NISSIN FOODS HOLDINGS CO., LTD.

Online Briefing by the CFO Following the Announcement of the First-Quarter Financial Results for the Fiscal Year Ending March 2027

August 4, 2026

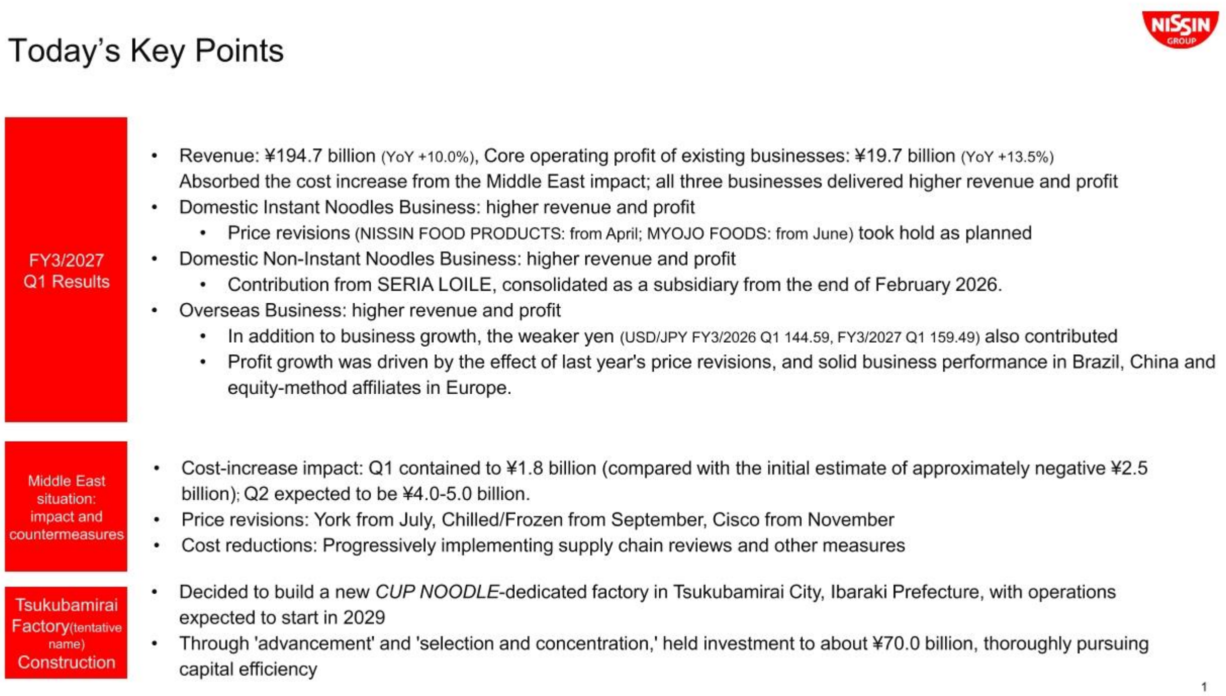
Presentation

Hello everyone. It is time to commence the briefing.

Thank you very much for taking the time out of your busy schedule today to participate in the financial result reporting for Q1 of FY2026 of NISSIN FOODS HOLDINGS CO., LTD. I am Ninomiya from the Investor Relations Department, and I will be serving as the moderator today.

Today, CFO Yano will present the financial results for Q1 of FY2026, followed by a question-and-answer session. The session is scheduled to last about one hour in total.

Mr. Yano, please go ahead.



This is Yano, the CFO. Today, I will be presenting our financial results for Q1 of FY2026. I will refer to the page numbers using the numbers in the lower right corner of the document.

First, please see page one. Here are the key points I'd like to share with you today.

First, our consolidated financial results for Q1. Revenue increased by 10% compared to the previous period, and core operating profit from existing businesses rose by 13.5% compared to the previous period, resulting in growth in both revenue and profit. After absorbing the increased costs resulting from the situation in the Middle East, all three business segments, which are domestic instant noodles, domestic non-instant noodles, and Overseas operations, reported increases in both revenue and profit.

Regarding trends in our business segments, first, in the domestic instant noodle business, the price revisions implemented by NISSIN FOOD PRODUCTS, in April and by MYOJO FOODS, in June are generally taking effect as planned. At NISSIN FOOD PRODUCTS, regular products from its flagship brands, which celebrated their anniversaries, performed steadily, enabling the Company to secure both revenue and profit growth while minimizing the impact on sales volume resulting from price revisions.

The domestic non-instant noodles business posted increased revenue and profits, driven not only by strong performance at NISSIN CHILLED FOODS, and KOIKE-YA but also by the inclusion of SERIA ROILE, in the consolidated financial statements. In our overseas operations, business in Brazil and China continues to perform well, and sales volumes are recovering in the US, where we faced challenges last fiscal year.

Revenue and Volume in the Americas and Overseas

Unit: YoY % change. Upper row: Local-currency revenue. Lower row: Volume

Region	FY3/2026					FY3/2027	
	Q1	Q2	Q3	Q4	Full-Year	Q1	Full-year forecast
U.S.	-24%	-8%	+5%	-4%	-8%	+10%	+high single digits
	-20% range	-low single digits%	+high single digits%	-high single digits%	-mid single digits%	+high single digits%	Around flat
Mexico	+13%	-6%	-5%	-1%	+0%	+12%	+10% range
	+low single digits%	-high single digits%	-high single digits%	-mid single digits%	-mid single digits%	+10% range	+mid single digits%
Brazil	+4%	+8%	+5%	-6%	+3%	+6%	+11%
	-mid single digits%	Around flat	+low single digits%	-high single digits%	-low single digits%	+low single digits%	+mid single digits%
Overseas total	-5%	-1%	+1%	-1%	-1%	+8%	+15%
	-high single digits%	-low single digits%	+low single digits%	-mid single digits%	-low single digits%	+mid single digits%	+low single digits%

Volumes presented on a management accounting basis
Revenue increase/decrease in the U.S. represents the sum of NISSIN FOOD (U.S.A.) and MYOJO U.S.A.

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On page 23 toward the end of the materials, we present the actual sales revenue and volume figures for our overseas operating companies. Overall, these figures show a positive trend, and we believe the business foundation remains solid. In addition, thanks to contributions from our European equity-method affiliates, both revenue and profit increased.

The second point concerns the impact of the situation in the Middle East and countermeasures. In Q1, cost increase impact came in at approximately JPY1.8 billion, compared to the initial forecast of JPY2.5 billion. On the other hand, while we anticipate an increase in costs of approximately JPY4 billion to JPY5 billion in Q2, we will implement various measures, as we did in Q1, to mitigate this impact. Specifically, in addition to continuing various cost-cutting measures, we will sequentially implement price revisions in Japan at NISSIN YORK, NISSIN CHILLED FOODS, NISSIN FROZEN FOODS, and NISSIN CISCO.

The third point concerns the construction of the Tsukubamirai Factory (tentative name). We have decided to build a new factory dedicated to CUP NOODLES in Tsukubamirai City, Ibaraki Prefecture, with the goal of beginning operations in FY2029. This new plant will reduce investment costs through “advancement and selective focus” and will be designed to thoroughly pursue capital efficiency.

FY3/2027 Q1 Consolidated Financial Summary

Bil. Yen	Institutional accounting basis	YoY Change	YoY %	Constant currency basis	YoY Change	YoY %	F3/2026 Q1
Revenue	194.7	+17.6	+10.0%	185.4	+8.4	+4.7%	177.0
Core operating profit of existing businesses	19.7	+2.4	+13.5%	18.7	+1.4	+8.0%	17.4
Operating profit	18.0	+2.1	+13.4%	17.0	+1.2	+7.6%	15.8
Profit attributable to owners of the parent	13.3	+2.1	+18.3%	12.4	+1.2	+10.4%	11.2
Core OP margin of existing businesses	10.1%	+0.3pt	-	10.1%	+0.3pt	-	9.8%
OP margin	9.2%	+0.3pt	-	9.2%	+0.2pt	-	9.0%
Profit attributable to owners of the parent margin	6.8%	+0.5pt	-	6.7%	+0.3pt	-	6.3%

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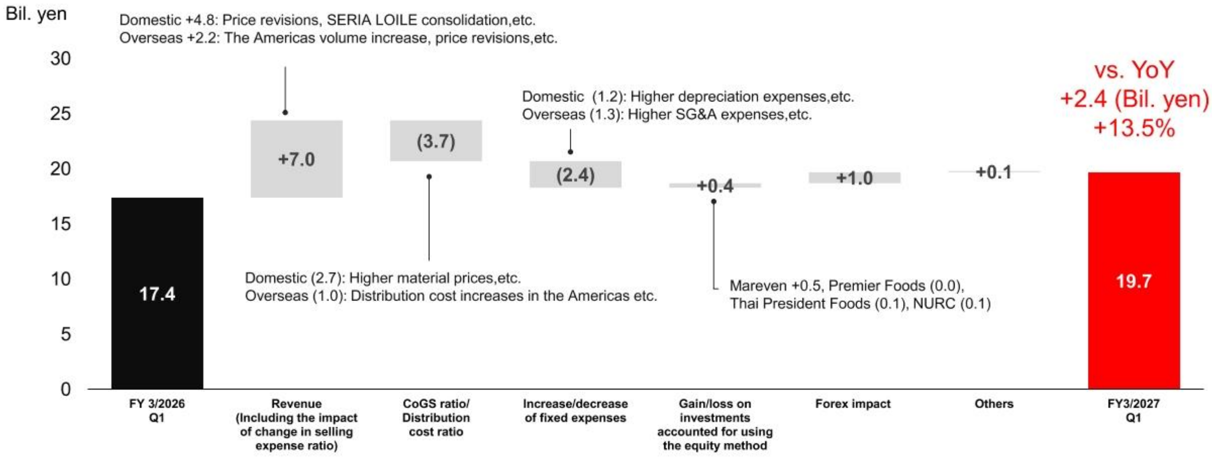
Please see page three.

Revenue increased by 10% YoY, or JPY17.6 billion, to JPY194.7 billion, driven by revenue growth in all three business segments: domestic instant noodles, domestic non-instant noodles, and overseas business. Core operating profit from existing businesses came in at JPY19.7 billion, up 13.5% YoY and an increase of JPY2.4 billion. The effects of domestic price revisions and the consolidation of new subsidiaries, combined with increased overseas sales volume and the effects of price revisions, as well as contributions from equity-method affiliates in Europe, more than offset the rise in material prices, including those affected by the situation in the Middle East, and increases in depreciation and general and administrative expenses.

It should be noted that revenue and core operating profit from overseas business include foreign exchange effects of JPY9.2 billion and JPY1billion, respectively, resulting from the weakening of the yen. Excluding this item, on a currency-neutral basis as shown on the right side of the slide, revenue increased by 4.7% and core operating profit from existing businesses rose by 8%, resulting in growth in both revenue and profit.

Although we posted a profit increase in Q1, this was partly due to foreign exchange effects resulting from the weak yen, as well as certain one-time factors such as timing differences in expense recognition, and the situation in the Middle East remains uncertain. We will not revise our full-year plan and will continue to strive to achieve it.

Analysis of Core OP of Existing Businesses



* Details are based on actual exchange rates for the previous fiscal year.
* Increase/decrease in core operating profit in the Other Business segment, Other reconciliations and Group expenses are included in Others.

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Please see page four.

This page analyzes the factors contributing to the change in core operating profit for existing businesses in Q1; the detailed figures are presented on a constant exchange rate basis compared to the previous period. Please note that the analysis of changes in the ratio of variable costs, including fluctuations in revenue, is based on total sales, which is calculated by adding back sales promotion expenses to revenue; therefore, it does not align with the actual change in revenue after deducting sales promotion expenses. Please consider this as a general trend.

First, in Japan, fluctuations in sales revenue, driven by price revisions and the consolidation of new subsidiaries, resulted in a positive impact of JPY4.8 billion, contributing to the increase in profit. On the other hand, the deterioration in the cost-to-sales ratio due to rising material prices and other factors resulted in a negative impact of JPY2.7 billion, while the increase in fixed costs due to higher depreciation expenses and other factors resulted in a negative impact of JPY1.2 billion.

Overseas, an increase in sales volume, primarily in the US and Brazil, and price revisions contributed to a JPY2.2 billion increase in revenue, which served as a positive factor in earnings. On the other hand, rising logistics costs and increased general and administrative expenses are contributing to the decline in profits.

Equity in earnings from affiliates showed an increase, as the rise in earnings at Mareven offset the slight declines at Premier Foods, Thai President Foods, and NURC, contributing to the overall increase in earnings. As a result, core operating profit from existing businesses increased by JPY2.4 billion, or 13.5%, compared to the previous fiscal year.

Impact of the Middle East Situation

Q1 recorded a cost increase of approximately ¥1.8 billion.
Q2 is expected to see a cost increase of ¥4.0-5.0 billion.

(Bil.Yen)	Q1 Actual	Q2 Forecast
Raw materials & packaging	1.4	3.6-4.0
Utilities	0.1	0.2-0.5
Logistics	0.3	0.2-0.5
Total	**1.8**	**4.0-5.0**

(Based on current Q2 outlook)

Crude oil USD/bbl	6.5-8.5
FX USD/JPY	155-165

Current status and countermeasures

- No significant impact on production or sales activities at present, and none expected going forward
- Uncertainty remains high over crude oil prices, FX, logistics trends, etc.
- In addition to cost-reduction efforts, price revisions will be implemented as needed

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Please see page five.

The impact of increased costs resulting from the situation in the Middle East during Q1 amounted to approximately JPY1.8 billion, primarily due to higher costs for raw materials and packaging materials. At the time of the full-year earnings announcement in May, we had projected a figure of around JPY2.5 billion, but we have managed to keep the actual figure below that level.

In Q2, we anticipate a cost increase of JPY4 billion to JPY5 billion, including raw materials & packaging, utilities, and logistics; however, as in Q1, we will mitigate this impact through cost reductions resulting from supply chain revisions and price revisions. Please note that, as of now, there have been no significant disruptions to our production or sales operations.

Financial Summary by Segment

Revenue increased in all three businesses, reflecting price revisions at the two instant-noodles companies, contributions from SERIA ROILE, and strong sales in China and Brazil.
Core operating profit increased in three businesses, as contributions from equity-method affiliates in Europe and the timing differences in expenses absorbed the impact of the Middle East situation.

Domestic Instant Noodles Business

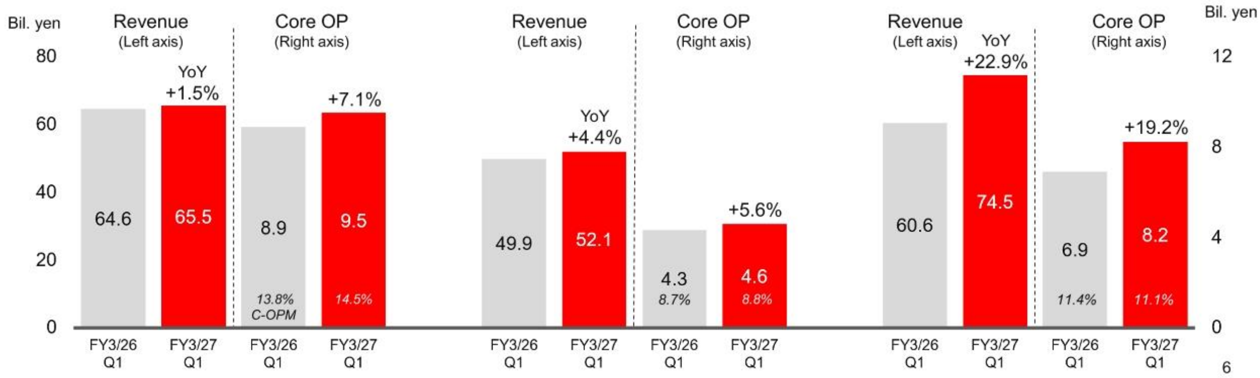
Both NISSIN FOOD PRODUCTS and MYOJO FOODS posted **higher revenue**. NISSIN FOOD PRODUCTS posted **higher profit**, driven by the impact of price revisions etc. MYOJO FOODS posted **lower profit**, unable to offset cost increases.

Domestic Non-Instant Noodles Business

Consolidation of SERIA ROILE and solid results at NISSIN CHILLED FOODS and KOIKE-YA drove **higher revenue and profit**, absorbing volume declines at NISSIN YORK and the impact of the Middle East situation.

Overseas Business

Revenue increased in all regions. **Higher profit** was driven mainly by strong performance in Brazil and China and contributions from two equity-method companies in Europe.



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Next, on page six, is a summary of financial results by segment. We will explain this in more detail on the following pages.

Revenue Results by Segment

Bil. Yen	Institutional accounting basis	YoY Change	YoY %	Constant currency basis	YoY Change	YoY %	F3/2026 Q1
NISSIN FOOD PRODUCTS	53.2	+0.2	+0.4%	53.2	+0.2	+0.4%	52.9
MYOJO FOODS	12.4	+0.7	+6.2%	12.4	+0.7	+6.2%	11.6
Domestic Instant Noodles Business	65.5	+1.0	+1.5%	65.5	+1.0	+1.5%	64.6
Chilled / Frozen foods and beverages	25.9	(0.2)	(0.8%)	25.9	(0.2)	(0.8%)	26.2
Confectionery / Snack	26.2	+2.4	+10.2%	26.2	+2.4	+10.2%	23.7
Domestic Non-Instant Noodles Business	52.1	+2.2	+4.4%	52.1	+2.2	+4.4%	49.9
Domestic Business total**	117.6	+3.1	+2.7%	117.6	+3.1	+2.7%	114.5
North and Central America**	25.6	+5.2	+25.2%	22.6	+2.2	+10.6%	20.5
South America**	16.9	+4.0	+30.9%	13.7	+0.7	+5.8%	12.9
The Americas	42.5	+9.1	+27.4%	36.3	+2.9	+8.7%	33.4
China (incl. H.K.)*	19.0	+2.3	+13.8%	17.3	+0.6	+3.5%	16.7
Asia	6.3	+1.3	+25.3%	5.9	+0.9	+17.0%	5.1
EMEA	6.7	+1.1	+20.6%	5.8	+0.3	+4.9%	5.5
Overseas Business total	74.5	+13.9	+22.9%	65.3	+4.6	+7.7%	60.6
Domestic and Overseas Businesses total	192.1	+17.0	+9.7%	182.9	+7.8	+4.4%	175.1
Other Business**	2.5	+0.6	+32.7%	2.5	+0.6	+32.3%	1.9
Consolidated	194.7	+17.6	+10.0%	185.4	+8.4	+4.7%	177.0

* The results for the China region are based on the consolidation policy of Nissin Foods HD.
** The format has been changed starting from this fiscal year. Accordingly, FY3/2026 results also represent the results after the change. In addition, "Other business" also includes new businesses.

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Page seven shows the actual revenue by segment.

Revenue from the domestic instant noodles business increased by JPY1 billion, or 1.5%, compared to the previous fiscal year. Revenue from the domestic non-instant noodles increased by JPY2.2 billion, or 4.4%, compared to the previous fiscal year. Revenue from the overseas business increased by JPY13.9 billion, or 22.9%, compared to the previous fiscal year. The overseas business were affected to some extent by exchange rate fluctuations; excluding these effects and on a constant-currency basis, revenue increased by JPY4.6 billion, or 7.7%, compared to the previous period.

Core Operating Profit Results by Segment

Bil. Yen	Institutional accounting basis	YoY Change	YoY %	Constant currency basis	YoY Change	YoY %	F3/2026 Q1
NISSIN FOOD PRODUCTS	8.3	+0.7	+9.3%	8.3	+0.7	+9.3%	7.6
MYOJO FOODS	1.2	(0.1)	(5.7%)	1.2	(0.1)	(5.7%)	1.3
Domestic Instant Noodles Business	9.5	+0.6	+7.1%	9.5	+0.6	+7.1%	8.9
Chilled / Frozen foods and beverages	2.5	(0.3)	(9.2%)	2.5	(0.3)	(9.2%)	2.7
Confectionery / Snack	2.1	+0.5	+30.7%	2.1	+0.5	+30.7%	1.6
Domestic Non-Instant Noodles Business	4.6	+0.2	+5.6%	4.6	+0.2	+5.6%	4.3
Domestic Business total **	14.1	+0.9	+6.6%	14.1	+0.9	+6.6%	13.2
North and Central America**	1.2	(0.1)	(4.7%)	1.1	(0.2)	(15.2%)	1.3
South America**	1.5	+0.6	+61.6%	1.2	+0.3	+30.5%	0.9
The Americas	2.7	+0.5	+23.2%	2.3	+0.1	+4.1%	2.2
China (incl. H.K.)*	1.6	+0.4	+28.3%	1.5	+0.2	+16.7%	1.3
Asia	1.7	(0.0)	(1.8%)	1.6	(0.2)	(8.8%)	1.7
EMEA	2.2	+0.5	+28.3%	1.9	+0.2	+12.3%	1.7
Overseas Business total	8.2	+1.3	+19.2%	7.3	+0.4	+5.3%	6.9
Domestic and Overseas Businesses total	22.3	+2.2	+10.9%	21.4	+1.2	+6.1%	20.1
Other business**	0.5	(0.0)	(8.0%)	0.5	(0.0)	(8.0%)	0.6
Other reconciliations	0.4	+0.5	-	0.4	+0.5	-	(0.1)
Group expenses	(3.6)	(0.3)	-	(3.6)	(0.3)	-	(3.2)
Existing Businesses	19.7	+2.4	+13.5%	18.7	+1.4	+8.0%	17.4
New Businesses	(1.8)	(0.5)	-	(1.8)	(0.4)	-	(1.3)
Consolidated	17.9	+1.9	+11.6%	17.0	+0.9	+5.9%	16.0
Other income and expenses	0.1	+0.3	-				
IFRS operating profit total	18.0	+2.1	+13.4%				

* The results for the China region are based on the consolidation policy of Nissin Foods HD.
** The format has been changed starting from this fiscal year. Accordingly, FY3/2026 results also represent the results after the change.

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Next, on page eight, you'll find the actual core operating profit by segment.

Revenue from the domestic instant noodles business increased by JPY600 million, or 7.1%, compared to the previous fiscal year Revenue from the domestic non-instant noodles business increased by JPY200 million, or 5.6%, compared to the previous fiscal year overseas business posted a profit increase of JPY1.3 billion, or 19.2%, compared to the previous period. On a constant-currency basis, excluding the impact of exchange rates on operating income from overseas operations, operating profit increased by JPY400 million, or 5.3%, compared to the previous fiscal year.

Domestic Instant Noodles Business

- NISSIN FOOD PRODUCTS implemented price revisions from April and MYOJO FOODS from June. Revenue increased due to the effects of the price revisions and solid sales of mainstay brands.
- On the profit side, the segment as a whole achieved higher profit, absorbing the rise in raw material prices by the positive effect of higher revenue.

Bil. Yen	FY3/2027 Q1	Increase/decrease factors
Revenue		
NISSIN FOOD PRODUCTS	53.2	Cup type Mainstay products of our milestone-anniversary brands—*CUP NOODLE*, *NISSIN DONBEI*, and *NISSIN YAKISOBA U.F.O.*—trended favorably, while new products including *NISSIN NORTH & CENTRAL AMERICA TRIO*, launched in June 2026, made a positive contribution
YoY	+0.4%	Bag type *NISSIN YAKISOBA* and *NISSIN NO RAMENYA-SAN* trended firmly and *KARA MYON* (launched March 2026) contributed, but bag noodles overall declined.
MYOJO FOODS	12.4	Cup type The *MYOJO IPPEICHAN YOMISE NO YAKISOBA* series trended firmly and *BUBUKA ABURASOBA* continued to grow.
YoY	+6.2%	Bag type *MYOJO IPPEICHAN YOMISE NO YAKISOBA* (Bag, with Karashi Mayo, 5-meal pack), newly launched in April, contributed.
Domestic Instant Noodles Business	65.5	
YoY	+1.5%	
Core Operating Profit		
NISSIN FOOD PRODUCTS	8.3	+) Higher profit accompanying revenue growth from price-revision effects
		-) Rise in raw material prices and higher depreciation, etc.
YoY	+9.3%	
C-OPM	15.6%	
MYOJO FOODS	1.2	+) Profit increase from sales growth
YoY	(5.7%)	-) Rise in raw material prices, etc.
C-OPM	9.9%	
Domestic Instant Noodles Business	9.5	
YoY	+7.1%	
C-OPM	14.5%	

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Pages 10 through 16 provide an overview of business performance by segment. First, please see page 10. This is our domestic instant noodles business.

While the upward trend in the Consumer Price Index has paused and real wages have posted gains for five consecutive months since the start of 2026, the trend toward frugality driven by uncertainty about the future continues amid escalating tensions in the Middle East. Under these circumstances, demand for instant noodles has remained relatively strong, and the instant noodle market from April through June posted YoY growth in sales value.

At NISSIN FOOD PRODUCTS, sales volume declined by a mid-single-digit percentage compared to the previous period, primarily due to a decrease in sales of low-priced products, which is a trend partly attributable to the Company's decision to implement price revisions in April ahead of its competitors. On the other hand, revenue increased by 0.4% compared to the previous period, driven by the impact of price revisions. Furthermore, both sales volume and revenue were generally in line with internal projections.

By brand, sales volumes of regular-line products, our mainstay items, remained on par with the previous period, while sales of regular-line products from our three core brands, CUP NOODLE, which celebrated its anniversary, NISSIN DONBEI, and NISSIN YAKISOBA U.F.O., increased compared to the previous period. In addition, the cup rice category, which includes the standard NISSIN CURRY MESHI, saw strong performance, with both volume and sales value up 20% from the previous period, driven by the NISSIN YAMAMORI CURRY MESHI series launched in April, and growth is accelerating. Thanks to the impact of anniversary campaign initiatives and product relaunches, there has been a shift back toward high-value-added products such as the regular versions of NISSIN DONBEI and NISSIN YAKISOBA U.F.O., as well as CUP NOODLE BIG. In addition, regarding CUP NOODLE, we plan to step up our anniversary promotional efforts starting in Q2, and we intend to continue this trend going forward.

In terms of profitability, while costs rose due to factors such as higher material prices, including those influenced by the Middle East, and increased depreciation expenses, core operating profit reached JPY8.3 billion, up 9.3% YoY, and the core operating margin stood at 15.6%, driven by the effects of price revisions as well as temporary factors. Although there were some timing discrepancies in the use of fixed-cost budgets and other items compared to the plan, the Company still managed to post a profit increase.

Next up is MYOJO FOODS. Although we implemented a price revision in June, strong sales from April through May offset the decline in volume in June, resulting in a mid-single-digit increase in volume compared to the previous period and a 6.2% YoY increase in revenue. In terms of profits, because the price revision took place in June, the Company was unable to fully offset the increase in raw material costs, primarily for packaging materials, resulting in a decline in profits.

Looking ahead, we expect demand for relatively inexpensive instant noodles to remain solid, even amid a wave of price revisions. As of now, NISSIN FOOD PRODUCTS' sales volume and sales revenue following the price revision are in line with projections, while MYOJO FOODS' figures are exceeding projections; in July, both companies are also outperforming the previous year's results.

Fiscal Year 2026 marks the anniversary year for both companies' core brands. By implementing anniversary initiatives for each brand and strengthening sales of value-added products, we aim to minimize the decline in sales volume resulting from price revisions and achieve our various targets.

Domestic Non-Instant Noodles Business — Chilled/Frozen foods ＆ beverages

- Chilled achieved higher revenue and profit on strong ramen. Meanwhile, the business overall posted lower revenue and profit due to weak sales of the *PILKURU MIRACLE CARE* series at NISSIN YORK and higher raw material and logistics costs, particularly at NISSIN YORK and NISSIN FROZEN FOODS.

Bil. Yen	FY3/2027 Q1	Increase/decrease factors	
Revenue			
Chilled / Frozen foods and beverages	25.9	Chilled +2%	Revenue increased on strong sales of *MEN NO TATSUJIN* and *SOUP NO TATSUJIN*, supported by expanded product lineups, and contributions from high-value-added products such as *GYORETSU NO DEKIRU MISE NO RAMEN*—celebrating its 30th anniversary this year—*TSUKEMEN NO TATSUJIN*, and *MAZEMEN NO TATSUJIN*.
YoY	(0.8%)	Frozen (0%)	The *FROZEN NISSIN CHUKA*, *FROZEN NISSIN MAZEMEN-TEI*, and *FROZEN NISSIN SPA-O KISSATEN* series performed steadily. Revenue was on par with the same period of the previous year.
		YORK (4%)	Lower sales of the *PILKURU MIRACLE CARE* series amid the sleep-boom downtrend; contributions from new products (*PILKURU IMMUNE STYLE*, *PILKURU AGING LIFE*) and the *TOKACHI NOMU YOGURT* revamp were limited, resulting lower revenue.
Core Operating Profit			
Chilled / Frozen foods and beverages	2.5	Chilled	Profit increase because of higher revenue.
YoY	(9.2%)	Frozen	Profit decrease due to higher raw material prices and logistics costs etc.
C-OPM	9.5%	YORK	Profit decrease due to lower revenue and higher depreciation from the Kansai Plant expansion, and higher raw material and logistics costs.

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Please see page 11. This is the Chilled/Frozen foods ＆beverages business.

In terms of sales revenue, NISSIN CHILLED FOODS saw an increase due to strong performance in its ramen product line, while NISSIN YORK and NISSIN FROZEN FOODS experienced declines due to sluggish sales of the PILKURU MIRACLE CARE series. As a result, the Chilled/Frozen foods and beverages segment as a whole posted a slight decline of 0.8%.

In terms of profits, due in part to rising material and logistics costs caused by the situation in the Middle East, profits for the entire business declined by 9.2% compared to the previous period. However, these three companies have already announced price revisions: NISSIN YORK will implement them starting in July, while NISSIN CHILLED FOODS and NISSIN FROZEN FOODS will do so starting in September, thereby steadily addressing rising costs.

Domestic Non-Instant Noodles Business — Confectionery / Snack

- On KOIKE-YA's higher revenue and profit, and the consolidation of SERIA ROILE, the Confectionery/Snack Business achieved higher revenue and profit.

Bil. Yen	FY3/2027 Q1			Increase/decrease factors
Revenue				
Confectionery / Snack	26.2	CISCO	+3%	Cereals such as the *GOROGURA* series and the *COCONUT SABLE* series trended firmly, resulting higher revenue
YoY	+10.2%	BonChi	(14%)	Sales volume continued to decline due to price revisions, resulting lower revenue.
		KOIKE-YA	+2%	Revenue increased on the back of solid sales of corn-based brands and price revision effects.
		SERIA ROILE	-	The *BLACK THUNDER ICE* and *HITOKUCHI ICE* series trended well. Consolidated from Feb 27, 2026, resulting in a net increase to revenue.
Core operating profit				
Confectionery / Snack	2.1	CISCO	Decreased	Lower profit due to aggressive spending on sales promotion.
YoY	+30.7%	BonChi	Increased	Profit increased due to cost improvements, including lower rice prices and a reduced logistics cost ratio.
C-OPM	8.1%	KOIKE-YA	Increased	Profit increased due to improved potato yields and greater logistics efficiency following the commencement of operations at the Chubu Plant.
		SERIA ROILE	-	Net increase from the effect of consolidation (three months).

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See page 12. It's the confectionery/snack business.

In terms of sales revenue, NISSIN CISCO and KOIKE-YA, which saw strong sales of cereals and corn-based products, respectively, reported increased revenue, while BonChi, saw a decline in revenue due to a decrease in sales volume resulting from intermittent price revisions implemented since last year in response to rising rice prices. Thanks in part to the contribution of SERIA ROILE, which became a consolidated subsidiary at the end of February last year, revenue increased by 10.2% compared to the previous period.

In terms of core operating profit, all companies except NISSIN CISCO, which actively implemented sales promotion expenses, posted profit growth, and thanks in part to contributions from SERIA ROILE, the overall business saw a 30.7% increase in profit compared to the previous period.

The Americas

- North and Central America, revenue increased due to higher sales volume and the effect of price revisions, but profit declined due to rising costs.
- Brazil trended firmly, achieving higher revenue and profit.

Bil. Yen		FY3/2027 Q1	Increase/decrease factors
Revenue			
North & Central America		25.6	U.S.* +22% Revenue increased due to higher sales volume driven by strong sales to major mass retailers, as well as the effect of price revisions (Forex impact +1.8).
	YoY	+25.2%	Mexico +39% Higher revenue on volume growth and price-revision effects (Forex impact +1.1).
South America (Brazil)		16.9	Higher revenue on volume growth and price-revision effects (Forex impact+3.2).
	YoY	+30.9%	
The Americas		42.5	
	YoY	+27.4%	
Core operating profit			
North & Central America		1.2	U.S.** Decreased Profit declined due to rising costs, including logistics expenses, as well as the recording of expenses related to the establishment of RHQ-A (Forex impact +0.1).
	YoY	(4.7%)	
	C-OPM	4.8%	Mexico Increased Higher profit on volume growth and price-revision effects (Forex impact +0.0).
South America (Brazil)		1.5	Higher profit as volume growth and price-revision effects outweighed various cost increases (Forex impact +0.3).
	YoY	+61.6%	
	C-OPM	9.0%	
The Americas		2.7	
	YoY	+23.2%	
	C-OPM	6.5%	

* Combined figure for NISSIN FOOD (U.S.A.)and MYOJO U.S.A.
** Combined figure for NISSIN FOOD (U.S.A.),MYOJO U.S.A., and RHQ-Americas

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See page 13, the Americas region. Starting this fiscal year, we are reporting figures separately for the North and Central America region and the South America region.

First, our US operations. In the US market, while the food market as a whole continues to lack momentum, amid ongoing inflation, the market for relatively inexpensive instant noodles is growing at a low single-digit in volume terms and in the low teens in value terms, making it relatively resilient among food categories.

At our company, sales volume increased, driven primarily by our base products, thanks to the expansion of our distribution areas at major retail chains—a trend that has continued since last fiscal year—as well as increased sales volumes resulting from sales initiatives in existing regions. In addition, as the price revisions implemented last October took effect, and aided by favorable exchange rates, revenue increased significantly by 22% compared to the previous period.

On the other hand, profit declined due to rising costs, such as logistics expenses, resulting from the situation in the Middle East, as well as expenses related to RHQ-Americas, the regional headquarters for the Americas established in the previous fiscal year.

Next, our Mexican business posted higher revenue and profits due to increased sales volume and the impact of price revisions. Exports, primarily to Central America, remained strong, offsetting the sluggish domestic market and resulting in a YoY increase in sales volume in the mid-10% range.

Next, our South American business. Brazil is a major country with a population exceeding 200 million. Given its continued population growth and steadily rising income levels, it is a promising market where further expansion of consumer spending is expected in the future. Given the current solid economic conditions, demand remains firm, resulting in revenue of JPY16.9 billion, up 30.9% from the previous period. and core operating profit of JPY1.5 billion, up 61.6% from the previous period.

Its profit growth rate is the highest among all operating companies, and in absolute terms, it has surpassed the US and is now roughly on par with the China region. In addition to our flagship bagged noodle products, sales of cup noodles, which are experiencing accelerated growth as incomes rise, are also holding steady and driving our growth. In terms of profits, in addition to increased sales volume and the effects of price revisions, cost-cutting efforts are progressing smoothly, allowing the Company to offset rising costs for raw materials and other items and achieve a significant increase in profits.

We are the number one instant noodle manufacturer in the Brazilian market, with a market share of over 75% by value. By leveraging our new factory, which is scheduled to begin operations in 2027, and steadily capitalizing on the overall growth of the market going forward, we aim to achieve further growth.

China (incl. H.K.)

- Hong Kong's instant-noodles business trended firmly, while in Mainland China sales of mainstay products grew on the progress of distribution expansion, driving higher revenue.
- In addition to the revenue-growth effect of mainstay-instant noodles, an improved sales mix and lower raw material prices contributed to higher profit.

Bil. Yen	FY3/2027 Q1	Increase/decrease factors		
Revenue				
China (incl. H.K.)	19.0	H.K.& others*	Increased	High-priced products such as *CUP NOODLES* and *HOKKAIDO ITCHO* trended firmly amid the ongoing northbound-consumption trend (Forex impact+0.7). Local-currency basis (HKD) +5%; volume roughly flat (management basis, excl. non-instant noodles).
YoY	+13.8%	Mainland China	Increased	On the back of progress in distribution expansion into inland areas, sales of mainstay products such as *CUP NOODLES* and *CUP NOODLES BIG* grew (Forex impact +1.0). Local-currency basis (RMB) +3%; volume up high-single-digit % (management basis, excl. non-instant noodles).
Core operating profit				
China (incl. H.K.)	1.6	H.K.& others*	Decreased	While the instant-noodle business was firm, some non-instant-noodles businesses lagged, resulting in lower profit (Forex impact+0.0).
YoY	+28.3%	Mainland China	Increased	In addition to the revenue-growth effect in the instant-noodles business, higher sales of high-priced products and lower raw material prices drove higher profit (Forex impact +0.1).
C-OPM	8.6%			

*Including Vietnam, Taiwan, South Korea, and Australia

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See page 14. This is the China region.

In the China region, amid deflationary conditions, product segmentation is accelerating and changes in the distribution channel structure are underway. First, in Hong Kong, while spending by mainland Chinese visitors continued, sales of high-end cup noodles remained strong within Hong Kong, buoyed by increased demand resulting from the recovery in the flow of people, including tourists from the mainland. On the other hand, the frozen foods business struggled due to intensifying competition, resulting in higher revenue but lower profits for Hong Kong as a whole.

In mainland China, we are continuing to grow sales by expanding our sales channels into inland regions, a new market for our company, and sales of our flagship cup noodle products are growing steadily.

As a result, for the China region as a whole, revenue reached JPY19 billion, up 13.8% YoY, and core operating profit was JPY1.6 billion, up 28.3% YoY, marking growth in both revenue and profit.

Asia

- Sales volume increased in each country, driving higher revenue, but profit declined mainly due to equity-method companies.

Bil. Yen		FY3/2027 Q1	Increase/decrease factors
Revenue			By descending order of revenue
Asia		6.3	Thailand Increased (Forex impact+0.25 Bil. Yen)
	YoY	+25.3%	India Increased (Forex impact - Bil. Yen)
			Singapore Increased (Forex impact +0.11 Bil. Yen)
			Indonesia* Increased (Forex impact +0.10 Bil. Yen)
Core operating profit			
Asia		1.7	Thailand Increased (Forex impact +0.03 Bil. Yen)
	YoY	(1.8%)	India Loss (Forex impact - Bil. Yen)
	C-OPM**	5.1%	Singapore Increased (Forex impact +0.01 Bil. Yen)
			Indonesia* Loss (Forex impact -0.01 Bil. Yen)
			Gain (loss) on investments accounted for using the equity method：
			Thai President Foods 0.9 Bil. Yen YoY +0.03 Bil. Yen, （Forex impact +0.09 Bil. Yen）
			N-URC 0.5 Bil. Yen YoY -0.05 Bil. Yen, （Forex impact +0.00 Bil. Yen）

* Including business in Malaysia

** Core operating profit margin excluding equity method income

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See page 15, the Asia region.

In the Asia region, sales volume increased in various countries, particularly in Thailand, where the transition to new wholesale partners was completed last year and sales have stabilized, resulting in a 25.3% YoY increase in revenue. On the other hand, core operating profit declined slightly overall, primarily due to rising material costs and the impact of equity-method affiliates.

EMEA

- Soba Cup Big and DEMAE RAMEN contributed, with mid-single-digit % volume growth. Forex impact also lifted revenue.
- Although NISSIN FOODS Europe struggled due to higher raw material costs from the Middle East situation and foreign exchange effects etc., the region achieved higher profit with contributions from equity-method companies.

Bil. Yen		FY3/2027 Q1	Increase/decrease factors		
Revenue					
EMEA*		6.7	NISSIN FOODS Europe	+20%	Higher revenue on volume recovery and forex impact
	YoY	+20.6%			(Forex impact +0.9 Bil. Yen).
Core operating profit					
EMEA*		2.2	NISSIN FOODS Europe	Loss	(Forex impact -0.0 Bil. Yen)
	YoY	+28.3%			
	C-OPM**	-	Gain (loss) on investments accounted for using the equity method：		
			Mareven 0.8 Bil. Yen	YoY +0.6 Bil. Yen (Forex impact +0.1 Bil. Yen)	
			Premier Foods 1.6 Bil. Yen	YoY +0.1 Bil. Yen (Forex impact +0.2 Bil. Yen)	

* Including Turkish business
In November 2025, NISSIN FOODS TURKEY GIDA ANONİM ŞİRKETİ (Nissin Turkey) was established, and the instant noodle business was launched in Turkey

** Core operating profit margin excluding equity method income

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See page 16, the EMEA region.

By country, NISSIN FOODS Europe saw revenue increase due to higher sales volumes and favorable exchange rate effects, driven by strong sales in the UK and Germany, where the Company conducted large-scale promotional campaigns. On the other hand, due to factors such as rising raw material costs stemming from the situation in the Middle East and exchange rate fluctuations, NISSIN FOODS Europe posted a slight net loss on a standalone basis.

Across the EMEA region as a whole, revenue increased by 20.6% compared to the previous period, and core operating profit rose by 28.3%, driven by contributions from Mareven, an equity-method affiliate.

NISSIN FOOD PRODUCTS "Tsukubamirai Factory (tentative name)" Overview

- Building a *CUP NOODLE*–dedicated factory in a prime location along the Ken-O Expressway, adjacent to the major consumption market of the Tokyo metropolitan area
- The new factory will reduce *CUP NOODLE* supply risk over the long term and improve the east–west supply balance
- Improving production efficiency by leveraging accumulated production technology, and reducing CO_2 emissions during manufacturing to lower environmental impact

Overview

Name	Nissin Food Products Co., Ltd. Tsukubamirai Factory (tentative name)
Location	76-5 Fukuoka Industrial Park, Tsukubamirai City, Ibaraki Prefecture, Japan
Construction start	May 2027 (plan)
Planned start of operations	FY 3/2030 (plan)
Product type	Cup type noodles
Site area	Approx. 331,000 m²
Total floor area	Approx. 41,000 m²
Production capacity (annual)	Up to 500 million servings
Capital investment	Approx. 70 billion yen

Main products to be produced

Rendering of the new factory and planned construction site

Prime location along the Ken-O Expressway
Excellent access to the Tokyo metropolitan area

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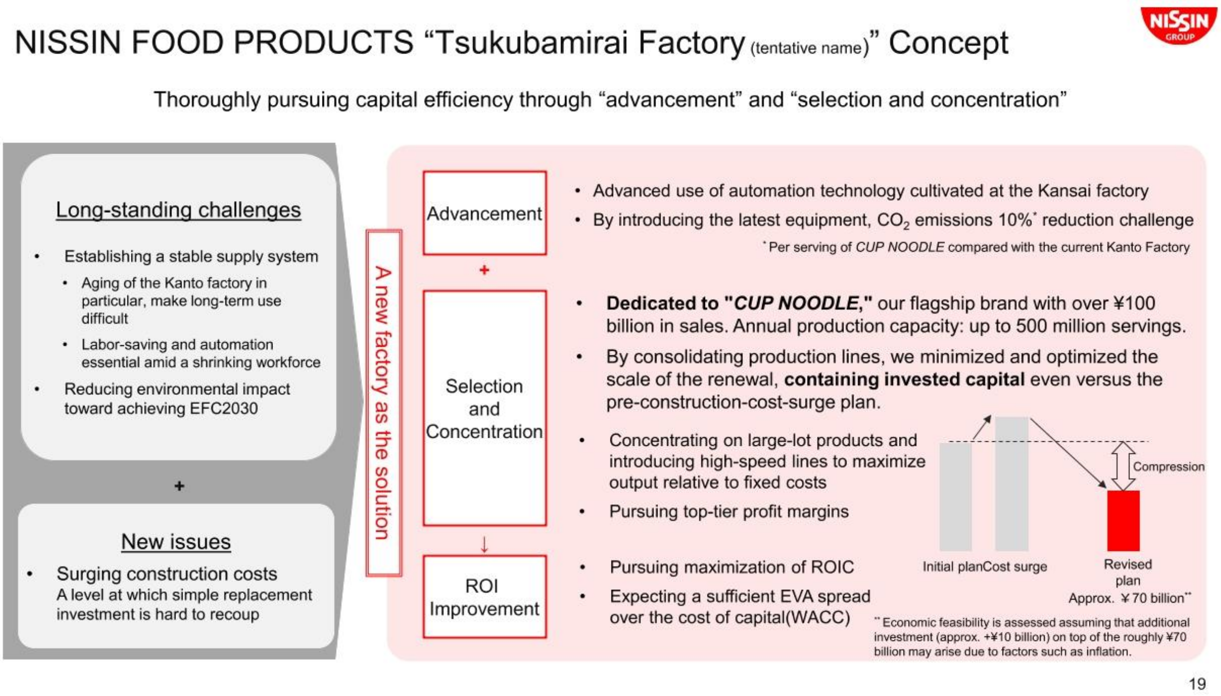
See page 18.

NISSIN FOOD PRODUCTS has decided to build a new factory dedicated to CUP NOODLE in Tsukubamirai City, Ibaraki Prefecture. Construction is scheduled to begin in May 2027, with operations set to commence in FY2029.

With an annual production capacity of up to 500 million meals, the Company expects to invest approximately JPY70 billion in capital expenditures. By leveraging our prime location adjacent to the Greater Tokyo Area, a major consumer market, and along the Ken-O Expressway, we will reduce supply risks for our flagship brand, CUP NOODLES, over the long term, while also improving the supply balance between the eastern and western regions. In addition, by leveraging the production technologies we have developed over the years, we will work to improve production efficiency and reduce CO2 emissions during manufacturing.



See page 19.

The concept behind this plant is the relentless pursuit of capital efficiency through advancement and selective focus. As noted on the left, NISSIN FOOD PRODUCTS' Kanto Plant has traditionally faced challenges such as the aging of its facilities, labor shortages, and the need to reduce its environmental impact. Furthermore, due to the sharp rise in construction costs that occurred after the land was acquired, it became necessary to completely reevaluate the scale of the investment and its economic feasibility.

The solution we proposed involves leveraging the automation technologies developed at our Kansai plant, enhancing operations through a 10% reduction in CO2 emissions, and focusing exclusively on CUP NOODLE, a top-tier brand with sales exceeding JPY100 billion, to minimize capital investment and pursue high profit margins.

As a result, by incorporating the minimization and optimization of production lines into our design philosophy, we are now projected to keep investment costs at approximately JPY70 billion, significantly below the initial plan, and will pursue investment efficiency by mass-producing the most profitable CUP NOODLE brand.

That is all from me.

Question & Answer

*** [Q] Questioner, [A]Answerer (Yano), [M]Moderator (Ninomiya)**

[M]: We will now move to the question-and-answer session. Due to time constraints, we would appreciate your cooperation in limiting your questions to two per person per session.

We will now begin the question-and-answer session. For the first question, please go ahead.

[Q]: First, I'd like to get an overall sense of how Q1 profits compared to the plan.

For example, NISSIN FOOD PRODUCTS' standalone domestic business appears to be on track to meet its full-year profit target, but there are some variations across segments, so I'd like to hear more about that. Also, if possible, I would appreciate it if you could explain, in terms of hundreds of millions of yen, the nature of these upward and downward deviations. This is the first point. Thank you.

[M]: So, you mean a comparison with the plan.

[Q]: Yes, that's right.

[A]: Overall, compared to our initial plan for Q1, we are running about JPY4 billion to JPY5 billion above target. In addition to this, there was a cost increase of JPY1.8 billion due to factors in the Middle East, so in reality, earnings are currently running about JPY6 billion higher than expected. In this context, I think it's safe to say that roughly half of this is attributable to NISSIN FOOD PRODUCTS' better-than-expected performance.

Other major contributors in Japan include MYOJO FOODS and KOIKE-YA. The figures here are running several hundred million yen higher than expected. The contributor overseas is Brazil. This one is a bit larger, an upward deviation of around the upper half of the JPY100 million-range. Also, Mareven and Premier Foods are expected to post earnings that are about mid-single-digit hundred million yen higher than forecast, which is considered a relatively significant figure.

[Q]: Thank you. The impact of the situation in the Middle East amounted to JPY1.8 billion in Q1, and you are projecting JPY4 billion to JPY5 billion for Q2, but this wasn't factored into the plan, was it?

[A]: No, it was not.

[Q]: Based on the information provided so far, regarding the outperformance in Q1 of JPY4 billion to JPY5 billion, how was this JPY1.8 billion related to the Middle East factored into that calculation?

[A]: If you add JPY4 billion to JPY5 billion which I mentioned earlier to JPY1.8 billion, it comes to roughly JPY6 billion, and that is what I mean. It's difficult to understand as the impact of the Middle East wasn't included in the original plan, but in reality, that's roughly the extent of the upward deviation from what we had anticipated.

[Q]: I see, understood. Thank you. With that in mind, here's my second point. Regarding costs, ultimately, there was a cost increase of JPY1.8 billion in Q1 due to the situation in the Middle East, which is lower than the projected estimate; however, you are projecting an increase of JPY4billion to JPY5billion in Q2. Could you give me the background for this rapid expansion? Also, as far as I recall, you have always disclosed second-half figures on a quarterly basis, but there has been no disclosure for H2 this time. It's a bit difficult to understand whether this JPY4 billion to JPY5 billion figure will increase or decrease, or what the outcome will be. Could you tell me about the current assumptions and outlook regarding those costs?

[A]: First of all, the reason the amounts increased from Q1 to Q2 is, fundamentally, the situation in the Middle East. Since the Iran issue arose between March and April, its impact wasn't particularly significant in Q1. Since this is expected to really take off starting in Q2, we anticipate that it will become a major factor. So, in terms of the amount, it ranges from JPY1.8 billion to JPY4 billion to JPY5 billion, which means it's more than double.

As for whether this will intensify starting in Q3, it really depends on how the situation in the Middle East unfolds, or, to put it simply, on how crude oil prices develop, so it's very difficult to predict. For that reason, we have not provided any specific figures. Based on our current projections, if the market continues at the levels we anticipate for Q2, we expect that growth will not be significant from Q3 through Q4.

The impact is largely concentrated in Q2; that is generally the largest amount we can see—or rather, the amount we anticipate.

[Q]: I understood. On slide five of the presentation materials, there's a note stating that, based on Q2 projections, crude oil is expected to range from USD65 to USD85, and the exchange rate from JPY155 to JPY165. Are you saying that, if this trend continues, these profits will be flat starting in Q3? Did you say that profits won't decline?

[A]: What I mean is that I believe the impact on the Middle East is about the same.

[Q]: So, the expectation is that impact of around JPY4 billion to JPY5 billion will continue into Q3 and beyond.

[A]: Yes, that is right. Since the situation in the Middle East began during Q1 and Q2, there is a sort of time lag. The time lag for the price pass-through of the product we purchase becomes bigger in Q2. If this situation continues, the impact would likely remain at about the same level if it does continue. In other words, we don't really expect this to increase significantly in Q3 and Q4.

[Q]: I see. In terms of scale, the impact, estimated at around JPY4 billion to JPY5 billion in Q2, is expected to continue under this scenario and to be seen on a quarterly basis in H2 as well.

[A]: That's right, if we focus solely on the impact of the Middle East, that is. However, of course, we don't expect this to result entirely in a loss of revenue for us, and we're implementing various countermeasures to address it. In particular, since some operating companies have already announced price revisions, I think in Q3, rather than in the second, these measures will take more effect. Of course, we're also working to cut costs as part of our own efforts. Also, we're working on things like reviewing our supply chain and reassessing our materials. With that in mind, we are planning to take steps to mitigate this impact as much as possible.

[Q]: Thank you. Sorry this got so long. Regarding the assumption for crude oil prices, ranging from $65 to $85 for Q2. Based on the food manufacturer's projections released in May, I get the impression that the impact was less significant than that on your company with the assumption of USD100. Even though you are making assumption based on the fairly conservative current market range of USD65 to USD85, I get the impression that the impact is actually quite significant. It might be a little hard to compare but what do you think caused this difference?

[A]: Well, it depends on the assumptions other companies are making. From our perspective, based on the current situation, and naturally, taking into account the various negotiations we're having with our material suppliers, we have estimated that Q2 will be roughly at this level, given the impacts we are currently seeing. I'm sorry, but it's very difficult to compare us with other companies.

[Q]: Of course. Understood. Will this be absorbed as part of the price revision that has just been announced? Starting with the current Q2, if this trend continues into H2, I think it will lead to cost-push result. Is it your understanding that price revisions are currently being implemented locally at a level that can absorb this cost increase? Is it necessary to take more additional actions? What is the situation?

[A]: As for that, NISSIN FOOD PRODUCTS and MYOJO FOODS already did this in Q1, but the companies that have announced price revisions are NISSIN CHILLED FOODS, NISSIN FROZEN FOODS, NISSIN YORK, and NISSIN CISCO. Also, KOIKE-YA has made an announcement as well. It's hard to say for sure whether this will cover all the factors related to the Middle East. Of course, in addition to this, we are also making efforts to reduce costs.

That said, there are many things, both those we can see right now and those we can't, as well as many factors that remain uncertain. Taking all of that into account, the entire company is working together as one to achieve the core operating profit of JPY73.5 billion for our existing businesses, as originally planned at the start of the fiscal year. That's the current situation.

[Q]: Understood. Thank you.

[M]: Thank you. Now, on to the next question, please go ahead.

[Q]: Thank you. I have two questions as well. One is a follow-up to the previous question, and the other is about North and Central America.

First, you mentioned that in Q1, revenue was roughly JPY6 billion higher than expected due to factors related to the Middle East. I would really like to know how much of that increase can be attributed to sustainable factors. What do you think?

[A]: There are some one-off factors included in that result. Take NISSIN FOOD PRODUCTS, for example. When comparing actual results to the plan, the construction of the materials plant, which was originally anticipated, is currently running slightly behind schedule due to tight construction demand. As a result, we are no longer incurring certain costs, such as depreciation expenses and other fixed costs that were originally projected. While this will have an impact on the full-year results, I believe things will return to the original projections once construction begins.

Also, to a certain extent, and this applies to several companies, there are delays in reporting expenses such as marketing costs and the like. That includes items that may come in during Q2 or later, depending on the circumstances, or for which we may decide not to use them this fiscal year after reviewing the actual profit situation.

Then there's the impact of exchange rates. The results show that we have exceeded the budget by about JPY400 million.

Then there are factors like Mareven and Premier Foods, companies we don't directly control, which may perform slightly better than planned going forward, resulting in a combined upward deviation of just under JPY1 billion. Excluding those factors, I believe the actual increase in profit, including inorganic growth, was roughly JPY3 billion.

[Q]: The outperformance of the NISSIN FOOD PRODUCTS can be explained almost entirely by timing differences, but I'm not quite sure about the equity-method segment. So, should I understand that, on a net basis, the figure is about several billion yen higher than expected?

[A]: That's right, including inorganic ones.

[Q]: I see. Ultimately, the reason you have not revised this fiscal year's plan is that, given the situation in the Middle East, costs might increase by over JPY10 billion for the year. In response to that, since the Q1 results were only a few billion yen higher than expected, you thought there was no need to adjust the figures. Is that a fair understanding?

[A]: Our current business and sales are doing very well overall, both domestically and internationally. Especially, as for instant noodles in Japan, both NISSIN FOOD PRODUCTS and MYOJO FOODS are performing exceptionally well, though this may be partly due to the various disaster-related circumstances. In that sense as well, I believe it is not yet time for us to lower our targets.

[Q]: I see. By the way, since profits increased quite significantly in Q1, if you continue working toward your full-year targets at this pace, I can't help but wonder if profits in Q2 and beyond might end up being on par with last year's levels, or perhaps even decline at times. Is that understanding correct?

[A]: Regarding Q2, we've mentioned that the impact from the Middle East is expected to be in the range of JPY4 billion to JPY5 billion. In that sense, it will be significantly higher than the JPY1.8 billion figure. So, we're assuming that Q2 will probably be the toughest for us. Our related companies generally adjust their prices in July or September or later. In that sense, we expect Q2 to be a bit challenging. Of course, we don't expect the JPY5 billion figure to be directly translated into a loss YoY. Our assumption is that we probably won't be able to cover JPY5 billion all in this Q2.

If this impact from the Middle East continues into Q3 and beyond, and the current market conditions persist, we may not be able to outperform our plan largely. Therefore, we are currently considering various measures to offset these effects. That is our assumption for the full year.

[Q]: So, the expectation is that after a sharp drop in profits in Q2, the Company will return to slight profit growth or growth in the low to mid-single digits in Q3 and Q4, taking countermeasures to offset the cost impact. Is this correct understanding?

[A]: Yes, that's what we're assuming.

[Q]: I understood. Second question. It is about North and Central America.

First, could you tell me what the core operating profit margins were for our existing businesses in the US and Mexico, respectively? I get the impression that the two combined were about 5%. I would like to know the figures for the US and Mexico, respectively.

[A]: I would say the US is a bit over the mid-single digits. Mexico is in the low single digits. It's a percentage.

[Q]: I see, understood. It seems like the US is showing a slight improvement QoQ, while Mexico is showing a slight decline QoQ. Does this number have any significance?

[A]: In that sense, while sales in Mexico are strong, depreciation expenses are what drove down profits. This is because the new factory is now in operation. Mexico has seen significant growth in both MT and exports to cover expenses, so in fact, sales volume has actually increased quite a bit. However, due to these factors, profits are currently experiencing some growth stagnation. In terms of profit margin, it's actually at roughly the same level as Q1 of last year.

[Q]: I understood. Also, regarding the US, sales volume in Q1 saw a high single-digit increase. On the other hand, given that sales fell by about 20% last year as a backlash against the push toward club stores, and this year's growth is in the high single digits, I honestly don't think it's grown that much. How should I interpret the current situation?

[A]: I don’t think this applies only to us, but I get the impression that the US instant noodle market as a whole isn’t particularly strong. Given that overall inflation is still on the rise, we are watching to see how this will play out.

If anything, inflation is rising faster than expected, for example, gas prices are going up, and this, of course, directly impacts the livelihoods of low-income people. Partly because of that, I get the impression that our core products are actually growing more right now. So, our premium products are struggling somewhat, and as a result, our product mix has deteriorated. We are currently in a situation where profits are not growing quite as much as revenue.

[Q]: By the way, when you looked at just Q1, what were the growth rates for the premium and base products?

[A]: The base products have grown by the upper half of a single-digit range. However, there has been a slight decline in the premium products. In terms of retail channels, what’s commonly referred to as “grocery,” which I suppose is the slightly higher-end stores, are struggling, not just for us, but across the US in general. Partly because of this, the market environment has made it difficult for premium products sold in grocery stores to see significant growth.

[Q]: I see, understood. Even when viewed on a sell-out basis, our understanding is that your company is keeping pace with the market and even slightly outperforming it.

[A]: That's right. I don't think it's particularly strong, but it's in line with the market.

[Q]: I see. Understood. This will be the last point I’ll bring up, but first, I’d like to confirm whether the factory has been operational since June. Also, regarding BOLD TASTES of TOKYO, I understand you have been working hard on various campaigns since June. If you have any sense of how things are going right now or how they are being received, I would really appreciate it if you could share that with me.

[A]: As for the factory, it’s not actually our fault, but the authorities have raised some issues, so unfortunately, it’s not yet operational. We are taking the necessary steps, and we plan to begin production as soon as we receive approval.

I suspect that this situation isn't unique to us. It is likely happening at several other companies as well.

[Q]: I see. How is the response to BOLD TASTES of TOKYO going? Also, even though the new factory isn't operational yet, have you already started promotional activities for it? Could you tell me about it?

[A]: We are holding off on full-scale promotional activities for a little while longer, so we are currently running them on a limited basis. In that sense, while the quantity isn’t particularly large, we have put systems in place to produce items of the same quality at another factory as a temporary measure until the Greenville plant becomes operational. They will be shipping from there one by one. As soon as we receive approval, we plan to begin full-scale production at the Greenville facility, so we are currently making the necessary preparations.

[Q]: I see. You are currently conducting test marketing. How is it going?

[A]: Very well. They have always been very strong in retail, but I believe they have been talking specifically about making greater use of Japanese IP right now, and they are also increasing their exposure in those areas. I have heard that they are getting a lot of inquiries. It remains to be seen how much this will actually lead to purchases, though.

[Q]: I understood. Finally, what IP are you using?

[A]: I can't comment on that due to contractual restrictions.

[Q]: I understood. That is all from me. Thank you.

[M]: Thank you. Now, on to the next question, please go ahead.

[Q]: I would also like to ask two quick questions.

First question is about NISSIN FOOD PRODUCTS' domestic operations. I would like to confirm factors contributing to the increase or decrease. Also, as you have been saying for a while now, I'm wondering if this can really all be explained away as a timing discrepancy. Could you please explain in a bit more detail what accounts for that JPY2 billion to JPY3 billion figure, the part where NISSIN FOOD PRODUCTS is exceeding expectations? Thank you.

[A]: Now, using the breakdown we always go over, I will explain the factors contributing to the increase or decrease in profits. First, factors related to the increase in sales contributed JPY1.3 billion. Second, the impact of fluctuations in the cost-to-sales ratio and logistics costs, among other factors, resulted in a negative impact of JPY500 million. As for the product mix, and so on, it's pretty much flat, but down by JPY100 million. An increase in depreciation expenses, such as those related to capital expenditures, resulted in a negative impact of JPY400 million. General and administrative expenses had a positive impact, resulting in a gain of JPY400 million. This brings the net to JPY700 million.

[Q]: Understood. Thank you. In that context, how exactly does the timing discrepancy in expenses, as you mentioned, affect things?

[A]: This is a comparison with the previous fiscal period, but as for those special factors, the impact of the Middle East was in the range of several hundred million yen for NISSIN FOOD PRODUCTS. So, the impact is eventually plus and minus zero. The impact from the Middle East turned out to be greater than expected, but those special factors came into play as well, and it seemed as though they were largely offsetting each other. I believe that, in that sense, the price revision did have a certain degree of impact. Naturally, this increase in sales also reflects the impact of price revisions.

[Q]: Understood. Thank you. When considering NISSIN FOOD PRODUCTS' future profits, will they really settle in line with projections? Could you explain that line of thinking a little more?

[A]: In that sense, the impact of the Middle East has certainly been a factor in and beyond Q2. Since the total amount has increased from JPY1.8 billion to JPY5 billion, which is more than double, I do think that will have an impact. However, starting in Q2, as part of our anniversary initiatives, we will be expanding sales of core products like CUP NOODLE, which have performed well this fiscal year. We are working to offset the impact of the situation in the Middle East through these sales efforts, and we are currently devising various strategies to ensure we can meet our initial targets.

[Q]: When considering the impact of the Middle East, I do think it will have a fairly significant effect on NISSIN FOOD PRODUCTS in Japan. When I consider whether measures like the campaign you mentioned will truly be sufficient, especially given that prices were raised this past April and the situation remains unchanged, I'm wondering what NISSIN FOOD PRODUCTS's stance is regarding further price increases or similar measures.

[A]: Regarding that point, since we just raised our prices in April, and our competitors also just raised their prices this July, we are currently assessing the impact of those changes. However, while MYOJO FOODS raised its prices in June, and other competitors have also raised their prices since April, sales in July appear to be very strong. Given all this, I get the impression that the situation in Japan is by no means bad.

[Q]: Understood. Thank you. Second, I would also like to ask about the inventory situation in the US.

As you mentioned earlier, given that the timing of the new plant's launch is still unclear, and if you believe the outlook is weak considering the underlying economic conditions as well, I believe the annual plan you are currently reviewing projected a high single-digit increase for premium products and a slight decrease for the base products. Has your perspective on that changed? What do you think about that?

[A]: It is indeed true that the market as a whole is weaker than we had initially anticipated. Also, as I mentioned earlier, there's a possibility that BOLD TASTES of TOKYO might not grow as much as expected, or rather, that we might not be able to produce it at all, so I'm currently anticipating that the sales figures will be a bit tight and the results will be somewhat weaker.

On the other hand, however, if sales are delayed, marketing costs will naturally decrease as well, so we plan to make efforts to reduce overall costs and, of course, focus on maximizing profits. Even if sales don't grow as expected, we're currently discussing various strategies to ensure we can still meet our profit targets.

[Q]: Understood. Thank you. Finally, regarding the start-up date for the new plant, is there any estimated timeline yet? I understand this is contingent on obtaining approval, but do you have any idea when that might happen, or what the general timeline looks like?

[A]: We are also saying we want to do this as soon as possible, but ultimately, it depends on the other party. At this point, we have not received any information regarding that matter.

[Q]: Understood. That is all from me. Thank you.

[M]: Thank you. Now, on to the next question, please go ahead.

[Q]: First, I apologize for bringing up the issue of Middle East costs. I believe you explained that the figure for Q1 was contained to be JPY1.8 billion, and I would like to ask what it means. Does this mean that, although the initial estimate was JPY2.5 billion, the cost ended up being lower simply because the projection happened to be off, or does it mean that the Company was able to contain the increase in costs by switching suppliers and implementing various other measures? What does that mean?

[A]: I think there are various factors at play there. Of course, we don't just buy things at the asking price, so we have negotiated there as well. That said, given that crude oil prices fluctuated quite a bit at that time, I guess I managed to purchase at a good point. Taking all that into account, we were able to keep it under control.

Since it's not really possible to suddenly switch suppliers for packaging materials or flexible packaging, I think it's largely a matter of choosing a supplier offering the best market price or the result of negotiations.

[Q]: I understood. Thank you. Depending on how those negotiations go, it seems reasonable to expect that the figures you've provided for Q2 and beyond could be scaled back a bit further.

[A]: Yes. At one point, negotiations were based on a price in the USD100 range, and there was talk that the other side was asking for a significant price increase; however, since WTI has now fallen to the USD70–USD80 range, the negotiations are now focused on getting them to lower their price to that level. Even there, though, there are still quite a few areas where our views differ at the moment. We conduct such negotiations on a daily basis.

[Q]: Got it. Given that progress in Q1 was also very strong, is it correct to understand that NISSIN FOOD PRODUCTS is on track to meet its targets even without a price revision?

[A]: As for whether I can say for certain that everything will be fine, I think that will really depend on the efforts we make going forward. So that's the goal we're working toward, then.

[Q]: I understand. Thank you. The second point is North and Central America, where volume and sales were strong, but profits were negative. The material said that it is due to logistics costs and RHQA-related expenses. Does this look like it's going to continue? Does that mean a return to profit growth isn't likely? What do you think?

[A]: As for that, we are, of course, currently working on cost reductions and other measures.

[Q]: It's only the US in North and Central America, sorry. You mentioned that profits declined when looking at the US alone. I thought that was surprising, considering how much revenue was growing. What do you think?

[M]: So, you are asking how things will turn out for the full fiscal year. Is it correct?

[Q]: That's right.

[A]: We are also reviewing our costs, so with that in mind, we are moving forward with the goal of somehow achieving an increase in profits.

[Q]: I understand. Thank you. That is all.

[M]: Thank you. Now, for the next question. Please go ahead.

[Q]: Thank you. First point is that I would like to ask about the new factory in Tsukubamirai. What are the prospects for how much benefit this will generate? I think producing 500 million meals would generate a decent amount of revenue, but I wonder if you will have to cut costs elsewhere, or how many years it will take to recoup the investment using the profits generated by this factory. Could you tell me what your thoughts are on that?

[A]: As for the idea that demand for instant noodles will increase sharply from now on, given that the population is also declining, I haven't made any such assumptions. So, if anything, the assumption is that the CUP NOODLE production line currently operating at our existing Kanto plant will be relocated here as-is; therefore, it's not necessarily the case that we'll cover that by increasing production volume. However, since we'll be working to streamline that production line and take other such steps, we believe this will result in the benefit of being able to produce at a lower cost than we do now.

[Q]: While fixed costs will increase due to depreciation on the new factory, does this mean that returns will increase as fixed and variable costs decrease?

[A]: Yes, that is right. After all, depreciation expenses will be incurred at that amount initially, so I don't think that will be enough to cover it. However, we are looking at the factory over a long-term period of 40 or 50 years. Looking at it over that time frame, we believe we can reap significant benefits by moving production from our current factory to this new one to improve efficiency. This decision was reached after we evaluated the project's profitability, including input from our internal investment committee.

[Q]: Understood. Thank you. Also, regarding Mexico, I think you are saying that some of the volume is exported to neighboring countries or something like that. When you combine exports and domestic sales in Mexico, the volume is in the 10% range, but exactly how high is that 10% range? Since sales are up 12%, I think that if they were, say, 15%, the unit price would be down. I believe unit prices have also gone up, so could you please provide a more detailed breakdown of the figures for Mexico to show how they've been trending?

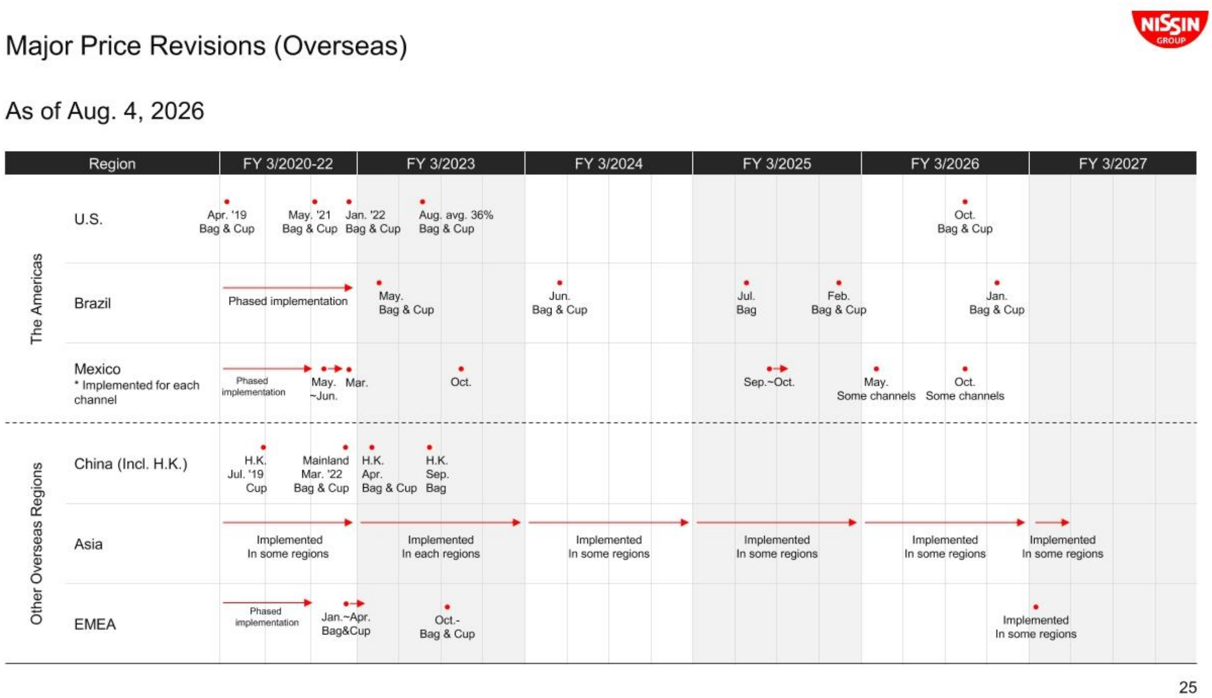
[A]: Exports are showing the strongest sales growth. Originally, there were three types, TT, MT, and export, in our company's case. While the ratio used to be roughly 1:1:1, exports have been a bit sluggish over the past year or two, and MT sales have also been stagnant, so that balance has actually shifted in the opposite direction now. However, looking at Q1, MT sales grew in the high single digits, while exports grew by double digits, so the overall impression is that the balance has largely been restored, and overall growth stands at around 10%.

[Q]: When you say “in the 10% range,” should I think of that as just a little over 10%?

[A]: It seems to be in the low 10-something percent range.

[Q]: Are you saying that because exports are increasing, the average unit price has actually gone down? I'm a little unsure about how to interpret the price effect in relation to this 12% increase in sales.

[A]: Well, it’s pretty much flat, I guess, since we haven’t raised prices. However, I believe our competitors have been raising their prices since April. We haven't raised prices domestically, so in that sense, not much has changed.



[Q]: Looking at page 25, I believe this was implemented on some channels last May and October. What’s the current status there?

[A]: Although we have raised prices, the growth in sales volume and sales revenue is roughly the same.

[Q]: So, regarding the mix, in terms of the balance between exports, MT, and TT, we should assume that the ASP will remain roughly flat. Is that correct?

[A]: It seems that exports are having at least some impact there.

[Q]: Understood. Thank you.

[M]: Thank you. Now, on to the next question, please go ahead.

[Q]: I'd like to ask two questions as well. I would like to go over the outlook for this fiscal year's performance one more time. You mentioned that revenue exceeded expectations by JPY4 billion to JPY5 billion in Q1. However, due to the situation in the Middle East, we expect costs to rise by JPY4 billion to JPY5 billion in Q2, and if this continues into H2 of the fiscal year, we will face additional cost increases of JPY12 billion to JPY15 billion going forward which are not factored in the plan. Is that a fair way to summarize it?

[A]: We haven't actually released these as official figures. What this means is that we are assuming that if the current situation continues, it will likely turn out that way.

[Q]: I see, understood. What would the breakdown look like if we separate the cost impact of Middle East, which is JPY12 billion to JPY15 billion, or even JPY4 billion to JPY5 billion for Q2, into domestic and overseas?

[M]: You mean the way the impact of Middle East comes out.

[Q]: Yes.

[A]: I believe that the domestic portion was bigger. About two-thirds of it is domestic.

[Q]: Should we assume that the price increase implemented in April alone will not be enough to offset this?

[A]: Since NISSIN FOOD PRODUCTS' price increase alone isn't enough to cover the shortfall, we've been reviewing costs and various other factors since last year, including the fact that other subsidiaries are also raising prices one after another.

[Q]: I see, understood. I think it is an achievement of NISSIN FOOD PRODUCTS that demand remains strong even after the price increase. How should we interpret the fact that sales of flagship products in the high-price segment are growing after the price increase?

[A]: One reason is probably, or to put it another way, that sales in the lower price range are declining. It's part of what's known as the CUP NOODLE ASSARI series, so to speak. This used to be in the double digits, under JPY100, when there were sales, but now it no longer drops below that. We've come to realize that there are indeed quite a few people here who are looking for prices in the double digits or for items that cost just one coin. Actually, that number has gone down quite a bit. However, sales in other areas didn't actually decline, which confirms that for customers looking for low prices, price was indeed the deciding factor.

On the other hand, I think the people who seek out our core brands are those who simply want those specific products, rather than being driven by price. We are also adding more variety there. For example, we've recently launched Chilled CUP NOODLE and a variety of other products. Taking all that into account, I think it's possible that, overall, products in the higher price range have actually managed to hold their ground.

[Q]: Understood. One more thing. Could you just briefly tell me about Brazil? I believe the profit margin is 9%, while the annual target is 8%. You mentioned that they have outperformed the expectation. Is this really a situation where we should be looking for upside potential? You mentioned that the volume is in the low single digits. Could you explain the reasoning behind this?

[A]: The current situation is very solid. However, while the Brazilian economy is, of course, performing very well, there is a possibility that it could start to show signs of overheating; taking that into account, we have decided not to change our initial plan at this time.

However, cost reduction is definitely having a significant impact. The Ibiuna plant in Brazil actually has the highest production volume within the Company. Actually, these factories in regions like Kanto and Kansai in Japan have quite high production volumes. That's why reviewing the supply chain, reassessing materials, and optimizing production efficiency can yield surprisingly positive results. We have sent people from Japan to that location, and we're currently carrying out a thorough review there.

Taking all of that into account, even if sales volume doesn't increase significantly, we are also working to ensure that we manage things effectively through cost reductions.

[Q]: Excuse me, what do you mean by “feeling of overheating”?

[A]: The sense of overheating stems from the fact that interest rates remain very high. As a result, for people like those with loans, their disposable income doesn't increase. In fact, there are even some cases where the numbers are starting to go down. Given this situation, I think we need to keep an eye on how consumer trends will develop from here on out.

[Q]: I see. It means we need to keep an eye on consumer trends.

[A]: Yes, that is right. I hope you will be sure to check that out when you come in October.

[Q]: Understood. Thank you.

[M]: Thank you. We're running a little over time, though. We have received questions from three more people, so we’d like to extend the session to address them, please go ahead.

[Q]: I would like to ask one major thing. Could you explain reasoning behind the JPY6 billion outperformance in Q1 that you have been discussing for the past few minutes? Ultimately, since the situation in the Middle East is expected to have a severe impact starting in Q2, the Company decided to deliberately focus on generating some profit starting in Q1 in order to reach the annual target of JPY73.5 billion. Should I interpret this in this context?

[A]: So, does that mean there are parts here that we planned to do and parts that we didn't? For example, in cases where depreciation expenses are lower than expected, this doesn’t mean we are deliberately delaying construction; rather, there are various reasons for the delays, such as contractors being unable to allocate sufficient resources or equipment not arriving on time.

[Q]: The amount isn't that large, is it? I'm talking about depreciation expenses and such. I think you mentioned that the equity stake was JPY1 billion, but I don't think that part was intentional either.

[A]: Fixed costs, such as depreciation expenses, also amount to several hundred million yen.

[Q]: Is it about the middle in the range?

[A]: Not quite. I'd say around lower half. Another relatively significant factor was the timing discrepancies among the various companies, I suppose. I believe this will add up to nearly JPY1 billion yen as well. However, while we refer to this as a timing difference, for example, a timing difference between marketing expenses and advertising expenses. This means that we originally planned to use this in Q1, but we decided to save it for Q2 or later, so we have set it aside for now. This means that, depending on how the situation develops, we may decide not to use it for the rest of this fiscal year.

In addition, the impact of a partial reversal of provisions recorded at the end of the previous fiscal period also amounts to several hundred million yen. This is a one-time factor.

In addition, as you mentioned, the impact of the equity method on companies such as Premier Foods and Mareven will have a significant effect on the overall results, amounting to just under JPY1 billion, as you mentioned earlier. The other factor is exchange rates.

[Q]: When I breakdown what I just heard by factor rather than by company, it is bit short to JPY6 billion. The discrepancy in marketing expenses is a little over JPY1 billion, depreciation is in the low single digits, equity is JPY1 billion, and the provisions, which you had suspended last year, are around the mid-single digits, correct? When I thought about it that way, I could understand the figure of just under JPY3 billion, but what accounts for the remaining JPY3 billion or so?

[A]: Another factor was that, for example, in terms of our labor costs, we didn't incur those expenses because hiring didn't proceed as much as we had anticipated. There are various small areas where costs have come in lower than expected. On top of that, we are, of course, making our own efforts to cut costs. I guess that's what you mean, is it correct?

[Q]: I understood. I do understand, of course, that there are aspects you mentioned earlier that were not intentional. Since most of these costs, such as marketing expenses and labor costs, are likely being intentionally kept low, it might sound strange to call it savings to prepare for future cost increases, like "we're going to do our best to set aside JPY73.5 billion", but is that the general idea?

[A]: I don't expect it to turn out that way, but what I had anticipated for Q1 could end up happening. Of course, the sales department doesn't necessarily manage its budget on a quarterly basis, so they often decide how to allocate funds based on actual sales figures. For example, take NISSIN FOOD PRODUCTS, there have been cases where they decided not to proceed with a project because sales were better than expected. So, if this situation continues, I think it's only natural that there will be some items we don't end up using throughout the year.

[Q]: I fully understand that this isn't managed on a quarterly basis, which is why our discussion isn't really on the same page. So, in the end, against the goal of JPY73.5 billion, the general sentiment is that there are risks, but you would like to make solid efforts to achieve. Is that correct? Should we interpret this to mean that, even though the figure came in higher than expected this time, you can't really make such optimistic comments given the JPY73.5 billion figure?

[A]: Of course, the impact of the Middle East will only grow from here on out. As I mentioned earlier, just because Q1 exceeded expectations doesn't necessarily mean the same will be true for Q2. Of course, we are also taking those risks into account. On the other hand, with everyone else are planning to raise prices even further starting this fall, we need to consider how our products will sell, and also what impact the situation in the Middle East will have going forward.

And then there's the exchange rate. We need to see where this is really going to end up. Given the wide range of factors involved, it is extremely difficult to predict what will happen in the future. However, even with this factor driving the yen higher, once the exchange rate reaches around JPY155, the discount on the USD/JPY spread comes into play, so you can get a good rate. We are doing all sorts of things like that. I believe this will gradually build up over time.

[Q]: You mentioned that the actual outperformance was JPY3 billion. Earlier, you discussed various factors such as marketing expenses, but what specific items were you referring to when you described this as the "actual" outperformance?

[A]: For example, it is the equity method. An increase in profits here, for example. Then there's the price revision. Also, there were factors like the impact of exchange rates and cost reductions.

[Q]: I understand. Also, as a baseline, the top line is actually higher than expectation. Is it correct? Mainly in Japan and Brazil.

[A]: That's right, though exchange rates do have an impact as well. Compared to the plan, things are generally above the plan.

[Q]: So, is it correct to understand that the trend has been favorable lately as well?

[A]: Yes, that is right. Compared to the plan, both domestic and overseas figures exceeded.

[Q]: I understand. Sales were that much. I assume that there really is a lot of variation in terms of expenses. Understood.

Also, I was hoping to find and try the Japanese version of Chilled CUP NOODLES, but I just can't seem to find them anywhere. When do you plan to ship a few more? Is this causing a significant bottleneck in production? How much of a contribution to sales can we expect? I have to say, it really is more impressive than I expected. Could you please share your thoughts on the potential of these Chilled CUP NOODLES?

[A]: To be honest, we didn't launch this product with a great deal of confidence that it would actually sell. However, as part of our ongoing technological development, including efforts such as altering the ingredients in the noodles or changing the type of oil used, as well as devising a new production method known as the "Cold Rehydration Process," we were able to make this possible. Therefore, we released it on a trial basis.

So, the volume we originally anticipated wasn't that large. Also, since this is only for this summer. Naturally, since the materials we're sourcing are limited, we're not in a position to ramp up production and release more products at a rapid pace from here on out. So, if it's not in stock right now, you might want to consider the possibility that it might not be restocked.

[Q]: Well, then I can't eat it, can I? I'm just joking.

[A]: Of course, that goes for our physical stores as well. We have received a request from Kumamoto following the recent earthquake, and we're planning to allocate a significant portion of the product there. Apparently, it's probably not easy for the general public to get their hands on it. In that sense, I'm sorry, but this may cause some inconvenience to our customers.

[Q]: In a sense, this is where you really got a response, wasn't it? I think it will probably be next year or later, but given that it's being released in earnest, what kind of potential do you see in this product?

[A]: That should include actual feedback. Also, of course, when it comes to setting up our production system, since we originally planned to produce in small batches, we are currently manufacturing at a facility that's appropriately sized for that. If we are going to make it properly, we will have to adjust our approach again. You're absolutely right that the response has been better than we expected, and it's also a product that other companies simply couldn't make. We have agreed that we will now begin discussing how to put this to good use as we look ahead to next summer. The reality is that this is selling better than expected.

[Q]: It wouldn't be surprising if it became a product worth about JPY10 billion, would it? Maybe I'm exaggerating a little.

[A]: There's definitely a real demand for this, and the taste is highly regarded, after all.

[Q]: Understood. Thank you.

[M]: Thank you. Now, on to the next question.

[Q]: I'm short on time, so I'll keep this brief. First, regarding Nissin's sales, aren't they pretty much flat? However, you have been saying for a while now that everything is going according to plan. You said the price revision is going smoothly. I'm not quite sure about consistency of figures and what you say. Speaking of top-line revenue, how should we interpret the fact that NISSIN FOOD PRODUCTS' Q1 sales were on par with the previous fiscal year?

[A]: As for volume, revenue declined primarily in the light category I mentioned earlier, with a decrease of about the mid-single digits. We offset that with pricing, resulting in total sales revenue that was largely in line with our plan and slightly higher than the previous period.

[Q]: But since you have adjusted prices, sales volume is up compared to the previous period.

[A]: It's down from the previous period.

[Q]: Down from the previous quarter. How much of a decrease are we actually talking about?

[A]: It's in the mid-single digits.

[Q]: So, that means the price revision effect has come in at the mid-single-digit range. That brings the net sales to a positive JPY1.3 billion.

[A]: The JPY1.3 billion figure does not represent net sales.

[Q]: It's net-net, right? In short, there was a decline in volume and a decrease in marginal profit, but there was profit increase resulting from the price revision. So, even though the sales of the CUP NOODLES ASSARI series have decreased and the sales of the regular items, or rather, the main items, have increased, the product mix is down by JPY100 million?

[A]: Well, that's true if we're talking only about the flagship products within the CUP NOODLE line. Since we have a fair amount of other products as well, if you look at the overall mix including those, I think it's safe to say the trend is more or less flat.

[Q]: So, going back to the point where this came in JPY3 billion above your forecast, what was your original outlook for Q1 based on this breakdown? So, is the fact that the change in cost of goods sold was only a negative JPY500 million the most significant factor here? NISSIN is reporting a JPY3 billion outperformance, is it correct?

[M] You mean compared to the plan, right?

[Q]: That's right, compared to the plan. It is JPY3 billion higher than expected. While sales are solid and in line with expectations, and depreciation is actually quite positive, you had anticipated a significant loss due to fluctuations in cost of goods sold, but that loss wasn't as large as you had planned. Is that correct? Or should I understand that this additional JPY400 million in management fees was originally projected to be a deficit of JPY1.5 billion, and that this figure will be reflected in future?

[A]: Things like depreciation.

[Q]: That is several hundred million yen, isn't it?

[M]: Right. Let me recap and explain it again.

[Q]: Understood. Also, I see that inventory is increasing. Is this for the US? That's because you haven't generated any operating cash flow at all in this Q1. As we are running out of time, please let me know when you find out. Thank you. Excuse me.

[A]: Sorry. Thank you.

[M]: Now, for the final question, please go ahead.

[Q]: Does the figure of JPY70 billion for the new plant in the Kanto region include the JPY13 billion that has already been invested in land acquisition? Or JPY70 billion on top of that, excluding that amount.

[A]: Yes. These are the costs associated with future expenses for things like buildings and machinery.

[Q]: I see. So that comes to JPY83 billion, including the land. Is it correct? Is that the kind of image you have in mind?

[A]: Yes, that is right.

[Q]: I see. I seem to recall there was originally talk of setting up a research and development center there as well. So, I suppose you will have to reevaluate how CAPEX has ballooned and shift toward a model where the factory focuses primarily on manufacturing. Is it correct?

[A]: Yes, that is right. That's because the construction costs ended up being higher than originally anticipated. That's just the bare minimum; of course, there's the issue of cash allocation, and it also has an impact on profits. Taking that into account, we have decided to keep it to this level for now, as the bare minimum.

[Q]: I see. Also, I believe the Tsukubamirai Factory (tentative name) is included in the mid-term CAPEX plan as well. Now that the figures have been released in this format once again, I think we may see a period over the next few years when it becomes slightly more difficult to generate free cash flow. With that in mind, what are your thoughts on shareholder returns and the like?

[A]: At this stage, we have no plans to change that. Of course, we need to manage our ROE, so we plan to do so to a certain extent. However, when it comes to timing, the stock market is also extremely volatile, and we are currently seeing a market where AI and semiconductor stocks are leading the way, so we will need to keep an eye on that to determine the best time to act.

Also, since we will need to raise funds from external sources, it depends on what the interest rate will be. We are currently having an internal discussion about whether we should do that or not. It all comes down to taking those factors into account.

However, since the amount is less than we had initially anticipated, you could say that this has freed up some budget, so I think the question now is how we can make good use of it going forward.

[Q]: I see. However, since JPY70 billion will be added to the cash outflow from now on, from that perspective, it will be quite difficult to generate cash flow. When you factor in dividends, I think there probably won't be much free cash flow left after the dividend deduction. You're absolutely right. I think this will likely take the form of borrowing money to buy back the shares, so I suppose we'll have to consider the interest rate environment as well.

[Q]: I see, understood.

Also, could you please explain again how the breakdown of sales and profits in North and Central America, specifically, the breakdown for the US and Mexico, has changed between last year and this year?

[A]: Roughly 80% of our JPY25.6 billion in sales comes from the US, with the remainder coming from Mexico. The same goes for profits: 80% come from the US, and the rest from Mexico.

[Q]: I see. How much was it last year? It was JPY20.5 billion last year.

[M]: That's last year's performance, isn't it? I'll check that right now.

[A]: Sorry, while the calculation is being done. The June inventory levels are largely due to seasonal factors, specifically because NISSIN FOOD PRODUCTS' inventory tends to increase from the end of March, I don't think this is a cause for concern.

[Q]: One more thing, sorry. In local currency terms, is it correct that profits declined in the US but increased in Mexico?

[A]: Yes, that is right.

[Q]: I see. Sorry, if you could just give me the breakdown of last year's sales and profits, that would be fine.

[M]: You mean the breakdown of the JPY20 billion from the previous year. About 80% of it is from the US. In that sense, not much has changed.

[Q]: I see. Is it correct that the profit breakdown is basically the same? It was about JPY1.3 billion last year.

[A]: Yes, that is right. It's about the same.

[Q]: The 8:2 ratio hasn't changed that much. Understood. Thank you.

[M]: We have answered all of your questions. We ran a little over time, so thank you for sticking with us.

With that, we will conclude today's Q1 briefing. Thank you for your participation.

[M]: Thank you.