



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

Mexico City, Mexico, April 27, 2023 -- BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) today announced financial results for the first quarter ended March 31, 2023.

All figures in this release are derived from the Company’s interim consolidated financial statements as of March 31, 2023, and for the three-month period then ended, which are prepared in accordance with International Financial Reporting Standard (IFRS).

First quarter 2023 highlights

- Volume increased 3.9% to 5.6 million nine-liter cases;
- Net sales increased 12.8% in constant currency on a like-for-like basis (+5.7% reported);
- Gross profit decreased 2.4% to P\$4,857 million pesos. Gross margin was 50.7%, a decrease of 4.2 percentage points year over year;
- EBITDA decreased 17.8% to P\$1,800 million pesos. EBITDA margin was 18.8%, a decrease of 5.4 percentage points year over year;
- Consolidated net income decreased 9.1% to P\$1,231 million pesos. Net margin was 12.8%, a decrease of 2.1 percentage points year over year and;
- Earnings per share were P\$0.34.

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

Management commentary

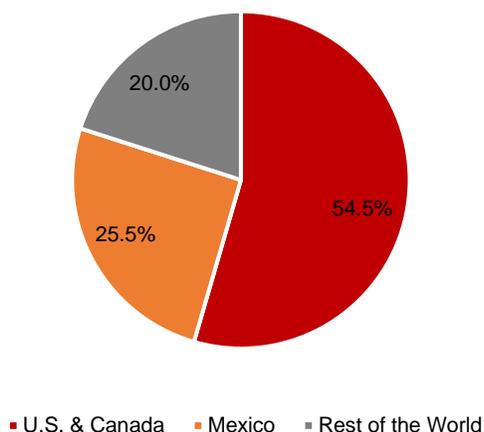
“We initiated 2023 with good momentum amid challenging macroeconomic conditions, inflationary environment, and exchange rate headwinds. Despite the environment, we have been increasing prices across our regions, in order to offset input cost inflation. Our strategy to focus on our premiumization continues to pay off with increasing overall volume and net sales value growth. Looking ahead, we’re confident in our ability to continue generating exceptional shareholder value, given our strong product portfolio, robust demand for our brands, and our proven ability to adapt to change.”

First quarter 2023 results

Volume by region 1Q23 (in 000s nine-liter cases)

Region	1Q23	1Q22	YoY % Δ
U.S. & Canada	3,039	3,212	-5.4%
Mexico	1,421	1,302	9.1%
Rest of the World	1,119	857	30.6%
Total	5,579	5,370	3.9%

Volume Breakdown by Region 1Q23



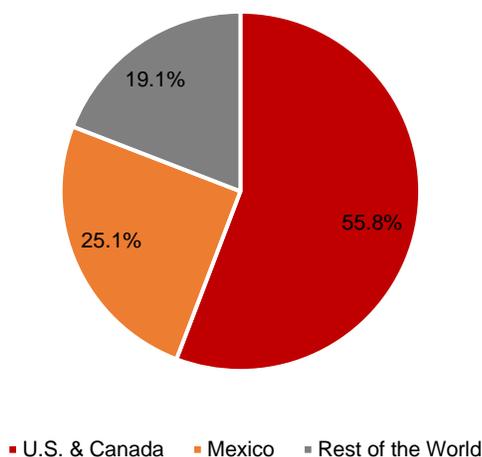
During the first quarter of 2023, total volume increased 3.9% to 5.6 million nine-liter cases. The year over year growth is explained by a 9.1% volume increase in Mexico, driven in part by strong tequila performance and more glass availability in the face of supply chain constraints. The Rest of the World (RoW) region increased volume 30.6% year on year, mainly driven by a post-Covid growth boost in APAC. This increase was partially offset by a 5.4% decrease in the U.S. and Canada, primarily due to challenges faced in the “RTD” category.

Net sales by region 1Q23 (in MXN\$, millions)

Region	1Q23	1Q22	YoY % Δ	YoY % Δ PF*
U.S. & Canada	5,346	5,684	-5.9%	3.4%
Mexico	2,403	1,909	25.9%	25.9%
Rest of the World	1,833	1,475	24.3%	32.4%
Total	9,583	9,068	5.7%	12.8%

* Pro forma figures on a constant currency basis.

Net Sales Breakdown by Region 1Q23

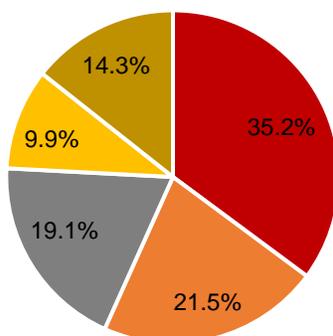


First quarter 2023 net sales increased 5.7% year on year to P\$9,583 million pesos. Net sales in Mexico increased 25.9%, primarily due to premiumization efforts and by year-over-year price increases in our portfolio. Net sales for the RoW region increased by 24.3% when compared to the first quarter of 2022, primarily on the back of significant volume growth. In the same period, U.S. and Canada net sales decreased 5.9% year on year, primarily reflecting foreign currency effects from the appreciation of the Mexican peso against the U.S. dollar, partially offset by product mix skewed towards higher sales per case brands and price increases on a year-over-year basis.

Volume by category 1Q23 (in 000s nine-liter cases)

Category	1Q23	1Q22	YoY % Δ
Jose Cuervo	1,962	1,809	8.5%
Other Tequilas	1,200	957	25.4%
Other Spirits	1,067	1,011	5.5%
Non-alcoholic and Other	550	605	-9.1%
RTD	800	989	-19.1%
Total	5,579	5,370	3.9%

Volume Breakdown by Category 1Q23



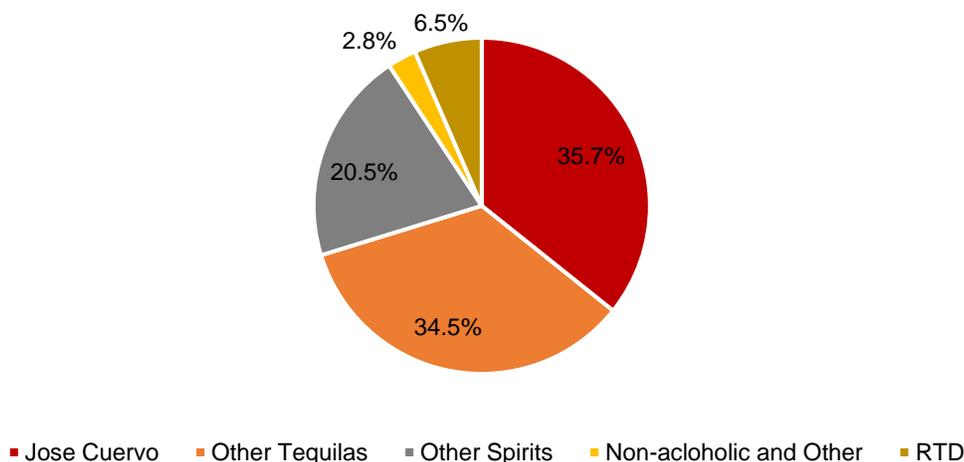
■ Jose Cuervo
 ■ Other Tequilas
 ■ Other Spirits
 ■ Non-alcoholic and Other
 ■ RTD

Volume of 'Jose Cuervo' increased 8.5% compared to the same period in 2022 and represented 35.2% of total volume for the first quarter of 2023. 'Other Tequila' brands represented 21.5% of total volume, with volume increasing 25.4% compared to the prior year period. 'Other Spirits' brands represented 19.1% of total volume in the period and experienced a 5.5% increase in volume over the first quarter of 2022. Volume of 'Non-alcoholic and Other' represented 9.9% of total volume and decreased 9.1% compared to the prior year period. Volume of 'RTD' represented 14.3% of total volume and decreased by 19.1% compared to the same period in the previous year.

Net sales by category 1Q23 (in MXN\$, millions)

Category	1Q23	1Q22	YoY % Δ
Jose Cuervo	3,425	3,251	5.4%
Other Tequilas	3,308	2,656	24.5%
Other Spirits	1,961	2,045	-4.1%
Non-alcoholic and other	266	235	13.2%
RTD	624	881	-29.2%
Total	9,583	9,068	5.7%

Net Sales Breakdown by Category 1Q23



Net sales of 'Jose Cuervo' increased 5.4% compared to the same period in 2022 and represented 35.7% of total net sales for the first quarter of 2023. Net sales of 'Other Tequila' brands increased 24.5% compared to the prior year period and represented 34.5% of total net sales. 'Other Spirits' brands represented 20.5% of total net sales in the period and decreased 4.1% compared to the first quarter of last year. Net sales of 'Non-alcoholic and Other' represented 2.8% of total net sales and increased 13.2% compared to the prior year period. Net sales of 'RTD' represented 6.5% of total net sales and decreased 29.2% compared to the same period in the previous year.



Profitability and financial performance

Gross profit during the first quarter of 2023 decreased 2.4% over the same period in 2022 to P\$4,857 million pesos. Gross margin was 50.7% for the first quarter of 2023 compared to 54.9% for the first quarter of 2022. The gross margin decrease primarily reflects currency translation effects as a result of the appreciation of the Mexican peso against the U.S. dollar and adverse region mix, partially offset by price increases across regions, better product mix and a steady agave market price.

Advertising, marketing and promotion (AMP) expenses increased 16.9% to P\$1,970 million pesos when compared to the first quarter of 2022. AMP expense was higher versus 2022 due to increased investment opportunities across our regions and our brands. As a percentage of net sales, AMP increased to 20.6% from 18.6% in the same period of the previous year.

Distribution expenses decreased 4.7% to P\$458 million pesos when compared to the first quarter of 2022, driven by lower logistics and carrier costs.

Selling and administrative (SG&A) expenses increased 6.4% to P\$934 million pesos when compared to the first quarter of 2022. As a percentage of net sales, SG&A remained flat at 9.7% versus the same period of 2022, primarily driven by effective cost control management.

Operating income during the first quarter of 2023 decreased 22.3% to P\$1,540 million pesos compared to the same period of 2022. Operating margin decreased to 16.1% compared to 21.9% in the same prior year period.

EBITDA in the first quarter of 2023 decreased 17.8% to P\$1,800 million pesos compared to the first quarter of 2022. The EBITDA margin was 18.8% for the first quarter of 2023 versus 24.2% for the first quarter of 2022.

Net financing results was a gain of P\$170 million pesos during the first quarter of 2023 compared to a loss of P\$74 million pesos in the same period of 2022. This gain was primarily driven by higher interest income and the appreciation of the Mexican peso versus the U.S. dollar in comparison to the first quarter of 2022.

Consolidated net income in the first quarter of 2023 decreased 9.1% to P\$1,231 million pesos, compared to P\$1,355 million pesos in 2022. Net margin was 12.8% for the first quarter of 2023, compared to 14.9% for the first quarter of 2022. Earnings per share were P\$0.34 in the first quarter of 2023, compared to P\$0.38 in the same period of the prior year.



Financial position and cash flow

As of March 31, 2023, cash and cash equivalents were P\$4,503 million pesos, and total financial debt was P\$19,346 million pesos. During the first quarter of 2023, the Company used net cash from operating activities of P\$1,369 million pesos, and P\$1,030 million pesos in net investing activities. Net cash generated in financing activities was P\$2,413 million pesos for the period ended on March 31st, 2023.

Credit ratings affirmation

On March 17, 2023, Fitch Ratings affirmed Becele's investment grade long-term foreign and local currency ratings of "BBB+" with a "Stable Outlook".

New credit facility

During March 2023, the Company drew down from one of its existing credit facilities in the amount US\$150 million (P\$2,761 million pesos equivalent) (the "Facility") for working capital and capital expenditures purposes. The Facility is prepayable without penalty.



IFRS 9; IFRIC 16: Net investment hedge disclosures

Financial instruments to hedge net investments in foreign operations

Effective January 1st, 2020, the Company designated its US\$500 million Senior Notes due 2025 as a hedging instrument for its net investment in Sunrise Spirits Holding, Inc., with the objective of mitigating the exchange rate risk arising between the functional currency of these operations and the functional currency of the holding company that has such investment. However, on September 27th, 2021, the Company announced a cash tender offer and a consent solicitation to the holders of outstanding 2025 Senior Notes in circulation. The Company paid a total principal amount of US\$346.6 million (Ps7,202 million) of the 2025 Senior Notes (69.3% of the original issuance of US\$500 million). Therefore, the coverage designated by this bond is US\$153.4 million (Ps3,192 million).

On October 31st, 2021, the Company designated a new hedge in the amount of US\$346.6 million (Ps7,202 million), which is part of the Company's US\$800 million Senior Notes due 2031, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

On August 31st, 2022, the Company designated a new hedge in the amount of US\$150 million (Ps2,999 million), which is part of the Company's US\$800 million Senior Notes due 2031, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

The total coverage established by the Company is US\$650 million.

The Company formally designated and documented the hedging relationship, setting the objectives, risk-hedging strategy, identification of the hedging instrument, hedged item, nature of the risk to be hedged, and effectiveness assessment methodology. Since the exchange rate hedging relationship is clear, the method the Company used to assess the effectiveness consisted of a qualitative effectiveness test by comparing the critical terms between the hedging instruments and the hedged items.

Accounting policy

Net investment hedge in a foreign operation

The Company applies hedge accounting to the foreign exchange risk resulting from its investments in foreign operations because of changes in exchange rates arising between the functional currency of that operation and the functional currency of the holding company, regardless of whether the investment is held directly or through a sub-holder. The change in exchange rates is recognized in Other Comprehensive Income as part of the translation effect when the foreign operation is consolidated.

To this end, the Company designates the debt denominated in foreign currency as hedging instruments; therefore, the exchange effects arising from such debt are recognized in Other Comprehensive Income, in the translation effects line, to the extent that the hedge is effective. When the hedge is not effective, exchange rate differences are recognized in foreign exchange gain or loss in the consolidated income statement.

Conference call

The Company plans to host a conference call for investors at 9:00 a.m. Mexico City Time (11:00 a.m. EDT) on, Friday, April 28, 2023, to discuss the Company's first 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.

First Quarter 2023 Unaudited Financial Results Conference Call and Webcast Details

Date: Friday, April 28, 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 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® and Boodles®, 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. Some of Becele's brands are sold and distributed in more than 85 countries.



EBITDA

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

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

Disclaimer

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

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Consolidated Income Statements

	First quarter ended March 31, 2023			First quarter ended March 31, 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	529	9,583		9,068		516	5.7
Cost of goods sold	261	4,726	49.3	4,090	45.1	636	15.5
Gross profit	268	4,857	50.7	4,977	54.9	(120)	(2.4)
Advertising, marketing and promotion	109	1,970	20.6	1,685	18.6	284	16.9
Distribution	25	458	4.8	481	5.3	(23)	(4.7)
Selling and administrative	52	934	9.7	878	9.7	56	6.4
Other (income), net	(2)	(44)	(0.5)	(49)	(0.5)	5	(9.3)
Operating income	85	1,540	16.1	1,983	21.9	(443)	(22.3)
Financing results, net	(9)	(170)	(1.8)	74	0.8	(244)	NA
Income before income taxes	94	1,710	17.8	1,908	21.0	(199)	(10.4)
Income taxes	26	479	5.0	553	6.1	(75)	(13.5)
Consolidated net income	68	1,231	12.8	1,355	14.9	(124)	(9.1)
Non-controlling interest	0	7	0.1	4	0.0	3	73.8
Controlling interest	68	1,224	12.8	1,351	14.9	(127)	(9.4)
Depreciation and amortization	14	260	2.7	208	2.3	52	24.8
EBITDA	99	1,800	18.8	2,191	24.2	(391)	(17.8)
Earnings per share	0.02	0.34		0.38		(0.03)	(9.1)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 18.11 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Financial Position

(Figures in millions)	March 31, 2023		December 31, 2022
	(U.S. \$) ⁽¹⁾	(Pesos)	(Pesos)
Assets			
Cash and cash equivalents	249	4,503	4,521
Trade receivables - Net	457	8,271	11,812
Related parties	3	46	45
Recoverable income tax	15	280	366
Other recoverable taxes and receivables	129	2,335	1,951
Inventories	1,134	20,527	18,258
Biological assets	75	1,361	1,291
Prepayments	64	1,157	1,241
Total current assets	2,125	38,480	39,483
Inventories	269	4,877	6,044
Biological assets	422	7,640	7,502
Investments in associates	50	902	578
Property, plant and equipment - Net	790	14,310	14,074
Intangible assets	985	17,832	18,849
Goodwill	317	5,736	6,022
Right-of-use assets	143	2,595	2,679
Deferred income tax	114	2,061	2,086
Employee benefits - net	26	462	477
Other assets	4	71	73
Total non-current assets	3,120	56,485	58,383
Total assets	5,245	94,965	97,866
Liabilities			
Bank loan	153	2,761	-
Senior-Notes	10	186	96
Trade payables	349	6,323	8,442
Related parties	4	64	72
Lease liabilities	27	483	623
Other accounts payable	262	4,745	6,268
Total current liabilities	804	14,563	15,502
Senior Notes	906	16,398	17,508
Lease liabilities	127	2,305	2,410
Environmental reserve	7	134	142
Other liabilities	12	220	305
Deferred income taxes	185	3,357	3,576
Total non-current liabilities	1,238	22,414	23,941
Total liabilities	2,042	36,977	39,443
Stockholders' equity attributable to Controlling interest	3,196	57,863	58,306
Non-controlling interest	7	124	117
Total stockholders' equity	3,203	57,987	58,423
Total liabilities and stockholders' equity	5,245	94,965	97,866

(1) U.S. dollars translated at 18.11 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Cash Flow

(Figures in millions)	Three months ended March 31, 2023	Three months ended March 31, 2022
	(U.S. \$) ⁽¹⁾	(Pesos)
Operating activities:		
Income before income taxes	94	1,710
Adjustment from non-cash items:		
Depreciation and amortization	14	260
Loss on sale of property, plant and equipment	1	12
Non-cash items	(0)	(3)
Interest income	(6)	(113)
Unrealized foreign exchange profit	(19)	(343)
Interest expense	8	146
Subtotal	92	1,668
(Increase) decrease in:		
Trade receivables	184	3,324
Related parties	(0)	(9)
Other recoverable taxes and receivables	(20)	(369)
Inventories	(107)	(1,932)
Biological assets	(12)	(226)
Prepayments	1	12
Other assets	6	117
Increase (decrease) in:		
Trade accounts payable	(112)	(2,022)
Other accounts payables	(82)	(1,476)
Employee benefits	(0)	(7)
Income taxes paid or recoverable	(25)	(450)
Net cash from operating activities	(76)	(1,369)
Investing Activities:		
Property, plant and equipment	(41)	(746)
Intangible assets	(1)	(17)
Investment in associates	(21)	(379)
Interest income	6	113
Net cash from investing activities	(57)	(1,030)
Financing activities:		
Bank loan	153	2,761
Principal lease payment	(18)	(320)
Interest paid	(2)	(28)
Net cash from financing activities	133	2,413
Net increase (decrease) of cash and cash equivalents	1	15
Cash and cash equivalents at beginning of year:		
At beginning of the period	250	4,521
Effects of exchange rate changes on cash and cash equivalents	(2)	(33)
Cash and cash equivalents at end of period	249	4,503

(1) U.S. dollars translated at 18.11 Mexican pesos solely for the convenience of the reader.