

1Q24 Conference Call Guidelines

Miguel Ángel Peirano: Good morning and welcome to Coca-Cola Andina's first quarter 2024 earnings conference call.

We began 2024 reporting solid financial results. In local currency, adjusted EBITDA increased 46.4% in Brazil, 17.1% in Paraguay, and 9.4% in Chile. On the other hand, in Argentina we had a challenging quarter due to the fragile macroeconomic situation that the country is going through, which resulted in a 14.2% reduction in adjusted EBITDA in local currency (in real terms). Thus, the Company's consolidated EBITDA reached Ch\$160,412 million, which represented a growth of 25.9% compared to the same period of the previous year, while the adjusted EBITDA margin expanded 178 basis points, reaching 19.9%. Excluding the Argentina operation, the Company's EBITDA grew by 35.7% compared to the same period of the previous year.

In terms of sales volume, we continued to show solid growth in Brazil and Paraguay, which reached 9.7% and 9.4%, respectively, with respect to the same period of the previous year. On the other hand, the Chilean operation showed a volume reduction of 2.9%, while the Argentine operation showed a contraction of 23.2%, explained by the aforementioned factors. Thus, consolidated volume decreased 2.6% in the quarter, but excluding the Argentina operation, it increased 3.6%.

In January, we inaugurated a new high-capacity production line at our Renca plant, which allows us to produce carbonated beverages as well as flavored waters and plain waters.

Finally, in February we received the results of our participation in the Carbon Disclosure Project (CDP), a global platform that allows companies and cities to manage, disclose and share relevant information about their environmental impacts. The result was very positive given that we achieved an A- rating, thus becoming part of the group of leaders in this global platform.

Andres will now comment on the **Company's financial results:**

Andrés Wainer: Good morning,

Firstly, I would like to remind you that the figures analyzed incorporate the application of IAS 29. The figures for our Argentine operation for both the first quarter of 2023 and the first quarter of 2024 are presented in local currency as of March 2024.

Regarding the exchange rates of the other countries where we have operations and their effect on the consolidation of the figures, this quarter we had a positive impact when consolidating the figures from our operations in Brazil and Paraguay. In the case of Argentina, the effect was also positive when considering the application of IAS 29.

For each of our franchises, the figures we will analyze in each of them will be in nominal local currency, and in the case of Argentina, as mentioned above, they will be in real currency, as of March 2024.

In Argentina, Net Sales decreased 17.1% in the quarter, which was mainly explained by the decrease in volume already mentioned by Miguel Ángel, partially offset by the increase in the average revenue per unit case sold, as a result of the price increases made.

Cost of Sales decreased 17.4% in the quarter, which is mainly explained by the lower volume sold, a lower cost of concentrate and the lower cost of Pet resin. This was offset by higher labor costs and higher sugar costs.

Distribution Costs and Administrative Expenses decreased 15.5% in the quarter, which is mainly explained by lower freight and distribution costs, due to lower volume sold, and lower marketing expenses. This was partially offset by higher labor expenses.

Finally, Adjusted EBITDA decreased 14.2% in the quarter, and the Adjusted EBITDA margin expanded 82 basis points to 23.9%. Argentina accounted for 25.8% of the Adjusted EBITDA generated by the Company.

In Brazil, Net Sales increased 17.7%, mainly explained by the aforementioned increase in volume and the increase in the average revenue per unit case sold.

Cost of Sales increased 10.3%, which is mainly explained by the higher sales volume, a shift in the mix towards higher unit cost products, a higher cost of concentrate due to price increases and a higher cost of sugar. This was partially offset by the lower cost of Pet resin.

Distribution Costs and Administrative Expenses increased 14.2%, which is mainly explained by higher distribution expenses due to higher sales volumes, higher labor expenses, and higher marketing expenses.

Adjusted EBITDA in Brazil increased 46.4% in the quarter and Adjusted EBITDA margin was 21.0%, an expansion of 413 basis points. Brazil accounted for 30.1% of the Adjusted EBITDA generated by the company.

In Chile, Net sales increased 3.4% in the quarter, mainly explained by the increase in the average revenue per unit case sold as a result of price increases, partially offset by the aforementioned decrease in volume.

Cost of Sales increased 3.1%, which was mainly explained by a shift in the mix towards higher unit cost products, the negative effect of the exchange rate devaluation on our dollarized costs, and the increase in the cost of certain raw materials, especially sugar. This was partially offset by the lower cost of Pet resin.

Distribution Costs and Administrative Expenses increased 2.1% in the quarter, which is mainly explained by a higher cost of labor and services provided by third parties, and higher marketing expenses. This was partially offset by lower freight costs due to lower sales volume.

Adjusted EBITDA increased 9.4% in the quarter and the Adjusted EBITDA margin reached 15.1%, an 83 basis point expansion over the previous year. In the period, the Chilean operation represented 30.0% of the Adjusted EBITDA generated by the company.

In Paraguay, Net Sales grew 18.0% in the quarter, which was mainly explained by the aforementioned increase in volume and a higher average revenue per unit case sold.

Cost of Sales increased 18.1%, which was mainly explained by the higher volume sold, a shift in the mix towards higher unit cost products, and a higher cost of sugar. This was partially offset by the lower cost of Pet resin.

Distribution Costs and Administrative Expenses increased 17.7%. This is mainly explained by higher labor costs and services provided by third parties, higher marketing expenses, and higher distribution expenses due to higher volume and higher tariffs.

Adjusted EBITDA increased 17.1% in the quarter and the Adjusted EBITDA margin reached 31.0%, a contraction of 26 basis points from the previous year. Paraguay accounted for 14.1% of the company's Adjusted EBITDA.

This opens the floor for any questions you may have.

Jorge Mauro: My question concerns Argentina's operation. I mean, it's surprising that margins are expanding despite such a significant decline in volumes. So I wanted to learn more about the pricing policy and your plans for the rest of the year.

Miguel Ángel Peirano: In Argentina, maintaining margins requires, as you mentioned, a very refined revenue management policy, which we have been implementing for several years despite all of Argentina's price restrictions, as well as strict cost control and cost reduction through systematizations and automations. We have been preparing to confront the storm that we expected, and all of the preventive steps we have implemented are generating results, which is why we are able to retain our margins. Looking ahead, we anticipate that the economy will pick up speed in the third quarter or around that period, as a result of the population's improved purchasing power resulting from the low rate of inflation that is taking place and this will revitalize the market or start the process, so in the short term we will continue doing what we are doing and preparing ourselves for the growth that hopefully will come quickly.

Jorge Mauro: And in that sense, that is, when we see that dynamic, if some real wage indicators have already started to grow, as the economy recovers and volumes start to grow, considering the margin that we had in the first quarter, could we expect Argentina to operate in the future with a margin that is perhaps higher than that of Chile or Brazil?

Miguel Ángel Peirano: Well, actually we have to see how the variables continue moving. We will continue with our policy of cost austerity, making the necessary investments, because this does not mean that we will not carry out our responsibilities. For example, last year, when there was still a lot of uncertainty about how Argentina would proceed after the elections, we decided to reopen the Mendoza plant in order to optimize logistic costs due to the growth of returnable bottles, particularly in Mendoza. As a result, we are prepared to absorb the growth and ideally convert the majority of it into increased profitability and EBITDA margins.

Alejandro Fuchs: Thank you, good morning. Hello, Andrés, Miguel Ángel. Thanks for the call and the time for questions. I had two quick questions about Chile and Brazil. In Brazil, actually, a very good result, very strong, both in terms of volume and consumption. I wanted to ask you what your expectations are for Brazil going forward, and if you believe the strong volume growth will continue for the rest of the year. And in Chile, the opposite question, I was surprised by the volumes, which may have fallen more than expected. I wanted to know what the reason for the drop in volumes in Chile was? what do you expect going forward? And if you can provide us more information, both in Brazil and in Chile, about what is explaining the dynamics, I believe it would be quite helpful. Thank you very much.

Miguel Ángel Peirano: Hello, Alejandro. Good morning. Yes, in the case of Brazil, we are very pleased with the operation's results, particularly the volume growth and how this volume growth has been translated into a significant increase in EBITDA and profits. And, going forward, we remain optimistic in Brazil. We believe that Brazil will continue to grow. We don't see any indication, in terms of economic movement, that this will cause any adjustment. Clearly, there is the difficulty of comparing it to the previous year. In the second part of the year, in the case of Brazil, we face considerably more challenging comparisons. However, in Brazil, we see that it will continue at its current speed. In the case of Chile, what we're witnessing is that the economy has been a little slow in terms of consumption and is gradually reactivating. As a result, the decrease in volume that we experienced in Chile was largely due to a lack of dynamic consumption, but we expect that as we receive and comprehend Chile's economic indicators, it will gradually improve. Therefore, we are optimistic for the future of Chile. Perhaps not, and certainly not on the scale of Brazil in terms of volume, but Chile will begin to improve in comparison to previous years.

Andrés Wainer: I would also add that in the case of Chile, as of July, there is a significant increase in the minimum wage, which should also help Andina's volumes. And also last year, the second half of the year in Chile was very bad for climatic reasons. We had temperatures 2-3 degrees below the previous year. With a little bit more normal weather, Chile's volume also should be quite positive, especially in the second half of the year.

Alejandro Fuchs: Maybe the last one, quickly if I can, is the issue of the isotonic tax that has been, I think it has been approved. Has it had any effect yet? Has this tax already started to be collected or not? Did that also have any impact on the volume of this quarter?

Andrés Wainer: Well, this tax starts in June, so it has not started yet. We will pass on the cost of that to the consumer. It is impossible to know exactly what the effect on volumes will be. But we believe that it should not be so relevant and the total annualized effect should be around 2,000, 2,500 million pesos, in a full year. Now, in parallel, we filed an appeal in the tax courts because we believe that this is an arbitrary thing, it is a change in the criteria of the internal tax service, to start charging this IABA both for isotonic and juices, or nectars. So we are still waiting to see what happens with this resource, but as I mentioned before, the most likely outcome, is that we will pass on this higher cost to the consumer.

Constanza González: Hi, good morning, Miguel Ángel and Andrés. Thank you very much for taking my question. I have two, mainly. First, on the one hand, yes, in relation not only to Chile, but also to the other regions, do you still see room for price increases beyond this increase in prices due to the tax in the case of Chile? And, on the other hand, while EBITDA margin improved compared to last year, in the first quarter of 2023, we saw higher marketing and other expenses, which increased by over 15% year on year. I am not sure if you could tell me if you see an improvement in margins on that side, by reducing marketing or other related expenses. Thank you very much.

Miguel Ángel Peirano: How are you, Constanza? Good morning. Well, regarding the issue of prices in Chile and in the rest of the countries, we always try to go in line with inflation, especially in our costs. The fact that this tax becomes an additional cost will undoubtedly have an impact, and we reinforce this every time we make this type of increase in the execution in order to minimize the impact. Of course, there is always some impact, but at the consolidated level, in the end, we have always been able to maintain margins and recover the volumes that have been impacted in the short term, and we expect this to continue in the future.

Andrés Wainer: Constanza, regarding your question about marketing expenses, in general marketing expenses are a percentage of each country's revenue and they are quite stable over time, even when you look at a full year. In a quarter it can go up in a relevant way or go down, but otherwise the whole year tends to be quite stable. And, in general, EBITDA margins are very steady; we attempt to defend them while also hoping to improve margins over time due to economies of scale. This year, in particular, we will most likely see Brazil with a greater margin than the previous year, Paraguay and Chile with similar, if not slightly higher margins, and Argentina with slightly lower margins than the previous year, but Argentina is extremely difficult to estimate.

Lucas Ferreira: Yes, well, good afternoon Miguel Ángel, Andrés, Paula, thank you for taking my question. Well, I've got two. The first one regarding Brazil, could you elaborate on which regions are performing better? I recall Rio being a little weaker last year, and they are already seeing a little bit of a recovery in volumes in Rio, and I know it was also a very hot quarter here in Brazil, so if you can provide a little more information in terms of market share, if you are increasing market share, and margins, if, as Andrés mentioned, you expect margins to be a little stronger in Brazil. If this is due to a couple of lower expenses, or if the company is also experiencing a mix of execution effects. To better understand how sustainable these margin levels are, they are slightly higher in Brazil this year. The second question concerns the hedging aspect of the move in Chile. I'm a little concerned about the position of the Chilean peso; when do you think it will have an influence on the company's numbers? Are you prepared on the price front to try to mitigate the impact of the exchange rate on your costs? Thank you.

Miguel Ángel Peirano: Hello Lucas, very good morning. Well, Brazil's growth has been sustained across all regions, particularly in Ribeirão Preto. The region of Sao Paulo has had the most significant expansion due to its rich resources and strong dynamic, making it more relevant than other regions; followed by Espírito Santo and Rio de Janeiro are the most economically difficult states, yet have shown sustainable growth. So we believe that this will continue in the future, and as you mentioned, in the first part, we had a booster, which was the heat that surely supported growth. Hopefully, it will continue, although it is not solely attributable to this component, but also to an increase in consumption across Brazil. In terms of market share, we have done very well and are growing in some segments. In terms of margins, due to a scale effect, to the extent that fixed costs are controlled in this business and volume grows with a price in line with inflation, not only EBITDA but also margins grow in a meaningful way. And that is what we expect in the future.

Andrés Wainer: Hi Lucas, how are you? Regarding the issue of Chile and the effect of the exchange rate on costs, it hit us in the first quarter, but not significantly, because we had much lower exchange rate coverage, but from Q2 onwards, the higher exchange rate in Chile, which today is around 950 and was around 820 last year in these months, should begin to hit us these months. Yes, we always strive to convert that into price. We always want to preserve margins, which means passing on our cost inflation to prices, but we must also constantly evaluate how we are performing in comparison to the competitors. We have to attempt to keep the price difference with the competitors from becoming too large, which is always a limiting issue in pricing.

Felipe Ucros: Thank you Operator. Good morning Miguel Ángel and Andrés. Thank you for the space. My question is about Brazil. The country's gross margins expanded significantly. I would appreciate it if you could tell us what the most important factors were on the gross margin side. It appears to be the PET issue, but I needed to confirm that it was the most critical driver. Also, if you believe that these gross margin levels can be maintained or increased. I understand that you expect the EBITDA margin to be higher for the full year, but I wanted to check if the gross margin could be maintained at those levels. Thank you.

Andrés Wainer: Hello, Felipe. How are you? In general, we believe that the margins and the growth in margins that we have experienced are pretty sustainable. Pricing plays a significant role. We're already pricing somewhat above inflation. Furthermore, both variable and fixed costs have been kept under tight control. Sugar has had a negative impact on our variable costs and will continue to do so in the first half of the year. However, starting in the second half of the year, this should no longer be an issue. On the other side, PET resin has proven beneficial to us. Above all, it will benefit us over the first part of the year. In the second half of the year, the resin cost will most likely be similar to the previous year's. However, in general, the year should have a higher gross margin than the previous year. We should be able to maintain what we are seeing right now.

Felipe Ucros: A really clear response. Thank you very much. And now, I'd like to follow up on the differences between non-alcoholic and alcoholic items. I was a bit surprised to observe that the beer category expanded in Chile and Argentina, while the volume of non-alcoholic products decreased. Is there a notable change in trends? I'm not sure if the variation in volumes was driven by differences in how prices or categories moved, or something similar. Because, as far as I recall, non-alcoholics have grown faster than alcoholics in recent quarters.

Andrés Wainer: In Chile we gained market share in beer. And that is what mainly explains why volumes have been positive in this quarter. I would say that is the big part of the explanation.

Carlos Laboy: I was hoping you might provide some insight into how the discount issue is progressing, the discount environment in the competitive environment in Chile. Second, Andina has always done an excellent job of managing pricing, volume, and mix to meet each country's targets. But could you comment on how digital tools affect the speed and precision of the adjustments you make with promotions and execution in order to achieve the goals you seek and promote the development of the market in each country without diverting too far from macro issues?

Miguel Ángel Peirano: Hello, Carlos. How are you? Good morning. Regarding the subject of discounts in Chile, we attempt to keep a calendar of activities comparable to what we have historically kept our prices in line with inflation, and it is dependent on the programs that we coordinate with The Coca-Cola Company. We carry out activities for another brand in accordance with a plan and strategy that we developed collectively. Regarding digital tools, they are certainly quite useful in all aspects of revenue management, discount management, and promotions. And this is mostly because, as you are aware, we have increasingly unified our systems in an SAP that is the same for all operations, so that the learning and development that we undertake in one location is immediately repeated in the other of the countries. And all of our data, coupled with AWS, is in the cloud, in a data lake, which allows us to quickly access and apply artificial intelligence

technologies to understand what is going on in the market and with consumers. This, combined with the fact that direct sales to consumers allow us to have direct information on what the consumer's changes and requirements are without having to go through the trade, allowing us to respond faster and with greater clarity in the analysis by having this data and understanding the trends. As a result, in terms of planning, strategy, and tactics for promotional activities involving discounts and brands, the fact that we have had this digital evolution within the organization, as well as all of the tools that are accessible today, gives us a really good ability to make better judgments. Also, to reinforce execution, because one can grasp more quickly and precisely where the problems are and act much more focused than a decision made based on what one reads in Nielsen, which is more general and less defined. Without a doubt, they are an excellent tool for continuous improvement in terms of execution and market activities.

Carlos Laboy: Miguel Ángel, how much capacity was there a couple of years ago?

Miguel Ángel Peirano: Well, I believe that the great change has occurred during the last two or three years. We spent some time preparing the company because we did not want to digitalize it. And when I say digitize the company, I mean digitalize everything we used to do manually or non-digitally. Rather, we are changing ourselves into a digital company, which differs significantly from digitizing the company. It is to use the tools but think in a digital manner. So, first and foremost, we needed to have the foundation and tools to work in that manner. And today, in the last two or three years, we have made significant progress and hastened implementation, which has been made possible by the ease with which this can be replicated in other countries.

Carlos Laboy: Thank you very much. I think it was a very different first step than other companies take.

Miguel Ángel Peirano: Thank you very much, Carlos. We are convinced that it is the correct one, because it is always a good idea to prepare before running, right? And our initial concept was to prepare ourselves well, understanding that we might fall behind at first, but with far higher speed, sustainability, and capacity to duplicate in the future since the company was prepared for it. Thank you very much, Carlos.

Carlos Laboy: Thank you. Congratulations.

Moderator: Okay. We have a text question from Gerardo Infante from Stars Investments. Hi, with respect to alcohol volumes in Brazil, what stabilized magnitudes do you expect to reach once the new beer plant is operating?

Miguel Ángel Peirano: Hello, Gerardo. In terms of beers in Brazil, our decision is not to become a beer company, but to be an active participant in the premium and super premium segments, where the goal is to have brands and the capacity to supply the high and very high segments of the category without necessarily competing in the mainstream, where we understand there is a lot of competition and certainly more volume, but lower margins. As a result, the plant is operational in terms of time, and in its early stages, we intend to reach one million hectoliters and then see how to proceed, but the goal here is to generate brands, strengthen premium brands, and gradually grow.

Moderator: Thank you. We have a related question from Patricio de la Torre from Sagil Capital. In the report you mention a drop in beer sales in Brazil, what was that due to and how are you viewing competitors?

Miguel Ángel Peirano: Essentially, the decrease of beers is more tied to mainstream beers, in which we are participating and repositioning ourselves, but without increasing our presence in the premium and super premium segments until we run out of available capacity. Today, we ship beer from the south of Brazil via a Toll Packer, which not only incurs costs but also adds logistical complexity that we do not want to increase in the short term, knowing that we will soon have our plant with available capacity, producing in Rio de Janeiro, which will not only significantly reduce costs and thus margins, but also improve the entire logistical aspect. So, if I had to say, we haven't actually started the race yet; we're just finishing up the tool preparation, and this is our plan to do it.

Moderator: Thank you. We have a direct question from Javier Toledo, from Itaú. Hi everyone, I wanted to know what the expectations for the behavior of commodity prices for the rest of the year are, especially sugar and PET resin and if the gross margin obtained in the first quarter is sustainable for the following quarters. Thank you very much.

Andrés Wainer: In terms of commodity pricing, we anticipate that current prices for PET resin will remain quite low throughout the year. And, while the current sugar prices are fairly high, the prices we have established for the second half of the year are quite similar to those of the previous year. As a result, the negative effect that we experienced in the first quarter and will experience in the second quarter relative to the prior year should be eliminated in the second half of the year. And we're already starting to fix sugar for the first and second quarters of 2025 at lower costs than this year. Regarding whether the gross margin is sustainable, yes, because there is a risk in Chile due to the high exchange rate, which we will begin to see in the P&L in the coming months and will obviously try to transfer that to the price, but that will also depend on what happens with the competition.

Moderator: Okay, thank you. And we have a question from Benjamin Guevara. Hello, congratulations on the results. I was wondering if you could give us some guidance on the behavior of volumes for the rest of the year as a result of the pricing effect on inflation. Does it make sense to sensitize on the movement of both metrics, but with the expected inflation for the next nine months?

Miguel Ángel Peirano: As previously stated, we expect that things will begin to improve in Argentina in the third quarter due to an increase in people's purchasing power and a consolidation of the changes that are taking place, and that volume will begin to respond favorably at that time. Given the number and depth of the changes occurring in Argentina, making projections is clearly difficult. Now that these changes

are being promoted, we are optimistic about the impact they will have, and we believe that the situation will begin to improve in the second part of this year.

Moderator: Thank you. There are no further questions at this time. Mr. Peirano, do you have any final comments?

Miguel Ángel Peirano: *I simply want to thank you for your time, your participation in this call and your interest in Coca-Cola Andina's results. As always, our investor relations team and management are and will be available to meet with you and answer any questions you may have. We remain at your disposal. Have a good day.*