



## **Becle, S.A.B. de C.V. Reports Second Quarter 2021 Unaudited Financial Results**

Mexico City, Mexico, July 29, 2021 /BUSINESSWIRE/ -- BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) today announced financial results for the quarter ended June 30<sup>th</sup>, 2021.

All figures in this release are derived from the Company’s interim consolidated financial statements as of June 30<sup>th</sup>, 2021, and for the six-month period then ended, which are prepared in accordance with International Financial Reporting Standard (IFRS).

### **Second quarter 2021 highlights**

- Volume increased 2.7% to 6,364 million nine-liter cases;
- Net sales increased 9.7% to P\$9,531 million pesos;
- Gross profit increased 9.8% to P\$5,071 million pesos. Gross margin was 53.2%, an increase of 0.1 percentage points year over year;
- Pro forma EBITDA decreased 14.9% to P\$2,004 million pesos (P\$1,631 million pesos as reported). Pro forma EBITDA margin was 21.0%, a decrease of 6.1 percentage points year over year;
- Pro forma consolidated net income decreased 19.4% to P\$1,169 million pesos (P\$893 million pesos as reported). Pro forma net margin was 12.3%, a decrease of 4.4 percentage points year over year and;
- Pro forma earnings per share (“EPS”) was P\$0.33 pesos (P\$0.25 pesos as reported).

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

### **Management commentary**

Our tequila and other spirits portfolios continued to perform well across our different regions this quarter. However, as we move on from the COVID-19 pandemic, we are seeing growth normalizing to levels closer to the ones seen in 2019 as year-on-year comparisons become tougher due to the unprecedented growth seen early in the pandemic. In this context, net sales were up 9.7% compared to the second quarter of 2020 and up 20.2% for the first half of the year. The second quarter brought strong results for Mexico and the Rest of the World regions in particular, with all regions performing well in the premium tequila category.

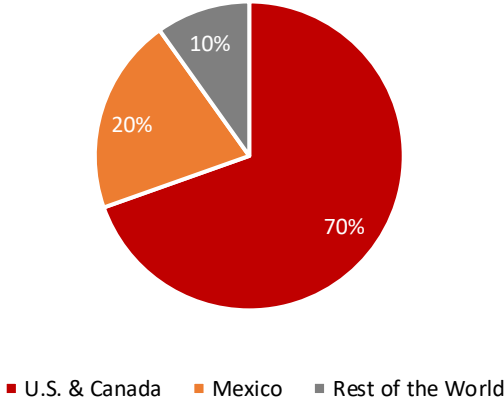
The Company is confident that its work over the years to build a portfolio of leading, trusted, and desirable brands, focused on high-growth spirits categories and supported by a global distribution network, will allow it to further generate value for its shareholders.

**Second quarter 2021 results**

**Volume by region 2Q21 (in 000s nine-liter cases)**

Region	2Q21	2Q20	(Var.% YoY)
U.S. & Canada	4,428	4,666	-5.1%
Mexico	1,308	1,141	14.7%
Rest of the World	628	392	60.0%
Total	6,364	6,199	2.7%

Volume breakdown by region 2Q21



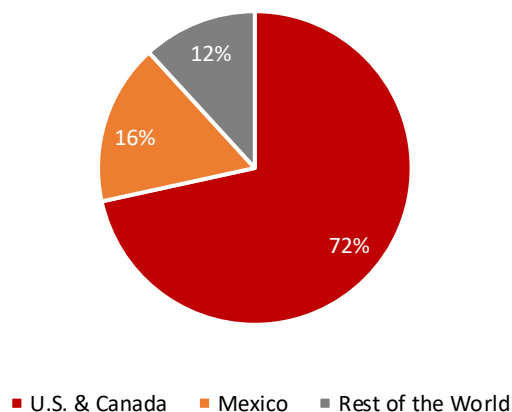
During the second quarter of 2021, total volume increased 2.7% to 6,364 million nine-liter cases. The year over year growth is explained by a 60.0% year on year volume increase in the Rest of the World (“RoW”) region, which was mainly driven by the recovery of the on-premise channel in some of the countries in the region and a 14.7% 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 5.1% volume decrease in the U.S. and Canada, due to supply chain constraints and the normalization of growth in the quarter to

pre-COVID-19 pandemic growth rates and a very difficult comparison period given our pandemic-driven performance in 2Q20.

### Net sales by region 2Q21 (in P\$, millions)

Region	2Q21	2Q20	(Var.% YoY)
U.S. & Canada	6,822	7,093	-3.8%
Mexico	1,584	934	69.6%
Rest of the World	1,124	662	69.9%
Total	9,531	8,689	9.7%

### Net sales breakdown by region 2Q21

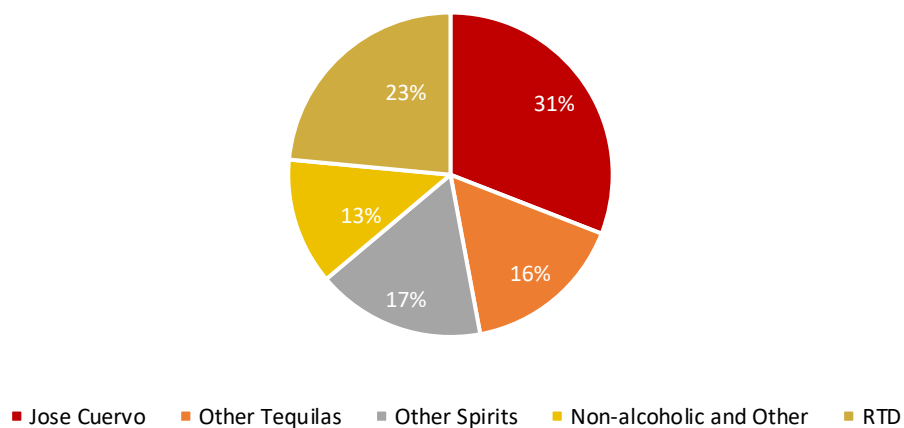


Second quarter 2021 net sales increased 9.7% year on year to P\$9,531 million pesos. Net sales for the RoW region increased by 69.9% when compared to the second quarter of 2020, primarily due to the easing of lockdowns and restrictions. In the same period, net sales in Mexico increased 69.6%, primarily due to the reopening of the on-premise channel and consumption levels rising with the vaccination roll out. U.S. and Canada net sales decreased 3.8% year on year, mainly due to foreign exchange effects, the difficult comparison with COVID-19 pandemic-driven results in the second quarter of 2020, and partially offset by price increases in selected markets.

### Volume by category 2Q21 (in 000s nine-liter cases)

Category	2Q21	2Q20	(Var.% YoY)
Jose Cuervo	1,967	1,816	8.3%
Other Tequilas	1,027	663	54.8%
Other Spirits	1,070	832	28.6%
Non-Alcoholic and Other	803	1,201	-33.2%
RTD	1,496	1,686	-11.3%
Total	6,364	6,199	2.7%

### Volume breakdown by category 2Q21

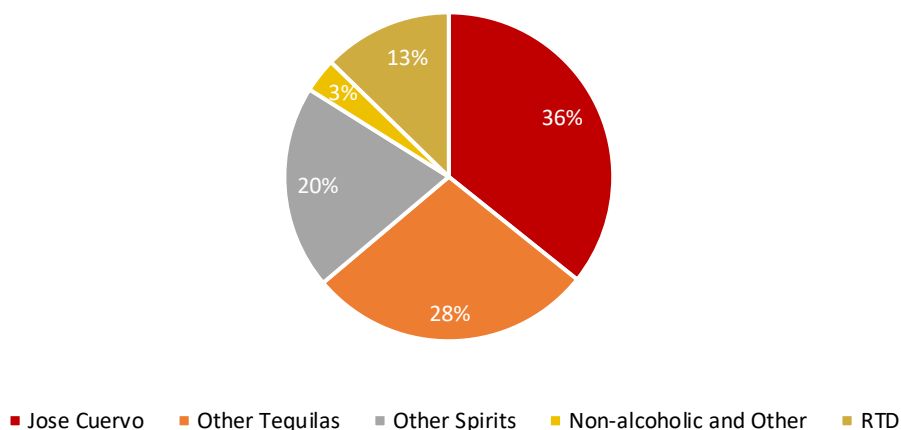


Volume of 'Jose Cuervo' increased 8.3% compared to the same period in 2020 and represented 30.9% of total volume for the second quarter of 2021. 'Other Tequilas' brands represented 16.1% of total volume, with volume increasing 54.8% compared to the prior year period. 'Other Spirits' brands represented 16.8% of total volume in the period and experienced a 28.6% increase in volume compared to the second quarter of 2020. Volume of 'Non-alcoholic and Other' represented 12.6% of total volume and decreased 33.2% compared to the prior year period. Volume of 'RTD' represented 23.5% of total volume and decreased by 11.3% compared to the same period in the previous year.


### Net sales by category 2Q21 (in P\$, millions)

Category	2Q21	2Q20	(Var.% YoY)
Jose Cuervo	3,407	3,365	1.2%
Other Tequilas	2,678	1,803	48.5%
Other Spirits	1,912	1,380	38.6%
Non-alcoholic and other	322	516	-37.5%
RTD	1,211	1,624	-25.4%
Total	9,531	8,689	9.7%

### Net sales breakdown by category 2Q21



Net sales of 'Jose Cuervo' increased 1.2% compared to the same period in 2020 and represented 35.7% of total net sales for the second quarter of 2021. Net sales of 'Other Tequilas' brands increased 48.5% compared to the prior year period and represented 28.1% of total net sales. 'Other Spirits' brands represented 20.1% of total net sales in the period and increased 38.6% compared to the second quarter of last year. Net sales of 'Non-alcoholic and Other' represented 3.4% of total net sales and decreased 37.5% compared to the prior year period. Net sales of 'RTD' represented 12.7% of total net sales and decreased 25.4% compared to the same period in the previous year.



Gross profit during the second quarter of 2021 increased 9.8% over the same period in 2020 to P\$5,071 million pesos. Gross margin was 53.2% for the second quarter of 2021 compared to 53.1% for the second quarter of 2020. This gross margin increase, primarily reflects the year over year price increase across regions, better category/product mix and a steady agave market price partially offset by the appreciation of the Mexican peso against the U.S. dollar.

Advertising, marketing and promotion (“AMP”) expenses in second quarter 2021 increased 71.3% to (P\$2,354 million pesos as reported) when compared to the second quarter of 2020. Second quarter includes an AMP accrual of P\$373 million pesos related to the Eire Born Spirits (“EBS”) transaction closing in April 2021. The normalized or pro forma AMP expense for the second quarter of 2021 was P\$1,981 million pesos. AMP expenses increased reflecting the Company’s efforts in 2020 to rephase AMP execution as a result of the COVID-19 pandemic. The second quarter 2021 AMP expenses increase indicates the reactivation and phasing of AMP investment opportunities across both our regions and our brands, increasing spend in key categories and markets.

As a percentage of net sales, pro forma AMP expenses increased to 20.8% from 15.8% in the same period of the previous year driven by the different phasing mentioned above. For the six months ended June 30<sup>th</sup>, as a percentage of net sales, pro forma AMP expenses decreased to 18.0% from 18.8% in the same period of the previous year.


Distribution expenses increased 60.6% to P\$461 million pesos when compared to the second quarter of 2020, driven by higher volume and increased logistics costs.

Selling and administrative (“SG&A”) expenses increased 1.2% to P\$800 million pesos when compared to the second quarter of 2020. As a percentage of net sales, SG&A expenses decreased to 8.4% from 9.1% in the same period of 2020, driven by firm cost control and supported by an acceleration in sales.

Pro forma operating income during the second quarter of 2021 decreased 17.1% to P\$1,804 million pesos (P\$1,430 million pesos as reported) compared to the same period of 2020. Pro forma operating margin decreased to 18.9% compared to 25.0% in the same prior year period.

Pro forma EBITDA in the second quarter of 2021 decreased 14.9% to P\$2,004 million pesos (P\$1,631 million pesos as reported) compared to the second quarter of 2020. The pro forma EBITDA margin was 21.0% for the second quarter of 2021 versus 27.1% for the second quarter of 2020.

The net financial result was negative P\$224 million pesos during the second quarter of 2021 compared to negative P\$214 million pesos in the same period of 2020. This loss was mainly derived from the appreciation of the Mexican peso against the U.S. dollar when compared to the second quarter of 2020.



Pro forma consolidated net income in the second quarter of 2021 decreased 19.4% to P\$1,169 million pesos (P\$893 million pesos as reported), compared to P\$1,451 million pesos in 2020. Pro forma net margin was 12.3% for the second quarter of 2021, compared to 16.7% for the second quarter of 2020. EPS was P\$0.33 pesos (P\$0.25 pesos as reported) in the second quarter of 2021.

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

As of June 30, 2021, cash and cash equivalents were P\$7,046 million pesos, and total financial debt was P\$12,862 million pesos. During the first half of 2021, the Company generated net cash from operating activities of P\$1,024 million pesos, and used P\$4,016 million pesos in net investing activities, which included the increase in equity participation of EBS. Net cash generated from financing activities was P\$2,525 million pesos for the period ended on June 30, 2021.

### **Increase in equity participation of Eire Born Spirits**

On April 23, 2021, the Company completed the exercise of its option to acquire additional equity interests of EBS. EBS owns and markets the Proper No. Twelve Irish whiskey brand.

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

As announced in the Company's capital allocation program during the annual general ordinary shareholders meeting held on April 27, 2021, a cash dividend payment will be made on August 5, 2021 in an amount of P\$0.43039 pesos for each outstanding share representing the capital stock of Becele.

### **Proximo organizational changes**

Mr. Michael Keyes, Proximo Spirits, Inc.s ("Proximo") President and CEO, has decided to retire and will be leaving the organization by year-end. Mr. Luis Félix, Managing Director for Mexico & Latam, will be replacing Mr. Keyes at Proximo in an orderly transition process. Mr. Félix is a seasoned spirits industry veteran, with over 20 years of experience in the sector. Mr. Félix will in turn be replaced in the Mexico and Latam region by Mrs. Olga Limon, also an experienced industry executive.



## **IFRS 9; IFRIC 16: Net investment hedge disclosures**

### **Financial instruments to hedge net investments in foreign operations**

Beginning January 1<sup>st</sup>, 2020, the Company designated its US\$500 million senior notes as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc., which is a sub-holding entity of the U.S. operations, 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.

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 (10:00 a.m. E.T.) on, Thursday, July 29<sup>th</sup>, 2021, to discuss the Company's second quarter 2021 unaudited financial results. Interested parties may also listen to a simultaneous webcast of the conference call by logging onto the Company's website at:

<http://public.viavid.com/index.php?id=145450> or [www.becle.com.mx](http://www.becle.com.mx).

### **Second Quarter 2021 Unaudited Financial Results Conference Call and Webcast Details**

Date: Thursday, July 29<sup>th</sup>, 2021

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

Participants: Juan Domingo Beckmann (CEO)  
Fernando Suárez (CFO)

Dial-in: Mexico Toll-free 800-522-0034  
U.S. Toll-free 1-877-407-0792  
Toll/International 1-201-689-8263

Conference ID: 13721007

Webcast:

<http://public.viavid.com/index.php?id=145450> 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.*

### **Investor Relations:**

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### **Corporate Affairs:**

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## Consolidated Income Statements

	Second quarter ended June 30 <sup>th</sup> , 2021			Second quarter ended June 30 <sup>th</sup> , 2020		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>481</b>	<b>9,531</b>		<b>8,689</b>		<b>842</b>	<b>9.7</b>
Cost of goods sold	225	4,460	46.8	4,072	46.9	388	9.5
<b>Gross profit</b>	<b>256</b>	<b>5,071</b>	<b>53.2</b>	<b>4,617</b>	<b>53.1</b>	<b>454</b>	<b>9.8</b>
Advertising, marketing and promotion	119	2,354	24.7	1,374	15.8	980	71.3
Distribution	23	461	4.8	287	3.3	174	60.6
Selling and administrative	40	800	8.4	791	9.1	9	1.2
Other expenses (income), net	1	25	0.3	(11)	-0.1	36	(340.0)
<b>Operating income</b>	<b>72</b>	<b>1,431</b>	<b>15.0</b>	<b>2,175</b>	<b>25.0</b>	<b>(744)</b>	<b>(34.2)</b>
Financing results	11	224	2.4	214	2.5	10	4.8
<b>Income before income taxes</b>	<b>61</b>	<b>1,207</b>	<b>12.7</b>	<b>1,961</b>	<b>22.6</b>	<b>(754)</b>	<b>(38.5)</b>
Income taxes	16	314	3.3	510	5.9	(196)	(38.5)
<b>Consolidated net income</b>	<b>45</b>	<b>893</b>	<b>9.4</b>	<b>1,451</b>	<b>16.7</b>	<b>(559)</b>	<b>(38.5)</b>
Non-controlling interest	1	10	0.1	2	0.0	NM	NM
<b>Controlling interest</b>	<b>45</b>	<b>883</b>	<b>9.3</b>	<b>1,450</b>	<b>16.7</b>	<b>(567)</b>	<b>(39.1)</b>
Depreciation and amortization	10	200	2.1	180	2.1	20	11.4
<b>EBITDA</b>	<b>82</b>	<b>1,631</b>	<b>17.1</b>	<b>2,355</b>	<b>27.1</b>	<b>(724)</b>	<b>(30.8)</b>
<b>EBITDA – pro forma (2)</b>	<b>101</b>	<b>2,004</b>	<b>21.0</b>	<b>2,355</b>	<b>27.1</b>	<b>(351)</b>	<b>(14.9)</b>
<b>Consol. net income - pro forma (2)</b>	<b>59</b>	<b>1,169</b>	<b>12.3</b>	<b>1,451</b>	<b>16.7</b>	<b>(282)</b>	<b>(19.4)</b>
<b>Earnings per share</b>	<b>0.01</b>	<b>0.25</b>		<b>0.40</b>		<b>(0.16)</b>	<b>(39.1)</b>
<b>Earnings per share - pro forma (2)</b>	<b>0.02</b>	<b>0.33</b>		<b>0.40</b>		<b>(0.07)</b>	<b>(17.5)</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 19.80 Mexican pesos solely for the convenience of the reader.

(2) Pro forma to exclude a non-recurring AMP accrual related to continuing promotional activities for acquired intellectual property as part of the Eire Bom Spirits (“EBS”) transaction closing in April 2021.

## Consolidated Income Statements

(Figures in millions, except per share amounts)	Six months ended June 30 <sup>th</sup> , 2021			Six months ended June 30, 2020		Year over year variance	
	(U.S. \$) <sup>(1)</sup>	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
<b>Net sales</b>	<b>843</b>	<b>16,699</b>		<b>13,894</b>		<b>2,805</b>	<b>20.2</b>
Cost of goods sold	393	7,785	46.6	6,588	47.4	1,197	18.2
<b>Gross profit</b>	<b>450</b>	<b>8,914</b>	<b>53.4</b>	<b>7,306</b>	<b>52.6</b>	<b>1,608</b>	<b>22.0</b>
Advertising, marketing and promotion	171	3,379	20.2	2,617	18.8	762	29.1
Distribution	42	826	4.9	475	3.4	351	73.8
Selling and administrative	79	1,574	9.4	1,556	11.2	18	1.1
Other expenses (income), net	1	21	0.1	(32)	-0.2	53	(166.1)
<b>Operating income</b>	<b>157</b>	<b>3,114</b>	<b>18.6</b>	<b>2,689</b>	<b>19.4</b>	<b>425</b>	<b>15.8</b>
Financing results	12	240	1.4	(215)	-1.5	455	(211.4)
<b>Profit before income taxes</b>	<b>145</b>	<b>2,874</b>	<b>17.2</b>	<b>2,904</b>	<b>20.9</b>	<b>(30)</b>	<b>(1.0)</b>
Income taxes	38	747	4.5	755	5.4	(8)	(1.0)
<b>Consolidated net income</b>	<b>107</b>	<b>2,127</b>	<b>12.7</b>	<b>2,149</b>	<b>15.5</b>	<b>(22)</b>	<b>(1.0)</b>
Non-controlling interest	0	10	0.1	2	0.0	NM	NM
<b>Controlling net income</b>	<b>107</b>	<b>2,117</b>	<b>12.7</b>	<b>2,147</b>	<b>15.5</b>	<b>(30)</b>	<b>(1.4)</b>
Depreciation and amortization	20	397	2.4	354	2.1	43	12.2
<b>EBITDA</b>	<b>177</b>	<b>3,511</b>	<b>21.0</b>	<b>3,043</b>	<b>21.9</b>	<b>468</b>	<b>15.4</b>
<b>EBITDA – pro forma (2)</b>	<b>196</b>	<b>3,884</b>	<b>23.3</b>	<b>3,043</b>	<b>21.9</b>	<b>841</b>	<b>27.6</b>
<b>Consol. net income - pro forma (2)</b>	<b>121</b>	<b>2,403</b>	<b>14.4</b>	<b>2,149</b>	<b>15.5</b>	<b>254</b>	<b>11.8</b>
<b>Earnings per share</b>	<b>0.03</b>	<b>0.59</b>		<b>0.60</b>		<b>(0.01)</b>	<b>(1.0)</b>
<b>Earnings per share - pro forma (2)</b>	<b>0.03</b>	<b>0.67</b>		<b>0.60</b>		<b>0.07</b>	<b>11.7</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 19.80 Mexican pesos solely for the convenience of the reader.

(2) Pro forma to exclude a non-recurring AMP accrual related to continuing promotional activities for acquired intellectual property as part of the Eire Bom Spirits (“EBS”) transaction closing in April 2021.

## Consolidated Statements of Financial Position

(Figures in millions)	June 30 <sup>th</sup> , 2021	December 31 <sup>st</sup> , 2020
	(U.S. \$) <sup>(1)</sup>	(Pesos)
<b>Assets</b>		
Cash and cash equivalents	356	7,046
Trade receivables	362	7,161
Related parties	2	31
Recoverable income tax	45	890
Other recoverable taxes and other receivables	69	1,362
Inventories	609	12,053
Financial Instruments at fair value through profit and loss	-	-
Biological assets	83	1,643
Prepayments	46	914
<b>Total current assets</b>	<b>1,571</b>	<b>31,100</b>
Inventories	315	6,243
Biological assets	226	4,481
Investments in associates	9	182
Property, plant and equipment	546	10,818
Intangible assets	1,015	20,105
Goodwill	350	6,937
Right-of-use assets	110	2,176
Deferred income tax	119	2,353
Employee benefits	11	220
Other assets	3	62
<b>Total non-current assets</b>	<b>2,706</b>	<b>53,577</b>
<b>Total assets</b>	<b>4,276</b>	<b>84,678</b>
<b>Liabilities</b>		
Bank loan	150	2,972
Senior notes	2	48
Trade payables	174	3,440
Related parties	3	57
Lease liabilities	15	306
Other accounts payable	236	4,666
<b>Total current liabilities</b>	<b>580</b>	<b>11,489</b>
Senior notes	497	9,842
Lease liabilities	92	1,823
Environmental reserve	7	130
Other liabilities	27	529
Deferred income taxes	300	5,939
<b>Total non-current liabilities</b>	<b>922</b>	<b>18,263</b>
<b>Total liabilities</b>	<b>1,502</b>	<b>29,752</b>
<b>Stockholders' equity</b>		
Stockholders' equity attributable to controlling interest	2,769	54,837
Non-controlling interest	5	89
<b>Total stockholders' equity</b>	<b>2,774</b>	<b>54,926</b>
<b>Total liabilities and stockholders' equity</b>	<b>4,276</b>	<b>84,678</b>

(1) U.S. dollars translated at 19.80 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> , 2021	Six months ended June 30 <sup>th</sup> , 2020
	(U.S. \$) <sup>(1)</sup>	(Pesos)
<b>Operating activities:</b>		
Income before income taxes	145	2,874
Adjustment from non-cash items:		
Depreciation and amortization	20	397
Loss on sale of property, plant and equipment	-	6
Other non-cash items	(62)	(1,228)
Interest income	(2)	(32)
Unrealized foreign exchange profit	(14)	(276)
Interest expense	10	201
Equity method	(1)	(25)
Subtotal	97	1,917
<b>(Increase) decrease in:</b>		
Trade receivables	100	1,976
Related parties	(4)	(85)
Other recoverable taxes and other receivables	(15)	(293)
Inventories	(66)	(1,304)
Biological assets	(46)	(910)
Prepayments	5	89
Other assets	7	137
<b>Increase (decrease) in:</b>		
Trade payables	20	398
Other accounts payables	(6)	(122)
Employee benefits	1	16
Income taxes paid or recoverable	(40)	(795)
Net cash from operating activities	52	1,024
<b>Investing Activities:</b>		
Property, plant and equipment	(47)	(937)
Intangible assets	(149)	(2,942)
Investment in associates	(9)	(169)
Interest income	2	32
Net cash from investment activities	(203)	(4,016)
<b>Financing activities:</b>		
Repurchase of shares	-	-
Bank loan	157	3,107
Principal lease payment	(17)	(345)
Interest paid	(12)	(237)
Net cash from financing activities	128	2,525
Net decrease of cash and cash equivalents	(24)	(467)
At beginning of the period	386	7,646
Effects of exchange rate changes on cash and cash equivalents	(7)	(133)
<b>Cash and cash equivalents at end of period</b>	<b>356</b>	<b>7,046</b>

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