

EARNINGS RELEASE

ARCA CONTINENTAL REPORTS EBITDA GROWTH OF 1.2% AND MARGIN EXPANSION OF 20 BPS IN 1Q24

Monterrey, Mexico, April 25, 2024 – Arca Continental, S.A.B. de C.V. (BMV: AC*) (“Arca Continental” or “AC”), the second-largest Coca-Cola bottler in Latin America, announced its results for the first quarter of 2024 (“1Q24”).

Table 1: Financial Highlights

CONSOLIDATED DATA IN MILLIONS OF MEXICAN PESOS			
	1Q24	1Q23	Variation %
Total Beverage Volume (MUC)	565.0	564.3	0.1
Net Sales	50,743	50,684	0.1
EBITDA	9,663	9,550	1.2
Net Income	3,761	3,731	0.8

Total Beverage Volume includes jug water.

Net sales not including Revenues outside the territory (OT) in USA.

EBITDA = Operating income + Depreciation + Amortization + Non Recurring Expenses

1Q24 HIGHLIGHTS

- Net Sales remained stable when compared to 1Q23, to Ps. 50,743 million.
- EBITDA grew 1.2% to Ps. 9,663 million with a margin of 19%.
- Net Income was Ps. 3,761 million, up 0.8% and reaching a margin of 7.4%.

COMMENTS FROM THE CHIEF EXECUTIVE OFFICER

“We began 2024 with favorable results for the first quarter, registering stable sales and an expansion in EBITDA margins, driven by the commitment and professionalism of our associates and the strengthening of new value avenues, which support the solidness of our sustainable business model even during times of challenging conditions in the territories we serve”, stated Arturo Gutierrez, Chief Executive Officer of Arca Continental.

“Throughout this year, we will continue strengthening our long-term profitable growth strategy, as well as the constant transformation of our operating capabilities according to the new market dynamics, within a framework of shared value for the communities that interact with us on a daily basis”, added Gutierrez.

CONSOLIDATED RESULTS

The figures presented in this report were prepared in accordance with International Financial Reporting Standards ("IFRS").

TABLE 2: CONSOLIDATED DATA

	1Q24	1Q23	Variation %
Volume by category (MUC)			
Colas	286.2	281.7	1.6
Flavors	104.7	107.8	-2.9
Sparkling Total Volume	390.8	389.5	0.3
Water*	67.9	67.4	0.7
Still Beverages**	53.8	51.8	4.0
Volume excluding Jug	512.5	508.7	0.8
Jug	52.5	55.6	-5.6
Total Volume	565.0	564.3	0.1
Income Statement (MM MXP)			
Net Sales***	50,743	50,684	0.1
EBITDA	9,663	9,550	1.2
EBITDA Margin	19.0%	18.8%	20 bp

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, isotonic, energy drinks, juices, nectars, fruit, and alcoholic beverages.

*** Net Sales not including Revenues outside the territory (OT) in USA.



FINANCIAL ANALYSIS

INCOME STATEMENT

- Net sales for 1Q24 increased 0.1% (8.5% on a currency-neutral basis) to Ps. 50,743 million compared to 1Q23. During the quarter we posted positive performance in most of our operations despite a strong appreciation of the Mexican peso versus other currencies.
- Consolidated sales volume in 1Q24 grew 0.8%, excluding jug water, mainly driven by growth in still beverages and colas, up 4.0% and 1.6%, respectively.
- Cost of sales for the quarter decreased 1.8% supported by lower prices for most of our raw materials, as well as favorable hedging in FX.
- In 1Q24, consolidated gross profit increased 2.4% to Ps. 23,620 million, reflecting a gross margin of 46.5% and an expansion of 100 basis points, mainly driven by better raw material prices.
- Selling and administrative expenses rose 2.7% to Ps. 16,346 million in 1Q24, reflecting marketing and maintenance expenses incurred to be prepared to meet the high season demand.
- In 1Q24, consolidated operating income was Ps. 7,531 million, 2.0% higher than 1Q23, representing an operating margin of 14.8% and an increase of 20 basis points this quarter.
- Consolidated EBITDA for 1Q24 increased 1.2% (8.7% on a currency-neutral basis) to Ps. 9,663 million, representing an EBITDA margin of 19.0%, 20 basis points higher than 1Q23.
- Comprehensive financing result for 1Q24 was 914 million pesos. This as a result of a combination of higher financing expenses, less financial products, and a negative monetary position.
- In 1Q24, income tax reached Ps. 1,995 million, a reduction of 0.4% versus 1Q23, at an effective rate of 30.5%.
- Arca Continental reported net income of Ps. 3,761 million for 1Q24, 0.8% above 1Q23, reflecting a net margin of 7.4%.

BALANCE SHEET & CASH FLOW STATEMENT

- As of March 31, 2024, the cash balance was Ps. 23,642 million and total debt was Ps. 44,762 million, for a net debt position of Ps. 21,120 million. Net Debt/EBITDA ratio was 0.5x.
- Net operating cash flow reached Ps. 5,973 million as of March 31, 2024.
- CAPEX for the period totaled Ps. 2,527 million, mainly allocated towards strengthening our production capabilities, digitalization initiatives, new beverage categories and shared value projects.



Mexico

Arca Continental reports its information for three regions: Mexico, United States and South America, (which includes Peru, Argentina and Ecuador). Each region includes results for both beverage and complementary businesses.

TABLE 3: MEXICO DATA

	1Q24	1Q23	Variation %
Volume by Category (MUC)			
Colas	172.6	167.0	3.3
Flavors	27.8	28.6	-2.9
Sparkling Total Volume	200.3	195.6	2.4
Water*	31.8	30.9	2.9
Still Beverages**	20.8	18.9	10.0
Volume excluding jug	252.9	245.4	3.1
Jug	50.1	53.1	-5.7
Total Volume	303.0	298.5	1.5
Mix (%)			
Returnable	27.9%	29.0%	-1.1
Non Returnable	72.1%	71.0%	1.1
Multi-serve	57.8%	56.6%	1.1
Single-serve	42.2%	43.4%	-1.1
Income Statement (MM MXP)			
Net Sales	23,313	21,651	7.7
EBITDA	5,175	4,720	9.7
EBITDA Margin	22.2%	21.8%	40 pb

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, isotonic, energy drinks, juices, nectars, fruit, and alcoholic beverages.



OPERATING RESULTS FOR MEXICO

- Net sales for Mexico for 1Q24 increased 7.7% reaching Ps. 23,313 million, mainly driven by selective pricing adjustments. On average, price per case excluding jug was of Ps. 85.01, an increase of 5.2%.
- Sales volume, excluding jug water, reached 252.9 MUC in the quarter marking the highest growth for a first quarter since 2017. This growth was driven by a solid performance in colas, up 3.3%, and the stills portfolio up 10%.
- During 1Q24, EBITDA for Mexico rose 9.7% to Ps. 5,175 million, representing a margin of 22.2%, an expansion of 40 basis points. This result demonstrates the resilience of our Mexican beverage business, which has posted 31 consecutive quarters of EBITDA growth.
- The soft drink category represented more than 65% of total volume growth. Coca-Cola Sin Azucar grew 15% in the quarter driven by higher coverage in the traditional channel.
- In 1Q24, all channels reported a positive performance. Growth was driven by the modern channel, which increased 10.2%. The traditional channel also posted solid growth of 1.3% supported by our digital capabilities.
- The AC Digital platform represented over 64% of sales volume for the traditional channel during the first quarter with more than 90% of customers registered.
- This year we will continue with our successful limited-edition flavors campaign from Coca-Cola Creations: “K-WAVE”.
- In 1Q24, we increased our market share of NARTD beverages in Mexico.
- Regarding our snacks business in Mexico, Bokados reported mid-single digit growth in sales and logged its twenty-sixth consecutive quarter of revenue growth. The modern channel had the best performance, as a result of our solid execution at the point of sale.
- Bokados is increasing its program to distribute products of leading consumer brands.
- Revenues from the BBOX vending operation in Mexico reached 22.2%, driven by the expansion of micromarkets¹. At the end of 2023, we served over 400 micromarkets in Mexico, the U.S. and Peru.

¹ Micromarkets are open, commercial spaces located in controlled environments where consumers can purchase food and beverages through a self-serve kiosk.



United States

The U.S. includes the beverage businesses of CCSWB and the snacks businesses of Wise and Deep River.

TABLE 4: UNITED STATES DATA

	1Q24	1Q23	Variation %
Volume by Category (MUC)			
Colas	47.5	46.3	2.6
Flavors	26.9	26.9	-0.1
Sparkling Total Volume	74.4	73.2	1.6
Water*	12.2	11.3	7.5
Still Beverages**	16.2	15.9	1.6
Total Volume	102.7	100.4	2.3
Mix (%)			
Multi-serve	66.3%	65.7%	0.6
Single-serve	33.7%	34.3%	-0.6
Income Statement (MM MXP)			
Net Sales***	17,842	18,391	-3.0
EBITDA	2,731	2,672	2.2
EBITDA Margin	15.3%	14.5%	80 bp

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, isotonic, energy drinks, juices, nectars, and fruit beverages.

*** Net Sales not including Revenues outside the territory (OT) in USA.

OPERATING RESULTS FOR THE U.S.

- Net sales for the U.S. in 1Q24 decreased 3.0% to Ps. 17,842 million. Sales volume for the quarter was 102.7 MUC, up 2.3%, driven by the colas and water categories, up 2.6% and 7.5%, respectively.
- EBITDA for the U.S. reached Ps. 2,731 million, an increase of 2.2% and representing an EBITDA margin of 15.3%, an expansion of 80-basis points compared to 1Q23. This result marks the most profitable first quarter since we started operations in the U.S.
- Average price per unit case rose 4.6% to US\$9.65 with a true rate increase of 5.3%. We remain focused on the optimal execution of packages with higher profitability, driven by our commercial promotion optimization tool.
- In 1Q24, volume from the supermarket and convenience store channels grew 2.2% and 4.3%, respectively.
- This quarter we continue driving innovation and launched more than 70 new SKUs, including Coca-Cola Spiced.



- Coca-Cola Southwest Beverages received the North America Market Street Challenge award, the highest distinction for the Coca-Cola system, due to its excellence in execution.
- Over the next three years, we will conduct an expansion plan of US\$168 million at our Fossil Creek plant in Fort Worth, Texas. This plan includes the addition of two new production lines and more than double the warehousing space.
- Our investment program focuses on using the latest technology in production and warehousing operations.
- During the quarter, Wise Snacks inaugurated its new distribution center in Pennsylvania with a capacity of 256,000 square feet.



South America

South America includes beverage operations in Peru, Argentina, Ecuador and the Inalecsa snacks business.

TABLE 5: SOUTH AMERICA DATA

	1Q24	1Q23	Variation %
Volume by Category (MUC)			
Colas	66.2	68.4	-3.3
Flavors	50.0	52.3	-4.4
Sparkling Total Volume	116.2	120.7	-3.8
Water*	23.9	25.2	-5.2
Still Beverages**	16.9	17.0	-0.6
Volume excluding jug	156.9	162.9	-3.6
Jug	2.4	2.5	-2.5
Total Volume	159.3	165.3	-3.6
Mix (%)			
Returnable	31.4%	29.6%	1.8
Non Returnable	68.6%	70.4%	-1.8
Multi-serve	66.1%	68.1%	-2.0
Single-serve	33.9%	31.9%	2.0
Income Statement (MM MXP)			
Net Sales	9,588	10,642	-9.9
EBITDA	1,757	2,158	-18.6
EBITDA Margin	18.3%	20.3%	-200 bp

* Includes all single-serve presentations of purified, flavored, and mineral water.

** Includes teas, isotonic, energy drinks, juices, nectars, fruit, and alcoholic beverages.

OPERATING RESULTS FOR SOUTH AMERICA

- Net sales for the South America division reached Ps. 9,588 million in 1Q24, a decrease of 9.9% due to the devaluation of all the currencies in the region versus the Mexican peso.
- In 1Q24, sales volume for South America, excluding jug water, declined by 3.7% to 156.9 MUC as a result of lower volumes in Argentina, partially offset by increases in Peru and Ecuador.



- This quarter, the region was affected by high inflation, public safety issues and macroeconomic changes, for which we are anticipating a complex economic landscape for the first half of this year and a gradual recovery in the second half driven by growth in Peru.

Peru

- In 1Q24 sales volume for Peru increased 3.8% to 90.1 MUC due to growth in colas and still beverages, up 6.2% and 24.7%, respectively, making this the highest volumes for a first quarter since we initiated operations in Peru in 2015.
- The average price rose 3.1% in the first quarter with a 4.3% true rate increase and a positive mix effect of 0.1%.
- During the quarter, the traditional channel posted a notable performance growing 4.2%, supported by returnable packages.
- In addition, we continue to see positive results in our multicategory pilot program, with higher sales of products in our core portfolio and accelerated digitalization of the traditional channel.

Ecuador

- Sales volume this quarter for Ecuador increased 3.5%, driven by the colas category which grew 6.2% and Coca-Cola Sin Azucar which grew 15.8%.
- During the quarter, the modern and traditional channels grew by 19.0% and 5.0%, respectively.
- Revenues rose by 5.1% with EBITDA up 7.7% in the midst of a complex economic climate during 1Q24.
- The average price per unit case for the first quarter registered an increase of 1.7%.
- Tonicorp posted an 8.5% decline in sales volume during the first months of 2024. The dairy industry has experienced a contraction in volume and value compared to last year. However, the ice cream category grew 5.8% and continues gaining market share.
- Inalecsa posted a decline in volume of 4.3% and in net sales of 1.2%.

Argentina

- During 1Q24, sales volume in Argentina decreased 26.1% due to the country's currency devaluation, triple-digit inflation, and high interest rates which continued to negatively impact consumer spending.
- This quarter, we strengthened our market leadership with value share gains in NARTD, by driving affordability and promoting returnable packages, which were up 10.2 percentage points.
- Despite the economic challenges present in Argentina due to high inflation and currency devaluation, we expect that in the second half of the year, the economic recession in this country will lessen.



ESG

- For the second straight year, Arca Continental was included in S&P Global's Sustainability Yearbook, which recognizes the world's leading companies in terms of corporate sustainability for their impact in environmental, social, and corporate governance matters.
- At the end of 2023, we reached an average of 27% of recycled material in our packaging, collecting six of every ten bottles we place in the market.

RECENT EVENTS

- Our subsidiary, AC Bebidas, successfully issued Ps. 7.4 billion in local bonds, obtaining the highest credit ratings in Mexico. The placement consisted of two tranches, one for Ps. 6.4 billion with a term of 8 years at a fixed rate of 9.85%, and another for Ps. 1 billion for 3.2 years at a variable rate equal to the Interbank Interest Rate plus ten basis points. The transaction attracted significant interest from a diverse base of investors, reaching an oversubscription of 1.55 times the amount issued.
- On March 21, 2024, the Annual Shareholders' Meeting of Arca Continental approved the payment of a cash dividend of Ps. 3.80 per share, in one single payment. This dividend was paid on April 11, 2024, and represented a payout ratio of 37% of retained earnings.
- On March 21, 2024, Arca Continental announced that during 2024 it will invest over Ps. 17,000 million, allocated towards strengthening production capacities, digitalization initiatives, new beverage categories and shared value projects. Approximately 55% of these total resources will be allocated to operations in Mexico, while the other 45% will go towards the U.S. and South America.
- Moody's affirmed AC's credit rating on a global scale of 'A3' with stable outlook, one of the highest credit ratings among Mexican companies. Moody's highlighted the solid financial profile of AC and its resilience to challenging macroeconomic conditions.



CONFERENCE CALL INFORMATION

Arca Continental will host a conference call to discuss these results on April 25, 2024, at 9:00 am Mexico/Monterrey time, 11:00 am New York time. A live webcast of this event will be available at www.arcacontal.com or via telephone using the following numbers:

To participate, please dial:

+1-800-225-9448 (U.S. participants)

+1-785-424-1789 (International participants) (new number)

Passcode: 36151

About Arca Continental

Arca Continental produces, distributes, and markets beverages under The Coca-Cola Company brand, as well as snacks under the Bokados brand in Mexico, Inalecsa in Ecuador, and Wise and Deep River in the United States. With an outstanding history spanning more than 98 years, Arca Continental is the second-largest Coca-Cola bottler in Latin America, and one of the largest in the world. Through its Coca-Cola franchise, the company serves more than 128 million people in the Northern and Western regions in Mexico, as well as in Ecuador, Peru, in the Northern region of Argentina, and in the Southwestern United States. Arca Continental is listed on the Mexican Stock Exchange under the ticker "AC". For more information about Arca Continental, please visit www.arcacontal.com

This material may contain forward-looking statements regarding Arca Continental and its subsidiaries based on management's expectations. This information as well as statements regarding future events and expectations is subject to risks and uncertainties, as well as factors that could cause the results, performance, and achievements of the Company to differ at any time. Such factors include changes in the general economic, political, governmental and commercial conditions both domestically and globally, as well as variations in interest rates, inflation rates, exchange rate volatility, tax rates, the demand for and the price of carbonated beverages, water, and the price of sugar and other raw materials used in the production of sparkling beverages, weather conditions and various others. As a result of these risks and factors, actual results could be materially different from the estimates provided; therefore, Arca Continental does not accept responsibility for any variations or for the information provided by official sources.



Arca Continental, S.A.B. de C.V. and Subsidiaries

Consolidated Income Statement

(millions of Mexican pesos)

	1Q24	1Q23	Variation	
			MM MXP	%
Net Sales	50,743	50,684	59	0.1
Cost of Sales	27,123	27,627	-504	-1.8
Gross Profit	23,620	23,057	562	2.4
	46.5%	45.5%		
Selling Expenses	13,769	13,553	217	1.6
Administrative Expenses	2,577	2,371	206	8.7
Total Costs	16,346	15,923	423	2.7
	32.2%	31.4%		
Non Recurring Expenses	18	19	-1	-6.7
Operating Income before other income	7,256	7,115	141	2.0
Other Income (Expenses) ^{1,2}	276	271	5	1.8
Operating Income	7,531	7,386	146	2.0
	14.8%	14.6%		
Interest Expense Net	-676	-435	-241	-55.5
Exchange Gain (Loss)	43	-235	277	118.2
Monetary position result	-281	-223	-57	-25.7
Comprehensive Financial Results	-914	-893	-22	-2.4
Share of net income of associates ³	-76	33	-109	-331.6
Earnings Before Taxes	6,541	6,526	15	0.2
Profit Taxes	-1,995	-2,003	9	0.4
Non-controlling interest	-785	-792	6	0.8
Net Profit	3,761	3,731	30	0.8
	7.4%	7.4%		
Depreciation and amortization	2,114	2,146	-32	-1.5
EBITDA	9,663	9,550	113	1.2
EBITDA / Net Sales	19.0%	18.8%		

EBITDA = Operating Income + Depreciation and Amortization + Non Recurring Expenses

¹ Includes equity method from our participation in operational companies like Jugos del Valle, IEQSA and Bebidas Refrescantes de Nogales.

² Includes net effect from Revenues outside the territory (OT) in USA.

³ Includes equity method from our participation in non-operational companies like PIASA, PetStar, Beta San Miguel, among others.



Arca Continental, S.A.B. de C.V. and Subsidiaries

Consolidated Balance Sheet

(millions of Mexican pesos)

	March 31	Diciembre 31	Variation	
	24	23	MM MXP	%
ASSETS				
Cash and cash equivalents	23,642	22,128	1,514	6.8
Accounts receivable; Net	18,254	20,217	-1,964	-9.7
Inventories	11,583	10,844	739	6.8
Prepayments	1,589	1,284	306	23.8
Total Current Assets	55,068	54,473	594	1.1
Investments in shares and other investments	10,777	10,304	473	4.6
Property, plant and other equipment	67,422	66,311	1,112	1.7
Assets right of use	851	913	-62	-6.8
Other non current assets	107,639	106,939	699	0.7
Total Assets	241,757	238,939	2,818	1.2
LIABILITIES				
Short term bank loans	5,919	11,864	-5,945	-50.1
Suppliers	11,640	14,199	-2,559	-18.0
Short term lease	470	507	-37	-7.3
Accounts payable and taxes	27,731	20,480	7,251	35.4
Total Current Liabilities	45,760	47,050	-1,290	-2.7
Bank Loans and long term liabilities	38,843	33,374	5,469	16.4
Long term lease	479	457	22	4.9
Deferred income tax and others	24,036	23,741	295	1.2
Total Liabilities	109,118	104,622	4,496	4.3
SHAREHOLDER'S EQUITY				
Non controlled participation	28,614	28,823	-208	-0.7
Capital Stock	945	958	-13	-1.3
Retained Earnings	99,319	87,032	12,287	14.1
Net Profit	3,761	17,504	-13,743	-78.5
Total Shareholders' Equity	132,639	134,317	-1,677	-1.2
Total Liabilities and Shareholders' Equity	241,757	238,939	2,819	1.2



Arca Continental, S.A.B. de C.V. and Subsidiaries

Cash Flow Statement

(millions of Mexican pesos)

	March 31	
	24	23
Earnings Before Taxes	6,541	6,526
Depreciation and amortization	2,114	2,146
Foreign exchange / Monetary position result	238	457
Accrued interests	676	435
Gain on sale and fixed assets impairment	248	102
Operating cash flow before taxes	9,817	9,666
Cashflow generated/used in the operation	-3,844	-3,928
Operating cashflow after working capital	5,973	5,738
Investment Activities:		
Capital Expenditures and Investments (Net)	-2,478	-1,738
Financing Activities:		
Share repurchase program	0	-655
Debt financing (amortization)	-224	-90
Paid interests	-1,227	-1,132
Other	-167	-169
Net cash flow from financing activities	1,618	-2,046
Net increase of cash and equivalents	1,877	1,954
Change in Cash	-363	-2,043
Initial cash and equivalents balance	22,128	27,761
Final cash and equivalents balance	23,642	27,673



Additional Financial Information

Information by Segments 1Q24

	Beverage Segments					Other	Eliminations	Total
	Mexico	USA	Peru	Argentina	Ecuador	Business*		
Volume by Segment	303.0	102.7	90.1	30.1	39.1			565.0
Sales by Segment	21,809	16,861	4,535	1,871	2,747	3,411	-491	50,743
Intersegment Sales	-290	0	-38	0	-1	-162	491	0
Net Sales from intersegments	21,518	16,861	4,497	1,871	2,745	3,249	0	50,743
Operating Income	4,137	2,204	835	-43	249	150	0	7,531
EBITDA	4,978	2,637	1,085	120	480	364	0	9,663
EBITDA / Net Sales	23.1%	15.6%	24.1%	6.4%	17.5%	11.2%	0.0%	19.0%
Non Recurring Expenses	0	0	3	1	1	12	0	18
Depreciation and amortization	841	433	247	161	230	201	0	2,114
Financial Income and Expenses	-701	91	-5	-257	-31	-12	0	-914
Share of net income of associates	-76	0	0	0	0	0	0	-76
Earnings Before Taxes	3,359	2,295	830	-299	218	138	0	6,541
Total Assets	88,290	88,434	34,362	9,688	18,813	12,400	-10,231	241,757
Investment in associates companies	9,799	642	0	336	0	0	0	10,777
Total Liabilities	89,155	29,842	9,539	1,339	4,660	5,143	-30,560	109,117
CAPEX	1,477	282	204	156	135	240	0	2,494

*Others includes Food & Snacks Division, Vending and other subsidiaries not related to Beverage segments

Total Debt AC

	2024	2025	2026	2027	2028	2029	...	2032	...	2034	Total
Debt Maturity Profile	5,919	4,058	4,960	9,321	2,997	7,805		6,657		3,045	44,762
% of Total	13.2%	9.1%	11.1%	20.8%	6.7%	17.4%		14.9%		6.8%	100.0%

Credit Rating	Local	Global	Outlook
Fitch	AAA(mex)	A	Stable
Moody's	Aaa.mx	A3	Stable
S&P	mxAAA	-	Stable

Average exchange rate

	1Q24	1Q23	YoY
MXN	17.03	18.64	-8.7%
PEN	4.52	4.89	-7.4%
ARS	0.02	0.10	-79.0%

End of period exchange rate

	1Q24	4Q23	1Q23
MXN	16.68	16.89	18.09
PEN	4.48	4.55	4.81
ARS	0.02	0.02	0.09

Note: The information in these tables is available for download in MS Excel format at the following link:
<http://www.arcacontal.com/investors/financial-reports.aspx>

