



Becle, S.A.B. de C.V. Reports First Quarter 2022 Unaudited Financial Results

Mexico City, Mexico, April 28, 2022 -- BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) today announced financial results for the first quarter ended March 31, 2022.

All figures in this release are derived from the interim consolidated financial statements of the Company as of March 31, 2022, and for the three-month period then ended, which are prepared in accordance with International Financial Reporting Standard (IFRS).

First quarter 2022 highlights

- Volume increased 11.4% to 5.4 million nine-liter cases;
- Net sales increased 26.5% to P\$9,068 million pesos;
- Gross profit increased 29.5% to P\$4,977 million pesos. Gross margin was 54.9%, an increase of 1.3 percentage points year over year;
- EBITDA increased 16.5% to P\$2,191 million pesos. EBITDA margin was 24.2%, a decrease of 2.0 percentage points year over year;
- Consolidated net income increased 9.8% to P\$1,355 million pesos. Net margin was 14.9%, a decrease of 2.3 percentage points year over year and;
- Earnings per share were P\$0.38.

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

Management commentary

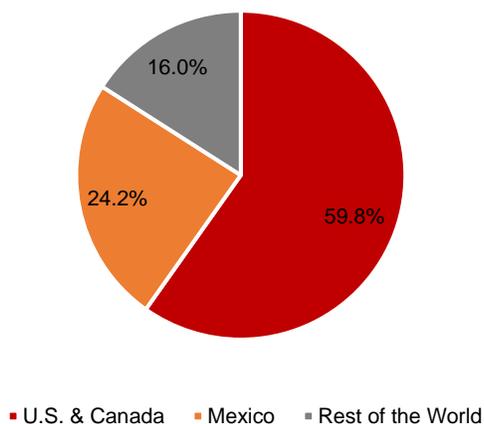
In the first quarter of 2022, on-premise sales continued to normalize throughout most of our regions, driving sales growth, and providing more opportunities to strengthen our brands. We are managing through supply chain constraints by executing logistics mitigation strategies. Our tequila brands, especially super and ultra-premium tequilas, performed very well, reinforcing the success of the premiumization strategy we have implemented. We remain confident in our business’ strong fundamentals and attractive growth outlook, as we continue adapting and generating value for shareholders.

First quarter 2022 results

Volume by region 1Q22 (in 000s nine-liter cases)

Region	1Q22	1Q21	(Var.% YoY)
U.S. & Canada	3,212	3,296	-2.6%
Mexico	1,302	960	35.6%
Rest of the World	857	564	52.0%
Total	5,370	4,821	11.4%

Volume Breakdown by Region 1Q22

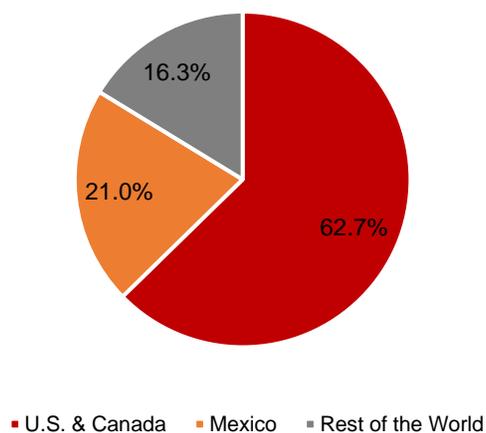


During the first quarter of 2022, total volume increased 11.4% to 5.4 million nine-liter cases. The year over year growth is explained by a 35.6% volume increase in Mexico, driven in part by COVID restrictions being largely lifted and premium brands' availability in the face of supply chain constraints. The Rest of the World (RoW) region increased volume 52% year on year, also driven by restrictions surrounding COVID being lifted allowing an on-premise recovery. This increase was partially offset by a 2.6% decrease in the U.S. and Canada, mainly due to an impact from supply chain disruptions and a high comparison base in "Non-alcoholic and Other" and "RTD" for the same period last year.

Net sales by region 1Q22 (in MXN\$, millions)

Region	1Q22	1Q21	(Var.% YoY)
U.S. & Canada	5,684	5,111	11.2%
Mexico	1,909	1,096	74.2%
Rest of the World	1,475	961	53.5%
Total	9,068	7,168	26.5%

Net Sales Breakdown by Region 1Q22

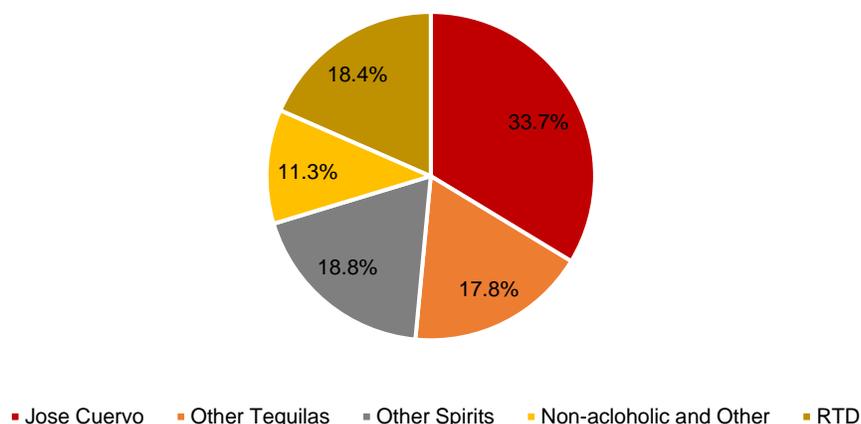


First quarter 2022 net sales increased 26.5% year on year to P\$9,068 million pesos. U.S. and Canada net sales increased 11.2% year on year, primarily reflecting a product mix skewed towards higher sales per case brands and price increases on a year over year basis. In the same period, net sales in Mexico increased 74.2%, primarily due to premiumization efforts and by year over year price increases in our portfolio. Net sales for the RoW region increased by 53.5% when compared to the first quarter of 2021, primarily reflecting a better product mix, and price increases in the region.

Volume by category 1Q22 (in 000s nine-liter cases)

Category	1Q22	1Q21	(Var.% YoY)
Jose Cuervo	1,809	1,274	42.0%
Other Tequilas	957	736	30.1%
Other Spirits	1,011	921	9.9%
Non-alcoholic and Other	605	783	-22.8%
RTD	989	1,109	-10.8%
Total	5,370	4,821	11.4%

Volume Breakdown by Category 1Q22

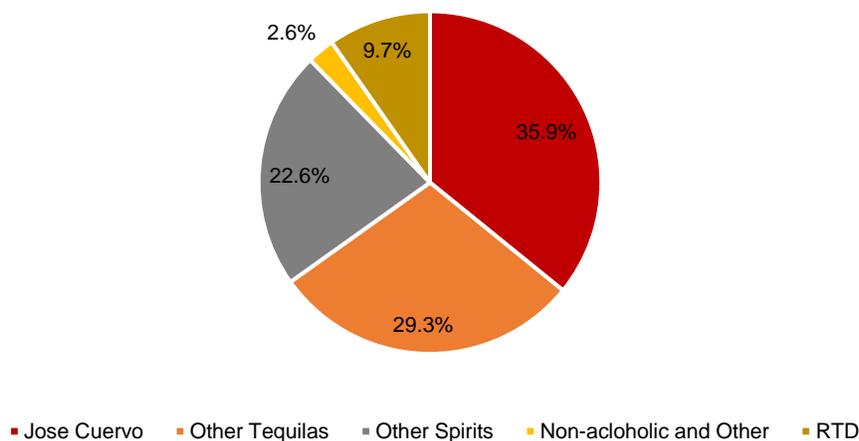


Volume of 'Jose Cuervo' increased 42.0% compared to the same period in 2021 and represented 33.7% of total volume for the first quarter of 2022. 'Other Tequila' brands represented 17.8% of total volume, with volume increasing 30.1% compared to the prior year period. 'Other Spirits' brands represented 18.8% of total volume in the period and experienced a 9.9% increase in volume over the first quarter of 2021. Volume of 'Non-alcoholic and Other' represented 11.3% of total volume and decreased 22.8% compared to the prior year period. Volume of 'RTD' represented 18.4% of total volume and decreased by 10.8% compared to the same period in the previous year.

Net sales by category 1Q22 (in MXN\$, millions)

Category	1Q22	1Q21	(Var.% YoY)
Jose Cuervo	3,251	2,120	53.3%
Other Tequilas	2,656	1,931	37.5%
Other Spirits	2,045	1,792	14.1%
Non-alcoholic and other	235	324	-27.5%
RTD	881	1,000	-11.9%
Total	9,068	7,168	26.5%

Net Sales Breakdown by Category 1Q22



Net sales of 'Jose Cuervo' increased 53.3% compared to the same period in 2021 and represented 35.9% of total net sales for the first quarter of 2022. Net sales of 'Other Tequila' brands increased 37.5% compared to the prior year period and represented 29.3% of total net sales. 'Other Spirits' brands represented 22.6% of total net sales in the period and increased 14.1% compared to the first quarter of last year. Net sales of 'Non-alcoholic and Other' represented 2.6% of total net sales and decreased 27.5% compared to the prior year period. Net sales of 'RTD' represented 9.7% of total net sales and decreased 11.9% compared to the same period in the previous year.



Profitability and financial performance

Gross profit during the first quarter of 2022 increased 29.5% over the same period in 2021 to P\$4,977 million pesos. Gross margin was 54.9% for the first quarter of 2022 compared to 53.6% for the first quarter of 2021. This gross margin increase primarily reflects price increases across regions, better 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 increased 64.3% to P\$1,685 million pesos when compared to the first quarter of 2021. This AMP expense was higher versus 2021 due to the low comparison base from on-premise shutdowns and limited off-premise promotional opportunities as a result of the pandemic. As a percentage of net sales, AMP increased to 18.6% from 14.3% in the same period of the previous year.

Distribution expenses increased 31.9% to P\$481 million pesos when compared to the first quarter of 2021, driven by higher volume and increased logistics and carrier costs.

Selling and administrative (SG&A) expenses increased 13.5% to P\$878 million pesos when compared to the first quarter of 2021. As a percentage of net sales, SG&A decreased to 9.7% from 10.8% in the same period of 2021, primarily driven by effective cost control management.

Operating income during the first quarter of 2022 increased 17.8% to P\$1,983 million pesos compared to the same period of 2021. Operating margin decreased to 21.9% compared to 23.5% in the same prior year period.

EBITDA in the first quarter of 2022 increased 16.5% to P\$2,191 million pesos compared to the first quarter of 2021. The EBITDA margin was 24.2% for the first quarter of 2022 versus 26.2% for the first quarter of 2021.

Net financing results was a loss of P\$74 million pesos during the first quarter of 2022 compared to a loss of P\$15 million pesos in the same period of 2021. This loss was mainly derived from net interest expenses and by the Mexican peso appreciation versus the U.S. dollar when compared to the first quarter of 2021.

Consolidated net income in the first quarter of 2022 increased 9.8% to P\$1,355 million pesos, compared to P\$1,234 million pesos in 2021. Net margin was 14.9% for the first quarter of 2022, compared to 17.2% for the first quarter of 2021. Earnings per share were P\$0.38 in the first quarter of 2022, compared to P\$0.34 in the same period of the prior year.



Financial position and cash flow

As of March 31, 2022, cash and cash equivalents were P\$10,327 million pesos, and total financial debt was P\$18,223 million pesos. During the first quarter of 2022, the Company used net cash from operating activities of P\$1,466 million pesos, and P\$576 million pesos in net investing activities. Net cash used in financing activities was P\$199 million pesos for the period ended on March 31st, 2022.

Credit ratings affirmation

On March 25, 2022, Fitch Ratings affirmed Becele's investment grade long-term foreign and local currency ratings of "BBB+" with a "Stable Outlook".



IFRS 9; IFRIC 16: Net investment hedge disclosures

Financial instruments to hedge net investments in foreign operations

Beginning January 1, 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. EDT) on, Friday, April 29, 2022, to discuss the Company's first 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.

First Quarter 2022 Unaudited Financial Results Conference Call and Webcast Details

Date: Friday, April 29, 2022

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

Participants: Juan Domingo Beckmann (CEO)

Fernando Suárez (CFO)

Dial-in:	Mexico	+52 55 1168 9973
	Brazil	+55 61 2017 1549
	USA	+1 718 866 4614
	Canada	+1 587 855 1318
	United Kingdom	+44 203 984 9844
	France	+33 1758 50 878
	Germany	+49 30 25 555 323

Conference ID: 623996

Webcast: <https://mm.closir.com/slideslo?id=623996> or www.becle.com.mx.

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

About Becele

Becle is a globally renowned company in the spirits industry and the world's largest producer of tequila. Its extraordinary portfolio of over 30 spirits brands, some of them owned, some of them agency brands distributed only in Mexico, has been developed throughout the years to participate in key categories with high growth potential, serving the world's most important alcoholic beverage markets and attending key consumer preferences and tendencies. Becele's portfolio strength is based on the profound legacy of its iconic internally developed brands such as Jose Cuervo®, combined with complementary acquisitions such as Three Olives®, Hangar 1®, Stranahan's®, Bushmills®, Pendleton® and Boodles®, as well as a relentless focus on innovation that over the years has created renowned brands such as 1800®, Maestro Dobel®, Centenario®, Kraken®, Jose Cuervo® Margaritas and B:oost®, among others. Some of Becele's brands are sold and distributed in more than 85 countries.



EBITDA

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

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

Disclaimer

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

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Consolidated Income Statements

	First quarter ended March 31, 2022			First quarter ended March 31, 2021		Year over year variance	
	(U.S. \$) ⁽¹⁾	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
Net sales	454	9,068		7,168		1,900	26.5
Cost of goods sold	205	4,090	45.1	3,325	46.4	765	23.0
Gross profit	249	4,977	54.9	3,843	53.6	1,135	29.5
Advertising, marketing and promotion	84	1,685	18.6	1,025	14.3	660	64.3
Distribution	24	481	5.3	365	5.1	116	31.9
Selling and administrative	44	878	9.7	773	10.8	104	13.5
Other (income), net	(2)	(49)	(0.5)	(4)	(0.1)	(45)	NA
Operating income	99	1,983	21.9	1,683	23.5	299	17.8
Financing results, net	4	74	0.8	15	0.2	59	383.2
Income before income taxes	95	1,908	21.0	1,668	23.3	240	14.4
Income taxes	28	553	6.1	434	6.1	120	27.6
Consolidated net income	68	1,355	14.9	1,234	17.2	120	9.8
Non-controlling interest	0	4	0.0	(1)	0.0	5	NA
Controlling interest	68	1,351	14.9	1,235	17.2	116	9.4
Depreciation and amortization	10	208	2.3	197	2.7	11	5.6
EBITDA	110	2,191	24.2	1,881	26.2	310	16.5
Earnings per share	0.02	0.38		0.34		0.03	9.4
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 19.99 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Financial Position

	March 31, 2022	December 31, 2021
(Figures in millions)	(U.S. \$) ⁽¹⁾	(Pesos)
Assets		
Cash and cash equivalents	516	10,327
Trade receivables - Net	396	7,920
Related parties	3	50
Recoverable income tax	23	457
Other recoverable taxes and receivables	58	1,160
Inventories	675	13,494
Biological assets	35	699
Prepayments	56	1,114
Total current assets	1,762	35,220
Inventories	322	6,442
Biological assets	310	6,202
Investments in associates	33	660
Property, plant and equipment - Net	599	11,978
Intangible assets	991	19,823
Goodwill	331	6,626
Right-of-use assets	115	2,298
Deferred income tax	80	1,596
Employee benefits - net	21	418
Other assets	3	62
Total non-current assets	2,806	56,104
Total assets	4,568	91,324
Liabilities		
Senior Notes	11	228
Trade payables	199	3,974
Related parties	2	32
Lease liabilities	33	657
Other accounts payable	223	4,465
Total current liabilities	468	9,357
Senior Notes	900	17,994
Lease liabilities	94	1,887
Environmental reserve	7	139
Other liabilities	27	547
Deferred income taxes	165	3,301
Total non-current liabilities	1,194	23,869
Total liabilities	1,662	33,225
Stockholders' equity attributable to Controlling interest	2,901	58,002
Non-controlling interest	5	97
Total stockholders' equity	2,906	58,444
Total liabilities and stockholders' equity	4,568	91,324

(1) U.S. dollars translated at 19.99 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Cash Flow

(Figures in millions)	Three months ended March 31, 2022	Three months ended March 31, 2021
	(U.S. \$) ⁽¹⁾	(Pesos)
Operating activities:		
Income before income taxes	95	1,908
Adjustment from non-cash items:		
Depreciation and amortization	10	208
Loss on sale of property, plant and equipment	0	0
Non-cash items	1	27
Interest income	(1)	(25)
Unrealized foreign exchange profit	(22)	(444)
Interest expense	7	132
Equity method on associates	0	0
Subtotal	90	1,807
(Increase) decrease in:		
Trade receivables	111	2,220
Related parties	(4)	(86)
Other recoverable taxes and receivables	(11)	(219)
Inventories	(77)	(1,546)
Biological assets	(6)	(115)
Prepayments	(3)	(66)
Other assets	9	189
Increase (decrease) in:		
Trade accounts payable	(29)	(574)
Other accounts payables	(100)	(1,995)
Employee benefits	(0)	(0)
Income taxes paid or recoverable	(54)	(1,082)
Net cash from operating activities	(73)	(1,466)
Investing Activities:		
Property, plant and equipment	(28)	(568)
Intangible assets	(0)	(2)
Investment in associates	(1)	(30)
Interest income	1	25
Net cash from investing activities	(29)	(576)
Financing activities:		
Bank loan	0	0
Principal lease payment	(9)	(181)
Interest paid	(1)	(18)
Net cash from financing activities	(10)	(199)
Net increase (decrease) of cash and cash equivalents	(112)	(2,241)
Cash and cash equivalents at beginning of year:		
At beginning of the period	640	12,791
Effects of exchange rate changes on cash and cash equivalents	(11)	(224)
Cash and cash equivalents at end of period	516	10,327

(1) U.S. dollars translated at 19.99 Mexican pesos solely for the convenience of the reader.