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CEO Small Meeting Q&A Session Overview

[Date] May 2026

[Venue] NISSIN FOODS HOLDINGS CO., LTD. Tokyo Headquarters

[Speaker] Koki Ando, President & Representative Director, CEO

Overall

Q. Regarding mid- to long-term profit growth, from when can we expect high single-digit to double-digit growth? What will be the key drivers of profit growth? In aiming for a core operating profit margin of 10% or higher, is M&A also a possibility?

A. We expect *KANZEN MESH*I to begin contributing to profits from 2028 onward, and for now we are prioritizing investment to further scale the business. Going forward, we need to increase the number of businesses capable of generating a core operating profit margin of around 10%, while businesses currently at around 5% will require further improvement. Food technology forms the foundation for this and is helping strengthen our product competitiveness. Technologies such as salt reduction and fat reduction are also being utilized in products including *KANZEN MESH*I. M&A could also be an option.

Q. How will you address cost control? There appear to be some overlapping functions. From an efficiency standpoint, how are you incorporating AI into operations?

A. For this fiscal year, our earnings forecast incorporates cost reductions of approximately 3.0 billion yen. Taking Brazil as an example, we first focused on building sales, followed by operational reforms. As for back-office integration, under NISSIN FOODS HD we have already consolidated certain finance and accounting functions across NISSIN FOODS, Chilled, Frozen, and MYOJO, and we plan to expand this further to affiliates in Shikoku and Kansai. Securing specialized personnel in regional areas is becoming increasingly difficult, making functional consolidation more necessary. AI utilization is already quite active across the Group, with more than 60% of employees using it. We introduced generative AI at an early stage, and adoption has been particularly strong among younger employees. One example is analyzing past commercials to identify “NISSIN-like” characteristics and reflecting them from the early stages of content creation.

Q. You mentioned higher expenses across the Group. Are there any areas that you definitely do not want to cut?

A. We do not regard innovation and food technology as areas for cost reduction. In particular, our initiatives related to nutritional value are extremely important. Globally, food nutrition labeling is becoming more

sophisticated, and the introduction of front-of-pack labeling is progressing in many countries. Instant noodles tend to be at a disadvantage in this area, but we are working to improve our scores. *KANZEN MEAL* falls into the top two categories on a five-point scale, and in addition to PFC balance, it optimizes 33 nutrients. We are also working on salt reduction, carbohydrate control, and replacing saturated fatty acids with unsaturated fatty acids. On the environmental side, we are taking a positive approach to CO₂ offsetting and are also advancing a shift toward plant-based products. These initiatives are also leading to commercialization and are expected to become even more important going forward.

Q. With construction costs rising, higher profitability seems necessary to justify investment recovery. Please explain your thinking on capital expenditure and payback. Will major investments be completed within this fiscal year? Which areas or regions should investment be prioritized in?

A. Construction costs are rising not only in the food industry but across industries overall, due in part to changes in labor regulations in the construction industry and labor shortages. Even so, we must continue investing in facilities. New investment is essential in light of stricter hygiene standards, but at the same time we are also working to reduce costs by utilizing existing facilities and reusing equipment. Internally, we are reviewing investments with a stricter lens than before. Our ordinary annual capital expenditure had previously been around 30–40 billion yen, but due to higher construction costs this has risen to around 40–50 billion yen. Of the 74.0 billion yen planned for this fiscal year, much of the non-recurring portion relates to the new Kanto plant and Brazil. The new Kanto plant is a necessary investment from a BCP perspective and will produce highly profitable products centered on *CUP NOODLE*. In Brazil, where we already hold the No.1 market share, we will also continue to expand production capacity.

Q. With respect to future payback, would improved product-level profitability make investment decisions easier? In addition, are investor return expectations rising?

A. We are working on the assumption of achieving an operating profit margin of 10% or higher, which means we need to develop higher value-added products, reduce costs, or do both. Discussions on reviewing capital expenditure also need to be approached creatively. As interest rates rise, the returns investors require are also increasing, and internally we are scrutinizing capital investment projects more rigorously than before.

Q. What do you see as the key issues regarding corporate value and share price? The lower ROE target and absence of share buybacks may give the impression that your shareholder return stance has weakened. Please also explain your thinking on capital allocation and succession planning.

A. We do recognize the share price as an issue, and believe that strengthening our earnings power is important. In terms of capital allocation, we are currently committed to a progressive dividend with a 40% payout ratio, and we are also considering how to approach capital allocation, including balancing investments by postponing or restraining those of lower importance as much as possible. As for ROE, it may appear higher if equity is simply reduced, but we also need to steadily improve returns themselves. Our immediate aim is to achieve

ROE of 10% by 2030, but this does not mean we have changed our basic view of enhancing shareholder returns and ultimately aiming for ROE of 15%. As for succession, there are several management candidates, and discussions are being carried out continuously by the Management Advisory Committee.

Q. How do you view the meaning of remaining listed? Given the weak PER and the potential for activist involvement, how does the CEO think about this?

A. We do see the current share price as an issue, and we need to continue working so that the market properly recognizes the value of our company. Japanese games, anime, and manga are globally popular, and if we are to make large-scale investments while leveraging our strengths, it is important to clearly communicate how attractive those initiatives are. We will determine how boldly to proceed with investment while closely watching various factors.

Q. Regarding the impact of the situation in the Middle East, how do you view the risk of accelerating inflation and weaker personal consumption in the U.S. and Japan? Historically, your business has been resilient in times of crisis. Is that still the right way to think about it?

A. In Japan, we believe that the rise in energy prices has not yet been fully reflected across the board, which is helping to contain inflation to some extent. Wage increases are also progressing, but in order to avoid dampening consumption, it is important to continue creating products that consumers find valuable. As for the U.S. market, while interest rates remain an issue, the market is still strong, and interest in ethnic foods and global cuisines is increasing. Low-priced bag-type noodles are also strongly positioned as daily necessities.

Q. Will higher costs stemming from the situation in the Middle East be addressed through price revisions? Does the room for and scale of price revisions differ by country? Please share any updates.

A. There has been no major change, and we do not have much of an update regarding the impact of the situation in the Middle East. Roughly two-thirds of the cost impact is domestic and one-third overseas. For domestic instant noodles, while not directly due to the Middle East situation, NISSIN FOODS has already implemented price revisions from April, and MYOJO FOODS is scheduled to do so from June, with competitors also expected to make revisions from around July. Categories with a high packaging cost ratio will require particularly strong revisions, but in general the range is likely to be around 7% to 10%. On average, price revisions of around 7% are common, and revisions of around 5% may not be enough to fully absorb the cost increase. After implementing price revisions, the key is how well volume can be maintained. If the decline in volume is limited relative to the price increase, it can be considered a success; if not, it would be a failure. Whether volume can be maintained after a price revision depends on brand strength, as well as regional characteristics and market share.

U.S. Business

Q. Are “*BOLD SIDE of JAPAN (BSoJ)*” and “*BOLD TASTES of Tokyo (BToT)*” in the U.S. transformational initiatives, or simply part of the product pipeline? Please also explain the scale of investment, the recovery timeline, and whether this can evolve into a nationwide business in the U.S. over the next three to five years.

A. Both *BSoJ* and *BToT* are highly premium products for us, and we intend to nurture them continuously as global brands. We position them as important brand candidates alongside *CUP NOODLES*. While base products need to maintain a certain level of volume to keep factories running, premium products are what support profitability, and their sales value is also growing. *BSoJ* is the overarching concept, while *BToT* is positioned as the global brand for deployment in the U.S. We plan to expand first in the U.S. and EMEA, and ultimately develop it into a global brand comparable to *CUP NOODLES*.

Q. Many global companies pursue either a strategy of tolerating losses through substantial upfront investment in order to scale, or a strategy of adding new products onto existing portfolio and achieving profitability early. Which approach are you taking? How long are you willing to tolerate losses?

A. Upfront investment is necessary, but if the product is high quality and well aligned with consumer needs, the payback period will be short. In general, losses continue for around three years, but because these products are positioned at a higher price point with a high marginal profit margin, we expect they can turn profitable sooner than expected. We will launch on the West Coast first, then expand to the East Coast, and deploy web advertising once preparations are in place.

Q. Could you share your current view on the initial market response and contribution of the new Japanese-style products in the U.S.?

A. At present, base products account for roughly two-thirds of volume, but premium products have grown to around 45% of sales on a value basis. Instant noodles have traditionally been seen as a snack, but these new Japanese-style products are designed to be consumed as complete meals. The business is not yet large at the launch stage, but by also leveraging Japanese pop culture, we expect momentum to increase significantly from around the second year. We have already set a certain level of promotional investment and will consider additional measures while monitoring market response.

Q. It is difficult to predict whether food products will succeed or fail, but how confident are you? Please explain your points of differentiation, target consumers, and the KPIs you consider important.

A. In Japan, both the instant noodle market and the ramen specialty restaurant market have grown to around 800 billion yen and have developed at a similar pace. In the U.S., the instant noodle market is around 500 billion yen, while the specialty restaurant market is around 300 billion yen, with the latter having grown in recent years. In this market environment, by introducing uniquely Japanese-style ramen, we believe we have the

potential to build a large business at a relatively early stage. Americans' knowledge of ramen has also increased rapidly over the past three years. Our strategic target is Gen Z, with consumers in their 20s and 30s forming the core. With a strong focus on protein intake, the product is designed to be consumed as a meal, often paired with ground meat or chicken. By region, the response is strongest on the West Coast, followed by the East Coast. In terms of KPIs, scale is important to a certain degree, but we believe we must also keep a strict focus on the time required to achieve profitability.

Q. Please explain how your marketing differs from that of Korean competitors. Korean brands are gaining popularity through immersive, people-centered experiences. Could your use of IP be seen as remaining at the level of simple collaboration, with weaker experiential value?

A. In the U.S., where ramen specialty restaurants are expanding, our core value proposition lies in recreating the experience of an authentic local ramen shop, which fundamentally differentiates us from Korean competitors. The product is designed to be consumed as a meal at around USD 1.5 per serving, and recipe suggestions are also provided via QR codes. Korean products are positioned as sweet, spicy, and stimulating, whereas *BToT* is designed to deliver richness and umami. Manga, anime, and games have penetrated the U.S. more deeply than expected, and we believe we can reliably benefit from that cultural support as well. At the same time, there is much we can learn from how Korean competitors present themselves. Interest in Japanese pop culture runs deeper than it may appear on the surface, and if we are going to pursue it, we need to do so thoroughly rather than halfway.

Q. Regarding the governance structure in the U.S., we understand that Mr. Yokoyama will concurrently serve as President of the U.S. business. Why was this change made? Please also explain your thinking on the marketing organization.

A. We have established RHQ-America and appointed former CSO Yukio Yokoyama as its President, with overall responsibility including NISSIN FOODS U.S.A. While we already have strong product development capabilities, the key to success lies in how effectively our salespeople can work closely and execute in the market. Many U.S. companies do not operate under a brand manager system; instead, the head of marketing oversees product and promotion, leaving execution largely to sales. In contrast, we have introduced the Japanese-style brand manager system at NISSIN FOODS U.S.A. We also plan to review our SKU portfolio going forward.

Q. What is the role of the Global Strategy Planning Office? Was the organization reviewed because there was a sense of challenge? Is this a countermeasure against competing products?

A. Under the RHQ structure, each region and each base has its own success factors. As seen with the *SOBA* brand in EMEA, we aim to horizontally deploy success patterns established in one region and extend them across the global business. Under the holding company structure, we have a mix of organizations that are

strong globally and those that are strong in local execution. Understanding local markets and leveraging local production for local consumption are important strengths, but as a result of respecting those characteristics, there have also been areas where speed and rollout capability were insufficient. This recognition that the Group needs to strengthen such areas with more headquarters-led initiatives led to the current organizational review.

Other Businesses

Q. What are your views on the growth potential and profitability of South America? Please explain from the standpoint of profit margins over the next five to ten years. How long will it take before a 15% margin becomes more normalized?

A. In Brazil, our market share is about 70% by value and around 65% by volume. We believe the market will continue to grow, and demand remains very strong. We consider a profit margin of 10% to be solid and achievable as a normal level. While pasta consumption is large in Brazil, instant noodles have higher growth potential. Current profit margins can still improve, and we believe a level of around 15% is achievable. After the factory is completed, depreciation expenses will also be recorded, so there may be some fluctuations in earnings. In highly inflationary markets, timely and proactive price increases allow us to maintain profitability. Looking ahead, the cup-type noodle is likely to continue expanding and could eventually reach a scale comparable to that of NISSIN FOODS in Japan.

Q. Do you not plan to expand these authentic Japanese-style products in Brazil as global brands?

A. We intend to expand this new Japanese-style noodle concept as a global brand not only in Brazil but also in EMEA. That said, the products will not be exactly the same in every country and will have some local variations. For example, in some markets we may also develop udon and soba under the same Japanese-style concept. In EMEA, we are already developing the business centered on the *SOBA* brand, and in order to promote the brand globally, a degree of design consistency will also be necessary. The products will be rolled out as part of the *CUP NOODLES* brand.

Q. For a company with strong brand power like yours, how do you view the possibility of M&A? How do you see the future of the domestic food industry?

A. One characteristic of Japan is the large number of small and medium-sized companies, whereas the industry is more consolidated in the U.S. Labor shortages and rising capital investment costs may lead to further consolidation in Japan as well. In the past, many companies went bankrupt, but in recent years M&A has increased. From our perspective, we need to proceed with capital investment whenever timing is appropriate in order to secure future supply, and we also believe there is a sufficient possibility of utilizing M&A.

Q. Please share your view on the potential reduction of the consumption tax in Japan.

A. A proposal to further reduce the consumption tax rate from 8% could benefit households receiving welfare benefits and low- to middle-income earners. However, the extent to which it would stimulate overall consumption needs to be carefully assessed. As the consumption tax has a broad-based impact, it must also be considered from a fiscal perspective. For those most in need, targeted support through direct transfers may be more appropriate.

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