

[Key Q&A] Conference Call on Financial Results for the Second Quarter of 2024

[Company-level]

- Q. By how much did operating income growth (currency neutral) exceed the Company's plan in the first half? Did it vary by region?
- A. Operating income exceeded the plan. Please spare us the details, but Japan and APAC particularly contributed to the profit growth.
- Q. What was the impact of cost increases for the entire Company and overseas in the second quarter? What is the progress toward the full-year forecast of 27.0 billion yen, and what is the outlook for the second half?
- A. The impact in the second quarter was in line with our expectations: approximately 3.0 billion yen in Japan and 5.0 billion yen overseas year on year. We expect the situation to deteriorate in the second half and beyond, and there is no major change to our full-year forecast.

[Japan]

- Q. Your market share seems to have declined in the first half and recently. What is your perception of this issue? What are your plans for the future?
- A. We are not in a position to comment on the market share, but sales volume declined YoY especially for large PET bottle products due to the impact of price revisions. On the other hand, while our volume growth in the first half was flat year on year, our revenue grew 5% year on year and unit price improved. We will continue to improve profitability and focus on creating new value and demand, which will lead to business growth.
- Q. How do you assess the renewal of *Iyemon* and what measures do you plan to take going forward?
- A. In terms of sales volume, large PET bottle products performed lower than the previous year due to the impact of the price revision implemented last October. Meanwhile, small PET bottle products performed better than the previous year. The taste of the beverage has been well received. We will continue to demonstrate the value of *Iyemon* to customers by combining in-store activities with ongoing communication.

[Overseas]

Q. What are the details of the supply chain issues in the UK?

A. The main cause was a decrease in capacity utilization due to an accident at our plant. Starting in the third quarter, we will gradually recover our capacity utilization, and we plan to implement promotions and new product launches that had been postponed.

Q. What is the expected earnings contribution of the new category *-196*? Can it contribute to profit in the first year? What are your plans for expansion into other areas?

A. We plan to start RTD production at a new plant in Australia next year and are preparing to take over sales. While the growth of our core beverage business is our top priority, we will actively consider areas where we can leverage our existing platform and create synergies.

Q. My impression is that France and Spain had weak results in the second quarter (April-June). What is happening in the market?

A. France was affected by unstable weather conditions in June, but our brand strength remained unchanged and we maintained our market share. In Spain, the Indian tonic market is softening, and our core brand *Schweppes* is affected.

Q. Segment profit in Europe was down in the first half. What measures will you take in the second half?

A. Although the situation is more stable than before, the rate of price increases is still higher than the rate of economic growth, and the consumption environment is weaker than in other regions. In addition, we continue to be affected by the intensifying competitive environment and the shift to PB. In the second half, in addition to continuing core brand activities in each country, we will strengthen our brand portfolio, including energy brand *CELSIUS*, and an RTD brand *-196* distribution.