SUNTORY
BEVERAGE & FOOD

[Key Q&A] Conference Call on Financial Results for the Second Quarter of 2026

Date and time: Thursday, August 6, 2026, at 6:00 p.m.

Speaker: Josuke Kimura, President & Chief Executive Officer
Naoto Okinaka, Director, Senior Managing Executive Officer, Chief Strategy & Finance Officer, Chief Business Growth Officer
Takashi Kawamura, Executive Officer, SBF Japan Deputy CEO, Division COO, Strategy & Business Planning Division

[Company level]

Q. Could you provide a breakdown of first-half raw material cost inflation, including the impact of the situation in the Middle East, and your outlook for the second half?

A. Our initial assumptions for raw material cost increases were 21.4 billion yen for Japan and 12.0 billion yen for overseas operations. The actual impact in the first half was 10.2 billion yen in Japan and 7.7 billion yen overseas, which includes a 6.0 billion yen impact from the Middle East situation (with Japan accounting for approximately 40%). In Japan, thanks to changes in market conditions for raw materials and internal efforts, the impact remained within our initial expectations. For the second half, we project the impact from the Middle East situation to be between 8.0 billion yen and 12.0 billion yen, and we will continue working to absorb these costs.

Q. Excluding foreign exchange effects, how did first-half profit perform compared to the plan? Also, will you be able to absorb the Middle East impact in the second half as well?

A. On a currency-neutral basis, profit was in line with our original plan, despite the additional cost impact stemming from the situation in the Middle East. However, visibility for the second half remains limited. While we will continue our efforts to absorb the impact, it is too early to determine whether we can fully offset the additional costs, including those affecting our overseas operations.

Q. Given the impact of foreign exchange effects and the situation in the Middle East, what is your outlook on the full-year forecast?
A. We remain committed to achieving our original full-year plan, even amidst the current business environment, including foreign exchange effects and the Middle East situation. Although uncertainties remain in raw material market conditions, we will continue to leverage creative solutions and strive to achieve our plan.

Q. What is the background behind your M&A policy emphasizing the United States?
A. Our policy of pursuing inorganic growth alongside organic growth remains unchanged. The United States is the world's largest beverage market and continues to offer attractive growth opportunities, which is why we position it as one of our key markets.

[Japan]
Q. Do you intend to remain focused on sales volume growth even in a price-hike environment?
A. We believe it is essential to deliver our products and services to as many customers as possible, so our policy of emphasizing sales volume growth remains unchanged. That said, profit growth will also be pursued through an appropriate combination of sales initiatives and pricing strategies.

Q. What drove the significant profit improvement in the second quarter?
A. In addition to sales volume growth and effective initiatives, careful review of the content and timing of marketing investments contributed to the improvement. We have been maintaining necessary investments, and there was no negative impact on sales volume.

Q. With the impact of the Middle East situation anticipated, what measures are you taking to achieve your full-year plan?
A. We are focusing our efforts on three main pillars: 1) expanding sales volume, 2) maximizing the effects of the price revisions implemented last year, and 3) streamlining manufacturing and inventory costs by leveraging the increased sales volume.

[Overseas]

Q. Could you discuss the challenges in Europe, particularly in France, and your future growth strategy?

A. In France, in addition to a weak consumer environment, price increases resulting from the sugar tax hike affected sales. However, performance is improving thanks to recipe reformulations and price optimizations, and we have seen signs of recovery since June. Additionally, the termination of contract manufacturing for third-party products in France contributed to the decline in revenue, though the impact on profit was limited.

Q. What is your assessment of the progress on your overseas transformation initiatives, and what is the outlook for profit growth?

A. We are seeing encouraging progress. We have been reviewing our business with a stronger market- and customer-centric focus, and initial benefits are beginning to emerge in certain markets. Challenges in areas such as Spain and health foods have been identified and are being addressed. Because we are making upfront marketing investments, there is a time lag before these initiatives are reflected in profits, but we will translate these efforts into future growth.

Q. With overseas business remaining in a profit decline, how do you view the outlook for profit growth?

A. Although we must account for the impact of additional costs stemming from the situation in the Middle East, our policy to aim for the initial targets remains unchanged. Across both the third and fourth quarters, we will drive the business forward while appropriately managing marketing investments and various costs.

Q. What drove the decline in profit for the Americas business, and how do you plan to address it?

A. The primary factor was increased aluminum costs resulting from tariffs. We will continue to address rising costs through pricing initiatives, packaging and format optimization, and other measures.