

August 2020

**Q&A Session at the Financial Results Briefing
for FY 3/2021 1Q**

[Time & Date] 13:00 to 14:00, Thursday, August 6, 2020

[Respondent] Yukio Yokoyama, Director, CFO and Managing Executive Officer

1. FY 3/2021 1Q results and forecast for 2Q onwards

Q. Please explain the difference between operating profit and the company's plan for the first quarter.

A. We do not disclose quarterly forecasts, but if we look at just the first quarter, we think we are ahead of our initial plan.

Q. What are the current demand trends in Japan and other major countries?

A. The impact of coronavirus diseases 2019 (COVID-19) varies depending on the country's situation. However, in the first phase of COVID-19, demand increased throughout March and April due to hoarding and panic buying in all countries. In Japan, demand was relatively subdued mainly due to the lifting of voluntary restraints to stay home after the May holidays, although people had continued to stay at home as an "WITH / AFTER COVID-19" phase that could be described as after stay-at-home phase.

On the other hand, in the U.S. and Brazil, panic buying has calmed down but they are still in a state of stay-at-home phase. In all countries, we see an increase in household consumption, as people are restricted from going out and making it difficult to eat outside. In Mainland China, although we are in the "WITH / AFTER COVID-19" phase, demand for *CUP NOODLES (Hap Mei Do)* and *DEMAE ICCHO* has increased due to hoarding and panic buying, which has led to widespread recognition of our products.

Q. Please tell us about your thought on advertising expenses and other expenses from second quarter onward.

A. We plan to make good use of advertising expenses to strengthen our brand. In Japan, selling and promotional expenses expected to be used in the almost normal way in July and August. We continue to use these expenses in line with demand and consumer behavior.

2. Domestic Business

Q. Could you quantitatively explain the reasons for the increase in NISSIN FOOD PRODUCTS' operating profit in the first quarter?

A. NISSIN FOOD PRODUCTS' operating profit increased by approximately 2.0 billion yen due to higher revenue, approximately 2.1 billion yen due to unused selling and advertising expenses, and hundreds of millions of yen in general cost reductions due to COVID-19, while depreciation and amortization expenses increased by approximately 0.3 billion yen due to the commencement of operations at the Kansai Plant, and raw material and distribution costs increased by a total of approximately 0.2 billion yen. The increase in operating profit was approximately 4.0 billion yen.

3. Overseas Business

Q. What is the breakdown of the increase in operating profit in the Americas and China (+0.5 billion yen in the Americas and +0.7 billion yen in China)?

A. The U.S. is the largest source of operating profit gain in the Americas. On a local currency basis, Brazil is also doing well, but the operating profit in yen is almost flat due to the impact of foreign exchange rates. In the China, Mainland China is slightly stronger, but both the Mainland China and Hong Kong are growing on balance.

Q. While the level of operating profits from overseas businesses has increased, what level of profits can you maintain in each region for the second quarter onward as COVID-19 does not seem to be settled down.

A. At this time, the impact of COVID-19 to our business cannot be predicted, and the situation varies by country. For example, in the U.S., the lockdown has been lifted, but the number of confirmed cases has increased. Initially, we assumed that the U.S. would enter the "WITH / AFTER COVID-19" phase in the middle of the current first quarter. However, the number of people infected has increased in the West Coast, as the East Coast has settled down. We are communicating with each region as needed to keep abreast of the situation, but we cannot expect how long the current situation will continue.

Q. What is the growth in revenue in China excluding the wholesale businesses? Also, what is the growth rate of demand in the Mainland China?

A. We have wholesale businesses as our subsidiary, MCMS in Hong Kong and SHANGHAI EASTPEAK in the Mainland China. Excluding these wholesale businesses, Hong Kong has a low double-digit growth rate in revenue, while Mainland China has a slightly higher growth rate. As for the demand growth rate for Mainland China, we expect 11% for bag-type instant noodles and 8% for cup-type instant noodles.

4. FY 3/2021 Results Forecast

Some of you may be wondering why we are keeping our full-year business plan for FY 3/2021 unchanged and why we are not revising it upward after the first quarter results are released. I would like to explain these points. The spread of COVID-19 is causing a major change in our business environment. In response to this situation, we want to take a resilient strategic option. Various industries are changing in the "WITH / AFTER COVID-19" phases due to changes in consumer needs and core user composition, changes in consumer behavior, and structural changes in business type and business industry.

The retail industry is also searching for ways to sell products, including future sales promotion activities. So, we also have to think about our future sales promotion policy.

In a changing environment, we need to strengthen our core brands, implement channel and area-specific strategies, and think about digital sales platforms. On the production side, we will also have to pay close attention to materials and logistics.

We will continue to assess the situation on a day-to-day basis to determine how we will respond and how we can formulate a resilient strategic option. The third quarter, which is the high-demand period in our business, is the most important for us to build up our overall numbers for FY 3/2021. Therefore, at this point, we have not revised our plan for FY 3/2021 because we have not yet planned new strategy which takes account of these environmental changes and so we have not yet decided how to act according to it. However, we will promptly disclose any revisions to earnings forecast for FY 3/2021 as the business situation becomes clearer, if necessary.