

Fiscal Year Ended March 31, 2022

Results Briefing

May 17, 2022

MORINAGA & CO., LTD.

About forward-looking statements

This material includes forward-looking statements, such as forecasts, plans, and targets for the Company and its consolidated subsidiaries. These statements are based on judgments and assumptions on the basis of information that the Company has obtained and may be different from actual results and developments in the future.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Fiscal Year Ended March 31, 2022 Financial Results

(April 1, 2021 through March 31, 2022)

Owing to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) from the beginning of the fiscal year ended March 31, 2022, the figures for the fiscal year ended March 31, 2021 used for year-on-year comparisons have been calculated following retrospective application of said accounting standard.

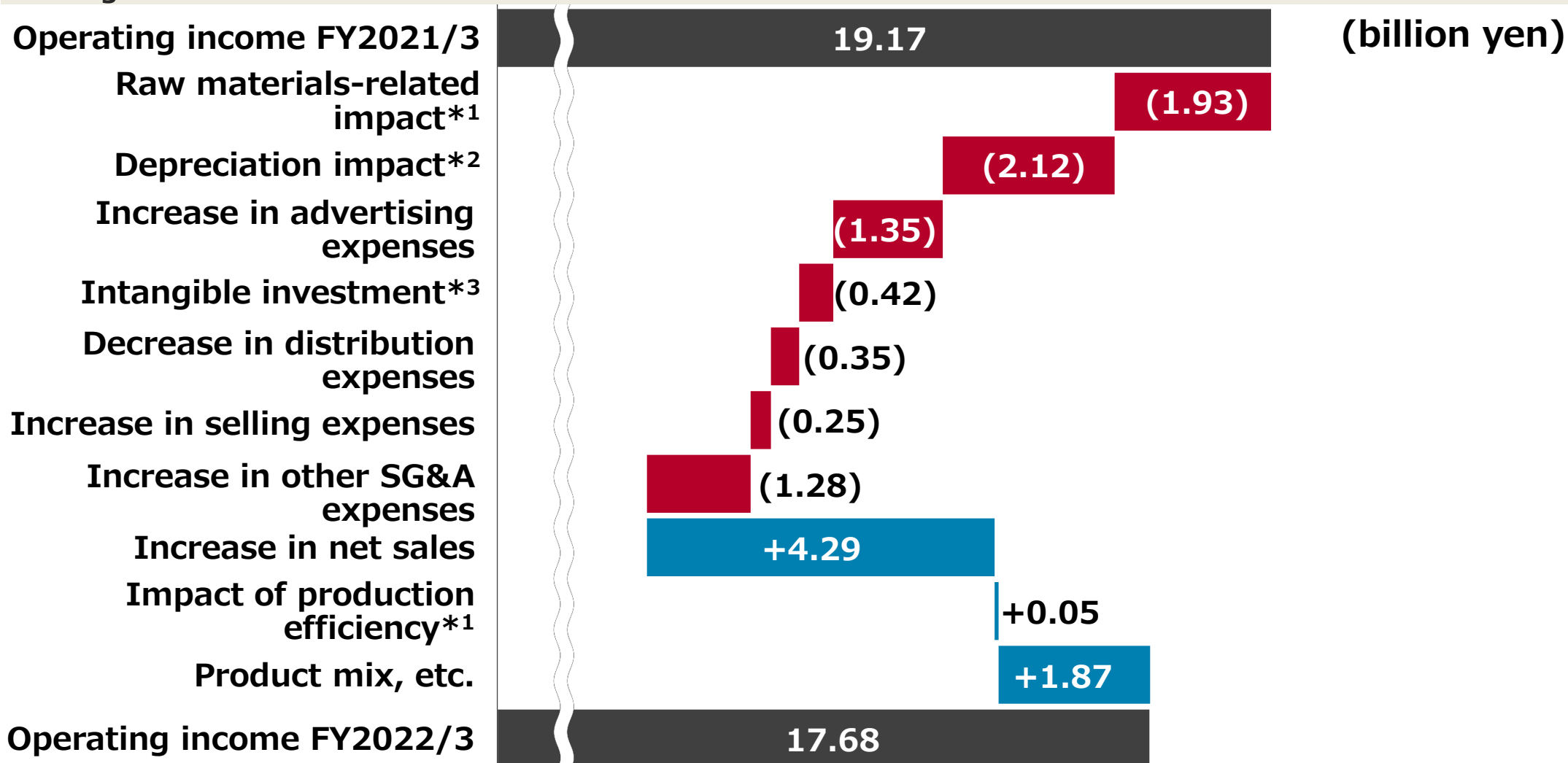
Consolidated Results for FY2022/3

Net sales hit a record high.*¹ Sales grew year on year owing to either a recovery from COVID-19 or accelerated growth in each business. Operating income declined on the impact of surging raw material prices and investments in the building of platforms for medium- to long-term growth. Net income increased on the back of extraordinary income from the sale of cross-shareholdings.

(billion yen)	FY2022/3	Y/Y change		vs. forecast* ³	
Net sales	181.2	+13.0	107.7%	+2.0	101.1%
Gross profit [gross profit margin]	75.8 [41.8%]	+3.3 [(1.3ppt)]	104.5%	-	-
Operating income [operating income margin]	17.6 [9.8%]	(1.5) [(1.6ppt)]	92.2%	(0.4)	98.3%
Ordinary income	18.2	(1.5)	92.2%	(0.3)	98.6%
Extraordinary income or loss	20.9	+21.7	-	-	-
Profit attributable to owners of parent	27.7	+14.3	207.0%	(0.3)	99.2%
EBITDA* ²	27.7	+0.7	102.3%	-	-

FY2022/3 Results: Factors in Change in Consolidated Operating Income

Despite boosts from the increase in net sales and the product mix, operating income declined on the impact of surging raw material prices and investments in the building of platforms for medium- to long-term growth.



FY2022/3 Results: Factors in Change in Consolidated Operating Income

Investments were controlled as planned, but raw material price increases were higher than expected mainly because of external factors

(billion yen)	Factors in Change in Consolidated Operating Income			Main factors
	Result	Forecast Nov 2021	Difference	
Raw materials	(1.93)	(0.91)	(1.02)	✓ Higher-than-expected raw material price increases through 4Q
Depreciation	(2.12)	(2.27)	+0.15	✓ Largely in line with November 2021 forecast
Advertising expenses	(1.35)	(1.38)	+0.03	✓ Centered mainly on Direct Marketing, as announced in November 2021 ➡ This led to accelerated growth in the Direct Marketing business
Production efficiency	+0.05	(0.50)	+0.55	✓ Increased factory production volume driven by brisk 4Q sales

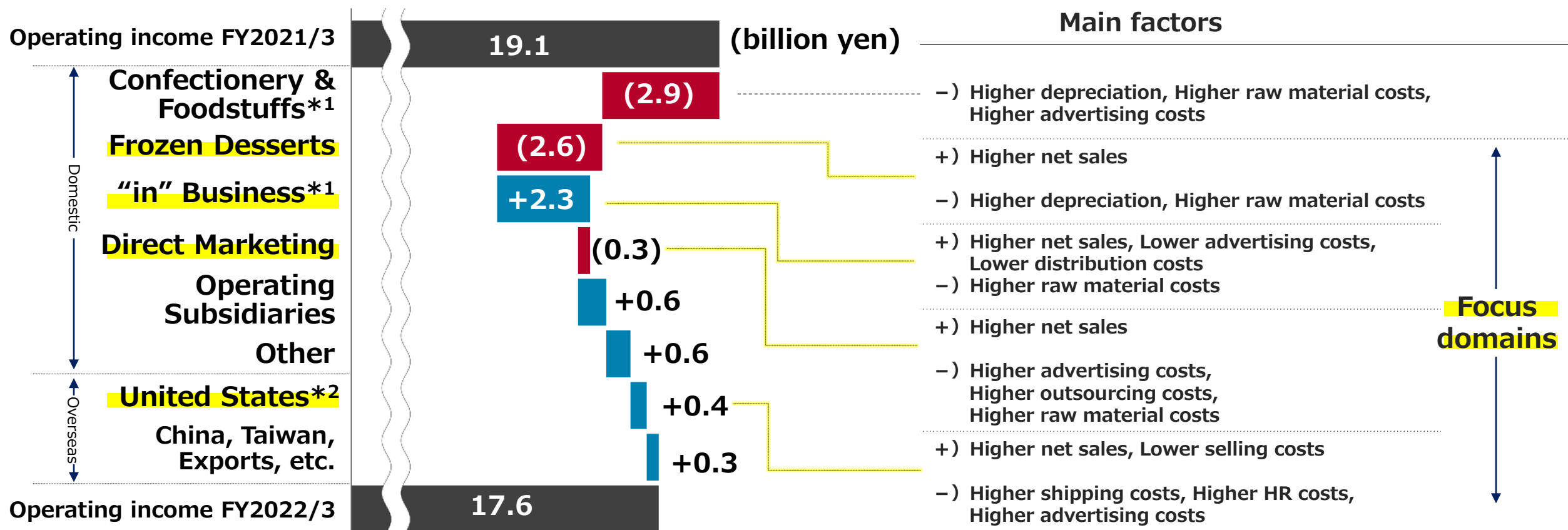
FY2022/3 Results: Summary by Business

In Japan, there was net sales growth in all businesses except for Confectionery & Foodstuffs. Operating income increased in the “in” Business, but declined overall. Overseas, both net sales and operating income increased in the United States and other areas, hitting record highs in terms of contributions to consolidated earnings.

(billion yen)	Net sales			Operating income		
	FY2022/3	Y/Y change		FY2022/3	Y/Y change	
Confectionery & Foodstuffs* ¹	72.4	(0.9)	98.7%	3.2	(2.9)	53.4%
Frozen Desserts	40.1	+1.7	104.6%	4.8	(2.6)	65.0%
“in” Business* ¹	28.0	+4.4	118.4%	6.8	+2.3	149.9%
Direct Marketing* ²	9.1	+1.7	122.6%	0.3	(0.3)	52.4%
Operating Subsidiaries	13.8	+1.9	115.5%	0.7	+0.6	774.5%
Other	1.2	(0.3)	82.6%	(0.2)	+0.6	—
Domestic Total	164.9	+8.5	105.4%	15.8	(2.2)	87.7%
United States* ³	10.5	+3.3	146.3%	1.4	+0.4	139.5%
China, Taiwan, Exports, etc.	5.7	+1.2	127.5%	0.3	+0.3	537.3%
Overseas Total	16.3	+4.6	139.0%	1.8	+0.7	161.5%
Consolidated Total	181.2	+13.0	107.7%	17.6	(1.5)	92.2%

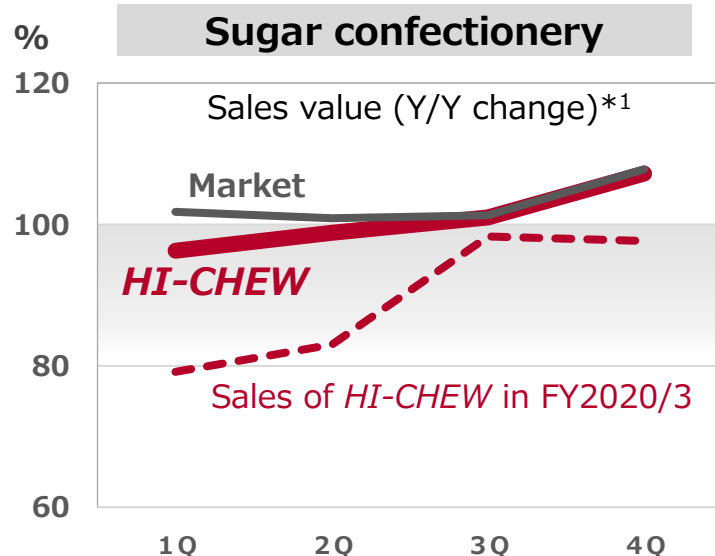
FY2022/3 Results: Change in Operating Income by Business

Significant contributions from focus domains of “in” Business and the United States business, but operating income declined in the Confectionery & Foodstuffs and Frozen Desserts businesses due to heavy impacts of higher depreciation and increases in raw material costs



FY2022/3 Results: Domestic Market (1)

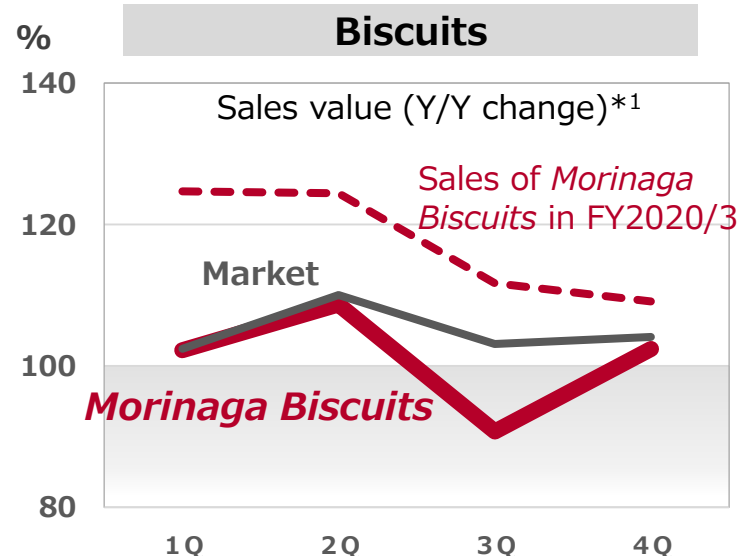
Confectionery & Foodstuffs



- *HI-CHEW* sales increased in 3Q and 4Q
- Driven by brisk sales of 12-piece packs to meet demand for stress relief during COVID-19



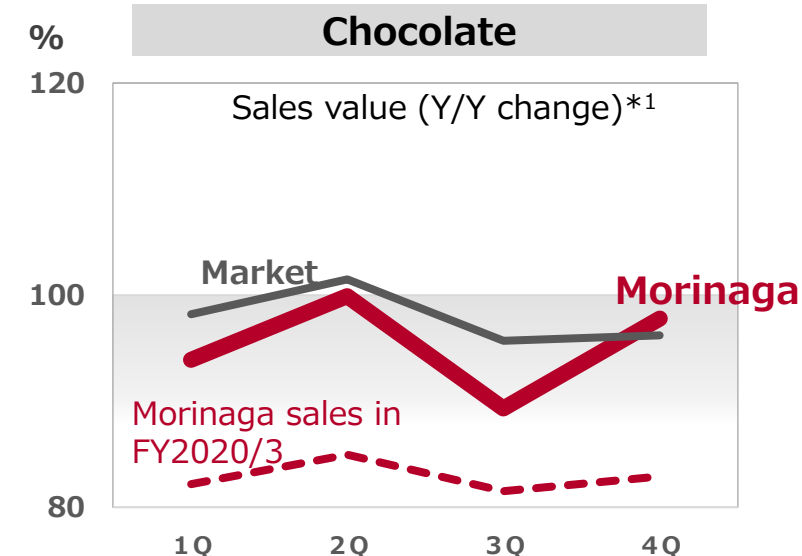
Apr-Mar cumulative sales value			
(%)	Y/Y	vs. FY2020/3	
Morinaga*2	100.9	89.2	
Market	102.9	87.9	



- Sales of *Morinaga Biscuits* surpassed the high year-earlier hurdle
- Rollout of new products in line with consumer trends was successful



Apr-Mar cumulative sales value			
(%)	Y/Y	vs. FY2020/3	
Morinaga*3	100.5	116.7	
Market	104.7	110.6	



- Sales recovered in the second half thanks to first revamp in 20 years to *DARS* and marketing strategy changes for *Carré de chocolat*



Apr-Mar cumulative sales value			
(%)	Y/Y	vs. FY2020/3	
Morinaga	94.9	82.8	
Market	97.5	97.7	

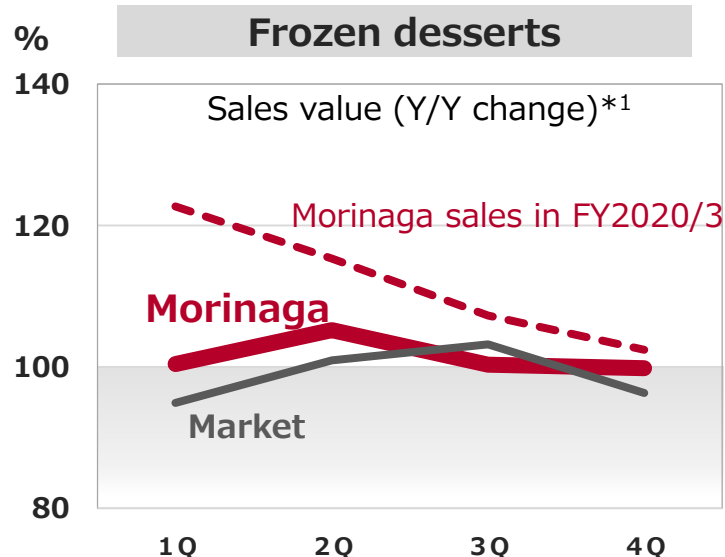
*1 Source: intage SRI data

*2 *HI-CHEW* (total)

*3 *Morinaga Biscuits*

FY2022/3 Results: Domestic Market (2)

Frozen Desserts Business

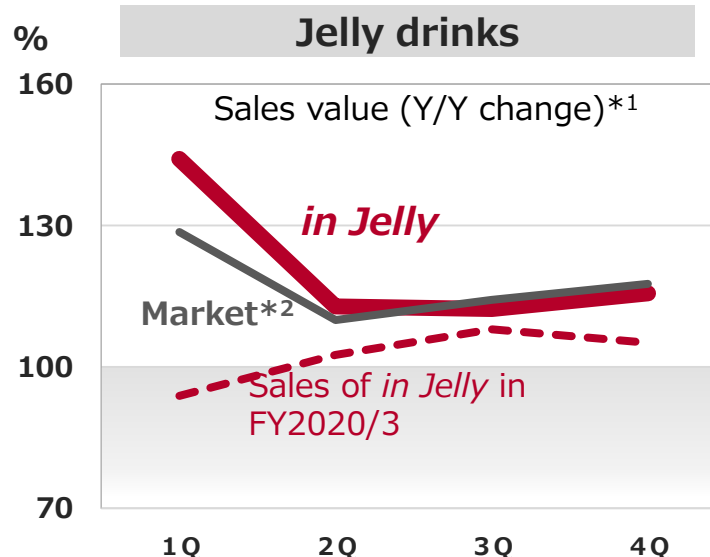


- **Jumbo Group** recovery in 2H
- Sales increased year on year in frozen desserts overall thanks mainly to continued brisk sales of *Ita Choco Ice* in its second year of full-year sales



Apr-Mar cumulative sales value		
(%)	Y/Y	vs. FY2020/3
Morinaga	101.9	113.2
Market	98.9	101.7

"in" Business

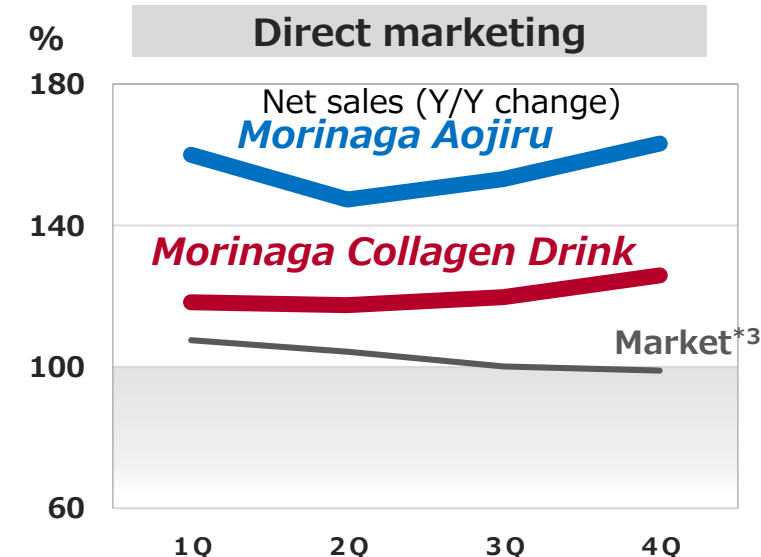


- Sales surpassed the pre-pandemic level on the back of stronger demand for meal replacements to consume when ill and as an energy charge while working at home



Apr-Mar cumulative sales value		
(%)	Y/Y	vs. FY2020/3
Morinaga	119.6	101.9
Market*2	116.7	100.8

Direct Marketing



- New subscription customers increased owing to aggressive promotions
- Brisk sales throughout the year for both of the core products



Apr-Mar cumulative sales value		
(%)	Y/Y	vs. FY2020/3
Morinaga	122.6	136.7
Market*3	102.7	110.4

FY2022/3 Results: US Market

HI-CHEW's recognition rate and the ratio of stores stocking the product continue to rise strongly, while store turnover is also brisk. As a result, the share of *HI-CHEW* sales has also continued to increase.



- Net sales topped **¥10.0 billion**
- Brand recognition rate of **48%^{*1}** (up more than **10ppt** vs. FY18)
 - Steady increase in recognition rate throughout US
- Store stocking ratio of more than **70%^{*2}** (up more than **15ppt** vs. FY18)
 - Steady increase in handling ratio throughout US
- Store turnover level **remains steady^{*2}** (since FY18)
 - Store turnover has held steady as store stocking ratio increases
- Sales value share of over **1%^{*2,3}** (roughly **double** FY18 level)
 - Steady increase in sales value

Balance Sheet at End-FY2022/3

Reduction of cross-shareholdings and planned buyback of treasury stock with the aim of further enhancing capital efficiency

Impact on net income

¥15.0 billion (FY2022/3)



Reduction in cross-shareholdings

¥25.1 billion (FY2022/3)

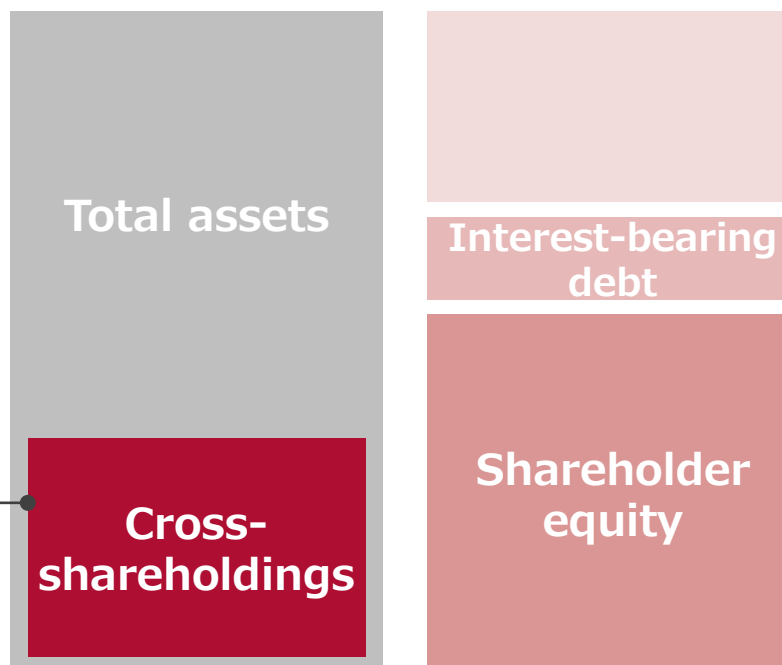


Cross-shareholdings as a percentage of consolidated net assets*1

29%



8%



Planned share buybacks

Up to ¥10 billion

*Buyback period: March 31, 2022 to February 28, 2023

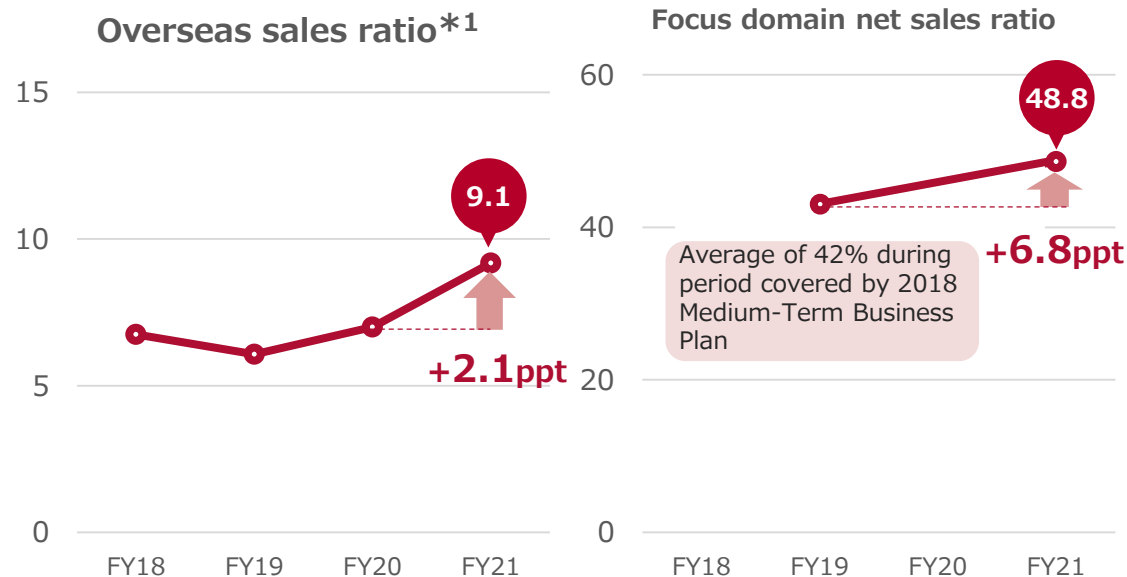
*Buybacks in March 2022 totaled ¥1.3 billion

*Buybacks in April 2022 totaled ¥1.7 billion

Key Business Indicators

Targets in 2021 Medium-Term Business Plan for overseas sales ratio and focus domain net sales ratio (growth potential indicators) were both achieved two years ahead of schedule. Profitability (operating income margin) is lagging slightly, but efficiency (ROE) is holding steady at around the 2021 Medium-Term Business Plan target level.

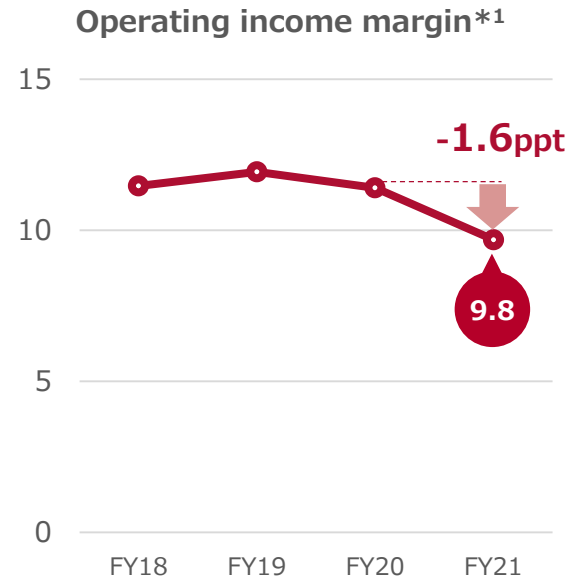
Growth potential and business portfolio realignment



2021 Medium-Term Business Plan target (9%) achieved two years ahead of schedule

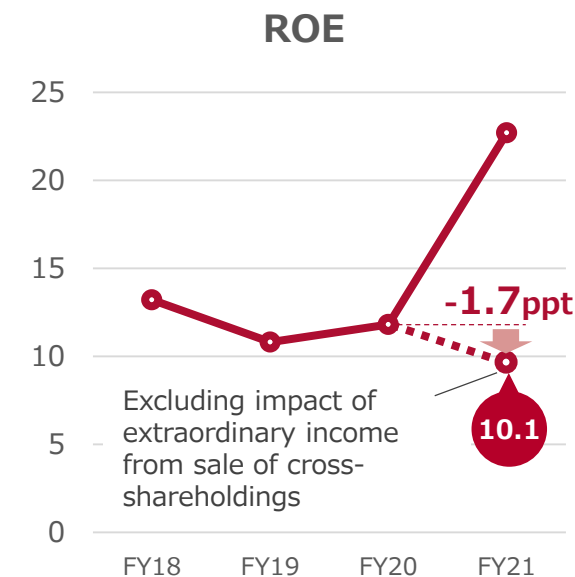
2021 Medium-Term Business Plan target (+5ppt) achieved two years ahead of schedule

Profitability



Lagging somewhat versus the 2021 Medium-Term Business Plan target (at least 11.0%)

Efficiency



Maintained at 2021 Medium-Term Business Plan target level (at least 10%)

Fiscal Year Ending March 31, 2023 Results Forecast

Basic Approach

1. Focus mainly on building a new foundation for dramatic growth in the second year covered by the 2021 Medium-Term Business Plan
2. Invest in business growth and the strengthening of business foundations in focus domains under the principles of capital cost management and develop a longer-term business foundation
3. Carry out timely and accurate price increases to counteract the risk of skyrocketing raw material costs and double down on reducing cost of sales, streamlining operating costs, and scrutinizing investment efficiency



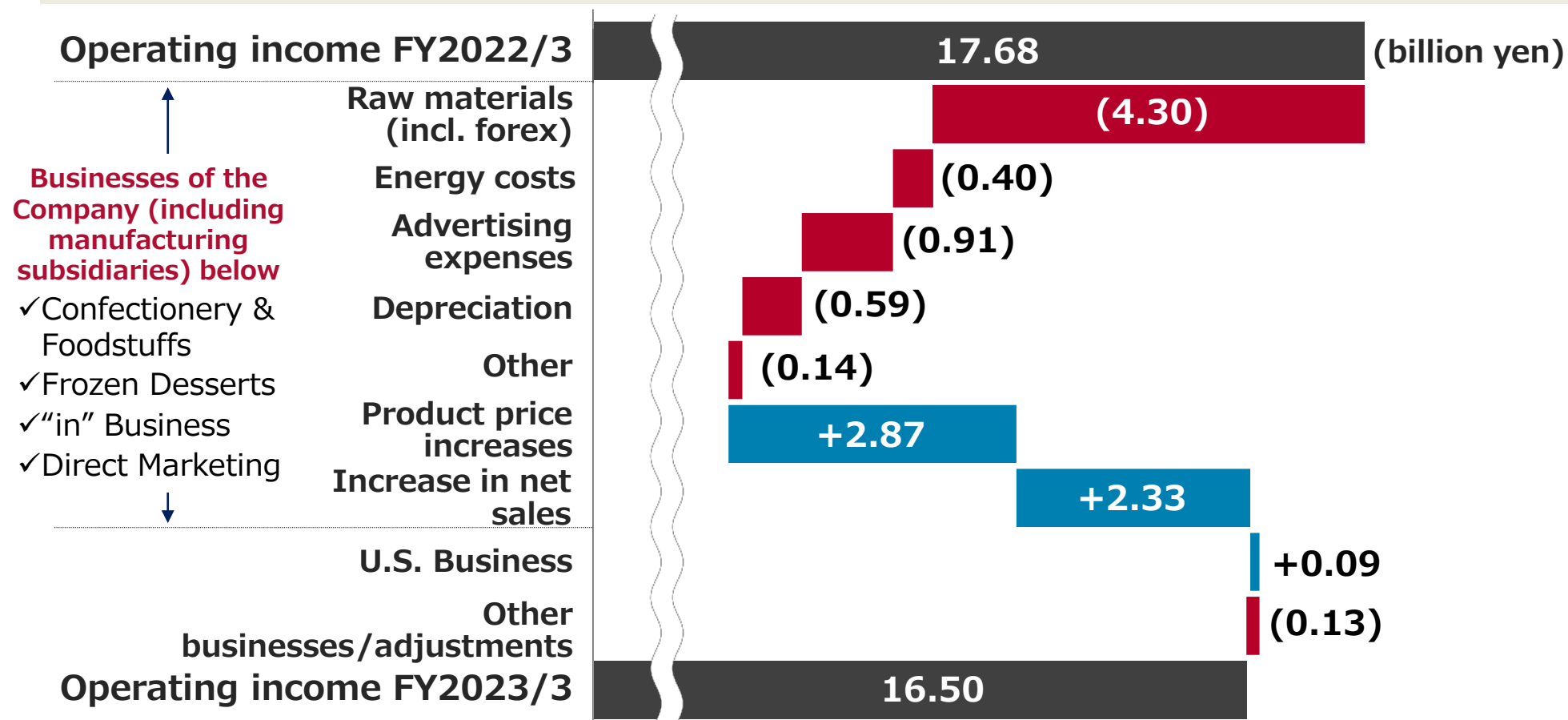
Results Forecast for FY2023/3

Targeting record-high net sales of ¥190 billion, operating income of ¥16.5 billion and EBITDA of ¥27.1 billion through a strong response to the challenging operating environment

(billion yen)	Full-year forecast	Y/Y change	
Net sales	190.0	+8.8	104.8%
Gross profit 〔gross profit margin〕	77.7 〔40.9%〕	+1.9 〔(0.9ppt)〕	102.5%
Operating income 〔operating income margin〕	16.5 〔8.7%〕	(1.1) 〔(1.1ppt)〕	93.3%
Ordinary income	16.9	(1.3)	92.6%
Profit attributable to owners of parent	10.7	(17.0)	38.5%
EBITDA ^{*1}	27.1	(0.6)	97.8%

FY2023/3 Results Forecast: Factors in Change in Consolidated Operating Income

Due to greater investment in the building of a business foundation for longer-term growth in addition to external factors such as the cost of raw materials (including forex impact) and energy, we forecast a decline in operating income despite boosts from price hikes and higher net sales



Price Increases (core businesses)

Increasing prices in Japan and overseas as a countermeasure to surging raw material prices

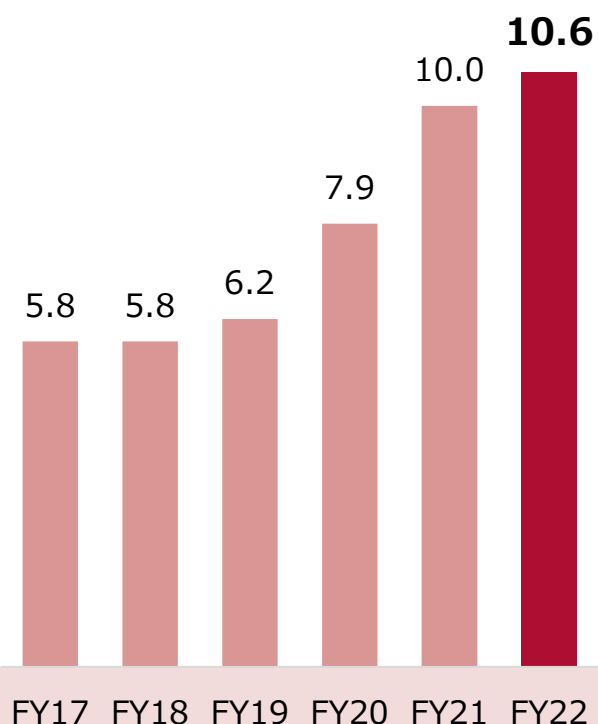
Business		Timing	Price increase percentage	Main applicable products
Japan	Confectionery & Foodstuffs	Incrementally starting with products shipped from May 31, 2022	Around 3%–11% of delivery price	Sugar confectionery, biscuits, chocolate (excluding some products)
		Starting with products shipped from July 1, 2022	Around 5.4%–7.9% of recommended retail price	Some products, such as hotcake mix and cake syrup
	Frozen Desserts	Starting with products shipped from June 1, 2022	Around 6.1%–10.0% of recommended retail price	Various (excluding some products)
	Direct Marketing	Starting with products ordered from May 16, 2022	Around 2.7%–4.4% of subscription delivery price	Various beverages
Over seas	United States	Incrementally starting with products shipped from December 1, 2021	Around 8%–9% of delivery price	<i>HI-CHEW</i>

Capital Investment

Maintaining aggressive capital investments to build a longer-term business foundation

Depreciation

(billion yen)



Main capital investments in FY22

Category	Target	Purpose
Focus domain - Frozen Desserts	Machinery and equipment of manufacturing subsidiaries	Supporting stable growth of the Frozen Desserts business
Focus domain - United States	Additional <i>HI-CHEW</i> production lines for Taiwan Morinaga	Supporting accelerated growth in the United States
Basic domain - Confectionery & Foodstuffs	Increased production of biscuits at the Takasaki Factory	Supporting accelerated growth in the growth category of biscuits
	Upgrading oven equipment at the Chukyo Factory	Stable supply of safe and reliable products
Business foundation - Tsurumi Factory site	Renovating the former R&D Center	Consolidation of Group company sites (relocation of Morinaga Institute of Biological Science and Morinaga Business Partner)
Other investments include the rollout of smart factory equipment and the installation of energy-efficient and environmentally-friendly equipment		

Total
16.0
billion yen

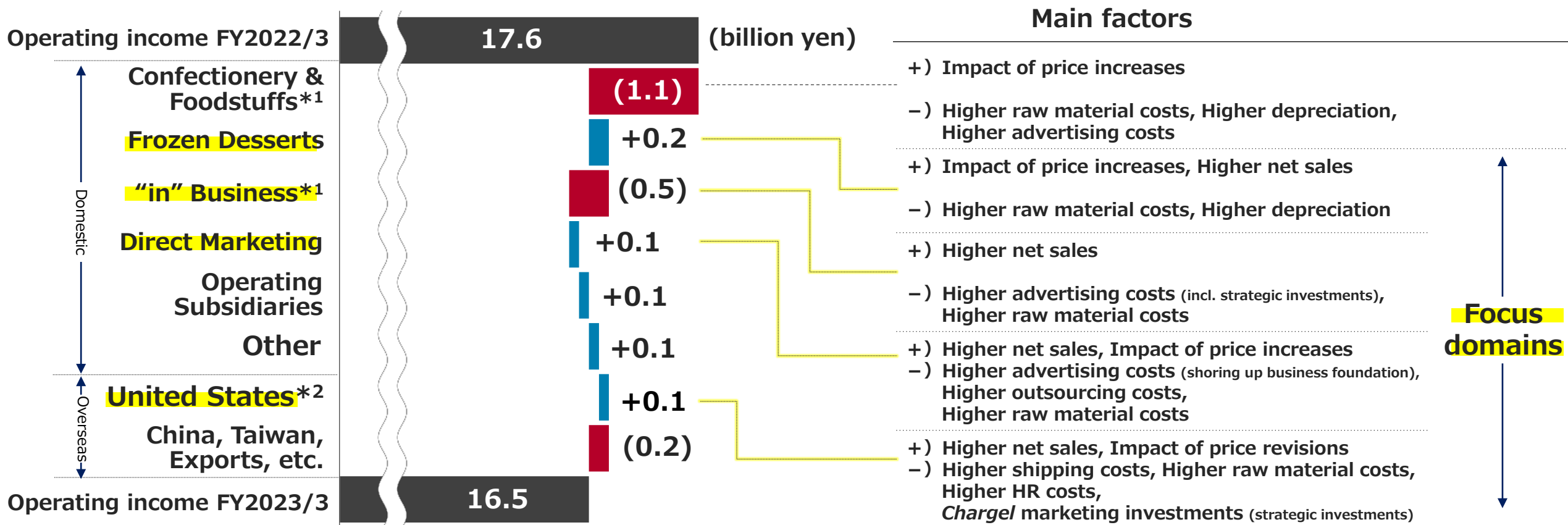
FY2023/3 Results Forecast: Summary by Business

We are targeting sales increases in all businesses in Japan. While we anticipate lower operating income in the “in” business due to investment in strategic advertising, we forecast profit growth in the Frozen Desserts Business. Overseas, we forecast sales and income growth in the United States Business. We are still targeting profit growth even though we plan to continue with strategic investments in advertising.

(billion yen)	Net sales			Operating income		
	FY2023/3 forecast	Y/Y change		FY2023/3 forecast	Y/Y change	
Confectionery & Foodstuffs*1	73.6	+1.2	101.7%	2.1	(1.1)	66.3%
Frozen Desserts	41.6	+1.5	103.7%	5.0	+0.2	104.8%
“in” Business*1	29.4	+1.4	104.9%	6.3	(0.5)	93.9%
Direct Marketing*2	10.1	+1.0	111.2%	0.4	+0.1	141.8%
Operating Subsidiaries	14.9	+1.1	108.4%	0.8	+0.1	102.4%
Other	1.2	+0.0	102.2%	(0.1)	+0.1	-
Domestic Total	171.1	+6.2	103.8%	14.7	(1.1)	93.2%
United States*3	14.4	+3.9	136.5%	1.5	+0.1	106.4%
China, Taiwan, Exports, etc.	6.0	+0.3	103.7%	0.1	(0.2)	47.4%
Overseas Total	20.4	+4.1	124.8%	1.7	(0.1)	95.5%
Consolidated Total	190.0	+8.8	104.8%	16.5	(1.1)	93.3%

FY2023/3 Results Forecast: Change in Operating Income by Business

Aiming to achieve profit growth by leveraging higher sales and price increases to overcome headwinds from higher raw materials costs in the Frozen Desserts, Direct Marketing, and United States businesses. We anticipate lower operating income in the “in” Business due to strategic advertising investments. We will look to minimize the breadth of profit decline in the Confectionery & Foodstuffs business by raising prices.



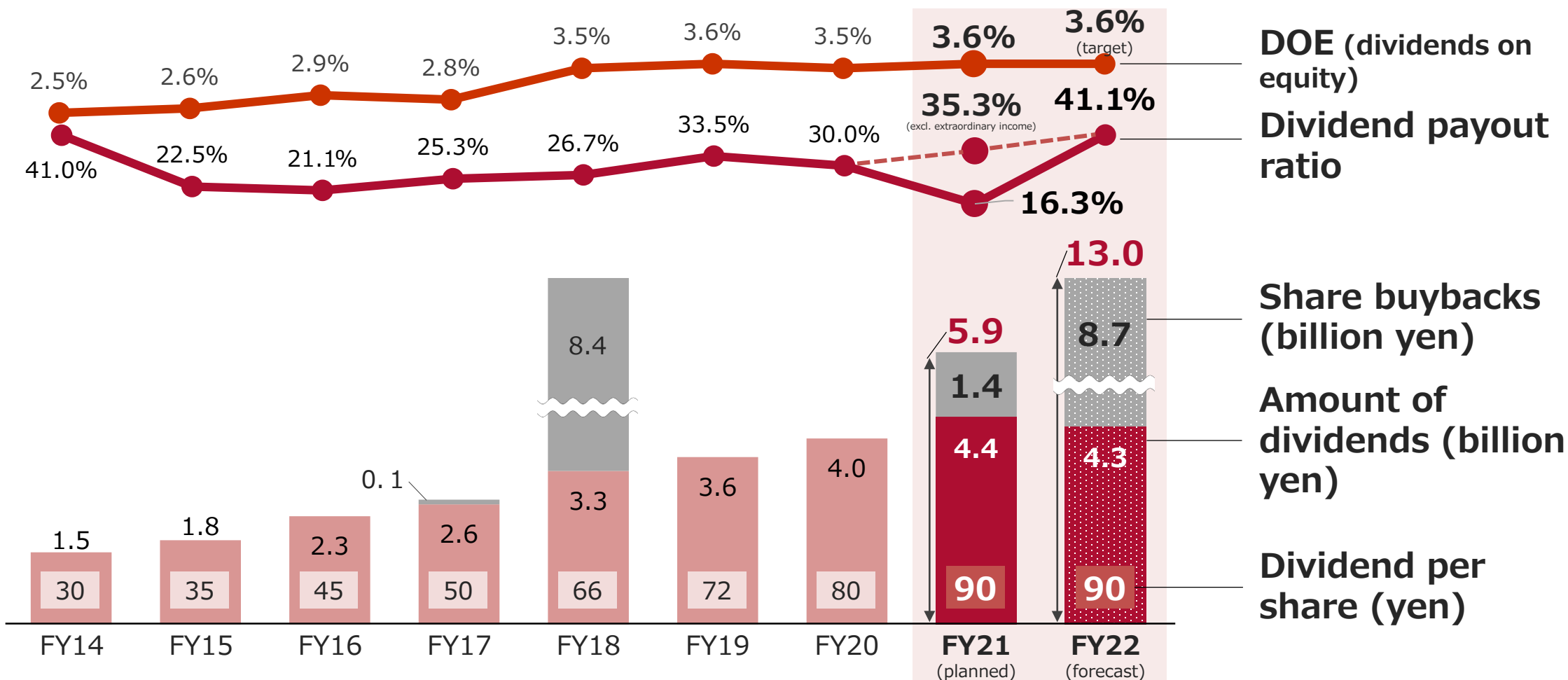
*1 Sugar confectionery, chocolates, and other products under the “in” brand are included in Confectionery & Foodstuffs

*2 Includes income resulting from exports to the US from China/Taiwan

Shareholder Returns

We plan to raise our year-end dividend by ¥10 to ¥90 per share.

We aim to deliver shareholder returns in a consistent and stable manner while shoring up our business foundation.



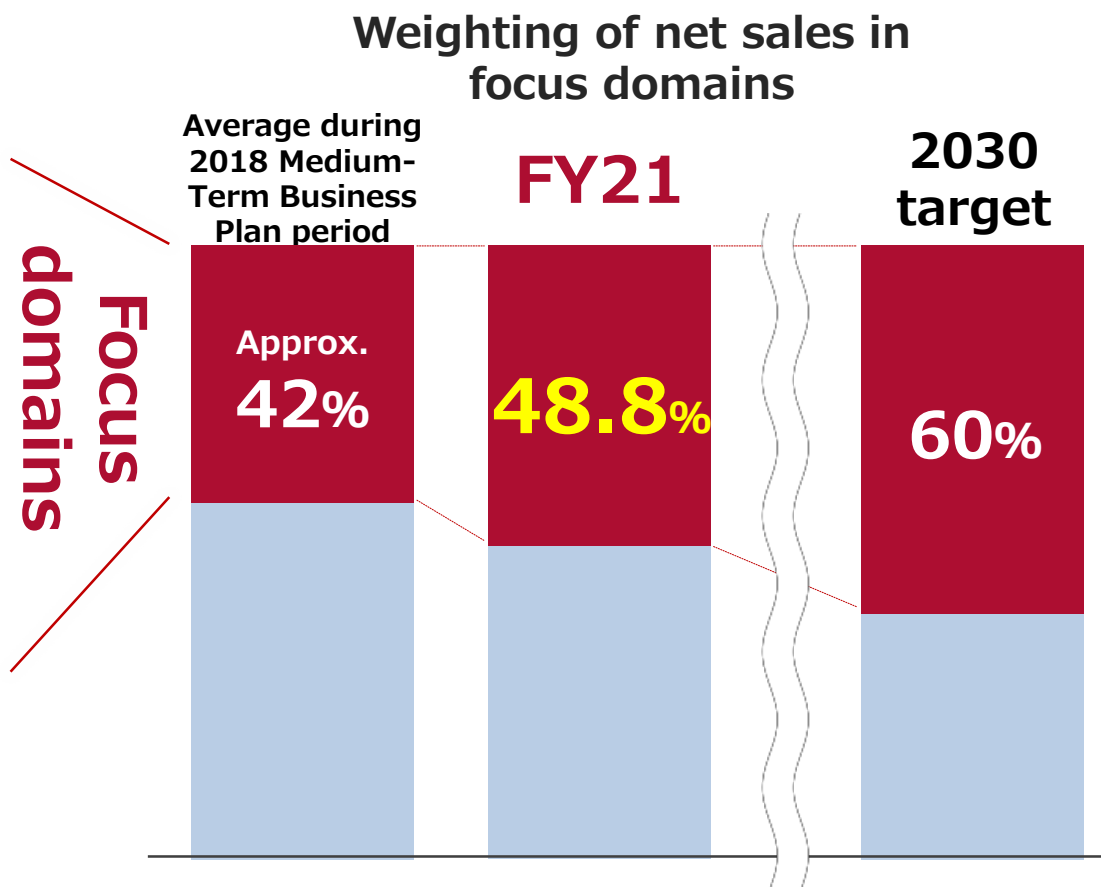
2021 Medium-Term Business Plan

Progress on and outlook for building of a new foundation for dramatic growth

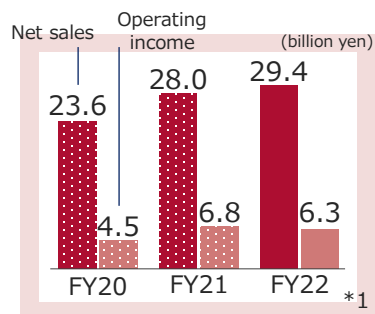
Net Sales of Focus Domains in 2030 Business Plan

The 2021 Medium-Term Business Plan target for net sales in focus domains was achieved two years ahead of schedule. Dramatic growth was achieved in all businesses, which differ in terms of growth stage and business model.

(billion yen)	FY21	Y/Y change	
"in" Business	28.5	+4.2	117.5%
Direct Marketing	9.1	+1.7	122.6%
United States	10.5	+3.3	146.3%
Frozen Desserts	40.1	+1.7	104.6%
Total	88.4	+11.0	114.3%



Focus Domain 1: “in” Business



FY21 Achievements

- Jelly products staged a V-shaped recovery from the impact of the COVID-19 pandemic
- Bar products hit record-high net sales
- Steady initiatives implemented for new food product creation

Key Points in FY22

- Branding of “in” business as a wellness company symbol
- Ramp up growth in jellies and beat the competition in bar products
- Move into new categories (conduct trials)

● Promotion of various product strategies



● New branding

(1) Tie the corporate and “in” brands together

(2) Strengthen the sports image of the “in” brand



● V-shaped recovery from COVID-19 effects

- Net sales increase of **3%** vs. two years ago (beating pre-pandemic levels)
- **14%** purchase rate (currently a record high)

● Accelerate growth strategies

- Further expand consumption scenarios and target consumers



● Record-high net sales of bars

- **1%** Y/Y net sales growth

● Survive in harsh competitive environment

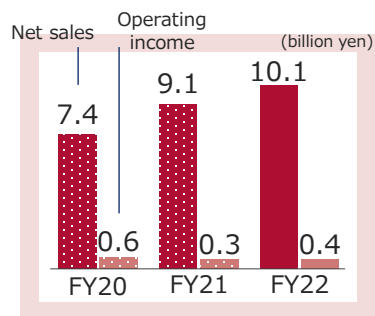
- Launch a product that can lay claim to being the number one protein bar (launch scheduled for autumn)

● Seeds sown for longer-term growth



● Move into new categories (conduct trials)

Focus Domain 2: Direct Marketing



FY21 Achievements

- 17 straight years of net sales growth
- Steady growth of second pillar candidate
- Seeds sown for longer-term growth

Key Points in FY22

- Shore up the business platform by revamping the direct marketing system
- Spend on advertising to gain subscription customers and drive growth
- Resolutely improve quality and increase prices



● Dramatic growth

- Best-selling collagen drink for **five years in a row**
- Cumulative Morinaga Collagen Drink sales passed **300 million units**
- Growth in both standard and premium lines
- Subscription customers increased **26%**

● Steady growth of second pillar candidate

- Four-year net sales CAGR of **188%**
- Seeking target consumers different to *Morinaga Collagen Drink* consumers
- *Responding to lifestyle disease prevention-related demand

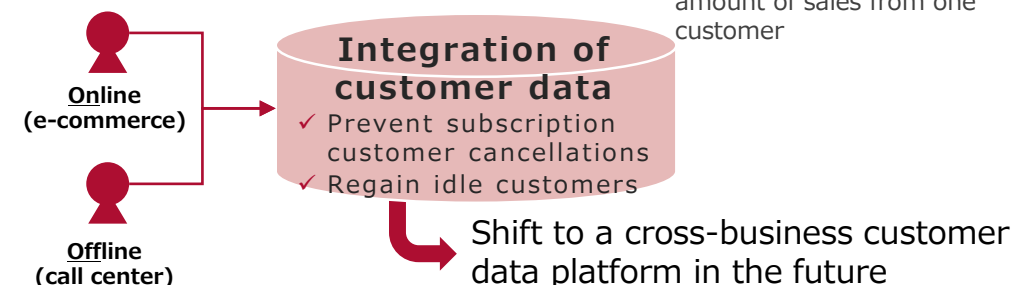
● Seeds sown for longer-term growth

- Enter the powdered collagen business

● Shore up business platform by augmenting business scale and upgrading systems

- **Price increases following quality improvements**
- Spending on advertising to gain subscription customers with a view to shoring up business platform
- **Enhance LTV by upgrading systems**

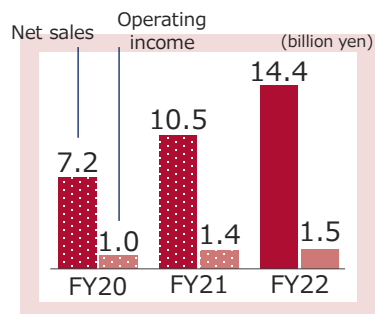
LTV: Lifetime value—the total amount of sales from one customer



● Developing the next pillar candidate

- Selection of advertising medium and revisions to amount deployed and key messages

Focus Domain 3: United States



(USD mn)	FY20	FY21	FY22
Net sales	69	91	112



FY21 Achievements

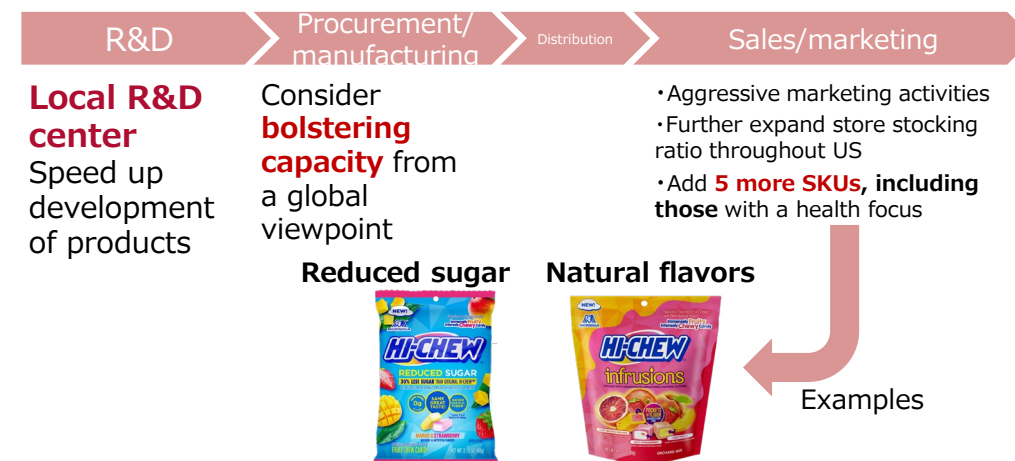
- Dramatic growth in terms of both potential and profitability
- Ratio of US stores stocking *HI-CHEW* steadily increased
- Steady progress made on creating a jelly drinks market
- Accelerated growth in terms of both potential and profitability
 - Net sales topped **¥10.0** billion *Early attainment of 2021 Medium-Term Business Plan target
 - Record operating income of **¥1.4** billion
 - Brand recognition rate of **48%***¹ (up more than **10ppt** vs. FY18)
 - Store stocking ratio of more than **70%***² (up more than **15ppt** vs. FY18)
 - Store turnover **remains brisk***²
 - Sales value share of over **1%***^{2,3} (roughly **double** FY18 level)

Commencement of “second arrow”

Key Points in FY22

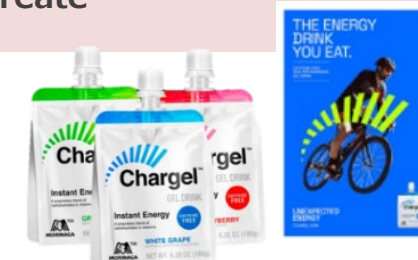
- Further business growth → net sales target of **¥14.4** billion
- Accelerate growth by evolving *HI-CHEW* business value chain
- Full-fledged start of trying to create a jelly drinks market with *Chargel*

Accelerate growth through further evolution of the entire value chain

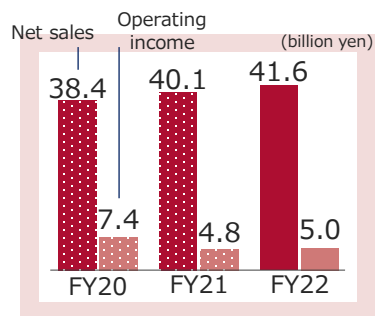


Full-fledged launch of effort to create a jelly drinks market

- Launch own e-commerce site in February 2022 and commenced sales at brick-and-mortar outlets in March
- Kicking off various marketing campaigns



Focus Domain 4: Frozen Desserts



Business platform



森永製菓株式会社

FY21 Achievements

- Steady growth overall owing to a diverse product lineup
- Establishment of business platform with full-scale operations coming online at Takasaki Factory No. 3
- Steady growth as another pillar candidate to rank alongside the *Jumbo Group*

Establishment of manufacturing platform

- Full-fledged operations at Takasaki Factory No. 3

Takasaki Factory No. 3



Uncovering stable growth opportunities

- Jumbo Group* net sales down **3%** Y/Y, but purchasing rate of **31.4%** is a record high and the first time above **30%** (brisk sales of winter-only products)

Winter-only products



Steady growth of next pillar

- Y/Y net sales growth of **13%** for *Ita Choco Ice*
- Record-high** purchase rate

Key Points in FY22

- Counteract surging raw material prices by increasing prices
- Get the *Jumbo Group* back on a growth trajectory
- Grow as next pillar candidate and sow the seeds of longer-term growth

Increase prices as a countermeasure to surging raw material prices

- Implement price increases for various products starting with those shipped out from June 1, 2022

Return the *Jumbo Group* to a growth track by constantly creating buzz

- Implement various communication strategies centering on *Choco Monaka Jumbo's 50th anniversary*



Grow as next pillar candidate and sow the seeds of longer-term growth



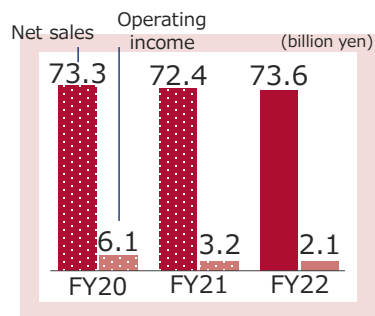
Toward further growth

Switch to full-year sales (from April 2022)



Sowing seeds for longer-term growth

Basic Domain: Confectionery & Foodstuffs



FY21 Achievements

- Growth in categories that are expanding by adapting to changes in consumer purchasing
- Kicked off structural reforms to manufacturing functions (first step towards smart factories)

- Growth in categories that are expanding by adapting to changes in consumer purchasing

- Net sales
- Up Y/Y
 - ➡ Biscuits
 - Increasingly popular as a snack in situations such as teleworking
 - ➡ Chocolate
 - Recovery in sales of *DARS* and *Carré de chocolat* after tweaking strategies
 - Down Y/Y
 - ➡ Sugar confectionery
 - Brisk sales of new *HI-CHEW* products with new takes on the characteristic chewiness
 - ➡ Amazake and cocoa
 - Signs of sales bottoming out and heading for a recovery

- Structural reforms to manufacturing functions

- Visualizing operations of production lines for *DARS* and other products at Takasaki Factory No. 3

Steps towards a smart factory



This is where we are at present

Key Points in FY22

- Counteract surging raw material prices by increasing prices
- Boost profitability by rolling out strategies in tune with category characteristics
- Laterally deploy visualization of production line operations to other factories

- Counteract surging raw material prices by increasing prices

- Implement price increases for various products starting with those that go on sale from May 31, 2022

- Boost profitability by rolling out strategies in tune with category characteristics

- Work to improve net sales weighting of sugar confectionery and biscuits—categories that deliver relatively high profit margins
- Drive sales of *DARS* and *Carré de chocolat* higher and boost factory operating rates by continuing to promote the same strategy that was revised last year
- Turn amazake and cocoa into health drinks by appealing to their health promoting functions

- Expand the rollout of visualization to realize smart factories

- Laterally deploy the visualization of production line operations to factories in Japan

Previous FY

Scheduled for this FY

Takasaki Factory No. 3
 • *DARS*
 (• *Choco Monaka Jumbo*)
 (• *Ita Choco Ice*)

Takasaki Factory No. 1 & 2
 • *Morinaga Biscuits*
 • *Carré de chocolat*
 • *HI-CHEW*

Mishima Factory
 • Cocoa
 (• *in Jelly*)

Business Foundation

R&D

- Further evolve the Group's key technologies: jelly drinks technology, frozen confectionery technology, and soft candy technology
- Strengthen growth strategies: Wellness (mind and body)
 - Visualization of impressions of *Jumbo Group*, jelly drinks, and *HI-CHEW*
 - Advance research into proteins and functions
- Strengthen growth strategies: United States
 - Set up an R&D center in the US
- Initiatives aimed at creating new value

R&D Center



- A creative space working to help build healthy minds and bodies underpinned by technology
- An R&D center that seeks to deepen relationships inside and outside the Company and generate new value with focus on "co-creation"

Digital Transformation (DX)

- Aim to streamline supply chain operations by rebuilding product development systems
- Shore up business platforms by revamping the direct marketing system
- Look to make operations more efficient and improve security levels by deploying world-class, leading services
 - Office365, Zoom, Box, Concur, etc.
- Further bolster security measures to mitigate the risk of information leaks from unauthorized access and the like, and transition to a more stringent information management system

Seek to enhance medium- to long-term corporate value by continuing to invest in intangible assets

Look to build a robust business foundation to underpin business strategies

Towards Sustainable Management

The Morinaga Group's Materiality



Sustainability Information Update

One Chocolate for One Smile

- Supporting children in cacao-producing countries with a percentage of proceeds from chocolate sales

This campaign has been running for 14 years and Morinaga was recently awarded a medal of honor for its long-term support of the NGO “Plan International Japan”



© Plan International



Enabling a more diverse range of personnel to play active roles

- April 2022: Introduction of side job system
 - ➡ Leads to employee growth and skill enhancement
- April 2022: Rollout of volunteer leave
 - ➡ Expected to boost awareness of corporate social contribution among employees and stimulate growth through experiences outside of work



Sustainability Information Update

Global Environmental Conservation

- April 2022: Endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)



Initiatives on Business and Human Rights

- June 2021: Drafted Supplier Guidelines and held a briefing session in October 2021
- April 2022: Became signatory to the United Nations Global Compact

Establishment of Sustainability Advisory Board

- Endeavoring to improve the quality of sustainability management by properly grasping current social conditions and meeting stakeholder needs
- Three external experts sit on the board



Mari Yoshitaka



Takeshi Mizuguchi



Asako Osaki

Morinaga Angel Museum “MORIUM”

Located within the Tsurumi Factory, Morinaga Angel Museum “MORIUM” opened for tours on January 12, 2022



- The displays and visual content give visitors the opportunity to experience first-hand Morinaga’s thoughts about its products, its unique technologies, and Company history.
- As a new venue for communication with customers, we hope to share with them our history of more than 120 years, as well as our future ambitions.

Towards Realizing our 2030 Vision



Reference Data

Owing to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022, the figures for the fiscal year ended March 31, 2021 have been calculated following retrospective application of said accounting standard.

FY2022/3 Results: Business Segments and Product Groups

(billion yen)	Net sales			Segment income	
	Weighting	FY2022/3	Y/Y change	FY2022/3	Y/Y change
Food Manufacturing	95.3%	172.7	107.8%	17.4	92.7%
Confectionery & Foodstuffs	51.5%	93.4	104.8%	5.4	85.1%
Frozen Desserts	22.5%	40.7	104.8%	4.6	65.6%
Health Products	21.3%	38.6	119.9%	7.3	138.2%
Food Merchandise	3.3%	5.9	107.0%	0.3	123.5%
Real Estate and Services	1.0%	1.9	104.9%	0.8	110.5%
Other	0.4%	0.6	102.3%	0.1	94.2%

Reference: FY2022/3 Confectionery & Foodstuffs Segment Results

(billion yen)	Net sales			Operating income			
	FY2022/3	Y/Y change	Y/Y change (%)	FY2022/3	Y/Y change	Margin	Y/Y change
Confectionery & Foodstuffs	93.4	+4.3	104.8%	5.4	(1.0)	5.8%	(1.4ppt)

Net sales: Factors behind change

Domestic

Net sales increased on a recovery in sugar confectionery and brisk sales of *Morinaga Biscuits*. Sales of cake mix and other foodstuffs struggled to replicate the year-earlier growth.



HI-CHEW 102%



Morinaga Biscuits 108%



102%



79%

Overseas

Sharp growth overseas, driven by higher sales in the US

Overseas total: up 39.7%, USA: up 46.3%

Operating income: Factors behind change

Positive

- Boost from higher net sales

Negative

- Increase in depreciation
- Surging raw material costs
- Surging shipping expenses

Reference: FY2022/3 Frozen Desserts Segment Results

(billion yen)	Net sales			Operating income			
	FY2022/3	Y/Y change	Y/Y change (%)	FY2022/3	Y/Y change	Margin	Y/Y change
Frozen Desserts	40.7	+1.9	104.8%	4.6	(2.4)	11.4%	(6.8ppt)

Net sales: Factors behind change

Even though sales of *Jumbo Group* and *ICEBOX* declined due to weather-related factors and the dropout of year-earlier growth, net sales increased thanks to brisk sales of *Ita Choco Ice* and multipack products.



Operating income: Factors behind change

Positive

- Boost from higher net sales

Negative

- Increase in depreciation
- Higher distribution expenses
- Surging raw material costs

Reference: FY2022/3 Health Products Segment Results

(billion yen)	Net sales			Operating income			
	FY2022/3	Y/Y change	Y/Y change (%)	FY2022/3	Y/Y change	Margin	Y/Y change
Health Products	38.6	+6.4	119.9%	7.3	+2.0	19.0%	+2.5ppt

Net sales: Factors behind change

- in Jelly** : Return to pre-pandemic levels owing to demand recovery and generation
- in Bar** : Brisk sales amid intensifying competition
- Direct Marketing** : Sustained sales growth driven by increase in subscription customers



in Jelly overall
122%

Record net sales



in Bar overall
101%

Record net sales



120%

Record net sales

Operating income: Factors behind change

Positive

- Boost from higher net sales
- Product mix impact

Negative

- Aggressive promotion in the Direct Marketing business
- Surging raw material costs

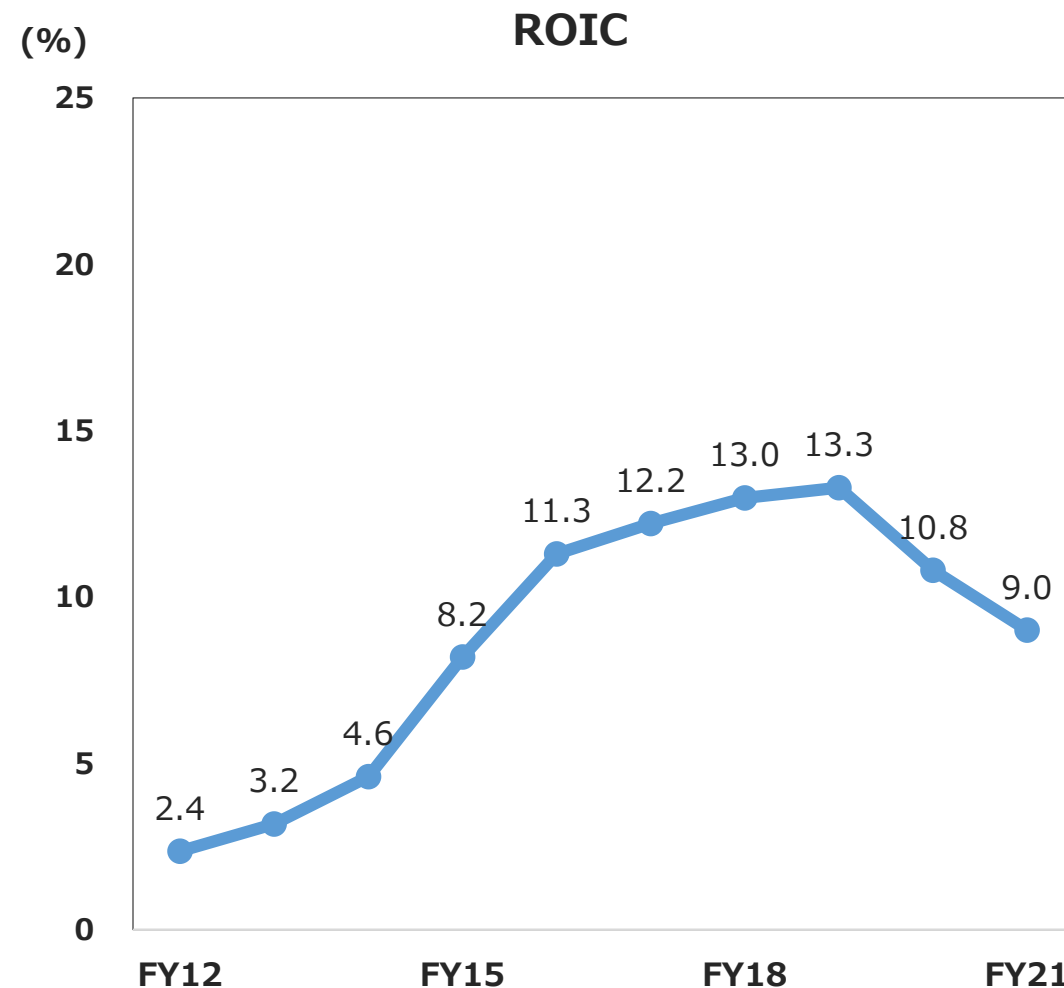
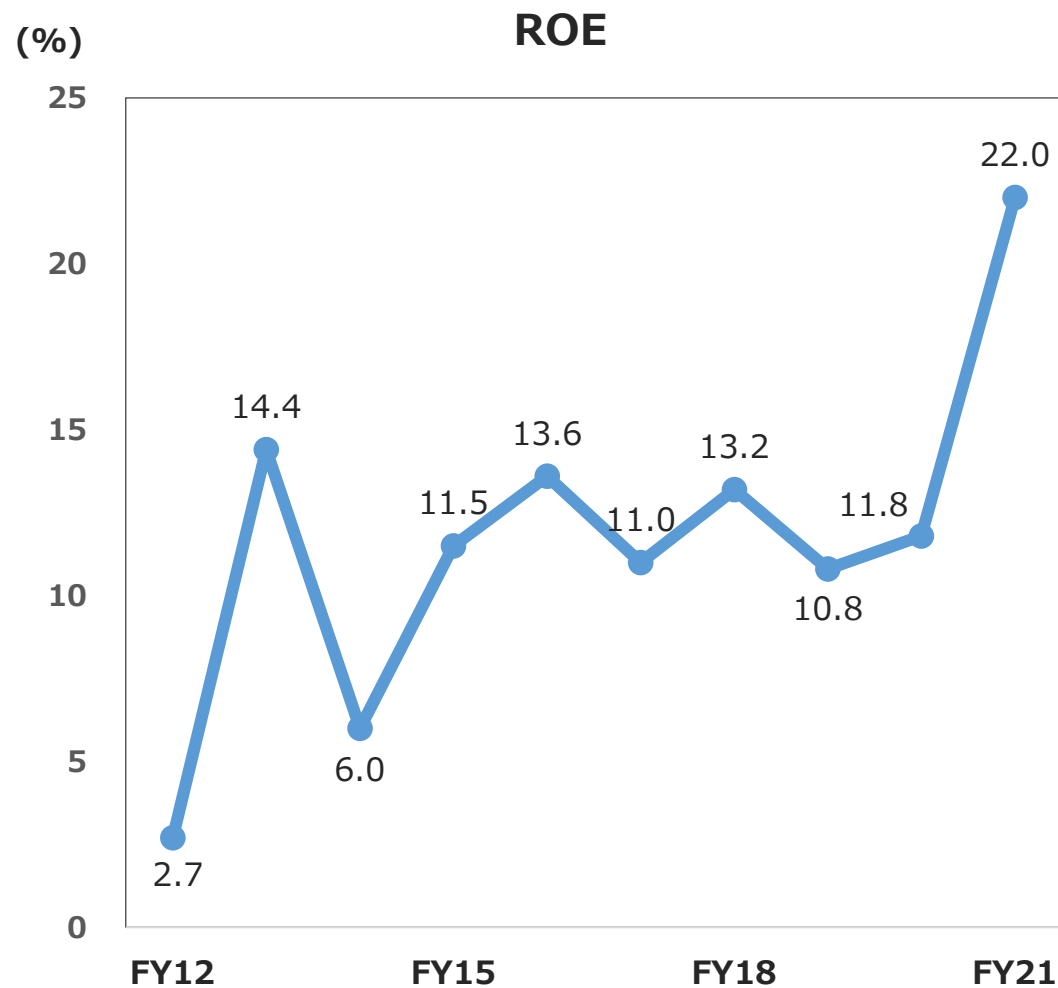
Reference: Operating Income and EBITDA

(billion yen)

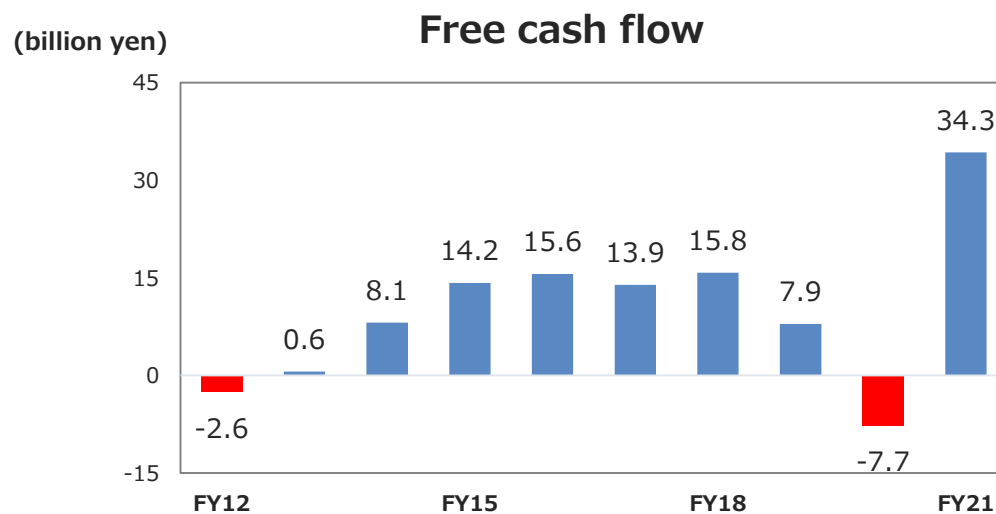
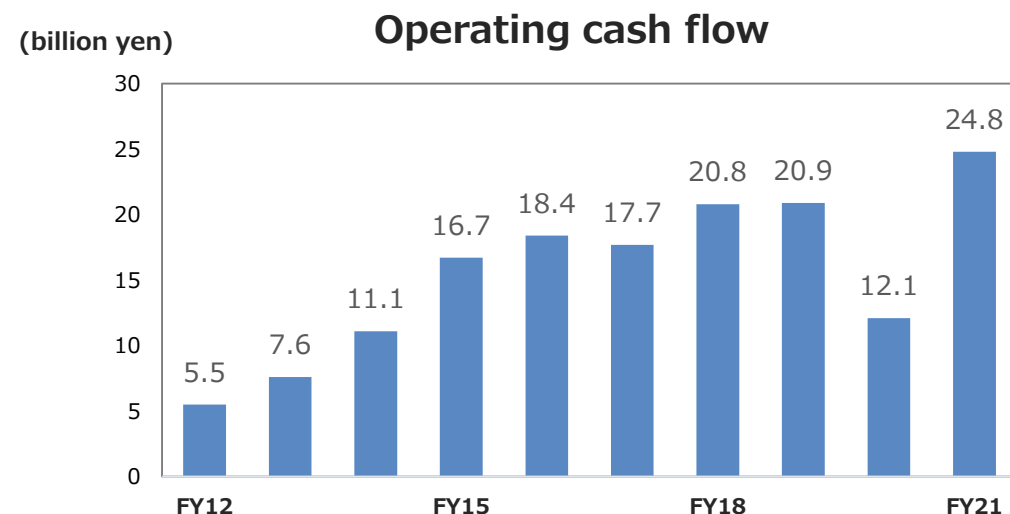
■ Operating income ■ EBITDA



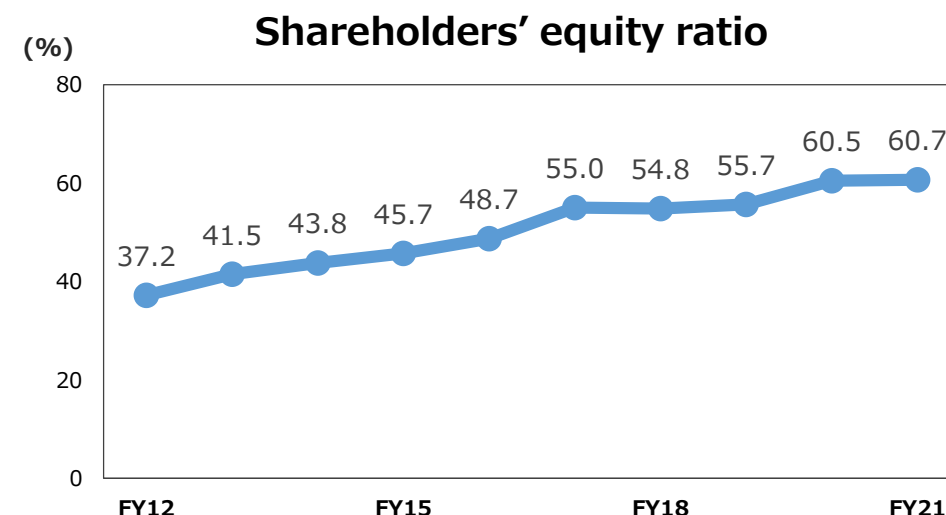
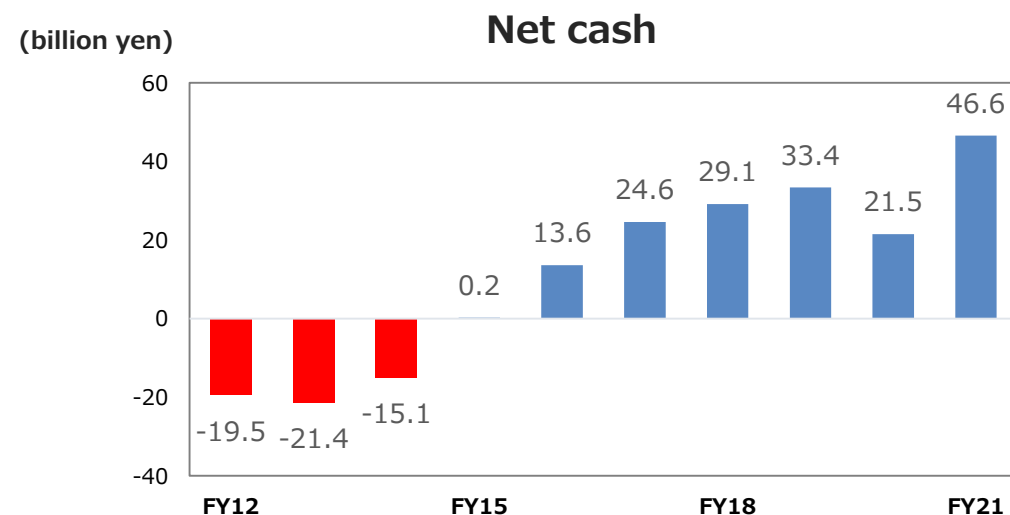
Reference: Financial Indicators (1/2)



Reference: Financial Indicators (2/2)



*Payments into time deposits and proceeds from withdrawal of time deposits have been excluded from calculations



*ASBJ Statement No. 28 "Partial Amendments to Accounting Standard for Tax Effect Accounting" has been applied from FY18
Figures from FY14 onward are figures after retrospective application of said accounting standard