Becle, S. A. B. de C. V. and subsidiaries

Consolidated Financial Statements

December 31, 2022 and 2021

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Independent Auditors' Report

To the stockholders and Board of Directors of
Becle, S. A. B. de C. V.

Opinion

We have audited the consolidated financial statements of Becle, S. A. B. de C. V. and its subsidiaries (the Company), which comprise the consolidated statement of financial position as of December 31, 2022, and the consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the year then ended and notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's "Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company in accordance with the Professional Code of Ethics of Mexican Institute of Public Accountants together with other requirements applicable to our audit of the consolidated financial statements in Mexico. We have fulfilled our other ethical responsibilities in accordance with those requirements and Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recoverable amount of indefinite-life intangible assets As mentioned in Notes 2.14 and 12 to the consolidated financial statements, the Company performs annual impairment tests on indefinite-life intangible assets (trademarks and goodwill). Those tests are based on the estimated recoverable amount of such assets, determined through projected future cash flows of each Cash Generating Unit (CGU). We have focused on this matter in our audit, mainly due to the importance of the book value of the Company's indefinite-life intangible assets (Ps24,561,646 as of December 31, 2022), and because significant judgments for determining the recoverable amount thereof are involved. We particularly focused our audit efforts on: 1. Management's process to identify the CGU, and 2. Key assumptions used in the projected future cash flows, such as: revenue growth rate, costs and expenses behavior related to revenues; and the discount rate used to discount such cash flows.	We evaluated the Company's analysis to identify each CGU, considering the geographic zones where the Company operates and the identified operating segments. We evaluated and considered the projected future cash flows prepared by management and processes to prepare them, comparing such projections with historical trends and budgets approved by the Company's Board of Directors. We compared actual results for the current year to this year's budget, in order to identify whether any of the assumptions included in the projected future cash flows could be considered overly optimistic. We compared the key assumptions used to perform the cash flow projections concerning the revenue growth rate, as well as costs and expenses related to revenues, to the Company's historical trends. With our valuation experts' support, we compared: 1. The methodology used to estimate the recoverable amount with that commonly used in the market for the relevant type of assets, and 2. The discount rate used to discount the future cash flows with an estimated market rate, considering the Company's leverage ratio, the expected short and medium-term leverage ratio and the industry optimal level.

Key audit matter	How our audit addressed the key audit matter
	We discussed with management the sensitivity analysis and evaluated to what extent the assumptions needed to be modified, to determine whether an impairment adjustment has occurred. Additionally, we evaluated the consistency of disclosures contained in the notes to the financial statements with the information provided by management.

Other Information

Management is responsible for the other information. The other information comprises the annual report presented to the National Banking and Securities Commission (CNBV by its acronym in Spanish) and the annual information presented to stockholders (but does not include the consolidated financial statements and our auditor's report thereon), which are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, we will issue the report required by the CNBV and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if required, describe the issue in our report.

Responsibilities of management and Those Charged with governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company and its subsidiaries. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is stated below.

PricewaterhouseCoopers, S. C.

José Luis Guzmán

José Luis Guzmán
Audit Partner

Mexico City, March 13, 2023

Becle, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Financial Position
December 31, 2022 and 2021

Thousands of Mexican pesos (Ps) and U.S. dollars (US)

	2022 (US$)*	2022 (Ps)	2021 (Ps)
Assets			
CURRENT ASSETS:			
Cash and cash equivalents (Notes 2.6 and 6)	$ 233,496	$ 4,520,839	$ 12,791,283
Trade receivables (Notes 2.7 and 3)	610,059	11,811,648	10,284,156
Related parties (Note 14)	2,303	44,593	14,174
Recoverable income tax (Note 2.8)	18,889	365,724	-
Other recoverable taxes and other receivables (Notes 2.8 and 7)	100,770	1,951,053	965,770
Inventories (Notes 2.9 and 8)	943,007	18,258,022	12,093,628
Biological assets (Notes 2.10 and 9)	66,672	1,290,877	933,397
Prepayments (Notes 2.15)	64,072	1,240,521	1,076,837
Total current assets	2,039,268	39,483,277	38,159,245
NON-CURRENT ASSETS:			
Inventories (Notes 2.9 and 8)	312,148	6,043,649	6,588,473
Biological assets (Notes 2.10 and 9)	387,460	7,501,800	5,866,734
Investments in associates and joint ventures (Notes 2.2 and 10)	29,849	577,930	648,351
Property, plant and equipment (Notes 2.12 and 11)	726,904	14,073,950	11,854,967
Intangible assets (Notes 2.14, 4 and 12)	973,505	18,848,514	20,627,687
Goodwill (Notes 2.14, 4 and 12)	311,041	6,022,213	6,991,770
Right-of-use assets (Notes 2.24, 4 and 15)	138,344	2,678,554	2,371,205
Deferred income taxes (Notes 2.20, 4 and 18)	107,745	2,086,105	1,934,567
Employee benefits (Notes 2.21 and 16)	24,658	477,408	434,690
Other assets	3,757	72,742	61,879
Total non-current assets	3,015,411	58,382,865	57,380,323
Total assets	$ 5,054,679	$ 97,866,142	$ 95,539,568
Liabilities			
CURRENT LIABILITIES:			
Senior Notes (Notes 2.17, and 13)	$ 4,973	$ 96,286	$ 102,363
Trade payables (Note 2.16)	436,041	8,442,402	4,593,948
Related parties (Note 14)	3,721	72,047	70,788
Lease liabilities (Notes 2.24, 4 and 15)	32,195	623,336	787,853
Other accounts payable (Note 2.18)	323,714	6,267,610	6,602,572
Total current liabilities	800,644	15,501,681	12,157,524
NON-CURRENT LIABILITIES:			
Senior Notes (Notes 2.17 and 13)	904,277	17,508,150	18,495,297
Lease liabilities (Notes 2.24, 4 and 15)	124,494	2,410,390	1,840,177
Environmental reserve (Notes 2.19 and 22)	7,320	141,725	140,311
Other liabilities (Notes 2.32 and 17.3)	15,751	304,960	692,855
Deferred income taxes (Notes 2.20, 4 and 18)	184,698	3,576,026	3,770,082
Total non-current liabilities	1,236,540	23,941,251	24,938,722
Total liabilities	2,037,184	39,442,932	37,096,246
Stockholders' Equity			
Capital stock (Notes 2.22 and 17)	582,788	11,283,642	11,283,642
Share premium (Note 2.22)	748,215	14,486,570	14,486,570
Capital reserves (Note 17)	222,240	4,302,893	4,302,893
Retained earnings (Note 17)	1,371,410	26,552,551	22,089,778
Other comprehensive income (Notes 2.29 and 17)	86,776	1,680,112	6,187,664
Stockholders' equity attributable to controlling interest	3,011,429	58,305,768	58,350,547
Non-controlling interest (Note 17.3)	6,066	117,442	92,775
Total stockholders' equity	3,017,495	58,423,210	58,443,322
Contingencies and commitments (Notes 22 and 23)			
Total	$ 5,054,679	$ 97,866,142	$ 95,539,568

* Convenience translation to thousands of U.S. dollars (US$), Note 2.1.1, supplementary information.

The accompanying notes are an integral part of these consolidated financial statements.

Becle, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended on December 31, 2022 and 2021

Thousands of Mexican pesos (Ps) and U.S. dollars (US), except earnings per share

	2022 (US$)*	2022 (Ps)	2021 (Ps)
Net sales (Notes 2.23 and 19)	$ 2,361,878	$ 45,729,492	$ 39,419,400
Cost of goods sold (Note 20)	1,066,152	20,642,306	18,145,221
Gross profit	1,295,726	25,087,186	21,274,179
Expenses:			
Advertising, marketing and promotion (Note 20)	524,881	10,162,475	8,688,948
Distribution (Note 20)	113,246	2,192,609	2,028,053
Selling (Note 20)	82,053	1,588,662	1,417,221
Administrative (Note 20)	118,178	2,288,102	2,073,675
Other income - Net (Note 20)	(1,782)	(34,498)	(54,920)
Total expenses	836,576	16,197,350	14,152,977
Operating income	459,150	8,889,836	7,121,202
Interest income (Note 2.28 and 13)	(7,388)	(143,048)	(250,671)
Interest expense (Note 2.28)	43,877	849,526	698,707
Foreign exchange loss - Net (Note 2.4)	(4,488)	(86,885)	(234,440)
Financing result	32,001	619,593	213,596
Equity method on associates	2,015	39,020	-
Income before income taxes	425,134	8,231,223	6,907,606
Income taxes (Note 18)	121,388	2,350,261	1,873,743
Consolidated net income	$ 303,746	$ 5,880,962	$ 5,033,863
Other comprehensive income:			
Components to be subsequently reclassified to income			
Foreign operations - Foreign currency translation reserve - net of income taxes(Note 17.2)	$ (234,207)	$ (4,534,596)	$ 249,750
Components not to be subsequently reclassified to income			
Changes in the fair value of equity investments at fair value through other comprehensive income - net of income taxes (Note 17.2)	-	-	(60,980)
Employee benefits - net of income taxes (Note 17.2)	1,397	27,044	21,226
Other comprehensive income	(232,810)	(4,507,552)	209,996
Consolidated comprehensive income	$ 70,936	$ 1,373,410	$ 5,243,859
Net income attributable to:			
Controlling interest	$ 302,472	$ 5,856,295	$ 5,019,732
Non-controlling interest	1,274	24,667	14,131
	$ 303,746	$ 5,880,962	$ 5,033,863
Comprehensive income attributable to:			
Controlling interest	$ 69,662	$ 1,348,743	$ 5,229,728
Non-controlling interest	1,274	24,667	14,131
	$ 70,936	$ 1,373,410	$ 5,243,859
Basic and diluted earnings per share (pesos) (Note 2.25)	0.08	1.63	1.40

* Convenience translation to thousands of U.S. dollars (US$), Note 2.1.1, supplementary information, except earnings per share.

The accompanying notes are an integral part of these consolidated financial statements.

Becle, S. A. B. de C. V. and subsidiaries

Consolidated Statements of Changes in Stockholders' Equity
(Notes 1, 2 and 17)
For the years ended on December 31, 2022 and 2021

Thousands of Mexican pesos (Ps)

	Capital stock	Share premium	Capital reserves	Retained earnings	Other comprehensive income	Total controlling interest	Non-controlling interest	Total stockholders' equity
Balances as of January 1, 2021	$ 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 (Note 17.1)				(1,545,606)		(1,545,606)		(1,545,606)
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
Comprehensive income:								
Net income				5,856,295		5,856,295	24,667	5,880,962
Remeasurement of employee benefits - Net					27,044	27,044		27,044
Foreign currency translation reserve - Net					(4,534,596)	- 4,534,596		- 4,534,596
Total comprehensive income	-	-	-	5,856,295	- 4,507,552	1,348,743	24,667	1,373,410
Transactions with stockholders:								
Dividends (Note 17.1)				(1,510,126)		(1,510,126)		(1,510,126)
Other stockholders´ movements - Net				116,604		116,604		116,604
Total transactions with stockholders	-	-	-	(1,393,522)	-	(1,393,522)	-	(1,393,522)
Balances as of December 31, 2022	$ 11,283,642	$ 14,486,570	$ 4,302,893	$ 26,552,551	$ 1,680,112	$ 58,305,768	$ 117,442	$ 58,423,210

The accompanying notes are an integral part of these consolidated financial statements.

Becle, S. A. B. de C. V. and subsidiaries
Consolidated Statements of Cash Flows
For the years ended on December 31, 2022 and 2021

Thousands of Mexican pesos (Ps) and U.S. dollars (US)

	2022 (US$)*	2022 (Ps)	2021 (Ps)
Operating activities			
Income before income taxes	$ 425,134	$ 8,231,223	$ 6,907,606
Adjustment from items not implying cash flows:			
Depreciation and amortization (Notes 11, 12 and 15)	49,242	953,393	816,969
Non-cash items	(12,553)	(243,039)	(181,342)
Loss on sale of property, plant and equipment (Note 20)	3,537	68,484	7,650
Allowance for trade receivables (Note 3)	1,106	21,405	(3,744)
Allowance for obsolete inventories (Note 8)	2,682	51,931	184,290
Equity method on associates (Note 10)	2,015	39,020	(24,661)
Interest income (Note 2.28)	(7,388)	(143,048)	(58,668)
Upfront gain (Note 13)	959	18,562	(192,003)
Long-term debt cost amortization	4,982	96,467	72,434
Net cost for the period of employee benefits (Note 16)	2,811	54,420	19,555
Unrealized foreign exchange (Note 2.4)	(19,953)	(386,314)	(597,332)
Interest expense (Notes 2.28 and 13)	26,802	518,926	429,829
Subtotal	479,376	9,281,430	7,380,583
(Increase) decrease in:			
Trade receivables	(98,137)	(1,900,087)	(1,043,202)
Related parties	1,558	30,164	(55,505)
Other recoverable taxes and other receivables	(46,183)	(894,173)	464,700
Inventories	(358,348)	(6,938,162)	(1,467,950)
Biological assets	(101,571)	(1,966,574)	(1,713,460)
Prepayments	(11,933)	(231,043)	(41,236)
Other assets	33,555	649,670	536,697
Increase (decrease) in:			
Trade payables	202,173	3,914,366	1,345,042
Other accounts payable	(18,261)	(353,551)	1,795,724
Employee benefits	(7,357)	(142,412)	1,615
Income taxes paid	(164,937)	(3,193,421)	(2,864,021)
Net cash from operating activities	(90,065)	(1,743,793)	4,338,987
Investment activities			
Property, plant and equipment	(192,560)	(3,728,251)	(2,197,456)
Intangible assets (Note 12)	(10,120)	(195,931)	(3,052,689)
Investment in associates and joint ventures (Note 10)	(394)	(7,631)	(475,974)
Sale of property, plant and equipment	-	-	10,420
Interest income	7,388	143,048	58,668
Net cash flows used in investing activities	(195,686)	(3,788,765)	(5,657,031)
Financing activities			
Dividends paid (Note 17.1)	(77,996)	(1,510,126)	(1,545,606)
Principal lease payments (Note 15)	(35,444)	(686,245)	(505,818)
Interest lease payments (Note 15)	(6,205)	(120,138)	(83,702)
Interest paid (Note 13)	(26,622)	(515,440)	(263,243)
Bank loan paid	-	-	(3,091,125)
Senior Notes issued - Net (Note 13)	-	-	8,367,028
Bank loan facility	-	-	3,106,995
Net cash flows used in financing activities	(146,267)	(2,831,949)	5,984,529
Net decrease of cash and cash equivalents	(432,018)	(8,364,507)	4,666,485
Cash and cash equivalents at beginning of year:			
At beginning of year	660,656	12,791,283	7,646,318
Effects of exchange rate changes on cash and cash equivalents	3,557	68,874	478,480
Cash received from acquisition	1,301	25,189	-
Cash and cash equivalents at end of year	$ 233,496	$ 4,520,839	$ 12,791,283
Non-cash transactions (Notes 17.3 and 10)	$ 2,842	$ 55,017	$ (162,436)

* Convenience translation to thousands of U.S. dollars (US$), Note 2.1.1, supplementary information, except earnings per share.

The accompanying notes are an integral part of these consolidated financial statements.

Thousands of Mexican pesos (Ps), unless otherwise specified. Figures in U.S. dollars are also stated in thousands, unless otherwise specified.

Note 1 - General information:

Becle, S. A. B. de C. V. and its subsidiaries, which we refer to collectively as Becle, the Group or the Company, is a globally recognized spirits company and the largest tequila producer in the world. The Company manufactures, markets and sells internationally recognized spirits and ready-to-drink alcoholic and non-alcoholic beverages. Becle's flagship tequila brand is Jose Cuervo Especial but the Company has developed other internationally marketed tequila brands, including 1800 and Gran Centenario. Becle also distributes several categories of alcoholic beverages other than tequila, including vodka, whiskey, rum and liqueurs and commercializes more than 30 brands in Mexico.

The Company operates in three regions: i) United States of America and Canada, ii) Mexico iii) and the Rest of World (principally Latin America (LATAM), Europe, Middle East and Africa (EMEA) and Asia Pacific (APAC)), and its branded products are sold in more than 85 countries.

The Company's activities in each region are as follows:

- In the United States of America and Canada, the Company distributes its products through its wholly owned subsidiaries, Proximo Spirits, Inc. (PSI) and Proximo Spirits Canada, Inc. The Group owns three distilleries in Colorado, New York, and California, a bottling plant and finished goods distribution center in Indiana, and a finished goods distribution center in Kentucky.

- In Mexico, the Company operates the largest private Agave Azul plantation in order to control the agricultural process with the goal of securing a sufficient supply of Agave Azul. The Group currently owns and operates two tequila distilleries and one processing and bottling facility, all located in the state of Jalisco, which forms part of the territory of the Appellation of Origin for Tequila.

- In the Rest of World, the Group distributes through its wholly owned subsidiary, JC Master Distribution Limited, based in the Republic of Ireland. In Northern Ireland, The Old Bushmills Distillery Company Limited, is engaged in the distilling, maturing, and bottling of Bushmills Irish whiskey, and certain other Irish whiskies.

Becle's shares are registered on the Mexican Stock Exchange and the Company's headquarters are located at Guillermo González Camarena 800, Santa Fe, Álvaro Obregón, Mexico City, 01210.

1.1 Changes in the comparative period

Outsourcing law

On November 12, 2020, the Mexican Government proposed significant tax and labor law modifications to outsourcing structures, defined as a Mexican entity contracting with a related or unrelated legal entity/individual for services when the employees of the service provider are at the disposition and benefit of the service recipient (Outsourcing). The business sector, the government and labor representatives spent several months negotiating the terms of the modifications, culminating in April 2021 approval by Congress of material modifications to various laws, including the Income Tax Law, Labor Law and others. These modifications were published in the Official Gazette of the Federation on April 23, 2021.

The Company has carried out certain changes in the structure and hiring of the eligible personnel in accordance with the guidelines established by the Labor Reform related to the Outsourcing, which changes have not generated significant impact on the Company's financial statements.

In addition, the companies that hire these eligible personnel have been authorized as Specialized Services Companies to the Specialized Services Providers' Registry as established in the Labor Reform.

Note 2 - Summary of significant accounting policies:

Following is a summary of the main accounting policies applied in preparing the consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis except for (1) the plan assets that are measured at fair value, as explained in Note 2.21; (2) equity investments recognized at fair value through Other Comprehensive Income (OCI) as explained in Note 10; and (3) biological assets measured at fair value less costs to sell as described in Note 2.10.

Preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. The areas involving a greater degree of judgment or complexity or the areas in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 4.

2.1.1 Convenience translation to U.S. dollars ($) - supplementary information

The consolidated financial statements are stated in thousands of Mexican pesos (Ps) and rounded to the nearest thousand unless stated otherwise. However, solely for the convenience of the readers, the consolidated statement of financial position, as of December 31, 2022, and the consolidated statement of comprehensive income and consolidated cash flows statements for the year ended December 31, 2022, were converted into U.S. dollars at the exchange rate of Ps19.3615 per U.S. dollar, as published by the Central Bank of Mexico (Banco de Mexico) on December 31, 2022. Such conversion should not be construed as a representation that the Mexican peso amounts represent, or have been or could be converted into, U.S. dollars at that or any other rate, in accordance with IAS 21.

As explained in Note 24, as of February 16, 2023 (the authorization date of these consolidated financial statements) such exchange rate was Ps18.5383 per U.S. dollar, an appreciation of 4.25% since December 31, 2022.

2.1.2 New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing January 1, 2022:

- IAS 16 Property, Plant and Equipment - Proceeds before intended use.

- IFRS 3 Business Combination - Reference to the Conceptual Framework.

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Onerous Contracts – Cost of Fulfilling a Contract.

- Annual Improvements to IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.

- Annual Improvements to IAS 41 Agriculture - removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41.

These standards, amendments or interpretations did not have a material impact on the Company in the current period and we do not expect material impact in future reporting periods and on foreseeable future transactions.

New standards and interpretations that have not been adopted

As at June 30, 2022, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2022.

- Classification of Liabilities as Current or Non-current – Amendments to IAS 1

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for December 31, 2022, reporting periods and have not been early adopted by the Group and the impact in the future reporting periods are being evaluated by the Management.

2.1.3 Going concern

The Company meets its working capital needs through reinvestment of a significant portion of its annual profits. The Company’s financial structure allows the Company to take on debt, despite its investments in capital expenditures carried out annually to increase the Company’s facilities. The Company's financial strength, the continued strong performance in the U.S. and Canada, and the measures adopted by the Company, have allowed it to operate with liquidity. Considering the possible variations in operating performance, the Company believes its budget and projections allow it to operate with its current level of financing and meet all debt obligations. The Company is currently in compliance with its payment obligations and all debt covenants.

Management expects the Company to secure the resources necessary to continue operating as a going concern in the foreseeable future. Consequently, the consolidated financial statements were prepared on a going-concern basis.

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Company (See Note 2.26).

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interest in income and in the capital of subsidiaries is shown separately in the consolidated statement of comprehensive income, in the statement of changes in stockholders' equity and in the statement of financial position, respectively.

The following is a summary of the Company's interest in main subsidiaries at December 31, 2022, and 2021:

Company	**% of ownership**	**Activity**
Casa Cuervo, S. A. de C. V.	100%	Manufacturing, selling and marketing in Mexico and around the world. Agriculture activities to operate the Agave Azul plantations.
Sunrise Spirits Holdings, Inc. (includes the subsidiaries PSI and Proximo Distillers, LLC)	100%	Manufacturing, selling and marketing in the United States of America.
JC Overseas, Ltd (includes the subsidiaries JC Master Distribution Limited and The Old Bushmills Distillery Company Limited)	100%	Production, manufacturing, maturation and packaging of Irish whiskey and other spirits and distribution and selling in EMEA and APAC.

2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

2.2.3 Equity Method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the statement of comprehensive income, and the Group's share of movements in other comprehensive income of the investee in OCI. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment. Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is annually assessed for potential impairment.

When the Group ceases to equity account for an investment because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amounts previously recognized in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in OCI are reclassified to the statement of comprehensive income.

2.2.4 Investment in Joint Ventures

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method, after initially being recognized at cost in the consolidated statement of financial position.

2.2.5 Acquisition of assets that does not qualify as a business combination

The Company determines whether a transaction is a business combination by applying the definition of IFRS 3 "Business Combinations", which requires that the assets acquired and liabilities assumed constitute a business, which must contain three elements; 1) input: any economic resource that creates, or has the capacity to create, products if one or more processes are applied to it; 2) process: any system, norm, protocol, convention or rule that applied to a input or inputs, develops or has the ability to produce products, and 3) product: the result of inputs and processes applied to them that provide or have the ability to provide profitability in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. When the acquired assets are not a business, the Company accounts for the transaction as the acquisition of an asset and distributes the cost of the transaction between individually identifiable assets and liabilities based on their relative fair values at the date of purchase.

2.3 Segment information

Segment information presented is consistent with management reporting provided to the Strategy Committee (the chief operating decision maker or CODM), which consists of the CEO, the Head of Integrated Supply Chain, and the Chief Financial Officer.

2.4 Foreign currency translation

2.4.1 Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries and associates are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Mexican pesos, which is the functional currency of the parent company.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the statement of comprehensive income. They are deferred in equity if they relate to net qualifying investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in the statement of comprehensive income as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through OCI are recognized in OCI.

2.4.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,

- Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). When they arose from stockholders ‘equity, these were translated using historical exchange rates as of the date on which they were initially used, and

- All resulting exchange differences are recognized in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognized in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the statement of comprehensive income, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss), and

- Those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Trade receivables are amounts due from customers for goods sold in the ordinary course of business. They are generally due for settlement within 60 days and are therefore all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognized at fair value. The Company holds trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

2.5.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on the trade date, being the date on which the Company commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2.5.3 Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. As of December 31, 2022, and 2021, the Company has the following measurement categories in which it classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of comprehensive income.

Equity instruments

- The Company subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gain and losses to the statement of comprehensive income following the derecognition of the investment. Dividends from such investments continue to be recognized in the statement of comprehensive income as other income when the Group's right to receive payments is established.

2.5.4 Impairment

The Company assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 48 months before the year-end closing and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments. Impairment losses on trade receivables are presented within operating income. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are represented by investments in government and banking instruments. See Note 6.

2.7 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost, using the effective interest rate method, less the ECL (see Note 3). All receivables fall due within one year. Trade receivables are interest-free settled within normal trading terms.

2.8 Other recoverable taxes and other receivables

The Company classifies favorable taxes balances as value-added tax, and other creditable taxes as other recoverable accounts. If collection rights or recovery of these amounts is realized within 12 months as from the year-end closing, they are classified as short term; otherwise, they are shown as non-current assets.

2.9 Inventories

Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated sale price in the ordinary course of business, less the costs of completion and the estimated necessary costs to close the sale.

Inventories comprise direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, based on a normal operational capacity.

The Company classifies as current, the inventory that is available for sale, and as non-current inventories, those that require an aging period to be sold.

2.10 Classification, measurement and valuation of biological assets

Biological assets held by the Company consists of plants of Agave Azul Tequilana Weber (Agave Azul). The plants, which are grown on leased land, are used for the later production of tequila under the Company's own brands, which are marketed both in the domestic market and abroad. The maturity cycle of agave ranges between six and eight years; based on this, biological assets are classified as mature and immature. Mature biological assets are those that have attained harvestable specifications and are susceptible to be harvested or marketed; consequently, these plants are measured at fair value (based on the present value of future cash flows discounted at a market determined rate) less costs to sell. Costs to sell include the incremental selling costs, mainly the estimated harvest costs per kilogram, but exclude costs of transport to the market and income taxes. Immature biological assets are plants that have not reached the point of maturity because their sugar content yield and weight is not enough to be harvested and there is no active market for such plants; consequently the Company accounts for these assets at their accumulated historical cost, which mainly includes: physical and chemical studies to prepare the land, labor costs, fertilizers, pest monitoring, pruning of plants, selection and planting of young plants, and depreciation of the right-of-use assets of the agave plantations' land; the amount so determined approximates fair value.

Borrowing costs are included as part of biological assets.

Biological assets are classified as current if they are to be harvested within one year, otherwise are classified as non-current.

The Company considers biological assets until the plants are harvested. Any processing or future transformations after the point of harvest are accounted for as inventory. Harvested plants are transferred to inventory at fair value less costs to sell when harvested.

IAS 41 "Agriculture" requires fair value changes resulting from biological growth to be presented in the statement of comprehensive income. These valuation effects have not been material and therefore have not been recorded for the periods presented.

The fair value determined for biological assets is classified as level 3 in the fair value hierarchy.

2.11 Hedging activities

Net investment hedge

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 variation in exchange rates is recognized in OCI as part of the translation effect when the foreign operation is consolidated.

Gains and losses accumulated in equity are reclassified to the statement of comprehensive income when the foreign operation is partially disposed of or sold.

The Company designates the debt denominated in foreign currency as hedging instruments. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in OCI, in the line foreign currency translation reserve. When the hedge is not effective, exchange rate differences are recognized in foreign exchange gain or loss in the statement of comprehensive income.

The Company will discontinue hedge accounting when the hedging instrument expires, is cancelled or exercised. The successive replacement or rollover of one hedging instrument for another is not an expiration or termination if such replacement or rollover is part of, and consistent with, the Company's risk management objective.

2.12 Property, plant and equipment

Land is valued at cost minus any impairment losses. All other components of property, plant, and equipment (PP&E) are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost includes expenses directly attributable to acquisition of the asset. The cost of assets built by the entity includes the following:

- The cost of materials and direct labor.
- Any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent expenditures are capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Continuous repairs and maintenance are expensed in the statement of comprehensive income as incurred.

Components of PP&E are depreciated from the date on which they are installed and ready for their use or in the case of assets internally built, from the date on which the asset is completed and ready to be used.

Land is not depreciated. Depreciation is calculated using the straight-line method to allocate the cost of the assets, net of their residual values, over their estimated useful lives as follows:

	Years
Manufacturing, bottling, storage, machinery and equipment	7 to 25
Casks	2 to 20
Buildings and constructions	20 to 60
Transportation equipment	5
Computer and telecommunication equipment	3 to 5
Office furniture and laboratory equipment	5 to 10
Leasehold improvements	Over the remaining term of the contract, or its useful life, whichever is earlier

Depreciation methods, useful lives and residual values are reviewed at each date of the consolidated financial statements and adjusted if appropriate.

If significant parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of property, machinery and equipment.

Any gain or loss on the disposal of an item of PP&E (determined as the difference between the net proceeds upon disposal and the book value for such item) are recognized in the statement of comprehensive income.

2.13 Borrowings costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income obtained from the temporary investment of specific borrowings pending their expenditure on qualified assets is deducted from the borrowing cost eligible for capitalization.

2.14 Intangible assets

2.14.1 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes (Note 12).

2.14.2 Trademarks and trademark licenses

Trademarks and trademark licenses acquired in a business combination are recognized at fair value at the acquisition date.

Acquired trademarks and associated intellectual property include: Boodles British Gin, Hangar 1 Vodka, Stranahan’s Colorado Whiskey, Three Olives Vodka, Bushmills Irish Whiskey, Proper No. Twelve, Owney’s Rum, and Black Dirt Bourbon. Acquired trademark licenses and associated intellectual property include Pendleton Whisky, which includes Pendleton Midnight, Pendleton 1910 and Pendleton Directors’ Reserve.

The trademarks Matusalem Platino, Matusalem Clásico, Matusalem Gran Reserva, Matusalem Gran Reserva 18 años y Matusalem Gran Reserva 23 años were acquired in the asset acquisition at fair market value.

Our trademarks and perpetual trademark licenses have an indefinite useful life; therefore, they are not subject to amortization. To date, no factors limiting the useful life of these assets have been identified. Our trademarks and perpetual trademark licenses are considered to have an indefinite useful life due to the positioning they have in the market and the Company’s continued investment in equity-building marketing activities, and because the Company's experience and market evidence indicates that, they will continue to generate cash flows for the Company indefinitely. Additionally, the Company believes there are no legal, regulatory or contractual considerations that limit the useful lives of such trademark right.

2.14.3 Intangible assets with defined life

Intangible assets that have defined useful lives are shown at historical cost and are subsequently carried at cost less accumulated amortization and impairment losses (see Note 12). Amortization of intangible assets with defined life is calculated by using the straight-line method over their estimated useful lives and is recognized in the statement of comprehensive income.

The estimated useful lives are as follows:

	Years
License of software	3 to 6
Trademarks registration	Average duration of registration

Amortization methods and useful lives are reviewed at each date of the consolidated financial statements and adjusted if appropriate.

2.14.4 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At December 31, 2022 and 2021, there were no signs of impairment in non-current assets subject to depreciation and amortization, and in the case of indefinite-lived assets, the Company's annual impairment tests showed no indicators of impairment.

2.15 Prepayments

Prepayments represent disbursements, in which the benefits and risks inherent to the goods to be acquired or in the services to be received have not yet been transferred. Prepayments are recorded at cost and are shown in the statement of financial position as current assets when due in 12 months or less, and as non-current when due in more than 12 months as from the date of the statement of financial position. Once the goods and/or services have been received, they must be recorded as assets or expenses in the statement of comprehensive income for the period. When advance payments lose their capacity to generate future economic benefits, the amount considered unrecoverable is recognized in the statement of comprehensive income in the period in which this occurs. The principal items included in prepayments are advertisement and prepaid federal excise taxes.

2.16 Trade payables

Trade payables are obligations of goods or services acquired from vendors in the normal course of operations. Accounts payable are classified as current liabilities if the payment is to be made within a year or less (or in the normal cycle of business operations if it is greater). Otherwise, they are shown as non-current liabilities.

Trade payables are initially recognized at fair value and subsequently measured at their amortized cost, using the effective interest rate method.

2.17 Issuances of the Senior Notes

The issuances of the Senior Notes were initially recognized at fair value, net of costs incurred in the transactions. These financings were subsequently recorded at their amortized cost. The Company analyzes if the terms of the existing and the new debt are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of comprehensive income as interest income or expense.

2.18 Other accounts payable

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Other accounts payable are presented as current liabilities unless payment is not due within 12 months after the reporting period.

2.19 Environmental reserve

The environmental reserve was originally recognized during the acquisition of the manufacturing and warehousing assets located in Lawrenceburg, Indiana, and it corresponds to the Company's best estimate of the cost to be paid for the eventual abatement of asbestos at that site. This reserve is adjusted prospectively based on available evidence at each reporting period-end and an estimate of remediation cost is prepared (see Note 22).

2.20 Income taxes

Income tax is recognized in the statement of income, except when it relates to items applied directly to OCI or losses or to stockholders' equity. In this case, income tax is also recognized in other items pertaining to comprehensive income or directly to stockholders' equity, respectively.

2.20.1 Current tax

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary and permanent differences between accounting and tax treatments, and due to items that are never taxable or tax deductible.

2.20.2 Deferred taxes

Deferred tax is recognized for temporary differences between the carrying value of assets and liabilities for financial reporting purposes and their value for tax purposes. The amount of deferred tax reflects the expected recoverable amount and is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using the basis of taxation enacted or substantively enacted by the statement of financial position date. Deferred tax assets are not recognized where it is more likely than not that the assets will not be realized in the future.

Deferred tax is not recognized for:

Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and

Temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group can control the timing of the reversal on the temporary differences and it is probable that they will not be reversed in the foreseeable future.

The deferred tax asset is only recognized to the extent future tax benefits are likely to be achieved and can be applied against any temporary differences in liabilities.

The balances of deferred tax-on-profit assets and liabilities, are offset when there is a legal right to offset current tax assets against current tax liabilities and when the deferred tax-on-profit assets and liabilities relate to the same tax entity, or different tax entities where the balances are to be settled on a net basis. The charge corresponding to taxes on profits currently payable is calculated according to the tax laws approved as of the statement of financial position date in Mexico and in the countries in which the Company's subsidiaries and associates operate and generate a taxable base. Management periodically evaluates their tax positions with respect to tax refunds as tax laws are subject to interpretation.

IFRIC 23 Uncertainty concerning income tax treatment

The interpretation is applied to the determination of the tax profit (loss), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty concerning the treatment of income tax in terms of IAS 12. The IFRIC considers that an entity must assume that the tax authority has the right to examine any figures reported and it may examine those figures and attain full knowledge of all relevant information when doing so. It must also consider whether the respective authority is likely to agree to each tax treatment or group of tax treatments used or to be used when calculating income tax.

If the entity concludes that a particular tax treatment is likely to be accepted, it must determine the tax profit (loss), tax bases, unused tax losses, unused tax credits and tax rates in a manner consistent with the tax treatment used in preparing its tax return. If the entity concludes that a particular tax treatment is unlikely to be accepted, the entity must use the most likely figure or the expected value of the tax treatment when determining the tax profit (loss), tax bases, unused tax losses, unused tax credits, and tax rates.

2.21 Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

Other long-term employee benefit obligations

In some countries, the Company also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of zero-coupon government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognized in the statement of comprehensive income.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Post-employment obligations

The Company operates various post-employment schemes, including defined benefit pension plans.

Pension obligations

The liability or asset recognized in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on the basis of zero-coupon government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in OCI. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in the statement of comprehensive income as past service costs.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

Profit-sharing and bonus plans

The Company recognizes a liability and an expense for bonuses and profit-sharing. .

The payment of profit sharing is subject to the limits established in the applicable laws.

The Group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The Company recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.22 Capital stock and treasury shares

Company shares that are publicly traded on the Mexican Stock Exchange are classified as capital stock (see Note 17).

In accordance with the provisions of Article 56 of the Securities Market Law and Title Six of the Issuer's Sole Circular, which establishes that Company shares placed on the Mexican Stock Exchange may be acquired under certain rules, the Company carries out the procedure for the purchase or sale of Company shares placed on the Mexican Stock Exchange from the repurchase fund.

The purchase of the Company's own shares conducted with the repurchase reserve, is recorded as a reduction of the Company's stockholders' equity until those shares are canceled or resold. When those shares are resold, the consideration received is recorded in the Company's stockholders' equity. Any incremental attributable cost (net of income tax) is also deducted from capital stock.

2.23 Revenue recognition

Net sales are gross sales less discounts, certain excise taxes, and duties. The Company incurs excise taxes and duties throughout the world. In most countries excise taxes and duties are effectively a tax that generally becomes payable when the finished product is physically moved from inside to outside bonded premises and is not related to the value of sales.

Revenue from the sale of goods is recognized depending upon agreed terms with individual customers at the time of dispatch, delivery or some other specific point when the Group transfers control over the goods to the customer. Generally, the transfer of control of goods occurs at the time of delivery. For those sales that allow the customer to return an item, revenue is recognized to the extent that it is highly probable that no return will occur. Where a customer has a right to return a product within a given period, the Group recognizes a refund liability for the amount of consideration received for which the entity does not expect to be entitled. Therefore, the amount of revenue recognized is adjusted for expected returns that are estimated based on the historical data of the products. In these circumstances, a refund liability and a right to recover returned goods asset are recognized.

The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods (Ps22,926 and Ps 48,949 as of December 31, 2022, and 2021, respectively). The refund liability is included in other payables and the right to recover returned goods is included in inventory. The Company reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.

The distribution channels, depending on the territory, include retailers, supermarkets, wholesalers, and grocery stores where products are consumed outside of said establishments.

The Company grants rebates to customers in certain territories. Customer rebates are negotiated and documented by the commercial area and are discounted from revenues in the period in which they are granted.

2.24 Leases

The right to use the leased goods is recorded in assets, and the contractual obligation to make lease payments is recorded in liabilities. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Most significant lease contracts relate to land for the Company’s agave plantations and corporate offices and premises. For land leases, lease terms are aligned with estimated harvest period.

Payments associated with short-term leases of office furniture and equipment and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

2.25 Earnings per share

Basic earnings per ordinary share are calculated by dividing net income attributable to controlling interest between the average number of ordinary shares outstanding during the period, adjusted by treasury shares repurchased and retained. The Company has no potentially dilutive shares, and therefore basic and diluted earnings per share are the same.

Figures considered for the earnings per share calculation are as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share (thousands of shares)	3,591,176	3,591,176	3,591,176
Net income attributable to controlling interest used in calculating basic earnings per share	$ 302,471	$ 5,856,295	5,019,732
Basic and diluted earnings per shares	$ .08	$ 1.63	$ 1.40

2.26 Business combination

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- Fair values of the assets transferred,
- Liabilities incurred to the former owners of the acquired business,
- Equity interests issued by the Group,
- Fair value of any asset or liability resulting from a contingent consideration arrangement, and
- Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the:

- Consideration transferred,
- Amount of any non-controlling interest in the acquired entity, and
- Acquisition-date fair value of any previous equity interest in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

2.27 Provisions, contingent liabilities and legal proceedings

Provisions for legal claims are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. A provision is recognized if, and only if: a present obligation (legal or constructive) has arisen as a result of a past event (the obligating event), payment is probable (more likely than not), and the amount can be estimated reliably.

2.28 Interest income and interest expense

Interest income derives from invested funds, and interest expense derives from loans and certain leases.

2.29 Comprehensive income

Comprehensive income is comprised of net income, foreign currency translation reserve, changes in fair value of equity investments and the results from remeasurements on employee benefit obligations net of income taxes, which are reflected in stockholders' equity, but which do not constitute capital contributions, reductions and/or distributions.

2.30 Cash flow statements

The Company presents the cash flow from operating activities using the indirect method, in which the profit or loss is adjusted for the effects of transactions that do not require cash flow, including those associated with investment or financing activities. In addition, the Company has elected to present the cash received from interest in favor as part of the investment activities and the effect of payment of dividends and interest as part of the financing activities.

2.31 Dividends

The Company does not currently have a formal dividend policy and there are no plans to adopt any such policy; the Company intends to declare dividends annually and pay those dividend payments during the year.

Note 3 - Risk management:

The Group's risk management is predominantly controlled by the corporate treasury department under policies approved by the Board of Directors. Corporate treasury identifies, evaluates, and mitigates financial risks in close cooperation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, inflation, and cash investments, among others.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty for a financial instrument fails to meet its contractual obligations and arises mainly from the Group's trade receivables and the Group's deposits with banks and financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

If wholesalers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, considering its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The compliance with credit limits by wholesalers is regularly monitored by management.

For some trade receivables the Group may obtain security in the form of guarantees or promissory notes which can be called upon if the counterparty is in default under the terms of the agreement. The Group applies the IFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. More than 75% of the Group's customers have been transacting with the Group for several years, and no material impairment loss has been recognized against these customers. In monitoring customer credit risks, customers are grouped according to their credit characteristics, including whether they are a wholesaler, retailer or end-user customer, and their geographic location, industry, years in business, maturity and prior financial difficulties. Occasionally the Group requires guarantees in EMEA and APAC markets in relation to trade debtors.

On that basis, the expected credit loss was determined as follows:

	Current and up 60 days past due (Ps)	More than 61 days past due (Ps)	More than 90 days past due (Ps)	More than 120 days past due (Ps)	Total (Ps)	Total (US$)
December 31, 2022						
Expected loss rate	0.90%	2.97%	19.29%	15.22%		
Gross carrying amount - trade receivables	$ 11,600,125	$ 103,493	$ 160,683	$ 17,116	$ 11,881,417	$ 613,662
Expected credit loss	(20,334)	(11,194)	(2,777)	(35,464)	$ (69,769)	$ (3,603)
December 31, 2021						
Expected loss rate	0.93%	4.39%	14.48%	15.24%		
Gross carrying amount - trade receivables	$ 10,073,471	$ 113,421	$ 169,423	$ (7,195)	$ 10,349,120	$ 502,787
Expected credit loss	(17,386)	(11,521)	(1,861)	(34,196)	(64,964)	(3,156)

	December 31,		
	2022 (US$)	2022 (Ps)	2021 (Ps)
Gross carrying amount of trade receivables	$ 613,662	$ 11,881,417	$ 10,349,120
Less: expected credit loss	(3,603)	(69,769)	(64,964)
	$ 610,059	$ 11,811,648	$ 10,284,156

The reconciliation of the expected credit loss for trade receivables is as follows:

	December 31,		
	2022 (US$)	2022 (Ps)	2021 (Ps)
Opening balance at January 1,	$ 3,355	$ 64,964	$ 108,794
Increased recognized in profit or loss during the year	1,106	21,405	(3,744)
Receivables written-off during the year as uncollectible	(548)	(10,595)	(39,918)
Translation effects	(310)	(6,005)	(168)
Closing balance at December 31,	$ 3,603	$ 69,769	$ 64,964

As of December 31, 2022, and 2021, the maximum exposure to credit risk for trade receivables by counterparty type is as follows:

	December 31,		
	2022 (US$)	2022 (Ps)	2021 (Ps)
Wholesalers	$ 521,906	$ 10,104,876	$ 9,034,201
Retailers	83,265	1,612,126	1,251,725
Other	8,491	164,415	63,194
Total	$ 613,662	$ 11,881,417	$ 10,349,120

As of December 31, 2022, and 2021, the Group's most significant customer accounted for 17.0% and 16.8% respectively, of total trade receivables carrying amount.

The Group has no customers classified as "high risk", for which special credit conditions have been applied.

In Mexico, the Company distributes directly to the channels, self-services, price clubs, wholesalers and convenience stores through its own sales force, covering a high percentage of the stores that sell alcoholic beverages in the country. In addition, the promotion force reaches the 2,630 major self-service stores and wholesalers to control display and promotion at the point of sale.

In the United States of America, there is a three-tier system implemented by federal and state laws, which limits the nature and scope of relationships between alcoholic beverage, suppliers, wholesalers, and retailers. These laws and provisions prohibit transactions and relationships that are common in the alcoholic beverage industry in other legal jurisdictions, as well as in other consumer sectors in the United States of America. In 23 states, the Company distributes principally through wholesalers associated with three major distributor networks, in 10 states the Company distributes through independent distributors, and in the remaining 17 states (and certain local jurisdictions), the state (or the relevant local authority) controls the distribution of distilled alcoholic beverages.

In the Rest of the World, the Company distributes via local in-market companies (IMCs) and third-party distributors. The IMCs sell to customers, on-trade and off-trade, in the country of operation. In countries where we do not have local IMCs, the Company enters into strategic distribution agreements with local distributors in each country.

In countries where the Company currently does not have the capacity to operate a direct distribution model, in general terms, the Company's distribution strategy consists of entering into distribution agreements in each country.

The Group uses a provision matrix in order to measure the ECL of wholesalers, retailers and others under a portfolio approach. Impairment rates are calculated separately for exposures in different segments based on common characteristics of credit risk, geographic region, length of the relationship with the customer and type of product purchased.

Cash and cash equivalents

The Group's investments in debt instruments are low risk. The investments' credit ratings are continuously monitored to be aware of for credit impairment. The Group limits its exposure to credit risk by investing in governmental and sovereign debt, corporate and/or bank debt with short-term maturities and high credit quality counterparties. The purpose of the Group's treasury policy is to mitigate its risk and counterparty exposure, ensure operating requirements and obtain the best market conditions, even when it is not aimed to maximize the return from its investments.

Fair value estimates

The financial instruments in the statement of financial position are recorded at fair value based on the following hierarchy.

- Level 1 fair values are derived from prices quoted (not adjusted) in active markets for identical liabilities or assets.
- Level 2 fair values are derived from indicators different from the quoted prices included in Level 1, but that include indicators that are observable directly to quoted prices or indirectly derived from these prices; and
- Level 3 fair values are derived from valuation techniques that include indicators for assets or liabilities that are not based on observable market information.

	Amortized cost (US$)	Amortized cost (Ps)	Fair Value through profit or loss (US$)	Fair Value through profit or loss (Ps)	Fair value Level 1 (Ps)	Fair value Level 2 (Ps)	Fair value Level 3 (Ps)
December 31, 2022							
Financial assets:							
Cash equivalents	$ 233,496	$ 4,520,839					
Trade receivables	610,059	11,811,648					
Related parties	2,303	44,593					
Other receivables	3,757	72,742					
Financial liabilities:							
Senior Notes	$ 909,250	$ 17,604,436					
Trade payables	436,041	8,442,402					
Related parties	3,721	72,047					
Other accounts payable	323,714	6,267,610					
Other long-term liabilities*	4,926	95,380	10,825	209,580			209,580
December 31, 2021							
Financial assets:							
Cash equivalents	$ 621,434	$ 12,791,283					
Trade receivables	499,631	10,284,156					
Related parties	689	14,174					
Other receivables	9,470	194,917					
Financial liabilities:							
Senior Notes	$ 903,523	$ 18,597,660					
Trade payables	223,186	4,593,948					
Related parties	3,439	70,788					
Other accounts payable	320,770	6,602,572					
Other long-term liabilities (*)	18,946	389,982	14,714	302,873			302,873

* See Note 17.3.

In the years ended December 31, 2022, and 2021, there were no transfers between levels 1 and 2.

Changes in other long-term liabilities are as follows:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Opening balance at January 1,	$ (15,643)	$ (302,873)	$ (140,437)
Increase	4,818	93,293	(162,436)
Balance at December 31,	$ (10,825)	$ (209,580)	$ (302,873)
Deferred income tax			
Opening balance at January 1,	$ 2,300	$ 44,524	$ 44,524
Decrease of deferred income tax	(1,638)	(31,708)	-
Balance at December 31,	$ 662	$ 12,816	$ 44,524
Changes in other long-term liabilities - net of income tax			
Decrease	$ 4,818	$ 93,293	$ (162,436)
Decrease increase of deferred income tax	(1,638)	(31,708)	-
Changes of other long-term liabilities	$ 3,180	$ 61,585	$ (162,436)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring additional financing costs or risking damage to the Group's reputation.

Normally, the Group ensures that it has sufficient available cash to cover expected operating expenses in the near term for a 60-day period, which includes payment of its financial obligations. The aforementioned excludes the possible impact of extreme circumstances that are not reasonably predictable, such as natural disasters.

The Company believes that the cash generated by its operations is sufficient to fund its operating and capital requirements in the near term.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of uncommitted credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Exposure to liquidity risk

The table below includes a summary of the remaining contractual maturities of non-derivative financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

	Book value		Contractual cash flows				
			Total		1 month to 1-year	1 to 3 years	More than 3 years
	(US$)	**(Ps)**	**(US$)**	**(Ps)**	**(Ps)**	**(Ps)**	**(Ps)**
December 31, 2022							
Senior Notes	$ 909,250	$ 17,604,436	$ 1,261,167	$ 24,418,076	$ 960,772	$ 4,645,971	$ 18,811,333
Trade payables	436,041	8,442,402	436,041	8,442,402	8,442,402		
Related parties	3,721	72,047	3,721	72,047	72,047		
Other account payables	323,715	6,267,610	323,715	6,267,610	6,267,610		
Lease liabilities	156,689	3,033,726	264,064	5,112,681	875,780	1,969,200	2,267,701
Other non-current liabilities	15,751	304,960	15,751	304,960			304,960
December 31, 2021							
Senior Notes	$ 903,523	$ 18,597,660	$ 1,233,223	$ 25,384,053	$ 653,166	$ 5,063,658	$ 19,667,229
Trade payables	223,186	4,593,948	223,186	4,593,948	4,593,948		
Related parties	3,439	70,788	3,439	70,788	70,788		
Other account payables	320,770	6,602,572	320,770	6,602,572	6,602,572		
Lease liabilities	127,677	2,628,030	245,168	5,046,420	747,240	1,784,031	2,515,149
Other non-current liabilities	33,661	692,855	33,661	692,855			692,855

Operational risk

The Agave Azul plant is the most important raw material in the production of Tequila and takes six to eight years to reach maturity for harvest, which is the optimum age, when most of the sugars have been concentrated in the "pineapple" of the plant.

Agave Azul must be planted and produced in the territory of the Appellation of Origin for Tequila in Mexico. The agave plantations are exposed to: a) climate risks, such as severe weather variations or natural disasters, droughts, unusually cold weather, torrential rains, floods and earthquakes; and b) agricultural risks, such as seed and land selection risks, unhealthy seeds or soil nutrient deficiencies, improper application of fertilizers and herbicides, risks of bacteria, disease outbreaks, pestilence and other occurrences. If any of the risks occurred, it could have a material adverse effect on the supply of Agave Azul, affecting our production of tequila or increasing our costs. The Company has strategically distributed its Agave Azul plantations across the territory of the Appellation of Origin for Tequila, to minimize any shortage risks arising from climate conditions or crop diseases. This geographical diversification and vertical integration, together with quality optimization processes, helps to ensure the Group's current and future Agave Azul supply and therefore tequila production to meet yearly demand.

As there is no formal market for the purchase of Agave Azul, it is the Company's policy to be integrated in Agave Azul in order to meet internal production requirements without depending upon third-party suppliers. However, due to variability in growing conditions, from time to time, the Company rebalances its Agave Azul plantations to ensure consistency in plant age and growth across the territory of the Appellation of Origin for Tequila in which the Company operates plantations. To meet its production requirements during this period of inventory rebalancing, the Company has had to procure Agave Azul from third parties.

The Company leases the land where its Agave Azul and mezcal plants are cultivated but reserves the absolute control of all the processes and investments related to its cultivation. The Agave Azul and mezcal plantations are not affected by title restrictions of any kind, nor have they been pledged as a guarantee for financial liabilities.

The Company also stores some reserves of aged tequilas at its facilities in Mexico, holds substantial reserves of Irish whiskey at the Bushmills facility, and holds substantial volumes of maturing American whiskey and Canadian whiskey at various locations in the United States of America and Canada. Aged tequilas, such as reposado and añejo, must be matured various minimum periods, while Irish whiskey and Canadian whiskey must be matured for at least three years. American whiskey has more complex aging requirements. Any loss of all or a portion of or our inventory of tequilas or whiskeys in reserve (for example, as a result of contamination, fire or other natural disaster or destruction resulting from negligence or the acts of third parties) may also lead to a substantial decrease in the supply of those products.

Market risk

Market risks are the risks that changes in market prices, foreign exchange rates and floating interest rates will affect the Group's income or the value of its financial instruments. The purpose of market risk management is to identify, assess, control and review risk exposure within acceptable parameters to optimize profitability.

Foreign exchange risk

As a global distributor of spirits, the Company is exposed to the risk of transacting in multiple currencies. In particular, the Company is exposed to the fluctuation of U.S. dollars, British pounds and Euros against the Group's functional currency, the Mexican peso.

Part of the Group's cash outflows are committed in foreign currencies; however, a significant portion of the Group's cash inflows is generated in foreign currencies, providing an economic hedge without entering derivative financial instruments. Therefore, hedge accounting is not applied.

Regarding other monetary assets and liabilities denominated in foreign currencies, for which no economic hedge is generated, the Group's policy is to ensure that its net exposure is kept to an acceptable level. The Group trade foreign currencies usually at spot rates when necessary, to address short-term imbalances.

Hedge of net investment in foreign entity

Beginning January 1, 2020, the Company designated the 2025 Senior Notes as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc. operations with the objective of mitigating the exchange rate risk arising between the functional currency of these operations and the functional currency of the holding company that has such investment.

On September 27, 2021, Becle announced the commencement of a cash tender offer and consent solicitation to holders of any and all of the outstanding the 2025 Senior Notes. The Company paid an aggregate principal amount of US$346,639 (Ps7,202,015) of the 2025 Senior Notes validly tendered (69.3% of the original issuance of US$500,000). Therefore, the remaining designation for hedging was US$153,361 (Ps3,191,988).

On August 31, 2022 and October 31, 2021, the Company designated a new hedge in the amount of US$150,000 (Ps2,999,175) and US$346,639 (Ps7,202,015), respectively, which are part of the Company´s issuance of the 2031 Senior Notes, as a hedging instrument for its net investment in Sunrise Spirits Holdings, Inc.

The exchange differences of both, the hedging instrument and the hedged item, are now classified in equity, and reclassified from equity to the statement of comprehensive income if the Company disposes of the investment.

The Company formally designated and documented the hedging relationship, setting the objectives, risk-hedging strategy, identification of the hedging instrument, hedged item, nature of the risk to be hedged, and effectiveness assessment methodology. At December 31, 2022, and 2021 the Company's strategy is a roll-over hedge strategy, with remaining maturities of 4 and 10 years, as described below. 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. There was no ineffectiveness to be recorded from net investments in foreign entity hedges.

Effects of hedge accounting on the financial position and performance

The effects of the foreign currency-related hedging instruments on the Group's financial position and performance are as follows:

Net investment in foreign operation:

	December 31,	
	2022	**2021**
Carrying amount (Senior Notes)	US 650,000	US 500,000
Hedge ratio	1:1	1:1
Change in carrying amount of Senior Notes as a result of foreign currency movements since 1 January, recognized in OCI	794,300	317,400
Change in value of hedged item used to determine hedge effectiveness included in OCI	Ps (832,172)	Ps 1,376,614

The Company maintains the hedging relationships described below:

As of December 31, 2022							
Holding	**Functional currency**	**Hedging instrument**	**Notional amount**		**Covered positions**	**Net assets of foreign operations**	
			(Ps)	**(US$)**		**(Ps)**	**(US$)**
Becle, S.A.B. de C.V.	Mexican pesos	Senior Notes	12,584,975	$ 650,000	Sunrise Spirits Holdings	19,171,118	$ 990,167
Change in carrying amount of Senior Notes as a result of foreign currency movements since January 1, recognized in OCI						832,172	99,214

As of December 31, 2021							
Holding	**Functional currency**	**Hedging instrument**	**Notional amount**		**Covered positions**	**Net assets of foreign operations**	
			(Ps)	**(US$)**		**(Ps)**	**(US$)**
Becle, S.A.B. de C.V.	Mexican pesos	Senior Notes	10,291,750	$ 500,000	Sunrise Spirits Holdings	18,338,946	$ 890,953
Change in carrying amount of Senior Notes as a result of foreign currency movements since January 1, recognized in OCI						(1,376,614)	(97,360)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The summary quantitative data of the Group's exposure to currency risk is shown below.

	December 31, 2022			**December 31, 2021**		
	(US$)	**Euro**	**Other**	**(US$)**	**Euro**	**Other**
Cash and cash equivalents	$ 103,142	$ 576	$ -	$ 5,911,118	$ 2,712	$ -
Trade receivables	899,081	-	-	1,326,888	3,278	-
Trade payables	(692,268)	40,446	15,942	(796,005)	(49,048)	(114)
Lease liabilities	(669,233)	-	-	(382,618)	-	-
Senior Notes	(18,458,499)	-	-	(19,623,506)	-	-

The following disclosures provide a sensitivity analysis for the foreign currency exposures of the Group, which are made as of December 31, 2022, and 2021. A +/- 10% variation of the U.S. dollar against the reporting currency would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, especially interest rates, remain constant.

Currency	**Change**	**OCI effect**	**P&L effect**
December 31, 2022			
US$	+10%	$ -	$ 1,887,970
	-10%		(1,887,970)
December 31, 2021			
US$	+10%	$ -	$ 1,361,880
	-10%		(1,361,880)

Exchange rates applied as of and for the years ended December 31, 2022, and 2021 are shown below:

	Average exchange rate		**Exchange rate at December 31,**	
	2022 (Ps)	**2021 (Ps)**	**2022 (Ps)**	**2021 (Ps)**
USD	$ 20.1254	$ 20.2813	$ 19.3615	$ 20.5835
GBP	24.9351	27.9097	23.5008	27.6367
EUR	21.2185	24.0032	20.7908	23.1730

Interest rate risk

The Group is currently not exposed to interest rate risk because the financial liability it holds carries a fixed rate. The interest rate profile of the Group’s interest-bearing financial instruments as reported to management is as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Fixed rate instruments			
Financial liabilities *	$ 909,250	$ 17,604,436	$ 18,597,660

* Amounts shown above represent the capital of the long-term debt, principal amount net of debt issuance cost.

Capital management

The Group’s objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can continue to provide returns for stockholders and benefits for other stockholders, and

- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the following gearing ratio: net debt divided by total equity (as shown in the consolidated statement of financial position, including non-controlling interests).

The net debt to equity ratio as of December 31, 2022, and 2021 was:

	2022 (US$)	2022 (Ps)	2021 (Ps)
Net debt	$ 909,250	$ 17,604,436	$ 18,597,660
Total equity	3,017,494	58,423,210	58,443,322
Net debt to equity ratio	30.1%	30.1%	31.8%

Climate change risk

The Tequila category represents the majority of the Company's sales by volume and value. Tequila is distilled from Agave Azul. We produce the majority of our Agave Azul input in our plantations. The Company's ability to produce tequila products hinges on having available sufficient quantity of Agave Azul. Without sufficient quantities of Agave Azul at competitive prices, our operations and financial results could suffer. The Agave Azul must be planted and produced in the territory of the appellation of origin for Tequila in Mexico. If this region were to experience severe weather variations or natural disasters, such as droughts, torrential rains, earthquakes, pestilence or other occurrences, the Company might not be able to produce readily a sufficient supply of Agave Azul and there could be a decrease in our production of tequila or an increase in its cost which could adversely affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our shares.

Water is an essential raw material in the production of tequila products, and it is extremely important for Company´s operations. The State of Jalisco has a limited amount of water. If climate patterns change and droughts become more extreme, or the Company's water supply is affected by any other factor, there could be a water scarcity or lack of high-quality water which, in turn, could affect the Company's costs and production capacity.

The Company has obtained concessions for the use of water in its production facilities as required under applicable law. However, the Company may be subject to actions or claims by relevant authorities that could affect its access to necessary water concessions. The loss or limitation of water sources or supply could adversely affect the Company's activities, financial condition, results of operations, cash flows and prospects, as well as the market price of its securities.

Changes in frequency or intensity of weather can also disrupt our supply chain, which may affect production operations, insurance costs and coverage and delivery of our products to customers. In addition, if hydrologic cycle patterns change and droughts become more common and severe, there may be a scarcity of water in our production regions. As water becomes scarcer and the quality of available water deteriorates, we may be affected by increasing production costs or capacity constraints.

While the Company carry insurance to cover our assets against natural disasters and other risks, we cannot assure you that losses caused by damage to our business infrastructure will not exceed the pre-established limits on any of our insurance policies and, therefore, have a material adverse impact on our business, results of operations and financial position. In the event our current insurance coverage proves insufficient, we may incur significant costs and expenses to remediate and mitigate any damage caused by such natural disasters and other events, which could adversely affect our business, financial position, and results of operations. In addition, even if we receive insurance proceeds, any repairs resulting from a natural disaster are likely to take significant time, which would likely materially and adversely affect our activities, financial position, results of operations, cash flows and prospects, as well as the market price of our Shares.

The Company has also 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.

The Company's commitments and actions to implement its sustainability strategy are considered when making cash flow projections to carry out impairment tests and evaluate the useful life of its long-term assets. The Company has also recognized an environmental reserve related to its operations in Lawrenceburg, Indiana (see Note 2.19).

Note 4 - Critical accounting judgments and key sources of uncertainty in estimates:

In applying the Company's accounting policies, which are described in Note 2, management makes judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The related estimates and assumptions are based on historical experience and other factors considered relevant. Actual results could differ from those estimates. Estimates and underlying assumptions are analyzed on an ongoing basis. Revisions to estimates are recognized prospectively.

The critical accounting policies, that the Company considers are of greater complexity and/or particularly subject to the exercise of judgements, are the following:

Recognition of deferred tax assets

Management judgement is used to ascertain whether a valuation allowance is required and the recoverability of deferred tax assets. Management is also responsible for the estimated amount of corporate tax payable or receivable. The Group is required to estimate the corporate tax in each of the many jurisdictions in which it operates. Management is required to estimate the amount that should be recognized as a tax liability or tax asset in many countries which are subject to tax audits which by their nature are often complex and can take several years to resolve. Current tax balances and tax provisions are based on management's judgement and interpretation of country specific tax law and the likelihood of settlement. However, the actual tax liabilities could differ from the provision and, in such event, the Group would be required to make an adjustment in a subsequent period that could have a material impact on the Group's profit for the year. The evaluation of deferred tax assets recoverability requires judgements to be made regarding the availability of future taxable income based on the last 3- to 5-year plan.

Business combination - Purchase price allocation

For business combinations, IFRS requires a fair value calculation to be carried out by assigning the purchase price to the fair value of the assets and liabilities acquired. Any difference between the consideration paid and the fair value of the identifiable net assets acquired is recognized as goodwill or income in profit or loss if it is a bargain. The fair value calculation is carried out on the date of acquisition.

As a result of the nature of the fair value assessment at the acquisition date, the allocation of the purchase price and the fair value measurements require significant judgments based on a wide range of complex variables at a certain time. Management uses all available information to make fair value determinations.

Acquisitions that do not qualify as a business combination under IFRS 3

As explained in Notes 2.2.5 above, IFRS does not provide specific guidance for cases in which an investor obtains control over an existing associate that does not meet the definition of a business. The management determined that one acceptable treatment is to account for an existing associate applying a cost accumulation approach.

Estimation of recoverable amount of trademarks and goodwill with an indefinite life

The Company reviews the recoverable value of intangible assets with an indefinite life at the end of each period. That evaluation is conducted via impairment tests applied annually, or when indications of impairment arise. The determination of the recoverable value of intangible assets with an indefinite life involves significant judgments, such as the estimation of future business results and the discount rate applied to projections. Management considers that the projections used to determine that recoverable value reasonably reflect the economic conditions prevailing in the Company's operating environment. (See Note 12).

Determination of the fair value of biological assets

IAS 41 requires all biological assets to be carried out by using a fair value calculation. The fair value calculation requires management to make judgments and assumptions. The Company considers that their mature biological assets can be measured at fair value using the income approach considering that the only existing market is for plants that have attained harvestable specifications, featured by sugar content yield and average weight. The Agave Azul grows at different rates and there can be a considerable spread in the quality and weight of plants, that affects the price achieved. In addition, given the trends of the agave prices there could be at times more demand than plants available and the opposite which can increase/decrease the prices and therefore the fair value. The maturity cycle of agave ranges between six and eight years; based on this, the Company considers that, on average, a plant with more than five years is susceptible to be harvested or marketed and consequently these plants are measured at fair value with the methodology previously explained. As indicated in Note 2.10, immature biological assets are accounted for at historical cost, which approximates fair value, given that the price that would be paid for immature biological assets would be very similar. For mature biological assets, a variation of +/- 1% in the discount rate or a variation of +/- 10% of the purchase price would be insignificant.

Determination of the lease term

In determining the lease term, management considers all the facts and circumstances that create an economic incentive to exercise an extension option. Extension options (or periods after termination options) are only included in the lease term if there is reasonable certainty that the lease will be extended (or not terminated) (see Note 15). For land leases of agave plantations, lease terms are aligned with the estimated harvest periods.

Note 5 - Category of financial instruments:

	Amortized cost (Ps)	Fair value through profit or loss (Ps)	Total (Ps)	Total (US$)
December 31, 2022				
Financial assets:				
Cash and cash equivalents	$ 4,520,839		$ 4,520,839	$ 233,496
Trade receivables	11,811,648		11,811,648	610,059
Related parties	44,593		44,593	2,303
Financial liabilities:				
Senior Notes	17,604,436		17,604,436	909,250
Trade payables	8,442,402		8,442,402	436,041
Related parties	72,047		72,047	3,721
Other accounts payable	6,267,610		6,267,610	323,714
Other non-current liabilities	95,380	209,580	304,960	15,751
December 31, 2021				
Financial assets:				
Cash and cash equivalents	$ 12,791,283		$ 12,791,283	$ 621,434
Trade receivables	10,284,156		10,284,156	499,631
Related parties	14,174		14,174	689
Financial liabilities:				
Senior Notes	18,597,660		18,597,660	903,523
Trade payables	4,593,948		4,593,948	223,186
Related parties	70,788		70,788	3,439
Other accounts payable	6,602,572		6,602,572	320,770
Other non-current liabilities	389,982	302,873	692,855	33,661

Note 6 - Cash and cash equivalents:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Cash and bank deposits	$ 217,001	$ 4,201,469	$ 11,572,445
Cash equivalents	16,495	319,370	1,218,838
Total	$ 233,496	$ 4,520,839	$ 12,791,283

Note 7 - Other recoverable taxes and other receivables:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Value-added tax	$ 85,766	$ 1,660,557	$ 770,853
Other receivables	15,004	290,496	194,917
Total	$ 100,770	$ 1,951,053	$ 965,770

Note 8 - Inventories:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Work-in-process	$ 490,369	$ 9,494,280	$ 6,068,231
Finished goods	367,746	7,120,111	4,834,412
Raw materials and consumables	103,167	1,997,470	1,360,104
Total	961,282	18,611,861	12,262,747
Less: allowance for obsolescence and slow movement	(18,275)	(353,839)	(169,119)
Current inventory	943,007	18,258,022	12,093,628
Non - current inventory (aging inventory*)	312,148	6,043,649	6,588,473
Total	$ 1,255,154	$ 24,301,671	$ 18,682,101

* The Company also stores some reserves of aged tequilas at its facilities in Mexico and holds substantial reserves of whiskey at the Bushmills facility and various locations in the U.S. and Canada. Aged tequilas, such as reposado and añejo, must be matured for various minimum periods, while Irish whiskey must be matured for at least three years.

Note 9 - Biological assets:

a. Analysis by group of biological assets

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Opening balance at January 1	$ 351,219	$ 6,800,131	$ 5,187,303
Increases	166,429	3,222,309	2,428,013
Shrinkage and losses	(16,605)	(321,489)	(146,587)
Transfer of harvested plants to inventory	(46,911)	(908,274)	(668,598)
Closing balance at December 31	$ 454,132	$ 8,792,677	$ 6,800,131
Current	$ 66,672	$ 1,290,877	$ 933,397
Non-current	387,460	7,501,800	5,866,734
Total	$ 454,132	$ 8,792,677	$ 6,800,131

As of December 31, 2022, and 2021, right-to-use assets amortization and interest associated to land leases included as part of biological assets is Ps123,046 and Ps104,618, respectively.

The calculation of fair value less disposal costs utilize the following premises and assumptions:

b. Valuation inputs and relationship to fair value

- Average year of harvest.
- Discount rate.
- Sales price.
- Average shrinkage and losses.
- Involved costs in the biological transformation.
- Segmentation of mature and immature plants.

c. Fair value hierarchy

	Level 1 (Ps)	Level 2 (Ps)	Level 3 (Ps)	Total (Ps)	Total (US$)
December 31, 2022					
Current	$ -	$ -	$ 1,290,877	$ 1,290,877	$ 66,672
Non-current	-	-	7,501,800	7,501,800	387,460
Total biological assets	$ -	$ -	$ 8,792,677	$ 8,792,677	$ 454,132

	Level 1 (Ps)	Level 2 (Ps)	Level 3 (Ps)	Total (Ps)	Total (US$)
December 31, 2021					
Current	$ -	$ -	$ 933,397	$ 933,397	$ 45,347
Non-current	-	-	5,866,734	5,866,734	285,021
Total biological assets	$ -	$ -	$ 6,800,131	$ 6,800,131	$ 330,368

There were no transfers between any levels in 2022 and 2021.

Note 10 - Investment in associates and joint ventures:

Eire Born Spirits LLC

Until April 23, 2021, the Company owned 49% of the equity interests of form Eire Born Spirits LLC (EBS), as of this date, Becle increased its EBS participation by acquiring a 51% interest from Eire Born Ventures LLC (EBV) resulting in EBS becoming a subsidiary. As of December 31, 2021, EBS's assets comprised intellectual property relating to the Proper No. Twelve brand, cash and royalty receivables, EBS's liabilities included trade payables to marketing vendors, EBS's expenses related to marketing services and materials, and EBS's sole source of revenue was royalties.

The Company evaluated whether the acquisition of the incremental 51% of EBS's equity interests represented a business or a group of assets for accounting purposes. Since the Company had the knowhow, formula, procedures and personnel to manufacture the product, and the EBS assets did not include an input and a substantive process that together significantly contribute to the ability to create outputs, the definition of a business in accordance with IFRS 3 was not met, and therefore the Company concluded that this transaction constituted an asset acquisition. This transaction was recorded at cost, which included capitalized transaction costs, and did not result in the recognition of goodwill. The cost of the acquisition was allocated to the assets acquired on the basis of relative fair values.

The total accumulated cost of this acquisition as of December 31, 2021 was Ps5,236,171 (US$263,727), which included Ps5,129,767 (US$243,743) of cash payments, Ps303,740 (US$15,226) of fair value of options exercised, Ps106,000 (US$4,758) of equity method and (Ps303,336) of foreign exchange changes.

The Company also entered into an Agreement (the EBV Agreement) with EBV and certain other parties in order to receive certain services and rights. The EBV Agreement provides EBV and certain other parties with an ongoing financial interest in the performance of the Proper No. Twelve brand. The Company determined that the EBV Agreement was a separate transaction from the asset acquisition and did not meet the recognition criteria of an intangible asset under IAS 38, and therefore it was not recognized as a separate intangible asset at the signing date.

The EBS transaction did not give rise to goodwill, and the costs incurred during the acquisition process were recognized as part of the asset.

Gran Coramino LLC

On May 7, 2021, the Company, through its subsidiary PSI, acquired a 33.3% equity stake in Gran Coramino LLC (Gran Coramino), a newly formed Delaware limited liability company, established to develop a new brand of tequila under the name Gran Coramino (the New Tequila). Management concluded that its investment in Gran Coramino is a joint venture and accordingly accounted for that investment using the equity method. The initial purchase price amounted to Ps69,574 (US$3,500) and, in addition to this amount, the Company is obligated to make three contingent payments in an aggregate amount up to US$4,000, subject to achieving certain milestones of the New Tequila. The Company made an initial capital contribution of Ps99,392 (US$5,000) to capitalize its investment and, in addition to this amount, is obligated to make two additional capital contributions of US$2,500 each, on the first and second anniversaries of the closing. Since such obligations are defined and not contingent, management determined that the amount of deferred consideration should be measured at its present value at the closing date as part of the initial capital contributions. Such amounts will be accreted through the statement of comprehensive income to their settlement amounts with accretion recognized as interest expense.

The Company also has two options providing the right, but not the obligation, to purchase additional equity interests of Gran Coramino owned by third parties, at any time on or after January 31, 2026, and January 31, 2029, respectively. These options will be exercisable at contractually determined prices that will be based on the future financial performance of the New Tequila. As of December 31, 2022, and 2021, the options have an insignificant intrinsic value due to the fact that the New Tequila started to be commercialized in May 2022, and the returns from the investment involve a high degree of uncertainty. Accordingly, they were initially recognized at fair value as part of the cost of acquisition and classified as a liability, which will be remeasured to fair value at each reporting date until the contingency is settled. For subsequent measurement, management has elected an accounting policy option to follow a cost accumulation approach by adjusting all changes in the contingent payments to the investment in Gran Coramino. The change in the liability, as a result of the revised cash flows, would be adjusted to the cost of the asset and recognized as part of the investment's carrying amount rather than in the consolidated statement of comprehensive income.

As of December 31, 2021, the investment in Gran Coramino was as follows:

		2021 (Ps)
Base purchase price	$	69,574
Initial capital contributions		99,392
Present value of deferred capital contributions to be made on first and second anniversaries	.	91,139
Fair value of contingent payments		71,297
Traslation effects		5,994
Total investment value	$	337,396

The Company recognized Ps16,673 (US$861) of equity method as of December 31, 2022.

JAJA Spirits

On October 12, 2021, the Company through its subsidiary PSI acquired 20% of the equity interests of JAJA Spirits LLC (JAJA Spirits), a Delaware limited liability company, for a payment of Ps307,008 (US$15,000). JAJA Spirits owns a brand of tequila, and the Company also entered into a license and distribution agreement with JAJA to acquire certain rights to produce, market, promote, distribute and supply this brand.

This investment is accounted for as an investment in associate and, therefore, it was initially recognized at cost and has subsequently been accounted for using the equity method by adjusting the Company's share of the net income (loss) of JAJA Spirits with a corresponding effect on the statement of comprehensive income. As of December 31, 2022, and 2021 the investment in JAJA amounts to Ps268,312(US$13,858) and Ps308,752 (US$15,477) respectively.

The Group owns other immaterial investments amounting to Ps2,182 and Ps2,203, as of December 31, 2022, and 2021, respectively.

Note 11 - Property, plant and equipment:

At December 31, 2022, and 2021, property, plant and equipment are comprised as follows:

	Balances at January 1, 2022 (Ps)	Acquisitions (Ps)	Disposals (Ps)	Transfers (Ps)	Translation effect (Ps)	December 31, 2022 (Ps)	December 31, 2022 (US$)
Manufacturing, bottling, storage, machinery and equipment	$ 4,852,452	$ 201,074	$ (36,544)	$ 627,328	$ (195,268)	$ 5,449,042	$ 281,437
Casks	1,794,763	285,003	(62,856)	571,748	(200,242)	2,388,416	123,359
Buildings and construction	1,889,207	5,571	-	708,410	(189,525)	2,413,663	124,663
Transportation equipment	373,012	85,071	(45,008)	61,004	(3,533)	470,546	24,303
Leasehold improvements	1,153,095	16,655	(24,455)	16,890	(48,290)	1,113,895	57,531
Computer and telecommunication equipment	285,170	32,378	(12,405)	13,435	(8,683)	309,895	16,006
Office furniture and laboratory equipment	210,592	9,444	(13,470)	4,444	(4,722)	206,288	10,655
Land	1,219,930	11,386		281,216	(31,208)	1,481,324	76,509
Construction in progress and advances for acquisitions of equipment	4,344,908	3,093,055		(2,284,475)	(210,689)	4,942,799	255,290
Original investment (OI)	16,123,129	3,739,637	(194,738)	-	(892,160)	18,775,868	969,753
Accumulated depreciation	(4,268,162)	(740,826)	126,255		180,815	(4,701,918)	(242,849)
Total property, plant and equipment	$ 11,854,967	$ 2,998,811	$ (68,483)	$ -	$ (711,345)	$ 14,073,950	$ 726,904

	Balances at January 1, 2021 (Ps)	Acquisitions (Ps)	Disposals (Ps)	Transfers (Ps)	Translation effect (Ps)	December 31, 2021 (Ps)	December 31, 2021 (US$)
Manufacturing, bottling, storage, machinery and equipment	$ 4,812,637	$ 50,836	$ (31,063)	$ (31,465)	$ 51,507	$ 4,852,452	$ 235,745
Casks	1,233,307	151,990	(40,157)	425,541	24,082	1,794,763	87,194
Buildings and construction	1,852,482	641	-	4,343	31,741	1,889,207	91,783
Transportation equipment	361,399	36,841	(30,869)	3,807	1,834	373,012	18,122
Leasehold improvements	430,637	4,300	(50)	727,360	(9,152)	1,153,095	56,020
Computer and telecommunication equipment	237,743	33,636	(16,639)	26,975	3,455	285,170	13,854
Office furniture and laboratory equipment	202,423	6,551	(4,968)	5,647	939	210,592	10,231
Land	1,220,662	-	(2,693)	(3,917)	5,878	1,219,930	59,267
Construction in progress and advances for acquisitions of equipment	3,553,170	1,912,662	-	(1,162,209)	41,285	4,344,908	211,087
Original investment (OI)	13,904,460	2,197,457	(126,439)	(3,918)	151,569	16,123,129	783,304
Accumulated depreciation	(3,734,972)	(610,099)	108,368	3,918	(35,377)	(4,268,162)	(207,358)
Total property, plant and equipment	$ 10,169,488	$ 1,587,358	$ (18,071)	$ -	$ 116,192	$ 11,854,967	$ 575,945

For the years ended December 31, 2022, and 2021, the depreciation expense was as follows:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Manufacturing, bottling, storage, machinery and equipment	$ 16,541	$ 320,249	$ 289,055
Casks	8,744	169,304	121,982
Buildings and constructions	3,721	72,036	59,670
Transportation equipment	2,925	56,630	51,177
Leasehold improvements	3,266	63,244	37,157
Computer and telecommunication equipment	2,184	42,295	35,105
Office furniture and laboratory equipment	882	17,068	15,953
	$ 38,263	$ 740,826	$ 610,099

For the years ended December 31, 2022, and 2021, the depreciation expense was Ps740,826 and Ps610,099, respectively, and was charged to cost of goods sold, selling, administrative expenses, and distribution expenses.

As of December 31, 2022, and 2021 constructions in progress included:

a. Machinery and equipment to improve cooking, grinding, crushing, distillation and labeling processes for Ps115,488 and Ps93,987, respectively.

b. Equipment required due to packaging changes of the following tequilas: 1800, Jose Cuervo Tradicional and Jose Cuervo Especial Reposado amounting to Ps3,660 and Ps42,955, respectively.

c. Casks and pallets purchases for Ps169,282 and Ps139,630, respectively.

d. Improvements to offices, plants and warehouses amounting to Ps23,556 and Ps159,178, respectively; and

e. Investment in manufacturing plants in order to increase production capacity amounting to Ps4,424,679 and Ps3,632,155, respectively.

Note 12 - Intangible assets:

Intangible assets include the following:

	Goodwill		Intangible assets			
			Indefinite useful life trademarks	Definitive useful life licenses of software and others	Total	
	(Ps)	(US$)	(Ps)	(Ps)	(Ps)	(US$)
At January 1, 2021	$ 6,891,070	$ 355,916	$ 15,173,827	$ 273,472	$ 15,447,299	$ 797,836
Movements of 2021:						
Investments				98,403	98,403	5,082
Asset acquisition			4,817,832 (1)		4,817,832	248,836
Amortization				(59,686)	(59,686)	(3,083)
Foreign exchange changes	100,700	5,201	355,762	(31,923)	323,839	16,726
At December 31, 2021	$ 6,991,770	$ 361,117	$ 20,347,421	$ 280,266	$ 20,627,687	$ 1,065,397
Movements of 2022:						
Investments			109,613 (2)	88,170	197,783	10,216
Amortization				(55,994)	(55,994)	(2,892)
Foreign exchange changes	(969,557)	(50,076)	(1,917,601)	(3,361)	(1,920,962)	(99,216)
At December 31, 2022	$ 6,022,213	$ 311,041	$ 18,539,433	$ 309,081	$ 18,848,514	$ 973,505

1 Corresponds to the acquisition of the Proper No. Twelve intellectual property in April 2021.

2 Corresponds to the acquisition of the Matusalem trademark majority, in July 2022 from BV Destilados de Malta, S. A. P. I., owned by stockholders, and where the Company owned a minority interest. See Note 2.2.5.

Amortization

Amortization of intangible assets amounting to Ps55,994 and Ps59,686 for the years ended December 31, 2022, and 2021, respectively, was recognized in administrative expenses in the consolidated statement of comprehensive income.

Cash Generating Units (CGU)

The Company identified the United States of America and Ireland as the CGUs, in which the goodwill, brands and other intangible assets of indefinite life were assigned. The recoverable value of each CGU is based on calculations of the fair value less disposal cost, which are prepared based on historical results and expectations of the future market development as included in business plans. The preparation of annual impairment tests requires the application of judgment, particularly when projecting the medium- and long- term results. Calculation of recovery values consider the cash flow projections for a period of 5 to 10 years, based on financial budgets approved by management, the level of maturity and the number of years the Company has been operating the CGU.

A CGU level summary of the goodwill allocation is presented below:

	USA	Ireland	Total	
	(Ps)	(Ps)	(Ps)	(US$)
Balances at January 1, 2021	$ 572,362	$ 6,318,708	$ 6,891,070	$ 355,916
Foreign exchange changes	18,215	82,485	100,700	5,201
Balances at December 31, 2021	590,577	6,401,193	6,991,770	361,117
Foreign exchange changes	(35,061)	(934,496)	(969,557)	(50,076)
Balances at December 31, 2022	$ 555,516	$ 5,466,697	$ 6,022,213	$ 311,041

A summary of the main trademarks and trademark license allocation in the CGU is presented below:

	USA	Ireland	Total	
	(Ps)	(Ps)	(Ps)	(US$)
Balances at January 1, 2021	$ 7,990,364	$ 7,183,463	$ 15,173,827	$ 783,711
Asset acquisition		4,817,832	4,817,832	248,836
Foreign exchange changes	254,293	101,469	355,762	18,375
Balances at December 31, 2021	8,244,657	12,102,764	20,347,421	1,050,922
Foreign exchange changes	(489,488)	(1,428,113)	(1,917,601)	(99,042)
Balances at December 31, 2022	$ 7,755,169	$ 10,674,651	$ 18,429,820	$ 951,880

United States of America CGU

Goodwill within the U.S. CGU corresponds to the acquisitions of:

1. Three Olives (TOV) in July 2007. The price was Ps7,582,887 (US$390,000), of which Ps5,210,157 (US$354,000) was assigned to the trademark, and Ps382,683 (US$26,000) to goodwill.

2. Owney's in December 2017. The price was Ps29,817 (US$2,000), of which Ps20,018 (US$1,000) was assigned to the trademark.

3. Black Dirt Distilling in December 2018. The price was Ps222,043 (US$12,000), of which Ps46,664 (US$2,000) was assigned to the trademark and Ps41,846 (US$2,000) to goodwill.

According to the Company's analysis and in accordance with IAS 36 "Impairment of Assets" guidelines, the Company has performed impairment tests of the indefinite-lived intangible assets of its U.S. CGU. The assessment is made through the calculation of fair value less disposal costs using discounted future cash flows which requires the use of estimates that consider the following assumptions, classified as level 3 in the fair value hierarchy.

As of December 31, 2022, and 2021, a five-year projection horizon was used considering the Company's experience in the industry and the time it takes to develop and consolidate a brand, as well as the Company's investment plans to increase its installed capacity.

	2022 (%)	**2021 (%)**
Discount rate [a]	8.2	7.1
EBITDA (average annual growth rate) [b]	1.3	3.8
Perpetual growth rate, based on an estimated perpetual growth of the spirits industry	2.5	2.5
Disposal costs of the estimated fair value [c]	2.0	2.0

Management has identified that a reasonable change in two key assumptions could cause the carrying amount to exceed the recoverable amount. As of December 31, 2022, the current excess of value in use over book value is 197.5%. The table below presents the amounts in which these two assumptions must change individually so that the estimated recoverable amount of the CGU would be equal to the carrying amount.

	December 31, 2022 (%)	**December 31, 2021 (%)**
Compared the estimate base value		
Discount rate increase	8.4	14.9
EBITDA (average annual growth rate)	(18.9)	(27.3)

Ireland CGU

Most of the Ireland goodwill corresponds to the acquisition of Bushmills in February 2015 and, Pendleton in 2018.Those trademarks, combined with Proper No. Twelve and Sexton, have been identified by the Company as a CGU, in accordance with IAS 36 guidelines. The purchase price paid for Bushmills was Ps10,664,773 (US$718,700), of which Ps3,428,828 (US$231,100) was assigned to the Bushmills brand and Ps4,907,065 (US$330,600) to goodwill.

According to the Company's analysis and in accordance with IAS 36 "Impairment of Assets" guidelines, the Company has performed impairment tests of its brands and related goodwill. The assessment is made through the calculation of fair value less disposal costs using discounted future cash flows which requires the use of estimates that consider the following assumptions. The determination of the fair value less disposal cost requires the use of estimates that consider the following assumptions, classified as level 3 in the fair value hierarchy.

As of December 31, 2022, and 2021, a ten-year projection horizon was used considering the Company's experience in the industry and the time it takes to develop and consolidate a brand, as well as the Company's investment plans to increase its installed capacity.

	2022 (%)	**2021 (%)**
Discount rate [(a)]	8.3	7.2
EBITDA (average annual growth rate) [(b)]	16.4	24.1
Perpetual growth a rate, based on an estimated perpetual growth of the spirits industry	2.5	2.5
Disposal costs of the estimated fair value [(c)]	2.0	2.0

Management has identified that a reasonable change in two key assumptions could cause the carrying amount to exceed the recoverable amount. As of December 31, 2022, the current excess of value in use over book value is 10.5%. The table below presents the amounts in which these two assumptions must change individually so that the estimated recoverable amount of the CGU would be equal to the carrying amount.

	2022 (%)	**2021 (%)**
Compared the estimate base value		
Discount rate increase	1.0	3.29
EBITDA (average annual growth rate)	(14.2)	(18.5)

[a] A discount rate is expressed in U.S. dollars. Management used the discount rate for the calculation of the "Capital Asset Pricing Model" and assumptions that a market participant would make.

[b] This includes estimated volume growth and an average annual increase in sales price.

[c] Disposal costs represent the hypothetical amounts estimated to be incurred in the event the business was sold and are calculated as a percentage of a potential transaction.

Note 13 - Debt:

On May 6, 2015, the Company issued the 2025 Senior Notes in an aggregate principal amount of US$500,000, bearing interest of 3.75% per annum payable semi-annually in May and November of each year. The 2025 Senior Notes were offered to qualified institutional buyers in the United States of America, pursuant to Rule 144A, and to certain persons outside the United States of America, pursuant to Regulation S, and are guaranteed by certain subsidiaries of Becle. The Company further made an application for listing the 2025 Senior Notes on the Irish Stock Exchange and used the related proceeds to refinance a bridge loan incurred to acquire Bushmills.

On March 16, 2021, the Company borrowed US$150,000 (Ps3,106,995 equivalent) in funding under a new short-term credit facility (the Bank Loan). The net proceeds of the Bank Loan, plus cash on hand at that date, were used to finance the acquisition of additional equity interests of EBS.

On September 27, 2021, the Company announced the commencement of a cash tender offer and consent solicitation (the "Tender Offer") to holders of any and all of the outstanding 2025 Senior Notes due 2025 mentioned above. The Tender Offer was made on the terms and subject to the conditions set forth in the Offer to Purchase dated September 27, 2021 and ended on October 25, 2021. The total consideration paid in the Tender Offer amounted to US$385,600 (Ps7,993,300) and included the principal amount of the 2025 Senior Notes validly tendered of US$346,639 (Ps7,202,015) (69.3% of the original issuance of US$500,000), a consent payment of US$50.00 per $1,000 principal amount of 2025 Senior Notes validly tendered, and accrued and unpaid interest in respect of such purchased 2025 Senior Notes.

The Tender Offer was made in connection with a concurrent offering by the Company of the 2031 Senior Notes in an aggregate principal amount of US$800,000 Senior Notes due 2031, which were sold in an offering exempt from the registration requirements of the U.S. Securities Act of 1933, as amended, and were also listed to be traded on the Irish Stock Exchange. The 2031 Senior Notes bear interest at 2.5% per annum payable in April and October of each year, beginning in April 2022, and mature on October 14, 2031.

The net proceeds from the 2031 Senior Notes were used: (i) to repay on October 18, 2021, the Bank loan in the amount of US$150,000 (Ps3,091,125), (ii) to refinance the 2025 Senior Notes validly tendered in the amount of US$346,639 (Ps7,202,015) pursuant to the Tender Offer, (iii) to pay fees and expenses incurred in connection with the offering of the 2031 Senior Notes and the Tender Offer , and (iv) for general corporate purposes.

According to IFRS 9, the repurchase of the 2025 Senior Notes were recognized as a debt modification. The restructured debt value was estimated discounting the cash flows of the 2031 Senior Notes at the effective interest rate of the original debt, accounting for a restructuring gain of US$9,241 (Ps192,003) included in interest income.

The 2025 Senior Notes and the 2031 Senior Notes establish certain covenants and restrictions, however, these obligations are subject to a number of important exceptions and qualifications. As of December 31, 2022, and 2021, the Company was in compliance with these covenants.

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Principal amount	$ 904,277	$ 17,508,150	$ 18,495,297
Accrued interest payable	4,973	96,286	102,363
Total	909,250	17,604,436	18,597,660
Less current installments	4,973	96,286	102,363
Long-term debt	$ 904,277	$ 17,508,150	$ 18,495,297

A reconciliation of debt as required by IAS 7 “Cash flow statement” is as follows:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Beginning balance of debt and interest	$ 960,549	$ 18,597,660	$ 9,955,908
Bank Loan facility	-	-	3,106,995
Senior Notes issued	-	-	8,367,029
Foreign exchange variation	(57,420)	(1,111,739)	211,836
Interest accrued	26,802	518,926	237,826
Long-term debt cost amortization	5,941	115,029	72,434
Bank Loan paid	-	-	(3,091,125)
Interest paid	(26,622)	(515,440)	(263,243)
Closing balance of debt and interest	$ 909,250	$ 17,604,436	$ 18,597,660

Maturities pertaining to the long-term portion of the principal amount as of December 31, 2022, are as follows:

Year	Amount (US$)	Amount (Ps)
2025	$ 136,317	$ 2,639,302
2031	767,960	14,868,848
	$ 904,277	$ 17,508,150

The Senior Notes fair value is as follows:

Maturity date	December 31, 2022 Book value (Ps)	December 31, 2022 Fair value [1] (Ps)	December 31, 2021 Book value (Ps)	December 31, 2021 Fair value [1] (Ps)
May 2025	$ 2,639,302	$ 2,853,331	$ 3,140,236	$ 3,372,269
Sep 2031	14,868,848	11,165,454	15,355,061	15,153,700
	$ 17,508,150	$ 14,018,785	$ 18,495,297	$ 18,525,969

[1] The fair value of Senior Notes is determined based on reference to price quotations published in the Irish Stock Exchange (classified as level 1 in the fair value hierarchy).

Note 14 - Related parties:

Related party balances

A summary of receivables and payables with related parties is shown below:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Receivables:			
Virginia Black, LLC	$ 431	$ 8,338	$ 6,567
Stockholders	90	1,740	5,687
Desarrollo Inmobiliario Polanco, S. A. de C. V.	71	1,372	1,290
Tequila Espíritu de México, S. A. de C. V.	1,475	28,555	-
Other	236	4,588	630
	$ 2,303	$ 44,593	$ 14,174
Payables:			
Maison Villevert SAS	$ 889	$ 17,221	$ 57,881
Matusalem and Matusalem Florida, Inc.	272	5,271	-
Other	2,560	49,555	12,907
	$ 3,721	$ 72,047	$ 70,788

Below is a summary of main transactions carried out with related parties:

	2022 (US$)	Year ended December 31, 2022 (Ps)	Year ended December 31, 2021 (Ps)
Revenues:			
Administrative services:			
Otros [(1)]	$ 450	$ 8,717	$ 13,362
Matusalem and Matusalem Florida, Inc. [(1)]	122	2,360	-
Eire Born Spirits, LLC. [(2)]	-	-	80,142
	$ 572	$ 11,077	$ 93,504
Sales of finished goods:			
Tequila Espíritu de México, S. A. de C. V. [(1)]	$ 3,726	$ 72,142	$ -
Matusalem and Matusalem Florida, Inc. [(1)]	477	9,230	18,380
Otros [(1)]	1	22	82
	$ 4,204	$ 81,394	$ 18,462
Interest income:			
Taberna del Tequila, S. A. de C. V. [(1)]	$ -	$ -	$ 61
Services rendered:			
Tequila Espíritu de México, S. A. de C. V. [(1)]	$ 485	$ 9,385	$ -

		Year ended December 31,	
	2022 (US$)	2022 (Ps)	2021 (Ps)
Expenses:			
Administrative services:			
Grupo Consultoría Santa Fe, S. A. de C. V. (1)	$ 37	$ 719	$ 1,114
Finished products purchases:			
Matusalem and Matusalem Florida, Inc. (1)	$ 911	$ 17,629	$ 30,698
Royalties expenses:			
Rones Habanos, S. A. de C. V. (1)	$ -	$ -	$ 7,733
Eire Born Spirits, LLC. (2)	-	-	166,061
	$ -	$ -	$ 173,794
Lease expenses:			
Desarrollo Inmobiliario Polanco, S. A. de C. V. (1)	$ 1,654	$ 32,030	$ 38,693
Inmuebles Rústicos Santo Domingo, S. A. de C. V. (1)	438	8,486	7,905
Otros (1)	20	394	1,952
	$ 2,112	$ 40,910	$ 48,550
Services received:			
Aeroservicios Ejecutivos Corporativos, S. A. de C. V. (1)	$ 1,714	$ 33,178	$ 22,540
Tequila Espíritu de México, S. A. de C. V. (1)	1,656	32,064	20,826
Desarrollo Inmobiliario Polanco, S. A. de C. V.(1)	374	7,232	7,534
Administración Acuario, S. A. de C. V. (1)	-	-	2,815
Grupo Consultoría Santa Fe, S. A. de C. V. (1)	-	-	1,411
Eire Born Spirits, LLC. (2)	-	-	942
	$ 3,744	$ 72,474	$ 56,068

1 Affiliate

2 On April 23, 2021, the Company acquired additional equity interests of EBS. Effective that date, the Company has control over EBS´s assets.

Key management personnel compensation

Key management members received the compensation shown below during those periods, which are included in administrative expenses in the corresponding consolidated statements of income:

		December 31,	
	2022 (US$)	2022 (Ps)	2021 (Ps)
Short-term direct benefits	$ 7,106	$ 137,574	$ 189,829
Long-term direct benefits	1,841	35,653	-

Note 15 - Leases:

This note provides information regarding leases where the Company is a lessee.

i. Amounts recorded on the statement of financial position

The statement of financial position shows the following amounts related to leases:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Right-of-use assets:			
Land	$ 78,248	$ 1,514,995	$ 1,209,192
Real estate	54,981	1,064,518	1,101,775
Furniture and equipment	5,115	99,041	60,238
	$ 138,344	$ 2,678,554	$ 2,371,205
Lease liabilities:			
Current	$ 32,195	$ 623,336	$ 787,853
Non-current	124,494	2,410,390	1,840,177
	$ 156,689	$ 3,033,726	$ 2,628,030

Increases to the right-of-use assets in the fiscal year 2022 and 2021 amounted Ps887,633 and Ps504,136, respectively.

ii. Amounts recorded in the statement of comprehensive income

The statement of comprehensive income shows the following amounts related to leases:

Right-to-use assets amortization for each type of asset

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Real estate	$ 12,684	$ 245,580	$ 201,994
Furniture and equipment	-	-	1,613
	12,684	245,580	203,607
Interest expense (included in financing costs)	6,853	132,693	127,117
Expenses related to short–term leases (included in costs of sale and administrative expenses)	393	7,608	7,914
Expenses related to small amount leases not showed above as short-term leases (included in administrative) expenses	500	9,682	10,072
Total leases amounted in the statement of comprenhensive income	$ 20,430	$ 395,563	$ 348,710

iii. A reconciliation of lease liability as required by IAS 7 “Cash flow statement” is as follows:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
Beginning balance of debt and interest	$ 135,735	$ 2,628,030	$ 2,461,141
Increase liability	45,845	887,633	504,136
Interest accrued	6,853	132,693	127,118
Capitalized interest	12,755	246,950	104,618
Principal	(35,444)	(686,245)	(505,818)
Interest paid	(6,205)	(120,138)	(83,702)
Translation effects	(2,850)	(55,197)	20,537
Closing balance of debt and interest	$ 156,689	$ 3,033,726	$ 2,628,030

iv. Leasing activities of the Company and accounting

The Company leases land to plant agave under different non-cancellable lease agreements which expire in 6 and 8 years or when the harvest process is complete. Also, the Company leases furniture, equipment, and offices where the headquarters are located, which rental agreements are usually made for fixed periods of 5 to 25 years, but which may have extension term options.

Assets and liabilities derived from a lease are initially measured at present value. Lease liabilities include the net present value of the following payments:

- Fixed payments (including if they are in substance), less lease incentives receivable.
- Variable lease payments that are based on an index or rate; initially measured using the index or rate on the start date.
- The amounts expected to be payable by the Company in guarantee of residual value.
- Exercise price of a purchase option if the Company is reasonably certain of exercising that option; and
- Penalty payments for termination of the lease agreement, if the terms of the lease indicate that the Company will terminate.

Lease payments that will be made under renewal options with reasonable certainty of being exercised are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be easily determined, as is usually the case with the Company's leases, the lessee’s incremental financing rate, which is the rate that the lessee would have to pay to borrow the necessary funds to obtain a lease, is used with reference to assets of similar value to the right-of-use the asset in a similar economic environment with similar terms, guarantees and conditions.

To determine the incremental financing rate, the Company:

- When possible, uses the recent third-party financing received by the lessee as a starting point, adjusted to reflect changes in the financing conditions since the third-party financing was received,

- Uses other approaches where it begins with a risk-free interest rate adjusted for credit risk for leases held by the Company, which do not have recent third-party financing, and

- Applies specific adjustments to the lease, for example, term, country, currency and guarantees.

The Company is exposed to possible future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate become effective, the lease liability is reassessed and adjusted to the right-of-use asset.

Lease payments are allocated between the principal and the financial cost. The financial cost is charged to income during the lease period in order to produce a constant periodic interest rate on the remaining balance of the liability for each period.

The right-of-use assets are measured at cost, including the following:

- The amount of the initial measurement of the lease liability.
- Any lease payment made on or before the commencement date minus any lease incentive received.
- Any initial direct costs; and
- Restoration costs.

The right-of-use assets are generally depreciated in a straight line during the shortest period between the useful life of the asset and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset depreciates over the useful life of the underlying asset.

Payments associated with short-term leases of furniture and equipment and all leases of low-value assets are recognized under the straight-line method as an expense in results. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include electronic tablets, printing equipment and small office furniture items.

Some property leases contain variable payment terms that are linked to agave production generated when the harvest process is complete. These lease payments are based on variable payment terms with percentages of 3% of agave harvest. Variable lease payments that depend on agave harvest are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

v. Extension and termination option

Extension options are not included in leases of land for the agave plantations, and termination occurs when the agave harvest process is complete. For the rest of the real estate, furniture and equipment held by the Company, extension and termination options are included in contracts. These are used to maximize operational flexibility in terms of managing the assets used in the Company's operations.

Note 16 - Employee benefits:

Defined benefit pension plans

The Group operates defined benefit pension plans. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement.

Most benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the Group meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practices in each country, as is the nature of the relationship between the Company and the trustees (or equivalent) and their composition.

Responsibility for governance of the plans, including investment decisions and contribution schedules, lies jointly with the Company and the board of trustees. The board of trustees must be composed of representatives of the Company and plan participants in accordance with the plan's regulations.

As amounts recognized as assets in the statement of financial position are as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Fair value of Plan Assets (PA) *	$ 86,600	$ 1,676,705	$ 2,219,903
Defined benefit obligations	(61,942)	(1,199,297)	(1,785,213)
Employee benefits net assets	$ 24,658	$ 477,408	$ 434,690

* The nature of fair value of PA is categorized in debt instruments.

Following is a breakdown of the PA defined benefit:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Pension plan	$ 40,642	$ 786,896	$ 817,203
Seniority premiums	(15,984)	(309,488)	(382,513)
Employee benefits net assets	$ 24,658	$ 477,408	$ 434,690

The changes of the PA fair value over the year are as follows:

	2022 (US$)	2022 (Ps)	2021 (Ps)
January 1,	$ 114,656	$ 2,219,903	$ 1,994,732
Expected returns on plan assets	4,298	83,216	67,220
Contributions	1,648	31,914	39,106
Benefit payments	(3,093)	(59,888)	(48,443)
Remeasurements	(19,765)	(382,672)	127,965
Exchange rates difference	(10,842)	(209,916)	46,978
Administration cost	(302)	(5,852)	(7,655)
December 31,	$ 86,600	$ 1,676,705	$ 2,219,903

The movements in the net defined benefit obligation over the years are as follows:

	2022 (US$)	2022 (Ps)	2021 (Ps)
January 1,	$ (92,204)	$ (1,785,213)	$ (1,759,923)
Current service cost	(2,773)	(53,685)	(63,415)
Past service cost	(473)	(9,154)	(304)
Financial cost	(3,396)	(65,745)	(55,284)
Remeasurements	22,549	436,584	56,793
Effect from changes in pension plan	1	26	(26)
Exchange rates difference	11,260	218,002	(12,404)
Benefit payments	3,094	59,888	49,350
December 31,	$ (61,942)	$ (1,199,297)	$ (1,785,213)

The significant actuarial assumptions were as follows:

	December 31,	
	2022 (%)	2021 (%)
Discount rate (entities based in Mexico)	9.35	7.96
Discount rate (entities based in RoW)	4.55	1.90
Salary increase rate	4.50	4.50
Minimum wage increase rate	4.00	4.00
Long-term inflation rate	3.75	3.50

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Impact on defined benefit obligation	**Increase in assumption**			**Decrease in assumption**		
Change in assumption 2022-2021	**2022 (US$)**	**2022 (Ps)**	**2021 (Ps)**	**2022 (US$)**	**2022 (Ps)**	**2021 (Ps)**
Discount rate (Mexico)	$ 2,534	$ 49,062	$ 165,642	$ 77	$ 1,499	$ 116,557
Discount rate (RoW)	1,995	38,635	103,858	2,243	43,429	119,694
Salary increase rate	547	10,599	42,919	516	9,988	39,907

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Note 17 - Stockholders' equity:

17.1 Capital stock as of December 31, 2022, is comprised as follows:

	Minimum fixed capital	
	(US$)	**(Ps)**
3,591,176,301 Single Series shares with no par value, entirely subscribed and paid	$ 582,788	$ 11,283,642

The Company's capital stock amounts to Ps11,283,642, of which, Ps50 correspond to the fixed part and Ps11,283,592 corresponds to the variable part.

As of December 31, 2022, the capital stock of the Company is comprised by Single Series shares that are common, ordinary, nominative, with no par value, and are registered with the National Securities Registry *(Registro Nacional de Valores)* in Mexico.

The controlling stockholders hold approximately 86% of all outstanding Single Series shares as of December 31, 2022, and 2021.

Stockholder	**Number of common shares**	**Ownership of common stock (%)**
Several trusts and private entities	3,105,933,737	86.49
Public investors	485,242,564	13.51
Total	3,591,176,301	100.00

At the General Stockholders' Meeting held on April 29, 2022, a resolution was passed to declare dividends of Ps1,510,126 (US$77,998) equivalent to Ps0.42051 (US$0.0204) per share, from retained earnings. Payment of declared dividends was made on August 4, 2022.

At the General Stockholders' Meeting held on April 27, 2021, a resolution was passed to declare dividends in the maximum amount of Ps1,545,613 (US$75,090) equivalent to Ps0.4303 (US$0.0209) per share, from retained earnings. Payment of declared dividends was made on April 27, 2021 and August 5, 2021.

17.2 Capital reserves and OCI

Capital reserves are comprised as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Legal reserve	$ 118,942	$ 2,302,893	$ 2,302,893
Reserve for repurchase of shares	103,298	2,000,000	2,000,000
	$ 222,240	$ 4,302,893	$ 4,302,893

Legal reserve

According to the Corporations Law, a minimum of 5% must be set aside from net earnings for the period in order to meet the legal reserve until funds in reserve reach 20% of the capital stock. The legal reserve can be capitalized but must not be distributed unless the Company is dissolved, and the difference must be made up if the reserve falls below 20% of capital stock for any reason. As of December 31, 2022, and 2021, the statutory reserve has reached the required amount.

Repurchase of shares

The Company's stockholders have authorized a reserve for the acquisition of its own shares. The Company must comply with its bylaws and the provisions of the Securities Market Law, in order to acquire its own shares.

According to the Securities Market Law, any repurchased of shares that are not resold after two years must be cancelled.

The OCI consists of translation effects and employee benefits effects, net of taxes, which are included in the stockholders' equity and do not represent either capital contributions, reductions or distributions.

OCI is comprised as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Foreign currency translation reserve	$ 81,564	$ 1,579,210	$ 6,113,806
Equity investment at fair value through OCI	(4,160)	(80,562)	(80,562)
Employee benefits - Net of income taxes	9,372	181,464	154,420
	$ 86,776	$ 1,680,112	$ 6,187,664

For the years ended December 31, 2022, and 2021, the movement of OCI is comprised as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Translation effects - Net of income taxes	$ (234,207)	$ (4,534,596)	$ 249,750
Fair value of equity investment - Net of income taxes	-	-	(60,980)
Employee benefits - Net of income taxes	1,397	27,044	21,226
	$ (232,810)	$ (4,507,552)	$ 209,996

For the years ended December 31, 2022, and 2021, the reconciliation of reserve for translation effects is as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Beginning balance of reserve for translation effects	$ 315,771	$ 6,113,806	$ 5,864,056
Foreign currency movements from hegde	42,184	816,755	(317,400)
Translation effects	(276,391)	(5,351,351)	567,150
Closing balance of of reserve for translation effects	$ 81,564	$ 1,579,210	$ 6,113,806

17.3 Non-controlling interests

The non-controlling interests as of December 31, 2022, and 2021 related to third party equity interests of 21.14% in Maestro Tequilero, S. A. de C. V., 41.49% in Old Camp Whiskey Company (OCWC).

Old Camp Whiskey Company

The Company through its subsidiary PSI, is party to a limited liability company agreement with Face T Brands, Inc. (FTB) Savvy Drinks LLC (Savvy) and Salty Bonez, LLC (Salty Bonez), relating to OCWC. The agreement provides to each of FTB, Savvy and Salty Bonez put options that gave it the right to sell its equity interests (collectively representing 41.49% of the equity interests of OCWC) to the Company within a three-year period from January 1, 2022, through December 31, 2024. The agreement also provides to the Company call options that gave it the right to acquire these equity interests during the same period. As the Company holds a 58.51% majority ownership in OCWC, management concluded it had control over this entity. The combination of put and call options, with the same period of exercise and similar pricing, indicated that the arrangement would result in the exercise of either the call options or the put options in the most likely scenario. Accordingly, in addition to recognizing the non-controlling interest (NCI), the Company has recognized a financial liability at the present value of the redemption amount and adopted an accounting policy election to recognize the subsequent changes in the value of the NCI put liability through equity (other stockholders’ movements – Net of income taxes). As of December 31, 2022, and 2021, the financial liability amounted to Ps209,580 (US10,825) and Ps302,873 (US14,714), respectively.

17.4 Tax provisions related to stockholders' equity

Dividends to be paid will be free from income tax if they come from Net Tax Profit Account (CUFIN, by its Spanish acronym). Any dividends paid in excess of CUFIN and reinvested CUFIN (CUFINRE) will incur a tax equivalent to 42.86%. The current tax is payable by the Company and may be credited against its current income tax of the year on which it is paid. The remaining amount may be credited in the following two fiscal years against the tax of the year or against the provisional payments. Dividends paid out of the CUFIN balance to individual stockholders are also subject to 10% withholding tax.

In the event of a capital reduction, any excess of stockholders' equity over the capital contributions account is given the same tax treatment as dividends.

The balances of the tax accounts of stockholders' equity are:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Capital contributions account (CUCA)	$ 4,124,631	$ 79,859,039	$ 69,885,827
After-tax earnings account (CUFIN)	1,395,782	27,024,432	22,105,756
Total	$ 5,520,413	$ 106,883,471	$ 91,991,583

Note 18 - Income Taxes (IT):

The income tax is as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Current IT expense	$ 125,284	$ 2,425,693	$ 3,531,508
Deferred IT expense	(3,896)	(75,432)	(1,657,765)
Total IT	$ 121,388	$ 2,350,261	$ 1,873,743

Effective income tax rate reconciliation

Tax expense attributable to income before income tax and OCI was different from that which would result from applying the enacted income tax rate of 30% to income before taxes and OCI, as a result of the following items in the next page.

	Year ended December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Taxable income	$ 425,134	$ 8,231,223	$ 6,907,606
Statutory IT rate	30%	30%	30%
Tax using the Group's domestic tax rate:	127,540	2,469,367	2,072,282
Plus (less) items increasing (decreasing) effective IT rate:			
Inflation effects	24,152	467,624	214,962
Non-deductible expenses	7,064	136,779	46,503
Effect of tax rates in foreign jurisdictions	(22,462)	(434,894)	778,822
Foreign dividend income - net	-	-	661,479
Merger effects	-	-	(2,093,214)
Other	(14,906)	(288,615)	192,909
IT expense	$ 121,388	$ 2,350,261	$ 1,873,743
Effective income tax rate	29%	29%	27%

The main effects of temporary differences for which deferred income taxes have been accounted for as of December 31, 2022, and 2021 are shown below.

Movement in deferred tax balances

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Deferred assets:			
Inventory	$ 15,581	$ 301,676	$ 48,560
Accruals	50,363	975,109	1,018,242
Tax loss-carryforwards	7,509	145,380	129,349
Right-of-use assets (lease liabilities) - Net	1,627	31,510	8,669
License to use trademarks	9,090	176,002	178,233
Temporary interest non deductible	-	-	200,571
Employee benefits	-	-	16,673
Other	23,575	456,428	334,270
Deferred income tax asset	107,745	2,086,105	1,934,567
Deferred liabilities:			
Taxable cumulative biological assets	-	-	17,925
Property, plant and equipment	31,646	612,717	661,058
Employee benefits	2,150	41,632	-
Intangibles assets - Trademarks	139,751	2,705,788	2,927,099
Trade receivables	11,151	215,889	164,000
Deferred income tax liability	184,698	3,576,026	3,770,082
Net deferred income tax liabilities	$ (76,953)	$ (1,489,921)	$ (1,835,515)

Movements of deferred tax assets during the year are explained below:

	Inventory (Ps)	Accruals (Ps)	Tax loss carryforwards (Ps)	Right-of-use assets - Net (Ps)	License to use trademarks (Ps)	Temporary interest non deductible (Ps)	Other (Ps)	Total (Ps)	Total (US$)
At January 1, 2021	$ 72,126	$ 997,439	$ 728,574	$ 14,272	$ 70,389	$ 181,101		$ 2,063,901	$ 106,598
Charged / credited to the statement of income	(23,566)	20,803	(599,225)	(5,603)	107,844	19,470	350,943	(129,334)	(6,680)
At December 31, 2021	$ 48,560	$ 1,018,242	$ 129,349	$ 8,669	$ 178,233	$ 200,571	$ 350,943	$ 1,934,567	$ 99,918
Charged / credited to the statement of income	246,828	(50,477)	15,549	22,841	(2,231)	(200,571)	110,356	142,295	7,350
Tax deferred related to components in OCI	6,288	7,344	482				(4,871)	9,243	477
At December 31, 2022	$ 301,676	$ 975,109	$ 145,380	$ 31,510	$ 176,002	$ -	$ 456,428	$ 2,086,105	$ 107,745

Movements of deferred tax liabilities during the year are explained below:

	Tax cumulative biological assets (Ps)	Employee benefits (Ps)	Property, plan and equipment (Ps)	Intangible assets - trademarks (Ps)	Trade receivables (Ps)	Other (Ps)	Total (Ps)	Total (US$)
At January 1, 2021	$ (1,397,917)	$ (7,466)	$ (518,819)	$ (2,651,442)	$ (301,718)	$ (572,447)	$ (5,449,809)	$ (281,477)
Charged / credited to the statement of income	1,379,992	(32,132)	(142,239)	(304,616)	137,718	572,447	1,611,170	83,215
Tax deferred related to components in OCI		39,598		28,959			68,557	3,542
At December 31, 2021	(17,925)	-	(661,058)	(2,927,099)	(164,000)	-	(3,770,082)	(194,720)
Charged / credited to the statement of income	17,925	32,358	3,687	(69,167)	(51,666)		(66,863)	(3,454)
Tax deferred related to components in OCI		(73,990)	44,654	290,478	(223)		260,919	13,476
At December 31, 2022	$ -	$ (41,632)	$ (612,717)	$ (2,705,788)	$ (215,889)	$ -	$ (3,576,026)	$ (184,698)

Due to the Company can control the timing of reversal of the temporary differences associated with its investments in subsidiaries and associates, or because such gains are not taxable, the aggregate amount of deferred tax liabilities has not been recognized.

In Mexico, the income tax for the period is calculated by applying a 30% rate on the taxable profit. In the United States of America, the income tax is calculated based on billing and applies to both federal and state levels. The sales tax rates vary from one state to another but, in general, they range from 4% to 7.5%. As regards income tax, it is incurred at a rate of 21% at the federal level and at an average of 5% at the state level. The income tax in England is 19% on tax profit and in the Republic of Ireland is 12.5%.

Net deferred tax by location:

	December 31, 2022 (US$)	December 31, 2022 (Ps)	December 31, 2021 (Ps)
United States of America and Canada	$ (113,563)	$ (2,198,742)	$ (2,232,351)
Mexico	78,981	1,529,195	1,290,108
Rest of the world	(42,371)	(820,374)	(893,272)
Net deferred income tax liabilities	$ (76,953)	$ (1,489,921)	$ (1,835,515)

Movement in deferred income tax balances

The amount of deferred income tax assets and liabilities in respect of each temporary difference was recognized in the statement of comprehensive income, except for the items recognized in OCI, as shown below:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Recognized in income statement	$ (3,896)	$ (75,432)	$ (1,481,836)
Recognized in income statement by merger	-	-	(175,929)
Recognized in other comprehensive income	(13,954)	(270,162)	68,557
	$ (17,850)	$ (345,594)	$ (1,589,208)

The following represents the consolidated operating loss-carryforwards as of December 31, 2022, which were generated in Mexico. Operating loss-carryforwards in Mexico amounting to Ps464,091 can be used in the following 10 years and will expire starting in 2033.

	Inflation adjusted through December 31, 2022	
	(US$)	**(Ps)**
2023 and thereafter	$ 23,970	$ 464,091

Note 19 - Revenue by brand:

	Year ended December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Cuervo	$ 830,823	$ 16,085,967	$ 13,554,501
1800	416,983	8,073,424	6,766,100
Other tequilas	374,044	7,242,047	4,909,696
Tequila portfolio	1,621,850	31,401,438	25,230,297
Bushmills	102,380	1,982,239	1,771,614
Kraken	96,492	1,868,230	1,696,264
Other alcoholic beverages *	288,506	5,585,896	5,161,242
Non-tequila portfolio	487,378	9,436,365	8,629,120
Ready to drink	189,249	3,664,151	4,175,525
Other non-alcoholic beverages	63,401	1,227,538	1,384,458
Total revenue	$ 2,361,878	$ 45,729,492	$ 39,419,400

* Mainly mezcal, whiskey (Pendleton & Proper No. Twelve), rum, gin and vodka.

Note 20 - Costs and expenses by nature:

Cost of goods sold, selling, administrative, distribution and marketing expenses are as follows:

	December 31,		
	2022 (US$)	**2022 (Ps)**	**2021 (Ps)**
Cost of goods sold (1)	$ 998,157	$ 19,325,818	$ 16,663,419
Advertising, marketing and promotion	524,881	10,162,475	8,688,949
Wages, salaries and employee benefits	167,093	3,235,170	3,366,847
Distribution	108,715	2,104,877	1,954,741
Depreciation and amortization	40,190	778,142	614,050
Selling and Administrative	65,474	1,267,672	1,065,113
Other income	(1,782)	(34,498)	(54,921)
Total cost of goods sold and expenses	$ 1,902,728	$ 36,839,656	$ 32,298,198

1 The main components of cost of goods sold are raw materials and consumables used, including own agave (land rent, labor, fertilizers), water, energy, Agave and sugar for Tequila, barley and grain broth for Irish and American whiskey, aging barrels for tequilas, whiskeys and rums, and packaging materials (glass, caps, labels and cardboard), as well as general expenses (factory expenses of distilleries and bottling facilities).

Note 21 - Operating segments:

Becle is an international manufacturer and distributor of spirits and other drinks. The segment information presented is consistent with management reporting provided to the Executive Committee (the chief operating decision maker, or CODM). The Executive Committee considers the business from a geographical perspective based on the location of third-party sales and the business analysis is presented by geographical segment. The CODM reviews results of the segments on a basis that highlights more closely the segment income.

The CODM views its operations in terms of three operating segments: (i) Mexico, (ii) the United States of America and Canada and (iii) Rest of the World.

In Mexico, the Company's operations consist of the production and distribution of its own brands, as well as the production and distribution of certain agency brands.

In the United States of America and Canada, the Company exclusively distributes its products through its subsidiaries. PSI sells the Company's products to wholesalers, where possible, and, to state and local liquor authorities, where legally required. Proximo Canada makes all its sales to provincial liquor authorities.

In the Rest of the World markets, the Company manages a network of third-party distributors, wholesalers and retailers that spans over 85 countries. These parties are carefully selected on a market-by-market basis to ensure appropriate levels of high-quality distribution in each country. Local distributors implement marketing and trade promotion, which consists of niche-focused media, such as sales promotions, point-of-sale displays and other printed media.

The summary below describes the operating income of each operating segment net of transactions among the Group's operating segments.

	2022				
	United States of America and Canada (Ps)	**Mexico (Ps)**	**Rest of the world (Ps)**	**Total (Ps)**	**Total (US$)**
Net sales	$ 27,466,476	$ 10,923,308	$ 7,339,708	$ 45,729,492	$ 2,361,878
Cost of goods sold	11,350,060	6,223,603	3,068,643	20,642,306	1,066,152
Gross profit	16,116,416	4,699,705	4,271,065	25,087,186	1,295,726
Advertising, marketing and promotion expenses	7,067,524	1,645,829	1,449,122	10,162,475	524,881
Distribution expenses	1,348,060	510,200	334,349	2,192,609	113,246
Segment operating income	$ 7,700,832	$ 2,543,676	$ 2,487,594	$ 12,732,102	$ 657,599

	2021				
	United States of America and Canada (Ps)	**Mexico (Ps)**	**Rest of the world (Ps)**	**Total (Ps)**	**Total (US$)**
Net sales	$ 25,775,770	$ 8,234,250	$ 5,409,380	$ 39,419,400	$ 1,915,097
Cost of goods sold	10,861,958	4,954,628	2,328,635	18,145,221	881,542
Gross profit	14,913,812	3,279,622	3,080,745	21,274,179	1,033,555
Advertising, marketing and promotion expenses	6,268,940	1,139,367	1,280,641	8,688,948	422,132
Distribution expenses	1,444,715	412,641	170,697	2,028,053	98,528
Segment operating income	$ 7,200,157	$ 1,727,614	$ 1,629,407	$ 10,557,178	$ 512,895

The summary below describes the total assets and total liabilities of each reportable segment net of transactions among the Group's operating segments.

	December 31, 2022				
	United States of America and Canada (Ps)	**Mexico (Ps)**	**Rest of the world (Ps)**	**Total (Ps)**	**Total (US$)**
Total assets	$ 24,867,659	$ 34,582,396	$ 38,416,087	$ 97,866,142	$ 5,054,679
Total liabilities	6,929,242	29,878,106	2,635,584	39,442,932	2,037,184

	December 31, 2021				
	United States of America and Canada (Ps)	**Mexico (Ps)**	**Rest of the world (Ps)**	**Total (Ps)**	**Total (US$)**
Total assets	$ 24,629,744	$ 28,810,392	$ 42,099,432	$ 95,539,568	$ 4,641,561
Total liabilities	7,653,937	26,353,970	3,088,339	37,096,246	1,802,232

Note 22 - Contingencies:

a. The Group is involved in several lawsuits and claims derived from the ordinary course of business. It is expected that the outcome of these matters will not have significant adverse effects on the Group's financial position and future consolidated results of operations.

b. The Company recorded an environmental reserve as part of the acquisition of the manufacturing and warehousing assets located in Lawrenceburg, Indiana. The Company has complied with all environmental regulations and has no knowledge of any violations (See Note 2.19).

Note 23 - Commitments:

On February 2, 2020, the Company signed a three-year contract for the purchase of electricity, commencing from the date on which the electricity supply is carried out for the first time, which as of the date of issuance of these consolidated financial statements, has not occurred.

Note 24 - Approval of issuance of the consolidated financial statements:

The consolidated financial statements were approved for issuance on February 16, 2023, by the Board of Directors and are subject to approval by the general stockholders meeting.