



*A TOAST TO
THE FUTURE*

BECE ANNUAL REPORT

2021



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MESSAGE FROM OUR CEO

Dear Shareholders,

2021 yielded strong results for Beclé. The complex environment that was caused by the COVID-19 pandemic during 2021 seems to have become the new normal; the global economy gradually recovered after some of the most difficult months in history and we solidified our strong position by leveraging on the strength of our brands; always focusing on creating value for our consumers, partners and shareholders.

As we continued navigating the COVID-19 pandemic, we faced difficulties like cost inflation and supply chain constraints. Nonetheless, we successfully overcame the challenging macro-economic environment and demonstrated the resilience of our business model and portfolio, resulting in a strong financial performance.

Total volume growth in 2021 was 8.0%, reaching 25.6 million nine-liter cases. This increase reflects a 3.7% increase in the U.S. and Canada, a 7.9% increase in volumes in Mexico and a 38.8% increase in the Rest of the World region. Our Other Tequilas category increased 23.0% compared to the previous year, demonstrating the

effectivity of our premiumization strategy and consumers' shift towards high-quality spirits.

In the year, net sales increased 12.5% to P\$39,419 million compared to 2020, driven by volume growth and higher average net selling prices per case. Net sales in the U.S. and Canada increased by 4.6% versus 2020, driven by volume growth, better price mix as a result of our premiumization strategy and Mexican peso depreciation against the U.S. dollar on a year over year basis. Mexico net sales increased 24.4% year on year, due to higher average net selling prices per case mainly as a result of price increases. Net sales for the Rest of the World region increased 42.9% against 2020, reflecting volume growth due to the continued easing of lockdowns and restrictions.

Gross profit for the full year of 2021 increased 16.6% versus 2020 to P\$21,274 million. Gross margin was 54.0% for 2021 compared to 52.1% for the full year of 2020. Gross margin was positively impacted primarily by pricing initiatives and a better product mix.



We solidified our strong position to take advantage of the industrial reactivation.



On the ESG front, we aim to significantly reduce the environmental footprint of our processes and operations through the rational use of natural resources.

These strong results were achieved due to the ongoing expansion of the offering of our brands in existing segments. Our strategic plan has allowed us to enrich and grow our portfolio with products and categories of greater value and profitability that, at the same time, help to optimize our cost base.

Furthermore, we have benefited from premiumization trends, as consumers are shifting towards higher priced products, with preferences for brands and products with a unique heritage, as well as for products with innovative and distinctive features. Premiumization has been a long-term driver in global spirits, resulting in higher growth rates achieved by premium offerings. Our diverse and distinctive portfolio is well aligned to these demographic and consumer trends that are boosting the consumption of spirits in our key markets.

While our priority is the organic growth of our portfolio, we continuously look for innovation and evaluate business opportunities that meet our strict standards and fit properly to our strategy, while maintaining financial discipline and creating value. We are focused on maintaining and increasing our efforts on product innovation to expand our offerings in the super-premium,

ultra-premium and prestige segments, particularly in the tequila and whiskey categories.

Hence, to further expand our Irish whiskey offering, in March 2021 we acquired an additional equity interest in Proper No. Twelve, a brand that has disrupted the category and shipped more than half a million nine-liter cases in eight global markets since its launch in 2018.

This year, we successfully conducted a liability management exercise of our long-term debt, marking our second visit to the debt markets. We cash tendered offer for 69.33% of our 2025 Senior Notes and issued US\$800 million Senior Unsecured Notes, due 2031. This exercise strengthened our capital structure and financial flexibility, extending our debt maturity profile from 3.1 to 9.5 years.

Now more than ever, we are aware of the importance of creating added value and growing sustainably. We aim to significantly reduce the environmental footprint of our processes and operations through the rational use of natural resources, incorporating alternative sources of renewable energy, the use of state-of-the-art technology with energy and water efficiency, and a circular economy model in all by-products and waste.

Hence, we have made significant investments in the treatment and disposal of sewage water, improving waste disposal, water conservation and the reduction of greenhouse gas emissions. We comply with applicable environmental regulations and, if possible, exceed such standards.

Becle has emerged stronger from this challenging year through our continued focus in offering the best brands in the market, diversifying our portfolio to satisfy a wide range of palates and tastes and emphasizing our premiumization strategy according to consumer trends. We will continue to expand our business and increase our global presence, as well as enhance cash flow generation and profitability by focusing on our proved key strategies; we will maintain our leadership in the development of the tequila category, continue our unique positioning and marketing strategies for each brand and invest in innovation, product development and premiumization.

Even if there still exists uncertainty as to when the COVID-19 pandemic will end and supply chains will normalize, we strongly believe we are able to navigate all the challenges we face. My sincerest gratitude for your continued confidence and support.

**JUAN DOMINGO
BECKMANN LEGORRETA**

CHIEF EXECUTIVE OFFICER, BECLE S.A.B. DE C.V



PERFORMANCE HIGHLIGHTS

FINANCIAL SNAPSHOT

VOLUME

25.6 MILLION NINE-LITER
CASES | +8.0%

NET SALES

\$39,419 MILLION
P | +12.5%

GROSS PROFIT

\$21,274 MILLION
P | +16.6%

OPERATING INCOME

\$7,121 MILLION
P | +3.3%

EBITDA

\$7,938 MILLION
P | +4.4%

CAPEX

\$2,543 MILLION
P INVESTED

DIVIDENDS PAID

\$1,546 MILLION
P | +39.7%

EMPLOYEES

8,422





2021 MILESTONES



1

Bushmills Whiskey introduced its new image for Single Malts



2

Acquisition of additional equity interest in Irish Whiskey Proper No. Twelve



3

Launch of Jose Cuervo Tradicional – Calaveritas limited edition



4

Launch of Maestro Dobel 50 – 1972 Edition



2021 MILESTONES



5

Reserva de la Familia launched the Gonzalo Lebrija Veladuras limited edition



6

Successful pricing of US \$800 MM Senior Notes due 2031



7

Our Mezcal 400 Conejos sold 100,000 nine-liter cases



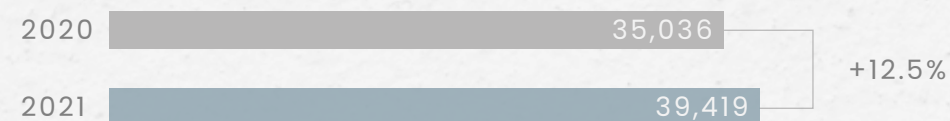
FINANCIAL REVIEW



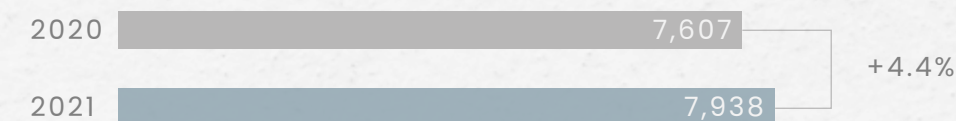
CONSOLIDATED FIGURES

(PS. \$MM)	2020	2021	VARIATION %
Net sales	35,036	39,419	12.5
Cost of goods sold	16,790	18,145	8.1
Gross profit	18,246	21,274	16.6
Advertising, marketing and promotion	6,688	8,689	29.9
Distribution	1,380	2,028	47.0
Selling and administrative	3,377	3,491	3.4
Other (income), net	(92)	(55)	(40.2)
Operating income	6,893	7,121	3.3
Financing results	38	214	463.2
Income before income taxes	6,854	6,907	0.8
Income taxes	1,702	1,874	10.1
Consolidated net income	5,152	5,034	(2.3)
EBITDA	7,607	7,938	4.4
EBITDA margin	21.7%	20.1%	(160) bps
Earnings per share	1.43	1.40	(2.3)

NET SALES



EBITDA





REFINANCING TRANSACTION

This deal represents the second lowest coupon from a Mexican issuer in equivalent terms.



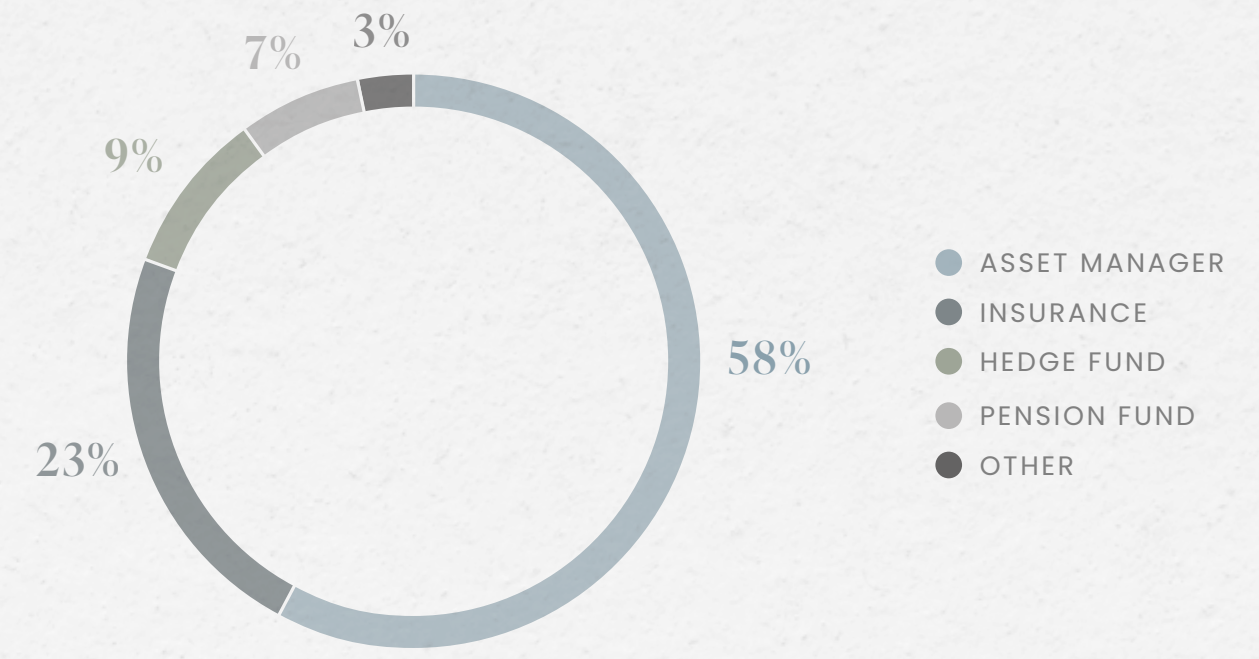
On September 30, 2021, we priced our offering of US \$800 million aggregate principal amount of our new 2.500% Senior Unsecured Notes, due 2031. We used the proceeds to repay existing indebtedness (including the repayment of a short-term bank loan), refinance the resulting cash Tender Offer and Consent Solicitation of our 3.750% Senior Notes due 2025, and for general corporate purposes.

The Notes were 50 basis points below the Mexican sovereign, resulting in the second lowest coupon from a Mexican issuer in equivalent terms and the deal was 2.4 times oversubscribed, with solid and high-quality Investment Grade investor names. Finally, we took advantage of low interest rates and repositioned the Becele credit story to investors, as well as extending our debt maturity from 3.1 years to 9.5 years.

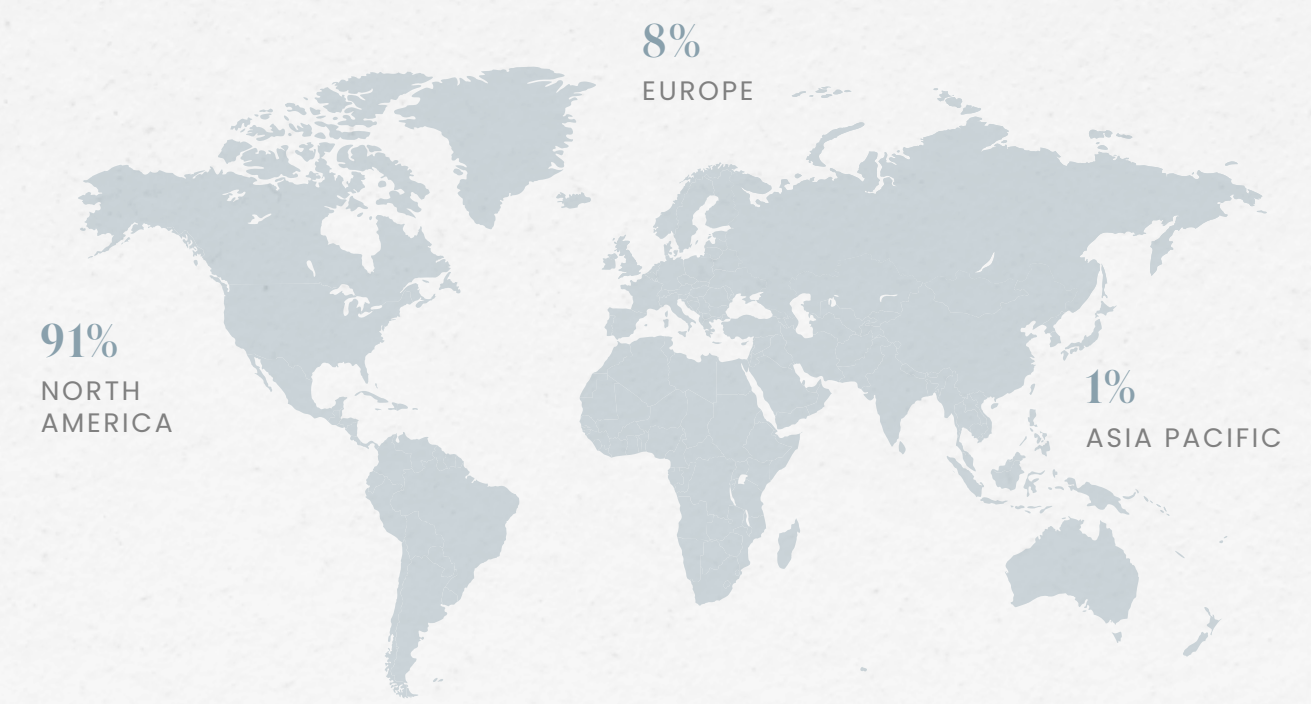
NEW ISSUE TERMS

Size	US \$800 MM
Maturity	October 14, 2031
Coupon	2.500%
Issue Price	98.976
Yield	2.617%
Issue Spread	T+110bps
Ratings	BBB / BBB+ (S&P / Fitch)

ALLOCATION DISTRIBUTION BY INVESTOR TYPE



ALLOCATION DISTRIBUTION BY REGION





ABOUT BECKLE



We are a globally-renowned spirits company and the world's largest producer of tequila. Becele was born over 250 years ago from Don José María Guadalupe de Cuervo y Montañón's vision, and that legacy has been nurtured for more than 11 generations. Our brands are sold and distributed in over 85 countries.

The strength of our portfolio, of 30 spirit brands, is based on the legacy of our iconic internally developed brands such as Jose Cuervo®, combined with complementary acquisitions such as Three Olives®, Hangar 1®, Stranahan's®, Bushmills®, Pendleton®, Proper No. Twelve® and Boodles®, as well as a relentless focus on innovation that over the years has created other renowned brands such as 1800®, Maestro Dobel®, Centenario®, Kraken®, Jose Cuervo® Margaritas and B:oot®.

Since February 2017, Becele, S.A.B. de C.V. shares are listed in the Mexican Stock Exchange (BMV), under the ticker symbol CUERVO.



OUR PURPOSE

Mission

As leaders, to satisfy Tequila's clients and consumers' needs worldwide.

In Mexico, to position our brands in different segments and categories, increasing Jose Cuervo's value and brand equity.

To take competitive advantage of our vertical integration from agriculture to final consumer.



Vision

Jose Cuervo should keep its Tequila's world leadership and should be the leader in the Top Ten potential markets in the next five years, being recognized by its tradition and products' quality.

In the next five years, to position Jose Cuervo in Mexico as the number one liquor and related mixers company, in revenue and market share.

To achieve sustained growth allowing the company to duplicate profits in five years and providing the shareholders higher returns than the market.

To be a Mexican-multinational employer of choice, attracting, retaining and developing the best human talent.

To continue to positively impact the communities where the company is located.

Values

We have a strong **Business Sense**, adding value to all our activities.

Our activities are focused on **Continuous Improvement**.

Through **Teamwork** we improve individual and company performance.

We maintain a **High Quality of Life** that allows us to grow and develop, thus improving our overall performance.

We treat people with **Respect**. We believe in and promote **Integrity**.

Communication and **Commitment** are fundamental elements of our work culture.



OUR HISTORY



1758

José Antonio de Cuervo y Valdés was given a writ of land ownership by King Fernand VI to plant agave on his lands for producing tequila



1795

The king of Spain Carlos IV issued a royal decree (*Cédula Real*) to Jose María Guadalupe de Cuervo y Montaña to produce and sell “Vino de Mezcal,” which is now known as tequila. This is generally considered the first license to produce and distribute tequila



1812

La Rojeña, the oldest active distillery in Latin America, is founded

1852

Jose Cuervo barrels made it to California from San Blas



1880

Jose Cuervo® was the first tequila brand to bottle tequila individually, making it easier to transport the tequila to meet booming demand in Mexico and across the border

Received the first-place medal given to Jose Cuervo Tequila at the second *Exposición de Las Clases Productoras*, exhibition held in Guadalajara in May



1945

Margarita's cocktails are created.

The original recipe

1.5 oz of White Cuervo Tequila, ½ oz triple sec and 1 oz of fresh lime juice; shake well and serve in a salt-rimmed glass.





OUR HISTORY



1974

Just like Champagne can only be made in France or Scotch can only be made in Scotland, as of 1974, in order for a spirit to be called “tequila” it had to be made in certain states of Mexico

1989

Positioning of products’ portfolio in 42 countries

1994

2 million cases are exported

1999

5 million cases are sold

2004

Presence in over 85 countries

First company in the industry to obtain the Socially Responsible Company (ESR) distinction, granted by Cemefi

2005

Maestro Dobel is established

2007

Proximo Spirits is established

Acquisition of Three Olives

2010

250 years of history

Acquisition of Hangar 1

Acquisition of Stranahan’s

2011

Acquisition of Boodels Gin



OUR HISTORY



2013

Jose Cuervo brand is distributed in the United States through Proximo Spirits

7 million cases are exported

2015

Acquisition of Old Bushmills Distillery



2016

Shareholders approved Bece's merger with Sunrise Holdings (the parent company of Proximo)

Launch of Ready-to-Drink cocktails: Jose Cuervo Especial Paloma and Kraken Cola



2017

Initial Public Offering in the Mexican Stock Exchange: Bece, S.A.B. de C.V.

The Company completed the acquisition of the Pendleton Whisky brand from Hood River Distillers, Inc.



2018

Acquisition of equity interest in Eire Born Spirits LLC (EBS). EBS owns the Proper Number Twelve Irish Whiskey brand



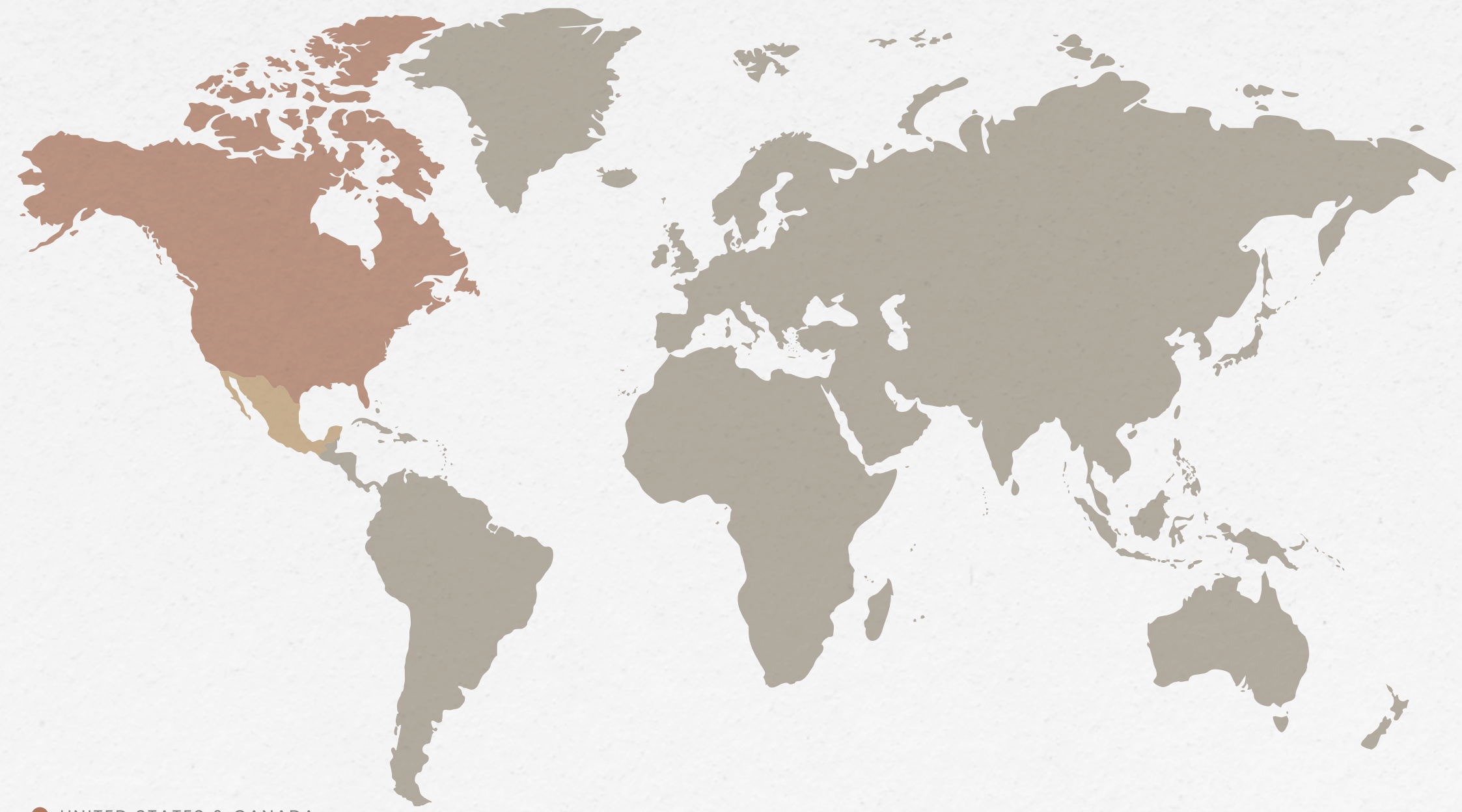
2021

Pricing of US\$800 million 10-year bond

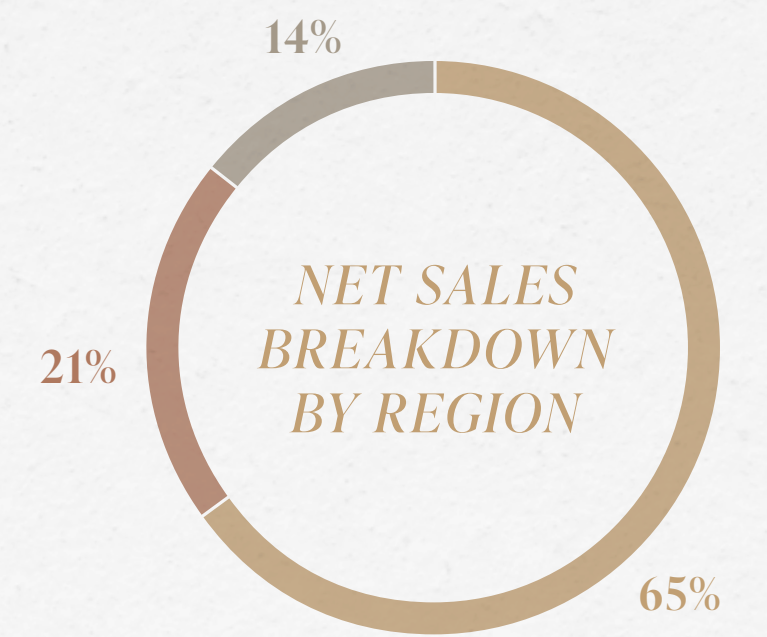
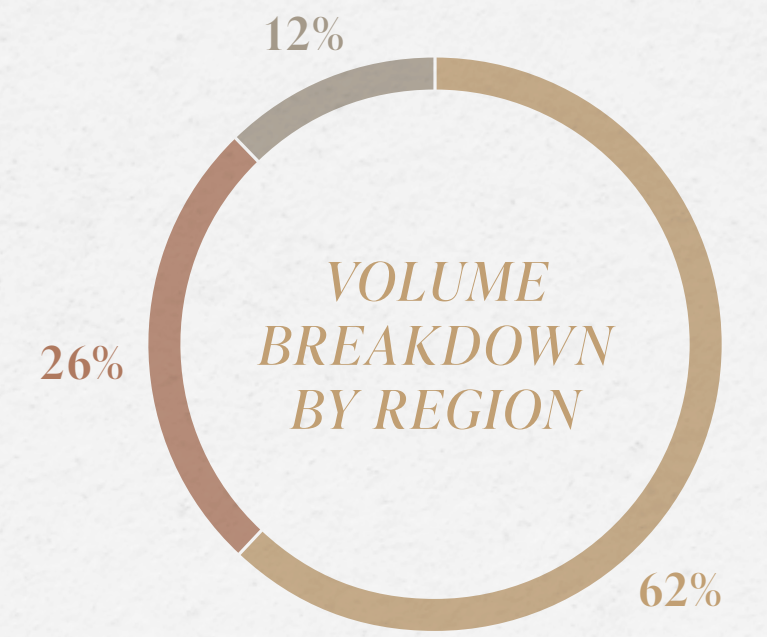
New distribution and production partnership with JAJA Tequila



WORLDWIDE FOOTPRINT



- UNITED STATES & CANADA
- MEXICO
- REST OF THE WORLD





MEXICO



BECLE
Mexico City Headquarters

OPERATIONS UNIT
Guadalajara, Jalisco

**LA ROJEÑA AND LOS
CAMICHINES DISTILLERIES**
Jalisco

1800 DISTILLERY IN CONSTRUCTION
Jalisco

EDISA BOTTLING COMPANY
Jalisco

“We continue to generate higher market share in both the tequila category and the spirits industry as a whole on a yearly basis, as measured by Nielsen and ISCAM. This shows that our brands are well positioned and well regarded in the market.”

OLGA LIMÓN
MANAGING DIRECTOR MEXICO & LATAM

VOLUME
6.7 MILLION NINE-LITER
CASES | +7.9%

NET SALES
\$8,234 MILLION
P | +24.4%



UNITED STATES & CANADA



PROXIMO CANADA
Ontario, Canada

PROXIMO PRODUCTION FACILITIES
4 distilleries: 1 in California, 1 in Colorado and 2 in New York
3 bottling plants: California, Colorado and Indiana

PROXIMO SPIRITS
New Jersey, United States

“Our growth in 2021 laps a previous year depletion growth rate of an unprecedented 23%, demonstrating the continued strength of our portfolio and presence in key categories. Our tequila portfolio was up 4% for the year, driven by continued strength in our super-premium tequilas, which grew over 19% in the full year.”

LUIS FELIX
CEO OF PROXIMO SPIRITS

VOLUME
15.8 MILLION NINE-LITER CASES | +3.7%

NET SALES
\$25,776 MILLION | +4.6%



**FOG
POINT**

THE MADE OF CALIFORNIA™ SERIES EMBODIES OUR HEAD DISTILLER'S ULTIMATE CREATION: VODKA THAT IS SUSTAINABLE BY NATURE AND EQUIVOCAL BY TASTE. FOG POINT™, THE FIRST EDITION IN THIS SERIES, IS A TRIBUTE TO CALIFORNIA, DISTILLED IN THE BAY AREA FOG, WE USE FRESHLY SQUEEZED LEMON JUICE.



REST OF THE WORLD



ICON SPIRITS SPAIN
Distribution in Spain

OLD BUSHMILLS DISTILLERY
Northern Ireland, UK

PROXIMO UK
London, UK
Distribution in the United Kingdom

JC MASTER DISTRIBUTION
Dublin, Ireland
Distribution in the Republic of Ireland
Distribution to the Rest of the World

PROXIMO CHINA
Shanghai, China

PROXIMO AUSTRALIA
Sydney, Australia

“The EMEA & APAC regions had a record performance over the course of 2021. Our tequila business performed exceptionally well as a result of the On Trade resurgence, driven by pipeline refill and the strong consumer demand, alongside the continued outstanding retail sales.”

GORDON DRON
MANAGING DIRECTOR EMEA AND APAC

VOLUME
3.0 MILLION NINE-LITER CASES | +38.8%

NET SALES
\$5,409 MILLION | +42.9%



PORTFOLIO

Becle produces, markets and distributes a unique portfolio of more than 30 brands of spirits, Ready-to-Drink (RTD) cocktails and Non-alcoholic beverages in more than 85 countries.

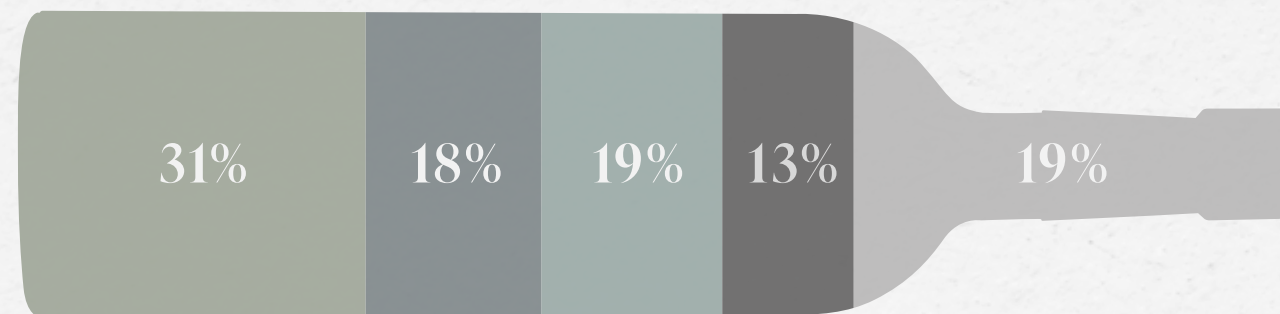




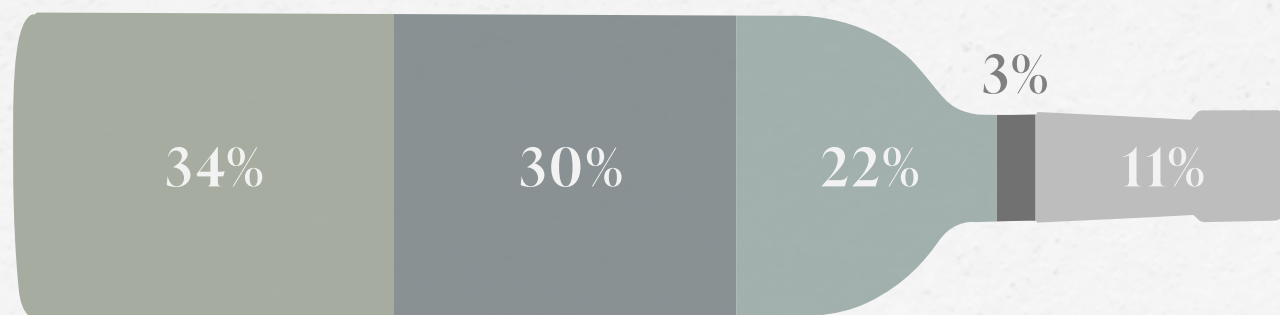
PORTFOLIO NUMBERS

Our diversified portfolio of spirits comprises several categories, offering a wide array of tastes and prices for every occasion.

*VOLUME
BREAKDOWN
BY CATEGORY*



*NET SALES
BREAKDOWN
BY CATEGORY*



- JOSE CUERVO
- OTHER TEQUILAS
- OTHER SPIRITS
- NON-ALCOHOLIC & OTHERS
- READY TO DRINK





TEQUILA

*Our iconic tequila brands
delight every palate with their
extraordinary variety of tastes.*





VOLUME

7.9 MILLION NINE-LITER CASES | +8.0%

NET SALES

\$13,555 MILLION | +6.2%

OTHER TEQUILAS



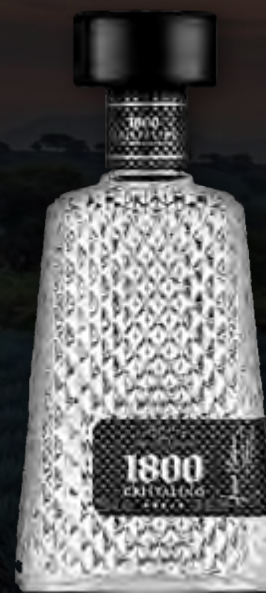
JOSE CUERVO ESPECIAL



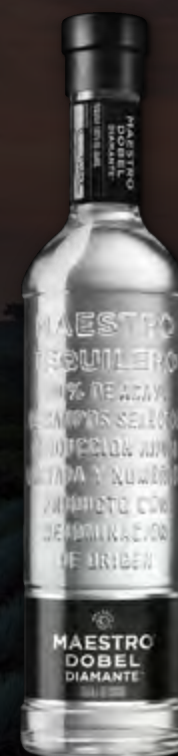
JOSE CUERVO TRADICIONAL



JOSE CUERVO RESERVA DE LA FAMILIA



TEQUILA 1800



MAESTRO DOBEL



GRAN CENTENARIO

JOSE CUERVO FAMILY

VOLUME

4.5 MILLION NINE-LITER CASES | +23.0%

NET SALES

\$11,675 MILLION | +29.1%



CLASSIC MARGARITA

INGREDIENTS

2 oz. Jose Cuervo Tradicional Plata
1 oz. fresh lime juice
1 oz. orange liqueur
Agave syrup to taste
Lime for garnish
Salt for rim
Ice









PREPARATION

In a cocktail shaker, add ice, Jose Cuervo Tradicional Plata, fresh lime juice, orange liqueur, and agave syrup to taste. Shake well! Run lime wedge around the rim of glass then dip the glass into salt. Add ice to the glass and strain in contents of the shaker. Garnish the glass with a lime wedge and enjoy!



AWARDS

The following table shows a few of the recognitions received by our brands:

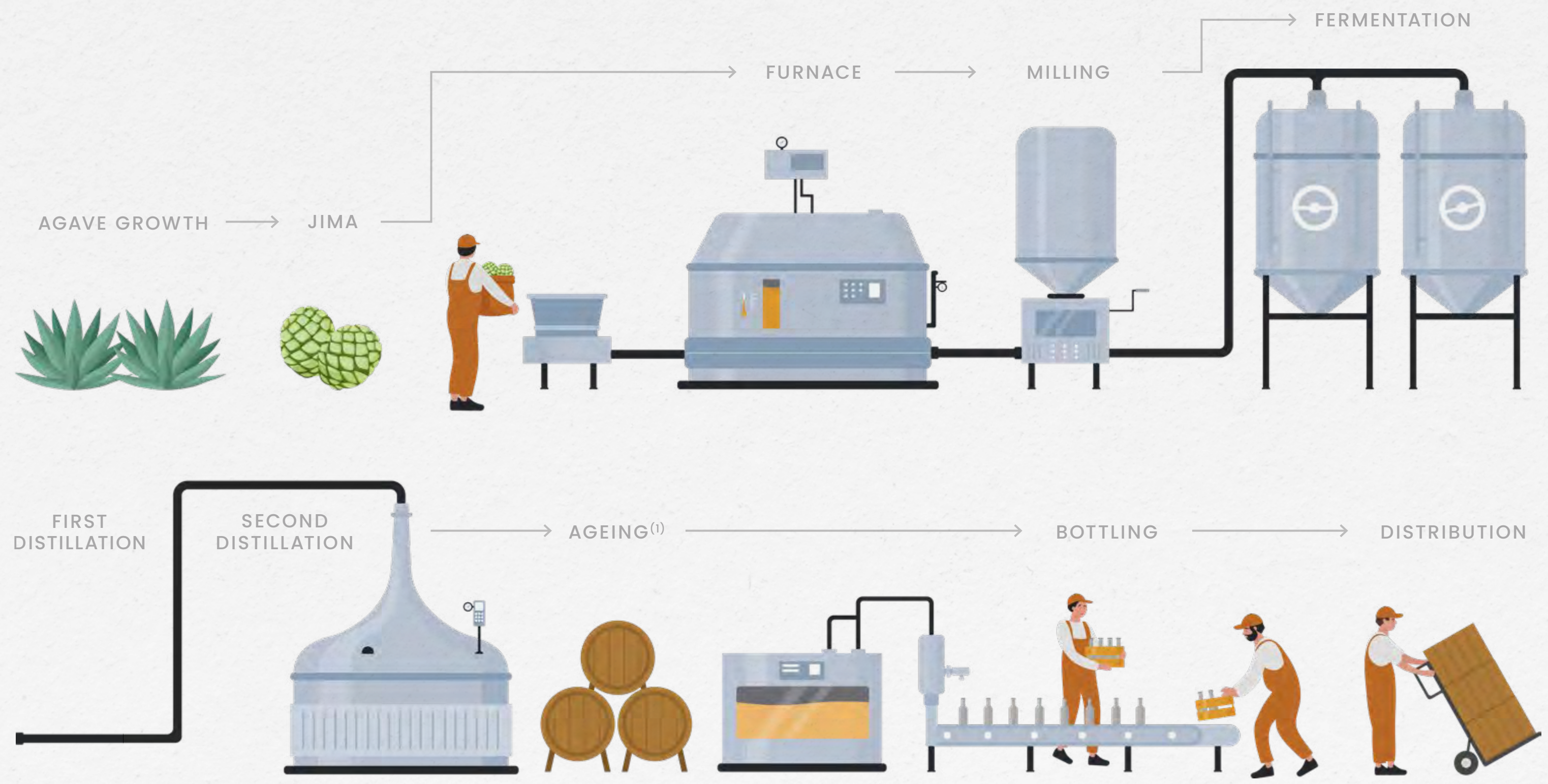
Tequila Gran Centenario Leyenda	Gold		Bartender Spirits Awards
Tequila 1800 Milenio	Platinum		Beverage Testing Institute
Maestro Dobel Diamante	Gold		Denver International Spirits Competition
Jose Cuervo Tradicional Reposado Cristalino	Best Cristalino - Tequila - Platinum		Los Angeles Spirits Awards
Tequila 1800 Añejo Cristalino	Gold		New York International Spirits Competition
Maestro Dobel Atelier	Double Gold		San Francisco International Spirits Competition
Reserva de la Familia Platino	Best Of Class Platinum		Sip Awards International Spirits Competition
Tequila 1800 Añejo Cristalino	Gold		World Tequila Awards



During 2021, our brands received over 150 international recognitions and tequilas accounted for more than 55 recognitions.



TEQUILA VALUE CHAIN



⁽¹⁾ Silver Tequila does not require any maturation process.



OTHER SPIRITS

We hold an extensive portfolio of over 15 leading spirit brands. Through our premiumization strategy, we offer the best flavors and ingredients in each category.

VOLUME

4.8 MILLION NINE-LITER CASES | +9.6%

NET SALES

\$8,629 MILLION | +19.4%



WHISKEY

We are one of the world's top Irish Whiskey producers, holding a strong market position in high growth for Irish whiskey, which is set to continue to be one of the fastest growing categories in the world in coming years.





Irish whiskey is made with a blend of malted and unmalted barley, and is usually triple-distilled, which results in a smoother, higher-alcohol spirit.

NORTH AMERICAN WHISKEY

Crafted from the finest ingredients and aged for four years in American Oak barrels. The result is a smooth, well-balanced bourbon with light vanilla and white pepper finish. It's what we like to call a New York classic.



BUSHMILLS



SEXTON



PROPER NO. TWELVE



STRANAHAN'S



TINCUP



PENDLETON



BLACK DIRT



GREAT JONES

IRISH WHISKEY

A North American whiskey is an all-grain spirit produced from a mash bill that mixes corn, rye, wheat, barley, and other grains and then generally aged for an extended period in wooden barrels.

STRAIGHT BOURBON WHISKEY



BLACK FASHIONED

INGREDIENTS

2 parts BLACK BUSH
1/4 part agave syrup
Few dashes of orange bitters
Orange rind and dark cherry

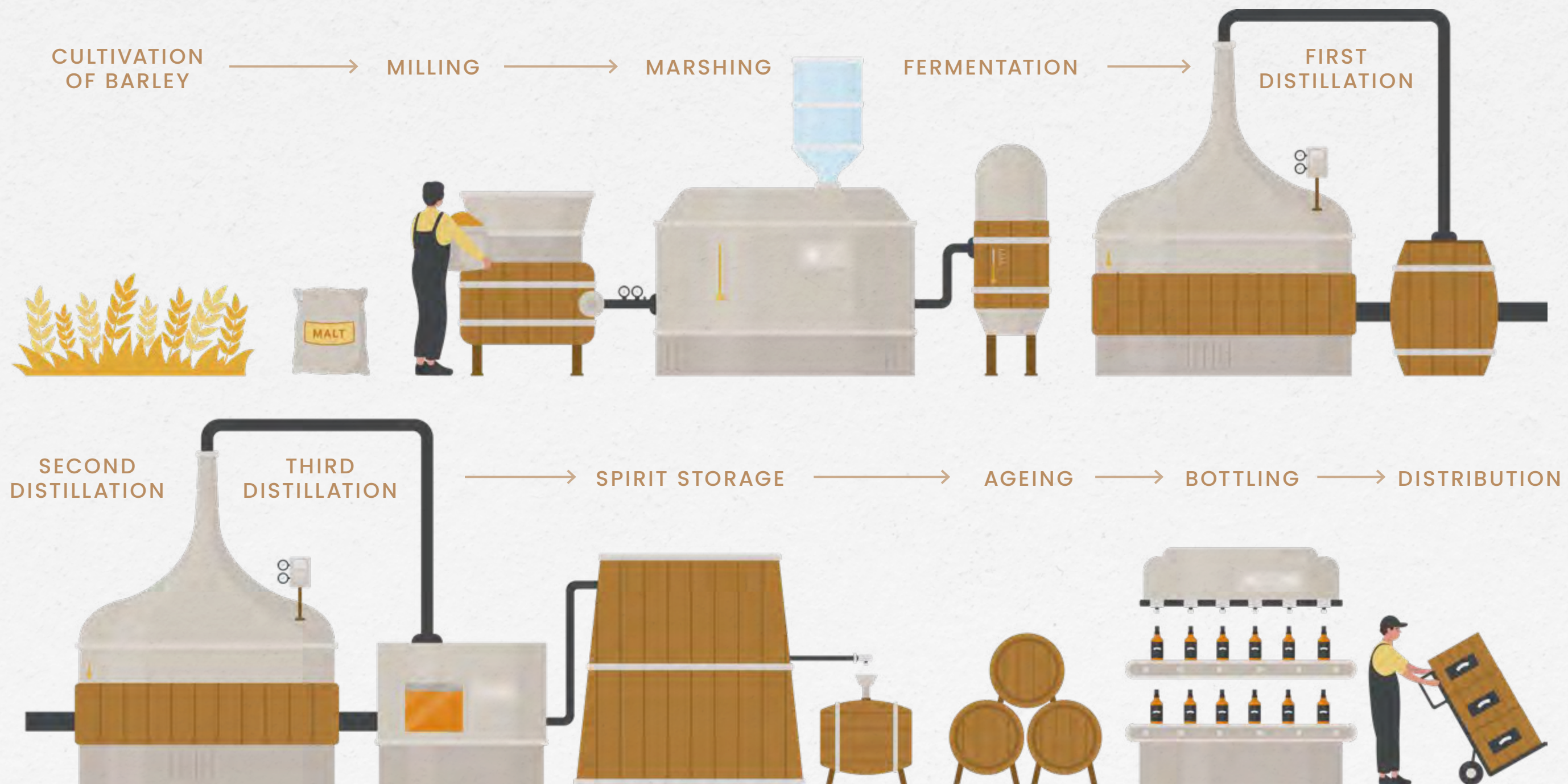
PREPARATION

Pour ingredients into a mixing glass filled with ice. Add a dash of orange bitters and a dash of agave. Stir until fully incorporated. Strain into rocks glass with large ice cubes. Garnish with orange rind and a cherry.





WHISKEY VALUE CHAIN



VODKA





Three Olives® Vodka is the original premium vodka from England, best enjoyed with friends.



THREE OLIVES

HANGAR 1



At Hangar 1, the California way isn't just our motto, it's our way of life.



PUMPKIN SPICE

INGREDIENTS

- 2 ounces Hangar 1 Straight Vodka
- 2 tablespoons fresh pumpkin puree
- 2 ounces horchata liqueur
- 1 ounce ginger liqueur
- 3 dashes Angostura bitters
- Splash of cream
- Cinnamon stick

PREPARATION

Add Hangar 1 Straight Vodka, pumpkin puree, horchata liqueur, ginger liqueur, cream, and bitters to a cocktail shaker full of ice. Shake until very cold and well-combined. Strain into a glass filled with crushed ice. Garnish with a cinnamon stick.

RUM





Named for a Sea Beast of myth and legend, The Kraken Rum is strong, rich and smooth.



KRAKEN

OWNEY'S



A premium of New York City - distilled rum and aged Caribbean Rum.

The most wanted rum during Cuba's Golden Age, an indelible icon of that era.



MATUSALEM



CLASSIC DAIQUIRI

INGREDIENTS

2 oz Owney's

0.75 oz fresh lime juice

0.75 oz simple syrup

PREPARATION

Shake vigorously with ice and double strain into coupe glass.

Garnish with lime wheel.





MEZCAL





Mezcal Creyente® is a blend of two mezcals from the Oaxaca, Mexico regions of Tlacolula and Yautepec, resulting in a soft herbal taste and subtle body.



CREYENTE

400 CONEJOS



Produced from agaves of Tlacolula in Oaxaca, Mexico, whose pines are cooked in a traditional way in a conical oven and milled with Tahona Stone.



FLECHA ZAPOTECA

INGREDIENTS

- 1.5 oz Mezcal Creyente
- 2 oz Fresh Pineapple Juice
- .5 oz Simple Syrup
- Pinch of Cardamom
- Pinch of Pink Himalayan Sea Salt
- 2 oz Light Beer

PREPARATION

Combine the first five ingredients in a shaker with ice. Shake well and pour into a wine glass. Top with beer. Garnish with a pinch of cardamom and a pineapple leaf.



GIN



COCK RUSSELL
BOODLES
EST. BRITISH 1845
ROSÉ GIN
IMPORTED
GINEBRA SABOR A FRESA Y RUIBARBO



BOODLES

The liquid is then redistilled in a Carter Head copper still, which allows the botanicals to gradually infuse into the spirit.



Every batch of Boodles Gin is made with labour and patience. It begins as a clean spirit distilled from British wheat.



GRAPEFRUIT GIN FIZZ

INGREDIENTS

- 2 ounces gin
- 2 ounces grapefruit juice
- 2 ounces tonic water, or club soda
- 2 sprigs rosemary
- Grapefruit slices for garnish
- Ice cubes

PREPARATION

Pour the gin and grapefruit into a large glass or cocktail shaker to mix. Add ice to your glasses. Place one rosemary sprig in each glass. Pour the gin mixture over the ice and add the tonic water. Garnish with slices of grapefruit.





READY-TO-DRINK COCKTAILS

Our innovative cocktails with diverse flavor offerings capitalize the trend of convenient single-serve beverages.



PLAYAMAR HARD SELTZER
AUTHENTIC MARGARITA
GOLDEN MARGARITA
PALOMA

1800 ULTIMATE MARGARITA

KRAKEN RUM AND COLA

VOLUME

4.9 MILLION NINE-LITER CASES | -1.3%

NET SALES

\$4,176 MILLION | -7.5%



NON-ALCOHOLIC BEVERAGES

Consistent with our strategy to satisfy every consumer, these beverages are great to enjoy on their own or to complement any cocktail.



SANGRITA VIUDA DE SANCHEZ



JOSE CUERVO MARGARITA MIX



B:OOST



THE KRAKEN STORM, BLACK GINGER BEER

VOLUME

3.5 MILLION NINE-LITER CASES | +3.4%

NET SALES

\$1,385 MILLION | -6.2%



ESG

*ENVIRONMENTAL,
SOCIAL & GOVERNANCE*





As Mexico's largest tequila producer and global leading spirits manufacturer, we acknowledge our responsibility when conducting operations. In addition, due to the great challenges we have faced as a result of the COVID-19 pandemic, we are more committed than ever to the sustainable reactivation of the industry and value chains by protecting the environment, increasing our employees' quality of life and positively impacting our surrounding communities.





ENVIRONMENTAL PROTECTION



We ratify our commitment to protect the environment and mitigate climate change by implementing more and better strategies and goals to offset our operations' environmental footprint.

Our industry is regulated by a wide range of environmental laws and regulations, mainly regarding water, air, waste management and noise. We conduct an ongoing program designed to comply with applicable environmental laws and regulations. We comply with substantially all applicable environmental laws and regulations, as well as specific permits and decrees.

All our facilities in Jalisco comply with the Environmental Voluntary Program guidelines established by the Environmental Ministry of the State of Jalisco. Likewise, they are registered in the Clean Industry program established by the Federal Environmental Protection Agency (PROFEPA) in Mexico, as well as the State Green Company program. Additionally, our Camichines Distillery complies with the ISO 14001 certification.

In Northern Ireland, our Old Bushmills Distillery operates through an Environmental Management System that complies with the applicable BS EN ISO 14001: 2004 certification. Additionally, it has the required permit for wastewater discharges dated October 28, 2009, issued by the Water Management Unit of the Environment Agency of Northern Ireland.



Environmental Protection

Our environmental protection goals are fully aligned to the United Nations Sustainable Development Goals (SDG). Through several initiatives in all our facilities, we contribute to the SDGs:



Among our efforts, we have invested in state-of-the-art wastewater treatment plants at all of our facilities in Mexico and treat 100% of vinasses generated from the tequila production process; we promote technological designs for more efficient use of energy and water in new projects and in the generation of biogas to replace fossil fuels; and we process bagasse produced in agave milling process and later reuse them in agave fields. We also process fibrous material leftover from the tequila-making process and reuse such material in the production of bio-based products.

In addition, we hold all necessary concessions for the use of water in our production processes and facilities depending on their characteris-

tics and operations. Our concessions address our demand for water in order to carry out our activities and are in full force and effect in accordance with their terms. All Mexican plants are changing all deep well water flow meters in order to comply with the new standard NMX-AA179-SCFI-2018.

We aim to consolidate a procurement and innovation culture that supports long-term growth and transformation through the reallocation of relevant savings to value added sustainable initiatives that reinforce our long-term goals. We maintain a low-cost operation with a focus on environmentally sustainable and effective cost controls that will create value that we can extend to our consumers.

We strive to continue reducing waste, improving and simplifying our production processes, as well as our supply chain and distribution network, in order to become a low-cost, efficient and highly productive company operating under the highest environmental standards.





During 2021, we made significant investments in improving waste disposal, water conservation and the reduction of greenhouse gas emissions. Some of the initiatives we implemented were:



LA ROJEÑA

- Water mapping for water efficiency determination
- Wastewater treatment plant, sending solids to compost
- Use of network code to detect electrical equipment with substandard performance



CAMICHINES

- Water mapping for water efficiency determination
- Wastewater treatment plant, sending solids to compost
- Use of network code to detect electrical equipment with substandard performance
- Replacement of water well flow meters
- Peak hour electricity consumption planning



EDISA

- Water mapping for water efficiency determination
- Wastewater treatment plant
- Reuse of treated water in green areas
- Use of network code to detect electrical equipment with substandard performance
- Correction of water leaks
- Waste separation



STRANAHAN'S COLORADO

- Water mapping for water efficiency determination
- Reuse of water from the wort cooling process for the mashing process
- Replacement of distillery's lighting with LED, including motion sensors, and other initiatives to reduce energy consumption



OLD BUSHMILLS DISTILLERY

- Zero Waste to Landfill
- Installation of energy storage tank to store the heat energy recovered from condensing steam from still pots
- Planting of 60,000 trees at the maturation warehouse site

In our Jalisco facilities, we carried out Power Purchase Agreements with a third party whose generation mix contains 50% of electricity from renewable sources, thus reducing our energy consumption and emissions. Our Old Bushmills Distillery obtains 100% of it's electricity from renewable sources.



2021 CONSUMPTION FOOTPRINT

La Rojeña

- Natural gas = 322,155 GJ
- 9,881,955 kWh (50% clean energy)
- 21,936 t CO₂ eq
- 14,391.9 t of bagasse sent to composting

ENERGY INTENSITY
(electricity & fuels)
Tequila 100% Agave = 18.95 kWh/LA (100% abv)

EMISSIONS INTENSITY
Tequila 100% Agave = 5.3 Kg CO₂ eq/LA

Camichines

- Natural gas = 331,370 GJ
• Biogas = 2,155,741 m³ from WWTP reactor
- 20,288,907 kWh (41% clean energy)
- 25,856 t CO₂ eq
- 43,800.3 t of bagasse sent to composting

ENERGY INTENSITY
(electricity & fuels)
Tequila = 6.342 kWh/LA (100% abv)
Tequila 100% Agave = 11.858 kWh/LA (100% abv)

EMISSIONS INTENSITY
Tequila = 2.50 Kg CO₂ EQ/LA
Tequila 100% Agave = 3.70 Kg CO₂/LA

EDISA

- Diesel = 82,300 L
• LP gas = 182,277 L
- 6,690,251 kWh (50% clean energy)
- 3,818 t CO₂ eq
- 1,633.4 t of solid waste sent to recycling (plastics, wood, cardboard & paper, metals and glass)

ENERGY INTENSITY
(electricity & fuels)
0.66 kWh/9L case

EMISSIONS INTENSITY
0.4009 Kg CO₂ eq/9L case

PDI⁽¹⁾

- Natural gas = 42,070 GJ
- 10,253,858 kWh
- 780 t CO₂ eq

ENERGY INTENSITY
(electricity & fuels)
Electricity = 0.93 kWh/9L case
Natural gas = 1.12 kWh/9L case

EMISSIONS INTENSITY
0.07 kg CO₂/9L case

Old Bushmills Distillery

- Natural gas = 207,660 GJ
- 4,674,235 kWh
- 12,773 t CO₂ eq
- This site is Zero Waste to Landfill

TOTAL ENERGY
(electricity & fuels)
11.88 kWh/LA

GJ = Giga Joule (unit of energy)
 kWh = Kilowatt Hour (unit of electric energy)
 CO₂ eq = Carbon Dioxide Equivalent (unit based on the global warming potential of different greenhouse gases)
 LA = Liters of Anhydrous Alcohol
 t = tons (unit of weight)
 abv = Alcohol by volume
 L = Liters
 WWTP = Wastewater Treatment Plant

⁽¹⁾ PDI = Próximo Distillers Indiana





SOCIAL



For the 15th consecutive year, we obtained the Socially Responsible Company (ESR) Distinction, granted by Cemefi⁽¹⁾ and AliaRSE, which recognizes our commitment to sustainable operations.

OUR TEAM

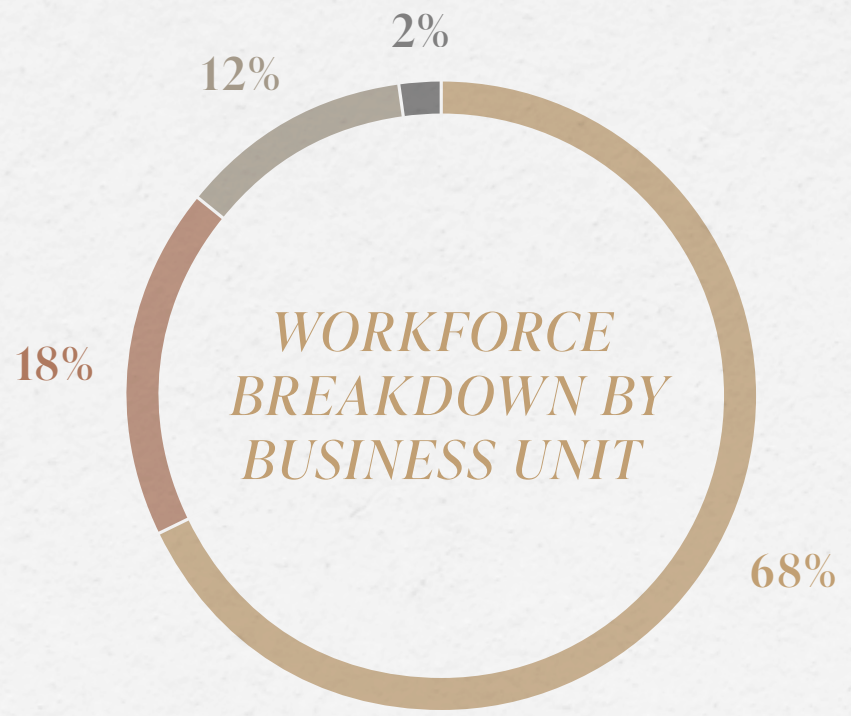
Workforce

In Mexico, at each of our distilleries, bottling facilities, warehouses and merchandisers we have unionized employees. We strive to maintain an exemplary relationship with our unions, thus ensuring employee wellbeing and business continuity; we have not had a labor-related stoppage in our operation in the last 19 years. Currently, 10% of our workforce is unionized.

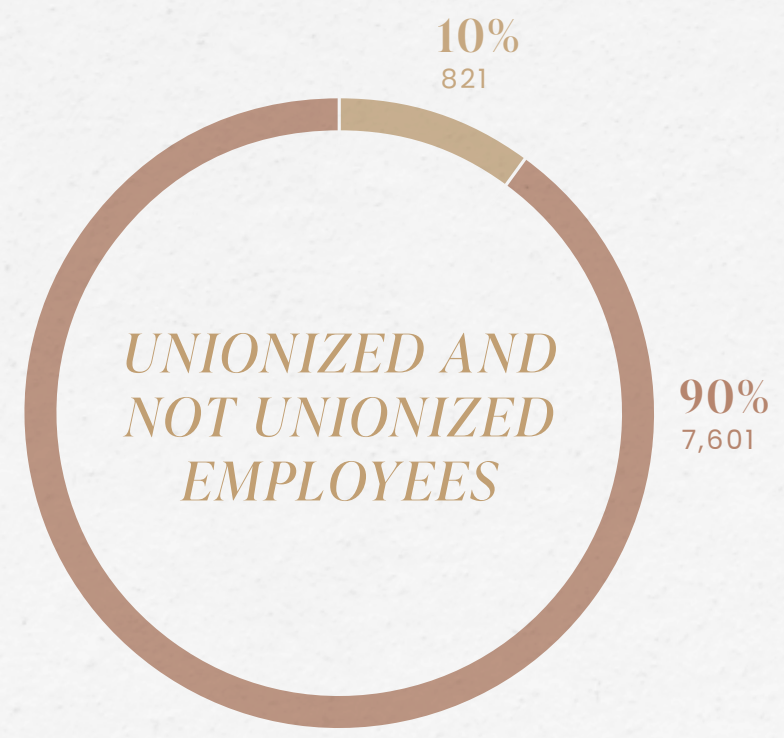
8,422 *employees*

⁽¹⁾ Mexican Center for Philanthropy

Workforce



- AGRICULTURE BUSINESS UNIT
- DISTILLERIES & BOTTLING
- COMMERCIAL BUSINESS UNIT
- CORPORATE



- UNIONIZED
- NOT UNIONIZED





Equal Opportunities & Non-Discrimination

During 2021, we continued to implement initiatives and made efforts to support equal opportunities and ensure non-discrimination, promoting inclusive and violence-free workspaces, where the personal and professional growth of all employees is guaranteed.

We have a strict non-discrimination policy. Its main use is geared towards the talent acquisition process, where no candidate should be discarded because of their religion, race, age, gender, physical capabilities, or any other subjective factor. Our office is equipped with the necessary measures to allow for every employee to traverse without complication.

Furthermore, our Code of Conduct applies to everyone who works at Beclé, including full- and part-time employees, consultants, and temporary staff and it declares our complete commitment with equal opportunities and defines guidelines to ensure a healthy workspace. Some of these are:

- Treat all coworkers with *respect*.
- Promote an environment of *openness*, teamwork and trust.
- *Accept diversity*, evaluating people as individuals with different capabilities and avoiding discrimination on the basis of irrelevant personal factors.
- Share our commitment to diversity and equal opportunities with suppliers, customers and other business partners.
- Prohibit harassment and abusive or intimidating behaviors in the workplace.
- Where possible, adapt the workplace or public areas for employees with a disability.

Moreover, we strive to improve our employees' quality of life, regardless of their gender. Hence, our compensation plans are based on each position's obligations, responsibilities and performance.

We continued to implement initiatives and made efforts to support equal opportunities and ensure non-discrimination.



Training & Development

We believe in developing our talent through comprehensive training programs so they perform their functions with the best skills, professionalism and knowledge.

We offered 28 courses throughout the year on a variety of topics, such as project management, emergency brigades, seminars against extortion and fraud, compensation plans, outsourcing reforms, internal supply chain, business, English, Code of Conduct, harassment, Contact Center, Internal Labor Regulations, among others.

Additionally, all our employees are subject to an annual performance review. During the year, 100% of our employees were assessed.

28
courses

835
training hours



Human Rights

As responsible corporate citizens, we only do business with partners who follow the law and operate fairly and ethically at all times. We grow by:

- **Respecting human rights** of those we work and interact with and encourage our business partners to follow similar standards.
- **Supporting human rights** and respecting labor laws, including prohibitions against child and compulsory labor.
- Identifying and reporting any signs of human trafficking or forced labor.
- Properly compensating workers and respecting their right to collectively bargain.

Bece's Code of Conduct, as well as the Code of Ethics for Suppliers ratify our commitment to the protection of human rights.



Occupational Health & Safety

Our health and management strategy aims to maintain a safe workplace so all employees enjoy physical and mental wellbeing. Our Operation Unit's plants obtained the Responsible Healthy Organization Certification granted by the Business Council for Health and Wellbeing.

We have a Comprehensive Management Policy and have established the Safety and Hygiene Commission, which oversees all Health and Safety issues for our employees. In addition, we have been certified by the Self-Management Program in Occupational Safety and Health (PASST-2) from the Ministry of Labor and Social Welfare, which endorses all of our facilities' procedures.

Likewise, we have a training program that is linked to the First Aid programs and First Aid and Emergency Brigades. During 2021, we imparted 1.5 training hours per employee on health and safety topics.

At our Proximo facilities, we have comprehensive and documented safety protocols for all employees and site visitors with routine reinforcement training and performance measurements. We have 100% OSHA compliance for required training which has resulted in a total OSHA recordable incident rate of 50% below national average, and we participate in internal and external programs to support safe work practices.





We provided free flu vaccines for our employees and their families.

Working Environment & Quality of Life for Employees

As we continued navigating the COVID-19 pandemic, we implemented several initiatives to ensure our employees' health, such as:

- **Flexible work schedules**, including part-time Friday every two weeks.
- **Home office for applicable employees**. We provided employees ergonomic chairs and additional hardware, like wi-fi devices, phones, headphones with integrated microphone, among others, in order to facilitate virtual meetings, online training, and other functions.
- **COVID-19 safety kit** supplied for employees who had to continue working on our premises, as well as strict adherence to security and health guidelines determined by the government in our plants and offices.
- **Free COVID-19 testing**; the Company absorbed the cost of the tests to ensure employee wellbeing.
- **Special COVID-19 phone number** free of charge to answer questions, concerns and possible cases. All infected employees received personalized assistance and follow-up during their recovery.

In addition, we comply with the NOM-035-STPS-2018 Psychosocial Risk Factors in the Workplace. Our senior management defined the Psychosocial Risk Prevention Policy and we applied questionnaires to identify, analyze and prevent these kinds of risks. Subsequently, we implemented an improvement plan that included informative sessions, communication campaigns and the activation of an online assistance program for employees, covering emotional, medical, nutritional, financial and legal support.

We monitor all operations and workspaces to avoid possible incidents, accidents and raise awareness among our employees regarding their work areas. At our headquarters, we established an in-house medical department to attend basic emergencies. Due to the COVID-19 pandemic, we could not carry out earthquake or fire drills during the year; nonetheless, we continue providing training courses regarding safety and emergency protocols, besides our offer of health training. In addition, our online training platform -Promobeb- offers courses on hazard and risk assessment, prevention and management.





COMMUNITY ENGAGEMENT

We have an important role to play in ensuring we create shared value, deliver consistent performance and have a positive impact where we live, work, source and sell.

Therefore, we have publicly committed to implement socially responsible management and continuous internal improvements as part of our corporate culture.

Our shareholders have supported the Tequila, Jalisco community for many years through Jose Cuervo Foundation (Fundación Jose Cuervo, A.C.), where our distilleries are located. These efforts focus on producing a positive impact on the lives of individuals and families of the community, through programs that promote values, art, culture and education, among others. In addition, our shareholders have actively promoted tourism in Tequila, a “Magical Town,” thereby supporting its independent and sustained long-term growth. We expect to continue supporting the communities in which we operate in a manner consistent with our past practices.





2021 initiatives with our communities

- We supported our suppliers by extending credit conditions, considering the difficult economic environment caused by the pandemic.
- We launched the “*Para que se repita*” campaign, which works towards alcohol moderation and self-care during COVID-19.
- Proximo Spirits and 1800 Tequila are supporters of the NAACP (a 100-year-old civil rights organization at the forefront of the movement to build political power and ensure the wellbeing of Black communities). This year, 1800 contributed to Music for Relief, the disaster response campaign of the Entertainment Industry Foundation (EIF) by providing aid to those affected by COVID-19 in the live music community, including bartenders and musicians.
- Hangar 1 Vodka partnered with CUESA (Center for Urban Education about Sustainable Agriculture), a group dedicated to growing thriving communities through the power and joy of local food. During the height of the COVID-19 crisis, their work ensured unemployed food and service workers had access to fresh fruits and vegetables from local growers.



PRODUCT RESPONSIBILITY

We actively participate in programs and campaigns to prevent the harmful use of alcoholic beverages and promote responsible consumption, while fostering a balanced and healthy way of life.

Along with several NGO's, we promote the responsible consumption of our products by developing industry programs with the goal of preventing drinking and driving, as well as the consumption of alcoholic beverages by minors and pregnant women. In Mexico, we are members of the Tequila Industry National Association (CNIT), the Commission for the Wine and Liquor Industry (CIVyL) and the *Fundación de Investigaciones Sociales, A.C.*

Furthermore, we have ongoing campaigns to avoid and prevent the harmful use of alcoholic beverages, such as:

- Fighting against the informal market and the consumption of beverages that may not meet sanitary controls and quality standards
- Discouraging drinking and driving

- Preventing the sale of alcoholic beverages to people under legal age
- Promoting respect for abstinence in the consumption of alcoholic beverages

Regarding the advertising and sale of our products, distilled alcoholic beverages are subject to various restrictions in different international markets.

In Mexico, any advertising relating to the existence, quality and characteristics, as well as to promote the use, sale or consumption, directly or indirectly, of alcoholic beverages, among other regulated products, is subject to regulation by the Ministry of Health. We comply with all regulations in this matter; hence, we adhere to transmissions' schedule restrictions, include approved messages to encourage responsible consumption, precautionary legends, among others.





As part of the CIVyL, we have pledged to uphold the highest responsible standards in all our advertisements. Some commitments we maintain are:

- Not to disseminate advertising messages that are not authorized by COFEPRIS
- To comply with design, production and dissemination requirements applicable to alcoholic beverages
- To comply with the principles and obligations included in the GHL and its regulations in advertising matters
- To abstain from advertising and otherwise promoting the consumption of alcoholic beverages in places that are generally attended by minors

Additionally, since 2016 we implemented a Consumer Assistance platform so our stakeholders may report any inconsistency or non-compliance with regulations. This way, we increase our consumers' satisfaction, the preference for our brands and communications with our customers. Every brand has social media websites and free telephone numbers so any grievance can be addressed.

P \$1.4 million donated through the Jose Cuervo Foundation to FISAC to promote responsible consumption.

FISAC + Becele initiatives

- Supported breathalyzer programs to reduce the risk of driving under the influence of alcoholic beverages in Mexico City, the State of Mexico, Baja California, Guanajuato, Guerrero, Hidalgo, Puebla and Quintana Roo.
- 83 educational webinars on responsible consumption, impacting 5,000 users from 28 institutions.
- Launch of the “Para que se repita” responsible consumption campaign, which aims to moderate alcohol consumption and provide self-care measures through the placement of collars with responsible consumption messages on our bottles.





TRUSTWORTHY OPERATIONS

We seek to ensure that our production facilities and other properties are up to date. We have a certified food safety and quality management system implemented across all our units to ensure the best possible quality for our customers and continuous improvement. This system is regularly audited by internal management teams, as well as by an external accreditation agency.

We hold quality and manufacturing certifications, some of them are:

ISO 9001:2015 Quality Management System

Processes, resources, assets, and cultural values that support the goal of optimal quality, customer satisfaction and organizational efficiency.

ISO 17025

General competency requirements for the testing and calibration of laboratories.

HACCP Hazard Analysis and Critical Control Points

Management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards ranging from raw material production, procurement, and handling to manufacturing, distribution, and consumption of the finished product.

KMD Kosher

Certificate that guarantees that a product complies with the standards of the Jewish religion, both in ingredients and final products in the retail market.

C-TPAT Customs Trade Partnership Against Terrorism

One layer of the U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy. Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security.

Innovation and quality are part of our DNA, and we have successfully built our product portfolio through a combination of organic growth, including the development of existing and new products and brands.





SUPPLY CHAIN

In order to reduce risks, we usually have at least three suppliers for each major ingredient or raw material when the nature of the product supply allows it. We have a permanent program of dual sourcing development for the supply of our main dry goods and ingredients. This program allows us to have supply alternatives for packaging and raw materials. With this strategy, we limit the risk of dependence on any supplier and incentivize competition among them, which translates to increased quality, service and value.

We constantly evaluate specific parameters for current and potential suppliers in order to guarantee competitive market conditions and ensure our suppliers comply with regulations. We assess our suppliers based on three pillars: environment, economy and society. Subsequently, we categorize their sustainability maturity in three groups according to their compliance: Red (0-39%); Yellow (40-69%) and Green (70-100%). Currently, 22 suppliers are green, 11 yellow and 5 are pending. We will continue working with them to determine the improvement measures.

We establish short and mid-term relationships with the suppliers that comprise the Company's value chain, mutually committing to act under ethical principles, within the legal framework and according to the business' sustainable development.



SUPPLIER ASSESSMENT



Social

- Diversity and equality
- Fair treatment
- Ethical labor and governance
- Health, safety and security
- Relieving poverty
- Privacy



Economic

- Supply security
- Price stability
- Healthy margins and competitive advantage
- Efficient processes
- Perception as positive employer



Environmental

- Renewable energy
- Replenishing natural resources
- Sustainable water and land use
- Limiting or eliminating emissions and pollution
- Limiting or eliminating land waste



SUPPLIERS' CODE OF ETHICS

All suppliers must sign and uphold the Suppliers' Code of Ethics, which is based on the 10 Principles of the UN Global Compact and addresses the following topics:



Business Integrity

- Honesty
- Confidentiality
- Service
- Conflicts of Interest
- Gifts and/or preferential treatment
- Integrity



Human rights & labor conditions

- Discrimination
- Harassment
- Voluntary work
- Hiring minors
- Compensation
- Freedom of association



Health & Safety

- Working hours



Communication & reporting of inappropriate conducts

- Ethics Line



Impact on the environment & supply chain sustainability



CORPORATE GOVERNANCE



EXECUTIVE OFFICERS

Juan Domingo Beckmann Legorreta
CHIEF EXECUTIVE OFFICER

Fernando Suárez Gerard
CHIEF FINANCIAL OFFICER

Luis Fernando Félix Fernández
MANAGING DIRECTOR, US AND CANADA (PROXIMO)

Olga Limón Montaña
MANAGING DIRECTOR, MEXICO AND LATAM

Gordon Dron
MANAGING DIRECTOR, EMEA AND APAC

Iván Ramos Abreu
AUDIT DIRECTOR

Daniel Loría
HUMAN RESOURCES DIRECTOR

Sergio Rodríguez Molleda
GENERAL COUNSEL



BOARD OF DIRECTORS

The Board of Directors complies with the best international practices, as well as the regulations imposed by the Mexican Stock Exchange and the Securities Market Law. All current proprietary and alternate board members were elected or ratified in their positions on **April 27, 2021**. The Board's responsibilities include:

- Establish the general strategy for managing the Company and the legal entities controlled by Becele.
- Represent the Company, take any legal actions, and adopt any determinations it deems necessary or convenient to achieve the corporate purpose.
- Ensure that the resolutions of the Shareholders' Meetings are executed, which may be assessed by the audit and corporate practices committee.

CHAIRMAN

Juan Francisco Beckmann Vidal

BOARD MEMBERS

*Juan Domingo Beckmann Legorreta
Karen Virginia Beckmann Legorreta*

INDEPENDENT BOARD MEMBERS

*Ronald Anderson
John Randolph Millian
Ricardo Cervera Lomeli
Alexander Gijs Van Tienhoven
Hernando Carlos Luis Sabau García
Sergio Visintini Frechi
Luis A. Nicolau Gutiérrez
Alberto Torrado Martínez*

ALTERNATE BOARD MEMBERS

José Antonio Alonso Espinosa
Fernando Suárez Gerard
Luis Fernando Félix Fernández*

INDEPENDENT ALTERNATE BOARD MEMBERS

*Carlos Javier Vara Alonso
Arsenio Farell Campa*

SECRETARY

Sergio Rodríguez Molleda

ALTERNATE SECRETARY

Cynthia Corro Origel

* Alternate of Mrs. Karen Virginia Beckmann Legorreta





AUDIT AND CORPORATE PRACTICES COMMITTEE

One statutory committee assists the board in overseeing the Company's management and direction. Its responsibilities are, among others:

- Evaluate the work of the Company's external auditors.
- Oversee the management, conducts and execution of the Company's business.
- Analyze the external auditors' reports and inform the Board of Directors of any irregularity related to internal controls.
- Supervise related party transactions and the activities of the Chief Executive Officer.
- Submit an Annual Report to the Board of Directors and to shareholders.

Sergio Visintini Freschi
CHAIRMAN

John Randolph Millian
MEMBER OF THE BOARD

Ricardo Cervera Lomeli
MEMBER OF THE BOARD





OUR COMMITMENT WITH INTEGRITY

During 2021, we updated and released a highly engaging Code of Conduct.

Code of Conduct

The Code is an essential element of our Integrity Program and an important tool in bringing BECLE's values to life in our work. It explains the Company's expectations in areas that could cause ethical or legal issues if mishandled and applies to every employee and everywhere BECLE does business.

Our renewed Code of Conduct consists of five pillars that group together different key business issues and establish specific behaviors that help employees make better decisions:

- Respect and collaboration
- Fair business practices
- Good professional judgement
- Honest and transparency
- Our communities

Ethics Line

The Company has implemented an Ethics Line managed by an independent third-party in which employees can reliably and anonymously report any wrongdoing or potential violations of the Code, internal policies, or the law.

The ethics committee ensures the reliability and effectiveness of the Ethics line, as well as the breach investigation process.

Annual Certification of Integrity

An annual certification of integrity is conducted each year, in which employees must confirm that they fulfilled their individual responsibilities and commitments to understand and act in adherence to the provisions of the Code and Company's policies.





Enterprise Risk Management

Risk management is of vital importance as a tool for achieving our goals, for decision making, for strengthening sustainable growth and for building confidence among our stakeholders in the short, medium and long term. We manage all risks and opportunities that have an impact on our operations in order to design mitigation strategies, allowing our business to be sustainable in the future.

Following are some of the key risks that could affect our Company's activities, financial condition, results of operations, cash flows and/or prospects. There may be additional risks and factors that we are not currently aware of or do not currently consider material, which could also adversely affect the business.



Enterprise Risk Management



1

Supply chain constraints

Global supply chain constraints may adversely affect product availability.

KEY MITIGATION ACTIONS

- Work diligently to optimize our supply chain and work with vendors to increase inventory availabilities in key brands, while deprioritizing some sizes and SKUs of lesser impact
- Prioritize packages and flavors to maximize the benefit of our production capabilities



2

Consumer preferences and demand

Changes in consumer preferences, demographics, consumption patterns, social trends, public health regulations and/or a downturn in economic conditions might generate variations in the demand for some of our products.

KEY MITIGATION ACTIONS

- Diversify our portfolio
- Product innovation
- Organic and inorganic growth



3

Competition

We face continued competition from international as well as regional and local companies in the countries in which we operate for share of throat across a wide range of consumer drinking occasions.

KEY MITIGATION ACTIONS

- Effective advertising, marketing and promotion
- Enhanced consumer service
- Product innovation
- Identification of consumer preferences



4

Brand reputation

Any counterfeiting of Cuervo's brands, product adulterations, inability to meet customers' needs or expectations, unethical conducts, among others, could adversely affect brand reputation.

KEY MITIGATION ACTIONS

- Brand protection
- Responsible marketing policy



Enterprise Risk Management



5

Climate change

In the event that climate change has a negative effect on agricultural productivity in the regions from which the Company procures its raw materials, we may be subject to decreased availability or increase prices of raw materials that are necessary in the production of our products.

KEY MITIGATION ACTIONS

- Efficient use of water, energy, and materials
- We carry insurance to cover our assets against natural disasters and other risks



6

Cyber-attacks

Service interruption, misappropriation of data or breaches of security could adversely impact our business. Systems failures could lead to business disruption.

KEY MITIGATION ACTIONS

- Strengthen strategic and technical capabilities for mitigation and recovery



7

Risks related to macro environment

Global economic and political conditions, such as economic slowdown, inflation, volatility and tightening of credit and capital markets in which we do business may substantially affect our sales and profitability.

KEY MITIGATION ACTIONS

- United States, our main market, is less volatile than emerging markets
- Natural hedging because of hard currency



8

Regulations

Beverage alcohol products are subject to national excise, import duty and other types of direct and indirect taxes in most countries around the world, and further increases in these could result in higher sales prices and adversely affect our sales and profit margin.

KEY MITIGATION ACTIONS

- Monitor regulatory risks
- Effective tax team



Enterprise Risk Management



9

Acquisitions and joint ventures

Our acquisitions and JV strategy and integration of acquired brands may not be successful, in which case our results of operations could be negatively impacted.

KEY MITIGATION ACTIONS

- Thorough selection of acquisitions



10

Foreign exchange

Fluctuations in the value of the Mexican Peso against the U.S. Dollar and other currencies may have an adverse effect on our financial condition and results of operations.

KEY MITIGATION ACTIONS

- Most of our net sales value is in hard currency
- As of January 1, 2020, the Company designated a bond as a hedging instrument in order to mitigate the exchange rate risk
- We have monetary assets and liabilities denominated in foreign currencies for which we seek to minimize our net exposure by buying and selling at “spot” exchange rates



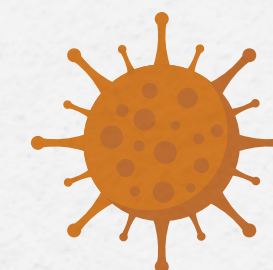
11

Raw materials

The prices of raw materials fluctuate and are largely determined by global supply and demand. Commodity price changes may result in unexpected increases in the cost of raw materials, glass bottles and other packaging materials.

KEY MITIGATION ACTIONS

- Proactively address risk of supply on our value chain
- Strategically diversify our portfolio to minimize the exposure to certain raw materials and operating disruptions



12

Global pandemic

The COVID-19 pandemic or any other future global pandemic may have a material adverse effect on the business, financial condition and results of operations of the Company.

KEY MITIGATION ACTIONS

- High exposure to the off-premise in most of our regions
- Favorable status and leadership in the high-growth Tequila and Ready-to-Drink cocktails categories



CONSOLIDATED FINANCIAL STATEMENTS



MD&A

During the full year of 2021, total volume growth was 8.0% to 25.6 million nine-liter cases. This increase reflects a 3.7% increase in the U.S. and Canada, a 7.9% increase in volumes in Mexico and a 38.8% increase in the RoW region.

Volume of 'Jose Cuervo' grew 8.0% versus the previous year and represented 30.9% of total volume for the full year of 2021. The Company's 'Other Tequila' brands represented 17.7% of total volume and increased 23.0% compared to the prior year. The Company's 'Other Spirits' brands represented 18.6% of total volume in the period and increased 9.6% over the full year of 2020. Volume of 'Non-alcoholic and Other' represented 13.6% of total volume, increasing 3.4% compared to the prior year. Volume of 'RTD' represented 19.1% of total volume and decreased by 1.3% compared to the prior year period.

Net sales during the full year 2021 increased 12.5% to P \$39,419 million pesos compared to the same period in 2020, driven by volume growth and higher average net selling prices per case. This reflects the favorable region mix toward the U.S. and Canada. Net sales in the U.S. and

Canada increased by 4.6% versus the same period in 2020, driven by volume growth, better price mix as a result of our premiumization strategy and Mexican peso depreciation against the U.S. dollar on a year over year basis. Mexico net sales increased 24.4% year on year due to higher average net selling prices per case mainly as a result of price increases. Net sales for the RoW region increased 42.9% versus the full year of 2020, reflecting volume growth due to the continued easing of lockdowns and restrictions.

'Jose Cuervo' reported an increase in net sales of 6.1% compared to 2020, representing 34.4% of total net sales for the full year of 2021. The Company's 'Other Tequila' brands increased net sales 29.1% compared to the prior year representing 29.6% of total net sales. The Company's 'Other Spirits' brands represented 21.9% of total net sales in the period and reported a 19.4% increase in net sales compared to the full year of 2020. Net sales of 'Non-alcoholic and Other' represented 3.5% of total net sales with net sales declining 6.2% compared to the prior year. Net sales of 'RTD' represented 10.6% of total net sales and reported a decrease of 7.5% compared to the prior year.





Gross profit for the full year of 2021 increased 16.6% versus the same period in 2020 to P \$21,274 million pesos. Gross margin was 54.0% for the full year of 2021 compared to 52.1% for the full year of 2020. Gross margin was positively impacted primarily by pricing initiatives and better product mix.

Advertising, marketing and promotion (AMP) expenses increased 29.9% to P \$8,689 million pesos compared to the full year of 2020. As a percentage of net sales, AMP increased to 22.0% from 19.1% in 2020, in line with the Company's investment strategy.

Distribution expenses increased 47.0% to P \$2,028 million pesos when compared to 2020. As a percentage of net sales, distribution expenses increased to 5.1% from 3.9% in 2020.

Selling and administrative (SG&A) expenses increased 3.4% to P \$3,491 million pesos when compared to the full year of 2020. As a percentage of net sales, SG&A expenses decreased 70 basis points to 8.9% from 9.6% in 2020, driven by firm cost control and supported by an acceleration in sales.

During the full year of 2021, operating profit increased 3.3% to P \$7,121 million pesos compared to the prior year. Operating margin decreased to 18.1% compared to 19.7% in 2020.

EBITDA for the full year of 2021 increased by 4.4% to P \$7,938 million pesos compared to P \$7,607 million pesos for the full year of 2020. The EBITDA margin decreased to 20.1% compared to 21.7% in 2020.

Net financial result was a loss of P \$214 million pesos for the full year 2021 primarily driven by a net interest expense and partially offset by a net foreign exchange gain during the year.

Consolidated net income for the full year of 2021 was P \$5,034 million pesos, a decrease of 2.3% versus the prior year period. Net margin was 12.8% for the full year. Earnings per share were P \$1.40 compared to P \$1.43 in 2020.



BECLE, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

December 31, 2021 and 2020

(Thousands of Mexican pesos (Ps))

ASSETS	2021 (U.S. \$) ⁽¹⁾	2021 (Ps)	2020 (Ps)	LIABILITIES	2021 (U.S. \$) ⁽¹⁾	2021 (Ps)	2020 (Ps)
Cash and cash equivalents	621,434	12,791,283	7,646,318	Senior Notes	4,973	102,363	48,833
Trade receivables	499,631	10,284,156	9,213,715	Trade payables	223,186	4,593,948	3,062,436
Related parties	689	14,174	57,214	Related parties	3,439	70,788	169,551
Recoverable income tax	–	–	624,405	Lease liabilities	38,276	787,853	617,268
Other recoverable taxes and other receivables	46,920	965,770	1,291,221	Other accounts payable	320,770	6,602,572	4,809,560
Inventories	587,540	12,093,628	11,193,822	Total current liabilities	590,644	12,157,524	8,707,648
Financial Instruments at fair value through profit and loss	–	–	303,739	Senior Notes	898,550	18,495,297	9,907,075
Biological assets	45,347	933,397	291,882	Lease liabilities	89,401	1,840,177	1,843,873
Prepayments	52,316	1,076,837	1,004,644	Environmental reserve	6,817	140,311	126,414
Total current assets	1,853,875	38,159,245	31,626,960	Other liabilities	33,661	692,855	508,401
Inventories	320,085	6,588,473	5,959,914	Deferred income taxes	183,160	3,770,082	5,743,187
Biological assets	285,021	5,866,734	4,895,421	Total non-current liabilities	1,211,588	24,938,722	18,128,950
Investments in associates	31,499	648,351	1,567,796	Total liabilities	1,802,232	37,096,246	26,836,598
Equity investments at fair value	–	–	11,969	Stockholders' equity			
Property, plant and equipment	575,945	11,854,967	10,169,488	Capital stock	548,189	11,283,642	11,283,642
Intangible assets	1,002,147	20,627,687	15,447,299	Share premium	703,795	14,486,570	14,486,570
Goodwill	339,678	6,991,770	6,891,070	Capital reserves	209,046	4,302,893	4,302,893
Right-of-use assets	115,199	2,371,205	2,351,770	Retained earnings	1,073,179	22,089,778	18,615,653
Deferred income tax	93,986	1,934,567	2,357,279	Other comprehensive income	300,613	6,187,664	5,977,668
Employee benefits	21,118	434,690	234,809	Stockholders' equity attributable to controlling interest	2,834,821	58,350,547	54,666,426
Other assets	3,006	61,879	67,893	Non-controlling interest	4,507	92,775	78,644
Total non-current assets	2,787,685	57,380,323	49,954,708	Total stockholders' equity	2,839,329	58,443,322	54,745,070
Total assets	4,641,561	95,539,568	81,581,668	Total liabilities and stockholders' equity	4,641,561	95,539,568	81,581,668

⁽¹⁾ U.S. dollars translated at 20.58 Mexican pesos solely for the convenience of the reader.



BECLE, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME, BY EXPENSES FUNCTION

For the years ended on December 31, 2021 and 2020

(Thousands of Mexican pesos (Ps), except earnings per share)

	2021 (U.S. \$) ⁽¹⁾	2021 (Ps)	2020 (Ps)		2021 (U.S. \$) ⁽¹⁾	2021 (Ps)	2020 (Ps)
Net sales	1,915,097	39,419,400	35,036,139	Other comprehensive income:			
Cost of goods sold	881,542	18,145,221	16,790,114	Components to be subsequently reclassified to income			
Gross profit	1,033,555	21,274,179	18,246,025	Foreign operations - Foreign currency translation reserve	12,134	249,750	1,913,777
Expenses:				Components not to be subsequently reclassified to income			
Advertising, marketing and promotion	422,132	8,688,948	6,688,049	Changes in the fair value of equity investments as fair value through other comprehensive income - net of income taxes	(2,963)	(60,980)	26,931
Distribution	98,528	2,028,053	1,379,692	Employee benefits - net of income taxes	1,031	21,226	35,243
Selling	68,852	1,417,221	1,404,296	Other comprehensive income	10,202	209,996	1,975,951
Administrative	100,745	2,073,675	1,972,970	Consolidated comprehensive income	254,760	5,243,859	7,127,995
Other income - Net	(2,668)	(54,920)	(91,595)	Net income attributable to:			
Total expenses	687,588	14,152,977	11,353,412	Controlling interest	243,872	5,019,732	5,146,020
Operating income	345,967	7,121,202	6,892,613	Non-controlling interest	687	14,131	6,024
Interest income	(12,178)	(250,671)	(143,666)	Comprehensive income attributable to:			
Interest expense	33,945	698,707	544,809	Controlling interest	254,074	5,229,728	7,121,971
Changes in the fair value of financial instruments	-	-	(303,739)	Non-controlling interest	687	14,131	6,024
Foreign exchange loss - Net	(11,390)	(234,440)	(58,997)		254,760	5,243,859	7,127,995
Financing result	10,377	213,596	38,407	Basic and diluted earnings per share (pesos)	0.07	1.40	1.43
Income before income taxes	335,589	6,907,606	6,854,206				
Income taxes	91,031	1,873,743	1,702,162				
Consolidated net income	244,558	5,033,863	5,152,044				

⁽¹⁾ U.S. dollars translated at 20.58 Mexican pesos solely for the convenience of the reader.



BECLE, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended on December 31, 2021 and 2020

(Thousands of Mexican pesos (Ps), except dividends paid per share)

	CAPITAL STOCK	SHARE PREMIUM	CAPITAL RESERVES	RETAINED EARNING	OTHER COMPREHENSIVE INCOME	TOTAL CONTROLLING INTEREST	NON-CONTROLLING INTEREST	TOTAL STOCKHOLDERS EQUITY
Balances as of January 1, 2020	11,514,467	15,364,892	5,758,171	11,880,337	4,001,717	48,519,584	72,620	48,592,204
Comprehensive income:								
Net income	-	-	-	5,146,020	-	5,146,020	6,024	5,152,044
Changes in the fair value of equity investments at fair value through other comprehensive income - net of income tax	-	-	-	-	26,931	26,931	-	26,931
Remeasurement of employee benefits - Net	-	-	-	-	35,243	35,243	-	35,243
Foreign currency translation reserve	-	-	-	-	1,913,777	1,913,777	-	1,913,777
Total comprehensive income				5,146,020	1,975,951	7,121,971	6,024	7,127,995
Transactions with stockholders:								
Capital stock reduction	(89,433)	(878,322)	-	967,755	-	-	-	-
Cumulative inflation effect of capital reclassified to retained earning	(141,392)	-	-	141,392	-	-	-	-
Reduction of repurchase of shares reserve	-	-	(1,570,258)	1,570,258	-	-	-	-
Repurchase of shares - Net	-	-	114,980	-	-	114,980	-	114,980
Acquisition of non controlling interest	-	-	-	-	-	-	-	-
Dividends	-	-	-	(1,106,441)	-	(1,106,441)	-	(1,106,441)
Other stockholders' movements - Net	-	-	-	16,332	-	16,332	-	16,332
Total transactions with stockholders	(230,825)	(878,322)	(1,455,278)	1,589,296	-	(975,129)	-	(975,129)
Balances as of December 31, 2020	11,283,642	14,486,570	4,302,893	18,615,653	5,977,668	54,666,426	78,644	54,745,070
Comprehensive income:								
Net income	-	-	-	5,019,731	-	5,019,731	14,131	5,033,862
Changes in the fair value of equity investments at fair value through other comprehensive income - net of income tax	-	-	-	-	(60,980)	(60,980)	-	(60,980)
Remeasurement of employee benefits - Net	-	-	-	-	21,226	21,226	-	21,226
Foreign currency translation reserve	-	-	-	-	249,750	249,750	-	249,750
Total comprehensive income	11,283,642	14,486,570	4,302,893	23,635,384	6,187,664	59,896,153	92,775	59,988,928
Transactions with stockholders:								
Dividends	-	-	-	(1,545,606)	-	(1,545,606)	-	(1,545,606)
Other stockholders' movements - Net	-	-	-	-	-	-	-	-
Total transactions with stockholders	-	-	-	(1,545,606)	-	(1,545,606)	-	(1,545,606)
Balances as of December 31, 2021	11,283,642	14,486,570	4,302,893	22,089,778	6,187,664	58,350,547	92,775	58,443,322



BECLE, S.A.B. DE C.V. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended on December 31, 2021 and 2020
(Thousands of Mexican pesos (Ps))

	2021 (U.S. \$) ⁽¹⁾	2021 (Ps)	2020 (Ps)		2021 (U.S. \$) ⁽¹⁾	2021 (Ps)	2020 (Ps)
Operating activities:				Investment activities			
Income before income taxes	335,589	6,907,606	6,854,206	Property, plant and equipment	(106,758)	(2,197,456)	(3,544,310)
Adjustment from items not implying cash flows:				Intangible assets	(148,308)	(3,052,689)	(91,807)
Depreciation and amortization	39,690	816,969	714,459	Acquisition of subsidiaries - Net of cash	-	-	(76,263)
Changes in the fair value of financial instruments	-	-	(303,739)	Investment in associates	(23,124)	(475,974)	(1,516,733)
Non-cash items	(8,810)	(181,342)	343,460	Sale of property, plant and equipment	506	10,420	15,653
Loss on sale of property, plant and equipment	372	7,650	54,929	Interest income	2,850	58,668	143,666
Allowance for trade receivables	(182)	(3,744)	45,601	Net cash flows used in investment activities	(274,833)	(5,657,031)	(5,069,794)
Allowance for obsolete inventories	8,953	184,290	160,043				
Equity method on associates	(1,198)	(24,661)	(81,339)	Financing activities			
Interest income	(2,850)	(58,668)	(143,666)	Dividends paid	(75,090)	(1,545,606)	(543,535)
Upfront gain	(9,328)	(192,003)	-	Repurchase of shares - Net	-	-	114,980
Long-term debt cost amortization	3,519	72,434	-	Principal lease payment	(24,574)	(505,818)	(393,320)
Net cost for the period of employee benefits	950	19,555	70,328	Interest lease payment	(4,066)	(83,702)	(79,832)
Unrealized foreign exchange	(29,020)	(597,332)	(233,175)	Bank loan facility	150,946	3,106,995	-
Interest expense	20,882	429,829	419,044	Bank loan paid	(150,175)	(3,091,125)	-
Subtotal	358,568	7,380,583	7,900,151	Senior Note issued - Net	406,492	8,367,028	-
(Increase) decrease in:				Interest paid	(12,789)	(263,243)	(416,686)
Trade receivables	(50,681)	(1,043,202)	(4,957)	Net cash flows used in financing activities	290,744	5,984,529	(1,318,393)
Related parties	(2,697)	(55,505)	99,602	Net increase (decrease) of cash and cash equivalents	226,710	4,666,485	(2,642,337)
Other recoverable taxes and other receivables	22,576	464,700	(565,068)	Cash and cash equivalents at beginning of year:			
Inventories	(71,317)	(1,467,950)	(2,041,572)	At beginning of the period	371,478	7,646,318	9,628,169
Biological assets	(83,244)	(1,713,460)	(1,665,944)	Effects of exchange rate changes on cash and cash equivalents	23,246	478,480	647,366
Prepayments	(2,003)	(41,236)	(100,617)	Cash proceeds from acquisition	-	-	13,120
Other assets	26,074	536,697	317,412	Cash and cash equivalents at end of year	621,434	12,791,283	7,646,318
Increase (decrease) in:				Non-cash transactions	(7,892)	(162,436)	-
Trade payables	65,346	1,345,042	738,873				
Other accounts payables	87,241	1,795,724	138,985				
Employee benefits	78	1,615	(42,817)				
Income taxes paid or recoverable	(139,142)	(2,864,021)	(1,028,198)				
Net cash from operating activities	210,799	4,338,987	3,745,850				

⁽¹⁾ U.S. dollars translated at 20.58 Mexican pesos solely for the convenience of the reader.



SHAREHOLDER INFORMATION



OWNERSHIP STRUCTURE

The following table establishes the distribution of our capital stock as of the date of this report:

SHAREHOLDER	SHARES	OUTSTANDING CAPITAL (%)
JDBL y Compañía, S.A. de C.V. ⁽¹⁾	1,833,803,430	51.06%
Members of the Beckmann Legorreta Family	2	0.01%
Public Investors	1,757,372,869	48.93%
Total Subscribed and paid-in shares	3,591,176,301	100%

MARKET CAPITALIZATION

At a year-end price of MXN\$51.36 on 31 December 2021, the market capitalization of Becele on the balance sheet date was US\$9 billion.

Year-end price (MXN)	\$51.36	31 December 2021
Total Subscribed and paid-in shares	3,591,176,301	31 December 2021
Market Capitalization in MXN	\$184,442,814,819	31 December 2021
Market Capitalization in USD (Foreign Exchange rate of 20.514)	\$8,991,070,236	31 December 2021

⁽¹⁾ Juan Domingo Beckmann Legorreta exercises control of said Company.





QUARTERLY STOCK PRICE TABLE

QUARTER ENDED	MEXICAN PESOS		2021
	\$ HIGH	\$ LOW	\$ CLOSE
Dec-31	52.68	42.85	51.36
Sep-30	53.15	44.26	44.82
Jun-30	53.28	46.63	52.44
Mar-31	50.50	40.50	46.76

DISCLAIMER AND REFERENCE INFORMATION

This document may contain forward-looking statements. These statements are statements that are not historical facts and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of fu-

ture operations and the factors or trends affecting our financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.



INVESTOR INFORMATION

INVESTOR INFORMATION

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