February 3, 2026

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Financial Results Briefing Q&A Session Overview for FY 3/2026 Q3

[Time and Data] Tuesday, February 3, 2026
[Speaker] Takashi Yano, Executive Officer and CFO

Performance

Q. How much did Q3 core operating profit exceed the internal plan? Please break it down by segment.
A. We cannot disclose specific numbers, as they may cause misunderstandings if taken out of context. However, results were above our internal forecasts and are progressing well. Most segments performed slightly above expectations, with NISSIN FOOD PRODUCTS, Frozen Foods, Premier Foods, and the U.S. business doing particularly well. We believe our full-year revised forecast is achievable.

Q. Is the outperformance simply because the revised plan was too conservative?
A. The revised plan reflects numbers we can responsibly commit to. The actual results represent the outcome of our efforts.

Q. Looking at the progress toward the revised plan, Q4 alone appears to show a year-on-year decline. Is that correct?
A. For the full year, we expect to exceed the revised plan. Rather than focusing on a single quarter, we ask you to view the second half as a whole. That said, Q4 will appear weaker than Q3 because head-office expenses outside the business segments will be recorded in Q4.

Q. Was there anything unusual in last year's Q4, such as reduced advertising spend?
A. Last year in Q4, we controlled various expenses including advertising, which boosted profit. So, the hurdle this year is relatively high.

Q. Can you update us on the global cost-reduction initiative the CEO mentioned at the H1 briefing?
A. Our main target is HD headquarters expenses, which have increased over the past few years. We are discussing what to do and how to reduce costs. There is nothing concrete to share at this moment; some measures can be implemented quickly, while others will take time.

Q. What will the global cost impact be next fiscal year?
A. Discussions are ongoing as part of next year's planning. Since our operations continue to grow and headcounts are increasing, the issue is not simply reducing costs versus this year, but slowing the pace of cost increases compared to recent years.

Q. Which businesses will drive growth next fiscal year?
A. This is still under internal discussion. The macro environment is hard to predict, but sustaining volume growth in the U.S. and continued strong performance in Brazil will be key. In Japan, both NISSIN FOOD PRODUCTS and MYOJO FOODS will raise prices, so minimize volume decline while capturing the price-increase effect will be essential.

<u>Domestic Business</u>

Q. Should we view the domestic price revision as a risk?
A. With the yen remaining weak and the broader food industry continuing to implemented price revisions, we need to communicate our value not only versus direct competitors but also versus other food categories. NISSIN FOOD PRODUCTS also has major product anniversaries this year, and many initiatives are planned.

Q. Is trading-down in domestic instant noodles progressing as expected?
A. Macroeconomic data shows real wages are not rising and inflation continues. Sales of NISSIN FOOD PRODUCTS's "ASSARI" series remain strong, and MYOJO FOODS's growth is also high. We believe trading-down continues. Last year we aimed to guide consumers back from low-priced to regular products, but this year our strategy is to actively grow low-priced items.

Q. Why is profit in the domestic instant noodle business slightly above the revised plan?
A. Volume and product mix contributed positively. While the "ASSARI" series has lower margins than regular products, its profitability is still solid and the improved mix helped results.

Q. What is the expected profit impact of next year's price revisions?
A. Other companies have not yet fully followed, and many variables remain. However, price revisions will be used to offset rising raw materials and labor costs.

Q. Why did you choose to adjust the volume rather than raise prices for Cup Rice products?
A. We decided that maintaining price and value perception through volume adjustment was the better option for Cup Rice.

Q. Why are the timing of price revisions different for MYOJO and NISSIN? Doesn't this appear inconsistent?
A. MYOJO FOODS decided based on competitors other than NISSIN FOOD PRODUCTS. The product mix is also different, so the impact of material costs differs. Therefore, the timing of decisions naturally varies.

Q. Competitors have not announced price hike. Is this a concern?
A. Competitors differ in product lineup and raw material usage. Our strength is high-value-added products, which are more affected by material cost increases. With upcoming anniversary promotions, we will focus on boosting sales and improving margins.

Q. What products are included in MYOJO's price revision?
A. A 6–10% price revision will be applied across all items.

Q. Regarding domestic product mix and changes in cost of goods sold (COGS): Q3 shows a negative impact of 0.6 billion yen, meaning a cumulative negative impact of 2.5 billion yen for Q3 year-to-date. Meanwhile, the full-year revised plan assumes a cost impact of 6.4 billion yen. This implies a negative 3.9 billion yen in Q4 alone, and similar levels would affect Q1–Q2 of FY2026 (totaling around 8 billion yen). You announced the price revision based on these assumptions—are they really accurate?
A. The yen weakened sharply from last October. In Q3, we were still using materials purchased at previously stronger yen rates, but in Q4, new purchases at weaker yen levels will dominate, leading to a much larger negative impact. However, this does *not* mean we are assuming an 8-billion-yen cost increase as a base case.

Q. Why do cost estimates differ from actual results? Also, I thought product mix would worsen when "ASSARI" items sell more, yet Q3 mix improved. Will the "ASSARI" series drive mix improvement going forward?
A. Our core operating profit variance analysis in variable cost uses a ratio-based approach (percentage of total revenue), so the numbers will not perfectly match actuals and should only be viewed as reference.
The "ASSARI" series has grown steadily since the start of the year, lowering fixed-cost ratios and benefiting from cost reductions per product. In addition, regular products are also selling well, and we are prioritizing high-margin items. Together, these factors contributed to the improvement in product mix.

Q. How much will domestic costs increase next fiscal year? Is the estimate of around 10 billion yen correct? Given that COGS deterioration has not been severe so far, it feels strange that it would worsen rapidly from Q4 onward. Is this mainly due to foreign exchange?
A. Changes in COGS include not only material, but also higher depreciation costs. We expect the total increase to be *less* than 10 billion yen. As for forex, until around Q3, we were still using materials purchased during the yen-strength period last fiscal year and early this year. Now, however, the spot rate has moved sharply toward yen weakness, and the second half starts from a very different level. Higher rice prices and labor costs are also contributing factors.

Q. If consumption tax is reduced, how will it affect instant noodles?
A. A tax cut would likely increase both customer traffic and store visits at supermarkets, which could positively impact on the instant noodle category, where many purchases are made from in-store browsing rather than planned shopping. However, because shelf labels display tax-exclusive prices—which do not change—the consumer may not clearly perceive the tax cut at the moment of purchase.
Still, if shoppers feel their total payment has decreased, that saved amount may lead to additional purchases.

<u>Overseas Business</u>

Q. U.S. sales volume is said to be up by the high single digits, but how does this break down between base products and premium products? Also, what are the factors behind the improvement in volumes compared with the first half?
A. Under Sell-in basis, base products are growing in the high single digits, while premium products show a slight decline. The recent recovery of overall volume to the high-single-digit range is mainly due to steady progress in expanding new distribution channels in the new regions, particularly for base products. In addition, the shift to sleeveless packaging for base cup products, which began in the fall, has helped partially recover volumes on the West Coast. We believe the effects of these various initiatives have started to appear from Q3 onward.

Q. U.S. base-products are recovering, but is this recovery sustainable? Why are premium products still declining, and how will you grow them?
A. Quarterly numbers fluctuate, so we must keep monitoring consumer behavior. For Q4, we expect a decline because last year in Q4 we had a large-scale promotion in club stores. Premium products take longer to build in the U.S. than in Japan, where new items can grow quickly with TV commercials. We believe there is still room to grow, and we do not necessarily compete directly with Korean brands.

Q. Unit prices in the U.S. look lower year-on-year due to rebates. Is the price revision effect being offset?
A. Actual shelf prices are rising depending on the channel. Retailers set final prices, so the full wholesale price revision is not always reflected immediately, but the impact is starting to show. We need to pursue volume while raising prices, and Q3 progressed as expected.

Q. U.S. and Americas profit increased by 0.8 billion yen. What is the breakdown by country, and what are the core operating profit margins?
A. Both the U.S. and Brazil increased profits, with Brazil showing a larger increase. Mexico saw a slight decline. All three countries are in the high-single-digit margin range. U.S. profitability improved versus the first half, helped by better fixed-cost absorption due to volume recovery.

Q. In the U.S., competitors implemented price revisions by double digits, while your price hikes seem slower. Are you gaining volume because of the price gap? Isn’t this risky since competitors have traditionally been stronger in price competition?
A. We are not relying on price alone. We also carefully apply differentiated pricing by utilizing rebates and other measures. Some retailers that removed our products last year have not restored shelf space, but promotions at end-caps helped drive recovery. Regarding Hispanic consumers—who are key buyers of low-priced noodles—competitors that depend more on Hispanic consumers may feel the impact more than we do.

Q. Premium products underperformed, but did new items like “Geki” and “Protein” not contribute?
A. Unlike Japan, sales do not jump immediately with advertising. It takes time for awareness to build, but new products are gradually contributing to sales.

Q. When will the new U.S. factory begin operating?
A. We will decide based on Q4 sales trends and overall demand.

Q. Is the U.S. instant noodle market bottoming out? Is the recovery due to the overall market or because of your company’s initiatives such as new channel expansion?
A. Looking at the recent three months, the total market is performing well, with volumes above the past three years. Demand temporarily softened until September, but consumers may be returning to lower-priced foods like instant noodles. We will continue to watch the impact of ICE activity and shifts in consumption trends carefully.

Q. U.S. guidelines on processed foods are being revised, and there are negative campaigns. Is there any impact on your products?
A. We have not seen direct impact. Beverages with sweeteners and confectionery seem more affected.

Q. You had expected volumes to decline following the 6–10% price revision in the U.S., but in reality, the product mix deteriorated as the share of base products increased, resulting in higher volumes. How do you see the outlook going forward?
A. In Q4 of last year, volumes increased partly due to strengthened promotions. In Q4 of this fiscal year, while volumes of base products are expected to decline, there remains room for growth in premium products. Our full-year volume outlook remains unchanged from what is stated in the earnings presentation materials, and we continue to expect a high single-digit percentage decline in volumes.

Q. Based on page 12 of the earnings presentation, unit prices in the U.S. appear to have declined on a shipment basis in Q3. Will unit prices improve in Q4?
A. We expect overall profit margins for NISSIN FOODS (U.S.A.) to be roughly the same between Q3 and Q4. In Q3, the mix shifted toward lower-priced base products, which

reduced the average unit price. In Q4, premium products are planned to grow, improving product mix and lifting the average unit price.

Q. For U.S. base products, should we assume price is the only differentiating factor? Or are there other differentiation elements besides price?
A. To avoid unnecessary competition like in the past, we are focusing on product-based differentiation—especially for cup noodles—by introducing paper cups and sleeveless designs. These changes allow microwave preparation, improve shelf appearance, and support environmentally conscious branding, particularly among younger consumers. We want to build competitiveness that is not based solely on price, while also addressing rising costs.

Q. Are current U.S. volumes satisfactory, or do you plan to push further toward recovery?
A. Shelf reductions at Walmart one year ago have not changed this year, but the negative impact has largely cycled out by Q3. Without new initiatives, volumes would have been flat, but we achieved growth through expansion into new regions and various measures on the West Coast. If we can eventually restore shelf space, volumes will grow further. We still see room for additional recovery.

Q. Brazil appears to be performing well, with mid-single-digit volume growth in Q3 and revenue growth of around 5–6% year-to-date. However, the full-year plan calls for double-digit growth, which would seem to require a significant contribution in Q4. Mexico was also targeting low-single-digit growth under the revised plan. Are both countries behind plan?
A. Brazil is performing steadily and remains on plan. We implemented price revisions from January, and we have no concerns regarding Brazil. We believe we can aim for growth close to double digits on a full-year basis, and profitability is also progressing well.
In Mexico, the domestic market has been somewhat weak, with softer sales in the MT channel and recent declines in the TT channel. On the other hand, exports—which struggled last year—are recovering, particularly in markets such as Guatemala, and continue to remain positive. Mexico's challenge is to support a recovery in the domestic market while continuing to advance export initiatives.

Q. Regarding ESG, Robert F. Kennedy Jr. is reviewing health standards and tightening regulations on junk food. Do you foresee any impact on your business?
A. The main focus appears to be on certain food colorings, but we do not use the colorings in question, so we expect no direct impact. Instant noodles are widely accepted among low-income consumers, so we believe new regulations are unlikely to significantly restrict their consumption.

Q. You raised U.S. prices by 6–10% from October, but Nielsen data and your materials suggest the price revision has not fully penetrated. Did price implementation start later than planned?
A. In Japan, prices change all at once, but in the U.S., prices adjust gradually as old inventory sells out.
Therefore, Q3 was a transition period, and it takes time for shelf prices to reflect the increase. The higher share of base products in Q3 also lowered the average price. Our sell in prices have indeed increased.

Q. What is causing the deterioration in overseas COGS ratios? I recall that cost impact was small in Q2.
A. Higher palm oil prices overseas are a major factor. Additionally, strong sales of base products in the U.S. worsened the product mix, contributing to the higher cost ratio.

Q. You mentioned strong growth in Brazil for Q4, but last year's Q4 was also strong due to inventory buildup and sales expansion. Isn't the hurdle high?
A. Last year's Q4 volume was low, which made this year's growth look large. Given current market conditions and actual numbers, we do not see this year's Q4 hurdle as excessively high. We believe the full-year plan is fully achievable.

Q. How strong is the overseas business's sustainable growth potential? Q3 growth appears to be only around 1% on a constant-currency basis. Can overseas operations really drive overall company performance?
A. In the U.S., distribution inventory issues led to low volumes in the first half, so next year's hurdle is low and revenue growth is achievable. In Brazil, cup noodles are growing, bag noodles are recovering, and we expect continued growth. Asia looks soft due to equity-method accounting, but Thailand returned to revenue and profit growth in Q3. Overall, we still see overseas businesses as the key growth drivers. We will present the full outlook at the full-year results in May.