



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

Mexico City, Mexico, October 27, 2022 – BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) announced today financial results for the third quarter ended September 30, 2022.

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

### **Third quarter 2022 highlights**

- Volume increased 5.0% to 6.8 million nine-liter cases;
- Net sales increased 20.2% to P\$11,527 million pesos;
- Gross profit increased 22.8% to P\$6,231 million pesos. Gross margin was 54.1%, an increase of 1.2 percentage points year over year;
- EBITDA increased 33.3% to P\$2,814 million pesos. EBITDA margin was 24.4%, an increase of 2.4 percentage points year over year;
- Consolidated net income increased 29.3% to P\$1,720 million pesos. Net margin was 14.9%, an increase of 1.0 percentage point year over year and;
- Earnings per share (“EPS”) was P\$0.48 pesos.

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

### **Management commentary**

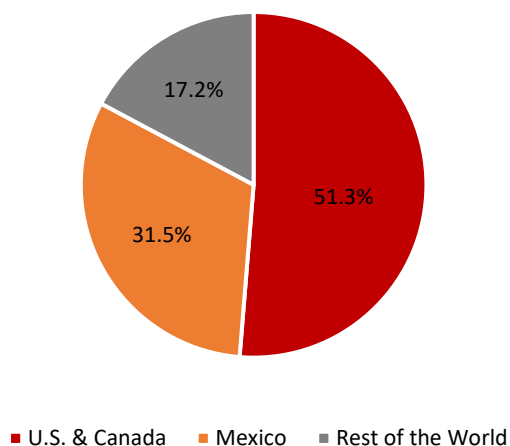
“We have been able to deliver strong results in a quarter still characterized by industry wide supply chain constraints and inflationary cost pressures. As a result of these macroeconomic challenges, we are closely monitoring any change in consumer behavior, however, as of today, we continue to see very favorable trends for our brands and categories overall, as people are drinking better, and younger age groups and new demographics are coming into play.”

## Third quarter 2022 results

### Volume by region 3Q22 (in 000s nine-liter cases)

Region	3Q22	3Q21	(Var.% YoY)
U.S. & Canada	3,493	3,547	-1.5%
Mexico	2,145	2,036	5.4%
Rest of the World	1,172	902	29.9%
Total	6,809	6,484	5.0%

Volume Breakdown by Region 3Q22

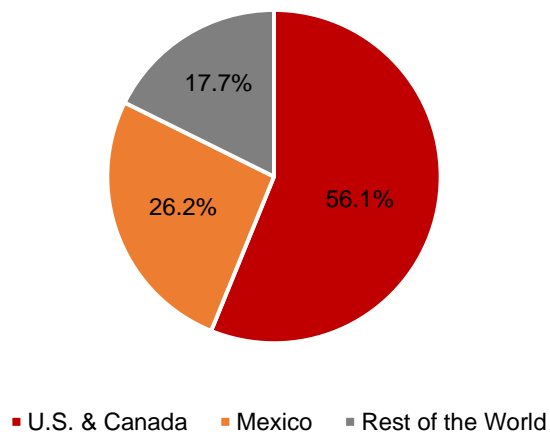


During the third quarter of 2022, total volume increased 5.0% to 6.8 million nine-liter cases. The year over year growth is in good part explained by a 29.9% year on year volume increase in the Rest of the World (“RoW”) region, which was mainly driven by the recovery of the on-premise channel in most of the countries in the region and a 5.4% 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 1.5% volume decrease in the U.S. and Canada region, mainly due to an impact from supply chain disruptions and a high comparison base in “Non-alcoholic and Other” and Ready-to-drink (“RTD”) for the same period last year.

### Net sales by region 3Q22 (in P\$, millions)

Region	3Q22	3Q21	(Var.% YoY)
U.S. & Canada	6,473	5,672	14.1%
Mexico	3,016	2,375	27.0%
Rest of the World	2,038	1,546	31.8%
Total	11,527	9,592	20.2%

Net Sales Breakdown by Region 3Q22

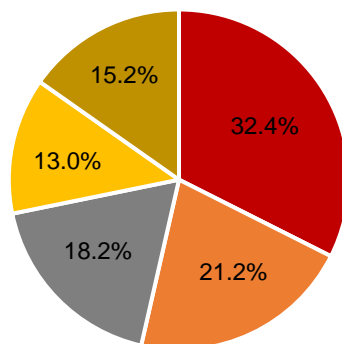


Third quarter 2022 net sales increased 20.2% year on year to P\$11,527 million pesos. Net sales for the RoW region increased by 31.8% when compared to the third quarter of 2021, primarily due to the strong volume growth. In the same period, net sales in Mexico increased 27.0%, primarily due to premiumization efforts and by year over year price increases in our portfolio. U.S. and Canada net sales increased 14.1% year on year, despite a 1.5% year on year volume decrease, demonstrating the positive impact of our premiumization strategy and price increases throughout the portfolio.

### Volume by category 3Q22 (in 000s nine-liter cases)

Category	3Q22	3Q21	(Var.% YoY)
Jose Cuervo	2,208	2,057	7.3%
Other Tequilas	1,440	1,208	19.2%
Other Spirits	1,241	1,126	10.2%
Non-alcoholic and Other	882	1,022	-13.7%
RTD	1,038	1,071	-3.1%
Total	6,809	6,484	5.0%

Volume Breakdown by Category 3Q22



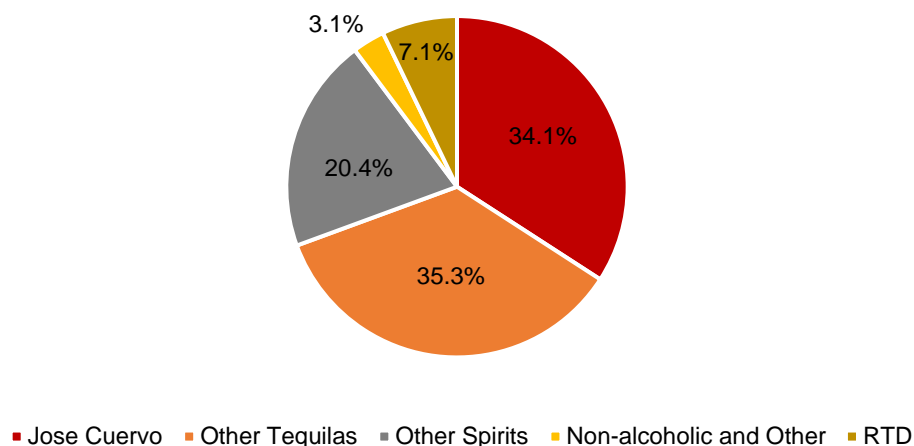
■ Jose Cuervo ■ Other Tequilas ■ Other Spirits ■ Non-alcoholic and Other ■ RTD

Volume of 'Jose Cuervo' increased 7.3% compared to the same period in 2021 and represented 32.4% of total volume for the third quarter of 2022. 'Other Tequilas' brands represented 21.2% of total volume, with volume increasing 19.2% compared to the prior year period. 'Other Spirits' brands represented 18.2% of total volume in the period and experienced a 10.2% increase in volume compared to the third quarter of 2021. Volume of 'Non-alcoholic and Other' represented 13.0% of total volume and decreased 13.7% compared to the prior year period. Volume of 'RTD' represented 15.2% of total volume and decreased by 3.1% compared to the same period in the previous year.

### Net sales by category 3Q22 (in P\$, millions)

Category	3Q22	3Q21	(Var.% YoY)
Jose Cuervo	3,935	3,414	15.3%
Other Tequilas	4,065	2,855	42.4%
Other Spirits	2,348	2,069	13.5%
Non-alcoholic and other	355	383	-7.3%
RTD	824	872	-5.5%
Total	11,527	9,592	20.2%

Net Sales Breakdown by Category 3Q22



Net sales of 'Jose Cuervo' increased 15.3% compared to the same period in 2021 and represented 34.1% of total net sales for the third quarter of 2022. Net sales of 'Other Tequilas' brands increased 42.4% compared to the prior year period and represented 35.3% of total net sales. 'Other Spirits' brands represented 20.4% of total net sales in the period and increased 13.5% compared to the third quarter of last year. Net sales of 'Non-alcoholic and Other' represented 3.1% of total net sales and decreased 7.3% compared to the prior year period. Net sales of 'RTD' represented 7.1% of total net sales and decreased 5.5% compared to the same period in the previous year.



## **Profitability and financial performance**

Gross profit during the third quarter of 2022 increased 22.8% over the same period in 2021 to P\$6,231 million pesos. Gross margin was 54.1% for the third quarter of 2022 compared to 52.9% for the third quarter of 2021. This gross margin increase was primarily due to changes in the product mix, price increases across regions and a steady agave market pricing environment, and was partially offset by adverse region mix, and to a lesser degree by higher non-agave related input costs.

Advertising, marketing and promotion (“AMP”) expenses in the third quarter of 2022 increased 17.1% to P\$2,214 million pesos when compared to the third quarter of 2021. As a percentage of net sales, AMP decreased to 19.2% from 19.7% in the prior year period.

Distribution expenses remained flat year on year at P\$534 million pesos. As a percentage of net sales, distribution expenses decreased to 4.6% from 5.6% in the same period of 2021, driven by lower logistics and carrier costs.

Selling and administrative (“SG&A”) expenses increased 15.5% to P\$922 million pesos when compared to the third quarter of 2021. As a percentage of net sales, SG&A expenses decreased to 8.0% from 8.3% in the same period of 2021, driven by strict cost controls.

Operating income during the third quarter of 2022 increased 35.9% to P\$2,595 million pesos compared to the same period of 2021. Operating margin increased to 22.5% compared to 19.9% in the same prior year period.

EBITDA in the third quarter of 2022 increased 33.3% to P\$2,814 million pesos compared to the third quarter of 2021. The EBITDA margin was 24.4% for the third quarter of 2022 versus 22.0% for the third quarter of 2021.

The net financial result was negative P\$173 million pesos during the third quarter of 2022 compared to negative P\$112 million pesos in the same period of 2021. This result was mainly derived from higher net interest expenses versus the same period of the prior year.

Consolidated net income in the third quarter of 2022 increased 29.3% to P\$1,720 million pesos, compared to P\$1,331 million pesos in the third quarter of 2021. Net margin was 14.9% for the third quarter of 2022, compared to 13.9% for the third quarter of 2021. EPS was P\$0.48 pesos in the third quarter of 2022 versus P\$0.37 for the third quarter of 2021.



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

As of September 30, 2022, cash and cash equivalents were P\$5,794 million pesos, and total financial debt was P\$18,565 million pesos. During the first nine months of 2022, the Company used net cash from operating activities of P\$1,971 million pesos and used P\$2,449 million pesos in net investing activities. Net cash used from financing activities was P\$2,333 million pesos for the period ended on September 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 was 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, October 28<sup>th</sup>, 2022, to discuss the Company's third 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).

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

Date: Friday, October 28<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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	Brazil	+55 61 2017 1549
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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 Doble®, Centenario®, Kraken®, Jose Cuervo®*





*Margaritas and B:ooost®, 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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## Consolidated Income Statements

	Third quarter ended September 30, 2022			Third quarter ended September 30, 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>568</b>	<b>11,527</b>		<b>9,592</b>		<b>1,935</b>	<b>20.2</b>
Cost of goods sold	261	5,296	45.9	4,517	47.1	779	17.2
<b>Gross profit</b>	<b>307</b>	<b>6,231</b>	<b>54.1</b>	<b>5,075</b>	<b>52.9</b>	<b>1,156</b>	<b>22.8</b>
Advertising, marketing and promotion	109	2,214	19.2	1,890	19.7	324	17.1
Distribution	26	534	4.6	534	5.6	0	0.0
Selling and administrative	45	922	8.0	799	8.3	123	15.4
Other expenses (income), net	(2)	(35)	(0.3)	(58)	(0.6)	23	(39.7)
<b>Operating income</b>	<b>128</b>	<b>2,595</b>	<b>22.5</b>	<b>1,910</b>	<b>19.9</b>	<b>685</b>	<b>35.9</b>
Financing results	9	173	1.5	112	1.2	61	54.5
<b>Income before income taxes</b>	<b>119</b>	<b>2,422</b>	<b>21.0</b>	<b>1,798</b>	<b>18.7</b>	<b>624</b>	<b>34.7</b>
Income taxes	35	703	6.1	468	4.9	235	50.2
<b>Consolidated net income</b>	<b>85</b>	<b>1,720</b>	<b>14.9</b>	<b>1,330</b>	<b>13.9</b>	<b>390</b>	<b>29.3</b>
Non-controlling interest	0	5	0.0	7	0.1	(2)	(28.6)
<b>Controlling interest</b>	<b>84</b>	<b>1,715</b>	<b>14.9</b>	<b>1,323</b>	<b>13.8</b>	<b>392</b>	<b>29.6</b>
Depreciation and amortization	11	219	1.9	201	2.1	18	9.0
<b>EBITDA</b>	<b>139</b>	<b>2,814</b>	<b>24.4</b>	<b>2,111</b>	<b>22.0</b>	<b>703</b>	<b>33.3</b>
<b>Earnings per share</b>	<b>0.02</b>	<b>0.48</b>		<b>0.37</b>		<b>0.11</b>	<b>29.6</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 20.31 Mexican pesos solely for the convenience of the reader.

## Consolidated Income Statements

	Nine months ended September 30, 2022			Nine months ended September 30, 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>1,572</b>	<b>31,929</b>		<b>26,291</b>		<b>5,638</b>	<b>21.4</b>
Cost of goods sold	728	14,783	46.3	12,302	46.8	2,481	20.2
<b>Gross profit</b>	<b>844</b>	<b>17,146</b>	<b>53.7</b>	<b>13,989</b>	<b>53.2</b>	<b>3,157</b>	<b>22.6</b>
Advertising, marketing and promotion	306	6,217	19.5	5,269	20.0	948	18.0
Distribution	76	1,536	4.8	1,360	5.2	176	12.9
Selling and administrative	134	2,730	8.6	2,372	9.0	358	15.1
Other expenses (income), net	(2)	(44)	(0.1)	(37)	(0.1)	(7)	18.9
<b>Operating income</b>	<b>330</b>	<b>6,706</b>	<b>21.0</b>	<b>5,025</b>	<b>19.1</b>	<b>1,682</b>	<b>33.5</b>
Financing results	19	390	1.2	352	1.3	38	10.8
<b>Profit before income taxes</b>	<b>311</b>	<b>6,317</b>	<b>19.8</b>	<b>4,673</b>	<b>17.8</b>	<b>1,644</b>	<b>35.2</b>
Income taxes	90	1,832	5.7	1,215	4.6	617	50.8
<b>Consolidated net income</b>	<b>221</b>	<b>4,485</b>	<b>14.0</b>	<b>3,458</b>	<b>13.2</b>	<b>1,027</b>	<b>29.7</b>
Non-controlling interest	1	20	0.1	17	0.1	3	17.6
<b>Controlling net income</b>	<b>220</b>	<b>4,465</b>	<b>14.0</b>	<b>3,441</b>	<b>13.1</b>	<b>1,024</b>	<b>29.8</b>
Depreciation and amortization	32	642	2.0	598	2.3	44	7.4
<b>EBITDA</b>	<b>362</b>	<b>7,348</b>	<b>23.0</b>	<b>5,623</b>	<b>21.4</b>	<b>1,726</b>	<b>30.7</b>
<b>Earnings per share</b>	<b>0.06</b>	<b>1.25</b>		<b>0.96</b>		<b>0.29</b>	<b>29.7</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 20.31 Mexican pesos solely for the convenience of the reader.

## Consolidated Statements of Financial Position

(Figures in millions)	September 30, 2022	December 31 <sup>st</sup> , 2021
	(U.S. \$) <sup>(1)</sup>	(Pesos)
<b>Assets</b>		
Cash and cash equivalents	285	5,794
Trade receivables	472	9,579
Related parties	3	53
Recoverable income tax	16	322
Other recoverable taxes and other receivables	76	1,552
Inventories	781	15,859
Biological assets	93	1,887
Prepayments	71	1,451
<b>Total current assets</b>	<b>1,797</b>	<b>36,497</b>
Inventories	282	5,736
Biological assets	317	6,444
Investments in associates	33	670
Property, plant and equipment	634	12,864
Intangible assets	918	18,644
Goodwill	284	5,763
Right-of-use assets	100	2,025
Deferred income tax	77	1,566
Employee benefits	18	363
Other assets	4	72
<b>Total non-current assets</b>	<b>2,667</b>	<b>54,147</b>
<b>Total assets</b>	<b>4,464</b>	<b>90,644</b>
<b>Liabilities</b>		
Senior notes	11	232
Trade payables	263	5,348
Related parties	4	78
Lease liabilities	17	339
Other accounts payable	223	4,524
<b>Total current liabilities</b>	<b>518</b>	<b>10,521</b>
Senior notes	903	18,333
Lease liabilities	92	1,872
Environmental reserve	7	148
Other liabilities	23	476
Deferred income taxes	169	3,434
<b>Total non-current liabilities</b>	<b>1,195</b>	<b>24,263</b>
<b>Total liabilities</b>	<b>1,713</b>	<b>34,784</b>
<b>Stockholders' equity</b>		
Stockholders' equity attributable to controlling interest	2,745	55,747
Non-controlling interest	6	113
<b>Total stockholders' equity</b>	<b>2,751</b>	<b>55,860</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,464</b>	<b>90,644</b>

(1) U.S. dollars translated at 20.31 Mexican pesos solely for the convenience of the reader.

## Consolidated Statements of Cash Flow

(Figures in millions)	Nine months ended September 30, 2022	Nine months ended September 30, 2021
	(U.S. \$) <sup>(1)</sup>	(Pesos)
<b>Operating activities:</b>		
Income before income taxes	311	6,317
Adjustment from items not implying cash flows		
Depreciation and amortization	32	642
Loss on sale of property, plant and equipment	3	56
Non-cash items	10	213
Interest income	(5)	(101)
Unrealized foreign exchange profit	(16)	(326)
Interest expense	19	391
Equity method	-	-
Subtotal	354	7,191
<b>(Increase) decrease in:</b>		
Trade receivables	22	456
Related parties	(2)	(31)
Other recoverable taxes and other receivables	(28)	(559)
Inventories	(204)	(4,140)
Biological assets	(79)	(1,613)
Prepayments	(19)	(389)
Other assets	16	331
<b>Increase (decrease) in:</b>		
Trade payables	43	879
Other accounts payables	(101)	(2,041)
Employee benefits	1	13
Income taxes paid or recoverable	(102)	(2,068)
Net cash from operating activities	(97)	(1,971)
<b>Investment Activities:</b>		
Property, plant and equipment	(117)	(2,370)
Intangible assets	(7)	(149)
Investment in associates	(1)	(30)
Interest income	5	101
Net cash flows used in investment activities	(121)	(2,449)
<b>Financing activities:</b>		
Dividends paid	(74)	(1,510)
Bank loan	-	-
Principal lease payment	(25)	(502)
Interest paid	(16)	(322)
Net cash flows used in financing activities	(115)	(2,333)
Net decrease of cash and cash equivalents	(333)	(6,753)
Cash and cash equivalents at beginning of year:		
At beginning of the period	630	12,791
Cash proceeds from acquisition	1	25
Effects of exchange rate changes on cash and cash equivalents	(13)	(270)
<b>Cash and cash equivalents at end of period</b>	<b>285</b>	<b>5,793</b>

(1) U.S. dollars translated at 20.31 Mexican pesos solely for the convenience of the reader.