 in an amount of P\$0.42051 pesos for each outstanding share representing the capital stock of Becele.

## Conference call

The Company plans to host a conference call for investors at 9:00 a.m. Mexico City Time (10:00 a.m. EDT) on, Friday, July 29<sup>th</sup>, 2022, to discuss the Company's second quarter 2022 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](http://www.becle.com.mx).

## Second Quarter 2022 Unaudited Financial Results Conference Call and Webcast Details

Date: Friday, July 29<sup>th</sup>, 2022

Time: 9:00 a.m. Mexico City Time (10:00 a.m. EDT)

Participants: Juan Domingo Beckmann (CEO)

Fernando Suárez (CFO)

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	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](http://www.becle.com.mx).

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

## About Becele

*Becele 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 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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## **Corporate Affairs:**

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## Consolidated Income Statements

	Second quarter ended June 30 <sup>th</sup> , 2022			Second quarter ended June 30 <sup>th</sup> , 2021		Year over year variance	
	(U.S. \$) <sup>(1)</sup>	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
<b>Net sales</b>	<b>567</b>	<b>11,334</b>		<b>9,531</b>		<b>1,803</b>	<b>18.9</b>
Cost of goods sold	270	5,397	47.6	4,460	46.8	937	21.0
<b>Gross profit</b>	<b>297</b>	<b>5,937</b>	<b>52.4</b>	<b>5,071</b>	<b>53.2</b>	<b>866</b>	<b>17.1</b>
Advertising, marketing and promotion	116	2,318	20.4	2,354 <sup>(2)</sup>	24.7	(36)	(1.5)
Distribution	26	520	4.6	461	4.8	59	12.8
Selling and administrative	47	931	8.2	800	8.4	130	16.3
Other expenses (income), net	2	40	0.4	25	0.3	14	56.7
<b>Operating income</b>	<b>107</b>	<b>2,129</b>	<b>18.8</b>	<b>1,431</b>	<b>15.0</b>	<b>698</b>	<b>48.8</b>
Financing results	7	142	1.3	224	2.4	(82)	(36.5)
<b>Income before income taxes</b>	<b>99</b>	<b>1,986</b>	<b>17.5</b>	<b>1,207</b>	<b>12.7</b>	<b>780</b>	<b>64.7</b>
Income taxes	29	576	5.1	314	3.3	262	83.7
<b>Consolidated net income</b>	<b>71</b>	<b>1,410</b>	<b>12.4</b>	<b>893</b>	<b>9.4</b>	<b>518</b>	<b>58.0</b>
Non-controlling interest	1	11	0.1	10	0.1	0	4.6
<b>Controlling interest</b>	<b>70</b>	<b>1,399</b>	<b>12.3</b>	<b>883</b>	<b>9.3</b>	<b>517</b>	<b>58.6</b>
Depreciation and amortization	11	215	1.9	200	2.1	15	7.3
<b>EBITDA</b>	<b>117</b>	<b>2,343</b>	<b>20.7</b>	<b>1,631</b>	<b>17.1</b>	<b>713</b>	<b>43.7</b>
<b>Earnings per share</b>	<b>0.02</b>	<b>0.39</b>		<b>0.25</b>		<b>0.14</b>	<b>58.6</b>
<b>Shares (in millions) used in calculation of earnings per share</b>	<b>3,591</b>	<b>3,591</b>		<b>3,591</b>			

(1) U.S. dollars translated at 19.98 Mexican pesos solely for the convenience of the reader.

(2) Includes a non-recurring AMP accrual of P\$373 million related to continuing promotional activities for acquired intellectual property as part of the Eire Born Spirits ("EBS") transaction closing in April 2021.

## Consolidated Income Statements

	Six months ended June 30 <sup>th</sup> , 2022			Six months ended June 30 <sup>th</sup> , 2021		Year over year variance	
	(U.S. \$) <sup>(1)</sup>	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
<b>Net sales</b>	<b>1,021</b>	<b>20,402</b>		<b>16,699</b>		<b>3,703</b>	<b>22.2</b>
Cost of goods sold	475	9,487	46.5	7,785	46.6	1,702	21.9
<b>Gross profit</b>	<b>546</b>	<b>10,915</b>	<b>53.5</b>	<b>8,914</b>	<b>53.4</b>	<b>2,001</b>	<b>22.4</b>
Advertising, marketing and promotion	200	4,003	19.6	3,379 <sup>(2)</sup>	20.2	624	18.5
Distribution	50	1,001	4.9	826	4.9	175	21.2
Selling and administrative	90	1,808	8.9	1,574	9.4	235	14.9
Other expenses (income), net	(0)	(9)	0.0	21	0.1	(30)	(143.2)
<b>Operating income</b>	<b>206</b>	<b>4,111</b>	<b>20.2</b>	<b>3,114</b>	<b>18.6</b>	<b>997</b>	<b>32.0</b>
Financing results	11	217	1.1	240	1.4	(23)	(9.6)
<b>Profit before income taxes</b>	<b>195</b>	<b>3,894</b>	<b>19.1</b>	<b>2,874</b>	<b>17.2</b>	<b>1,020</b>	<b>35.5</b>
Income taxes	57	1,129	5.5	747	4.5	382	51.1
<b>Consolidated net income</b>	<b>138</b>	<b>2,765</b>	<b>13.6</b>	<b>2,127</b>	<b>12.7</b>	<b>638</b>	<b>30.0</b>
Non-controlling interest	1	15	0.1	10	0.1	5	52.4
<b>Controlling net income</b>	<b>138</b>	<b>2,750</b>	<b>13.5</b>	<b>2,117</b>	<b>12.7</b>	<b>633</b>	<b>29.9</b>
Depreciation and amortization	21	423	2.1	397	2.4	26	6.4
<b>EBITDA</b>	<b>227</b>	<b>4,534</b>	<b>22.2</b>	<b>3,511</b>	<b>21.0</b>	<b>1,023</b>	<b>29.1</b>
<b>Earnings per share</b>	<b>0.04</b>	<b>0.77</b>		<b>0.59</b>		<b>0.18</b>	<b>30.0</b>
<b>Shares (in millions) used in calculation of earnings per share</b>	<b>3,591</b>	<b>3,591</b>		<b>3,591</b>			

(1) U.S. dollars translated at 19.98 Mexican pesos solely for the convenience of the reader.

(2) Includes a non-recurring AMP accrual of P\$373 million related to continuing promotional activities for acquired intellectual property as part of the Eire Born Spirits ("EBS") transaction closing in April 2021.

## Consolidated Statements of Financial Position

(Figures in millions)	June 30 <sup>th</sup> , 2022	December 31 <sup>st</sup> , 2021
	(U.S. \$) <sup>(1)</sup>	(Pesos)
<b><u>Assets</u></b>		
Cash and cash equivalents	458	9,143
Trade receivables	419	8,372
Related parties	2	42
Recoverable income tax	46	915
Other recoverable taxes and other receivables	34	688
Inventories	740	14,788
Biological assets	23	468
Prepayments	64	1,269
<b>Total current assets</b>	<b>1,786</b>	<b>35,687</b>
Inventories	297	5,939
Biological assets	355	7,087
Investments in associates	33	660
Property, plant and equipment	617	12,329
Intangible assets	961	19,210
Goodwill	313	6,260
Right-of-use assets	108	2,148
Deferred income tax	79	1,584
Employee benefits	19	377
Other assets	3	63
<b>Total non-current assets</b>	<b>2,785</b>	<b>55,657</b>
<b>Total assets</b>	<b>4,571</b>	<b>91,344</b>
<b><u>Liabilities</u></b>		
Senior Notes	5	99
Trade payables	247	4,933
Related parties	3	51
Lease liabilities	20	403
Other accounts payable	213	4,266
Dividends payable	76	1,510
<b>Total current liabilities</b>	<b>564</b>	<b>11,263</b>
Senior Notes	901	18,014
Lease liabilities	93	1,865
Environmental reserve	7	140
Other liabilities	23	453
Deferred income taxes	162	3,238
<b>Total non-current liabilities</b>	<b>1,186</b>	<b>23,711</b>
<b>Total liabilities</b>	<b>1,750</b>	<b>34,974</b>
<b><u>Stockholders' equity</u></b>		
Stockholders' equity attributable to controlling interest	2,815	56,263
Non-controlling interest	5	108
<b>Total stockholders' equity</b>	<b>2,821</b>	<b>58,371</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,571</b>	<b>91,344</b>

(1) U.S. dollars translated at 19.98 Mexican pesos solely for the convenience of the reader.

## Consolidated Statements of Cash Flow

(Figures in millions)	Six months ended June 30 <sup>th</sup> , 2022	Six months ended June 30 <sup>th</sup> , 2021
	(U.S. \$) <sup>(1)</sup>	(Pesos)
<b>Operating activities:</b>		
Income before income taxes	195	3,894
Adjustment from items not implying cash flows:		
Depreciation and amortization	21	423
Loss on sale of property, plant and equipment	2	45
Non-cash items	1	12
Interest income	(3)	(53)
Unrealized foreign exchange profit	0	0
Interest expense	19	373
Equity method on associates	0	0
Subtotal	235	4,695
<b>(Increase) decrease in:</b>		
Trade receivables	77	1,536
Related parties	(2)	(48)
Other recoverable taxes and other receivables	14	279
Inventories	(145)	(2,897)
Biological assets	(40)	(802)
Prepayments	(11)	(222)
Other assets	11	229
<b>Increase (decrease) in:</b>		
Trade accounts payables	21	422
Other accounts payables	(117)	(2,336)
Employee benefits	1	23
Income taxes paid or recoverable	(107)	(2,146)
Net cash from operating activities	(64)	(1,269)
<b>Investing activities:</b>		
Property, plant and equipment	(68)	(1,362)
Intangible assets	(1)	(12)
Investment in associates	(2)	(30)
Interest income	3	53
Net cash used in investment activities	(68)	(1,351)
<b>Financing activities:</b>		
Bank loan	0	0
Principal lease payment	(21)	(422)
Interest paid	(15)	(305)
Net cash from financing activities	(36)	(726)
Net decrease of cash and cash equivalents	(167)	(3,346)
Cash and cash equivalents at beginning of year:		
At beginning of the period	640	12,791
Effects of exchange rate changes on cash and cash equivalents	(15)	(301)
<b>Cash and cash equivalents at end of period</b>	458	9,143
		7,046

(1) U.S. dollars translated at 19.98 Mexican pesos solely for the convenience of the reader.