[Translation for informational purposes only]

Mexico City, México, a February 12th, 2024

To the stockholders and Board of Directors of
Becle, S.A.B. de C.V.

Dear all,

In compliance with the provisions of Article 28, section IV, subsection d) of the Securities Market Law (Ley del Mercado de Valores), and of Article 172 of the General Law of Companies (Ley General de Sociedades Mercantiles), I submit the report on the accounting and reporting policies and criteria followed by Becle, S.A.B. de C.V. (the "Company") and its consolidated entities (jointly, the "Group") to prepare the consolidated financial information:

Summary of significant accounting policies:

Following is a summary of the main accounting policies applied in preparing the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

- Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) Accounting Standards and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for (1) the plan assets that are measured at fair value. (2) equity investments recognized at fair value through Other Comprehensive Income (OCI); and (3) biological assets measured at fair value less costs to sell.

Preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The areas involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant for the consolidated financial statements.

- Convenience translation to U.S. dollars ($) - supplementary information

The consolidated financial statements are stated in thousands of Mexican pesos (Ps) and rounded to the nearest thousand unless stated otherwise. However, solely for the convenience of the readers, the consolidated statement of financial position, as of December 31, 2023, and the consolidated statement of comprehensive income and consolidated cash flows statements for the year ended December 31, 2023, were converted into U.S. dollars at the exchange rate of Ps 16.8935 per U.S. dollar, as published by the Central Bank of Mexico (Banco de Mexico) on December 31, 2023. Such conversion should not be construed as a representation that the Mexican peso amounts represent, or have been or could be converted into, U.S. dollars at that or any other rate, in accordance with IAS 21.

- New and amended standards adopted by the Company.

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2023:

- IFRS 17 Insurance Contracts 14. This standard did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

- Definition of Accounting Estimates - amendments to IAS 8. This amendment did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

- International Tax Reform - Pillar Two Model Rules - amendments to IAS 12. The Company is not within the scope of the OECD Pillar Two model rules because Pillar Two legislation has not been enacted in any of the jurisdictions in which the Company operates. Since the Pillar Two legislation was not effective at the reporting date, therefore the Company has no related current tax exposure. The Company applies the exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - amendments to IAS 12. Effective in 2023, the deferred tax derived from leases is presented gross, that is, the tax on the right of use and the tax on the lease liability are presented separately. Until December 31, 2022, the Company considered this transaction as integrally linked, with no net temporary difference at inception and subsequently, as differences arise on settlement of the liability and the amortization of the leased asset, there was a net temporary difference on which deferred tax was recognized. Following the amendment, the Company has recognized a separate deferred tax asset in relation to its lease liability and a deferred tax liability in relation to its the right – of - use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under IAS 12. There was also no impact on the opening earnings as of 1 January 2022 as a result of the change. The key impact for the Company relates to disclosure of the deferred tax assets and liabilities recognized, so for comparative purposes the 2022 disclosures were modified.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2. The amendments require the disclosure of “material”, rather than “significant”, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. The Company reviewed the accounting policies and made updates to the information disclosed in this note in certain instances in line with the amendments.

New standards and interpretations that have not been adopted.

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2023, reporting periods and have not been early adopted by the Group and the impact in the future reporting periods are being evaluated by the Management.

- Going concern

The Company meets its working capital needs through reinvestment of a significant portion of its annual profits. The Company's financial structure allows the Company to take on debt, despite its investments in capital expenditures carried out annually to increase the Company's facilities. The Company's financial strength, the continued strong performance in the U.S. and Canada, and the measures adopted by the Company, have allowed it to operate with liquidity. Considering the possible variations in operating performance, the Company believes its budget and projections allow it to operate with its current level of financing and meet all debt obligations. The Company is currently in compliance with its payment obligations and all debt covenants.

Management expects the Company to secure the resources necessary to continue operating as a going concern in the foreseeable future. Consequently, the consolidated financial statements were prepared on a going-concern basis.

- Principles of consolidation and equity accounting

- Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in income and in the capital of subsidiaries is shown separately in the consolidated statement of comprehensive income, in the statement of changes in stockholders' equity and in the statement of financial position, respectively.

The following is a summary of the Company's interest in main subsidiaries at December 31, 2023, and 2022:

Company	**% of ownership**	**Activity**
Casa Cuervo, S. A. de C. V.	100%	Manufacturing, selling and around the world. Agricultu Agave Azul plantations.
Sunrise Spirits Holdings, Inc. (mainly includes the subsidiaries PSI and Proximo Distillers, LLC)	100%	Manufacturing, selling an United States of America.
JC Overseas, Ltd JC Master Distribution Limited and The Old Bushmills Distillery Company Limited)	100%	Production, manufacturing, maturatio whiskey and other spirits and distribution and selling in EMEA and APAC.

- Equity Method

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has interests in joint ventures which are accounted for using the equity method, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the statement of comprehensive income, and the Group's share of movements in other comprehensive income of the investee in OCI. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is annually assessed for potential impairment.

When the Group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the statement of comprehensive income.

- Segment information

Segment information presented is consistent with management reporting provided to the Strategy Committee (the chief operating decision maker or CODM), which consists of the CEO, the Head of Integrated Supply Chain, and the Chief Financial Officer.

- Foreign currency translation

- Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries and associates are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Mexican pesos, which is the functional currency of the parent company.

- Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the statement of comprehensive income. They are deferred in equity if they relate to net qualifying investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in the statement of comprehensive income as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through OCI are recognized in OCI.

- Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,

Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). When they arose from stockholders 'equity, these were translated using historical exchange rates as of the date on which they were initially used, and

All resulting exchange differences are recognized in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the statement of comprehensive income, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

- Financial assets

- Classification

The Company classifies its financial assets in the following measurement categories:

Those to be measured subsequently at fair value (either through OCI or through profit or loss), and

Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

- Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on the trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

- Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Impairment

The Company assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 48 months before the year-end closing and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments. Impairment losses on trade receivables are presented within operating income. Subsequent recoveries of amounts previously written off are credited against the same line item.

- Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are represented by investments in government and banking instruments.

- Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less the ECL. All receivables fall due within one year. Trade receivables are interest-free settled within normal trading terms.

- Other recoverable taxes and other receivables

The Company classifies favorable taxes balances as value-added tax, and other creditable taxes as other recoverable accounts. If collection rights or recovery of these amounts is realized within 12 months as from the year-end closing, they are classified as short term; otherwise, they are shown as non-current assets.

- Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated sale price in the ordinary course of business, less the costs of completion and the estimated necessary costs to close the sale.

Inventories comprise direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, based on a normal operational capacity.

The Company classifies as current, the inventory that is available for sale, and as non-current inventories, those that require an aging period to be sold.

- Classification, measurement and valuation of biological assets

Biological assets held by the Company consists of plants of Agave Azul Tequilana Weber (Agave Azul). The plants, which are grown on leased land, are used for the later production of tequila under the Company's own brands, which are marketed both in the domestic market and abroad. The maturity cycle of agave ranges between six and eight years; based on this, biological assets are classified as mature and immature. Mature biological assets are those that have attained harvestable specifications and are susceptible to be harvested or marketed; consequently, these plants are measured at fair value (based on the present value of future cash flows discounted at a market determined rate) less costs to sell. Costs to sell include the incremental selling costs, mainly the estimated harvest costs per kilogram, but exclude costs of transport to the market and income taxes. Immature biological assets are plants that have not reached the point of maturity because their sugar content yield and weight is not enough to be harvested and there is no active market for such plants; consequently the Company accounts for these assets at their accumulated historical cost, which mainly includes: physical and chemical studies to prepare the land, labor costs, fertilizers, pest monitoring, pruning of plants, selection and planting of young plants, and depreciation of the right-of-use assets of the agave plantations' land; the amount so determined approximates fair value.

Borrowing costs are included as part of Immature biological assets until substantially all of the activities necessary to prepare the biological asset for its intended use are complete.

Biological assets are classified as current if they are to be harvested within one year, otherwise are classified as non-current.

The Company considers biological assets until the plants are harvested. Any processing or future transformations after the point of harvest are accounted for as inventory. Harvested plants are transferred to inventory at fair value less costs to sell when harvested.

IAS 41 "Agriculture" requires fair value changes resulting from biological growth to be presented in the statement of comprehensive income. These valuation effects have not been material and therefore have not been recorded for the periods presented.

The fair value determined for biological assets is classified as level 3 in the fair value hierarchy.

- Hedging activities

Net investment hedge

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 variation in exchange rates is recognized in OCI as part of the translation effect when the foreign operation is consolidated.

Gains and losses accumulated in equity are reclassified to the statement of comprehensive income when the foreign operation is partially disposed of or sold.

The Company designates the debt denominated in foreign currency as hedging instruments. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI, in the line foreign currency translation reserve. When the hedge is not effective, exchange rate differences are recognized in foreign exchange gain or loss in the statement of comprehensive income.

The Company will discontinue hedge accounting when the hedging instrument expires, is cancelled or exercised. The successive replacement or rollover of one hedging instrument for another is not an expiration or termination if such replacement or rollover is part of, and consistent with, the Company's risk management objective.

- Property, plant and equipment

Land is valued at cost minus any impairment losses. All other components of property, plant, and equipment (PP&E) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes expenses directly attributable to acquisition of the asset. The cost of assets built by the entity includes the following:

The cost of materials and direct labor.

Any other costs directly attributable to bringing the asset to a working condition for its intended use, including interest expenses attributable to financing development and completion of significant items of property, plant and equipment are included in the acquisition cost.

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Continuous repairs and maintenance are expensed in the statement of comprehensive income as incurred.

Components of PP&E are depreciated from the date on which they are installed and ready for their use or in the case of assets internally built, from the date on which the asset is completed and ready to be used.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

	Years
Manufacturing, bottling, storage, machinery and equipment	7 to 25
Casks	2 to 20
Buildings and constructions	20 to 60
Transportation equipment	5
Computer and telecommunication equipment	3 to 5
Office furniture and laboratory equipment	5 to 10
Leasehold improvements	Over the remaining term of the contract, or its useful life, whichever is earlier

Depreciation methods, useful lives and residual values are reviewed at each date of the consolidated financial statements and adjusted if appropriate.

If significant parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

Any gain or loss on the disposal of an item of PP&E (determined as the difference between the net proceeds upon disposal and the book value for such item) are recognized in the statement of comprehensive income.

- Intangible assets

Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Trademarks and trademark licenses

Trademarks and trademark licenses acquired in a business combination are recognized at fair value at the acquisition date.

Our trademarks and perpetual trademark licenses have an indefinite useful life; therefore, they are not subject to amortization. To date, no factors limiting the useful life of these assets have been identified. Our trademarks and perpetual trademark licenses are considered to have an indefinite useful life due to the positioning they have in the market and the Company's continued investment in equity-building marketing activities, and because the Company's experience and market evidence indicates that, they will continue to generate cash flows for the Company indefinitely. Additionally, the Company believes there are no legal, regulatory or contractual considerations that limit the useful lives of such trademark right.

Intangible assets with defined life

Intangible assets that have defined useful lives are shown at historical cost and are subsequently carried at cost less accumulated amortization and impairment losses (see Note 12). Amortization of intangible assets with defined life is calculated by using the straight-line method over their estimated useful lives and is recognized in the statement of comprehensive income.

The estimated useful lives are as follows:

	Years
License of software	3 to 6
Trademarks registration	Average duration of registration

Amortization methods and useful lives are reviewed at each date of the consolidated financial statements and adjusted if appropriate.

Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there

are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At December 31, 2023 and 2022, there were no signs of impairment in non-current assets subject to depreciation and amortization, and in the case of indefinite-lived assets, the Company's annual impairment tests showed no indicators of impairment.

- Trade payables

Trade payables are obligations of goods or services acquired from vendors in the normal course of operations. Accounts payable are classified as current liabilities if the payment is to be made within a year or less (or in the normal cycle of business operations if it is greater). Otherwise, they are shown as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently measured at their amortized cost, using the effective interest rate method.

- Issuances of the Senior Notes

The issuances of the Senior Notes were initially recognized at fair value, net of costs incurred in the transactions. These financings were subsequently recorded at their amortized cost. An exchange between the Company and lender of debt instruments with substantially different terms are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Company analyzes if the terms of the existing and the new debt are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive income as interest income or expense.

Other accounts payable

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Other accounts payable are presented as current liabilities unless payment is not due within 12 months after the reporting period.

- Environmental reserve

The environmental reserve was originally recognized during the acquisition of the manufacturing and warehousing assets located in Lawrenceburg, Indiana, and it corresponds to the Company's best estimate of the cost to be paid for the eventual abatement of asbestos at that site. This reserve is adjusted prospectively based on available evidence at each reporting period-end and an estimate of remediation cost is prepared.

- Income taxes

Income tax is recognized in the statement of income, except when it relates to items applied directly to OCI or losses or to stockholders' equity. In this case, income tax is also recognized in other items pertaining to comprehensive income or directly to stockholders' equity, respectively.

Current tax

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary and permanent differences between accounting and tax treatments, and due to items that are never taxable or tax deductible.

Deferred taxes

Deferred tax is recognized for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected recoverable amount and is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the statement of financial position date. Deferred tax assets are not recognized where it is more likely than not that the assets will not be realized in the future.

Deferred tax is not recognized for:

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

Temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group can control the timing of the reversal on the temporary differences, and it is probable that they will not be reversed in the foreseeable future.

The deferred tax asset is only recognized to the extent future tax benefits are likely to be achieved and can be applied against any temporary differences in liabilities.

The balances of deferred tax-on-profit assets and liabilities are offset when there is a legal right to offset current tax assets against current tax liabilities and when the deferred tax-on-profit assets and liabilities relate to the same tax entity, or different tax entities where the balances are to be settled on a net basis. The charge corresponding to taxes on profits currently payable is calculated according to the tax laws approved as of the statement of financial position date in Mexico and in the countries in which the Company's subsidiaries and associates operate and generate a taxable base. Management periodically evaluates their tax positions with respect to tax refunds as tax laws are subject to interpretation.

IFRIC 23 Uncertainty concerning income tax treatment

The interpretation is applied to the determination of the tax profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty concerning the treatment of income tax in terms of IAS 12. The IFRIC considers that an entity must assume that the tax authority has the right to examine any figures reported and it may examine those figures and attain full knowledge of all relevant information when doing so. It must also consider whether the respective authority is likely to agree to each tax treatment or group of tax treatments used or to be used when calculating income tax.

If the entity concludes that a particular tax treatment is likely to be accepted, it must determine the tax profit (loss), tax bases, unused tax losses, unused tax credits and tax rates in a manner consistent with the tax treatment used in preparing its tax return. If the entity concludes that a particular tax treatment is unlikely to be accepted, the entity must use the most likely figure or the expected value of the tax treatment when determining the tax profit (loss), tax bases, unused tax losses, unused tax credits, and tax rates.

- Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Other long-term employee benefit obligations

In some countries, the Company also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of zero-coupon government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates various post-employment schemes, including defined benefit pension plans.

Pension obligations

The liability or asset recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on the basis of zero-coupon government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of comprehensive income as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing.

The payment of profit sharing is subject to the limits established in the applicable laws.

The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

- Capital stock and treasury shares

Company shares that are publicly traded on the Mexican Stock Exchange are classified as capital stock.

In accordance with the provisions of Article 56 of the Securities Market Law and Title Six of the Issuer's Sole Circular, which establishes that Company shares placed on the Mexican Stock Exchange may be acquired under certain rules, the Company carries out the procedure for the purchase or sale of Company shares placed on the Mexican Stock Exchange from the repurchase fund.

The purchase of the Company's own shares conducted with the repurchase reserve, is recorded as a reduction of the Company's stockholders' equity until those shares are canceled or resold. When those shares are resold, the consideration received is recorded in the Company's stockholders' equity. Any incremental attributable cost (net of income tax) is also deducted from capital stock.

- Revenue recognition

Net sales are gross sales less discounts, certain excise taxes, and duties. The Company incurs excise taxes and duties throughout the world. In most countries excise taxes and duties are effectively a tax that generally becomes payable when the finished product is physically moved from inside to outside bonded premises and is not related to the value of sales.

Revenue from the sale of goods is recognized depending upon agreed terms with individual customers at the time of dispatch, delivery or some other specific point when the Group transfers control over the goods to the customer. Generally, the transfer of control of goods occurs at the time of delivery. For those sales that allow the customer to return an item, revenue is recognized to the extent that it is highly probable that no return will occur. Where a customer has a right to return a product within a given period, the Group recognizes a refund liability for the amount of consideration received for which the entity does not expect to be entitled. Therefore, the amount of revenue recognized is adjusted for expected returns that are estimated based on the historical data of the products. In these circumstances, a refund liability and a right to recover returned goods asset are recognized.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods (Ps38,703 and Ps22,926 as of December 31, 2023, and 2022, respectively). The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

The distribution channels, depending on the territory, include retailers, supermarkets, wholesalers, and grocery stores where products are consumed outside of said establishments.

The Company grants rebates to customers in certain territories. Customer rebates are negotiated and documented by the commercial area and are discounted from revenues in the period in which they are granted.

- Leases

The right to use the leased goods is recorded in assets, and the contractual obligation to make lease payments is recorded in liabilities. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Most significant lease contracts relate to land for the Company's agave plantations and corporate offices and premises. For land leases, lease terms are aligned with estimated harvest period.

Payments associated with short-term leases of office furniture and equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

- Provisions, contingent liabilities and legal proceedings

Provisions for legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. A provision is recognized if, and only if: a present obligation (legal or constructive) has arisen as a result of a past event (the obligation event), payment is probable (more likely than not), and the amount can be estimated reliably.

- Comprehensive income

Comprehensive income is comprised of net income, foreign currency translation reserve, changes in fair value of equity investments and the results from remeasurements on employee benefit obligations net of income taxes, which are reflected in stockholders' equity, but which do not constitute capital contributions, reductions and/or distributions.

Sincerely,

Juan Domingo Beckmann Legorreta
Chairman of the Board of Directors of
Becle, S.A.B. de C.V.