

[Translation for informational purposes only]



Mexico City, February 23, 2024

Dear Shareholders,

Under the provisions of Article 44, Section XI of the Securities Market Law (*Ley del Mercado de Valores*) and Article 172 of the General Law for Commercial Companies (*Ley General de Sociedades Mercantiles*), and in my capacity as Chief Executive Officer of Becele, S.A.B. de C.V. (the "Company"), I am pleased to submit the consolidated annual report on the operations and activities of the Company for the fiscal year ended December 31, 2023.

During the fiscal year in question, the Company's progress and operations have been constant and the measures and policies necessary to achieve its corporate purpose have been established and complied with.

During the full year 2023, total volume decreased 1.4% to 27.1 million nine-liter cases. This decrease reflects a 3.1% decrease in the United States and Canada, a 4.2% decrease in Mexico and a 9.7% increase in the Rest of the World region.

**Volume by region for the year 2023 (in thousands of nine-liter cases)**

Region	2023	2022	YoY % Δ
U.S. & Canada	14,923	15,397	-3.1%
Mexico	7,451	7,774	-4.2%
Rest of the World	4,693	4,279	9.7%
Total	27,068	27,450	-1.4%

Net sales during the full year of 2023 decreased 3.0% to P\$44,355 million pesos compared to the same period of 2022, impacted by unfavorable currency translation effects from U.S. dollars to Mexican pesos. On a constant currency basis, net sales increased 6.2%, driven by higher average net sales price per case, reflecting the

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Company's premiumization and price increase efforts implemented throughout the year.

Net sales in the U.S. and Canada decreased by 9.4% versus the same period of 2022, impacted by the previously mentioned currency translation effects.

Net sales for Mexico increased 8.1% year-on-year due to a higher average net sales price per case mainly resulting from price increases.

Net sales for the RoW region increased 4.4% versus the full year of 2022, reflecting volume growth.

**Net Sales by Region for the year 2023 (in millions of pesos)**

Region	2023	2022	YoY % Δ	YoY % Δ PF*
U.S. & Canada	24,879	27,466	-9.4%	1.9%
Mexico	11,813	10,923	8.1%	8.1%
Rest of the World	7,663	7,340	4.4%	19.7%
Total	44,355	45,729	-3.0%	6.2%

*\*Pro forma figures on a constant currency basis.*

Volume of 'Jose Cuervo' grew 3.2% versus the previous year and represented 35.0% of total volume for the full year of 2023. The Company's 'Other Tequila' brands represented 21.6% of total volume and increased 7.3% compared to the prior year.

The Company's 'Other Spirits' brands represented 18.2% of total volume in the period and decreased 1.3% over the full year 2022. Volume of 'Non-alcoholic and Other' represented 10.6% of total volume, decreasing 11.0% compared to the prior year. Volume of 'RTD' represented 14.6% of total volume and decreased by 14.3% compared to the prior year period.

**Volume by category by the year 2023 (in thousands of nine-liter cases)**

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Category	2023	2022	YoY % Δ
Jose Cuervo	9,470	9,172	3.2%
Other Tequilas	5,843	5,447	7.3%
Other Spirits	4,936	4,999	-1.3%
Non-alcoholic and Other	2,861	3,215	-11.0%
RTD	3,958	4,617	-14.3%
Total	27,068	27,450	-1.4%

‘Jose Cuervo’ net sales decreased 1.6% compared to 2022, representing 35.7% of total net sales for the full year of 2023. The Company’s ‘Other Tequila’ brands net sales increased 3.6% compared to the prior year representing 35.8% of total net sales.

The Company’s ‘Other Spirits’ brands represented 19.5% of total net sales in the period and reported an 8.5% decrease in net sales compared to the full year of 2022. Net sales of ‘Non-alcoholic and Other’ represented 2.8% of total net sales, a 0.6% net sales decrease compared to the prior year. Net sales of ‘RTD’ represented 6.3% of total net sales decreased by 23.5% compared to the prior year.

**Net sales by category for the year 2023 (in millions of pesos)**

Category	2023	2022	YoY % Δ
Jose Cuervo	15,830	16,086	-1.6%
Other Tequilas	15,865	15,315	3.6%
Other Spirits	8,635	9,436	-8.5%
Non-alcoholic and Other	1,221	1,228	-0.6%
RTD	2,804	3,664	-23.5%
Total	44,355	45,729	-3.0%

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Gross profit for the full year of 2023 decreased 10.4% in comparison to the same period of 2022 to P\$22,480 million pesos. Gross margin was 50.7% for the full year of 2023 compared to 54.9% for the full year of 2022. The gross margin decrease was primarily due to foreign currency effects caused by the appreciation of the Mexican peso against the U.S. dollar, and by higher input costs, which reflect the gradual transition through our older inventory produced with higher-cost materials. This was partially offset by price increases across the regions and a favorable change in the product mix.

AMP expenses decreased 1.7% to P\$9,986 million pesos when compared to the full year of 2022. As a percentage of net sales, AMP increased 30 basis points to 22.5%, in line with the Company's investment strategy.

Distribution expenses decreased 12.2% to P\$1,926 million pesos when compared to 2022. As a percentage of net sales, distribution expenses decreased to 4.3% from 4.8% in 2022, driven by decreased freight, warehousing and logistics costs arising from reduced supply chain constraints.

Selling and administrative (SG&A) expenses increased 9.7% to P\$4,252 million pesos when compared to the full year of 2022. As a percentage of net sales, SG&A expenses increased 110 basis points to 9.6% from 8.5% in 2022. This increase was mainly due to lower net sales value and prevailing inflationary pressures.

During the full year of 2023, operating profit decreased 29.8% to P\$6,238 million pesos compared to the prior year. Operating margin decreased to 14.1% compared to 19.4% in 2022.

EBITDA for the full year of 2023 decreased by 25.7% to P\$7,312 million pesos compared to P\$9,843 million pesos for the full year of 2022. The EBITDA margin decreased to 16.5% compared to 21.5% in 2022.

The net financial result was a loss of P\$7 million pesos during the full year 2023 compared to negative P\$620 million pesos in the same period of 2022. This increase was mainly driven by a higher year-over-year foreign exchange gain, as our net cash exposure in U.S. dollars was positively impacted by the appreciation of the Mexican Peso. In addition, the Company recorded a higher interest income, mainly driven by an increase in interest rates. These effects were partially offset by a higher interest expense compared to the same period of the previous year, driven by additional financing incurred during the year.

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Consolidated net income for the full year of 2023 was P\$4,734 million pesos, a decrease of 19.5% versus the prior year period. Net margin was 10.7% for the full year. Earnings per share amounted to P\$1.32, compared to P\$1.64 in 2022.

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

As of December 31, 2023, cash and cash equivalents were P\$6,367 million pesos, and total financial debt was P\$23,897 million pesos. During 2023, the Company generated P\$921 million pesos of net cash from operating activities and deployed P\$3,513 million pesos in net investing activities. Net cash generated from financing activities was P\$4,991 million pesos for the year ended on December 31, 2023.

The following financial information of the Company as of and for the year ended December 31, 2023, is attached to this report for your consideration:

- a) consolidated statements of financial position;
- b) consolidated statements of comprehensive income;
- c) consolidated statements of changes in stockholders' equity;
- d) consolidated statements of cash flows, and
- e) the notes to the aforementioned consolidated financial statements.

In my capacity as Chief Executive Officer of the Company, I reiterate to you my commitment to ensuring that the Company continues to move forward at all times, achieving its economic goals and, above all, realizing the projects and objectives defined by this administration.

Sincerely,

Juan Domingo Beckmann Legorreta  
Chief Executive Officer of Becele, S.A.B. de C.V.