

FY26/3 Q3 Financial Results Conference Call (Analyst Meeting) Q&A Session

Date and time: Tuesday, February 3, 2026, 17:00-18:06

Format: Web Conference

Presenters: Kenji Suzuki, Director, Senior Executive Officer, Chief Financial Officer
Satoshi Ichikawa, General Manager, Public Relations & Investor Relations

<Processed Foods Business (Japan)>

Q. In the previous price revisions, there was a delay in penetration and realizing benefits. How about the price revisions from February this year? Also, is it correct to assume that the effect of price revisions, including the February revisions, will exceed cost-increasing factors, such as raw materials and foreign exchange rates, in the fourth quarter?

A. When we revised prices last February, there was a delay in penetration and realizing benefits from the raises due to the JAN code changes and the temporary price reductions in competitor products. This time, however, we made preparations early and have been proceeding carefully, including controlling sales promotion expenses, and the process is generally going well.

We expect that the effect of price revisions will slightly exceed the cost-increasing factors, such as raw materials and exchange rates, in the fourth quarter.

Q. What is the effect of measures such as the introduction of balanced pricing products and control of sales promotion expenses on your business performance? Also, is there any possibility that the introduction of balanced pricing products will have an adverse impact on product mix?

A. We have launched balanced pricing products worth approximately 5 billion yen in annual sales since February of this year. Since these products are designed so as not to impair profitability, they will not have an adverse impact on product mix even when their composition ratios increase. By expanding the variety of price ranges while taking into account manufacturing costs and the cost structure, we aim to increase the sales volume while preventing profit margin to fall.

With regard to the control of sales promotion expenses, we expect to see costs reduced by several hundred million yen in the fourth quarter through properly managing sales promotion expenses, which in the past had been overspent in some areas.

Q. As for the reasons for the upturn in profits in the Processed Foods business in Japan in the third quarter alone, other than the penetration of price revisions and control of sales

promotion expenses, were there any changes, for example, in the business environment, negotiations with distributors, or consumer purchasing behavior?

A. The business environment continues to be challenging, with no major changes. Consumer price sensitivity remains high and raw material prices also continue to be high.

By category, rice products remained strong, and sales of processed chicken products to major mass retailers grew while sales of prepared foods for commercial use and restaurant use struggled.

Q. Looking at the household-use prepared foods in the third quarter alone, why was the percentage of increase in revenue only 3% year-on-year and why did the volume fall 2%?

A. This was due to a significant decrease in the volume of *Imagawa-Yaki* (Japanese waffles) among snacks. Please understand that this does not mean that the sales of *Imagawa-Yaki* (Japanese waffles) were weak, but rather there was a decline in reaction to the significant increase in sales volume in the same period of the previous fiscal year due to the impact of TV commercials and such like.

Q. What was the factor behind the strong double-digit growth in sales of commercial-use prepared foods?

A. Sales of products to major mass retailers with strong performance grew significantly, but because we chose the strategy of keeping prices low and increasing volume for some products, the growth did not lead to a considerable contribution in terms of profits.

Q. The hurdle to achieving this year's plan appears to be quite high. What is your outlook for the fourth quarter?

A. We will launch balanced pricing products from February to April, while getting on with the control of sales promotion expenses. Since operating profit fell in the fourth quarter of the previous fiscal year due to production trouble encountered at a plant, we expect to see a rise in profit this fourth quarter, including a reactionary increase from a year earlier.

Q. How do the current high prices of Brazilian chicken and reduced supply of Spanish pork affect your company's performance?

A. The surge in Brazilian chicken prices may have a positive effect on the current situation, as demand for Thai chicken is increasing as an alternative. We view that the impact of Spanish pork is limited.

Q. What are your thoughts on raw material prices and foreign exchange rates for the next fiscal year?

A. For rice, the range of price increases for the next fiscal year has largely been determined, and we

have already factored this in our price revisions to be implemented in February. Prices of chicken (especially domestic breast meat) remain high, and this situation is reflected in the profit budget for the next fiscal year. Egg prices are currently stable, but we view that this situation which allows no room for optimism will continue.

As for foreign exchange, more than half of the expected transaction amounts have already been entered into forward exchange contracts. We expect that forward exchange rates for FY2026 will be flat year on year.

<Processed Foods Business (Overseas)>

Q. I understand that you are establishing a new plant in North America, although you were considering acquisition in the past. If you are building a new plant, is it correct to assume that acquisition is no longer an option? Also, please tell us specifically when you plan to start operation.

A. With the aim of achieving growth in the North American market, we have also considered the possibility of acquiring a company. However, we ultimately decided to build a new plant in-house. The new plant represents a major investment of more than USD 100 million and will greatly enhance our manufacturing capacity. Therefore, with regard to the InnovAsian business, acquisition is no longer an option, and we intend to focus first on the construction of a new plant also from the standpoint of fund allocation.

We are aiming to start operation at the new plant early in the fiscal year ending December 31, 2028. The construction period is expected to be long since the project will begin with land development.

Q. I understand that your North American business is facing challenges. What were the reasons behind your decision to build a new plant, and what are the odds and your prospects for competitiveness and profitability?

A. InnovAsian Cuisine previously adopted a fabless model and had no production capabilities. However, in 2022, the company made a rice products production facility its wholly owned subsidiary and successfully secured profits from production and sales. We hoped to increase profitability by similarly holding production capabilities also in the other Asian foods categories owned by InnovAsian. We also believed that, in order to meet the needs of various customers for rice products as well, there was a need to further expand production capacity and strengthen development capabilities. After much consideration, we finally found a good location and made the decision.

The new plant will produce a variety of products in the Asian foods category owned by InnovAsian, thus we aim to improve profitability by strengthening the integrated production and sales structure. Specific profitability targets are currently being simulated internally and are not disclosed at this

time, but we will disclose relevant information in the future as soon as we are ready.

Q. Your full-year forecast for the overseas business shows a decrease of 1.2 billion yen in operating profit. What is your outlook for the fourth quarter and into the next fiscal year?

A. The biggest reason for the decrease in profit this fiscal year is the foreign exchange impact of the weaker dollar against the baht at GFPT Nichirei (Thailand). Foreign exchange impact will remain in the fourth quarter, but for the next fiscal year, if the baht remains at the same level as in the current fiscal year, it will not be a factor for the year-on-year decline in profit. In order to improve profitability in the next fiscal year, we will work to add more value to our products and by-products. The InnovAsian business in North America returned to an increase in profit in the third quarter as the burden of sales promotion expenses for the Latin brand products ran its course. In the current fiscal year, we also curbed sales promotion expenses for Asian brands products. In the next fiscal year, we will appropriately allocate sales promotion expenses for growth and focus on expanding sales in the household-use market as well as sales to membership stores and in food service businesses.

<Temperature-controlled Logistics Business>

Q. How have platforming initiatives such as SULS and NL+LiNk contributed to your business performance?

A. NL+LiNk is one of the growth drivers of our retail business. The business contributed to our performance through achieving 6% growth in the third quarter alone. While it is difficult to compile specific figures for NL+LiNk only, we recognize the NL+LiNk service as a favorable factor. We will see if we can show quantitative effects in the future.

<Other businesses>

Q. Profits in the bioscience business have decreased. Please describe the current situation and the outlook for the next fiscal year.

A. In the bioscience business, we manufacture and sell diagnostic reagents for cancer and test kits for influenza and coronaviruses. We continue to face difficult conditions in both areas, but will focus on making improvements for the next fiscal year.

End

Note: This document is not a complete record of the Q&A session and has been edited by Nichirei Corporation.