

Financial Results for the First Half
of the Fiscal Year Ending March 31, 2020
Announced on November 7, 2019

This material was released on November 11, 2019 for the results briefing.



NISSIN FOODS HOLDINGS CO., LTD.

Stock Code: 2897

EARTH FOOD CREATOR



- My name is Yokoyama, CFO of NISSIN FOODS HOLDINGS.
- I would like to thank you for coming to our financial results briefing today.
- I would like to report on the financial results for the first half of the fiscal year ending March 31, 2020.
- We will explain the results based on the “Financial Results for the First Half” materials on hand.
- Please note that we have already disclosed our financial results on November 7, so we will explain the key points.

FY2020 Mgmt. Policy	<p style="text-align: center; color: #0070C0;"><u>Steadily implement measures in response to changing market environment and work to strengthen profitability</u></p> <p>Domestic: Seek to stabilize earnings base by hitting back at headwind of higher costs with price revisions. Aim to expand revenues and profits through highly unique brand strategy. Quickly achieve higher productivity at the Kansai Plant (NISSIN FOOD PRODUCTS) and use this as basis for future profits.</p> <p>Overseas: Quickly improve profits in the U.S. by carrying out structural reforms (price review, cost reductions, and review of product portfolio). Maintain stable growth in China. Aim to make businesses in India and Indonesia profitable quickly by focusing on strengthening brands and profitability.</p> <p>Group-wide: Make group-wide efforts to reduce costs and strengthen the financial position.</p>
FY2020 1H Results	<p>Consolidated: Revenue increased and operating profit and profit attributable to owners of parent decreased</p> <p>Domestic: Revenue increased and operating profit decreased</p> <ul style="list-style-type: none"> • NISSIN FOOD PRODUCTS: Revenue increased, driven by sales of the main brands, particularly CUP NOODLE, but operating profit decreased mainly due to higher depreciation. • MYOJO FOODS: Revenue and operating profit increased, reflecting strong sales of CHARUMERA and HYOBANYA, among other brands. • Chilled and frozen foods: Revenue increased but operating profit decreased in the frozen foods business. Revenue decreased and operating profit was on a par with the year-ago level in the chilled foods business. • Confectionery and beverages: Revenue and operating profit declined at NISSIN CISCO, NISSIN YORK and BonChi. • The decreased operating profit of domestic business was largely attributable to the impact of a gain on sale of fixed assets of 5.2 billion yen recorded in the previous fiscal year. <p>Overseas: Both revenue and operating profit increased</p> <ul style="list-style-type: none"> • Americas: Revenue rose significantly in Brazil and Mexico. Revenue also increased in the U.S. Operating profit increased significantly in the U.S. and Brazil, also climbing in Mexico. • China region: Both revenue and operating profit increased in mainland China. In Hong Kong revenue increased slightly, but operating profit declined due to the enhancement of the management division. • Asia region: Revenue increased due to the contributions of Thailand, India, Indonesia and Singapore. Operating profit rose due to the contribution of Thailand, Indonesia and gain on investments accounted for using the equity method. • EMEA: Revenue decreased partly due to the liquidation of the business in Turkey. Operating profit declined slightly.
Summary of 1H	<p>Overall, consolidated results were strong.</p> <p>In the domestic instant noodles business, the penetration of price revisions is progressing as planned. Other domestic businesses will respond to changes in the environment to achieve the targets of the initial plan.</p> <p>Overseas business was strong, especially in the Americas, China and Asia.</p>

- Please turn to Slide 1. This is an executive summary.
- In the current fiscal year, we are striving to achieve a V-shaped recovery by increasing profitability through a rapid response to changes in the market environment and the steady implementation of necessary measures.
- In the domestic instant noodles business, the price revisions are proceeding as planned. In other domestic businesses, we are aiming to achieve our initial plan by responding to changes in the business environment.
- In overseas businesses, in addition to the recovery of business performance in the U.S. and stable growth in China and Brazil, we are aiming to improve business performance in the Asian region. The U.S. business is in the black.
- The consolidated results for the first half of the fiscal year showed an increase in revenue and a decrease in profit. But after deducting the impact of the gain on sales of non-current assets recorded in the first quarter of the previous fiscal year, profits would have increased. As a result, overall consolidated results were favorable.

(bil. yen)

	FY2020			FY2019
	1H Results	YoY Change	YoY Change(%)	1H Results
Revenue	221.4	+6.7	+3.1%	214.7
Operating profit	19.7	-2.8	-12.5%	22.5
Profit attributable to owners of parent	13.5	-1.7	-11.1%	15.2
OP margin	8.9%	-1.6pt	/	10.5%
Profit attributable to owners of parent margin	6.1%	-1.0pt		7.1%

- Please turn to Slide 2.
- This is a summary of the results for the first half of the fiscal year ending March 31, 2020.
- Revenue increased 6.7 billion yen year on year to 221.4 billion yen.
- Operating profit declined 2.8 billion yen year on year to 19.7 billion yen, partly due to the recording of a 5.2 billion yen gain on sales of real estate in the previous fiscal year.
- Profit attributable to owners of parent declined 1.7 billion yen year on year, to 13.5 billion yen.

Revenue Results by Segment

3

(bil. yen)

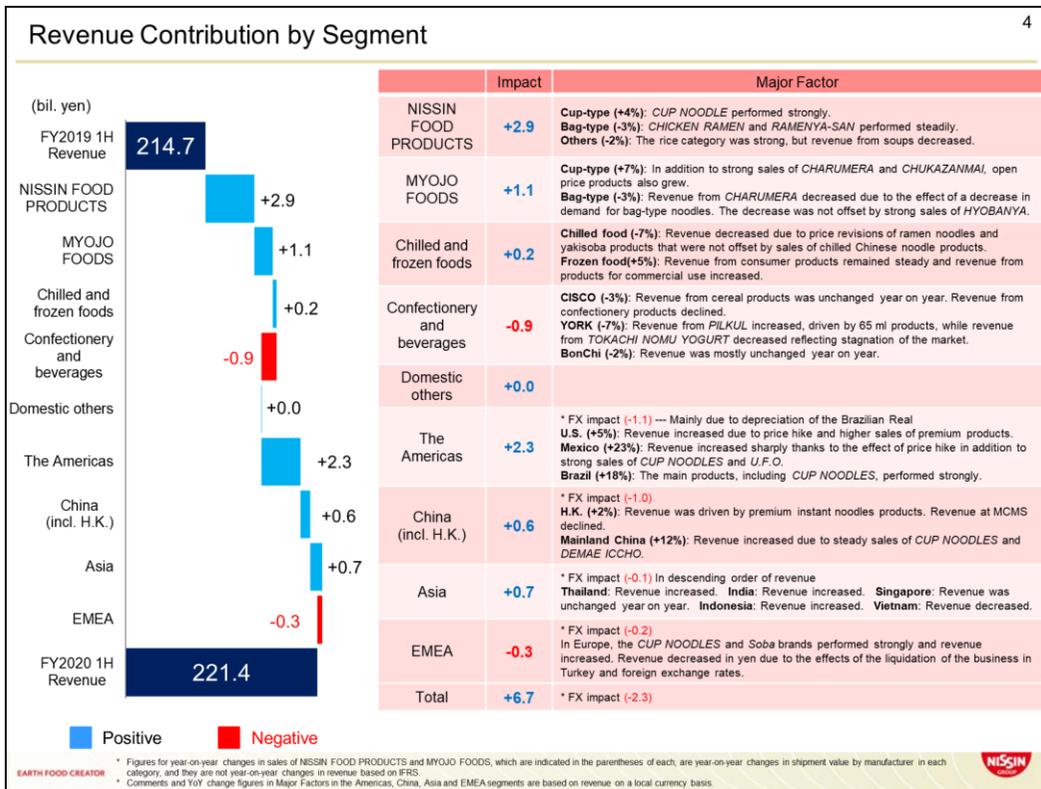
	FY2020			FY2019
	1H Results	YoY Change	YoY Change(%)	1H Results
Instant noodles	109.6	+4.0	+3.8%	105.6
NISSIN FOOD PRODUCTS	92.5	+2.9	+3.3%	89.6
MYOJO FOODS	17.1	+1.1	+6.8%	16.0
Chilled and frozen foods	27.9	+0.2	+0.9%	27.7
Confectionery and beverages	20.5	-0.9	-4.2%	21.4
Domestic others	2.1	+0.0	+0.7%	2.1
Domestic total	160.0	+3.4	+2.1%	156.7
The Americas	31.6	+2.3	+7.9%	29.3
China (incl. H.K.)	21.0	+0.6	+3.1%	20.3
Asia	5.6	+0.7	+13.4%	4.9
EMEA	3.2	-0.3	-7.3%	3.4
Overseas total	61.3	+3.3	+5.8%	58.0
Consolidated revenue	221.4	+6.7	+3.1%	214.7

* The results in China (including H.K.) are based on the consolidation policy of NISSIN FOODS HOLDINGS. Disclosure may differ from that of NISSIN FOODS CO., LTD. (located in H.K.).

EARTH FOOD CREATOR



- Please look at Slide 3. It shows the revenue results by segment.
- Revenue from domestic business increased by 3.4 billion yen to 160.0 billion yen and revenue from overseas business increased by 3.3 billion yen to 61.3 billion yen. Excluding the impact of foreign exchange rates, revenue increased 5.7 billion yen.



- Please look at Slide 4. It shows major factors for the changes in revenues in each segment in detail.
- For NISSIN FOOD PRODUCTS and MYOJO FOODS, please note that comments on sales of major brands and categories are made based on the value of shipments from the manufacturers.
- NISSIN FOOD PRODUCTS sales rose 2.9 billion yen year on year, to 92.5 billion yen. In cup-type instant noodles products, sales rose 4% year on year due to strong sales of CUP NOODLE, major brand. In bag-type instant noodles products, although sales of the CHICKEN RAMEN and RAMENYA-SAN brands were strong, overall sales of bag-type instant noodles were down 3% year on year. In the “others” category, sales of rice categories such as CURRY MESHII were strong, but sales fell when combined with soup category.
- Sales of MYOJO FOODS increased 1.1 billion yen year on year to 17.1 billion yen. In cup-type instant noodles, sales of CHARUMERA and CHUKAZANMAI were robust, and sales of open-price products also grew. As a result, sales rose 7% year on year. Meanwhile, sales of bag-type instant noodles declined 3% year on year due to a decline in demand for bag-type instant noodles, which more than offset favorable sales of CHARUMERA.
- In the chilled and frozen foods segment, sales declined 7%, reflecting sluggish sales of chilled Chinese noodles in the chilled food business due to weather in June and July, which were unable to offset the negative impact of price revisions on the Ramen and Yakisoba products. In the frozen food business, revenue from consumer products remained steady and revenue from products for commercial use also increased, resulting in a 5% increase in revenue. As a result, revenue in this segment rose 0.2 billion yen to 27.9 billion yen.
- In the confectionery and beverages segment, while NISSIN CISCO's cereal business was on a par with the previous fiscal year, sales in the confectionery business declined, resulting in a 3% decrease in sales. NISSIN YORK posted a 7% decline in sales, mainly due to a decrease in sales of TOKACHI NOMU YOGURT which was adversely affected by stagnation in the market, despite steady sales of the core brand PILKUL. BonChi sales were roughly on a par with the previous fiscal year. Revenue in this segment as a whole saw a 0.9 billion yen decline in revenue, to 20.5 billion yen.
- Revenue in the Americas increased 2.3 billion yen, to 31.6 billion yen. Excluding the 1.1 billion yen impact of foreign exchange rates, the substantial increase is 3.4 billion yen. Revenue in the U.S. increased, reflecting price hikes and an increase in sales quantity of high-priced premium products. In Mexico, revenue rose significantly due to strong sales of CUP NOODLES Intenso and U.F.O. and the effects of price hikes. Brazil landed in higher sales due to strong sales of its main products, such as CUP NOODLES.

(Go on to the next page.)

Operating Profit Results by Segment

5

(bil. yen)

	FY2020			FY2019
	1H Results	YoY Change	YoY Change(%)	1H Results
Instant noodles	13.1	-0.5	-3.4%	13.5
NISSIN FOOD PRODUCTS	11.7	-0.5	-4.3%	12.3
MYOJO FOODS	1.3	+0.1	+5.9%	1.3
Chilled and frozen foods	1.0	-0.1	-12.1%	1.2
Confectionery and beverages	1.1	-0.3	-20.2%	1.4
Domestic others	0.5	-5.5	-91.8%	6.0
Domestic total	15.7	-6.4	-28.8%	22.1
The Americas	2.4	+2.7	-	(0.3)
China (incl. H.K.)	2.3	+0.5	+31.4%	1.7
Asia	1.8	+0.4	+31.3%	1.3
EMEA	0.4	-0.0	-7.9%	0.4
Overseas total	6.8	+3.6	+111.1%	3.2
Other reconciliations	(0.1)	+0.0	-	(0.1)
Group expenses	(2.7)	-0.1	-	(2.6)
Consolidated operating profit	19.7	-2.8	-12.5%	22.5

* The results in China (including H.K.) are based on the consolidation policy of NISSIN FOODS HOLDINGS. Disclosure may differ from that of NISSIN FOODS CO., LTD. (located in H.K.).

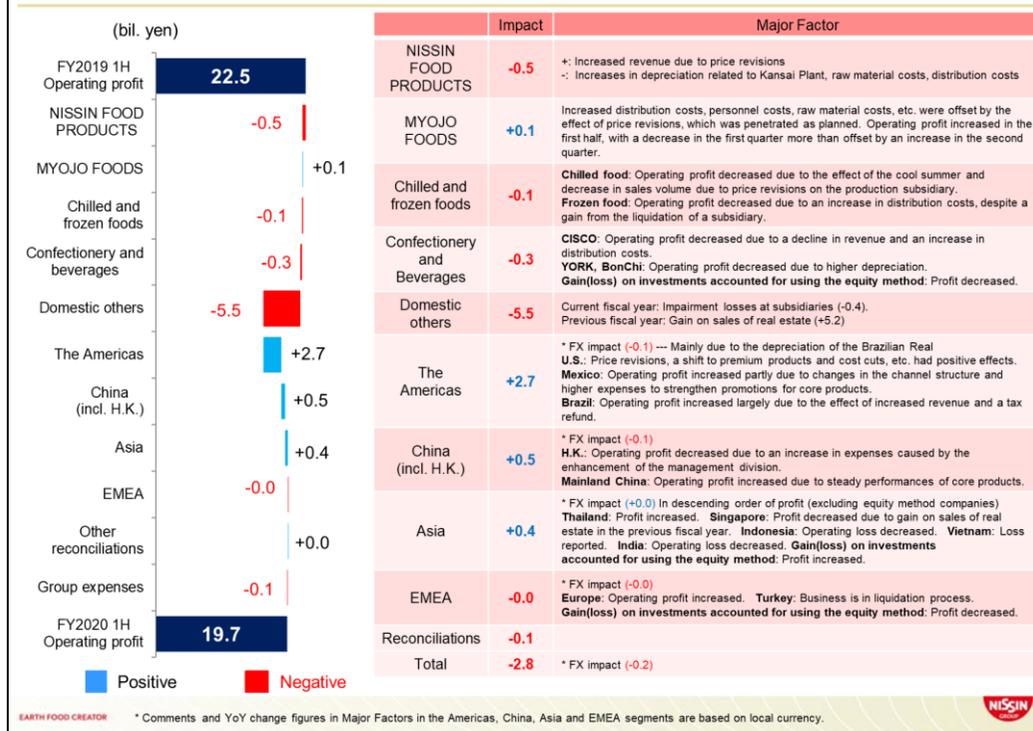
EARTH FOOD CREATOR



- In the China including Hong Kong, the revenue increased to 21.0 billion yen, which is an increase of 0.6 billion yen. Excluding the 1.0 billion yen impact of exchange rates, substantial growth was 1.6 billion yen. Sales in Hong Kong rose 2% on high-priced instant noodles products. But MCMS sales in the wholesales business declined. In Mainland China, sales grew 12% year on year thanks to steady sales of mainstay products such as *CUP NOODLES* and *DEMAE ICCHO*.
- Revenue in Asia increased 0.7 billion yen, to 5.6 billion yen. The impact of foreign exchange rates was negligible. In particular, products of 10 baht bag-type noodles in Thailand continued to be strong, leading the Asian region. In India, sales of both bag-type instant noodles and *CUP NOODLES* were strong, partly due to the strengthening of the sales system. Revenue in Singapore was on par with the previous year. In Indonesia, revenue increased thanks to steady sales of *U.F.O.*.
- Revenue in the EMEA decreased 0.3 billion yen to 3.2 billion yen. After subtracting the foreign exchange impact of 0.2 billion yen, substantial growth was on par with the previous fiscal year. In Europe, sales of *CUP NOODLES* and *Soba* remained strong, resulting in an increase in revenue. Meanwhile, sales in this segment decreased as a whole, partly due to the liquidation of the Turkish business in the previous fiscal year and the impact of foreign exchange rates.
- Please see Slide 5 for operating profit by segment.
- Operating profit from domestic businesses landed at 15.7 billion yen, a decrease of 6.4 billion yen year on year. This included a 5.2 billion yen of gain on sales of real estate recorded in the first quarter of the previous fiscal year, a 0.5 billion yen of gain on liquidation of affiliate, and a 0.4 billion yen of impairment loss of property.
- Operating profit from overseas rose 3.6 billion yen to 6.8 billion yen.
- Combined with a negative 2.8 billion yen in adjustments between Group companies and other expenses, operating profit totaled 19.7 billion yen for the 1H of FY2020.

Operating Profit Contribution by Segment

6



- Next, I am going to explain the operating profit contribution by segment. Please look at Slide 6.
- Operating profit of NISSIN FOOD PRODUCTS decreased by 0.5 billion yen to 11.7 billion yen, despite the positive impact of the price revision implemented in June, due to factors such as the steep rise in depreciation costs at the Kansai Plant, raw material costs, and distribution expenses.
- MYOJO FOODS also made steady progress with price revisions in June, absorbing increases in distribution expenses, personnel costs, and raw material costs, resulting in an increase of 0.1 billion yen in operating profit to 1.3 billion yen.
- In the chilled and frozen foods segment, operating profit declined in the chilled food business due to cool summers and lower sales volumes resulting from price revisions. In the frozen food business, operating profit decreased due mainly to an increase in distribution costs, despite the impact of a 0.5 billion yen of gain from liquidation of a subsidiary. Segment operating profit decreased 0.1 billion yen to 1.0 billion yen.
- In the confectionery and beverages business, NISSIN CISCO posted a decline in profit mainly due to a decline in sales and an increase in distribution costs. NISSIN YORK and BonChi decreased in profit, partly due to an increase in depreciation costs. Gain (loss) on investments accounted for using the equity method declined, resulting in segment operating profit of 1.1 billion yen, a decrease of 0.3 billion yen.
- In the Domestic others, 5.2 billion yen of gain on the sales of real estate in the previous fiscal year and a 0.4 billion yen of impairment loss at subsidiaries in the current fiscal year resulted in a 5.5 billion yen decrease in operating profit to 0.5 billion yen.
- In the Americas, operating profit rose 2.7 billion yen year on year resulting in 2.4 billion yen. Excluding the foreign exchange impact of 0.1 billion yen, the substantial increase is 2.8 billion yen.
- In the U.S., operating profit was in the black for the third consecutive quarter from 4Q of FY2019 due to the effects of price hikes and a shift to premium products.
- In Mexico, the effects of the price hike offset changes in the sales channel structure and higher expenses for strengthening promotions for key products, resulting in increased operating profits.
- In Brazil, operating profit rose due to higher sales and tax refunds for previous years.
- Operating profit in China including Hong Kong increased 0.5 billion yen year on year, to 2.3 billion yen. The effect of currency exchange rates is insignificant. In both Hong Kong and mainland China, many of our mainstay products have grown steadily, with profits increasing in mainland China. However, operating profit in Hong Kong declined due to higher costs resulting from the strengthening of the management division.

(Go on to the next page.) 6

Major Factors for Difference in Operating Profit (Impact of Non-Recurring Income and Expenses) ⁷

(bil. yen)

	FY2020 1H Results	FY2019 1H Results	Difference in operating profit	Difference in non-recurring income and expenses	Main items of non-recurring income and losses
NISSIN FOOD PRODUCTS	11.7	12.3	-0.5	+0.0	
MYOJO FOODS	1.3	1.3	+0.1	-0.0	
Chilled and frozen foods	1.0	1.2	-0.1	+0.5	(FY2020) Impact of liquidation of associate +0.5
Confectionery and beverages	1.1	1.4	-0.3	+0.1	
Domestic others	0.5	6.0	-5.5	-5.6	(FY2019) Gain on sales of real estate +5.2 (FY2020) Impairment loss of property -0.4
Domestic total	15.7	22.1	-6.4	-5.1	
The Americas	2.4	(0.3)	+2.7	+0.0	
China (incl. H.K.)	2.3	1.7	+0.5	+0.0	
Asia	1.8	1.3	+0.4	-0.3	(FY2019) Gain on sales of property +0.3
EMEA	0.4	0.4	-0.0	+0.0	
Overseas total	6.8	3.2	+3.6	-0.2	
Other reconciliations	(0.1)	(0.1)	+0.0	-0.0	
Group expenses	(2.7)	(2.6)	-0.1	-	
Consolidated operating profit	19.7	22.5	-2.8	-5.2	

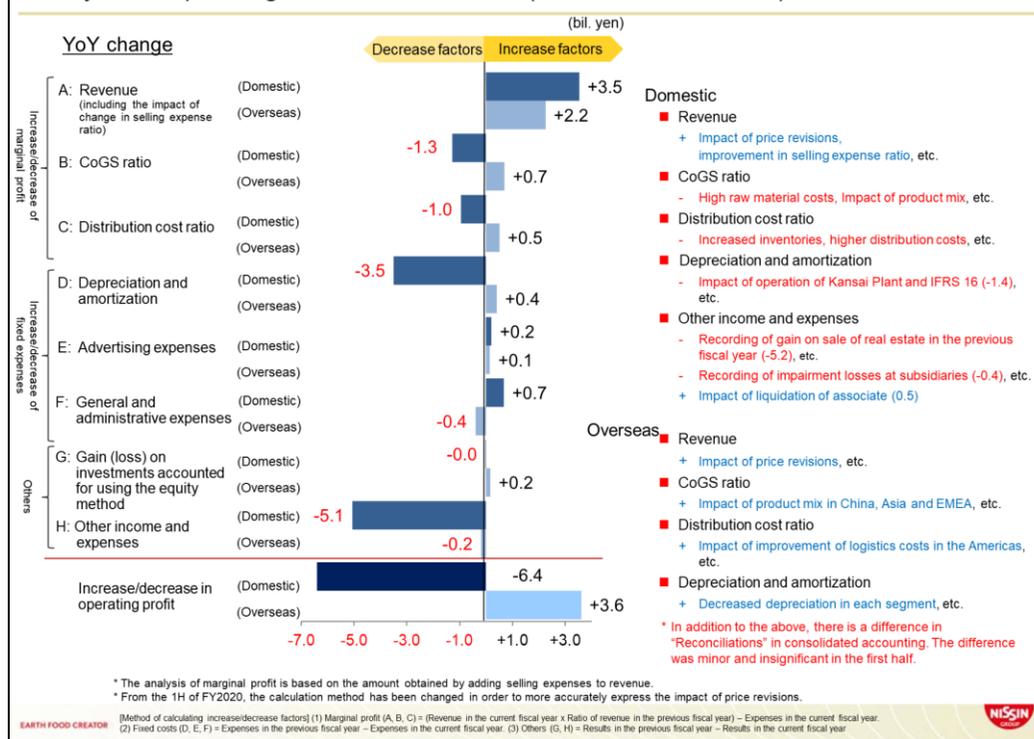
* Figures in the "Main items of non-recurring income and losses": + Income, - Loss

EARTH FOOD CREATOR 

- Operating profit in Asia rose by 0.4 billion yen year on year, to 1.8 billion yen. The effect of currency exchange rates was negligible. In Thailand in particular, sales of 10-baht bag type instant noodles products remained strong, and plant operations as a production base in the Asia also stabilized, leading to higher profits. Operating profit in Singapore declined due to a gain on the sale of real estate in the previous fiscal year, while operating loss in Indonesia and India narrowed. Vietnam business is in the red. Profit (loss) of investments accounted for using equity method in this segment was also positive.
- Operating profit in EMEA was about the same as in the previous fiscal year at 0.4 billion yen. The effect of currency exchange rates is insignificant. Operating profit in Europe increased, but profit decreased in Russia, which is accounted for using equity method.
- Please also check the status of the share of profit (loss) of investments accounted for using equity method as described on page 5 of the supplementary materials.
- For Slide 7, we have prepared a material that takes into account the impact of non-recurring income and expenses. We have added four comments. The details are basically as explained previously. In the second quarter of the current fiscal year, we recorded a new impairment loss of 0.4 billion yen of impairment loss of property in the domestic others.

Analysis of Operating Profit: Consolidated (Domestic / Overseas)

8



- We will explain the analysis of operating profit by expense. Please look at Slide 8.
- First, I will explain from the domestic businesses.
- The impact of price revisions on sales and an improvement in the selling expense ratio resulted in an increase in profit of 3.5 billion yen, and changes in the CoGS ratio resulted in a decrease in profit of 1.3 billion yen.
- The impact of changes in the distribution cost ratio was a 1.0 billion yen increase in expenses due to higher inventories and higher distribution costs.
- Depreciation and amortization increased 3.5 billion yen. Of this amount, 1.4 billion yen was attributable to the application of IFRS16, which did not increase the actual amount by 1.4 billion yen, but also decreased the cost of goods sold and general and administrative expenses.
- Finally, changes in other income and expenses resulted in a 5.1 billion yen decrease in income, which was attributable to the 5.2 billion yen of gain on sales of real estate recorded in the previous fiscal year, the 0.4 billion yen of impairment loss at subsidiaries recorded in the current fiscal year, and 0.5 billion yen of gain on liquidation of associate in the current fiscal year. All other items were on a par with the previous fiscal year.
- Next, I will explain overseas result.
- The increase in revenues contributed to a 2.2 billion yen increase in operating profit. The main reason for this increase was the impact of price revisions in the Americas.
- The effect of the change in the cost of goods sold ratio was an increase of 0.7 billion yen. The increase was mainly attributable to the effects of product mix in China, Asia and EMEA.
- The decrease in the distribution cost ratio resulted in an increase of 0.5 billion yen, mainly due to an improvement in logistics costs in the Americas.
- The 0.4 billion yen decrease in depreciation and amortization was due to a decrease in depreciation and amortization in each segment.
- We are pleased to conclude our briefing on the financial results for the first half of the fiscal year ending March 31, 2020.
- In the second half and beyond, we will continue to devote all of our energies to achieving the business targets set at the beginning of the fiscal year.
- I would like to ask for your continued support.

Progress of Medium-Term Business Plan 2021 and Sustainability

Representative Director, President and CEO
Koki Ando

EARTH FOOD CREATOR



- I am Koki Ando, President and Chief Executive Officer.
- I appreciate your attending our earnings briefing today.
- As CFO Yokoyama elaborated on the results in the first half, I will talk about the progress of the Medium-Term Business Plan 2021 and sustainability.

		Mid-term Plan KPIs (IFRS)		
		1H Results	FY2020 plan	FY2021 plan
Earning power through operations	Revenue	221.4 bil. yen	465.0 bil. yen	480.0 bil. yen
	Operating profit	19.7 bil. yen	37.0 bil. yen	42.5 bil. yen
Capital market value	Profit*	13.5 bil. yen	26.0 bil. yen	30.0 bil. yen
	ROE	- %	- %	8 %
	Adjusted EPS**	- yen	245 yen	284 yen

* Profit attributable to owners of parent under IFRS

** (Operating profit ± Other income, expenses – Income tax expenses – Profit attributable to non-controlling interests) / Average number of shares outstanding during the fiscal year (excluding treasury shares)

EARTH FOOD CREATOR 

- Under the FY2020 plan, we will record a revenue of 465.0 billion yen, an operating profit of 37.0 billion yen, a profit attributable to owners of parent of 26.0 billion yen and adjusted EPS of 245 yen. Under the FY2021 plan, we will record revenue of 480.0 billion yen, an operating profit of 42.5 billion yen, a profit of 30.0 billion yen, an ROE of 8% and adjusted EPS of 284 yen.
- In the previous fiscal year, profit attributable to owners of parent fell to 19.4 billion yen, but this year we think we can achieve a profit of 26.0 billion yen, our plan for FY2020.
- We have revised the initial profit plan in the five-year Medium-Term Business Plan, 33.0 billion yen, in consideration of the actual condition of the overseas business and the exclusion of M&A from the budget. However, we will strive for a V-shaped recovery to achieve a profit of 30.0 billion yen in the fiscal year ending March 31, 2021.

FY2021 Targets for Domestic Business

FY2021 Targets for Overseas Business

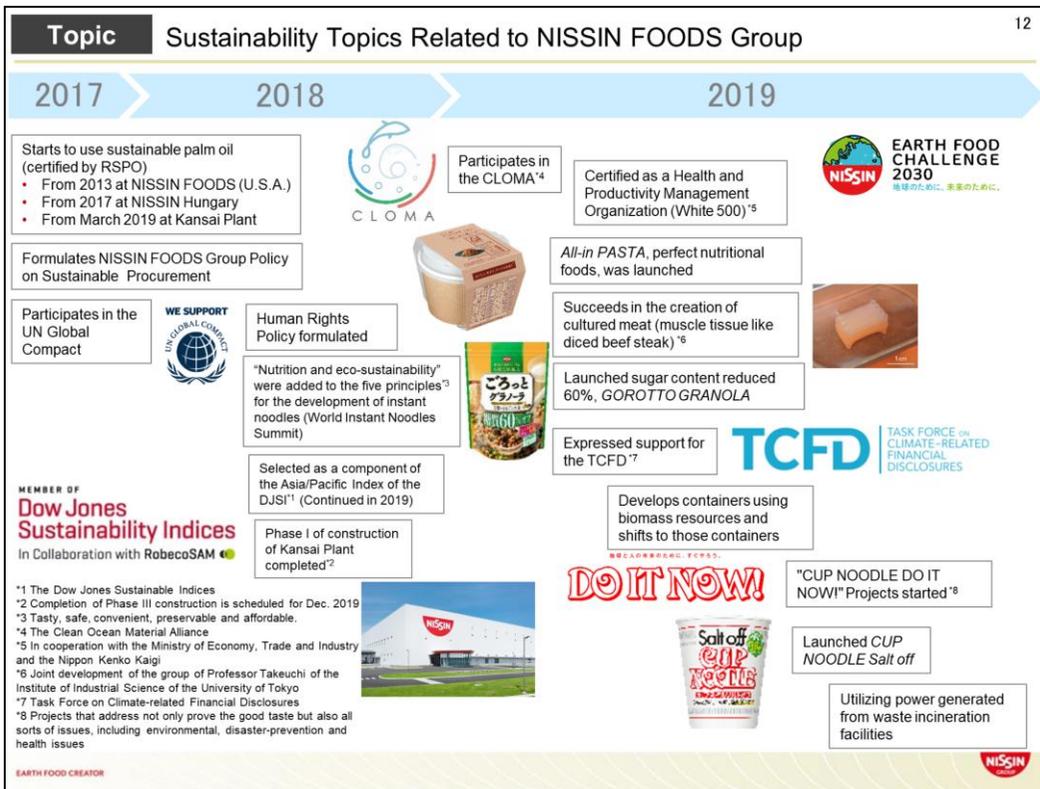
FY2021 Targets for Domestic Business				FY2021 Targets for Overseas Business					
(bil. yen)	1H Results	FY2020	FY2021	(bil. yen)	1H Results	FY2020	FY2021		
Instant noodles	Revenue	109.6	234.0	238.0	The Americas	Revenue	31.6	64.0	67.5
	Operating profit	13.1	27.1	29.5		Operating profit	2.4	2.7	3.7
	%	11.9%	11.6%	12.4%		%	7.6%	4.2%	5.5%
Chilled and frozen foods, confectionery and beverages	Revenue	48.4	100.0	103.0	China (incl. H.K.)	Revenue	21.0	44.5	47.0
	Operating profit	2.1	4.6	5.2		Operating profit	2.3	3.8	4.7
	%	4.4%	4.6%	5.0%		%	10.9%	8.5%	10.0%
		Rate 1H	Assumed rate						
USD		108.63	110.00		Asia	Revenue	5.6	11.7	13.0
BRL		27.56	28.00			Operating profit	1.8	2.5	2.7
HKD		13.86	14.00			%	31.3%	21.4%	20.8%
EUR		121.42	125.00		EMEA	Revenue	3.2	7.0	7.5
						Operating profit	0.4	1.0	1.3
						%	12.5%	14.3%	17.3%

* The assumed rates are used for the plan for this fiscal year and the FY2021 plan.

EARTH FOOD CREATOR



- First, in the domestic instant noodles business, revenue in the first half of this fiscal year stood at 109.6 billion yen, and we plan to post a revenue of 234.0 billion yen in the full year. Operating profit came to 13.1 billion yen in the first half and is expected to be 27.1 billion yen in the full year. In FY2021, we plan to record a revenue of 238.0 billion yen and an operating profit of 29.5 billion yen. In the chilled and frozen foods, confectionery, and beverages business, revenue and operating profit in the first half stood at 48.4 billion yen and 2.1 billion yen, respectively. In the full year, we plan to post a revenue of 100.0 billion yen and an operating profit of 4.6 billion yen. In FY2021, we plan to post a revenue of 103.0 billion yen and an operating profit of 5.2 billion yen.
- Looking at the overseas business, in the Americas, revenue stood at 31.6 billion yen, and operating profit was 2.4 billion yen in the first half. In the full year, we plan to post a revenue of 64.0 billion yen and an operating profit of 2.7 billion yen. In FY2021, we plan to post a revenue of 67.5 billion yen and an operating profit of 3.7 billion yen. In China, revenue and operating profit came to 21.0 billion yen and 2.3 billion yen, respectively in the first half. In the full year, we plan to post a revenue of 44.5 billion yen and an operating profit of 3.8 billion yen. In FY2021, revenue and operating profit are planned to be 47.0 billion yen and 4.7 billion yen, respectively. For the figures in Asia and the EMEA, please see the slide.
- The operating profits stated in the materials add up to an operating profit of 31.7 billion yen in the domestic business this fiscal year and an operating profit of 34.7 billion yen in the next fiscal year. In the overseas business, operating profit is planned to be 10.0 billion yen this fiscal year and 12.4 billion yen in the next fiscal year. These figures include adjustments between companies in the Group of approximately 5.0 billion yen.



- From this slide, I will be describing our activities related to sustainability. We believe that we need to promote sustainability activities in our corporate management, bearing CSV management, ESG, and the SDGs in mind.
- We have joined the UN Global Compact, a global framework to realize sustainable growth, and are pursuing solutions through business activities to achieve the SDGs. We have formulated a policy on sustainable procurement and have committed ourselves to using sustainable palm oil certified by the RSPO (Roundtable on Sustainable Palm Oil). We started to use sustainable palm oil certified by the RSPO in the United States in 2013, in Hungary in 2017 and at the Kansai Plant in March 2019. We have joined the CLOMA (Clean Ocean Material Alliance), which the Ministry of Economy, Trade and Industry took the lead in establishing, and have been addressing the ocean plastic issue. We have expressed support for the TCFD (Task Force on Climate-related Financial Disclosures).
- Those initiatives related to sustainability as part of our corporate activities have been highly regarded from the outside, and we have been selected as a constituent of the Asia/Pacific Index of the DJSI (Dow Jones Sustainability Indices), the global stock index in the field of ESG indices. We have been selected as a constituent for the second consecutive year. This year, approximately 600 companies were selected, including 76 Japanese companies.



EARTH FOOD CHALLENGE 2030

地球のために。未来のために。

Initiative for Earth Food Challenge 2030

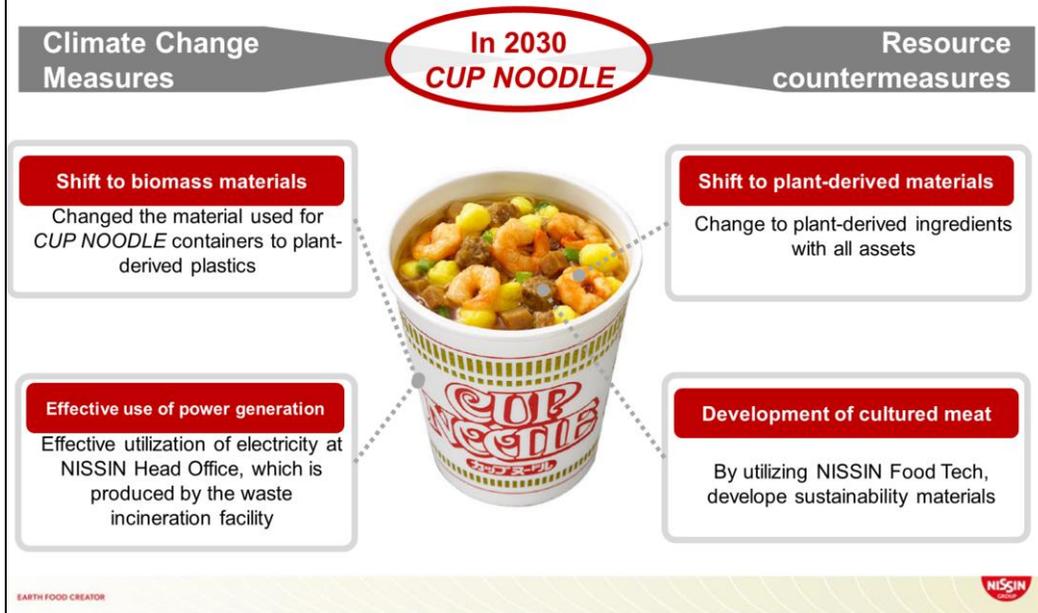
1. Replacement with Biomass ECO Cup
2. Utilizing power generated from waste incineration facilities for recycling
3. Plant-derived ingredients for *CUP NOODLE*
4. Development of cultured meat

EARTH FOOD CREATOR



- Global warming is becoming more and more serious. I feel that damage from typhoons and floods has been increasing. The major cause of global warming is considered to be CO₂ emissions. Companies naturally need to consider how they can reduce CO₂ emissions in their business. The remaining carbon budget, the limit for CO₂ that humanity can emit in the future, is said to be less than 1 trillion metric tons. What a single company is able to do may be small, but I believe continuing to add small efforts is important.
- We deliberated over what we can do. The EARTH FOOD CHALLENGE 2030 is a ten-year plan consisting of initiatives to deal with global warming. As a first step toward dealing with global warning, I will introduce four initiatives
- The first initiative is the replacement of the existing *CUP NOODLE* containers with Biomass ECO Cups. We have decided to replace petroleum-based polyethylene with plant-derived polyethylene. This use of plant-derived polyethylene will contribute to reduction of plastic and CO₂ emissions. The biomass-derived materials content of the new container will be 80% or more. CO₂ emissions will be 16% less than those from the existing ECO Cup and close to 40% less than those from the cup made of expanded polystyrene foam in the past. The replacement will start in December this year. We aim to replace all *CUP NOODLE* containers with Biomass ECO Cups in 2021.
- The second initiative is the use of power generated from waste incineration facilities to effectively use waste, including containers and food residues. Waste with oil stains, including *CUP NOODLE* containers, is simply incinerated. If it is not incinerated and is washed and recycled, secondary problems, including water pollution, emerge.
- When containers are incinerated, CO₂ is emitted. By using biomass-derived materials, we can be closer to carbon neutral. The concept of carbon neutral is that CO₂ emitted from incinerating plants is offset by CO₂ absorbed by photosynthesis when plants grow and does not affect the amount of CO₂ in the atmosphere. We will not simply incinerate plants but will use energy generated from the incineration of plant-derived materials. There are approximately 1,000 incinerators in Japan. Approximately 350 incinerators have power generation facilities. We will encourage effective use of those power generation facilities. We will actively purchase renewable energy even if it is a little more expensive. That is a sustainable cycle that the NISSIN FOODS Group aims for.

Instant noodles, including *CUP NOODLE*, have evolved into a sustainable form in all aspects of containers and ingredients.



- The third initiative is plant-derived ingredients for *CUP NOODLE*. Of the sources of protein and meat, cattle are said to emit the largest amount of CO₂, followed by pigs and chickens. *CUP NOODLE* emits a small amount of CO₂, or approximately 400 grams. We can now calculate CO₂ emissions easily. CO₂ emissions are emphasized, and in the future, the amount of CO₂ emissions of each product may be displayed. The next page will help you understand the details.
- I mentioned earlier about the shift to biomass materials on the left and the effective use of waste power generation.
- The third initiative is a shift to plant-derived materials, which I explained a little on the previous page. As you know, cattle emit very large amounts of greenhouse gases through belching, dung and urine. Cattle consume a large amount of feed. For cattle, an original calorie basis requires 11 kg of feed to produce 1 kg of meat.
- It is said that 7 kilograms of pigs and 4 kilograms of chickens are used to produce 1kg. If the population of nearly 10 billion people progresses in 2050, it is clear that food shortages will occur. Therefore, I think it is necessary to change dietary habits by using new technologies, such as alternative meat and cultured meat, more and more.
- *CUP NOODLE* already use a hybrid meat made from mysterious meat, Nazoniku, but I think it will eventually become 100% soybeans. In this respect, we will switch to plant-based materials for other ingredients.
- Finally, we developed cultured meat, which we have succeeded in synthesizing and producing from bovine cells. It will take about five years to be commercialized, but I would like to make steady progress in this area. In addition to the above, in terms of food tech, I would like to make steady progress.

地球と人の未来のために、すぐやろう。

DO IT NOW!

We will not only prove the good taste but also address all sorts of issues, including environmental, disaster-prevention and health issues, through *CUP NOODLE*. We will do what is needed immediately for the future of the earth and people.

Biomass ECO Cup



We will provide the industry's first Biomass ECO Cup, 80% or more of which consists of biomass-derived materials.

For *CUP NOODLE*, the cups will be replaced with Biomass ECO Cups from December 2019, to be completed in FY2022.

The amount of petroleum-derived plastic used for a Biomass ECO Cup will be about half of that for the existing ECO Cup. The amount of CO₂ that will be emitted when they are incinerated will be reduced by 16%.

Rollingstock



A disaster prevention set that allows customers to eat warm *CUP NOODLE* at any time, even when electricity, gas, and water are not available due to natural disasters.

Once you apply, 9 meals (3 days' worth of stockpiles) of your choice will be delivered every three months. It is sold in NISSIN FOODS Group Online Store.

<https://store.nissin.com/jp/special/rollingstock/>

Salt Off



I don't feel like reducing salt is a story of the past. The new formula "Chanto Oishii Salt-off Process" (patent pending) has been applied for approximately 170 types of salt from around the world, and the *CUP NOODLE* flavor and taste of the product has been kept intact, with a 30% reduction in salt content.

People who care about health and salt can enjoy the familiar *CUP NOODLE* flavor.

EARTH FOOD CREATOR

NISSIN

- The EARTH FOOD CHALLENGE2030, which I have just described, is a long-term plan. NISSIN FOOD PRODUCTS has also started the DO IT NOW! project, a short-term project that we can execute immediately. We are addressing social issues, including environmental, disaster prevention, and health issues. The Biomass ECO Cup, which I talked about, is one example. In addition to that, we are selling a disaster preparedness set that allows customers to eat warm *CUP NOODLE* even when electricity, gas, and water are not available in a disaster. Customers can subscribe to a service that will deliver the set every three months.
- We have developed a "salt off" product by reducing the salty taste stimulating the taste buds of the pre-existing *CUP NOODLE*. It has been developed for consumers who are worried about their health and the salt content, and it remains delicious. We tested a variety of types of salt to determine which type makes *CUP NOODLE* the most delicious and have succeeded, using MgCl₂, magnesium salt. We mix various types of salt and have applied for patent. I think this type of product will sell well.
- We are executing the EARTH FOOD CHALLENGE 2030, a long-term project, and have started DO IT NOW!, short-term actions that we are taking immediately for the future of the earth and people. We will actively do what we can do.
- This concludes my presentation. Thank you for your attention.

Information in this material is not intended to solicit sales or purchase of NISSIN FOODS HOLDINGS stock shares. The comments and estimates in this document are based on the company's judgment at the time of publication and their accuracy is not guaranteed. They are subject to change without notice in the future. The company and its officers and representatives hold no responsibility for any damage or inconvenience that may be caused by any part of this material.

- This presentation material is available in the Presentation Material section of our IR website in PDF format.
URL: https://www.nissin.com/en_jp/ir/library/materials/
- The amounts in this material are rounded to the nearest 100 million yen; totals may not agree with the sums of their components.
- FY2020 generally means the fiscal year from April 1, 2019 to March 31, 2020.
- The same \pm notation as used in the Summary of Consolidated Financial Statements has been applied to percentage change in revenue and profit.
- The average foreign exchange rates for the period have been applied to translating revenues and expenses at associates overseas.
- The results in China (including H.K.) are based on the consolidation policy of NISSIN FOODS HOLDINGS. Disclosure may differ from that of NISSIN FOODS CO., LTD. (located in H.K.). The business plan for the China segment specifies targets set solely by NISSIN FOODS HOLDINGS.



NISSIN FOODS HOLDINGS CO., LTD.