



Becle, S.A.B. de C.V. Reports Second Quarter 2024 Unaudited Financial Results

Mexico City, Mexico, July 24, 2024 -- BECLE, S.A.B. de C.V. (“Cuervo”, “Becle” or the “Company”) (BMV: CUERVO) today announced financial results for the second quarter ended June 30th, 2024.

All figures in this release are derived from the Company’s interim consolidated financial statements as of June 30th, 2024, and for the six-month period then ended, which are prepared in accordance with International Financial Reporting Standards (IFRS).

Second quarter 2024 highlights

- Volume decreased 4.2% to 6.7 million nine-liter cases;
- Net sales increased 0.8% to P\$11,153 million pesos (+3.1% in constant currency);
- Gross profit increased 7.7% to P\$6,056 million pesos (+11.1% in constant currency). Gross margin was 54.3%, **an increase of 3.5 percentage points** year over year;
- EBITDA increased 20.2% to P\$2,303 million pesos (+25.7% in constant currency). EBITDA margin was 20.7%, **an increase of 3.4 percentage points** year over year;
- Given the revaluation of debt at quarter end FX rate, consolidated net income decreased 62.4% to P\$501 million pesos. Net margin was 4.5%, a decrease of 7.5 percentage points year over year;
- Earnings per share was P\$0.14.

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

Management commentary

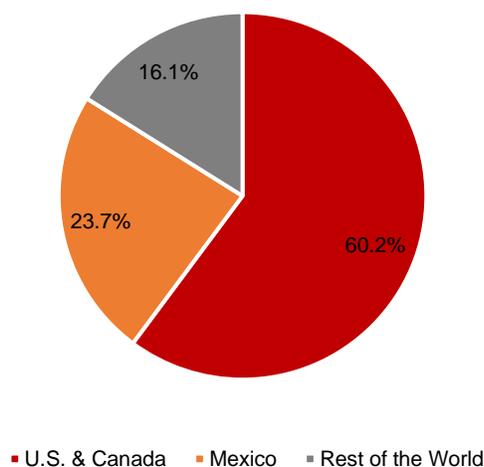
“In the first half of 2024, industry consumption remained sluggish mainly due to macroeconomic challenges, inflationary pressures, and trade destocking across key markets. Nonetheless, our strategic focus on premiumization and innovation initiatives, along with the decline in agave prices and a favorable product and geographic mix, has more than offset this, demonstrating our resilience. We have grown premium tequila segments across several markets, leveraging our leading market position. As we move into the second half of the year, we remain cautiously optimistic and confident in our ability to deliver on our guidance objectives for the year.”

Second quarter 2024 results

Volume by region 2Q24 (in 000s nine-liter cases)

Region	2Q24	2Q23	YoY % Δ
U.S. & Canada	4,058	3,862	5.1%
Mexico	1,601	1,883	-15.0%
Rest of the World	1,085	1,293	-16.1%
Total	6,744	7,038	-4.2%

Volume Breakdown by Region 2Q24



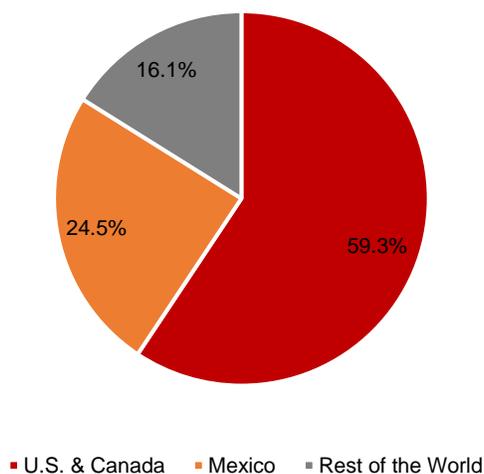
During the second quarter of 2024, total volume decreased by 4.2% to 6.7 million nine-liter cases, on the back of a declining market. The U.S. and Canada region's volume increased by 5.1% year-over-year, driven by strong performance in the Tequila category. However, this growth was offset by a 15.0% volume decrease in Mexico due to ongoing market contraction and trade destocking. The Rest of the World ("RoW") volume declined by 16.1% year-on-year, a result of high inventory levels, which led to a notable disparity between shipments and depletions.

Net sales by region 2Q24 (in MXN\$, millions)

Region	2Q24	2Q23	YoY % Δ	YoY % Δ PF*
U.S. & Canada	6,619	5,954	11.2%	14.5%
Mexico	2,738	3,065	-10.7%	-10.7%
Rest of the World	1,796	2,046	-12.2%	-9.6%
Total	11,153	11,065	0.8%	3.1%

* Pro forma figures on a constant currency basis.

Net Sales Breakdown by Region 2Q24



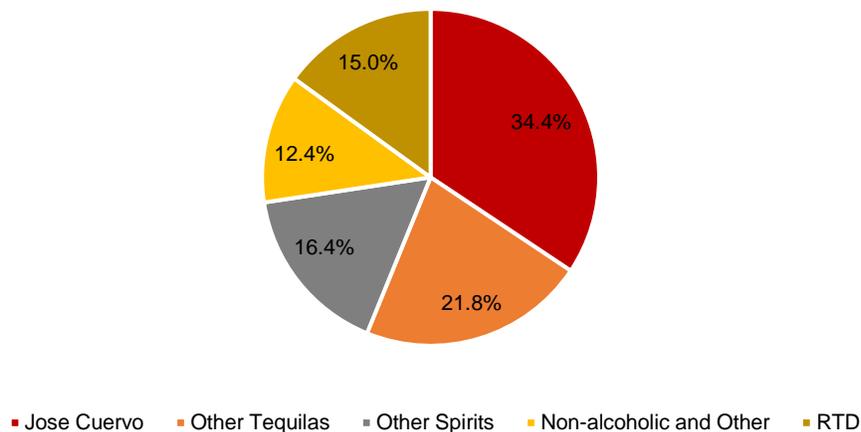
Second quarter 2024 net sales increased by 0.8% year on year to P\$11,153 million pesos. Net sales in the U.S. and Canada increased by 11.2% year on year (with an FX adjusted growth of 14.5%), primarily reflecting a product mix skewed towards higher sales per case brands and year-over-year price increases. In the same period, net sales in Mexico decreased by 10.7%, primarily due to volume declines, partially offset by premiumization efforts and year-over-year price increases across our portfolio. Net sales for the RoW region fell by 12.2% compared to the second quarter of 2023, mainly driven by a decline in volume.

Volume by category 2Q24 (in 000s nine-liter cases)

Category	2Q24	2Q23	YoY % Δ
Jose Cuervo	2,318	2,487	-6.8%
Other Tequilas	1,470	1,394	5.5%
Sub-total Tequilas	3,788	3,881	-2.4%
Other Spirits	1,109	1,146	-3.2%
Sub-total Spirits	4,897	5,027	-2.6%
Non-alcoholic and Other	834	811	2.8%
RTD	1,013	1,200	-15.6%
Total*	6,744	7,038	-4.2%

* Excluding RTD, total volume would have decreased by 1.8%.

Volume Breakdown by Category 2Q24



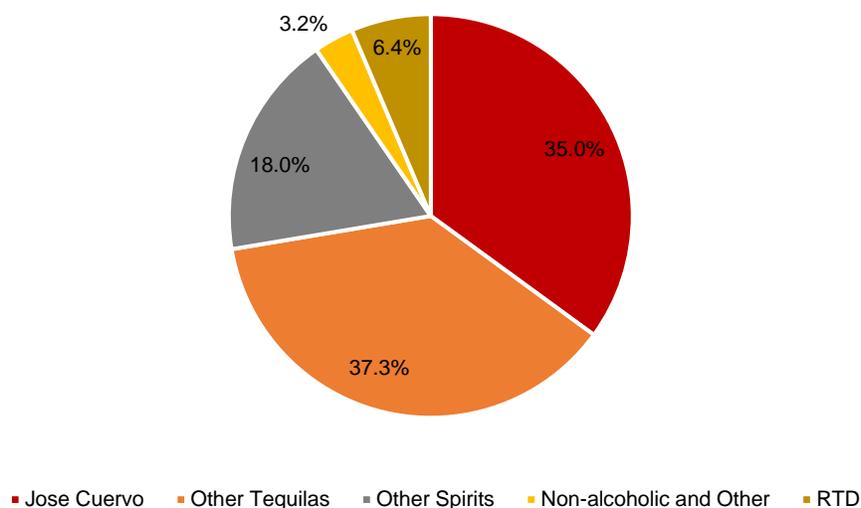
Volume of 'Jose Cuervo' decreased by 169 thousand cases compared to the same period in 2023 and represented 34.4% of total volume for the second quarter of 2024. 'Other Tequila' brands accounted for 21.8% of total volume, with their volume increasing by 5.5% compared to the same period of the previous year. 'Other Spirits' brands represented 16.4% of total volume in the period and their volume declined by 3.2% compared to the second quarter of 2023. Volume of 'Non-alcoholic and Other' represented 12.4% of total volume, increasing by 2.8% compared to the previous year. Volume of 'RTD' made up 15.0% of total volume, decreasing by 187 thousand cases compared to the same period in the previous year.

Net sales by category 2Q24 (in MXN\$, millions)

Category	2Q24	2Q23	YoY % Δ
Jose Cuervo	3,907	4,079	-4.2%
Other Tequilas	4,163	3,832	8.6%
Sub-total Tequilas	8,070	7,911	2.0%
Other Spirits	2,012	1,965	2.4%
Sub-total Spirits	10,082	9,876	2.1%
Non-alcoholic and other	361	371	-2.7%
RTD	710	818	-13.2%
Total	11,153	11,065	0.8%

* Excluding RTD, total net sales would have increased by 1.9%.

Net Sales Breakdown by Category 2Q24



Net sales of 'Jose Cuervo' decreased by 4.2% compared to the same period in 2023, representing 35.0% of total net sales for the second quarter of 2024. Net sales of 'Other Tequila' brands increased 8.6% compared to the prior year period, accounting for 37.3% of total net sales. 'Other Spirits' brands represented 18.0% of total net sales in the period and increased by 2.4% compared to the second quarter of last year. Net sales of 'Non-alcoholic and Other' represented 3.2% of total net sales and decreased by 2.7% compared to the prior year period. Net sales of 'RTD' accounted for 6.4% of total net sales and decreased by 13.2% compared to the same period in 2023.



Profitability and financial performance

During the second quarter of 2024, gross profit reached P\$6,056 million pesos, a 7.7% increase compared to the same period in 2023 (with an FX adjusted growth of +11.1%). Despite facing an unfavorable FX impact versus the previous year, gross margin rose to 54.3% for the second quarter of 2024 compared to 50.8% for the second quarter of 2023. This 350-basis point increase was primarily due to premiumization progress across our regions, a favorable shift in both the product and regional mix, and lower input costs, both agave and non-agave related.

Advertising, marketing, and promotion (AMP) expenses decreased by 4.2% to P\$2,378 million pesos compared to the second quarter of 2023 (with an FX adjusted decrease of 1.8%). As a percentage of net sales, AMP decreased to 21.3% from 22.4% in the same period of the previous year, in line with our investment strategy and full year 2024 guidance.

Distribution expenses decreased 11.4% to P\$447 million pesos compared to the second quarter of 2023, driven by lower logistics and carrier costs.

Selling and administrative (SG&A) expenses increased by 17.0% versus the same period in 2023, reaching P\$1,200 million pesos. As a percentage of net sales, SG&A increased to 10.8% from 9.3% in the second quarter of 2023, primarily due to increased investment in infrastructure and organizational capabilities.

Operating income during the second quarter of 2024 increased 23.7% to P\$2,038 million pesos compared to the same period of 2023. Operating margin increased 340-basis points to 18.3% from 14.9% in the same quarter of the previous year.

EBITDA in the second quarter of 2024 increased by 20.2% to P\$2,303 million pesos compared to the second quarter of 2023 (with an FX adjusted growth of 25.7%). The EBITDA margin increased 340-basis points to 20.7% for the second quarter of 2024 versus 17.3% for the second quarter of 2023.

The net financing result was a loss of P\$1.3 billion pesos during the second quarter of 2024 compared to a gain of P\$203 million pesos in the same period of 2023. This decrease was mainly driven by a P\$1.1-billion-peso year-over-year non-cash foreign exchange loss.

Similarly, consolidated net income in the second quarter of 2024 decreased by 62.4% to P\$501 million pesos, compared to P\$1,332 million pesos in 2023. Net margin was 4.5% for the second quarter of 2024, compared to 12.0% for the second quarter of 2023. Earnings per share was P\$0.14 in the second quarter of 2024, compared to P\$0.37 in the same period of the prior year.

Financial position and cash flow

As of June 30th, 2024, cash and cash equivalents were P\$9,006 million pesos (an increase of P\$1,440 million pesos from the first quarter of 2024 and an increase of P\$4,714 million pesos versus the same period of the previous year). Total financial debt stood at P\$26,053 million pesos. During the first half of 2024, the Company generated P\$4,308 million pesos in net cash from operating activities, compared to a net use of P\$3,274 million pesos in the same period of the previous year, marking a swing of P\$7,582 million pesos. The Company deployed P\$869 million pesos in net investing activities. Net cash used in financing activities was P\$1,253 million pesos for the period ended on June 30th, 2024.

Dividend payment

As announced in the Company's capital allocation program during the annual general ordinary shareholders meeting held on April 25, 2024, a cash dividend payment will be made on August 6th, 2024, for an amount of P\$0.39544 pesos for each outstanding share representing the capital stock of Becele.

Integrated Annual Report

The Company released its 2023 Integrated Annual Report: "A history of innovation" highlighting its milestones for the year. The report provides further information on the Company's financial and non-financial performance, as well as its ESG strategy and progress. See more: <https://www.cuervo.com.mx/investors/#investors2>

Accident at La Rojeña Factory

The Company reports that on July 23rd, 2024, an accident occurred at the facilities of the La Rojeña Factory, located in Tequila, Jalisco. The incident resulted in a fire, which has already been controlled under strict safety protocols. The Company is in the process of assessing the damages and is working in collaboration with the authorities to address and investigate the causes of the incident.

2Q24 Highlights

Figures in millions, except volume, which is in 000s of nine-liter cases.

	2Q24	% Sales	2Q23	% Sales	Like-for-like*	YoY % Δ
Volume	6,744	-	7,038	-	-	-4.2%
Net Sales	11,153	100%	11,065	100%	3.1%	0.8%
Gross profit	6,056	54.3%	5,625	50.8%	11.1%	7.7%
EBITDA	2,303	20.7%	1,917	17.3%	25.7%	20.2%
Net Income	501	4.5%	1,332	12.0%	-	-62.4%

*Pro forma figures on a constant currency basis.

Quarterly Credit Metrics

	1Q24	2Q24	Δ
Lease adjusted Net Debt / EBITDA	2.6x	2.6x	(0.0x)

IFRS 9; IFRIC 16: Net investment hedge disclosures

Financial instruments to hedge net investments in foreign operations

Effective January 1st, 2020, the Company designated its US\$500 million Senior Notes due 2025 as a hedging instrument for its net investment in Sunrise Spirits Holding, Inc., 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. However, on September 27th, 2021, the Company announced a cash tender offer and a consent solicitation to the holders of outstanding 2025 Senior Notes in circulation. The Company paid a total principal amount of US\$346.6 million (Ps7,202 million) of the 2025 Senior Notes (69.3% of the original issuance of US\$500 million). Therefore, the coverage designated by this bond is US\$153.4 million (Ps3,192 million).

On October 31st, 2021, the Company designated a new hedge in the amount of US\$346.6 million (Ps7,202 million), which is part of the Company's US\$800 million Senior Notes due 2031, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

On August 31st, 2022, the Company designated a new hedge in the amount of US\$150 million (Ps2,999 million), which is part of the Company's US\$800 million Senior Notes due 2031, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

The total coverage established by the Company is US\$650 million.

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 will host a conference call for investors at 9:00 a.m. Mexico City Time (11:00 a.m. ET) on, Thursday, July 25th, 2024, to discuss the Company’s second quarter 2024 unaudited financial results. Interested parties can join the conference call by logging in and registering directly at: <http://tiny.cc/Becles2Q24Call>

2Q24 Unaudited Financial Results Conference Call Details

Date: Thursday, July 25th, 2024
Time: 9:00 a.m. Mexico City Time (11:00 a.m. EDT)
Participants: Juan Domingo Beckmann (CEO)
Rodrigo de la Maza (CFO)

How to join the conference call via the internet:

- 1. Please sign up ahead of time to access the webcast at: <http://tiny.cc/Becles2Q24Call>
- 2. After registering, you will receive a confirmation email with instructions on how to join.
- 3. Webinar ID: 867 6515 5572

How to join the conference call via telephone:

- 1. Dial one of the Mexican or International numbers below.
- 2. Enter the webcast ID (867 6515 5572), followed by the # sign.
- 3. If the meeting has not yet started, press # to wait.
- 4. You will be prompted to enter your unique participant ID. Press # to skip.

Dial-in:	Mexico	+52 558 659 6002
	United States	+1 646 558 8656
	United Kingdom	+44 330 088 5830
	Brazil	+55 21 3958 7888

Other international numbers available at: <https://us02web.zoom.us/j/knEOJCJkC>



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® and Boodles®, 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. 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

	Second quarter ended June 30 th , 2024			Second quarter ended June 30 th , 2023		Year over Year variance	
	(U.S. \$) ⁽¹⁾	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
Net sales	607	11,153		11,065		88	0.8
Cost of goods sold	277	5,097	45.7	5,440	49.2	(343)	(6.3)
Gross profit	330	6,056	54.3	5,625	50.8	431	7.7
Advertising, marketing and promotion	129	2,378	21.3	2,483	22.4	(105)	(4.2)
Distribution	24	447	4.0	504	4.6	(58)	(11.4)
Selling and administrative	65	1,200	10.8	1,025	9.3	174	17.0
Other (income), net	(0)	(6)	(0.1)	(36)	(0.3)	30	(82.9)
Operating income	111	2,038	18.3	1,648	14.9	390	23.7
Interest income	(6)	(104)	(0.9)	(15)	(0.1)	(89)	581.5
Interest expense	18	328	2.9	263	2.4	65	24.8
Foreign exchange loss (gain)	61	1,117	10.0	(450)	(4.1)	1,568	N/A
Financing results	73	1,342	12.0	(203)	(1.8)	1,544	N/A
Income before income taxes	38	696	6.2	1,851	16.7	(1,154)	(62.4)
Income taxes	11	195	1.7	518	4.7	(323)	(62.4)
Consolidated net income	27	501	4.5	1,332	12.0	(831)	(62.4)
Non-controlling interest	0	3	0.0	6	0.1	(3)	(44.7)
Controlling interest	27	498	4.5	1,326	12.0	(828)	(62.5)
Depreciation and amortization	14	265	2.4	269	2.4	(3)	(1.3)
EBITDA	125	2,303	20.7	1,917	17.3	387	20.2
Earnings per share	0.01	0.14		0.37		(0.23)	(62.4)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 18.38 Mexican pesos solely for the convenience of the reader.

Consolidated Income Statements

	Six months ended June 30 th , 2024			Six months ended June 30 th , 2023		Year over Year variance	
	(U.S. \$) ⁽¹⁾	(Pesos)	% of net sales	(Pesos)	% of net sales	\$	%
(Figures in millions, except per share amounts)							
Net sales	1,094	20,113		20,648		(535)	(2.6)
Cost of goods sold	511	9,393	46.7	10,166	49.2	(773)	(7.6)
Gross profit	583	10,720	53.3	10,482	50.8	238	2.3
Advertising, marketing and promotion	231	4,248	21.1	4,453	21.6	(205)	(4.6)
Distribution	44	812	4.0	963	4.7	(151)	(15.7)
Selling and administrative	121	2,218	11.0	1,959	9.5	259	13.2
Other (income), net	(6)	(101)	(0.5)	(80)	(0.4)	(21)	26.2
Operating income	193	3,544	17.6	3,188	15.4	356	11.2
Interest income	(11)	(205)	(1.0)	(128)	(0.6)	(77)	60.0
Interest expense	36	658	3.3	515	2.5	143	27.7
Foreign exchange loss (gain)	54	992	4.9	(760)	(3.7)	1,751	N/A
Financing results, net	79	1,445	7.2	(373)	(1.8)	1,818	N/A
Income before income taxes	114	2,099	10.4	3,560	17.2	(1,462)	(41.1)
Income taxes	32	588	2.9	997	4.8	(409)	(41.1)
Consolidated net income	82	1,511	7.5	2,563	12.4	(1,052)	(41.1)
Non-controlling interest	0	9	0.0	13	0.1	(4)	(33.1)
Controlling interest	82	1,502	7.5	2,550	12.4	(1,048)	(41.1)
Depreciation and amortization	29	535	2.7	529	2.6	7	1.3
EBITDA	222	4,079	20.3	3,717	18.0	363	9.8
Earnings per share	0.02	0.42		0.71		(0.29)	(41.1)
Shares (in millions) used in calculation of earnings per share	3,591	3,591		3,591			

(1) U.S. dollars translated at 18.38 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Financial Position

(Figures in millions)	June 30 th , 2024	December 31 st , 2023
	(U.S. \$) ⁽¹⁾	(Pesos)
Assets		
Cash and cash equivalents	490	9,006
Trade receivables	561	10,303
Related parties	1	21
Recoverable income tax	66	1,219
Other recoverable taxes and receivables	45	833
Inventories	835	15,345
Financial Instruments at fair value through profit and loss	2	32
Biological assets	44	807
Prepayments	54	990
Total current assets	2,098	38,555
Inventories	393	7,230
Biological assets	567	10,424
Investments in associates	65	1,192
Property, plant and equipment	899	16,526
Intangible assets	990	18,186
Goodwill	324	5,962
Right-of-use assets	135	2,483
Deferred income tax	137	2,523
Employee benefits	30	560
Other assets	4	67
Total non-current assets	3,545	65,154
Total assets	5,643	103,709
Liabilities		
Syndicated loan	3	50
Senior Notes	158	2,906
Trade payables	256	4,701
Related parties	1	15
Lease liabilities	21	382
Other accounts payable	268	4,919
Dividends payable	77	1,420
Total current liabilities	783	14,393
Syndicated loan	497	9,136
Senior Notes	760	13,962
Lease liabilities	117	2,152
Environmental reserve	8	141
Other liabilities	11	198
Deferred income taxes	191	3,505
Total non-current liabilities	1,583	29,094
Total liabilities	2,366	43,487
Stockholders' equity		
Stockholders' equity attributable to controlling interest	3,269	60,078
Non-controlling interest	8	144
Total stockholders' equity	3,277	60,222
Total liabilities and stockholders' equity	5,643	103,709

(1) U.S. dollars translated at 18.38 Mexican pesos solely for the convenience of the reader.

Consolidated Statements of Cash Flow

(Figures in millions)

	Six months ended June 30 th , 2024	Six months ended June 30 th , 2023
	(U.S. \$) ⁽¹⁾	(Pesos)
Operating activities:		
Income before income taxes	114	2,099
Adjustment from non-cash items:		
Depreciation and amortization	29	535
Loss on sale of property, plant and equipment	5	97
Non-cash items	8	161
Interest income	(11)	(205)
Unrealized foreign exchange profit	48	886
Interest expense	27	493
Subtotal	221	4,066
(Increase) decrease in:		
Trade receivables	71	1,302
Related parties	(0)	(0)
Other recoverable taxes and receivables	38	704
Inventories	52	950
Biological assets	(42)	(766)
Prepayments	1	17
Other assets	18	327
Increase (decrease) in:		
Trade accounts payables	7	125
Other accounts payables	(88)	(1,618)
Employee benefits	(0)	(5)
Income taxes paid or recoverable	(43)	(793)
Net cash from operating activities	234	4,308
Investing activities:		
Property, plant and equipment	(46)	(842)
Intangible assets	(6)	(107)
Investment in associates	(7)	(125)
Interest income	11	205
Net cash from investment activities	(47)	(869)
Financing activities:		
Bank loan	-	-
Principal lease payment	(38)	(700)
Interest paid	(30)	(553)
Net cash from financing activities	(68)	(1,253)
Net increase (decrease) of cash and cash equivalents	119	2,186
Cash and cash equivalents at beginning of year:		
At beginning of the period	346	6,367
Effects of exchange rate changes on cash and cash equivalents	25	453
Cash and cash equivalents at end of period	490	9,006

(1) U.S. dollars translated at 18.38 Mexican pesos solely for the convenience of the reader.