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Financial Results Briefing Q&A Session Overview for FY 3/2026 H1

[Time and Date] Tuesday, November 11, 2025

[Speaker]

Koki Ando, President & Representative Director, CEO

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Representative Director of NISSIN FOOD PRODUCTS CO., LTD.

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Kyo Nishikawa, Senior Managing Executive Officer, CSO

Takashi Yano, Executive Officer and CFO

Overall Business

Q. Is it possible to aim for mid-single digit profit growth in the medium term?

A. There may be one or two years of tough times for profits, but we believe we can achieve mid-single digit profit growth in the medium term. . We will re-examine our medium- to long-term growth strategy.

Q. What is your outlook for the next year's profit level? Considering the stagnation in the domestic market and increased depreciation costs overseas, please share your outlook for next year.

A. We are currently formulating our plan, but we believe this year is the bottom. Investment is necessary for future growth, but even considering the burden of depreciation, we aim for profit growth next year.

Q. Regarding cost reduction, you mentioned mainly headquarters expenses, but as you are trying to change the management style of overseas companies, it seems that personnel and headquarters costs may increase. How do you reconcile this with cost reduction? Is the 3.0 billion yen cost reduction plan for next year the end, or will you continue to reduce costs?

A. New businesses such as "Complete Nutrition Meals" are investments and must be implemented at the right time. Including overseas expansion, we will secure the minimum necessary expenses. However, we will reduce unnecessary parts even within that. We are

presenting what kind of cost reductions are needed, mainly for headquarters expenses, including numerical images. We will steadily proceed with basic initiatives such as reviewing the need for mid-career hires, outsourcing general expenses, and using AI to reduce costs. Since there were some areas where discipline was relaxed during the period of increased sales and profits, we will review them with discipline through next year's budget formulation. In addition, we will promote global cost reduction. We will steadily review overlapping operations between regions, including materials and business processes. These will be reflected in the operating profit margin in the long term. As infrastructure supporting our strengths in innovation, technology, and marketing, we will strengthen our earning power. This downward revision of results is a good opportunity for review. We will also continue long-term initiatives. This will not end in FY2026, but should be seen as one of the initiatives for future group growth.

Domestic Business

Q. Please tell us about the downward revision of the domestic instant noodles business. I think the main factor is the reduction in the second half, but is it unavoidable that the mixed impact and cost increase due to the shift to low-priced products will occur? Also, as explained today, is it possible to shift the mix back to high-priced products next year?

A. Next year, we expect a further shift to high-priced products compared to this year. On the other hand, low-priced products will still account for a large share, so we plan to secure them firmly.

In addition, next year will be an anniversary year for "CUP NOODLES," "DONBEI," and "U.F.O." These brands are performing well in the high-priced range even under the current environment, thanks to measures such as "Saikyo DONBEI," "U.F.O. Bakumori Barrel," and "CUP NOODLES Big." We believe that products with strong marketing effects will continue to grow. The product mix next year is expected to be more focused on high-priced products than this year.

Q. Please tell us about the price revision of the domestic instant noodles business. If a price revision is implemented in the current demand environment, can instant noodles withstand the price hike? Please also tell us about the impact on quantity and elasticity.

A. There is no decision at this time, but in the past, price revisions have led to a decrease in quantity. If we implement a price revision, we need to set a revision rate that takes into

account the expected decrease in quantity. We cannot provide detailed elasticity figures, but we plan to set the revision rate carefully for each brand to minimize the impact on quantity.

Q. Please tell us about the profit margin. The margin of NISSIN FOOD PRODUCTS is about 13%, but what is your target for the future?

A. Our medium-term profit margin target remains at 14%. The margin may temporarily decrease due to optimistic material outlooks and a higher ratio of low-priced products, but we aim to recover to 14% within two to three years.

Overseas Business

Q. Please tell us about the US business. With the establishment of RHQ-A, I think support from holdings will increase. What will change compared to before? Please tell us about product development speed, marketing, performance management, and organization. Also, regarding the Japan Quality Premium strategy, can it be produced on existing lines, or will new factories be needed? Furthermore, is there potential for expansion into Europe and Asia?

A. With the establishment of RHQ-A, support from HD will be strengthened. This will improve the speed of product development, the accuracy of marketing strategies, and the sophistication of performance management. In terms of organization, we will strengthen cooperation between local and headquarters to accelerate problem-solving. For the Japan Quality Premium strategy, we plan to introduce high-quality, high-value-added products unique to our company into the US market. Some products can be produced on existing lines, but we are also considering production at new factories. We believe there is potential to expand Japan Quality Premium into Europe and Asia as well.

Q. Please tell us about the US business. I understand the overall direction and initiatives, but how much do you see the current situation? You explained that sell-out was +10% in the last four weeks, but please tell us the breakdown of this number. Is it due to shelf recovery or the impact of other companies' price revisions? Is it sustainable?

A. There are several factors behind the +10% sell-out quantity in the last four weeks. Shelf recovery has led to a steady increase in our share at major retailers in areas where we were weak, such as Central, Great Lakes, and Plains. In California, we have recovered to a leading share in the base cup market.

In addition, as a price strategy, we maintained our prices while other companies revised theirs, which allowed us to capture demand. The launch of LTO (limited-time products) was

also a factor. Limited products in collaboration with major retailers were well received, strengthening relationships. In addition, test sales at 200 stores were strong, and we started shipping base CUP NOODLES 6-pack products to about 4,000 stores from October. The design, taste, and convenience (microwave & hot water) are highly rated. Based on these efforts, we have also secured shelf space for premium products at major retailers. The regular listing rate is higher for premium products, and we believe they will lead growth next fiscal year. We are strengthening the premium category by launching three new products (TR Hot Pot: about \$2, Pro: about \$1.5, Bistro: about \$1). The bag noodle “Geki” is also expanding its coverage at major grocery stores, and we will continue to negotiate for the second phase. The current growth is the result of these initiatives, and we believe it is sustainable.

Q. Looking at the slides, I understood the points for reflection, but were there any changes in regions other than the US? Sales have decreased not only in the US but also in Japan, Asia, Mexico, and Europe. Are you fostering a sense of urgency and strategies for each region?

A. We are working on both short-term responses and medium- to long-term strategies. In the short term, since the background and positioning differ by country and region, we are taking measures tailored to individual issues. For example, in the US, we have implemented shelf recovery and strengthened marketing, while in Brazil, we have taken short-term measures to address production capacity issues, and recovery is underway.

In the medium to long term, strengthening global governance is important. We are considering how HD will be involved, how to utilize domestic know-how overseas, and human resource strategies. Through these efforts, we want to share a sense of urgency in each region and lead to sustainable growth.

Q. My concern is whether the response will become like a game of whack-a-mole. While you are moving quickly in the US with the establishment of RHQ-A, other regions are still experiencing declining sales. Do you have a system in place to respond quickly?

A. We are reorganizing the Brand Strategy Office and clearly presenting our overseas brand strategy. We are transforming our organization to function more directly for overseas business. The RHQ-A system will be the core, and various functions will be integrated into it. We are also moving to introduce similar systems in Europe and other regions.

Q. Please tell us about the organizational structure. Has there been any change in the involvement of Group companies and HD, management policy, or the degree of involvement at the field level?

A. The turnaround in the US is our top priority, but having Chief Officers deeply involved in each profit center leads to faster development. Chief Officers are not necessarily above others; what is important is what kind of strategy can be presented to each center. There is no major change in the organizational structure.

Q. Is the Brand Manager (BM) system possible to introduce in the US and other regions? Also, is the introduction of the BM system in the US a multi-year project?

A. In the current US system, marketing staff do not manage profits, but with the BM system, profit management is included. We would like to introduce this BM system globally. However, it is not easy, as it requires the establishment of management accounting systems and management by local top management. It is important to establish a dual structure of sales and profit management through the BM system. System development is essential for introduction, and training is also necessary for implementation. Therefore, it will take some time, but we cannot take many years. We aim to realize it as soon as possible.

Q. Please tell us about the US market and its impact on your company. I think more than half of your sales in the US are from base products. I see that employment uncertainty and immigration restrictions are having a negative impact on the base market as a whole. You mentioned signs of bottoming out, but can you improve the base market through initiatives with other companies? What is different from before?

A. As you said, the base market has not grown this year. Originally, we thought the base market would grow during a recession, but instead, the premium market has grown. Base products are essential for low-income groups and have stable demand, but significant growth cannot be expected. On the other hand, we are expanding our lineup of premium products, and we believe this market will continue to grow.

Premium products can achieve high quality with just hot water or microwave cooking, and the eating occasion is shifting from snacks to meals. The value of “such a cheap and delicious product at this price” is supporting demand.

Q. In Mr. Yokoyama’s explanation, you mentioned that total demand is improving in the second half due to the efforts of each company. Is this in terms of value or quantity? Please clarify.

A. This is based on IRI data and refers to unit (servings) basis. Looking at the four weeks of October, it exceeds the period from 2022 to 2024.

Q. I think each company is taking initiatives by measure and channel. I would appreciate it if you could give an overview of the industry.

A. Regarding the initiatives of each company, for example, there are products with Pac-Man packaging and anime packages such as Demon Hunters. We are promoting sleeveless packaging. We are launching new products such as Geki, Hot Pot, and Bistro. These initiatives are stimulating demand. I do not think demand for base products will disappear. In the short term, there may be effects including government measures, but in the medium to long term, demand for instant noodles, including base products, is solid. For base products, we are seeing recovery since October and have high expectations.