

Addressing 10 FAQs + 4 Behavioral Shifts in Beverages

March 2026

RBC Capital Markets, LLC

Nik Modi (Analyst) (212) 905-5993; nik.modi@rbccm.com

This report is priced as of market close March 4, 2026 ET.

All values in U.S. dollars unless otherwise noted.

For Required Conflicts Disclosures, please see page 119.



**Capital
Markets**

Answering 10 FAQs:

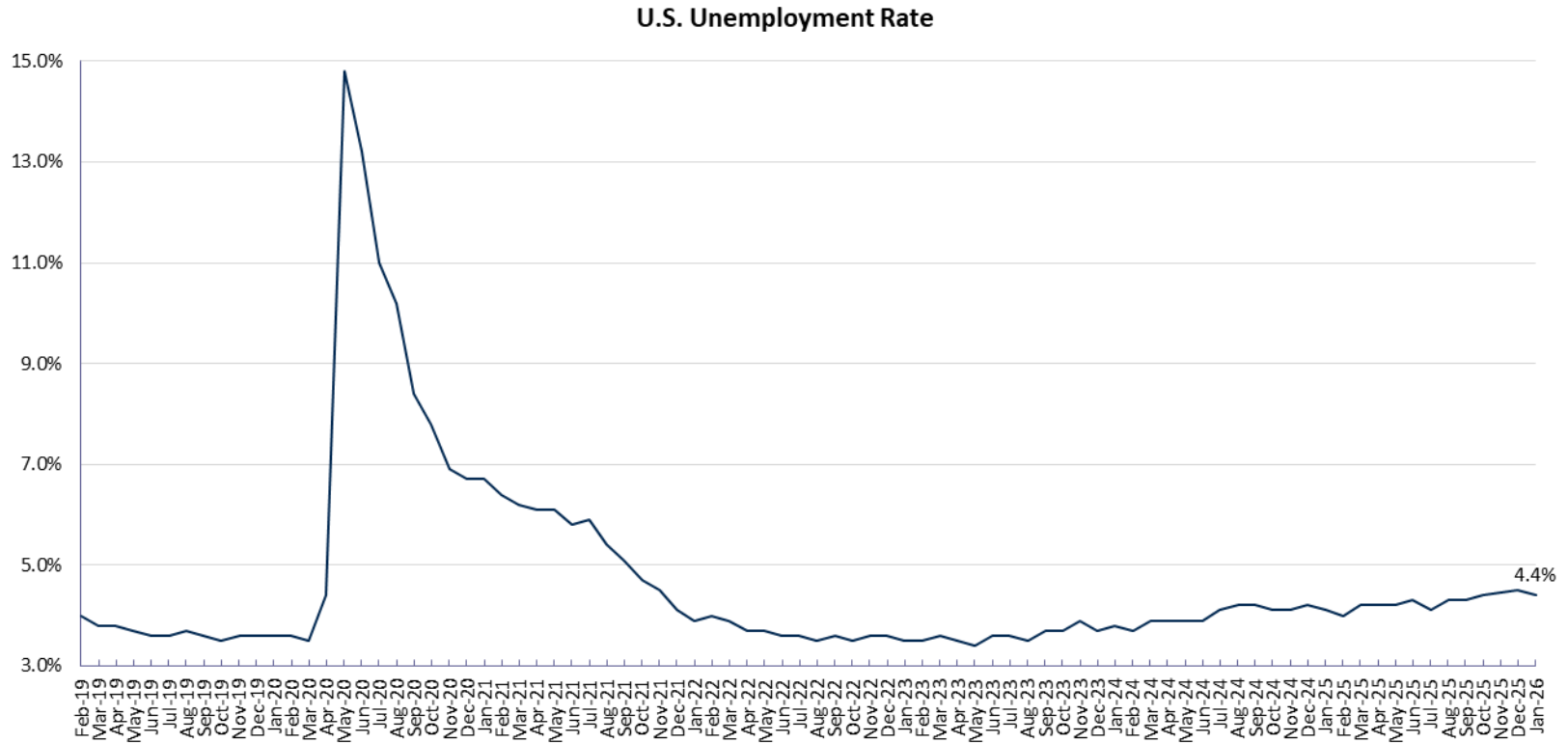
- What will the consumer environment look like in 2026?
- What will the major areas of dialogue be in 2026?
- Will weakness in the Hispanic consumer persist in 2026?
- How will SNAP changes impact beverage consumption?
- What is the sustainable growth rate for the energy drink category in the US?
- What is the issue with the sports drink category?
- Can CSDs continue to generate positive revenue growth with declining volumes?
- How will GLP-1s impact the 2026 beverage consumption picture?
- Is the dirty soda trend a fad or something more durable?
- Will LDA consumers come back to bev alc?

4 Behavioral Shifts powered by Alpha Diver's NeedCodes analysis based on extensive social listening study

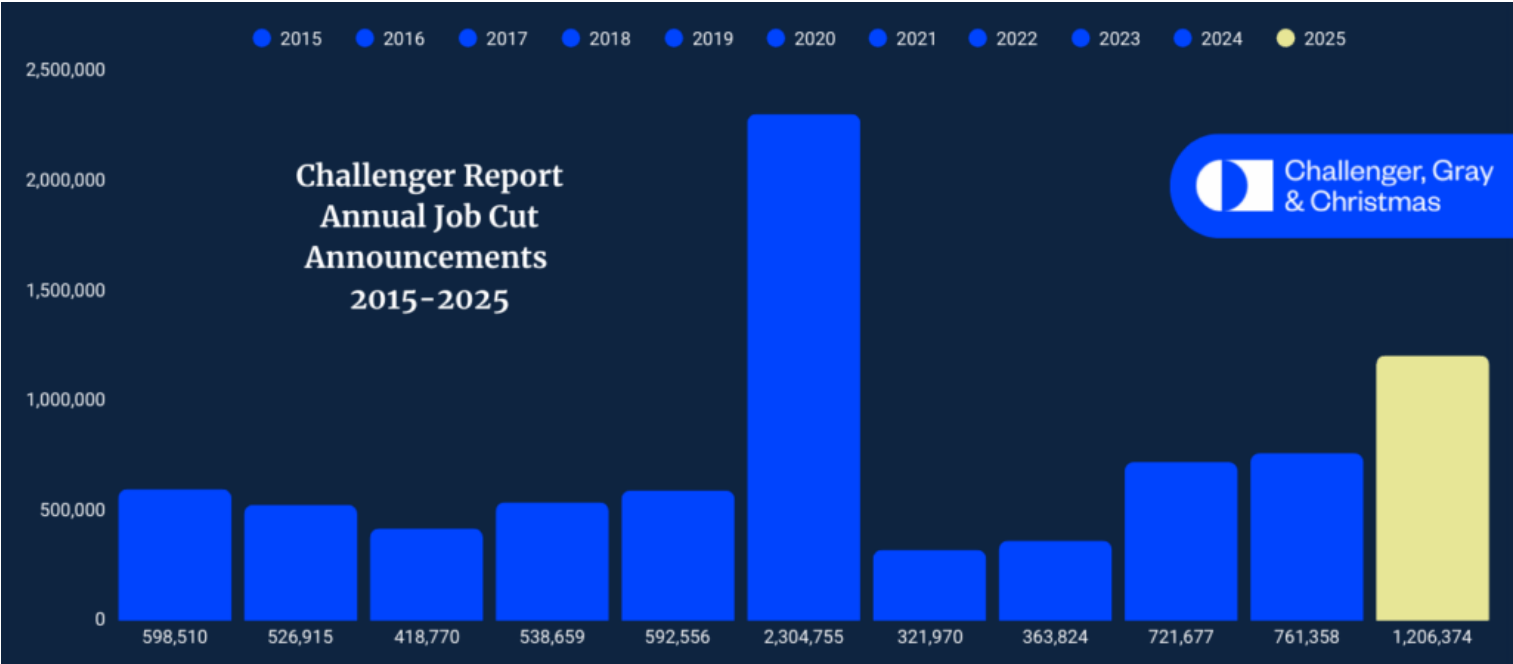
*Q: State of Consumer for
2026?*

A: Expecting 2026 to Be as
Tough as 2025

Unemployment has remained low (though increasing recently)

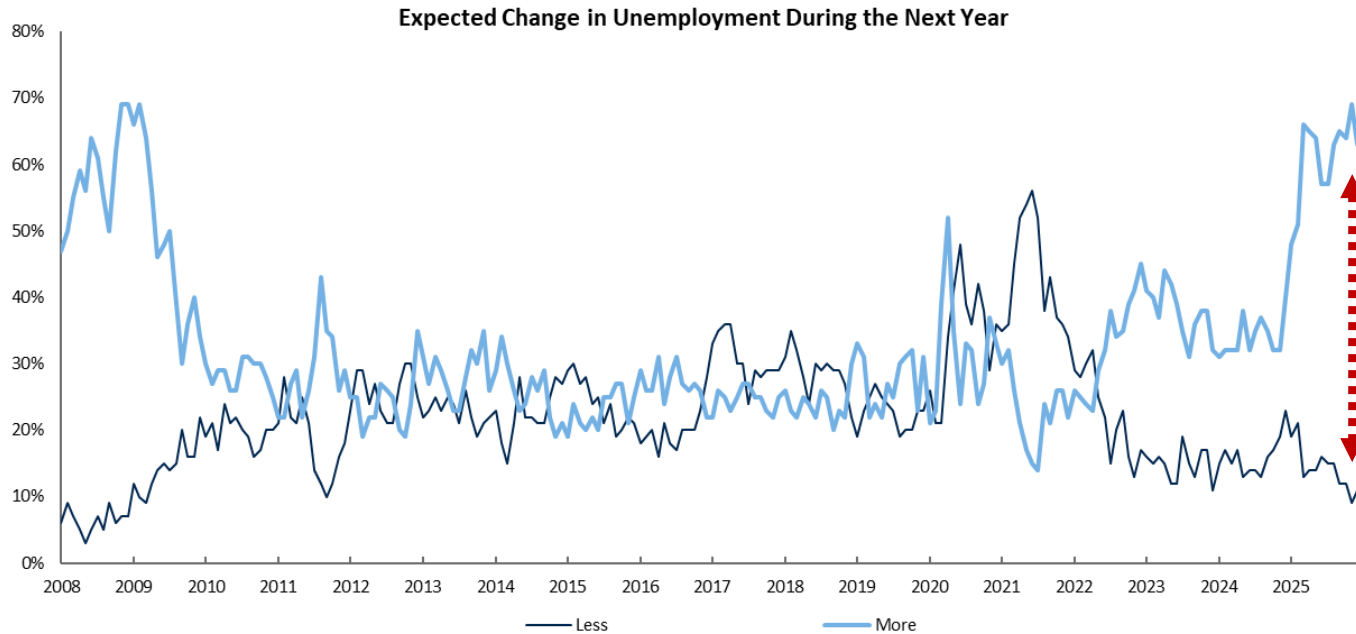


December jobs cuts of ~35.5K were -8% Y/Y, but cuts in 2025 were up +58% Y/Y. This is the highest level since 2020 and the seventh highest annual total since 1989

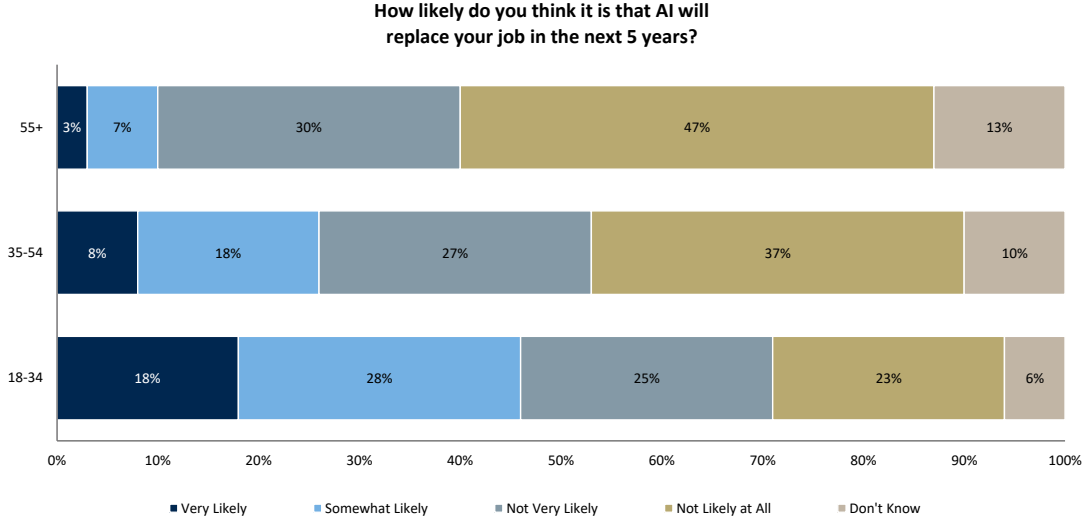


Source: Challenger, Gray & Christmas

People are generally concerned that more job losses are headed our way



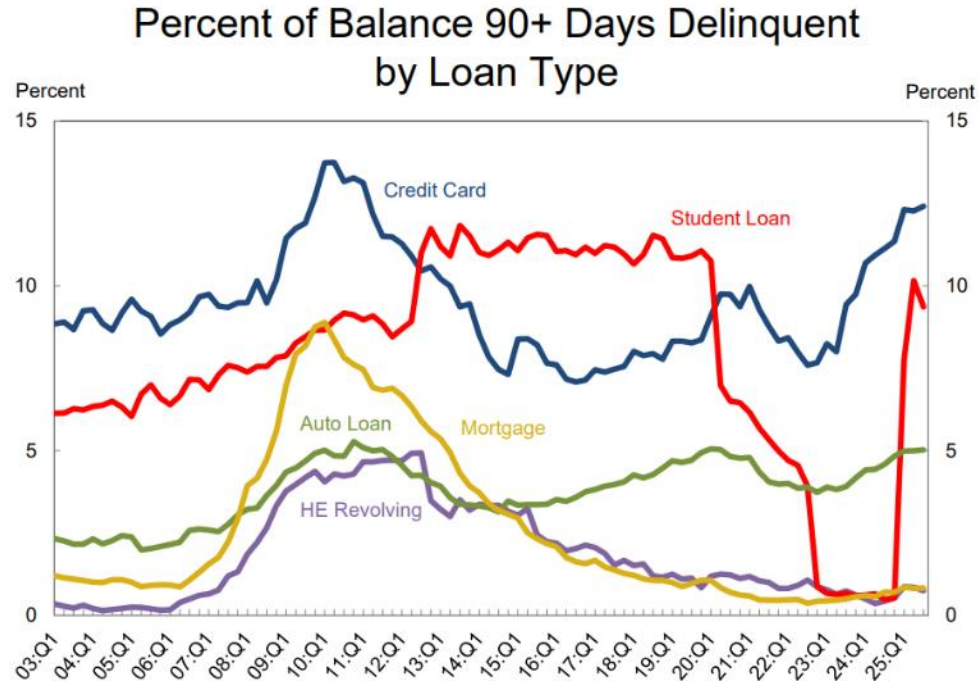
We think AI is contributing to consumer job loss anxiety



Source: Federal Reserve Bank of St. Louis, RBC Capital Markets

You Don't Need to Lose Your
Job to Act Like You Are
Unemployed

Credit card delinquencies continue to rise from their historical pandemic lows and above pre-pandemic levels. Resumption of student loan payments has not helped



Younger consumers are feeling the burden of multiple headwinds including rising student loan payments and higher-than-average unemployment

BUSINESS | HOSPITALITY

Chipotle's Big Bet on Younger Consumers Is Unraveling

Chain's sales slide as younger Americans feel economic pinch; 'I'm not getting double meat anymore'

By Heather Haddon [Follow](#)

Nov. 3, 2025 5:30 am ET

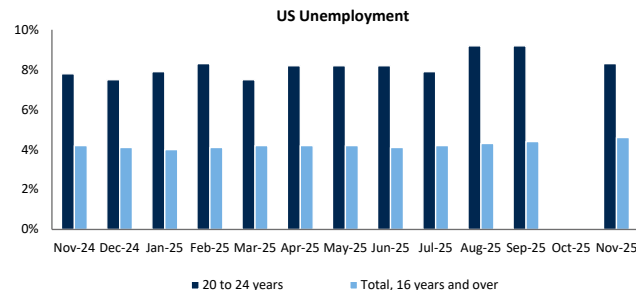
[Share](#) [Bookmark](#) [AA](#) [Gift unlocked article](#)

[Listen](#) (6 min)



“A particularly challenged cohort is the 25 to 35-year-old age group. We believe that this trend is not unique to Chipotle and is occurring across all restaurants as well as many discretionary categories. This group is facing several headwinds, including unemployment, increased student loan repayment, and slower real wage growth. We tend to skew younger and slightly over-indexed to this group relative to the broader restaurant industry.”

– Scott Boatwright, CEO, Chipotle Mexican Grill



ECONOMY · INFLATION

GoFundMe CEO says the economy is so bad that more of his customers are crowdfunding just to pay for their groceries



BY ASHLEY LUTZ
EXECUTIVE DIRECTOR, EDITORIAL GROWTH

October 13, 2025 at 2:28 PM EDT

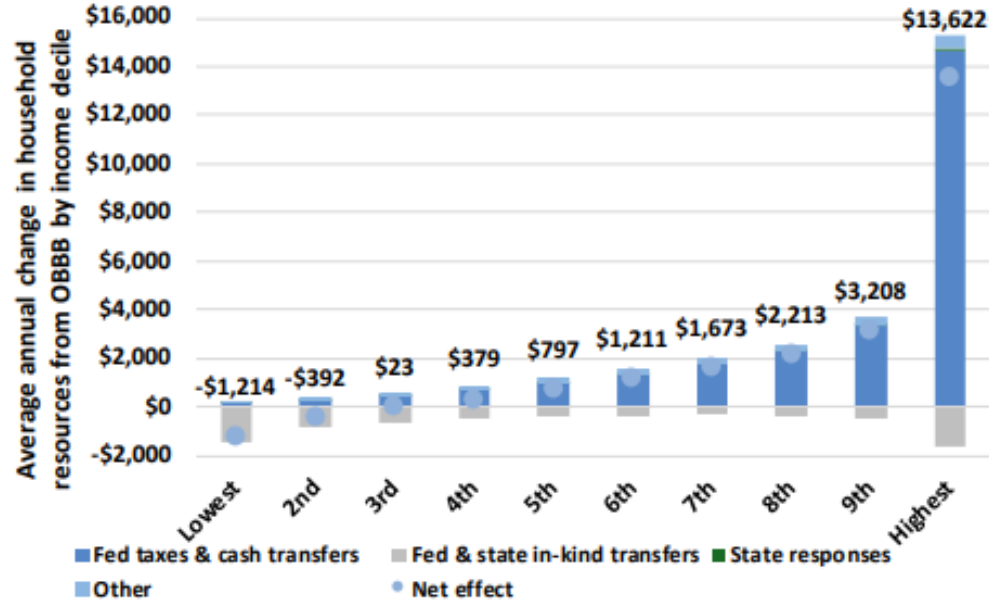


Tim Cadogan



What About the OBBS?

Translating into impact by income cohorts—really doesn't solve the problem for low/middle income

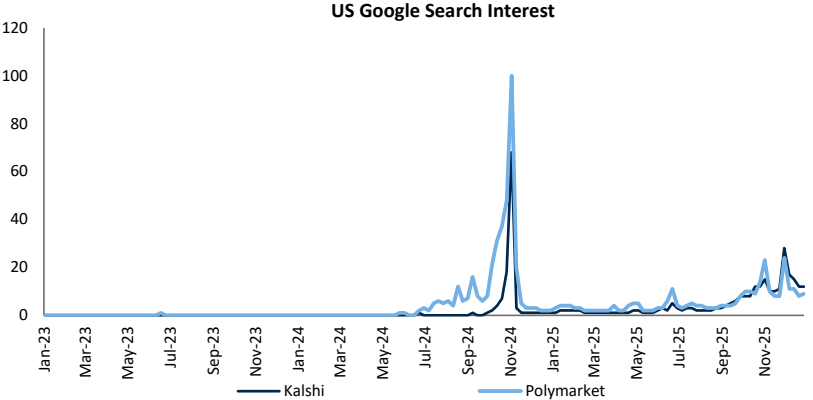


- We expect the consumer environment to remain weak.
 - Low- and middle-income consumers are feeling the pain, and we struggle to see a catalyst where it materially improves
- Expect the slow growth environment to persist
- Trade-down and value-seeking behaviors will continue
- High income exposed brands/categories will continue to outperform...BUT we are starting to see some data points pointing to incremental weakness
- Still unknown: impact of rising health care premiums + potential incremental stimulus from the Trump Administration ahead of mid-terms

Key Areas of Dialogue for 2026

Betting Markets Pinching Discretionary Funds

Consumer interest in prediction markets like Kalshi and Polymarket have materially picked up



Source: Google Trends, RBC Capital Markets

22% of Americans, including ~50% of men age 18-49 have an account with at least one of the online sportsbooks



For Immediate Release:
Contact:

February 18, 2025

Aaron Chimbel: 716-375-2040, achimbel@sbu.edu

Don Levy: 518-944-0482, dlevy@siena.edu

PDF version; crosstabs; website: [American Sports Fanship Survey](#) / sbu.edu/communication

Siena/St. Bonaventure Annual Sports Fanship Survey: Part 3 – Online Sports Betting

22% of All Americans, Half of Men 18-49, Have Active Online Sports Betting Account

Bettors Bullish on Gambling Apps; But 52% Have 'Chased' a Bet, 37% Ashamed After Losing, 20% Lost Money Couldn't Afford, 34% Know Someone with Online Sports Betting Problem; Only 9% Ever Sought Help with Problem Gambling

By 50-34% Americans Support Online Sports Betting Being Legal in all 50 States But 65% Think It Will Create Compulsive Gamblers; 58% Say Federal Govt. Should Regulate to Protect Customers; 63% Support SAFE BET Act

A Nerd Wallet survey found that Americans who bet on sports in the L12M say they've spent an average of \$3,284 on gambling during this time (median of \$750). ~14% of sports bettors say they've gone into debt to gamble

2025 Sports Betting and Gambling Survey

One in 5 Americans (20%) placed a sports bet in the past 12 months, according to a new NerdWallet survey. Some plan to up the ante in 2025.

Key findings

- **Sports bettors gamble thousands, on average, per year.** Americans who bet on sports in the past 12 months say they've spent \$3,284, on average, on gambling during this time, which could be a combination of sports betting and other gambling. (The median spending is lower, at \$750.) The top motivation for sports bettors? The survey found 65% participate to make extra money.
- **Some are taking on debt to gamble; others consider it an investment.** Around 1 in 7 sports bettors (14%) say they've gone into debt to gamble. And close to a third of sports bettors (31%) view gambling as an investment.
- **Some sports bettors resolve to bet more in the new year.** Nearly 3 in 10 sports bettors (29%) plan to increase the amount they bet this year compared to 2024.

This working paper found that household bets increased \$1,100/yr in states that legalized online sports betting, but also found a ~14% decrease in net investments in households after the introduction of legal online sports betting

Gambling Away Stability: Sports Betting's Impact on Vulnerable Households*

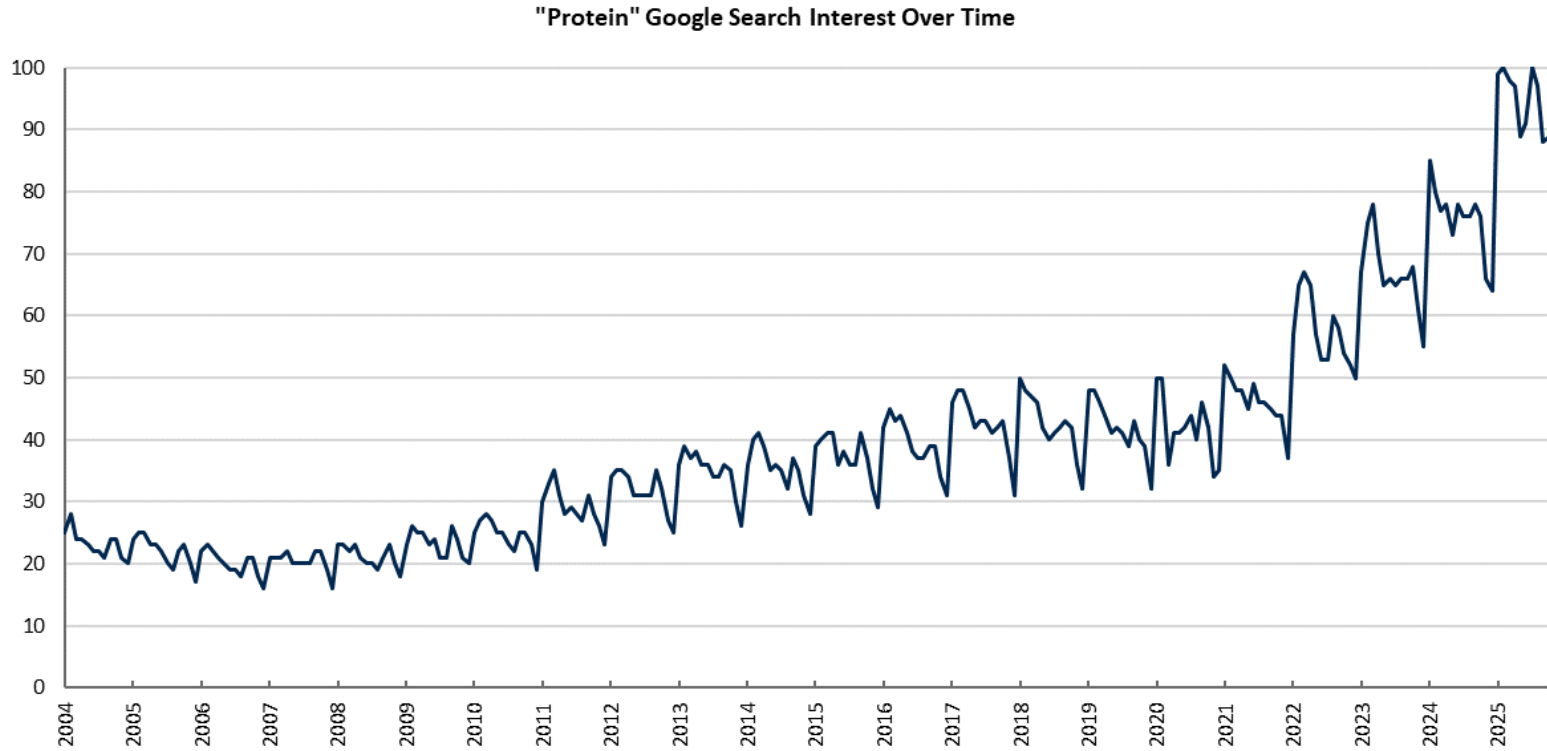
Scott R. Baker[†] Justin Balthrop[‡] Mark J. Johnson[§] Jason Kotter[¶]

Kevin Pisciotta^{||}

October 23, 2024

The Splintering of Protein

The focus on protein is undeniable...



...but protein is available in many forms to consumers



Source: Google Images

...and from many sources



WHEY

liquid derived from production of cheese.



CASEIN

a slower digestive process, derived from milk.



EGG

good for the lactose intolerant, egg protein is an animal based protein.



SOY

a good vegetarian & vegan option, source is from soybeans.



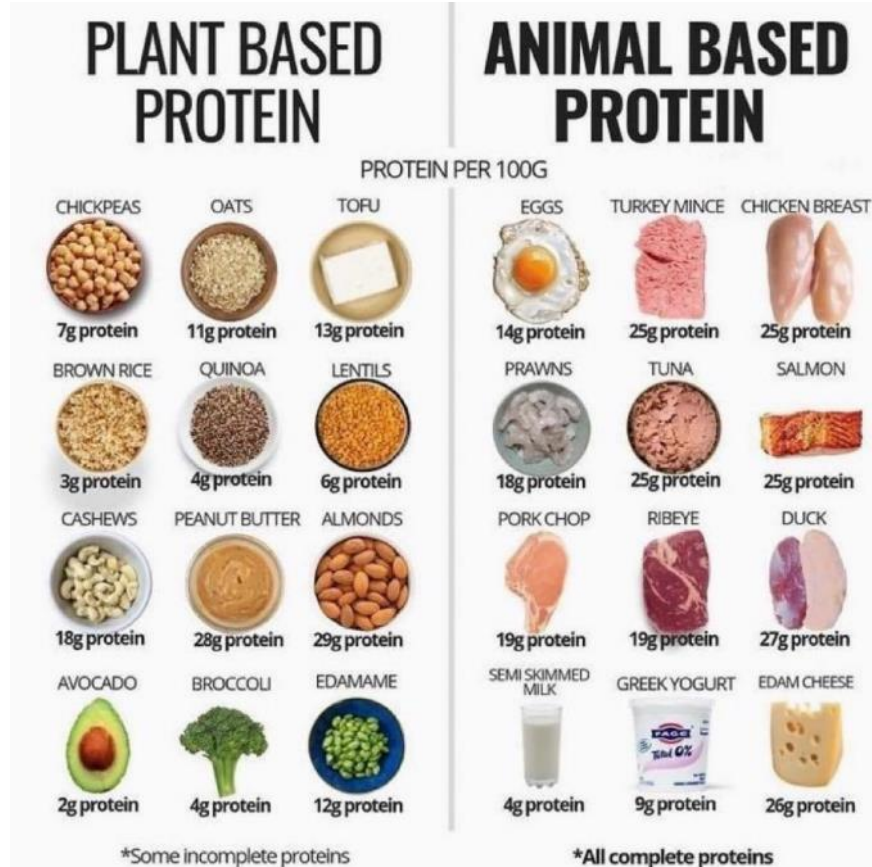
PEA

plant derived protein, great for vegetarians and vegans.



RICE

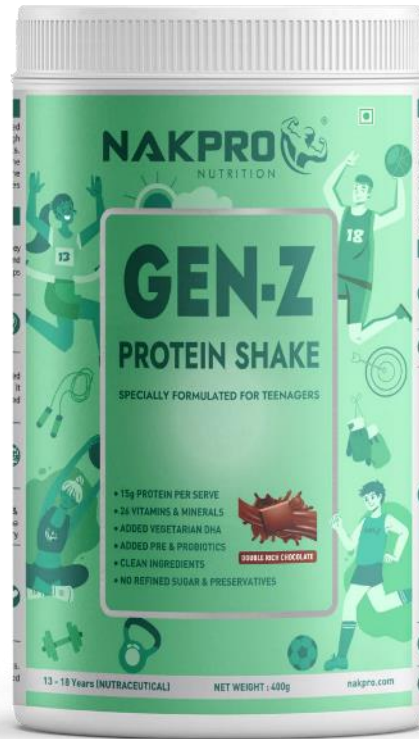
friendly gluten-free alternative derived from rice.



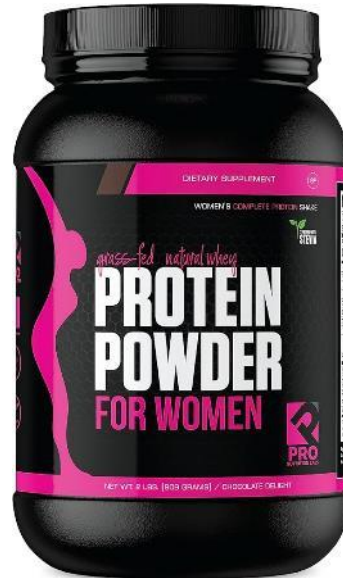
Progevity has launched a longevity-focused protein beverage for age 50+ men and women



Protein 'Gen-Z' is specially formulated for teenagers

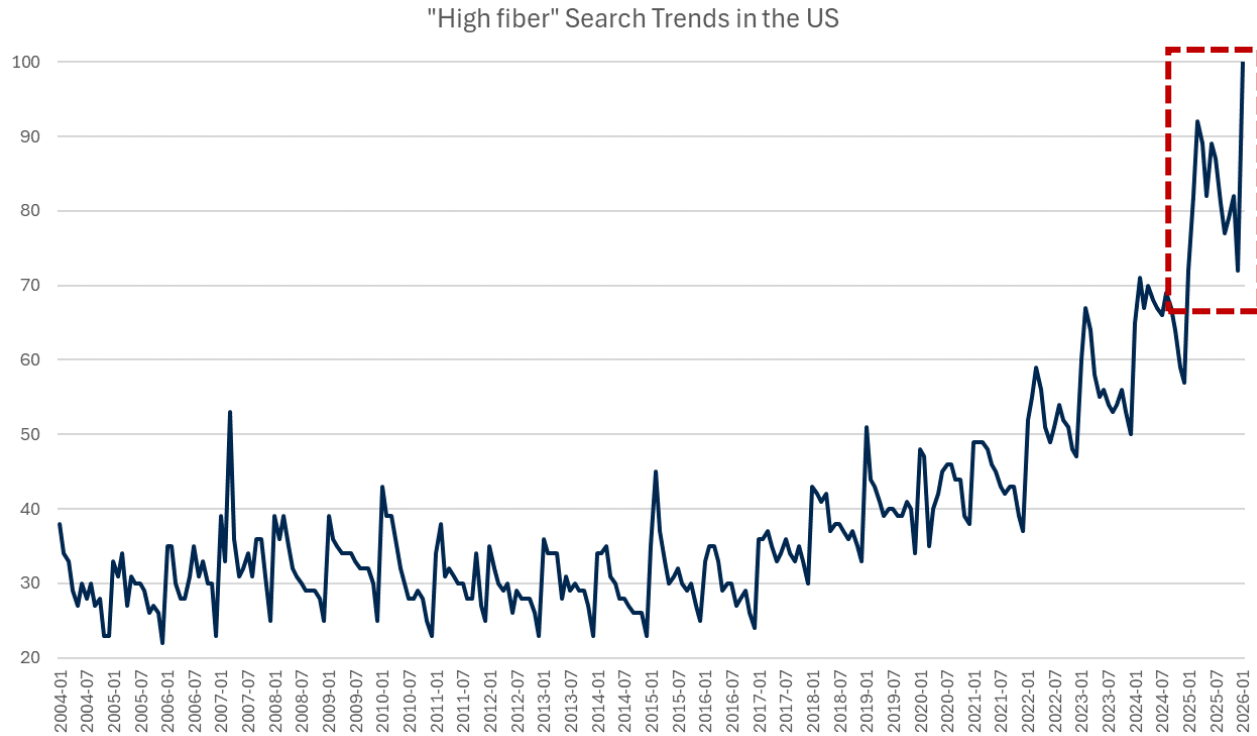


There are also formulations developed specifically for women



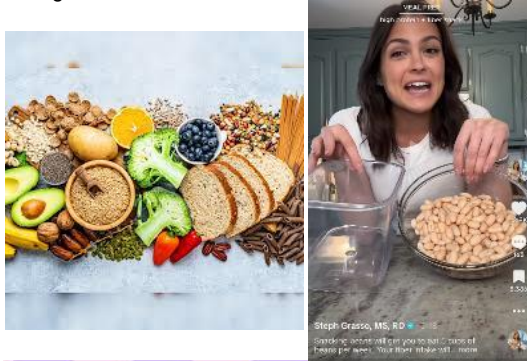
Fibermaxxing

Searches for “High fiber” on Google have been ramping, with a notable jump in early 2026



Is Fibermaxxing the new protein? Consumers are increasingly looking to maximize fiber intake to promote better digestion, blood sugar control, gut health and more

- Fibermaxxing is a trend popularized on TikTok that encourages maximizing fiber intake in meals and snacks to support overall health.
- It's worth eating more fiber because it's beneficial for gut health, will make you feel fuller for longer, and lowers cholesterol and blood sugar.



CNBC

'The next protein': Fiber is shaping up to be the latest grocery obsession

As consumers find their next grocery obsession in fiber, food and beverage companies are racing to keep up with the trend.

3 weeks ago



Memorial Sloan Kettering Cancer Center

What is "Fibermaxxing"? How a High-Fiber Diet Can Help Prevent Cancer

Consuming more dietary fiber has long been linked to a lower risk of certain types of cancer, particularly colorectal cancer. Colon cancer rates...

Aug 8, 2025



Food & Wine

Is Fibermaxxing Safe? Dietitians Weigh in on the Viral Health Trend

Although the word "fibermaxxing" might sound dramatic, it's simply the internet's way of saying, "eat more fiber," and a lot of it. The practice...

Aug 3, 2025



Vogue

Exactly What Is Fibermaxxing, The New Nutrition Obsession?

Fibermaxxing describes intentionally incorporating high-fiber foods into your diet, aiming to hit or exceed the daily recommended intake. Now a...



Datassential found that 54% of consumers are interested in foods and beverages that are high in fiber with interest rising to 60% for Gen Z



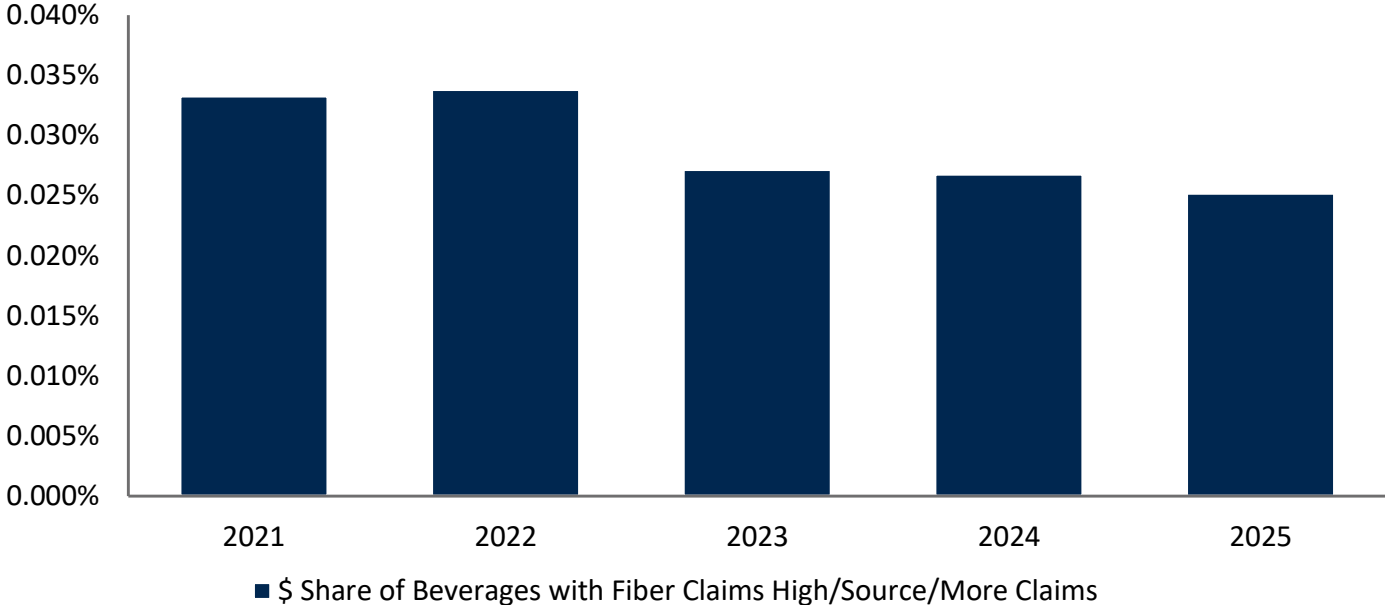
12% of consumers are currently aware of fibermaxxing, but 52% of consumers are interested in practicing fibermaxxing once they know what it is



Source: Datassential

That said, dollar share of beverages with claims of high fiber is trivial and have stayed level over the last 5 yrs—we believe this is an innovation whitespace for the industry

\$ Share of Beverages with Fiber Claims High/Source/More Claims



Source: Circana, RBC Capital Markets

Surge in Metabolic Nutrition

While GLP-1 use is rapidly growing, side effects can include gastrointestinal issues, nutritional deficiencies, and muscle/bone loss

Obesity Pillars 15 (2025) 100181



ELSEVIER








Contents lists available at [ScienceDirect](#)

Obesity Pillars

journal homepage: www.journals.elsevier.com/obesity-pillars



Nutritional priorities to support GLP-1 therapy for obesity: A joint advisory from the American College of Lifestyle Medicine, the American Society for Nutrition, the Obesity Medicine Association, and the Obesity Society

Dariush Mozaffarian^{a,*}, Monica Agarwal^b, Monica Aggarwal^c, Lydia Alexander^d,
Caroline M. Apovian^e, Shagun Bindlish^f, Jonathan Bonnet^g, W. Scott Butsch^h,
Sandra Christensenⁱ, Eugenia Gianos^j, Mahima Gulati^k, Alka Gupta^{l,m}, Debbie Hornⁿ,
Ryan M. Kane^{o,p}, Jasdeep Saluja^q, Deepa Sannidhi^r, Fatima Cody Stanford^{s,t},
Emily A. Callahan^a

Source: Mozaffarian D, Agarwal M, Aggarwal M, Alexander L, Apovian CM, Bindlish S, et al. Nutritional priorities to support GLP-1 therapy for obesity: a joint advisory from the American College of Lifestyle Medicine, the American Society for Nutrition, the Obesity Medicine Association, and the Obesity Society. *Obesity (Silver Spring)* 2025

We believe that this could spur awareness around the importance of metabolic health and what defines a metabolically healthy diet



What is a Metabolically Healthy Diet?

Balanced Macronutrients

- **Proteins:** Essential for muscle repair, enzyme function, and maintaining satiety.
- **Healthy Fats:** Crucial for hormone production, cell health, and energy
- **Complex Carbohydrates:** Provide sustained energy and are rich in fiber.

Low Glycemic Index Foods

Foods with a low glycemic index (GI) help maintain stable blood sugar levels, reducing the risk of insulin resistance and type 2 diabetes.

Hydration

Adequate water intake is crucial for metabolic processes and overall health. Dehydration can slow down your metabolism and impair bodily functions.

Micronutrient-Rich Foods

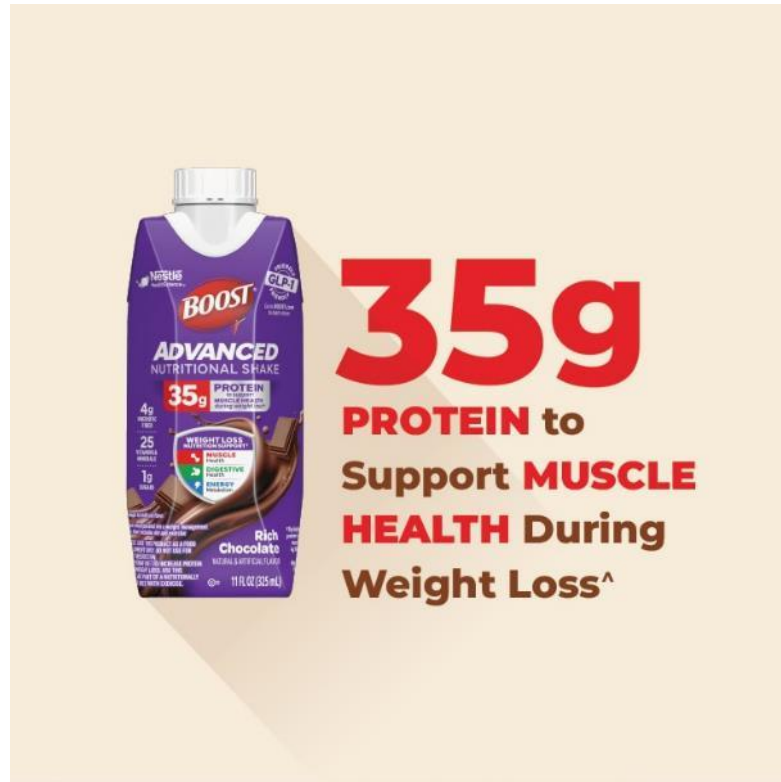
Play a crucial role in energy production and metabolic processes.

Anti-Inflammatory Foods

Include foods rich in antioxidants and omega-3 fatty acids to combat inflammation. Chronic inflammation can impair metabolic functions and contribute to metabolic diseases.



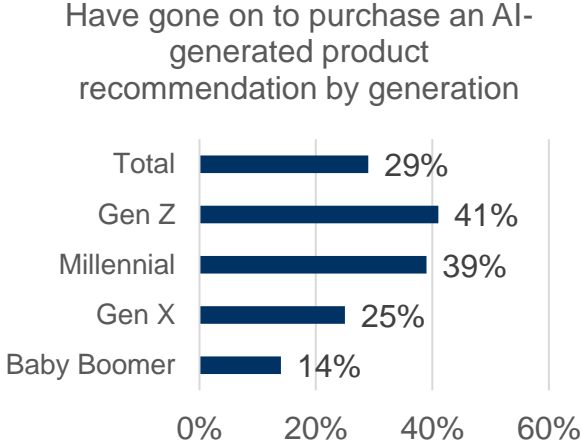
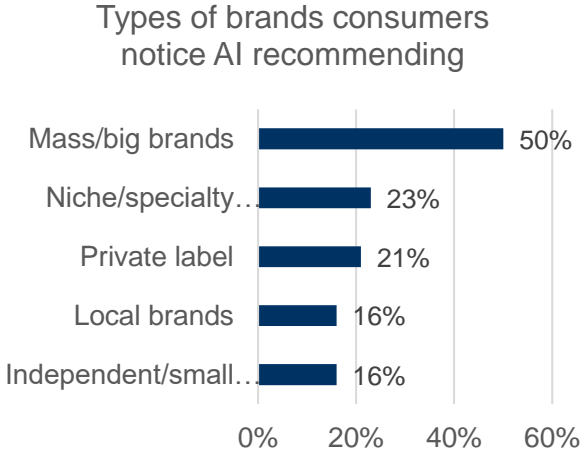
Protein-focused beverages for the GLP-1 users



Agentic Commerce

I am having an Easter party at my residence in Chatham NJ. The party will consist of a backyard Easter egg hunt for about 10 kids aged 5-11 along with popular cocktails for about 20 adults, a dinner inside my residence that will be done buffet style. We would like to have a traditional Easter dinner along with relevant wine pairings. Please suggest a grocery list, recipes and key brands with the best reviews online.

Mass brands are only 50% of AI's recommendation sent to nearly a third of consumers who go on to make purchases



Source: EY Future Consumer Index – March 2025

Creator Economy Becomes
Integral to Marketing Big
Brands

Poppi founder Allison Ellsworth created the brand out of a personal need and turned it into a lifestyle brand



Source: Google Images

The brand became a viral brand online with marketing rooted in continuously connecting with the consumer beyond the can of soda



Source: Google Images

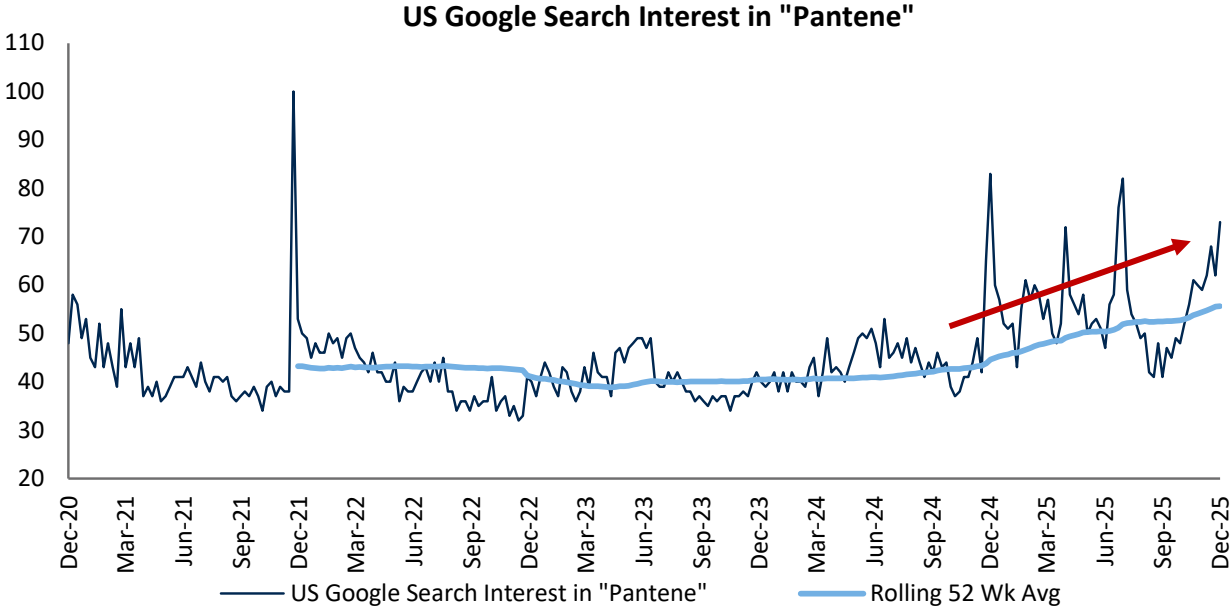
With the proliferation of AI, we expect agentic commerce to be a key theme for CPG companies as the way consumers shop and get brand recommendations evolves. We expect more companies to leverage influencers

We expect CPG companies of all sizes (large and small) to heavily lean into influencers. PG has partnered with Alix Earle capitalizing on her viral TikTok fame where she praised the products, leading to campaigns like "Unexpired Pantene" and the recent "As Seen in Alix's Shower".



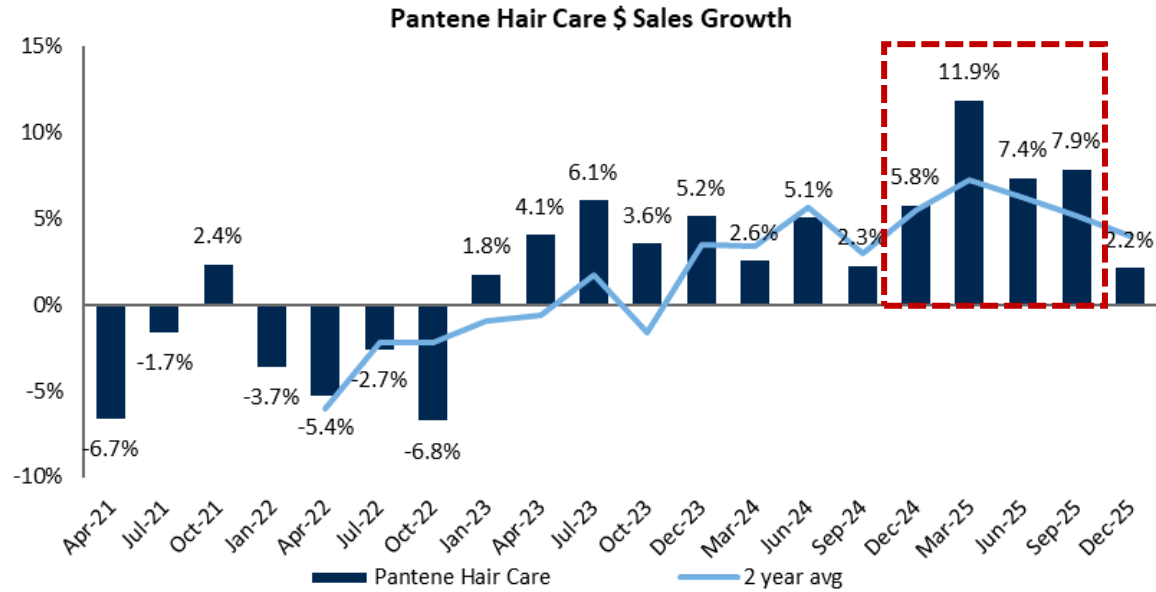
Source: Google Images

Google Trends data indicates that Pantene search interest has increased throughout 2025

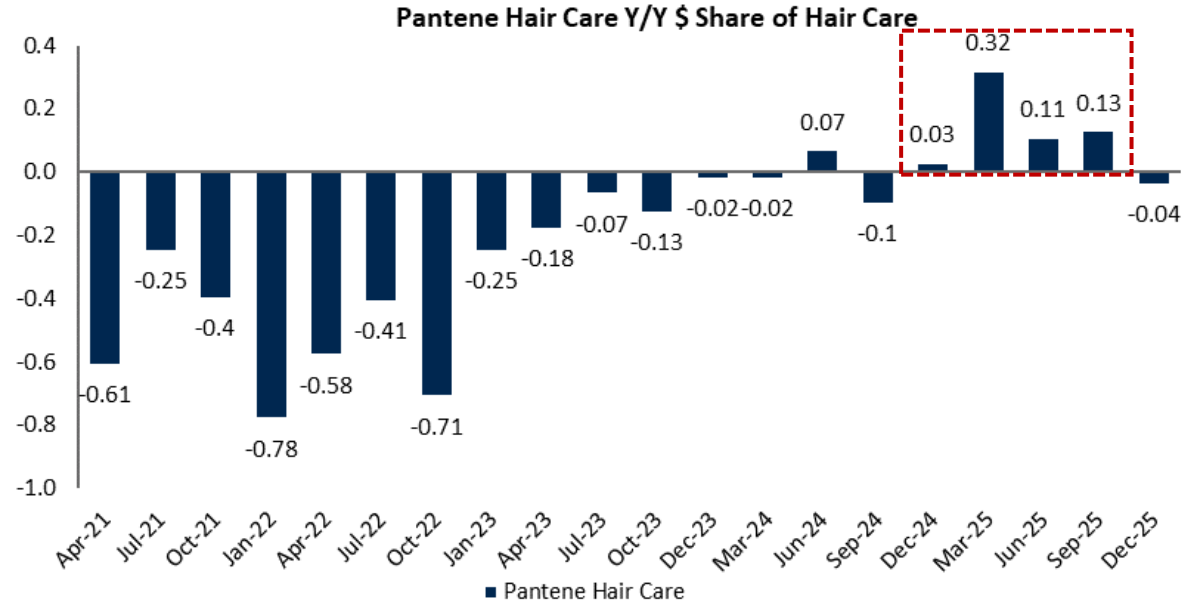


Source: Google Trends, RBC Capital Markets

After the collaboration, sales growth stepped up to +HSD-LDD% from +MSD%



In conjunction, dollar share for Pantene in the hair care category inflected positive after years of share losses



*Q: Impact of Hispanic
Consumer Pullback and Will It
Impact 2026?*

A: Yes – Expect Further
Pressure

Trump's One Big Beautiful Bill Act allocates significant funds to the Department of Homeland Security from 2025-2029... while ICE had ~\$18.7B in additional funding in 2025, the agency will have another ~\$18.7B available in 2026

Table 2. DHS FY2025 Reconciliation Funding in Context

Component/Activity	FY2025 Appropriations	Total FY2020-FY2024 Appropriations (except where noted)	P.L. 119-21 (available FY2025-2029)
CBP, Total Appropriations	\$20.078 billion	\$86.549 billion	\$64.733 billion
CBP, Border Barrier Construction	\$0	\$5.841 billion (FY2017-FY2020) ^a	\$46.550 billion ^b
All Sources, Border Barrier Construction	\$0	\$16.342 billion (FY2017-FY2020) ^a	\$46.550 billion ^b
ICE, Total Appropriations	\$10.042 billion	\$42.867 billion	\$74.85 billion
ICE, Detention Capacity	\$2.427 billion (Custody Operations) ^c	\$14.000 billion (Custody Operations) ^c	\$45.000 billion
USCG, Procurement, Construction and Improvements Appropriation	\$1.414 billion	\$9.695 billion	\$24.954 billion
USSS, Total Appropriations	\$3.319 billion	\$13.376 billion	\$1.170 billion
FEMA, Operation Stonegarden	\$0.08 billion	\$0.441 billion	\$0.450 billion
FEMA, Presidential Residence Protection	\$0	\$0.060 billion	\$0.300 billion
FLETC, Total Appropriations	\$0.377 billion	\$1.831 billion	\$0.750 billion
FLETC, Operations and Support	\$0.357 billion	\$1.641 billion	\$0.285 billion
FLETC, Procurement, Construction, and Improvement	\$0.021 billion	\$0.189 billion	\$0.465 billion
OSEM, Total Appropriations	\$0.405 billion	\$1.593 billion	\$22.06 billion ^d

Source: Congress.gov, CPB = U.S. Customs and Border Protection (DHS component), ICE = U.S. Immigration and Customs Enforcement (DHS component), USCG = U.S. Coast Guard (DHS component), USSS = U.S. Secret Service (DHS component), FEMA = Federal Emergency Management Agency (DHS component), FLETC = Federal Law Enforcement Training Center (DHS component), OSEM = Office of the Secretary and Executive Management (DHS component)

The OBBB will also fund ICE to increase its bed capacity to 100K. Before Trump took office in January, there were ~39K detainees. The number of detainees reached ~66K in early November 2025

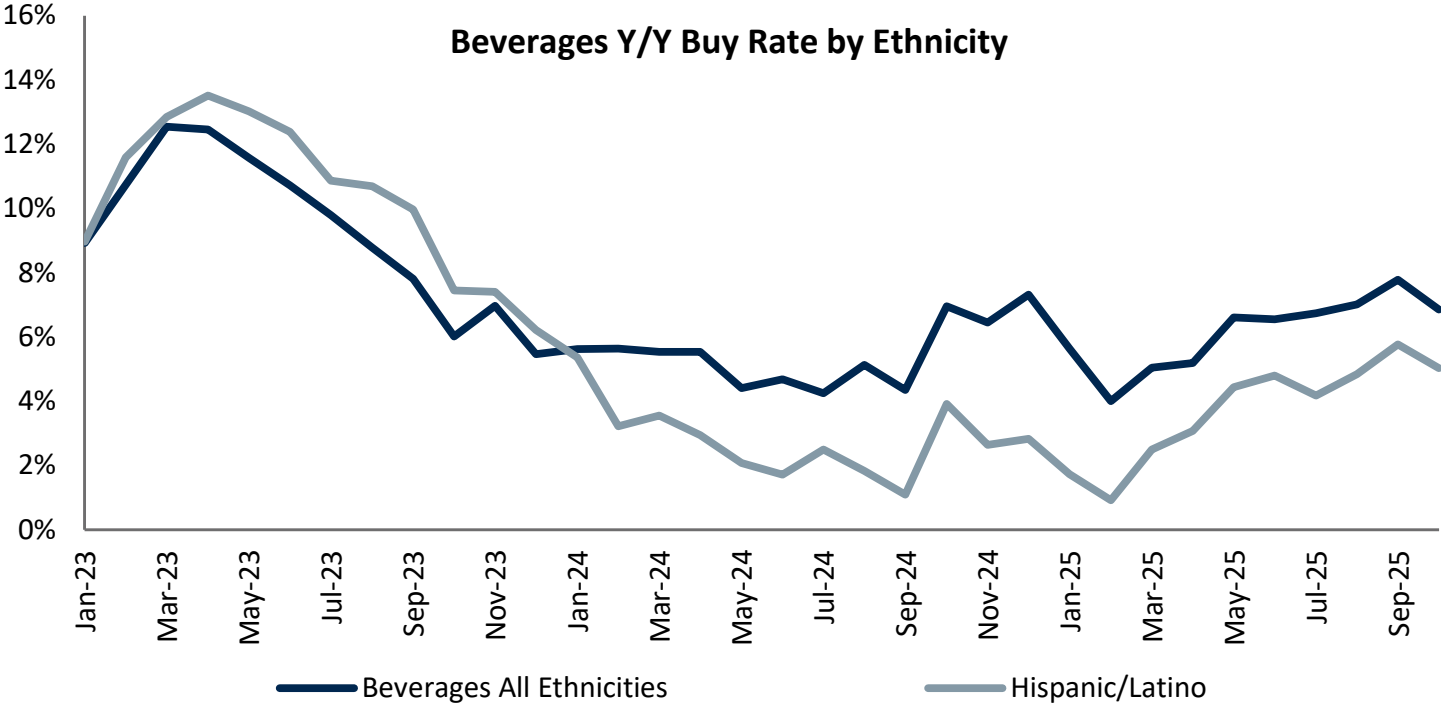
Secretary Noem Commends President Trump and One Big Beautiful Bill Signing into Law: Historic Win for the American People and the Rule of Law

Release Date: July 4, 2025

In June, Secretary Noem [laid out the national security wins](#) that the BBB secures for the American people. The highlights include:

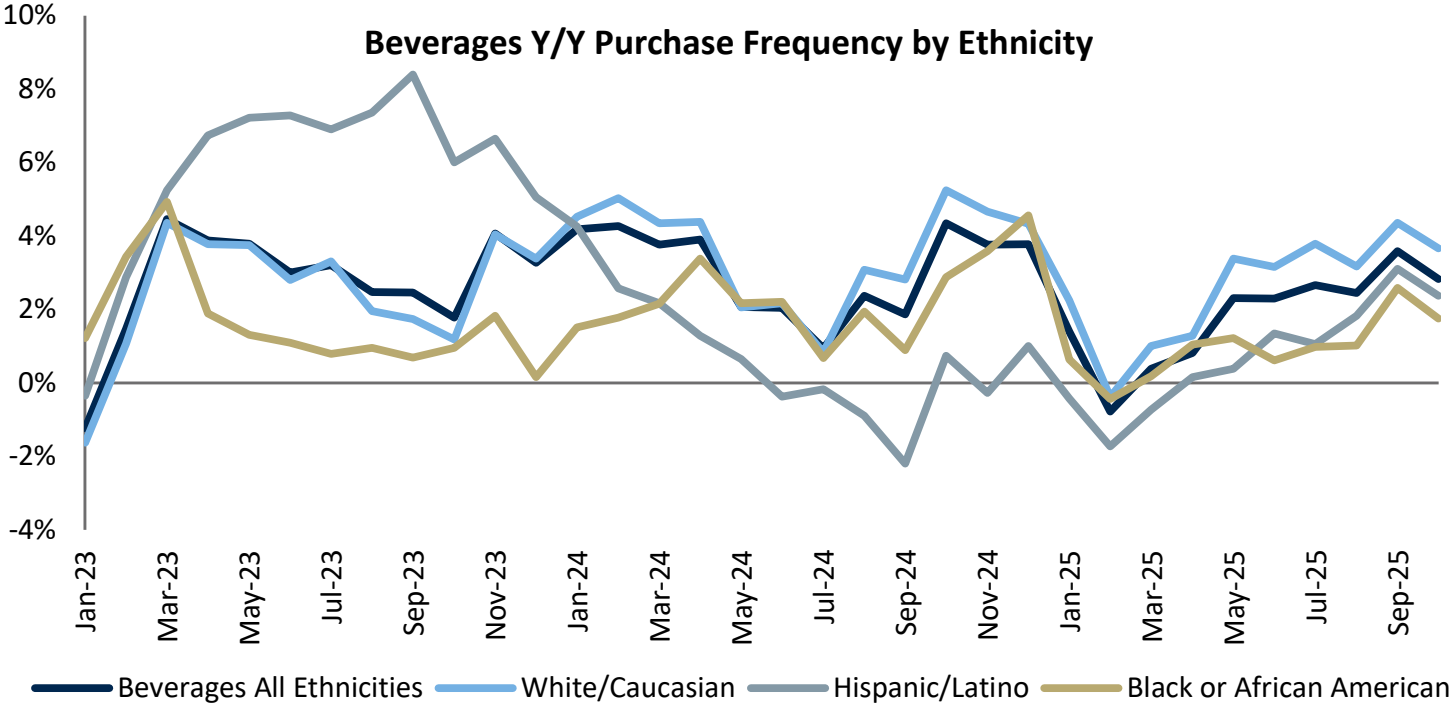
- **\$46.5 billion** to complete construction of the border wall.
- **\$14.4 billion** for removal transportation.
- **\$12 billion** in state reimbursements for states that fought against the Biden administration's open border.
- **\$4.1 billion** to hire additional CBP personnel, including **3,000 more customs officers** and **3,000 new Border Patrol agents**.
- **\$3.2 billion** for new technology and **\$2.7 billion** for new cutting-edge **border surveillance**.
- **\$855 million** to expand Customs and Border Protection's vehicle fleet.
- The law will also provide ICE with the **funding to hire 10,000 new agents**, which would allow the rate of deportations to reach as high as 1 million per year. ICE currently has 20,000 law enforcement and support personnel across 400 offices.
- The BBB provides ICE with enough detention capacity to maintain an average daily population of **100,000 illegal aliens** and **secures 80,000 new ICE beds**.
- The Big Beautiful Bill will also **fully fund ICE's 287(g) program**, which empowers state and local law enforcement to assist federal immigration officers.
- Under the law, **ICE and Border Patrol agents will also receive a \$10,000 bonus** for the next four years.

Hispanics' buy rate on beverages is softer than vs other ethnicities (mainly White/Caucasian and African Americans)



Source: Numerator Insights - Rolling 52 wks, RBC Capital Markets

Hispanics' purchase frequency on beverages decelerated vs other groups throughout 2024 and has remained below other ethnicities



Source: Numerator Insights - Rolling 52 wks, RBC Capital Markets

In summary:

- The Hispanic pullback is not a routine dip—it's the collision of affordability pressure with the consumer group that drives **the highest-frequency, highest-intensity beverage consumption in the country.**
- We expect elevated ICE activity to weigh on Hispanic consumer sentiment into 2026.
- This group disproportionately fuels **flavored drinks, multipacks, indulgent beverages, and socially shared drinking occasions. They also live in the markets where inflation and SNAP cuts landed hardest.**

- Winners will:
 - Build **ultra-value and ultra-premium** at the same time
 - Deploy promotions ZIP-code by ZIP-code
 - Reinforce cultural relevance through flavor and pack architecture
 - Reduce the friction that makes someone second-guess a treat

*Q: How Will SNAP Changes
Impact Beverage
Consumption?*

A: Modest Negative Volume
Impact but Larger Profitability
Impact

SNAP households spend relatively more on Beverages, especially Juices, than non-SNAP households

% of Grocery Spend <i>by Department</i>	SNAP Shoppers	Not SNAP Shoppers	Index
Beverages	18%	16%	117
Meat	11%	10%	106
Alcohol Beverages	10%	13%	80
Produce	9%	10%	93
Dairy	9%	9%	99
Snack	9%	9%	97
Frozen Foods	9%	8%	113
Deli & Prepared Foods	5%	6%	90
Candy	4%	4%	100
Other	17%	17%	100

% of Beverage Spend <i>by Category</i>	SNAP Shoppers	Not SNAP Shoppers	Index
Soft Drinks	26%	25%	107
Energy Drinks	15%	14%	106
Juices	13%	11%	125
Still Water	13%	12%	108
Sports Drinks	8%	7%	107
Dry Coffee	7%	9%	70
RTD Tea	4%	5%	98
RTD Coffee	3%	3%	103
Sparkling Water	2%	4%	62
Other	9%	11%	79

Starting in January, waivers in 12 states will create complications for retailers and CPG companies. All waivers restrict purchase of CSDs, while treatment of snacks, candy and energy drinks varies

State	Target Implementation Date	Summary of Request
Arkansas	July 1, 2026	Restricts purchase of soda, fruit and vegetable drinks with less than 50% natural juice; unhealthy drinks; and candy.
Colorado	March 1, 2026	Restricts purchase of soft drinks.
Florida	January 1, 2026	Restricts purchase of soda, energy drinks, candy and prepared desserts.
Idaho	January 1, 2026	Restricts purchase of soda and candy.
Indiana	January 1, 2026	Restricts purchase of soft drinks and candy.
Iowa	January 1, 2026	Restricts all taxable food items as defined by the Iowa Department of Revenue except food-producing plants and seeds for food-producing plants.
Louisiana	January 15, 2026	Restricts purchase of soft drinks, energy drinks and candy.
Nebraska	January 1, 2026	Restricts purchase of soda and energy drinks.
Oklahoma	January 1, 2026	Restricts purchase of soft drinks and candy.
Texas	April 1, 2026	Restricts purchase of sweetened drinks and candy.
Utah	January 1, 2026	Restricts purchase of soft drinks.
West Virginia	January 1, 2026	Restricts purchase of soda.

Source: Circana, RBC Capital Markets

Most states (36 total) had between 8%–16% SNAP participation in FY'24

FY'24 SNAP Participation by State

Impacted by CSD/soft drink SNAP restrictions in 2026

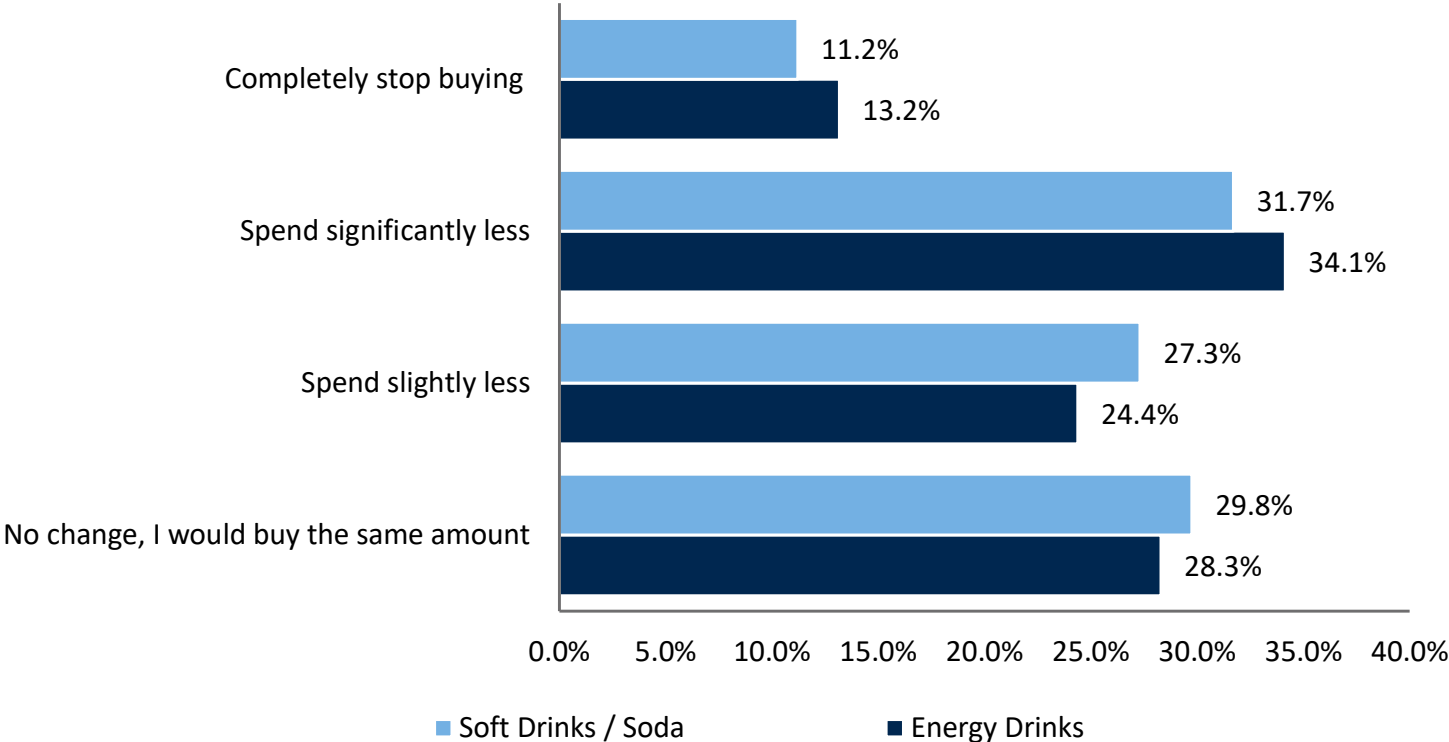
Utah	4.8%	Texas	10.2%	Mississippi	13.1%
Wyoming	4.9%	Vermont	10.3%	California	13.6%
New Hampshire	5.5%	Missouri	10.5%	Michigan	14.5%
North Dakota	6.1%	Connecticut	10.6%	Alabama	14.6%
Kansas	6.3%	South Carolina	10.6%	New York	14.7%
Idaho	6.5%	Maryland	11.1%	Illinois	15.2%
Montana	7.2%	Delaware	11.2%	Pennsylvania	15.3%
Nebraska	7.7%	Hawaii	11.2%	Nevada	15.5%
Arkansas	7.8%	Washington	11.2%	Massachusetts	15.6%
Minnesota	7.8%	Ohio	11.7%	West Virginia	15.7%
Iowa	8.0%	Wisconsin	11.8%	Oklahoma	16.8%
South Dakota	8.1%	Arizona	12.2%	Oregon	17.7%
New Jersey	8.7%	Maine	12.3%	Louisiana	18.4%
Indiana	8.8%	Georgia	12.5%	District of Columbia	19.6%
Alaska	9.2%	Florida	12.7%	New Mexico	21.2%
Virginia	9.4%	North Carolina	12.8%		
Colorado	9.8%	Kentucky	13.0%		
Tennessee	9.8%	Rhode Island	13.0%		

What Are Consumers in
These States Going to Do?

We Just Asked Them Using
Numerator's Verified Buyer
Survey Tool

c.70% of SNAP consumers would scale back consumption of carbonated soft drinks and energy drinks

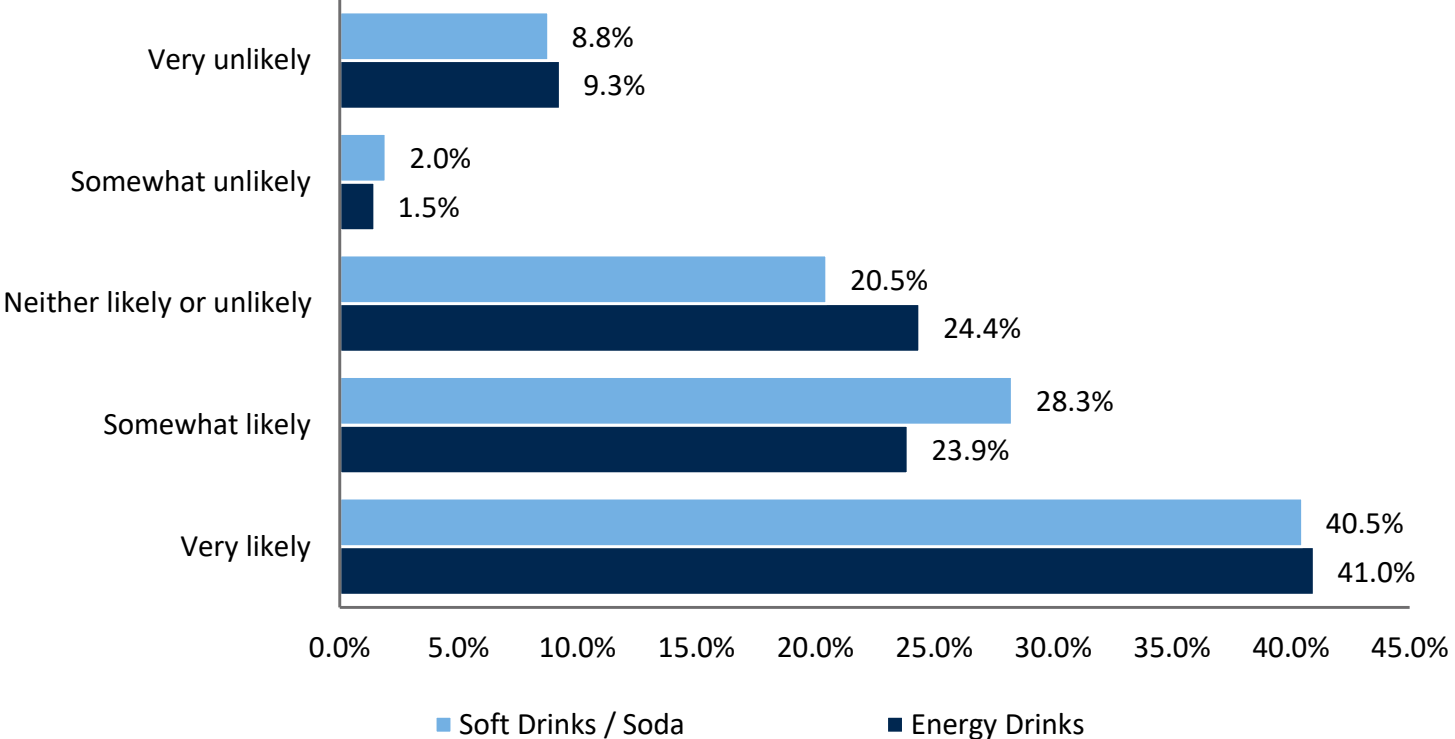
There are some proposed changes in your state that could restrict the use of SNAP when purchasing __. If you were no longer able to use SNAP to purchase __, how much would your spend in this category change? Select one.



Source: Numerator Insights, RBC Capital Markets

90% of CSD and Energy Drink SNAP buyers would be likely to shift retailers to buy at the lowest price

If you were no longer able to use SNAP to purchase __, how likely would you be to shift to retailers with the lowest price when buying this category? Select one.



Source: Numerator Insights, RBC Capital Markets

Nearly 40% of in-store SNAP grocery trips now happen at food retailers, a growing share compared to last year. While usage has dipped across dollar stores, drugstores, and convenience locations, shoppers are shifting more of their SNAP usage to food and club channels

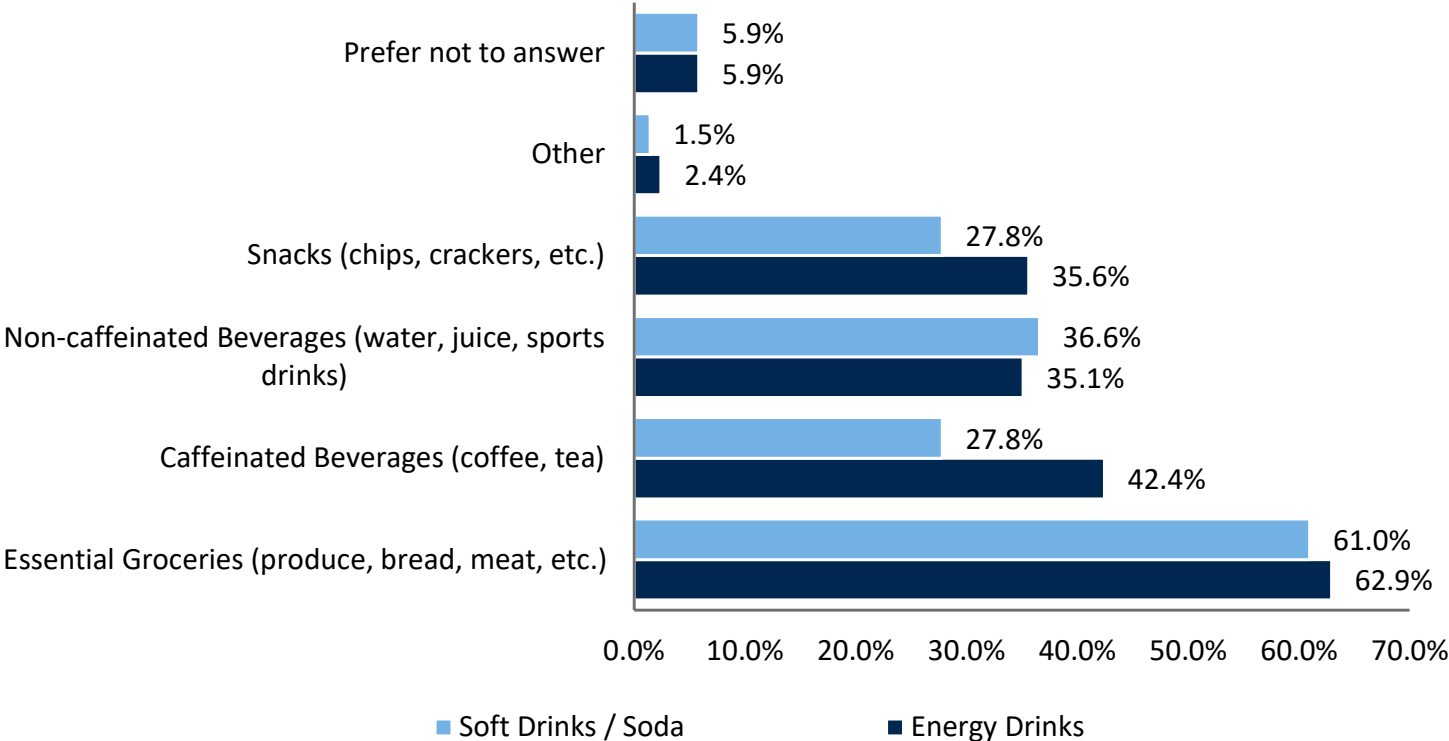
Channels Where SNAP Trips Are Made

How to read: What percent of total in-store grocery trips using SNAP or WIC benefits are made in each channel?

Channel	% of SNAP Trips	% of SNAP Trips (Year-Ago)	Index vs YA
Food	39.2%	38.0%	103
Mass	25.8%	24.1%	107
Gas & Convenience	19.5%	22.4%	87
Dollar	9.4%	9.7%	97
Club	4.3%	4.0%	105
Drug	1.3%	1.5%	91
Other	0.5%	0.4%	116

Over 60% of SNAP buyers would shift their spending to essential grocery categories. Energy drink buyers were more likely to buy other caffeinated beverages and snacks

If you are no longer allowed to use SNAP dollars to buy __, what would you spend those SNAP dollars on instead? Select all that apply.



Source: Numerator Insights, RBC Capital Markets

In summary: Projecting the impacts of SNAP changes must factor in multiple variables and state-level nuances

Potential Impacts

- **Volume & Sales Pressure:** Overall spending decline and waste reduction
- **Product Mix:** Shifts to different brand tiers/private label, pack sizes, or categories
- **Channel Shifts:** Shifts to value channels

Variables to Consider in Assessing Impact

- **Demographics:** SNAP participation rates, household income, presence of children
- **Geographic Factors:** State level waivers, benefit timing, and requirement differences
- **Category Characteristics:** Elasticity, price point, pack size, and substitution patterns
- **Channel Dynamics:** Retailer mix and skew toward SNAP shoppers, promotional intensity, price tier and private label strategy
- **Economic Context:** Broader inflation and employment trends amplify or soften SNAP impacts

*Q: What Is a Sustainable
Growth Rate for the Energy
Drink Category?*

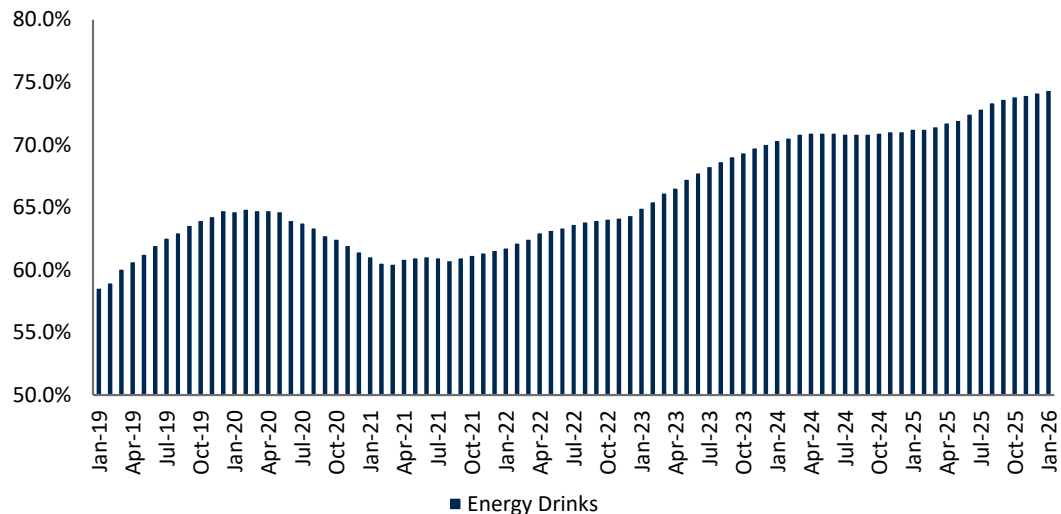
A: 5-6% Volume Growth +
1-2% of Price/Mix

*Though We Think 2026 Could
Be Above This Growth Rate*

Energy drinks household penetration is 74.4% and up 310 bps Y/Y. Penetration has been steadily on the rise since in 2021 (after initial mobility restrictions in 2020)

Household Penetration	2019	2020	2021	2022	2023	2024	2025	LTM
Energy Drinks	64.8%	61.5%	61.6%	64.4%	70.1%	71.1%	74.2%	74.4%
Y/Y		-330 bps	10 bps	280 bps	570 bps	100 bps	310 bps	310 bps

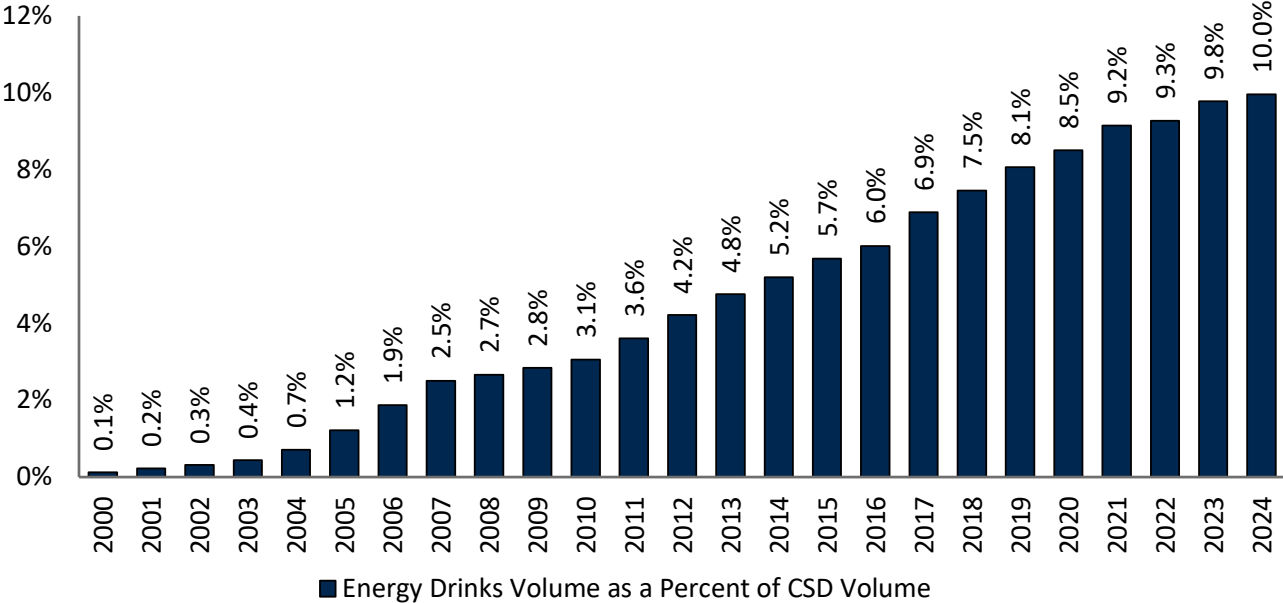
Energy Drinks Household Penetration



Note: Rolling 52-week basis.
Source: Numerator Insights, RBC Capital Markets

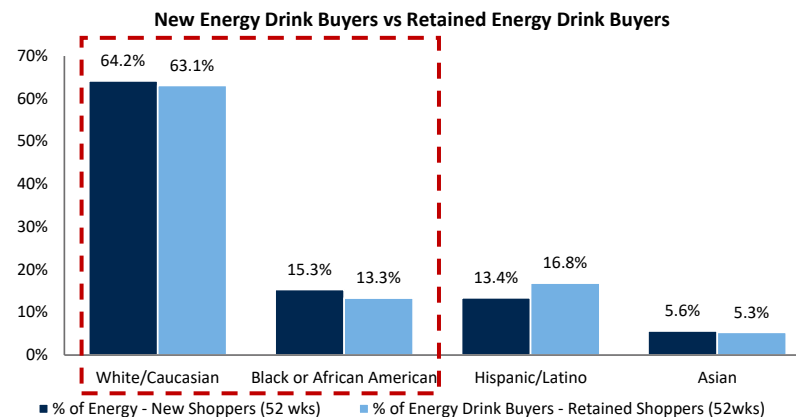
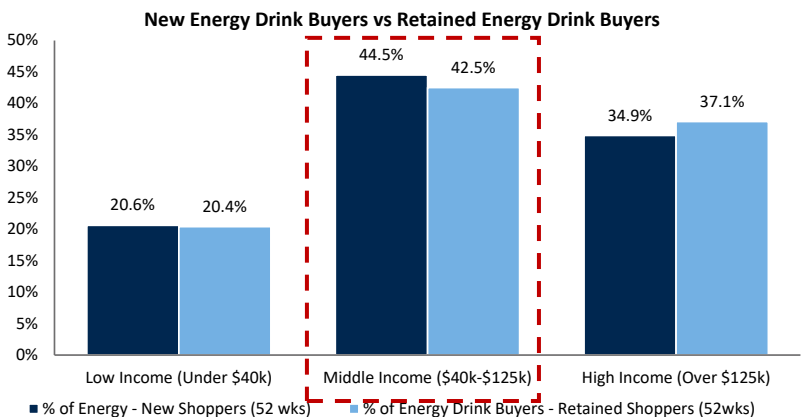
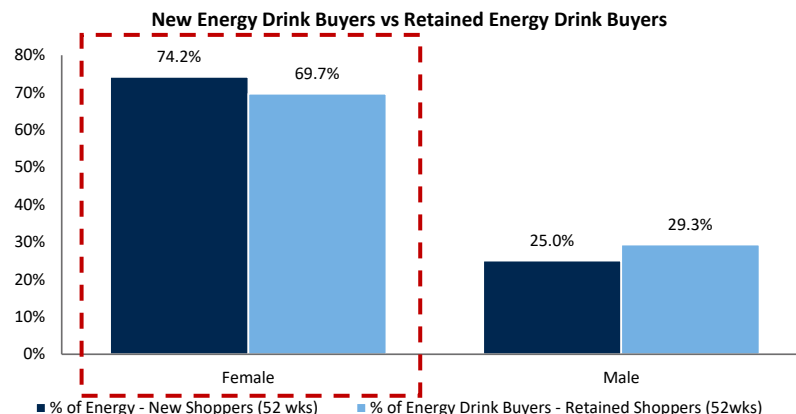
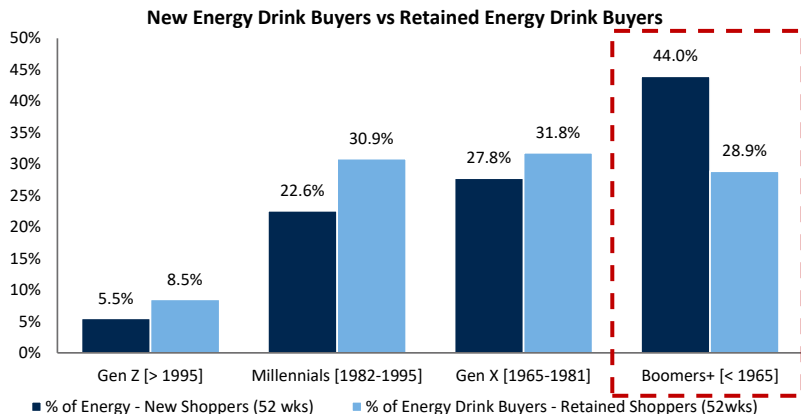
Despite significant growth, energy drinks are just 10% of CSD volume, up ~500 bps from 10 years ago

Energy Drinks Volume as a Percent of CSD Volume



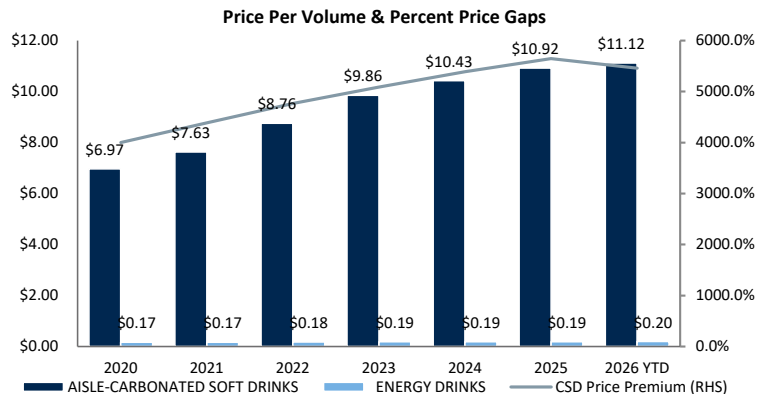
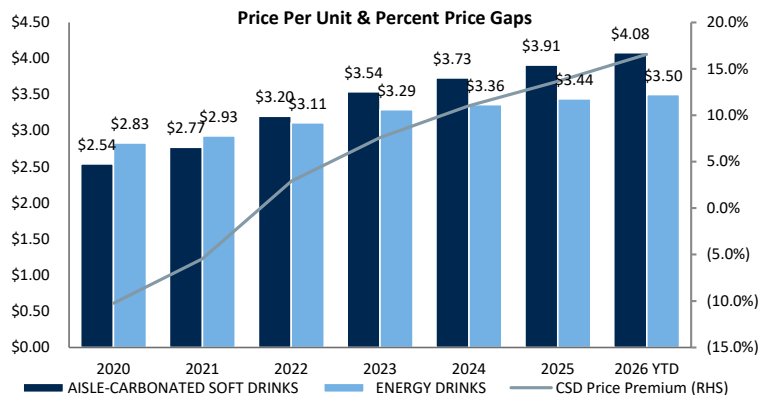
Source: Beverage Digest, RBC Capital Markets

Demographic rings are expanding: consumers new to the category over-index to a diverse set of demographics including older consumers, females, middle income, and White/Caucasian & African American



Source: Numerator Insights, RBC Capital Markets

Energy drinks still offer relative value compared to other beverage categories as the energy category historically significantly lagged overall carbonated soft drink pricing. On a price per unit basis, CSD's premium to energy drinks is now 16.6% and the gap has widened each of the last 4 years



- We expect continue to see upside for the energy drink category and expect the category to grow +8-12% in 2026
 - Longer term we see the energy category growing 5-6% in volume terms and 6-8% in dollar terms in the US
- The category continues to grow household penetration and see new consumers enter the category (particularly females) and increased occasions (more than just instant consumables due to an emphasis on multipacks)
- Innovation-driven category growth: the category has had strong growth driven by a robust slate of innovation and LTOs from major players
- Energy category still offers relative value vs other beverage categories
 - Price gaps between CSDs and coffee are wide as the category has taken less pricing
- Increased retailer support and shelf facings
- Future of the category could include other benefits + solve new ailments

Q: What Is the Issue with the Sports Drink Category?

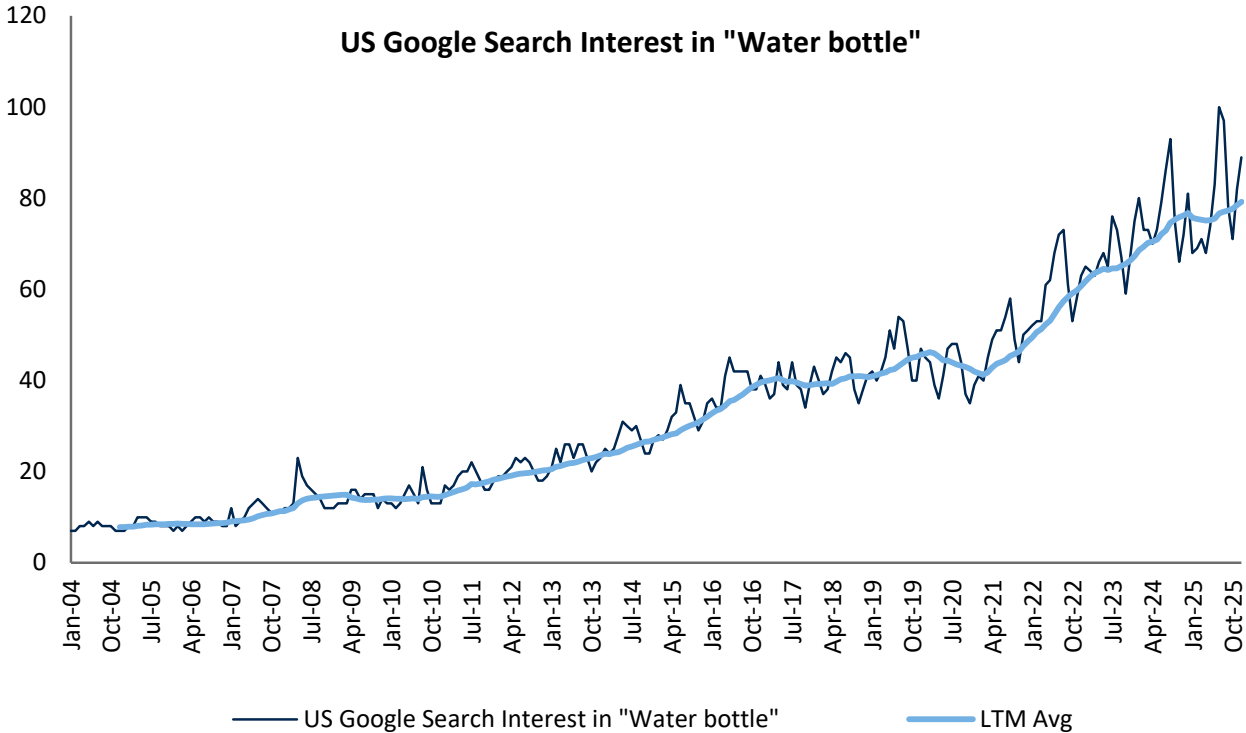
A: Losing Hero Status in the
Functional Space

Sports drinks were built for a world where consumers defined themselves as physical performers. Today, consumers care more about mental sharpness, recovery, stamina and overall well-being and have many options



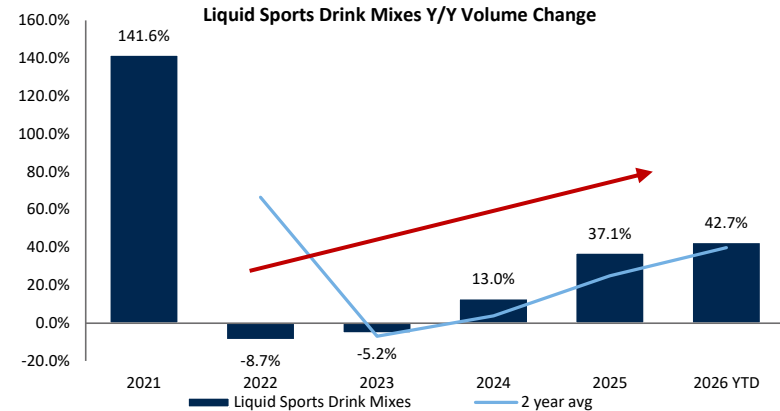
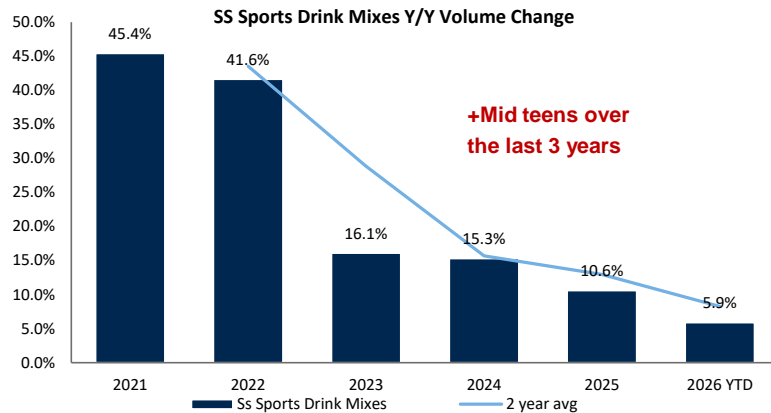
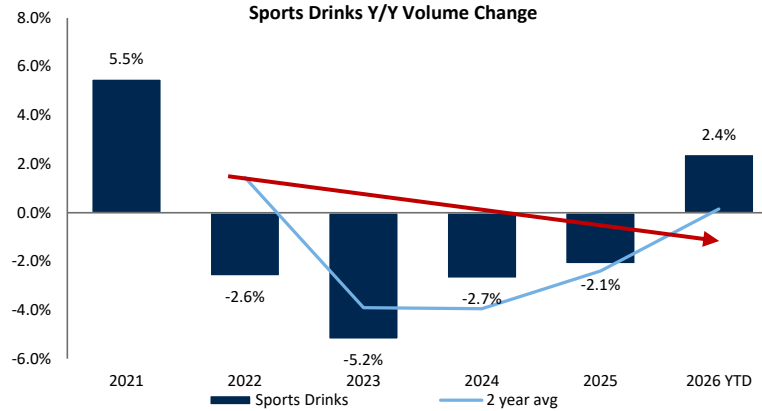
Source: Google Images, RBC Capital Markets

Consumers are increasingly interested in carrying their own water bottle. LTM average Google search interest in “water bottle” is at all-time highs. Sustainability, costs, and health & wellness (drinking more water) are driving these trends



Source: Google Trends, RBC Capital Markets

Sports drink mixes (powders and liquids) have seen strong growth, supported by consumers' adoption of personal water bottles



Source: Circana, RBC Capital Markets

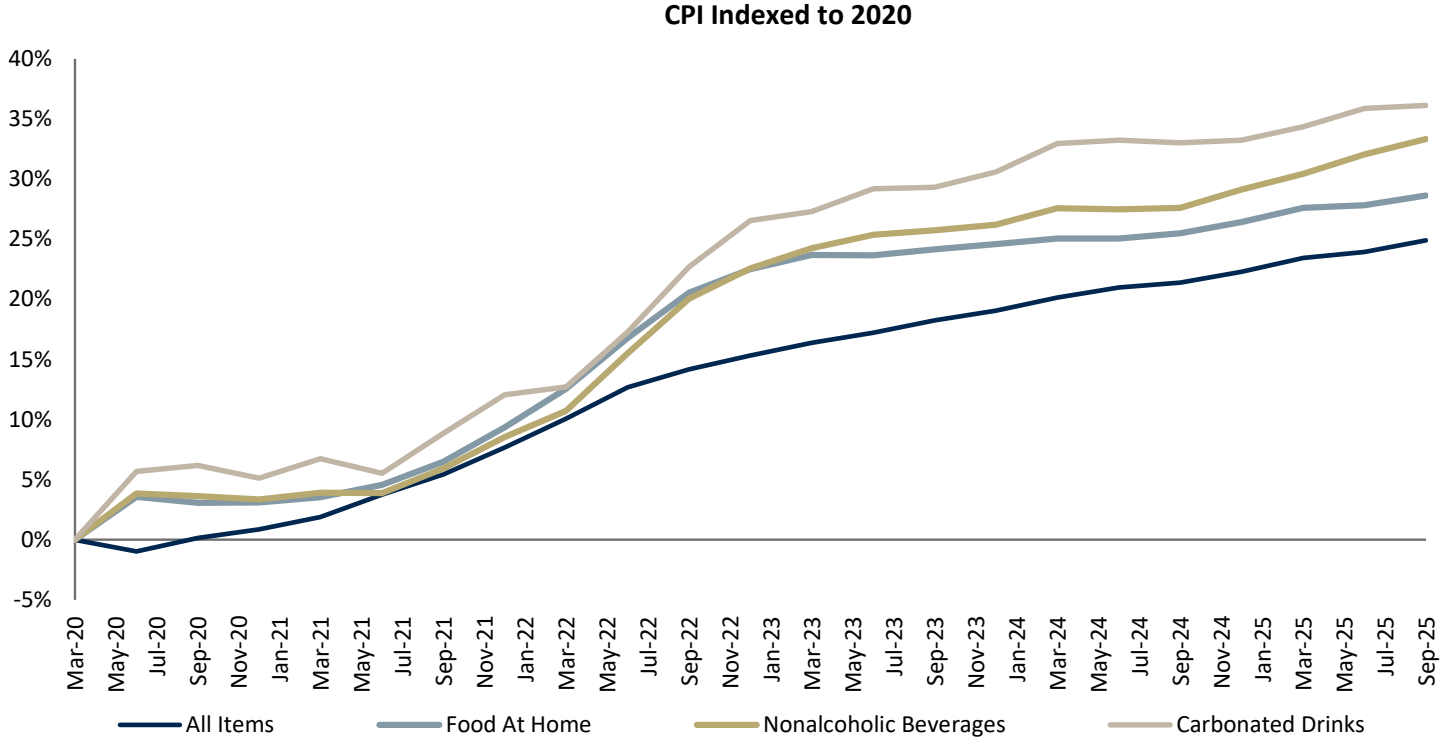
In summary:

- Sports drinks were built for a world where consumers defined themselves as **physical performers**. Today, people care more about **mental sharpness, recovery, stamina, and overall well-being**.
- Sports drinks consumption slowed because:
 - Waters and powders fulfill the original hydration-performance promise
 - Sugar concerns are rising
 - Gen Z sees “performance” as mental/emotional, not just athletic
- Sports drinks no longer clearly deliver what the modern consumer considers “performance.”
- The path forward:
 - Redefine hydration around **clarity, focus, recovery, and everyday performance**
 - Provide measurable functional benefits
 - Build hydration + calm, hydration + clarity, hydration + minerals

*Q: Can CSDs Sustain
Revenue Growth Long-Term
with No Volume Growth?*

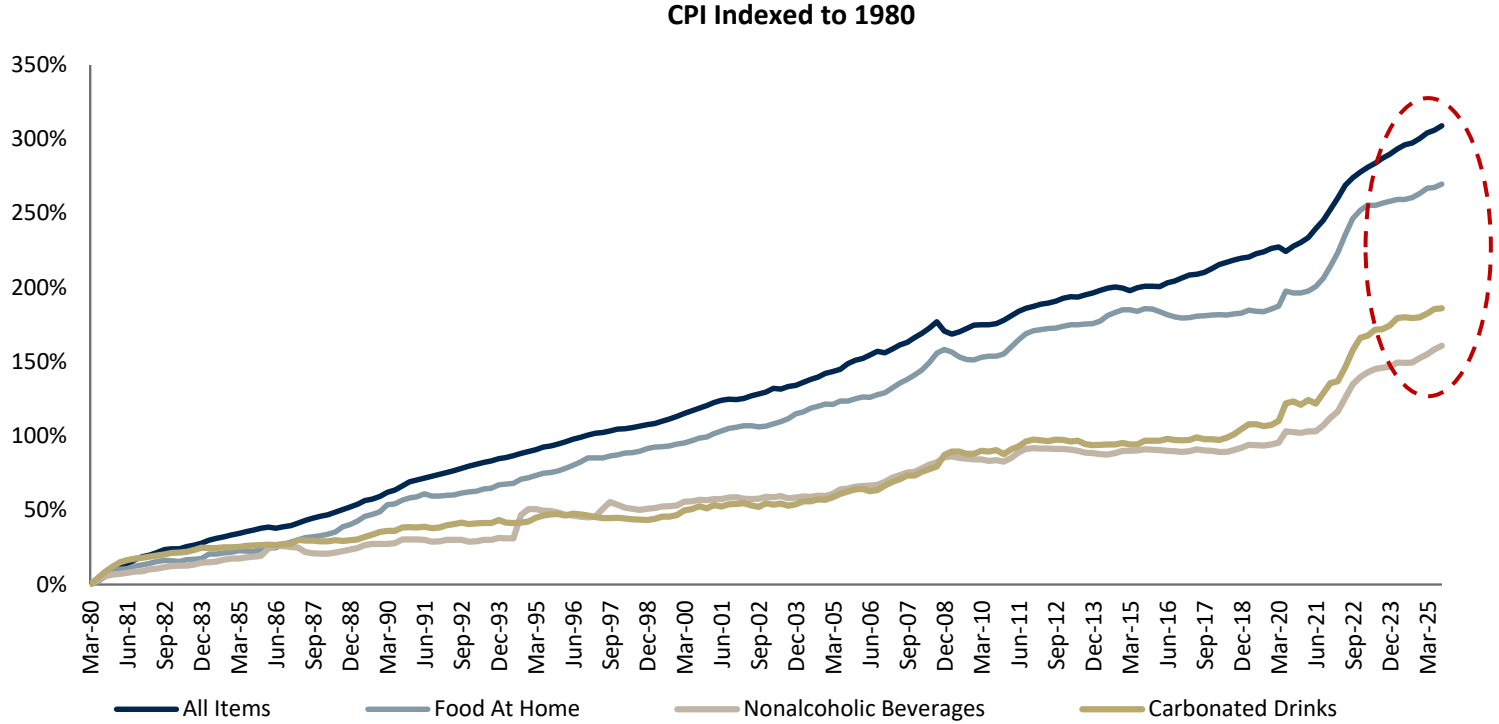
A: Yes...but

Over the last several years CSD pricing has increased sharply. Indexed to 2020, CSD CPI is up 36% above total CPI +25% and Food at Home +29%



Source: FactSet, RBC Capital Markets

However, over the longer term CSDs still offer relative value as pricing under indexes vs total CPI and broader Food at Home by over 120 pts



Simplify the “math” to help highlight value



Mental “Math”:
The accounting required to “solve for” the amount of savings is frustrating to the brain.



Framing

Use the “Framing” heuristic:
Within pack formats, break down larger amounts into smaller, incremental amounts to make the cost more transparent.



Relative value is pretty clear



\$1.75-2.30



\$2.20-2.60



\$5.50-\$6.50

In summary:

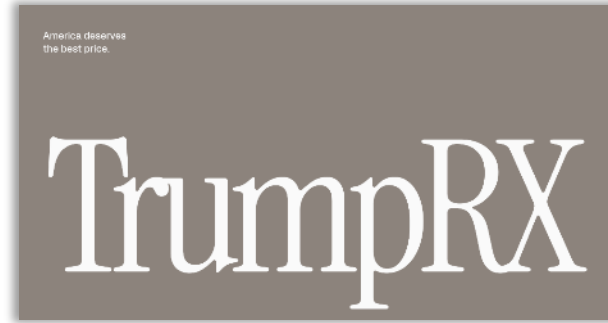
- Despite recent pricing, CSDs still offer relative value as pricing under-indexes vs total CPI and broader Food at Home
- The US market is a slow growth volume environment and likely remains one
- CSDs still have room for pricing but have to earn the right to price
- It remains resilient because it delivers **comfort, nostalgia, fun, and emotional reward**—and those motivations don't disappear easily
 - Premium cans and minis help people feel perfectly fine treating themselves at higher prices
- But pricing cannot offset volume indefinitely:
 - Lower-income consumers have hit affordability limits
 - Health messages keep intensifying
 - Value channels dilute mix
 - Guilt, cost, and health concerns slowly erode everyday consumption

Bottom line: CSDs can keep pricing, but only if the emotional payoff continues to outweigh the hesitation



GLP-1

Trump recently announced agreements to reduce the costs of GLP-1s by up to 70% for cash-paying patients via TrumpRX



Under the agreement, eligible patients will pay around \$245 to \$350 per month, instead of \$1350 a month.

These drugs will also be available for certain Medicaid/Medicare patients for the first time in 2026 under a new pilot program

Trump officials plan coverage for weight loss drugs under Medicare and Medicaid

Pilot program, first pitched under Biden, will cover GLP-1 drugs such as Ozempic to address chronic obesity in US



Oral GLP-1s look set to become available soon, which could materially increase these drugs' prevalence by making them more inexpensive and accessible. This could also ease insurance costs

NEWS

HEALTH & MEDICINE

New oral GLP-1 drugs could offer more options for weight loss

GLP-1 injections require refrigeration and needles. Pills wouldn't



An Eli Lilly employee collects product during the manufacturing of orforglipron, an investigational oral GLP-1 drug, at a Lilly facility. New clinical trials show that orforglipron and another oral drug help people with obesity lose weight.

ELI LILLY

Weight loss combination therapies are also being studied with the goal of preserving muscle during treatment, which could spur more widespread user adoption



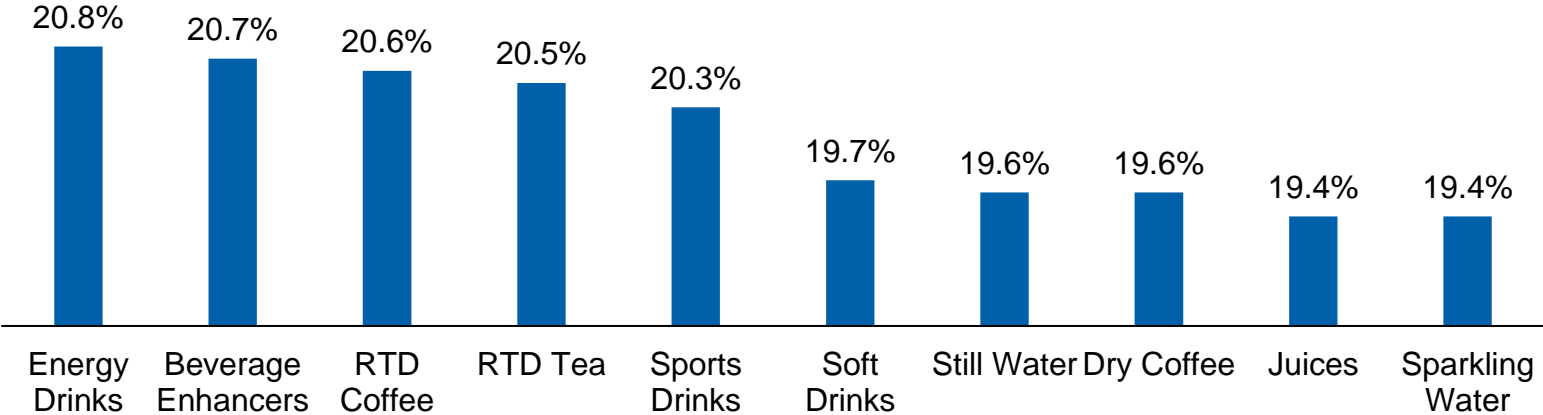
Embargoed until June 23, 2025 at 8:00am CT

New GLP-1 Therapies Enhance Quality of Weight Loss by Improving Muscle Preservation

Research indicates potential for new wave of breakthroughs in maintaining lean mass for patients taking GLP-1-based medications

GLP-1 users, making up nearly 20% of beverages buyers, spend relatively more than non-users on most beverages categories, especially Soft Drinks

GLP-1 Users % of Households



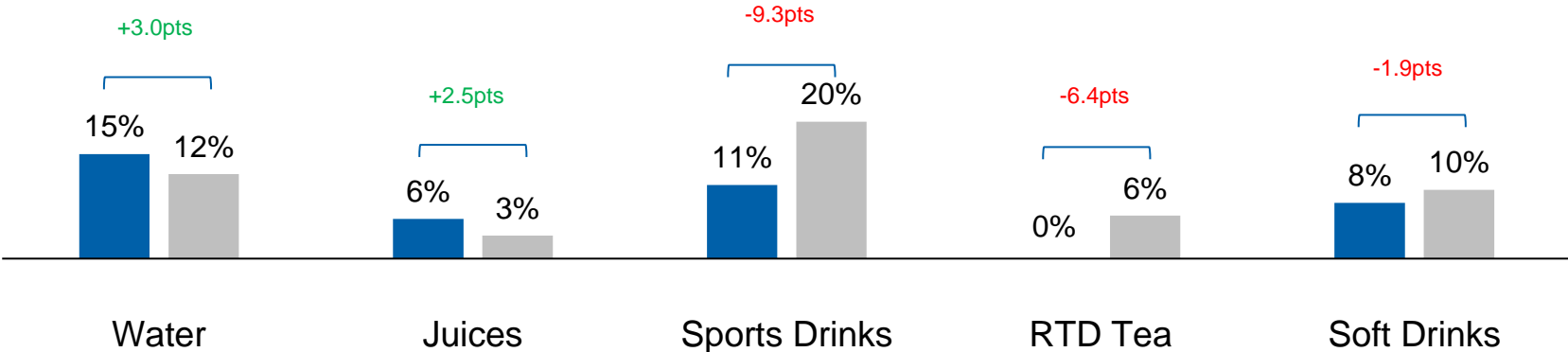
\$ Buy Rate	\$319	\$63	\$81	\$97	\$150	\$508	\$234	\$167	\$197	\$83
Index vs Non-User	102	107	101	108	111	124	119	102	112	103

GLP-1 Survey Fielded October 2025
 Source: Numerator Insights; 12 Months Ending October 2025; FMCG + eCommerce

After starting the medication, GLP-1 users had lower growth in household spend on Sports Drinks, RTD Tea & Soft Drinks relative to non-users

\$ Buy Rate % Change vs Prior Period

■ GLP-1 Users ■ Non Users



GLP-1 Survey Fielded October 2025; GLP-1 users starting May-July 2025
Source: Numerator Insights; FMCG + eCommerce; Pre-Period = Feb-Apr 2025; Post-Period = Aug-Oct 2025

In summary:

- GLP-1 adoption will continue to increase due to better affordability and oral versions
- GLP-1 consumers still over-index to most beverage categories, but spend moderates for Soft Drinks, RTD Teas and Sports Drinks
- Zero sugar energy drinks perform well with GLP-1 consumers
- Smaller pack sizes and forced portion control could help keep consumers engaged and improve margins

*Q: Is the Dirty Soda Trend a
Fad or Something More
Durable?*

A: Long-Lasting Proposition

*But Not If You Treat It Like a
Product Category*

Dirty soda is not a retail volume engine...it is a cultural relevance engine

- It brings soda into:
 - Creativity
 - Sharing
 - Personal expression
 - Customization
 - Play
- But the retail effect is:
 - Sharp but shallow spikes
 - More lift for mix-ins (syrups, creamers) than for packaged soda
 - Increased category salience but not long-term velocity
- Dirty soda doesn't change behavior—it reveals a **shift in beverage culture**: young consumers want beverages they can remix, not just consume.

Dirty soda isn't a Nielsen bump; it's free R&D telling you Gen Z wants soda to act more like Starbucks than a vending machine

*Q: When Will LDA Consumers
Start Growing Again?*

A: 2027

For many members of Gen Z who turned 21 during the early days of the pandemic, the disruptions to their normal patterns of going out continues to reverberate. The pandemic has had lasting effects on their attitudes of bars

- According to reports from Bon Appetit, Gen Z is still drinking and socializing but have become accustomed to doing so in backyards and living rooms rather than bars and clubs. The closures and social distancing of 2020 and 2021 have, for many, created a lasting sense that it's easier to unwind and drink at home.
- More than half of young people in Gen Z show signs of anxiety, and if their anxiety rises in unfamiliar or social situations, bars can become especially challenging. The pandemic's disruptions also made many young people feel they need to make up for lost time when going out which creates heightened pressure to have not just a great time, but the best time. As a result, bars begin to look more like social minefields than spaces to relax.

LIFESTYLE

How Bars Are Adapting to Gen Z, the Homebody Generation

For Gen Zers who turned 21 during the pandemic's shutdowns, staying home became the default social mode.



Resurgence of LDA drinkers in 2027? Up and coming LDA consumers should have a more normalized social and economic college and young adult experience

- Pandemic era LDA consumers saw their formative drinking years marred by a global pandemic, pressuring socialization end entered the workforce at a time of macro uncertainty and high inflation

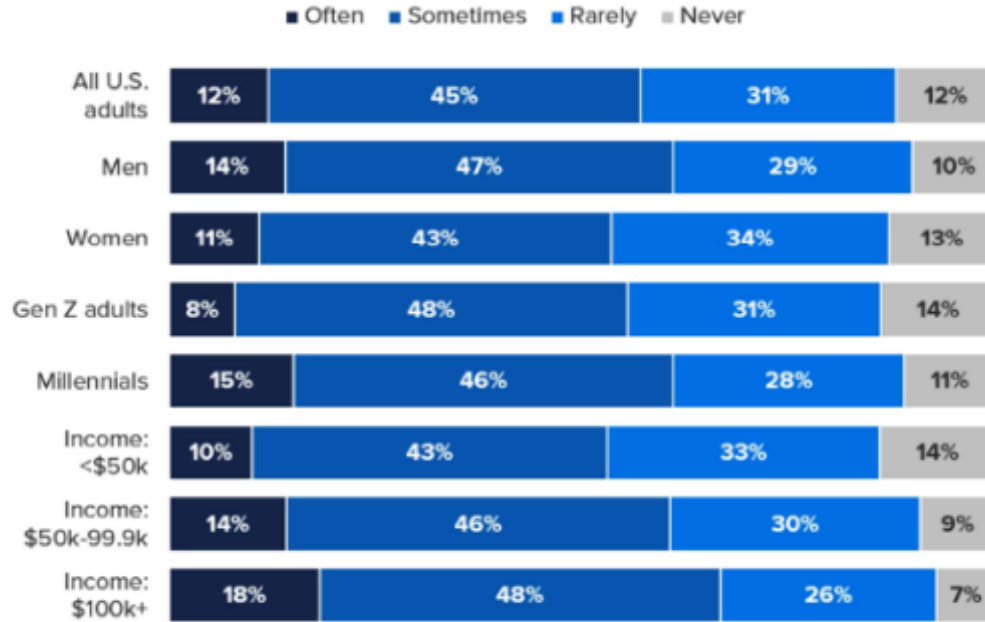
Pandemic Era LDA Consumers				
Year	Age	Life Cycle	Alcohol Consumption Era	Macro Dynamics
2015	14	High School	Normalized	Normalized
2016	15	High School	Normalized	Normalized
2017	16	High School	Normalized	Normalized
2018	17	High School	Normalized	Normalized
2019	18	High School/College	Normalized	Normalized
2020	19	College	Pandemic Era Excess	Pandemic Era Socialization
2021	20	College	Pandemic Era Excess	Pandemic Era Socialization
2022	21	College	Post Pandemic Hangover	Pandemic Era Socialization
2023	22	College	Post Pandemic Hangover	Macro Pressures/Inflation
2024	23	Post College Young Professional	Post Pandemic Hangover	Macro Pressures/Inflation
2025	24	Post College Young Professional	Post Pandemic Hangover	Macro Pressures/Inflation
2026	25	Post College Young Professional	Post Pandemic Hangover	Macro Pressures/Inflation
2027	26	Young Professional	Normalized?	Normalized?
2028	27	Young Professional	Normalized?	Normalized?
2029	28	Young Professional	Normalized?	Normalized?
2030	29	Young Professional	Normalized?	Normalized?
2031	30	Young Professional	Normalized?	Normalized?

Up and Coming LDA Consumers				
Year	Age	Life Cycle	Alcohol Consumption Era	Macro Dynamics
2021	14	High School	Pandemic Era Excess	Pandemic Era Socialization
2022	15	High School	Post Pandemic Hangover	Pandemic Era Socialization
2023	16	High School	Post Pandemic Hangover	Pandemic Era Socialization
2024	17	High School	Post Pandemic Hangover	Macro Pressures/Inflation
2025	18	High School/College	Post Pandemic Hangover	Macro Pressures/Inflation
2026	19	College	Post Pandemic Hangover	Macro Pressures/Inflation
2027	20	College	Normalized?	Macro Pressures/Inflation
2028	21	College	Normalized?	Normalized?
2029	22	College	Normalized?	Normalized?
2030	23	Post College Young Professional	Normalized?	Normalized?
2031	24	Post College Young Professional	Normalized?	Normalized?
2032	25	Post College Young Professional	Normalized?	Normalized?
2033	26	Young Professional	Normalized?	Normalized?
2034	27	Young Professional	Normalized?	Normalized?
2035	28	Young Professional	Normalized?	Normalized?
2036	29	Young Professional	Normalized?	Normalized?
2037	30	Young Professional	Normalized?	Normalized?

Up and coming LDA consumers should have a more normalized social and economic situation relative to the social and inflationary headwinds of pandemic era LDA consumers

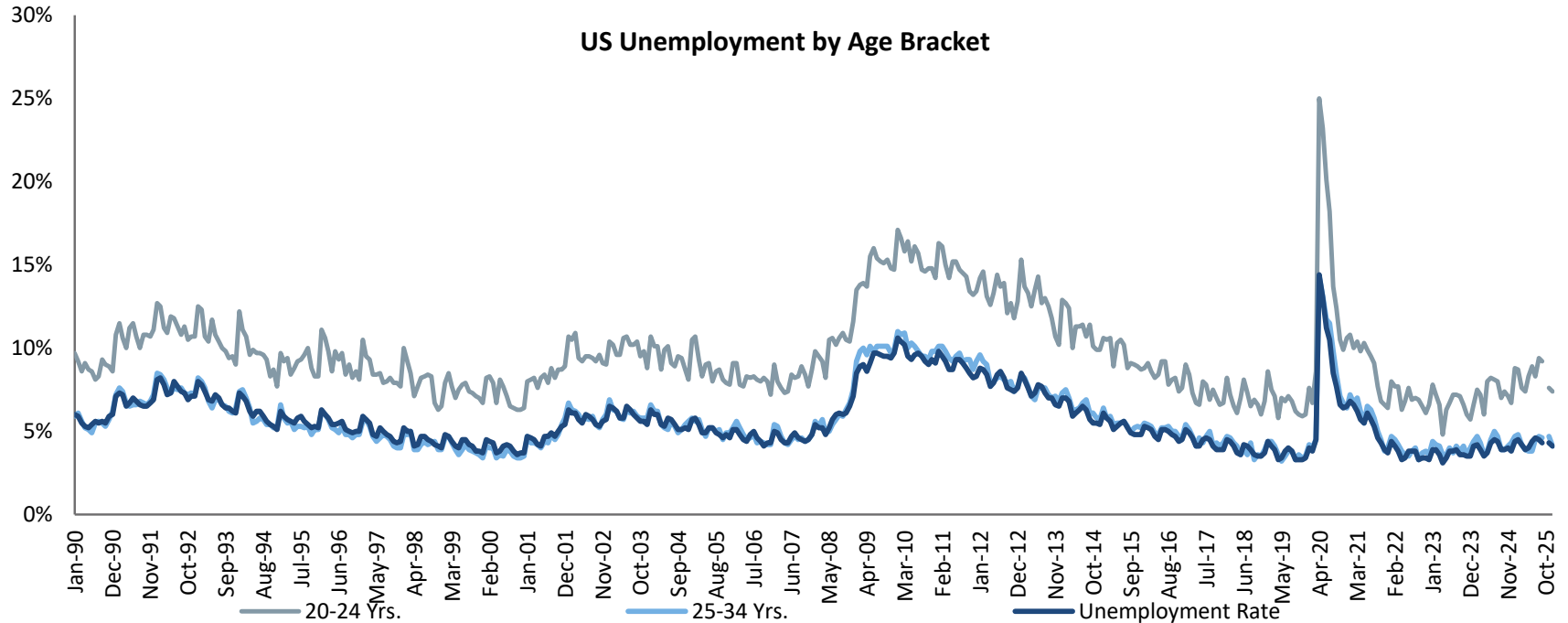
Just 8% of Gen Z adults said they “often” meet or interact with new people when they are out and about, but also express the strongest desire to meet new people more frequently

Shares who said they meet or interact with new people ____ when they're out and about

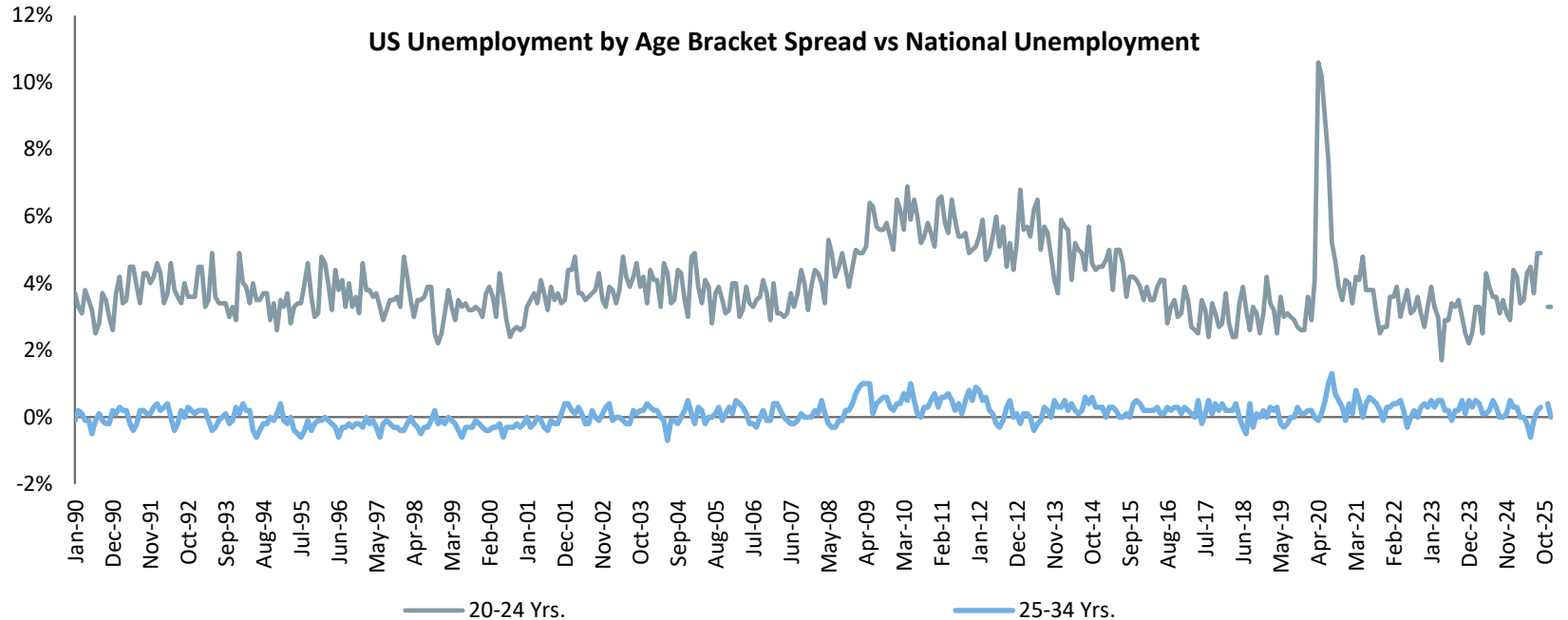


MORNING CONSULT

There is also a cyclical element. Youth unemployment tends to track higher than the national average. Unemployment for 20–24-year-olds is 7.4% vs 4.1% nationally. For 25–34-year-olds it is closer to national levels



While 20–24-year-olds have always had higher levels of unemployment, the spread vs the national average widened to ~5 pts over the summer (avg 4 pts since 1990). The spread currently sits at 3.3 pts



*4 Behavioral Shifts
Powered by Alpha Diver*

1. The Shift from “More Energy” to “Managed Energy”

- **Consumers are moving from stimulation → regulation.**

- **What to watch:**

A rising desire for beverages that **flatten the physiological spikes** of the day:

- no highs, no crashes
- sustained focus
- emotional evenness
- physical calm

- This is driven by:

- GLP-1 usage
- rising anxiety
- hybrid workplace fatigue

- **Strategic implication:**

Beverage will split into two new psychographic spaces: 1) **Energy Stabilizers** (smooth power, no peak) and 2) **Nervous-System Drinks** (calm, grounding, de-spiking)

Examples



2. The Rise of “Beverage as Micro-Ritual,” Not Beverage as Category

Consumers aren't drinking drinks, they're performing moments

- Different beverages now dominate **micro-moments**, not meal times:
 - the “pre-work clarity drink”
 - the “2 pm reset drink”
 - the “evening calm transition drink”
 - the “post-activity repair drink”

Need Codes signal:

- People are building **identity and emotional regulation** around timed rituals
- **Strategic implication:**
Future winners will be beverages built for **moments**, not demographics
- The next “sub-segment” of beverage category growth could be: 1) *Morning Function*; 2) *Afternoon Clarity*; 3) *Post-Day Downshift*; 4) *Sleep Gateways*
- This is a new segmentation map for the beverage industry

Examples

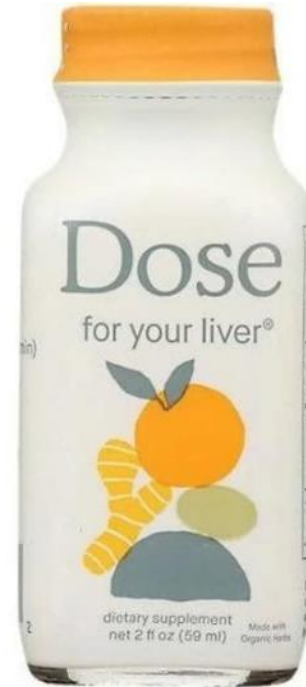


3. The Dissolving Line Between Beverage and Supplement

Users increasingly treat beverages as dose forms

- People are pulling beverage behaviors from:
 - supplements
 - wellness routines
 - tinctures
 - powders
 - hydration stacks
 - adaptogen rituals
- **Watch for:**
Beverages that look indulgent but act mechanistically (precise ingredients, micro-dosing).
Also: beverages as “*daily baselines.*”
- This collapses entire categories and opens new white space

Examples



4. The Rejection of “Flavor Intensity” in Favor of “Sensory Softness”

The next beverage frontier is not louder flavor—it’s gentle flavor

- Social data shows massive growth in:
 - “lightly flavored”
 - “just a hint of ____”
 - “soft sweetness”
 - “light fizz / gentle carbonation”
 - “clean finish”
- Why?
Because consumers are:
 - overstimulated
 - overstressed
 - increasingly sensitive due to medications (e.g., GLP-1, ADHD meds)
 - physically avoiding harshness, spikes, burn, and “syrupiness”

Examples



If you would like to be added to my
research distribution or would like a
copy of this deck, email me at
nik.modi@rbc.com

Required Disclosures

Conflicts Disclosures

The analyst(s) responsible for preparing this research report received compensation that is based upon various factors, including total revenues of the member companies of RBC Capital Markets and its affiliates, a portion of which are or have been generated by investment banking activities of the member companies of RBC Capital Markets and its affiliates.

With regard to the MAR investment recommendation requirements in relation to relevant securities, a member company of Royal Bank of Canada, together with its affiliates, may have a net long or short financial interest in excess of 0.5% of the total issued share capital of the entities mentioned in the investment recommendation. Information relating to this is available upon request from your RBC investment advisor or institutional salesperson.

Distribution of Ratings

For the purpose of ratings distributions, regulatory rules require member firms to assign ratings to one of three rating categories - Buy, Hold/Neutral, or Sell - regardless of a firm's own rating categories. Although RBC Capital Markets' ratings of Outperform (O), Sector Perform (SP) and Underperform (U) most closely correspond to Buy, Hold/Neutral and Sell, respectively, the meanings are not the same because our ratings are determined on a relative basis.

Distribution of ratings				
RBC Capital Markets, Equity Research				
As of 31-Dec-2025				
Rating	Count	Percent	Investment Banking	
			Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	884	58.31	282	31.90
HOLD [Sector Perform]	586	38.65	160	27.30
SELL [Underperform]	46	3.03	3	6.52

Required Disclosures

Conflicts Policy

RBC Capital Markets Policy for Managing Conflicts of Interest in Relation to Investment Research is available from us on request. To access our current policy, clients should refer to <https://www.rbccm.com/global/file-414164.pdf> or send a request to RBC CM Research Publishing, P.O. Box 50, 200 Bay Street, Royal Bank Plaza, 29th Floor, South Tower, Toronto, Ontario M5J 2W7. We reserve the right to amend or supplement this policy at any time.

Dissemination of research

RBC Capital Markets endeavors to make all reasonable efforts to provide research content simultaneously to all eligible clients, having regard to local time zones in overseas jurisdictions. RBC Capital Markets provides eligible clients with access to Research Reports on the Firm's proprietary INSIGHT website, via email and via third-party vendors. Please contact your investment advisor or institutional salesperson for more information regarding RBC Capital Markets' research.

For a list of all recommendations on the company that were disseminated during the prior 12-month period, please click on the following link: <https://rbcnw.bluematrix.com/sellside/MAR.action>

The 12 month history of Quick Takes can be viewed at <https://www.rbcinsightresearch.com/>.

Analyst Certification

All of the views expressed in this report accurately reflect the personal views of the responsible analyst(s) about any and all of the subject securities or issuers. No part of the compensation of the responsible analyst(s) named herein is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the responsible analyst(s) in this report.

Third-party disclaimers

The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's Financial Services LLC ("S&P") and is licensed for use by RBC. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

RBC Capital Markets disclaims all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any statements made to the media or via social media that are in turn quoted in this report, or otherwise reproduced graphically for informational purposes.

Disclaimer

RBC Capital Markets is the business name used by certain branches and subsidiaries of the Royal Bank of Canada, including RBC Dominion Securities Inc., RBC Capital Markets, LLC, RBC Europe Limited, RBC Capital Markets (Europe) GmbH, Royal Bank of Canada, Hong Kong Branch, Royal Bank of Canada, Singapore Branch and Royal Bank of Canada, Sydney Branch. The information contained in this report has been compiled by RBC Capital Markets from sources believed to be reliable, but no representation or warranty, express or implied, is made by Royal Bank of Canada, RBC Capital Markets, its affiliates or any other person as to its accuracy, completeness or correctness. All opinions and estimates contained in this report constitute RBC Capital Markets' judgement as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Nothing in this report constitutes legal, accounting or tax advice or individually tailored investment advice. This material is prepared for general circulation to clients and has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. The investments or services contained in this report may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about the suitability of such investments or services. This report is not an offer to sell or a solicitation of an offer to buy any securities. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. RBC Capital Markets research analyst compensation is based in part on the overall profitability of RBC Capital Markets, which includes profits attributable to investment banking revenues. Every province in Canada, state in the U.S., and most countries throughout the world have their own laws regulating the types of securities and other investment products which may be offered to their residents, as well as the process for doing so. As a result, the securities discussed in this report may not be eligible for sale in some jurisdictions. RBC Capital Markets may be restricted from publishing research reports, from time to time, due to regulatory restrictions and/or internal compliance policies. If this is the case, the latest published research reports available to clients may not reflect recent material changes in the applicable industry and/or applicable subject companies. RBC Capital Markets research reports are current only as of the date set forth on the research reports. This report is not, and under no circumstances should be construed as, a solicitation to act as securities broker or dealer in any jurisdiction by any person or company that is not legally permitted to carry on the business of a securities broker or dealer in that jurisdiction. To the full extent permitted by law neither RBC Capital Markets nor any of its affiliates, nor any other person, accepts any liability whatsoever for any direct, indirect or consequential loss arising from, or in connection with, any use of this report or the information contained herein. No matter contained in this document may be reproduced or copied by any means without the prior written consent of RBC Capital Markets in each instance.

Additional information is available on request.

To U.S. Residents: This publication has been approved by RBC Capital Markets, LLC (member FINRA, NYSE, SIPC), which is a U.S. registered broker-dealer and which accepts responsibility for this report and its dissemination in the United States. Any U.S. recipient of this report that is not a registered broker-dealer or a bank acting in a broker or dealer capacity and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, should contact and place orders with RBC Capital Markets, LLC.

To Canadian Residents: This publication has been approved by RBC Dominion Securities Inc. (member CIRO). Any Canadian recipient of this report that is not a Designated Institution in Ontario, an Accredited Investor in British Columbia or Alberta or a Sophisticated Purchaser in Quebec (or similar permitted purchaser in any other province) and that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report should contact and place orders with RBC Dominion Securities Inc., which, without in any way limiting the foregoing, accepts responsibility for this report and its dissemination in Canada.

To U.K. Residents: This publication has been approved by RBC Europe Limited ("RBCEL") which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority, in connection with its distribution in the United Kingdom. This material is not for general distribution in the United Kingdom to retail clients, as defined under the rules of the FCA. RBCEL accepts responsibility for this report and its dissemination in the United Kingdom.

To EEA Residents: This material is distributed in the EU by either RBCEL on an authorised cross-border basis, or by RBC Capital Markets (Europe) GmbH (RBC EG) which is authorised and regulated in Germany by the Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) (BaFin).

To Persons Receiving This Advice in Australia: This material has been distributed in Australia by Royal Bank of Canada, Sydney Branch (ABN 86 076 940 880, AFSL No. 246521). This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider the appropriateness of this material having regard to their objectives, financial situation and needs. If this material relates to the acquisition or possible acquisition of a particular financial product, a recipient in Australia should obtain any relevant disclosure document prepared in respect of that product and consider that document before making any decision about whether to acquire the product. This research report is not for retail investors as defined in section 761G of the Corporations Act.

To persons receiving this from Royal Bank of Canada, Hong Kong Branch: This document is distributed in Hong Kong by Royal Bank of Canada, Hong Kong Branch which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. This document is not for distribution in Hong Kong, to investors who are not "professional investors", as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance. This document has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. Past performance is not indicative of future performance. WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. Investors are advised to exercise caution in relation to the investment. If you are in doubt about any of the contents of this document, you should obtain independent professional advice.

To persons receiving this from Royal Bank of Canada, Singapore Branch: This publication is distributed in Singapore by the Royal Bank of Canada, Singapore Branch, a registered entity licensed by the Monetary Authority of Singapore. This publication is not for distribution in Singapore, to investors who are not "accredited investors" and "institutional investors", as defined in the Securities and Futures Act 2001 of Singapore. This publication has been prepared for general circulation and does not take into account the objectives, financial situation, or needs of any recipient. You are advised to seek independent advice from a financial adviser before purchasing any product. If you do not obtain independent advice, you should consider whether the product is suitable for you. Past performance is not indicative of future performance. If you have any questions related to this publication, please contact the Royal Bank of Canada, Singapore Branch.

To Japanese Residents: Unless otherwise exempted by Japanese law, this publication is distributed in Japan by or through RBC Capital Markets (Japan) Ltd. which is a Financial Instruments Firm registered with the Kanto Local Financial Bureau (Registered number 203) and a member of the Japan Securities Dealers Association ("JSDA") and the Financial Futures Association of Japan ("FFAJ").

® Registered trademark of Royal Bank of Canada. RBC Capital Markets is a trademark of Royal Bank of Canada. Used under license.

Copyright © RBC Capital Markets, LLC 2026 - Member SIPC

Copyright © RBC Dominion Securities Inc. 2026 - Member Canadian Investor Protection Fund

Copyright © RBC Europe Limited 2026

Copyright © Royal Bank of Canada 2026

All rights reserved