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FY3/2027 First-Half Financial Results Briefing: Q&A Summary

Date: Thursday, November 12, 2026

Presenters:

Koki Ando / Representative Director, President & CEO

Norikatsu Ando / Representative Director, Executive Vice President & COO; President and Representative Director, NISSIN FOOD PRODUCTS CO., LTD.

Kyo Nishikawa / Senior Managing Executive Officer & CSO

Takashi Yano / Executive Officer & CFO

Overall Business

Q: Please explain the background behind the COO's broad presentation covering the strategy for the existing businesses as a whole, including frozen foods. Were there any changes to the organizational structure or the division of responsibilities among management? Is the key point that the Company is working across businesses on a Group-wide basis rather than managing each business separately?

A: This was not due to any major change in our organizational structure or the division of management responsibilities. In the U.S., we are currently reviewing the management structure and overall business operations, and there is only limited new detail that we can provide at this stage. At present, it is important that we steadily deliver results.

Looking across the Group, however, we have a number of businesses that are growing steadily or have further room to improve profitability, including domestic instant noodles, China, Brazil, confectionery, and frozen foods. We therefore sought this time to explain not only individual businesses, but also the Group's overall business structure and growth potential. The COO covered the specific details.

In addition, a brand such as BOLD is not developed by a single region or operating company, but rather nurtured globally across the Group. Another factor is the growing need to explain our Group-wide strategy for deploying brands and marketing capabilities across businesses, rather than discussing each business only in vertical silos.

Q: With domestic instant noodles, China, and Brazil now categorized as Prime Businesses, has the policy or direction expected of local management changed? Also,

why did you place particular emphasis this time on the underlying value of each business and the potential to improve profit margins?

A: Categorizing these businesses as Prime Businesses does not mean that we have fundamentally changed what we expect from local management. What we have reaffirmed is where the NISSIN FOODS Group's true strengths lie, whether those strengths are being sufficiently deployed across regions and product categories, and whether there is further scope to leverage them. Brazil has a high market share. Given that position, improving business efficiency and profit margins is more important than substantially increasing market share further. We are first targeting a profit margin of 10% or higher, but believe Brazil has the potential to achieve an even higher margin. In China, if the scale of earnings expands further, the business could become even more significant within the Group. At an appropriate time, we would like to provide an opportunity for the management team of the China business to explain its strategy directly. We emphasized the Prime Businesses and profitability improvement across our businesses because, even while the U.S. business is facing a challenging situation, we wanted to clearly communicate that the Group's growth opportunities are not limited to the U.S. We explained that, in addition to domestic instant noodles, businesses such as confectionery, frozen foods, Brazil, and China have further room to improve margins.

Domestic Business

Q: Regarding future price revisions, will it be necessary to narrow the range of products subject to increases or reduce the size of the increases compared with the past? With consumers said to be experiencing price-hike fatigue, do you expect any change in your pricing strategy going forward?

A: Even in the price revision implemented this April, we did not raise prices uniformly across all products. We set the rate of revision carefully for each item. If we implement another price revision, we expect to set different levels of increase by product while taking into account the market environment, category, price point, demand characteristics by brand, and the impact on sales volume.

Generally, price revisions have some negative impact on sales volume. However, following the price revision this April, although volumes were below the prior-year level, anniversary campaigns for CUP NOODLES, DONBEI, and U.F.O. helped us limit the decline in volume compared with previous price revisions.

For the next price revision as well, the impact on volume will depend not only on the market environment but also on the type and intensity of our marketing programs. We will work to mitigate the negative impact of price revisions by combining them with marketing initiatives

that communicate product value.

Q: Aside from frozen foods, are there other businesses where focused initiatives could further improve profitability? Also, has there been any change in the medium- to long-term goal of achieving a 15% core operating profit margin at NISSIN FOOD PRODUCTS in Japan? Is there potential to raise profitability another step?

A: We discussed frozen foods this time, not simply because of concerns over the situation in the Middle East. The Group has multiple areas of growth potential outside the U.S., and we wanted to continue communicating these opportunities. The North and Central America region currently accounts for only a limited share of the Group's overall profit portfolio. We would like investors to evaluate not only developments in the U.S. but also the other growth opportunities and upside potential within the Group. With regard to frozen foods, I became the executive responsible for the business this fiscal year and initiated marketing reforms. As these efforts began to produce tangible results in the first half, we introduced the business this time.

In the confectionery business as well, we believe there is room to raise margins further by advancing marketing capabilities and applying them horizontally across KOIKEYA, BonChi, Cisco, and other businesses. We are currently organizing and designing specific margin targets and would like to provide more details from next year onward. We also see ample growth potential in overseas regions such as China and Brazil. In Brazil, our first goal is to achieve a double-digit core operating profit margin in the existing business, and we believe there is room to improve it further thereafter. Going forward, we intend to focus our discussion on regions capable of achieving double-digit margins.

At NISSIN FOOD PRODUCTS in Japan, improvement in the profit margin has temporarily paused due to factors including higher costs associated with the situation in the Middle East and depreciation expenses for the new plant. Nevertheless, the business continues to maintain a high margin of around 12%. Although we expect additional depreciation expenses associated with the Tsukubamirai plant and other costs going forward, our view that this is a resilient, highly profitable business over the medium term remains unchanged. We believe there is room for further improvement.

Q: Some businesses within confectionery already appear to have high margins. How far do you think overall margins can be raised going forward? Also, for NISSIN FOOD PRODUCTS, do you believe the targeted 15% margin can be achieved through SKU rationalization and cost control?

A: We would like to discuss the confectionery business's profit margin in more detail as a

topic from next year onward, but we believe there is potential to improve profitability further. At NISSIN FOOD PRODUCTS as well, we are currently considering and implementing various initiatives, and we believe it is possible to maintain a high level of profitability.

Q: If the consumption tax is reduced, what impact would it have on your business? In addition to the medium-term impact, how do you view short-term risks such as consumers postponing purchases before the tax reduction takes effect?

A: For instant noodles, we expect very little postponement of purchases ahead of a consumption tax reduction. We believe the tax reduction would have a certain positive impact. Lower tax-inclusive prices could encourage some consumers to shift from lower-priced products to regular-priced or higher-priced products. We do not expect a very large shift, but we could see consumers become more willing to try products with greater added value than they normally purchase. We will combine this with marketing initiatives to capture the opportunity.

Accordingly, at this point we do not believe that a consumption tax reduction would create significant downside risk for our business.

Overseas Business

Q: Among the Prime Businesses, please discuss the medium- to long-term margin potential of China and Brazil. China has a double-digit margin and South America is close to 9%. Could these businesses eventually achieve margins above the domestic business? In Brazil, can you aim higher than the current target of 10% or more?

A: Brazil has a very high market share, and the business itself is performing well. At the same time, we have previously received comments that, given such a high share, there should be further room to improve margins.

In the past, we prioritized increasing sales volume to some extent, but we are now reassessing the business structure. We have identified specific improvement themes across procurement, production, logistics, and other processes, and headquarters and the local operation are working together to improve efficiency one item at a time. These efforts are already beginning to bear fruit, and the operating profit margin is steadily improving. We believe we can reliably achieve a margin of 10% or higher as a first step.

In China, there are strong competitors and our market share is not necessarily high. On the other hand, our products are recognized as high-value-added offerings and are clearly differentiated.

Historically, our business has centered on coastal areas, but in response to demographic changes we are expanding our sales coverage into inland regions. We are also adapting to

changes in retail channels and developing new channels at an early stage.
Through these initiatives, we have been able to increase sales volume while maintaining a high margin. Our policy is to expand the scale of the business while firmly maintaining profitability and thereby enhance business value.

Q: When and how do you expect the potential of the North and Central America business to materialize? It may take some time for the BOLD series to contribute to earnings, and you are also considering price revisions for 2027. Should we assume that an earnings recovery in the second half will be difficult and that a full-fledged recovery will come from next fiscal year onward?
A: We understand the concerns regarding our U.S. business. We are strengthening both the organization and personnel, have established an RHQ, and communication between the local operation and the holding company has become closer than before.
Through this process, issues that had not previously been sufficiently visible have become clearer. As you noted, the business has long-term potential. We have identified specific themes for improving the product portfolio, production, SCM, and profitability, and are addressing them one by one. As for this fiscal year, the new plant has begun operations and the BOLD series has made a smooth start, but at this point we are not yet in a position to clearly discuss a specific contribution to earnings.
We regard this fiscal year as a year to respond agilely to various issues and build the earnings foundation for the future. External factors, including higher utility costs, may mean that challenging conditions persist in the short term.
Accordingly, focusing on profitability improvement does not necessarily mean that operating profit will clearly recover in the short term. Even if other regions can offset some of the impact, that does not mean we will leave the U.S. business as it is. It is difficult to provide a specific timeline, but we will steadily implement the necessary measures this fiscal year and expect those efforts to lead to an earnings recovery from next fiscal year onward.

Q: In the U.S., are you considering additional pricing measures for 2027? For products where the previous price revision did not fully pass through higher costs, are you considering further action?
A: Various costs, including utility costs, are rising. We believe these increases need to be appropriately reflected in selling prices.
Pricing practices in the U.S. differ from those in Japan and require discussions with major retailers. We are currently working toward pricing actions for 2027.
We will also prioritize action on products for which the previous price revision did not

sufficiently pass through cost increases. We cannot provide a specific amount of earnings improvement at this stage, but we expect these actions to contribute to a certain degree of profitability improvement.

Q: Domestic instant noodles, China, and Brazil were categorized as Prime Businesses this time. Has the importance of the U.S. business changed?

A: Our stance toward the U.S. business has not changed. The premium product market in the U.S. has strong growth potential, with new demand expanding initially around spicy Korean-style products. However, the premium market is not limited to spicy products. Going forward, it has the potential to expand from a snack occasion into a meal occasion. The BOLD series is important for capturing this demand. At the same time, we will strengthen the competitiveness of our base products, including CUP NOODLES and Top Ramen, as well as our premium products. The U.S. is a large market with the potential to generate high profitability. The importance of the U.S. business remains unchanged.

Q: Consumers in the U.S. are trading down to lower-priced products. Why do you believe you can grow premium-priced products in such an environment?

A: Within premium products, there are mid-priced premium products and higher-priced premium products. To date, we have mainly developed mid-priced premium products, which have supported the business. By contrast, we believe there remains considerable untapped potential in the higher-priced premium segment. This is where we are currently investing. By offering the clear added value of authentic Japanese ramen, we believe we can capture demand even in a market environment characterized by trade-down.

Q: In the U.S. business, while new products and the new plant are ramping up, utilization of existing products may decline. From this fiscal year into next fiscal year, will you prioritize expanding sales volume or securing profitability?

A: In the short term, we will prioritize securing earnings and improving profitability. Over the medium term, we intend to pursue the growth potential of the U.S. market and achieve both sales and profit growth by developing competitive premium products. As a prerequisite, we will also improve operational efficiency, including production and logistics.

Q: Can profitability improvement and a recovery in premium products be achieved at the same time?

A: Challenging conditions continue, and our short-term focus on improving profitability does not immediately translate into a recovery in operating profit. The U.S. business currently

faces multiple issues and is also affected by the cost environment and the progress of price revisions. Accordingly, conditions may remain challenging this fiscal year.
What we can do now is improve the efficiency of operations and selling expenses, while focusing on strengthening the earnings foundation for the future.

Q: If U.S. policy changes lead to a moderation in cuts to support for low-income households under SNAP, or if immigration policy changes, what impact do you expect on demand for instant noodles?

A: Greater stability in policy implementation could have a positive impact on demand in the short term. For our U.S. business, growth in premium products is important over the medium to long term. At the same time, if the purchasing environment for consumers, including low-income households, stabilizes, we can expect some positive effect on base products as well. If the reduction in SNAP benefits is moderated, we believe total instant noodle volumes could increase. Lower-priced products may remain roughly flat in volume, partly reflecting the impact of price revisions, while higher-priced products are expected to continue growing. This will also depend on wage growth and other factors, but we are not assuming substantial growth in total market volume. Instead, we expect the market to grow in value through expansion of premium products and the impact of pricing.

Q: In the U.S., deterioration in the profitability of base products is offsetting growth in premium products. Will you wait for an improvement in the market environment before base products recover, or will management take some strategic action regarding the base-product business?

A: We will not simply wait for the market environment to improve. Management will respond strategically. Our view that base products are important to the U.S. business has not changed. While growing premium products, we will also take the necessary management actions regarding the business structure and competitiveness of base products.

Q: In China, how do the sales mix and growth rates differ between coastal and inland regions? Also, please discuss the market outlook for 2027 and the competitive environment in inland areas.

A: Because the China business is operated by a Hong Kong-listed company, we cannot disclose detailed regional sales mix figures.
Broadly speaking, the eastern and southern coastal regions, which have historically formed the core of our sales base, still account for a high proportion of sales. On the other hand, growth rates are significantly higher in inland regions, including western and northern China. In the second quarter, sales volume exceeded the prior-year level in all regions, with

particularly strong growth in the north and west. At present, the east and south account for more than half of sales, but we expect the share of inland regions to increase going forward. China's macroeconomic environment remains challenging, but instant noodles are relatively affordable products and, at this stage, have not been significantly affected.
In addition, China has an established system for local procurement and production of materials, so the impact of global increases in material costs is limited compared with other regions. As a result, there has been no significant impact on profitability, and we expect to achieve our initial plan.
For 2027, rather than relying solely on overall market growth, we believe we can generate growth through our own efforts by developing the white space in inland regions where our sales activities have not yet been sufficiently established.
We will strengthen our sales organization, while retail channels themselves are also expanding inland. Through the combination of these two factors, we intend to continue growing from FY2027 onward.
The China business is becoming increasingly significant within the holding company, and at some point we would like to create an opportunity for the president of NISSIN FOODS Hong Kong to explain the business directly.

New Businesses

Q: Has there been any change in your approach to the investment cap for new businesses? Also, has there been any change in the timing for achieving profitability, previously targeted for FY2028 in Japan and FY2029 or later overseas?

A: For investment in new businesses, we intend to maintain the previously communicated guideline of 5-10%. However, because the amount of core operating profit from existing businesses, which serves as the denominator, may fluctuate, the ratio could temporarily move above or below that range. Domestic new businesses are progressing according to plan. For KANZEN MESHI grocery products, we continue to expect profitability in FY2028 as planned. For the frozen-foods business, profitability could be brought forward to FY2027. In addition, businesses such as office cafeteria services and frozen vending machines are being adopted faster than expected, and profitability could also be brought forward from the original FY2028 target to sometime in FY2027.
For overseas new businesses, profitability may be delayed by about one year from the original plan, to around FY2030-FY2031. As we have progressed with these businesses, certain areas have required greater spending than initially anticipated. In addition, given conditions in our existing businesses, we need to adjust the pace of new-business expansion.

Overseas, we are adjusting priorities by region, distinguishing between areas where sales expansion should take precedence and areas where reform of existing businesses should be prioritized.

Capital Policy

Q: You plan to reduce capital expenditures by approximately JPY20 billion. Is there room for further reductions? How will you use the cash generated through these reductions?

A: We have raised the approval criteria for capital expenditure projects and now apply greater rigor in assessing profitability. We also scrutinize individual projects more carefully than before and make decisions while continuously reviewing Group-wide cash allocation. That said, we are a company that seeks continued growth, so this does not mean that we will stop making growth investments. We will actively make investments that are necessary. At the same time, we will seek to reduce investment amounts as much as possible and emphasize achieving greater results with less investment. We have presented a framework for capital expenditures through FY2030, which we regard as an upper limit. In practice, we intend to pursue as much efficiency as possible within that ceiling while still achieving sufficient growth. Cash freed up through these reductions will be allocated to future growth investments. We will also actively consider M&A opportunities that contribute to business growth.

As borrowings increase and interest rates rise in Japan and overseas, financial expenses also increased in the second quarter, placing pressure on profit for the period. Accordingly, as we pursue future growth investments, it is important to maintain a balance with financial soundness without excessively increasing borrowings. Share repurchases are one option, but rising interest rates have also increased the return required on shareholders' equity. We will carefully consider which option, among share repurchases, growth investments including M&A, and restraining borrowings, will best enhance shareholder value.

Q: You have tightened the approval criteria for capital expenditures. What investment discipline do you apply to M&A, and do you place greater emphasis on large-scale or smaller transactions?

A: As with capital expenditures, we thoroughly assess the economics and strategic significance of each M&A opportunity.

In terms of financial discipline, our basic policy remains unchanged: we generally aim to keep the net interest-bearing debt/EBITDA ratio at around 2x and, even in certain cases, within 3x. In addition to opportunities with clear synergies with our existing businesses, we consider transactions that complement capabilities needed to expand our businesses, such as

production capacity, technology, brands, and sales networks for new businesses. In some cases, M&A can shorten the time required compared with building such capabilities ourselves. Accordingly, we not only evaluate opportunities brought to us, but also continuously search proactively for targets in areas that are strategically necessary. We are not focused on large transactions for their own sake. If a transaction offers concrete business synergies and complements capabilities such as facilities, technology, or brands, we are prepared to pursue it even if it is small. At this stage, our approach is closer to building up strategically meaningful capabilities and businesses as needed rather than executing a single large-scale transaction.

End