



Transcript of Monde Nissin Corporation (MONDE)
Full Year 2025 Earnings Call
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Participants

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David Flochel – Chief Executive Officer, Quorn Foods

Nick Cooper – Chief Financial Officer, Quorn Foods

Michael Paska:

Good afternoon and welcome to Monde Nissin's full year 2025 earnings call. I am Mike Paska, Head of Investor Relations. On today's call with me are Henry Soesanto, Chief Executive Officer; Jesse Teo, Chief Financial Officer; and from the Quorn team, we have with us David Flochel, Chief Executive Officer; and Nick Cooper, Chief Financial Officer. By now, everyone should have access to our press release and earnings presentation. These are all posted on the PSE EDGE website earlier today. This information can also be found in the Investor section on Monde Nissin's website. And finally, before we begin, please note that the financial information being presented today is unaudited; and during the course of this call, management may make forward-looking statements based upon current assumptions and expectations. These are not guarantees of future performance, and I encourage everyone to read the disclaimer in today's presentation. Now, I'd like to turn the call over to Henry to discuss our full year 2025 business performance. Henry.

Henry Soesanto:

Thank you, Mike, and good afternoon, everyone. Before we get into the details, I wanted to share the key takeaways for this earnings call. For APAC BFB, top line growth continued to be driven by our biscuit and culinary businesses. Gross margin took a hit year-on-year, but we saw early benefits on a sequential basis. For meat alternative, we saw continued positive trajectory driven by UK retail snacking, frozen ingredients, and improved food service performance. We also saw another quarter of increased gross margin and positive EBITDA, driven by results from the transformation, lower inventory, lower input costs, and targeted selling price increases. Lastly, in our board meeting yesterday, we declared a cash dividend of 24 cents per share to distribute excess cash to our shareholders. Jesse will discuss all of this in detail later. Now, let us move on to our full year business updates. Next slide, please.

Our consolidated revenue increased by 5.7% year-on-year in Q4 and 4% in the full year. Our APAC BFB business, which comprised 84% of top line for Q4, grew by 5.8% year-on-year in Q4 and 4.7% in the full year. With our growth, we sustain our market leadership positions for Q4 2025.

Noodles market share declined in Q4. However, sales remain healthy, with sequential growth from the first half to the second half of 2025 at 4.4%. On the macro level, our noodles business underperformed the category, driven by continued softness in the dry pouch segment, partially offset by gains in the cup segment and stable wet pouch segment. We will continue our brand building efforts with communications to increase usage occasions, driving Kasalo upsizing to strengthen big format relevance, and expanding multi-packs distribution to reinforce uptrading for dry pouch; driving everyday usage by reinforcing wet pouch in breakfast occasions and leveraging the spicy trend with spicy variants; and rolling out digital campaigns and regional activations for cups, while expanding our premium black line through product extensions to attract flavor-seeking consumers. Next slide, please.

For biscuits, we are back to number one with a market share of 30%. Our biscuit business outperformed the category, driven by broad-based gains across almost all segments during the holiday season. We will accelerate growth in the cracker segment with a new SkyFlakes campaign, supported by initiatives for Fita, Grahams, and Nissin Butter Coconut, alongside a focused activation in Mindanao, where we see the strongest growth opportunities. Next slide, please.

For oyster sauce, our market share improved by 200 basis points to 60.8%. Mama Sita's continues to drive penetration and consumption for the category. The resurgence in home cooking continued as Filipino consumers adopt more cautious spending habits. We will continue to emphasize the overall value advantage of oyster sauce to drive category and brand relevance.

For beverages, yogurt drink share declined to 88.2% while cultured milk share increased to 26%. Dutchmill saw a decline in distribution due to supply challenges for most of Q4, but restored to healthy stock levels in December. Meanwhile, Delight had stronger distribution gains across all channels, with continued expansion in Visayas and Mindanao. In 2026, we are addressing supply challenges and continuing initiatives for both Dutchmill and Delight. Next slide, please.

Our meat alternative business, which comprises 16% of top line for Q4, is continuing to show progress thanks to the Transformation to Win program that we talked about previously. We delivered our financial commitments for the year, with sales decline slowing through the year and EBITDA of PHP 495 million compared to a little more than break even in 2024. On top of this, the team has strengthened the foundations of the business with continued market share gains and further expansion of the gross margin. Our snacking growth engine accelerated during the year; and by Q4, our “no artificial ingredients” campaign stopped the decline of our frozen ingredients. Finally, while there is still a lot of work to do to complete the turnaround of meat alternative business, I am especially pleased that we have been able to stop the decline in Quorn consumers in the UK market. With that, I will hand it over to Jesse to talk in more detail about our consolidated and APAC BFB financial performance. Jesse, please.

Jesse Teo:

Thank you, Henry. I'm happy to report that we ended fiscal year 2025 with the strongest quarter for the year. On a consolidated basis, 5.7% growth is our strongest quarter growth, leading to a 4% growth for the full year. APAC BFB had its best quarter in Q4 as well with a 5.8% growth, leading to a 4.7% growth for the year; while meat alternative on a peso reported basis grew 5.3%, but more importantly, organically grew to end the year with a slight growth on a peso basis. Next slide, please.

On a profit standpoint, we are also happy to report that on an absolute basis, gross profit is up by 6%, and even margin is up. This is driven largely by the huge significant margin expansion in our meat alternative business. APAC BFB is still lagging behind a year ago, but as we committed in the last earnings call, we are seeing sequential progression. This brings our gross profit on an absolute basis to be slightly up, and gross margin to be slightly down for the year. Core net income grew healthily at 8.1%

for Q4, and we also increased core net income attributable to shareholders by 0.3 ppts. However, for the year, because of the edible oils upcharges experienced in APAC BFB, core net income had a slight decline on an absolute basis and also declined on a margin basis. On our reported net income, on the backdrop of an impairment last year and our reversal of impairment this year, we have had a huge improvement in our reported net income. We went from a negative PHP 5.6 billion loss for Q4 2024 to a PHP 1.9 billion income for Q4 2025. This leads to an 18x full year reported net income growth. Again, reported net income is affected by impairments, guaranteed assets, and other non-operating items. So for our operating performance, we would advise everyone to look at our core net income attributable to shareholders. Next slide, please.

As Henry mentioned, we declared yesterday a dividend of 24 cents per share. This reflects our robust cash balance and retained earnings, especially with the reversal of impairment in 2025. Our operating cash flow is down because APAC BFB average margins are down because of the edible crisis, but we also paid down trust receipts for our wheat imports because the peso was strong for a time in 2025. We also funded our pension under operating cash flow. Despite the spending of PHP 2.7 billion in dividends, PHP 4.7 billion in CapEx, and PHP 2.8 billion in debt and interest payments, we were able to increase our cash and cash equivalents to PHP 15.4 billion as of the end of December. This is our basis for doing a higher dividend versus what we have done in history. Our retained earnings in the listed company that is available for dividends is a robust PHP 9.9 billion. Out of that, we are dividing out PHP 4.3 billion. We are committed to be able to meet our commitment of at least 60% dividend versus our reported net profit after tax. However, given the crisis, we will play it by ear and see whether the cash is needed to manage through the crisis. Next slide, please.

On CapEx, our current plan is to spend PHP 7.5 billion in CapEx, largely on APAC BFB. Our biscuit business is on a roll, and we need to build new capacity to be able to meet the unmet demand. The new biscuit plant is scheduled to be up next year. However, bulk of the spending will be this year. Again, for CapEx, we will be cautious and depending on what happens in the next few months on the crisis, we will be agile and flexible in adjusting our plans. Next slide, please.

On a top line breakdown, biscuit continues to be the engine of growth for us on an absolute basis, growing 8.4% for the quarter and 9.4% for the year. The growth is largely driven by volume for the year, but the highest growth category is the others. This comprises of cakes, which grew more than 20%, and culinary, which also grew more than 20%. And we have double-digit growth in volume both for the quarter and for the year. Noodles was able to have more or less flat growth for Q4, but more importantly, we were able to start growing sequentially. After a very difficult first half that affected our most basic SKUs, our Instant Mami beef and Instant Mami chicken, we've recovered from that situation in the second half. As Henry mentioned, we grew 4.4% in the second half versus the first half. We also grew 3.4% from Q4 versus Q3. Next slide, please.

On a cost front, wheat, which is 15% of our APAC BFB COGS is locked in substantially. There's going to be a tick up in wheat with the crisis, but we're protected substantially through our positions that we have taken prior to the crisis. For palm oil, we have very good positions as well, and its position is all the way also to Q4. We have either physical contracts or swaps for these, which helps us manage the current cost increases that we're seeing. Edible oils does have an effect when crude oil increases. Next slide, please.

Speaking of edible oils, coconut oil, which is now actually bigger in terms of percent of our COGS in APAC BFB, overtaking the 6% of palm oil, had a better quarter. Sequentially, it was down. We were reporting it up by triple digits. Now it's up by high double digits of 72%. The same challenges still persist. We were just coming off the peak production season. Again, just like CPO, we anticipate that this will have a positive correlation with crude oil. However, we do have some lock ins. We were able to buy and lock in up to our Q2 requirements just before the war. Next slide, please.

Now, on a total APAC BFB gross profit standpoint, we grew on an absolute basis by 3%. Margin, as I mentioned, is down by less than 1% versus year ago. However, 30 basis points up versus Q3. Recall, we

said that Q2 would be our nadir, and that we will grow sequentially from there on. We have done that in Q3 and have done that again in Q4. The edible oils affected the full year gross profit. That's why it's down by 1.8% and margin is down by 230%. We have some up-spend in A&P, where we spent 0.3% more for the quarter. However, for the year, we spent less on A&P, and ended the year with 3.9% A&P as a percent of sales. We spent more in trading activities with our customers in the stores. For EBITDA, we have an increase in both EBITDA margin and absolute EBITDA as we controlled general admin costs. Despite the higher A&P, we were able to achieve better EBITDA margin and absolute EBITDA growth. Full-year EBITDA though had reflected a decline because of the gross profit challenges that we have driven by edible oils. For core net income, the story is the same. For Q4, we had much a better position, showing growth on an absolute basis, and flat on a margin basis, but showing decline again because of the edible oil's gross margin crunch. Next slide, please.

I'll now turn it over to David and Nick, who will talk about the meat alternative performance in 2025.

David Flochel:

Thank you very much, Jesse. Over the last 18 months, I think we have successfully started to transform Quorn Foods business and its performance by focusing on four things: making decisions on consumer insights; engaging with customers in shared value creation; making sure that our company purpose goals, and priorities are understood by the entire organization to drive alignment and engagement; and finally, focusing on execution and tracking progress.

For the year 2025, we launched our program, which Henry mentioned to start with, Transformed to Win Together, which is a multi-year program and plan, which is based on three building blocks. The first one - transforming the company and funding the journey, saving costs, making operational gains in supply network, while improving while operating with a much leaner organization. The second one - winning again in the market, focusing on the execution of our plans with key customers, winning in sectors and segments targeted was based on consumer insight, such as snacking. Finally - driving the right culture in the company, applying high-performing team principles, leading from the front, driving clarity, execution, and accountability throughout the organization.

In 2025, we've delivered what we said we would. We've slowed down the sales decline quarter on quarter, and we've delivered mid-single digit EBITDA. We've also strengthened the brand and our market shares. Quorn Foods market share increased thanks to our snacking growth engine, and also in Q4, thanks to our non-artificial ingredients relaunch and reformulation, which has stopped the decline of frozen ingredients, another very important segment for us. We've been able to reduce the decline of Quorn buyers, and we started to regain buyers in Q4.

2026 will be a continuation of transform to win together, and of the three building blocks I just mentioned previously. It's a multi-year program, and we are now in year two. We are working hard on the execution of that plan, and I'm excited about the journey ahead. We will maintain cost control, operating with a lean organization, and the focus on cash remain very strong. We will accelerate further our supply transformation, focusing on productivity gains, and we will work hard, as market leader and category leader, to drive penetration, and of course, the best return investment through winning platforms such as snacking.

Finally, I think it is important to recognize that there's still a lot of work to be done in our turnaround journey, and our progress might not be always in a straight line. The conflict in the Gulf is one example. We have good coverage, again, inflationary effects, and Nick will talk more about this. But we have some exposure, and we will need to stay agile to manage those challenges and other challenges as they will raise. But again, I feel very confident that with our focus on execution, we can continue this positive journey of transformation for Quorn Foods. And now, over to Nick, who'll talk to you about the meat alternative financial results. Thank you very much.

Nick Cooper:

Thank you, David. So 2025 financial performance for meat alternative, you can see that the top line grew 5.3% year-on-year in Q4 on a reported basis, and sales value at constant exchange rates was broadly flat year-on-year. That's a big milestone compared to the double-digit declines we've seen as recently as 12 months ago. And that reflects, as David mentioned, the continued momentum of snacking, the results of the relaunch of our frozen ingredients, plus an improving food service performance. On top of this, gross margin expansion continued strongly in the quarter with Q4 gross margin at 27.4%, up almost 600 basis points year-on-year. And although core EBITDA in the quarter was down as a result of our investment behind our frozen ingredients relaunch, core EBITDA for the year was up over 40 times compared to that position in 2024. Next slide, please.

Then if we take a step back and reflect on the year as a whole, you can see that quarter on quarter progress, in terms of both the top line and the gross margin. The success of snacking and frozen ingredients, plus stronger execution across the commercial space, have been big drivers of this, and we continued to see gains from our transformation activities in the supply chain. That stronger gross profit position, combined with a significantly leaner commercial innovation and support organization, and broader cost discipline, allowed us to rebuild core EBITDA from PHP 12 million in 2024 to PHP 495 million in 2025. And our continued cash discipline has allowed us to be cash positive for a second consecutive year. So, strong progress, but as David mentioned, still a long way to go, and no room for complacency on our turnaround journey, especially with risks like the Gulf conflict going on. We have focused, over the past few years, and been very active in contracting a portion of our key inputs and utilities ahead. Jesse will talk to you more about this in a moment, but the position includes agreements for glucose and egg in place to the end of the year, and substantial lock-ins for gas and electricity into 2027. However, we don't hold complete coverage, and therefore we do have some exposure to energy costs directly and indirectly, and are monitoring the situation closely.

Finally, the improved performance that we saw in 2025 has allowed us to start rebuilding the accounting value of the business, and despite a small increase in the weighted average cost of capital, we recorded a GBP 13 million write-up in the carrying value of the business.

And on that note, I will hand back to Jesse for a comment on the group's approach to managing the current macroeconomic situation.

Jesse Teo:

Since we anticipate there are a lot of questions, we would like to share how we're thinking about how we will be handling the crisis.

First of all, we think we have strong fundamentals to help us navigate through the crisis. Nobody knows the extent, the magnitude, and the length of the crisis, but our business in APAC BFB, the biggest part of the group, is largely in staples. And while history may or may not repeat itself, we have been through two crises in the recent history, COVID and then the Ukraine war, where our staples demand held even as we had to increase our prices. Of course, we took, in those cases, we took some margin hit, especially during the Ukraine war, where commodity costs went up. We cushioned the blow for our consumers initially, but then they rewarded us with their loyalty, so that we grew volume even as we were increasing the prices to recover the margins. We were able to therefore meet and even beat the margins that we had pre-crisis.

For the Philippine business, this accounts for almost 94% of APAC BFB. The geography that is affected directly by the war is only less than 1%. Middle East is 0.97% of the group. Europe, which will have extended logistics and extended freight time, is only 0.25%. We see some challenges to ship there as shipping costs probably is already increasing, and will increase some more if the conflict persists.

Next is we have a strong cash balance. Besides the fact this strong cash balance enabled us to be able to declare healthy dividends, a strong cash balance enables us to pay our customers, to pay our vendors on

time. And this is critical in order for us to get priority. There are costs of possible shortages and being able having cash, corner the supply of scarce resources, is important. Out of this PHP 15.4 billion cash, USD 113.4 million is in dollars, which is important as we have a net short position in US dollars. With the increase in commodity prices in dollar terms, this becomes even more important. We also bought rainy day forex options and are protected for next six months with 4 million each month of core options. If everything turns bad and there's volume decline, our cost fixed variable structure enables us to ramp down the costs, because we're 70% variable.

We've talked earlier on the lock-ins. Let me just summarize. Wheat and palm oil substantially locked for Q4 2026. Coconut oil is locked until Q2 2026. Our generation costs for power for seven of our nine plants in the Philippines are locked, and have no escalation clauses, and these are secured until June 30, 2027. For meat alternative, we have agreements for glucose and egg, two of our most important input costs, until the end of 2026. As Nick also mentioned, two of our three plants have locked electricity costs, secured until 2027. With all of these positions, we believe we are not bulletproof. There are cost elements, like fuel, diesel, coal, LPG, that have gone up significantly. These were at around 1%, more or less of COGS. Fuel was about 1%, 1.1% plus of sales, but we believe that we should be able to navigate this through, through cost savings and small price increments to offset some of the higher costs that we are experiencing. This ends our prepared remarks. We are now ready for questions.

Michael Paska:

Thank you, Jesse. So this concludes our formal comments. I will now moderate our Q&A portion of the call. Questions can be submitted via your chat box, and we will attempt to address as many as possible time permitting.

Jesse, the first question is for you, and it's actually two parts. The first part is, how is the first quarter of the year going? And the second part is, can we expect a second tranche of dividends this year?

Jesse Teo:

So first quarter, top line is pretty good so far. We probably will exceed our growth rate for the year in 2025, and may even have up to a high single digits growth, depending on whether the deliveries make it on time. There would be some transport. There are, I foresee, some kind of transport delays, and the month-end shipments may not make it in time to the warehouses of our customers. So depending on that, the demand is still strong, and we project mid to high single digits growth for APAC BFB for Q1.

On dividends, as I said, our base plan has us fully committed to meeting our at least 60% of reported impact as dividends. However, we need to be agile with the crisis. If the crisis becomes worse than expected, then we might have to recalibrate our plans. Note, at this point, we are recalibrating our plans as often as needed. And, when we have more solid tasks that we can share or more stable conditions, we will report back.

Michael Paska:

Thank you, Jesse. The next question is for Nick. Are you seeing the possibility of a profitable year for the meat alternative business, and are you expecting any more impairments this coming year?

Nick Cooper:

Thank you, Mike. Yeah, so on the first one, returning the business to growth and to profit is a very clear objective of the multi-year transformation and turnaround journey that David and Henry spoke about. But given the uncertainty introduced by the Gulf conflict, the group is not in a position to provide guidance for the outcome this year.

On the second question, you saw that at the end of 2025, we started the rebuild of the accounting value of the business. We have a plan for 2026, which does not trigger a further impairment, and now we

need to execute that plan. Early days, yet obviously a long way still to go for the year, but so far we are on track to deliver that plan.

Michael Paska:

Great. Thank you, Nick. Jesse, the next question is for you, and this is how much have your direct cost increased so far this year due to the crises?

Jesse Teo:

So far, the most pronounced increases would be on fuel, on transport. And we had to make adjustments in order for our truckers to continue to apply profitable routes for us. There is some lag, we have some inventory, we have some lock-ins, so there will be some delays. We're hoping that the crisis tapers down when our lock-ins are consumed, but nobody knows so far. But the immediate effect, because we don't stockpile fuel or diesel, has been on transport so far. And the escalation, as many of you know, are up to 100% for diesel prices in the Philippines.

Michael Paska:

Thank you, Jesse. Another question for you on APAC BFB, and can you share A&P and R&D to sales ratio in 2025 and general guidance for 2026?

Jesse Teo:

So as we shared in the slide earlier, our A&P was 3.9% in 2025, and our R&D spend is 0.2%. For our guidance, we plan to be spending a little bit more investing the brand and in our R&D. However, again, we would like to caveat that we would be flexible. If there's a crisis, if there's shortage in raw material supplies, and if there are a shortage of oil or gas to deliver, then we might have to recalibrate our spending because we might not be able to meet the demand anyway if we spend on advertising. So everything needs to be agile. There is our base plan, but we need to make sure that we respond to whatever the external environment gives us.

Michael Paska:

Thank you, Jesse. The next question is for Henry, and this is if you can just comment on any product innovation updates, any plans for launching new products, as well as any plans for expansion of our strategic distribution partnerships.

Henry Soesanto:

Innovation is always our strategy. We said that we are going to innovate, especially using technology as the enabler to win. So for example, in Quorn, we are trying to innovate something which is on trend today. In the APAC BFB business, let's see, we still can do something which is launching some more relevant SKUs to meet the consumer demand. Yes, innovation is always our strategy.

Michael Paska:

Thank you, Henry. The next question is for David, and the question is, can you say more about frozen ingredient performance in Q4?

David Flochel:

In Q4, we ran a campaign promoting our reformulated frozen ingredients range, which contains no artificial ingredients, with high protein and high fiber content as well, and which is cooked in 10 minutes. So driving a lot of different occasion for consumers and a very historically well-known part of the portfolio for consumers. And that campaign was called Nothing To Hide, and it has been very successful.

It has been driving 1.6% growth in Q4 year-on-year, across our frozen ingredients portfolio, in a category which is declining by 12%. And the overall share of our frozen business has significantly increased by 272 base points to 38.2% of the market, which is significant. The strong market performance is, I think, mirrored as well in the improvement of our brand matrix, with increased brand awareness, with increased online searches, and more importantly, of course, we've increased shopper's numbers on the brand. So that campaign in that category is driving better penetration for the brand in Q4. Finally, the last thing I would say is that we really believe that that type of activity has an halo effect on other parts of the brand. In the summer, when we ran our chilled snack campaigns, we had some improved performance in frozen at the same time. When we ran the frozen campaign in Q4, we had continued to see strong momentum in snacking. So it has been a successful company.

Michael Paska:

Thank you very much. Jesse, a question for you, and this is on any guidance on 2026 target on top-line and margin momentum. And then the second part is, can you give us any color on the noodle market decline in the fourth quarter?

Jesse Teo:

Yeah. On guidance, I'm afraid due to the crisis, without us knowing what will happen, the magnitude and the extent of the current gulf crisis is, it's very hard to make any sensible forecasts at this point. But I can give you, because Q1 is almost over, is our top line, which is, I said, at the very least, mid-single digits, possibly high single digits for Q1. So we still have robust demand in Q1. Margins for the first two months were okay, were very good, continue to project, but there will be some pressure on the third month as we already are seeing the effects of the gulf crisis, especially on fuel costs, on transport. Beyond that, it's hard to predict because we don't know where all of the key commodities, where the US dollar-peso exchange rate will land. We have some protection, as I mentioned, but we are not bulletproof. It's not a 100% protection.

Michael Paska:

Thank you, Jesse. Another question for you, and this is, is the company expecting an uptick in APAC BFB sales, especially in noodles and biscuits when inflation spikes similar to other crises?

Jesse Teo:

Well, that has been the history. Again, with a caveat that history may or may not repeat itself. In times of crisis, our biscuits have neutral growth, where our noodles, because they are one of the most economic food item, does experience some growth in volume.

Michael Paska:

Thank you, Jesse. Nick, I got a question for you, and this is just regarding how does Q1 performance look?

Nick Cooper:

Thanks, Mike. Yeah, so a couple of areas of strong performance. So we're seeing a solid Q1 from a UK retail sales perspective. We have, as part of that, also launched some new products in the snacking space, and it's very early days but the early signs of that are strong, and product supply transformation continues strongly. We've got some important insourcing milestones that have been achieved through the quarter, which will help drive the factory efficiency further. So it's really good to see that progress in two areas that we've called out as a must-win focus since the start of the transformation. But as we've said, the turnaround journey is not going to be a smooth path and a straight line. So in Q1, our food service performance has been softer than we expected, and the US business is having a tough quarter.

There is some customer destocking in that, but also some underlying steps that we need to take to drive the US business more strongly. In those two businesses, we have new leaders in place from the first quarter and stronger plans being developed, I think, for both the food service and for the US businesses. So I'm confident that they will continue to head in the right direction in the coming quarters.

Michael Paska:

Thank you, Nick. And there's a follow-up to that, and that's what impact does war in the gulf have on the business in general?

Nick Cooper:

So we've talked a little bit about the coverage that we have in terms of input costs. We've been very active in terms of managing this through the past couple of years. So for our utilities, we have four purchases in place into next year, covering two out of three plants. And the remainder, a significant portion of the electricity for the remainder is fixed and not related to commodity costs by the way that the UK electricity market works. We also have agreements in place for a number of our inputs, including glucose and egg, but we do face, like the APAC BFB business, some direct and indirect exposure to the impacts of the crisis. And some of our agreements do have force majeure clauses in which if the situation really deteriorates, may lead to some renegotiation. We didn't see that through the Ukraine crisis, but clearly we're watching this one very closely. The other impact then to watch out for is the potential impact on consumer confidence, and the UK consumer has had a tough time of it in terms of cost of living crisis over the last few years. So this is a key watch out for us. But I believe our commercial momentum, and our relationships with customers, and also the portfolio that we have, will allow us to continue to stay relevant for consumers, even if consumer confidence takes a hit through the impact of an extended crisis.

Michael Paska:

Thank you, Nick. Jesse, I have a question for you, and this is two parts. The first part is, can you elaborate further on the broad market share quarter-over-quarter gains seen across all of the APAC BFB categories? And then also related to this, could you also throw some color on what is causing the weakness in dry pouch?

Jesse Teo:

So for market share, actually for noodles and actually drinking yogurt, we actually have declined versus year ago. Sequentially, though, we're quite stable. Biscuits has been doing really well. Graham has been a star, advertising it and positioning it as a ingredient for affordable desserts has been a great marketing idea, and this big brand has been able to grow over 30%, so just driving really biscuits. With that and across the board increases in all forms of biscuits, we were able to grab market share leadership. In cultured milk, we did some pricing adjustments, sizing. We were losing from a sizing and pricing game. We did some sizing and pricing adjustments, and we started to grow share. For culinary, this is on the heels of our campaign to convert people from soy sauce to oyster sauce. That campaign is working. There are now 62% of Filipino households are now using oyster sauce, and 46% of them are using Mama Sita. So it's good marketing and good distribution, good fundamentals that are helping our market share progression.

On dry pouch specifically, what we see on the year-on-year decline on dry pouch was that the premium and super premium, these are the important Korean brands that are gaining. So this is why we talked about the K-curve. So while for the year, our most economical SKU, which is the Instant Mami beef and chicken suffered a decline, over double-digit decline in the first half, we were seeing the premium SKUs actually gaining share, especially for dry pouch. That is why we launched, just this quarter, our own entry into the dry pouch. We introduced Jjamppong Pancit Canton. Jjamppong is one of our most

popular cups. It's premium, and we want to lend that premium Korean image to dry pouch to participate in the growth of the premium dry pouch.

Michael Paska:

Thank you, Jesse. The next question is for David, and this is, how do you plan to sustain growth in snacking?

David Flochel:

Well, snacking is now, I would say above 40% of our chilled business in UK retail and is growing above 30% across the year in 2025, and Q4 was in the same trend. So we had fantastic growth there. Although the comparison, of course, growth in 2026 becomes a bit harder due to distribution gains that we had at the start of 2025. We're still confident about the future growth of that part of the business. We have recently launched a brand-new range, which I think Henry alluded to, of innovation, protein bites, and it's a full new range of pack format, which allows us to access new occasions and drive more availability in stores and across channels in the food-to-go market. We've invested also in manufacturing capacity to support growth, and we will continue to leverage our successful campaign and repeat what we call Mission Snacks Swap campaign during the summer. I am still confident that we can continue on the same momentum within Snack. Actually, we have very early days, but very good signs as well that the new product development that I just referred to, this full new range of food-to-go is performing very well already, where it is in store, and there's much more distribution to come.

Michael Paska:

Thank you. Jesse, I got a couple questions on dividend for you. The first is just a clarification. It's because we have a 60% payout policy. Is it correct to assume that the second-half dividend is guaranteed, and just how much in excess cash would support that dividend? The second question is, what extraordinary variable scenarios do you see to imply you may not need to postpone excess distribution?

Jesse Teo:

As I mentioned earlier, our base plan is to be able to fulfill or even beat our commitment of 60% dividend as a percentage of our consolidated reported NPAT. However, we are also conscious that the macroeconomic events, the Gulf crisis, may worsen to a point that we might have to adjust. What are those extraordinary events? Let's say the lock-ins, now we have different lock-ins. We have the bank swaps, bank positions, options that are more or less secure unless there's a bank crisis. Even for our physical contracts, which we have locked in, if the crisis becomes serious, there's a probability that some of our suppliers may invoke force majeure. When that happens, our plans really go for toss. There are also talks that there could be some possible shortages of key raw materials. Obviously, if we lack the key raw materials, if fuel extraction, we will not be able to ship, and we need to be able to conserve the cash or pay significantly more for scarce resources. Those are extraordinary circumstances that will make us debate from our base plan. Now, obviously, we adapt for plan for the worst, hope for the best. We hope that it is not as bad as the worst-case scenarios that we are planning, but these days, no one can be sure, so we need to be ready and agile.

Michael Paska:

Thank you, Jesse. Another question for you, and this is regarding how big is the premium, super premium in the dry pouch noodles category?

Jesse Teo:

I don't know the breakdown of super premium and premium, but I know for Total Noodle, it's north of seven billion already on retail value. It's a huge market. It's still small relative to the entire noodle

category, but it's become chunky and growing. Of course, the caveat there is we don't know how that premium and super premium segment will react to, how that will be affected by the crisis. We have to, again, maybe recalibrate our plans to go bigger on that price segment.

Michael Paska:

Thank you, Jesse. Next question is for David, and this is involving food service, how it's performing, and if you can comment on how much does food service contribute to overall sales, and what were the sales trends year over year in fiscal year 2025?

David Flochel:

Thank you, Mike. Food service is 19.3% of our total business in Q4. On a year-on-year basis, at currency performance, it has improved quarter on quarter. I think we started the year with -7% in Q1, then to -4% in Q2, -2% in Q3, and slight growth in Q4. I think we need to remain very mindful that despite the significant improvement in trajectory, there's still a lot of work to be done for this business to get back to where it should be and where we want it to be. For that purpose, we made, let's say, three main decision for the strategy for 2026. First of all, we have a new leadership in place from Q1, bringing lots of expertise and market knowledge. Second, we focus definitely on improving execution in the UK food service business where we still see some ups and downs. Thirdly, we have a stronger agenda to unlock deeper partnership within QSR customers.

Michael Paska:

Thank you, David. Nick, I have a question for you on some financials. Essentially, what drove the 32% year-over-year increase in OpEx in the fourth quarter? Is this largely due to marketing expenses and how much was A&P to sales in the fourth quarter and fiscal year 2025, and how do you see this moving forward?

Nick Cooper:

It's worth taking a step back and thinking about the transform-to-win-together journey that we're on. Through that journey, it's very clear that there are opportunities for us to drive more efficiency through the P&L in the gross margin and in terms of some of our back office and support functions, and we are doing that. That then allows us to do two things. One is to rebuild the profit, and then the second one is to reinvest some of those savings in order to drive top-line growth. It's very clear that this business is underinvested in the brand, and that has impacted the traction that the brand has in the UK market. The pattern that you see in terms of the Q4 year-on-year profit does reflect that reinvestment behind the brand, and we've moved from running only a single campaign in 2024 to running two campaigns in 2025. I think in Q4 of 2024, we were running at about 4% marketing investment to sales, and that during the campaign that we ran in Q4 of 2025 was about 10%. We believe that we need to continue to invest behind the brand. We've got exciting things going on in the portfolio. We are really starting to connect with consumers, and you can see that in a number of the brand metrics. Part of our plan through 2026 will be to continue to reinvest a portion of the further savings that we generate and to hold our marketing investment in the high single digits, low, around about 10% level to drive this business back into profitable growth.

Michael Paska:

Thank you, Nick. Jesse, I have a question for you. This is, are there any raw materials, either APAC BFB or meat alternatives, where there is a danger of a potential shortage?

Jesse Teo:

Right now, it's more actually packaging materials. Resins are oil derivatives. If there's a crunch or shortage in supply of oil, you can imagine that resin could be challenged. Our suppliers are signaling significant increases in our packaging costs at this point. We also hear here that resin supply may be challenged, and that's a very direct impact from the crude oil situation.

Michael Paska:

Thank you, Jesse. Another question for you. This is for APAC BFB. OpEx fell 2% year over year in the fourth quarter. What specific expense items drove this decline, and what is your guidance on this for 2026?

Jesse Teo:

It's general admin costs. It's our people cost and our discretionary expense where we controlled it for Q4. That's OpEx overall. Even if we invested a little bit more in A&P in Q4, overall SG&A was actually down, such that our core EBITDA margin actually went up even with higher A&P.

Michael Paska:

Thank you, Jesse. We have time for one last question. This question is for David, and it is what drove the increase in Quorn buyers? Is it new products, aggressive marketing? Would you consider this a temporary increase, or what is being done to sustain the growth in the buyers?

David Flochel:

I think it's a combination of different factors. I think we are focusing on where we can win in terms of bringing new buyers. Not every sectors are driving penetration. Snacking is one. Frozen ingredients is another one. They drive new occasions, and in this context, can drive new buyers coming to the brand or coming back to the brand. The second element I think is the marketing mix and the successful delivery and execution of the campaign, which is a combination of above-the-line investment within the brand, but also in-store activation and promotions. I think when it comes to the product itself and the portfolio, it has to be a combination of taste, convenience, and health benefits. I think that those products drive that with no artificial ingredients, for example, in our frozen ingredient range, but also high protein content, high fiber content, which is highly relevant to consumers. It's a really combination of factors. In this context, I would hope that we can continue to drive that and build further momentum across the different sectors. Again, potentially frozen ingredients, but definitely on snacking, especially with the launch of new products and the newer feature that we're going to play into with food-to-go within the Protein Bites, which has a successful start so far. I would hope that new range will continue to drive new buyers.

Michael Paska:

Thank you very much. This is all the questions we have time for. This concludes the Q&A, and I'd now like to turn it over to Henry for closing remarks.

Henry Soesanto:

Thank you again, Mike. Thank you everyone for your participation in this call and continued interest in our company.

In summary, our APAC BFB business delivered steady top-line growth in the fourth quarter, supported by volume growth in biscuit and other categories, while noodles revenue improved by 3.4% sequentially in Q4. Although higher edible oil costs continue to pressure gross margins, our pricing actions and cost-

saving initiatives, including reformulations, contributed to a modest incremental sequential margin improvement. We anticipate mid to high single-digit revenue growth in our domestic business for Q1.

Regarding our meat alternative business, constant currency sales stabilized in Q4 with gross margin expanding over 500 basis points year on year. Despite a challenging category, we met full-year EBITDA guidance with a modest reversal of prior impairment losses reflecting steady progress in our ongoing initiatives.

These results, supported by robust cash flow and a strong balance sheet, position us to return a meaningful amount of capital to investors as demonstrated by yesterday's dividend announcement while continuing to invest in growth. Amid ongoing macroeconomic and geopolitical volatility, we remain agile, proactively managing potential impacts on the businesses. With that, I look forward to speaking to you in May when we hold our first quarter 2026 earnings call. Until then, stay safe and healthy. Thank you.