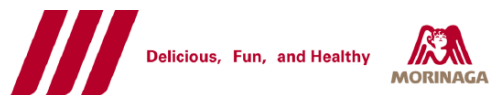


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Fiscal Year Ended March 31, 2024 Results Briefing

May 14, 2024
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.

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Hello, everyone. This is Ota. Thank you very much for taking time out of your busy schedule to participate in our financial results briefing for the fiscal year ended March 31, 2024, today.

First, I will explain the overview of financial results. The last fiscal year was the final year of the 2021 MTBP, and this fiscal year marks the start of the 2024 MTBP. We will announce the 2024 MTBP today.



Delicious, Fun, and Healthy



Results for FY2023



Looking Back on the 2021 MTBP



2024 MTBP, Efforts for 2030



Results Forecast for FY2024

There are the table of contents, and these are the four items today.

First, “Results for FY2023” and “Looking Back on the 2021 MTBP.” Afterward, “2024 MTBP, Efforts for 2030.” Finally, let me explain “Results Forecast for FY2024.”

Consolidated Results



Net sales reached new record high for third consecutive period, operating income made a V-shaped recovery to more than ¥20 billion, and EBITDA reached record high.

(Billion yen)	FY2023	Y/Y change		vs. forecast*2	
Net sales	213.3	+19.0	109.8%	+2.3	101.1%
Gross profit [gross profit margin]	86.6 [40.6%]	+10.0 [+1.2pt]	113.1%	+0.6	100.7%
Operating income [Operating income margin]	20.2 [9.5%]	+5.0 [+1.7pt]	133.1%	+0.7	104.0%
Ordinary income	21.0	+5.3	133.5%	+0.9	104.4%
Profit attributable to owners of parent	15.1	+5.1	150.6%	+0.9	106.7%
EBITDA*1	29.7	+4.4	117.5%	+0.7	102.6%

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*1 Simple calculation method used for EBITDA: operating income + depreciation and amortization *2 Figures announced February 2024
*3 The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥140.56=\$1USD

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First, I would like to talk about the results for FY2023.

At the briefing held one year ago, I said that FY2023 would not only be a year of record-high sales for the third consecutive year, but also the start of a V-shaped recovery in profits. That we would pay particular attention to profits, achieving them and leading to the 2024 MTBP.

The results are there, and we were able to achieve a V-shaped recovery to the JPY20.0 billion level, with record sales for the third consecutive year and operating income of JPY20.2 billion. The initial forecast for operating income, announced last May, was JPY17.3 billion, so it was JPY2.9 billion-plus from the initial forecast.

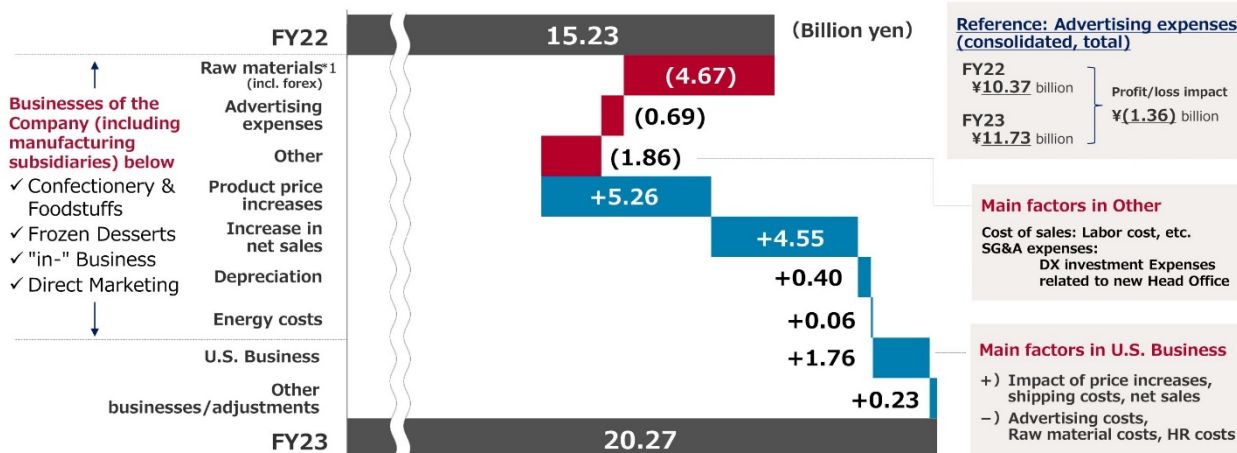
As shown on the right, it was also JPY0.7 billion-plus from the forecast figure, given at the time of the most recent third quarter results briefing in February of this year.

At the bottom line, EBITDA result of JPY29.7 billion was a record high.

Factors in Change in Consolidated Operating Income



In domestic businesses, increases in raw materials and other costs offset by sales growth and impact of price revisions, mainly in Confectionery & Foodstuffs and Frozen Desserts businesses; Profit growth of U.S. business also contributed.



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*1 Actual funding rate in FY2023 : \$1USD = ¥137.12; ¥128.09 in FY2022

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Next are the factors that caused operating income to increase or decrease in the fiscal year.

Raw materials increased about JPY4.67 billion due to higher prices including the effect of higher yen despite cost-cutting efforts. Below that, advertising expenses increased by JPY0.69 billion in Japan; including overseas, the consolidated total, shown on the right, increased JPY1.36 billion YoY.

Also, other increased JPY1.86 billion, including labor cost, DX investment expenses, and expenses related to the new Head Office, as noted to the right.

These three red areas are approximately JPY7.2 billion. This was offset by price revisions and the effect of higher sales, as well as the significant contribution of the U.S. Business to profit, resulting in a total profit increase of approximately JPY5.0 billion.

Summary by Business



Confectionery & Foodstuffs, Frozen Desserts, U.S. Business, and Operating Subsidiaries drove sales growth; profitability also improved significantly.

(Billion yen)	Net sales			Operating income			Operating income margin	
	FY2023	Y/Y change		FY2023	Y/Y change		FY2023	Y/Y change
Confectionery & Foodstuffs ^{*1}	79.1	+4.8	106.6%	4.0	+2.5	262.6%	5.1%	+3.0pt
Frozen Desserts ^{*1}	45.3	+4.8	112.0%	4.8	+1.4	139.9%	10.6%	+2.1pt
"in-" Business ^{*1}	31.5	+0.9	103.2%	6.6	(0.4)	94.5%	21.0%	(1.9pt)
Direct Marketing	10.9	+0.7	106.0%	0.2	(0.4)	31.3%	1.9%	(4.5pt)
Operating Subsidiaries	17.9	+2.3	114.4%	1.3	+0.4	134.2%	7.5%	+1.1pt
Other	1.3	+0.1	108.5%	(0.6)	(0.4)	—	—	—
Domestic Total	186.3	+13.7	107.9%	16.3	+3.0	122.1%	8.8%	+1.0pt
U.S. Business ^{*2*3}	19.1	+4.5	130.9%	3.2	+1.8	219.5%	16.9%	+6.8pt
China, Taiwan, Exports, etc.	7.8	+0.8	110.7%	0.4	(0.1)	81.9%	6.0%	(2.1pt)
Overseas Total	26.9	+5.2	124.4%	3.7	+1.7	181.2%	13.7%	+4.3pt
Consolidated Total	213.3	+19.0	109.8%	20.2	+5.0	133.1%	9.5%	+1.7pt

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^{*1} Sugar confectionery, chocolates, and other products under the "in" brand are included in Confectionery & Foodstuffs, Frozen desserts under the "in" brand are included in Frozen desserts
^{*2} Includes income from exports to the U.S. from China and Taiwan ^{*3} Year-on-year net sales on a local currency basis is 122.4%

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Next is a summary by business.

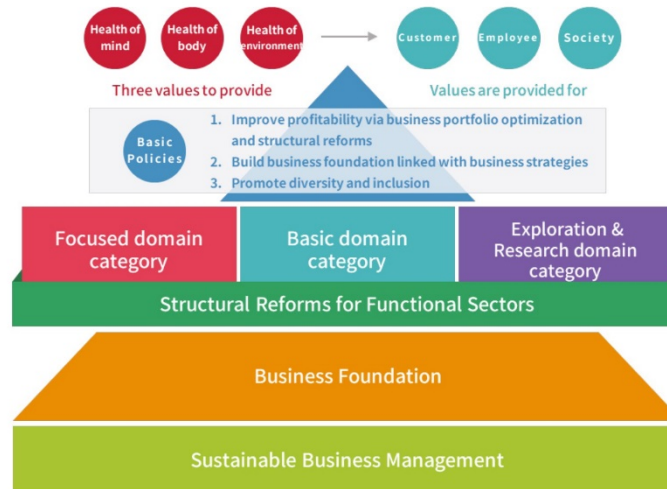
Net sales of almost all businesses increased. In terms of profit, Confectionery and Foodstuffs and Frozen Desserts recorded significant increases in profit. Increasing profit in U.S. Business also continues to be effective. The operating income ratio of the Confectionery and Foodstuffs Business, which has been severely affected by the rising cost of raw materials over the past several years, improved by 3 percentage points YoY to the 5% level, as shown on the top right-hand side of the chart. This is a big topic.

2030 Vision



The Morinaga Group will change into a wellness company in 2030.

Further evolve reliability and technology built on in its 120-year history to support people's wellness lifestyles in all generations worldwide.



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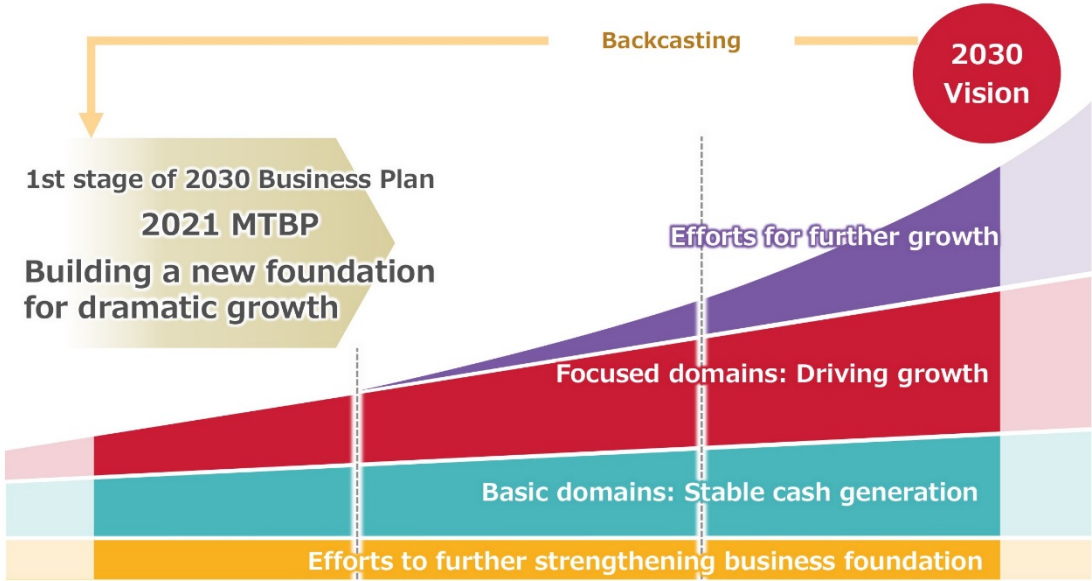
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Next, I would like to look back at the 2021 MTBP.

At the time of the announcement of the 2021 MTBP, three years ago, we announced the 2030 Vision, a medium- to long-term management plan that had not existed before. I won't explain the details here today, but we have decided to make a strong message of "change" into a wellness company by saying that now is the time for medium- to long-term planning, now that we have moved up a stage.

Also, at the bottom of the list, it is also important to make sustainable management the foundation of everything we do. It was three years before we announced the 2030 Vision that we declared our commitment to full-fledged sustainable management.

2021 Medium-Term Business Plan



Next, this is also what we announced three years ago, but we used the term “backcasting” for the first time to achieve the 2030 Vision. The 2021 MTBP is the first stage of achieving this goal, and its key message is “Building a new foundation for dramatic growth.”

Results: 2021 MTBP Business Targets and KPIs



	2018 MTBP	2021 MTBP		
	FY2020 actual	Target	FY2023 actual	vs. Target
Net sales	168.2 Billion yen	190.0 Billion yen	213.3 Billion yen	+23.3 Billion yen
Operating income	19.1 Billion yen	21.5 Billion yen	20.2 Billion yen	(1.3) Billion yen
<KPIs>				
Operating income margin	11.4 %	11 % or higher	9.5 %	(1.5) pt
Overseas sales ratio	7.0 %	9 % or higher	12.7 %	+3.7 pt
Focused domain net sales ratio	c. 42 % <small>2018 MTBP average</small>	+5 % or higher	50.6 %	+3.6 pt
ROE	11.8 %	10 % or higher	11.8 %	+1.8 pt
Dividend payout ratio	30.0 %	30 %	33.2 %	+3.2 pt

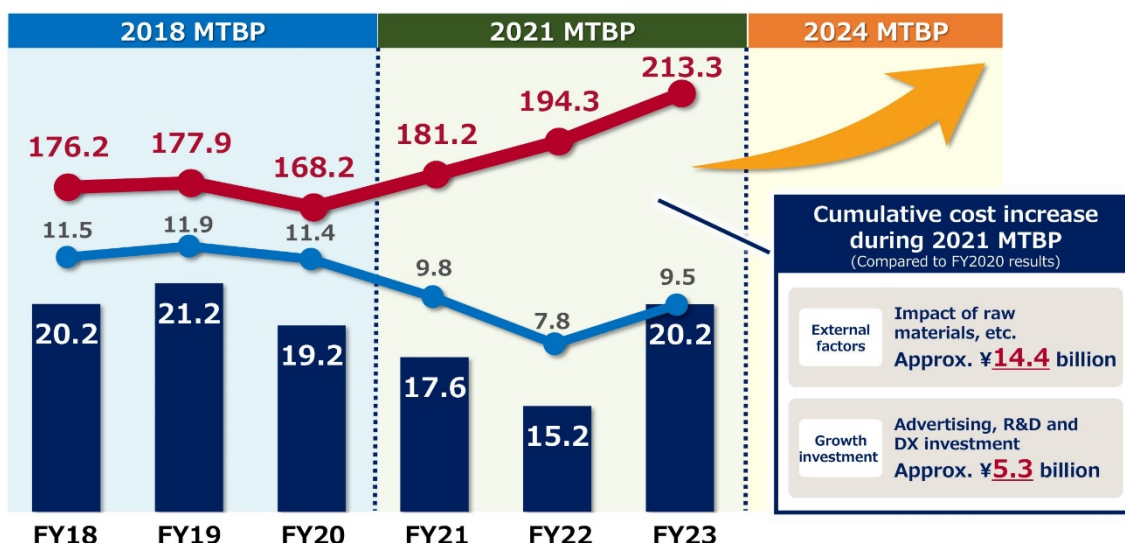
Next is results. These are the results of 2021 MTBP Business Targets and KPIs.

Net sales were JPY213.3 billion. This represents a CAGR of more than 8% over the three-year period, up JPY23.3 billion from the target of JPY190.0 billion for the final year of the medium-term plan and JPY45.1 billion from the actual results of JPY168.2 billion for FY2020.

Operating income did not meet the target, but below that, we achieved all of the key management indicators except for operating income margin. The overseas sales ratio, on which we have focused our efforts, particularly in U.S. Business as a priority area, exceeded our target by 3.7 percentage points. Compared to FY2020, it is fair to say that 5.7% is a significant increase from 5.7%, to 12.7%.

We were also intentionally able to achieve our ROE goal of 11.8%.

Morinaga Group Earnings*1



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*1 The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) was applied from the beginning of the fiscal year ended March 31, 2022. Net sales for the fiscal year ended March 31, 2021 and earlier have been estimated by retrospectively applying the said accounting standard.

*2 The impact of raw materials includes not only the prices of raw materials, but efforts to reduce costs and fluctuations in foreign exchange rates/Morinaga and manufacturing subsidiaries

Next, I would like to show you the performance trends, net sales, and operating income for the past six years during the 2018 MTBP to the 2021 MTBP.

Second from left is FY2019. This is my first year as president, and we had reached a record operating income of JPY21.2 billion. Still, the following year, FY2020, the COVID-19 disaster happened. Sales fell by about JPY10.0 billion a year. In April and May, sales of *in Jelly* was halved and those of *HI-CHEW* decreased 20%, and we really wondered what would happen, but we took quick steps for the disaster, leading to a decline of JPY2.0 billion.

Just as we were about to start the 2021 MTBP, we were hit by extraordinary headwinds in the form of raw materials, energy, and exchange rates. Having said that, sales have made a V-shaped recovery, returning to more than the pre-COVID-19 level in FY2021, and have been at record high sales since then, with the last fiscal year marking the third consecutive year of record sales.

Of course, the effect of product price increases is also significant, but the strength of the marketing and sales frontlines is also significant. Production responded flexibly to sales increases, and overseas contributions were significant. But, the impact of raw materials hike, etc. was JPY14.4 billion over the three years of the 2021 MTBP. Advertising and other intangible investments increased JPY5.3 billion, we were able to recover from a total increase in costs and expenses of JPY19.7 billion to achieve a V-shaped recovery in operating income to the JPY20.0 billion level. The Company as a whole is steadily gaining strength thus.

This operating income of JPY20.2 billion is by chance the same as in the leftmost of FY2018, five years ago, but depreciation actually increased by almost JPY4.0 billion since then. In addition, we significantly increased advertising and other intangible investments, shown in the bottom figure and also, we had a major headwind. But we were able to beat it back. We thereby changed the content of the same JPY20.2 billion. It is significant that we will invest both tangible and intangible investments sparingly toward 2030 and thereby we will grow.

2021 Medium-Term Business Plan: Outcomes and Future Challenges



Achieved high growth potential and steadily built business foundation as first stage for dramatic growth in 2030.

	Outcomes	Challenges
Businesses	<ul style="list-style-type: none"> High growth potential centered on focused domains led to significant top-line growth from previous MTBP. Expanded overseas business well in excess of 2021 MTBP targets, especially in the U.S. Impact of price revisions and sales growth offset the headwinds of cost increases, achieving a V-shaped recovery in operating income. 	<ul style="list-style-type: none"> Further improve probability of growth toward achieving the 2030 Business Plan. Achieve discontinuous growth through new value creation and inorganic growth. Did not meet 2021 MTBP targets for operating income (amount or margin) Further improve earnings and improve capital efficiency especially in basic domains.
Management foundation	<ul style="list-style-type: none"> Steadily built management foundations supporting business growth by expanding intangible investment. Continued to make shareholder return based on updated financial strategy. Promoted sustainable management. <ul style="list-style-type: none"> Improved evaluation score by ESG evaluation agency 	<ul style="list-style-type: none"> Promote structural reform and strengthen management foundation from a global perspective. <ul style="list-style-type: none"> Strengthen DX promotion Accelerate investment in human resources Create new value by strengthening R&D, etc. Strengthen the governance structure by promoting Group management. Promote ROIC management and instill it company-wide. Further evolve sustainable management.

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In the last sheet of the 2021 MTBP review, we listed a selection of the main achievements and challenges, dividing them into business and management foundation. First the results, as explained in the previous sheet, were high growth, mainly in priority areas, and a significant increase in the top line of sales.

The Company set a net sales target of JPY300.0 billion in its 2030 Vision, three years ago. Since the announcement was made at a time when the Company's net sales had fallen to the JPY160.0 billion level, people from both inside and outside the Company said it may have seemed like an incredibly high hurdle, almost double the size at the time.

It has been three years since I answered the target came from the backcasting perspective. I think it is a great achievement that we have reached this point and will be able to reach JPY300.0 billion in 2030 at a CAGR of about 8%. We achieved growth that far exceeded our targets overseas, especially in U.S. Business. Although we did not achieve the goal of profit, we were able to achieve a V-shaped recovery in profit.

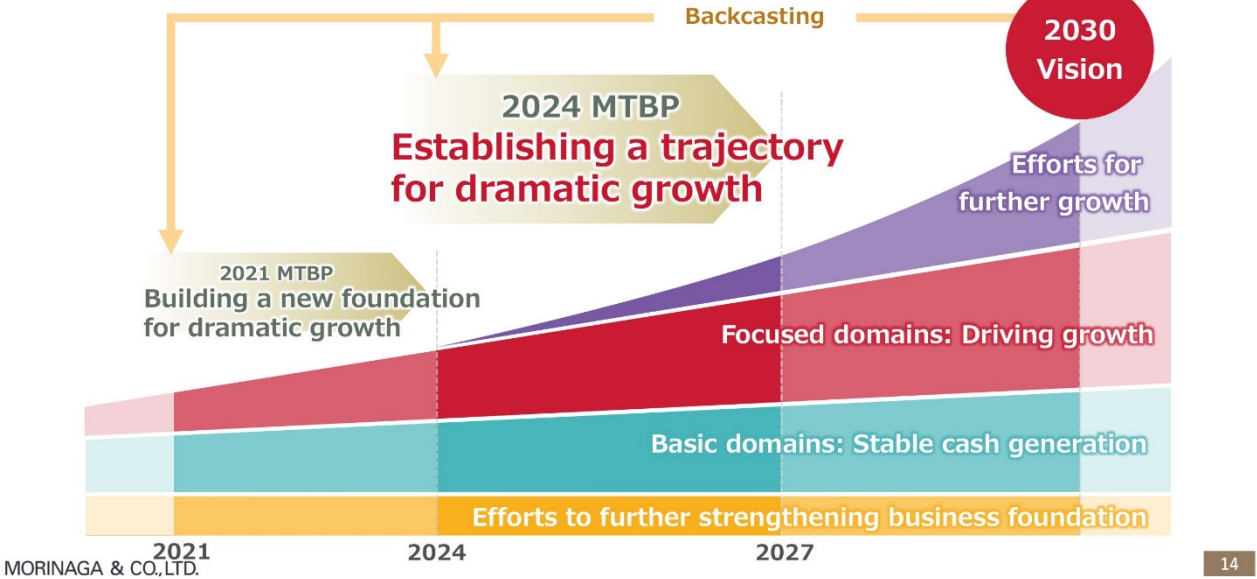
Also, in the area of management foundation, we have updated our financial strategy and enhanced shareholder returns. We also show sustainable management, the foundation of our 2030 Vision; we have seen a significant increase in evaluation scores by external ESG evaluation organizations over the past three years. And we have found a positive response.

The challenge is, above all, how to increase profitability. In the 2024 MTBP, we intend to make further progress in all areas, including a global perspective and ROIC management.

Positioning of the 2024 MTBP in the 2030 Business Plan



2nd Stage: Laying a Path for Achieving the 2030 Business Plan



Next, I would like to present the update of the 2024 MTBP and the 2030 Business Plan. The 2024 MTBP is positioned as the second stage of creating a roadmap to ensure the achievement of the 2030 Business Plan. The key message is “Establishing a trajectory for dramatic growth.”

Establishing a trajectory for dramatic growth

Implementing ROIC management leading to a virtuous cycle of growth potential and capital efficiency aimed at establishing growth trajectory

■ Growth potential

- ✓ Aim to achieve **record-high net sales** by concentrating management resources through optimization of the business portfolio
- ✓ Achieve strong growth in overseas and domestic businesses, especially in **focused domains**
- ✓ Sublimate **seeds of business growth to the next stage** in order to nurture the next generation of businesses

■ Capital efficiency

- ✓ Achieve **record-high operating income** through further structural reform and stronger management foundation
- ✓ Improve capital efficiency of **Confectionery & Foodstuffs Business**
- ✓ Use cash generated in business to make **appropriate investments**
- ✓ **Maximize use of portfolio assets** and promote **gradual asset-light management**

Positioning of 2024 Medium-Term Business Plan for dramatic growth

■ 2030 Business Plan: 2nd Stage

- ✓ Use the same “for dramatic growth” phrase as in 2021 Medium-Term Business Plan

■ Toward 2030 and beyond

- ✓ 2030 business targets are a milestone in the journey to becoming a sustainable company
- ✓ Determination to pursue further growth

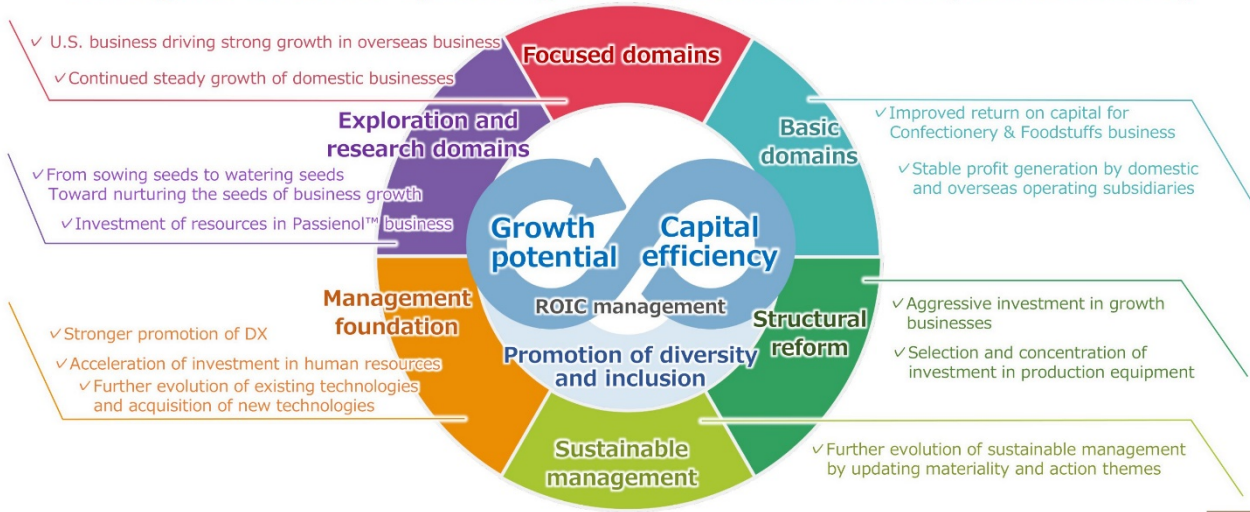
This is the basic approach. This “establishing a trajectory for dramatic growth” has two implications. The first is the second stage toward 2030. We are celebrating our 125th anniversary this year, and we aim to become an enduring company that will continue to grow, as I emphasized in my first message when I became President five years ago, and I hope to make further strides in this 2024 MTBP toward further growth toward 2030 and beyond.

The Second, there is establishing a growth trajectory. As shown, it is about establishing a virtuous cycle of growth potential and capital efficiency by implementing ROIC management. Through the various initiatives described there, we aim to achieve record-high sales and record-high operating income in the 2024 MTBP.

Basic Approach of 2024 Medium-Term Business Plan: Virtuous Cycle of Growth Potential and Capital Efficiency



Ensuring a growth trajectory toward 2030 through a virtuous cycle of growth potential and capital efficiency



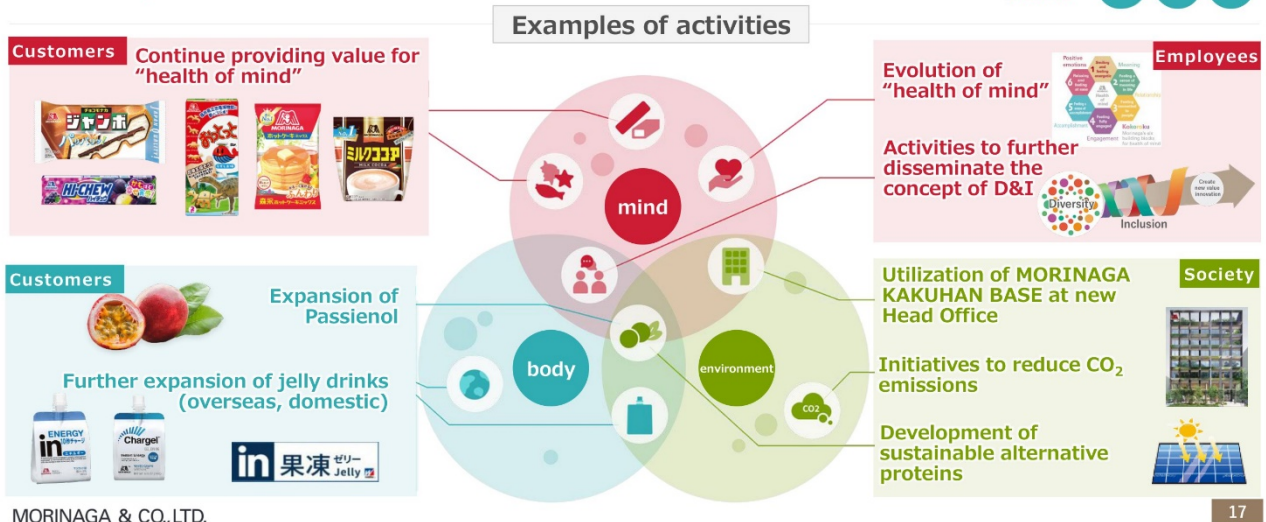
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This is an image of growth potential and capital efficiency spiraling up. We locate ROIC management in the center of this cycle. In the 2024 MTBP, we will ensure a growth trajectory toward 2030 through a virtuous cycle of growth potential and capital efficiency.

2030 Vision: Initiatives in the 2024 Medium-Term Business Plan



To realize the 2030 Vision, accelerate various initiatives aimed at increasing total amount while enhancing the quality of activities and outputs



Next is our initiatives in the 2024 MTBP to realize the 2030 vision.

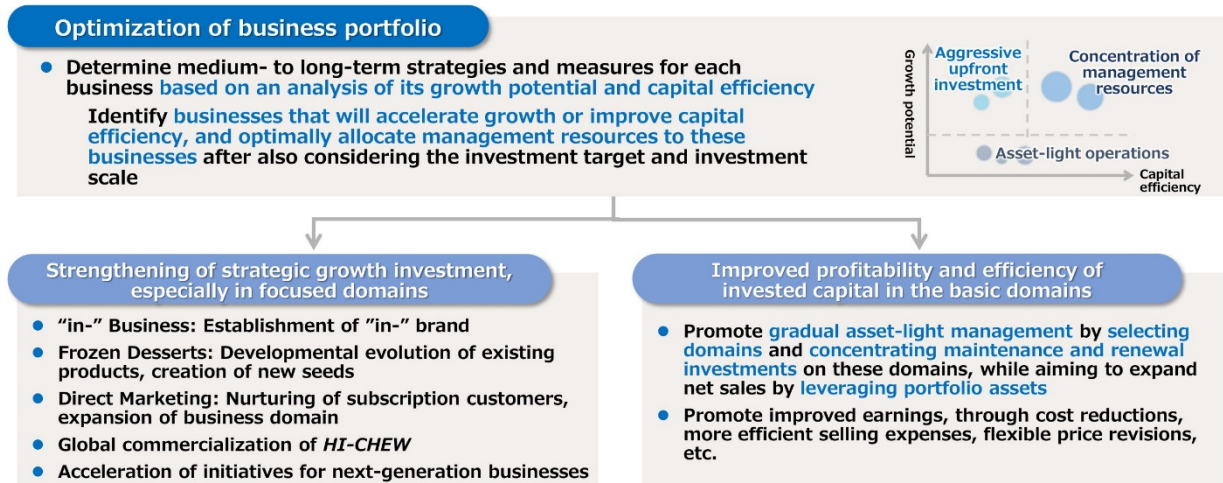
In the 2021 MTBP, we made considerable efforts in this area; in the 2024 MTBP, we intend to further enhance our initiatives to increase the total quantity while improving the quality of activities and outputs.

Realization of the 2030 Vision, "Change into a wellness company," there are very important initiatives.

Policy 1: Improve Profitability through Business Portfolio Optimization and Structural Reforms — Implementation of ROIC management



Implement business strategies aimed at forming optimal portfolio through ROIC management



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Next is the first of our basic policies to improve profitability through business portfolio optimization and structural reforms.

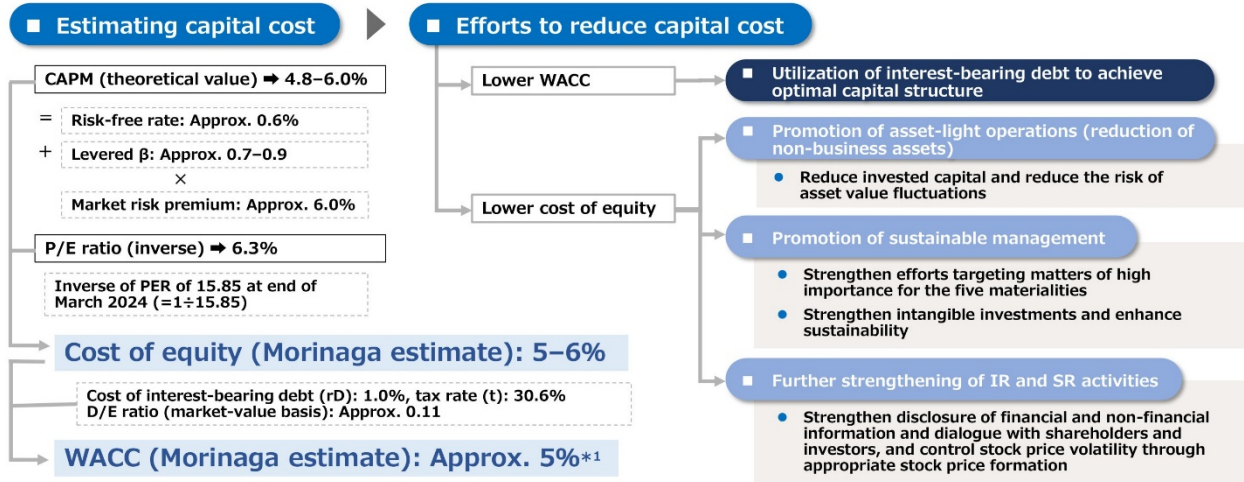
We will analyze each business on the two axes of growth potential and capital efficiency. We will formulate and determine medium- and long-term strategies and measures.

We will strongly promote efforts to enhance growth investment mainly in focused domains and improve the profitability and efficiency of invested capital in Confectionary and Foodstuffs Business where ROIC is relatively low.

Policy 1: Improve Profitability through Business Portfolio Optimization and Structural Reforms — Estimation and reduction of capital cost



Utilizing financial leverage and establishing the business portfolio that is resilient to environmental changes



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*1 Calculated assuming a 6% cost of equity

The next is estimation and reduction of capital cost.

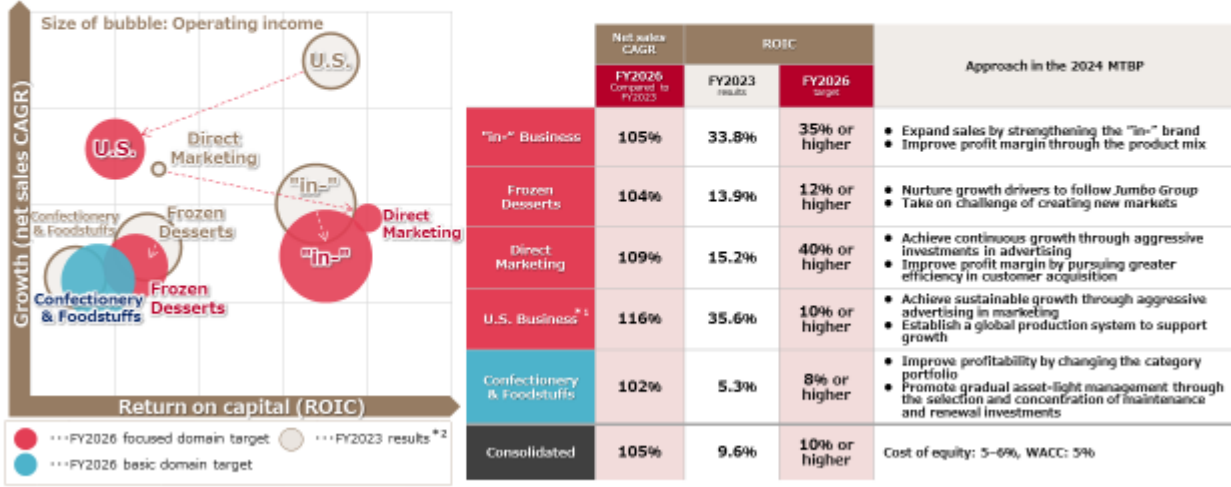
We aim “Utilizing financial leverage and establishing the business portfolio that is resilient to environmental changes.” We estimate our cost of equity at 5% to 6% and our current WACC at about 5%.

As part of our efforts to reduce the cost of capital, we will work to reduce WACC by using interest-bearing debt to achieve an optimal capital structure, and we will make firm progress in each of the three areas to reduce the cost of capital.

Policy 1: Improve Profitability through Business Portfolio Optimization and Structural Reforms — Approach by each business



Implement business strategies aimed at forming optimal portfolio through ROIC management



MORINAGA & CO., LTD. ^{*} Consolidated ROIC calculated using credit approach, business-specific ROIC calculated using debit approach (non-business assets such as cash and deposits and investment securities are not included in invested capital) ^{*1}. Net sales CAGR of U.S. Business is based on local currency. ^{*2}. Net sales CAGR is compared to FY2020. 20

Next is the approach by each business.

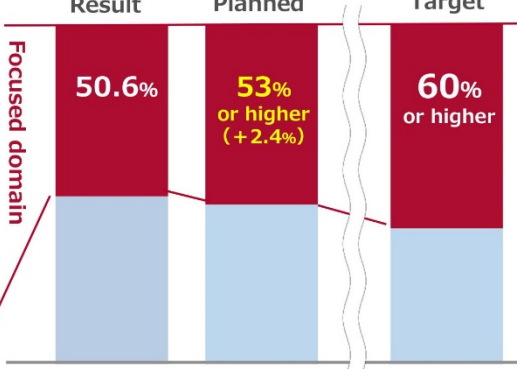
This is the first time that we announced ROIC of Company-wide consolidated and by main business in the medium-term business plan. We specifically express approaches and direction on its portfolio by business.

The vertical axis is growth potential, CAGR of net sales; the horizontal axis is Return on capital, ROIC. The figures are FY2023 results and FY2026 targets. In focused domains, the direction is to accelerate growth while making solid investments in each business. We intend to implement strategies with a firm focus on the direction we should take in each area and business, such as raising the capital profitability of our core confectionery and food products business.

Some of the ROIC figures in the 2024 MTBP, such as the U.S. Business, will temporarily drop significantly due to large strategic investments for the future. Still we are confident that the subsequent significant growth due to these investments will bring up growth potential and return on capital.

Policy 1: Improve Profitability through Business Portfolio Optimization and Structural Reforms — Focused domain net sales ratio 

Concentrate allocation of management resources to focused domains that will drive company-wide growth

(Billion yen)	FY2023 Actual	FY2026 Planned	vs. FY2023		2021 MTBP Result	2024 MTBP Planned	2030 Target
"in-" Business ^{*1}	32.4	37.0	+4.6	114%		50.6%	60% or higher
Frozen Desserts	45.3	50.6	+5.3	112%		53% or higher (+2.4%)	
Direct Marketing	10.9	14.0	+3.1	128%			
U.S. Business ^{*2}	19.1	29.7	+10.6	155%			
Focused Domains	107.9	131.4	+23.5	122%			

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^{*1} Confectionery & Foodstuffs, Frozen Desserts and other products under the "in-" brand are included in "in-" Business
^{*2} The assumed exchange rate for overseas subsidiaries is ¥146 = \$1 USD in FY2024, and ¥138 in FY2026 and FY 2030

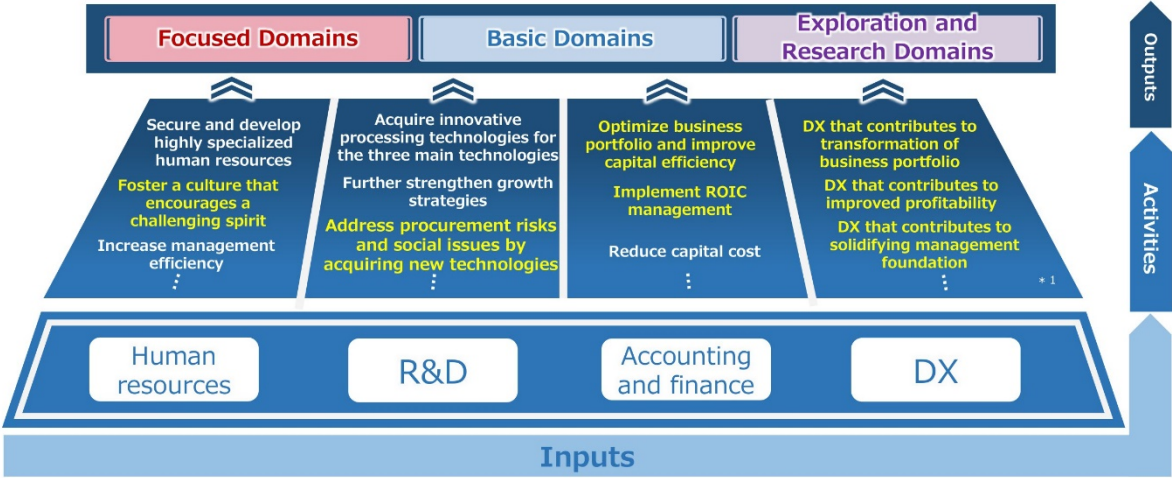
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Next is the target for focused domain net sales ratio.

We have substantially met our original targets for the 2021 MTBP. We have reached a level where we can achieve the 2030 target of 60% or higher by sustaining the current growth. In the 2024 MTBP, we will continue to focus management resources on focused domains that will drive Company-wide growth.

Policy 2: Build a Business Foundation Linked to Business Strategies 

To establish a growth trajectory, implement strategies while deepening links between businesses



Next is the second basic policy to build a management foundation linked to business strategies.

This shows a strategic overview of the business foundation. Newly added strategies for each division are colored yellow as topics. I would like to further develop and implement each of them.

Basic Policy 3: Promote Diversity and Inclusion



Executing strategies based on the Diversity and Inclusion Policy and five guidelines



Leverage each person's individuality

- Understanding and Respecting Individuals
- Promoting the Active Participation of All Employees
- Providing Fair Support
- Building Relationships of Trust
- Emphasizing Independence and Challenge



Strengthening support that contributes to deeper understanding of diversity and value creation

- Strategy 1: Support promoting company-wide understanding and action**
Work to strengthen information dissemination and to improve the quality and quantity of mutual communication, while continuing to conduct management D&I training
- Strategy 2: Support promoting understanding and action by each division**
Strengthen support for divisions with a good understanding of D&I, aimed at further improving resilience and creating innovation
- Strategy 3: Evaluation of understanding and action**
Monitor qualitative and quantitative targets for D&I Policy and five guidelines, and review and brush-up actions

Next is the third basic policy to promote diversity and inclusion.

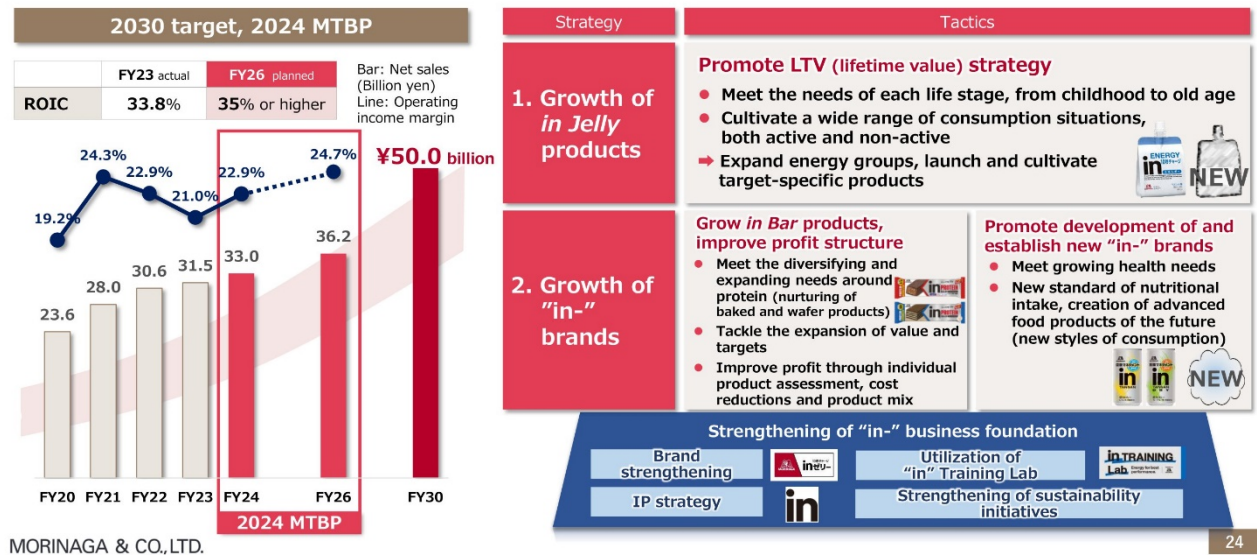
There is one major change here from the 2021 MTBP. The basic policy was changed from promotion of diversity to promotion of diversity and inclusion. Inclusion of diversity will become increasingly important.

For the first time in this medium-term plan, we have presented concrete details of our strategies and initiatives. We would like to steadily implement the three strategies, Group-wide, to create innovation and improve resilience.

Focused Domain: "in-" Business



Supporting the wellness of everyone who positively engages in activities centered around sports
Accelerate the challenge of establishing the "in-" brand



From here, I will explain the specific strategic framework of the projects that will be carried out under the three basic policies.

The first priority area, the "in-"business. The "in-" business is there as a symbol of our change into a wellness company, a business that embodies not only health of body but also mind, body, and environment, therefore we have chosen the expression, "supporting the wellness of everyone."

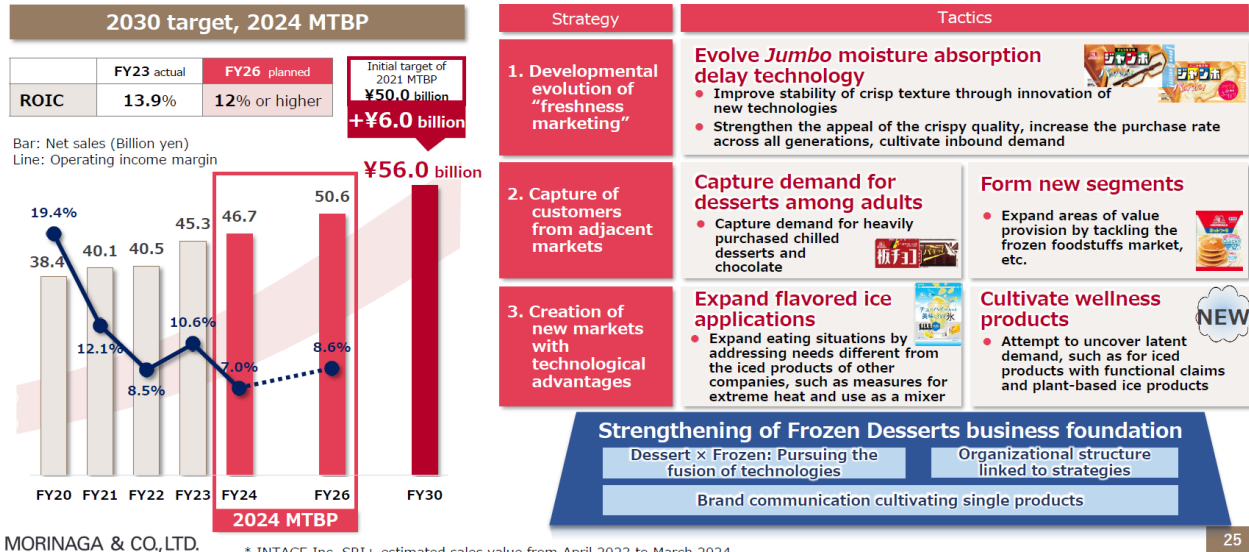
Aside from the further expansion of the *in jelly* scene and target, we have done the expansion of the "in-" brand, the further growth of the *in Bar* here and the improvement of the profit structure. For the new "in-" brands, various seeds have been planted during the 2021 MTBP period. We have promoted various initiatives as "in-" brand across categories; in the 2024 MTBP, we intend to materialize these initiatives to firmly establish them.

In addition, we need to move forward with various initiatives with greater speed to strengthen the infrastructure that supports these efforts. Our net sales target for 2030 is JPY50.0 billion, and we intend to spend the next three years building a solid foundation for the future.

Focused Domain: Frozen Desserts Business



Achieving business growth through the developmental evolution of existing products and the creation of new seeds
 Become a driving force in the frozen dessert market by maintaining outright second* top share of manufacturer market



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* INTAGE Inc. SRI+ estimated sales value from April 2023 to March 2024.

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The next is the Frozen Desserts Business.

We have set out to achieve business growth through the developmental evolution of existing businesses and the creation of new seeds. In the 2021 MTBP, the focus was on differentiated products through confectionery technology. Still, we have divided the plan into existing and new products, not only from the perspective of confectionery technology, and put into words our intention not only to evolve existing products, but also to expand into new markets.

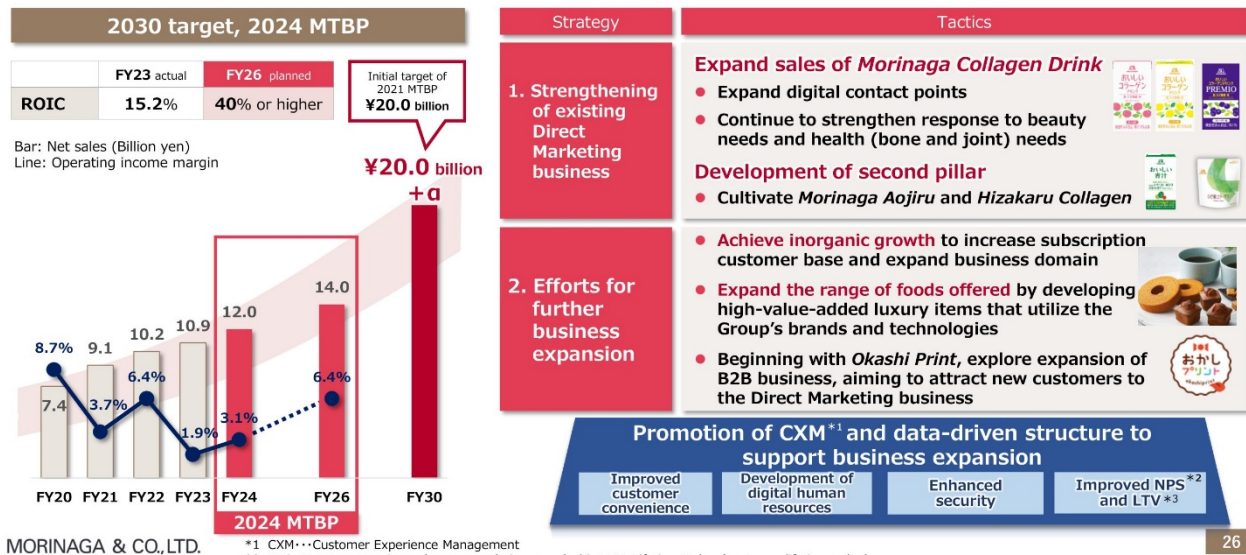
Net sales of Frozen Desserts Business increased by approximately JPY7 billion over the three years of the 2021 MTBP. We have achieved high growth. Considering this, we have raised our sales target for 2030 by JPY6.0 billion to JPY56.0 billion, as shown in the graph on the left.

In the 2024 MTBP, we will continue to refine the three strategies to achieve the target we set, and we will be determined to maintain it and raise the stage even higher to become a driving force in the frozen dessert market.

Focused Domain: Direct Marketing Business



Supporting customers to realize wellness by deepening understanding of their preferences
Tackling growth of Direct Marketing business and expansion of business domain through nurturing subscription customers



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*1 CXM...Customer Experience Management

*2 NPS: Net Promoter Score (recommendation score) *3 LTV: Lifetime Value (customer lifetime value)

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Next is the Direct Marketing Business.

In the Direct Marketing Business, we will continue to further expand our *Morinaga Collagen Drink*, and cultivate our second pillars: *Morinaga Aojiru* and *Hizakaru Collagen*. Besides that, a key point is to promote the expansion of new areas for further business expansion based on customer understanding.

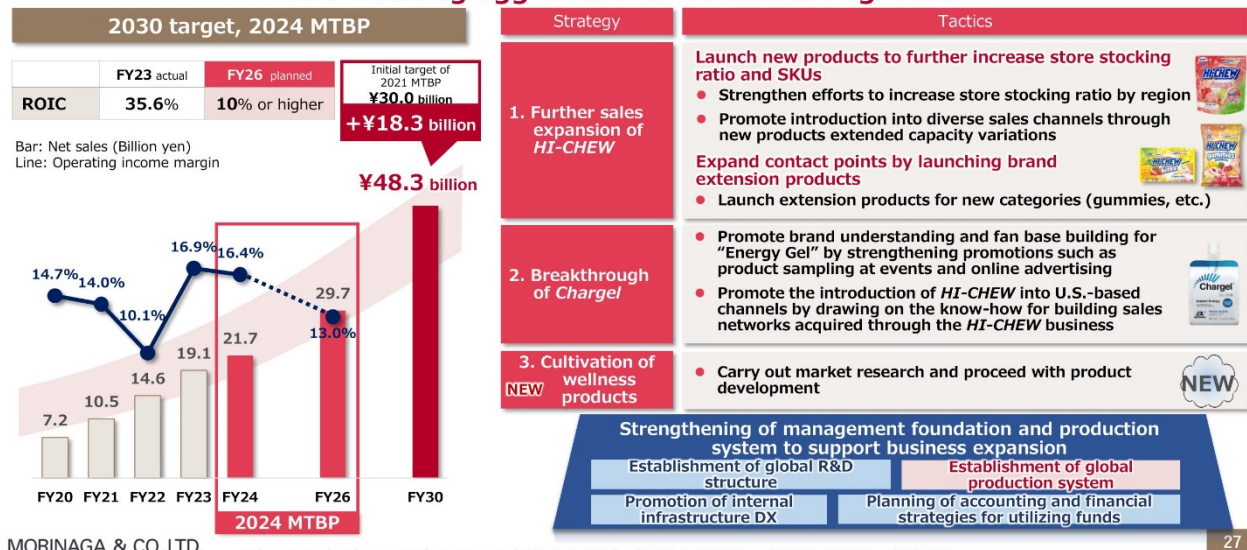
In the Direct Marketing Business, we have net sales target of JPY20.0 billion or more in 2030. To achieve this, we recognize that it will be necessary to realize inorganic growth and we are exploring and examining this issue.

Focused Domain: U.S. Business



Cultivating brands and strengthening the management foundation to achieve sustainable business growth

Maintaining aggressive investments in growth



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*The assumed exchange rate for overseas subsidiaries is ¥146 = \$1 USD in FY2024, and ¥138 in FY2026 and FY 2030

Next is the U.S. Business.

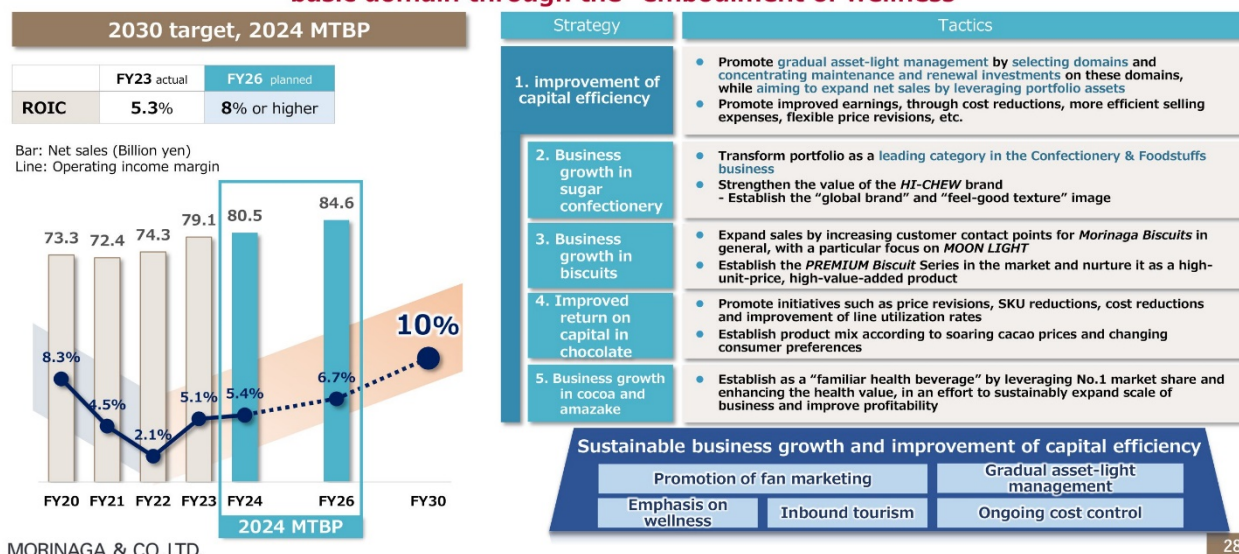
The U.S. Business has actually moved up a great deal in stage over the three years of the 2021 MTBP. The original plan of the 2021 MTBP was 10.0 billion in net sales in the third year of the plan, but the result was JPY19.1 billion. Of course, there is the exchange rate effect, but it is good to say that it is a great growth. We have also raised our net sales target for 2030 by JPY18.3 billion to JPY48.3 billion.

As for the U.S. Business, since the stage has been raised, it is essential to strengthen the management foundation and production system to support the expansion of the business scale toward 2030, the efforts in the 2024 MTBP are very important.

Basic Domain: Confectionery & Foodstuffs Business



Laying a path for improvement of capital efficiency (over 3 years) by leveraging the strengths of the confectionery business and fulfilling the role of the foodstuffs business as a basic domain through the “embodiment of wellness”



Next is the Confectionery and Foodstuffs Business under Basic Domains.

The external environment has changed drastically, and the impact of the sharp rise in raw material prices has been particularly large for the Confectionery and Foodstuffs Business. Accordingly we were in danger of falling into the red in FY2022. However the business achieved a steady V-shaped recovery in the last fiscal year.

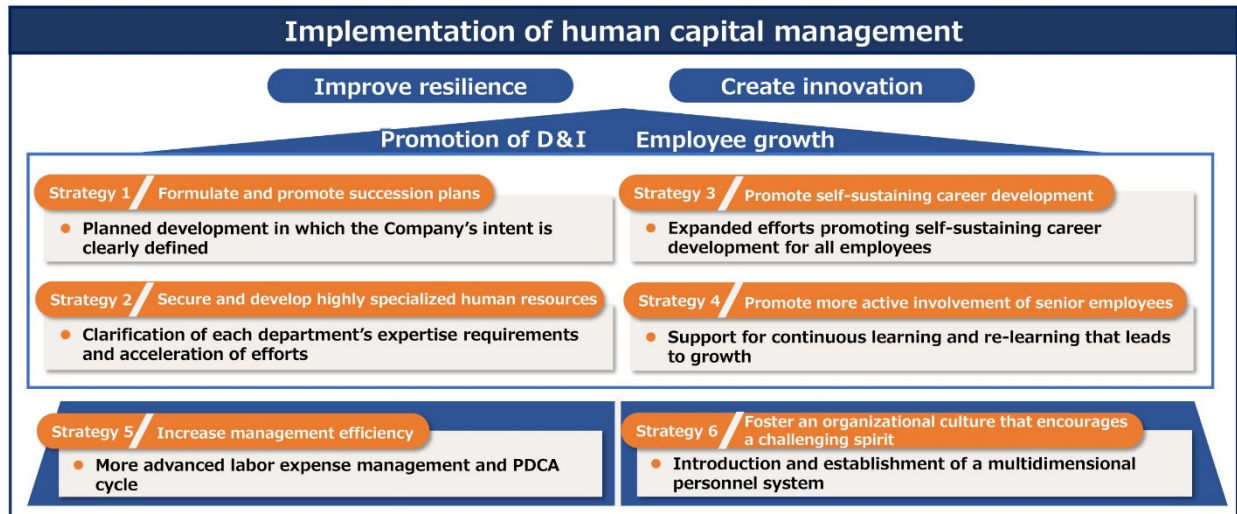
Still, the operating income margin barely exceeded 5% in the last fiscal year. The target for 2030 remains unchanged at 10% operating income margin. To achieve that, we need to leverage the strengths of our confectionery and foodstuffs business to increase capital profitability. We will promote profit improvement through various initiatives, and we will also advance gradual asset-light management.

I would like to see further growth in the sugar confectionery and biscuits businesses, which have continued to do well. Although profitability of chocolate has improved considerably, there is no doubt that the category is still at a very low level and has been affected by the recent sharp rise in cocoa bean prices, making it an even tougher category.

We intend to review the lineup and shift to high-profit commercial products as well as make effective use of the assets we own and make a firm effort.

Currently, ROIC for the Confectionery and Foodstuffs Business is 5.3% for the last fiscal year, but we aim for a significant improvement to over 8% in 2026. We intend to make this a three-year period when we will set a roadmap for improving capital profitability as a fundamental area.

Improve employee engagement and productivity by encouraging personal challenge and autonomous growth



Next is the human resources strategy of the management foundation.

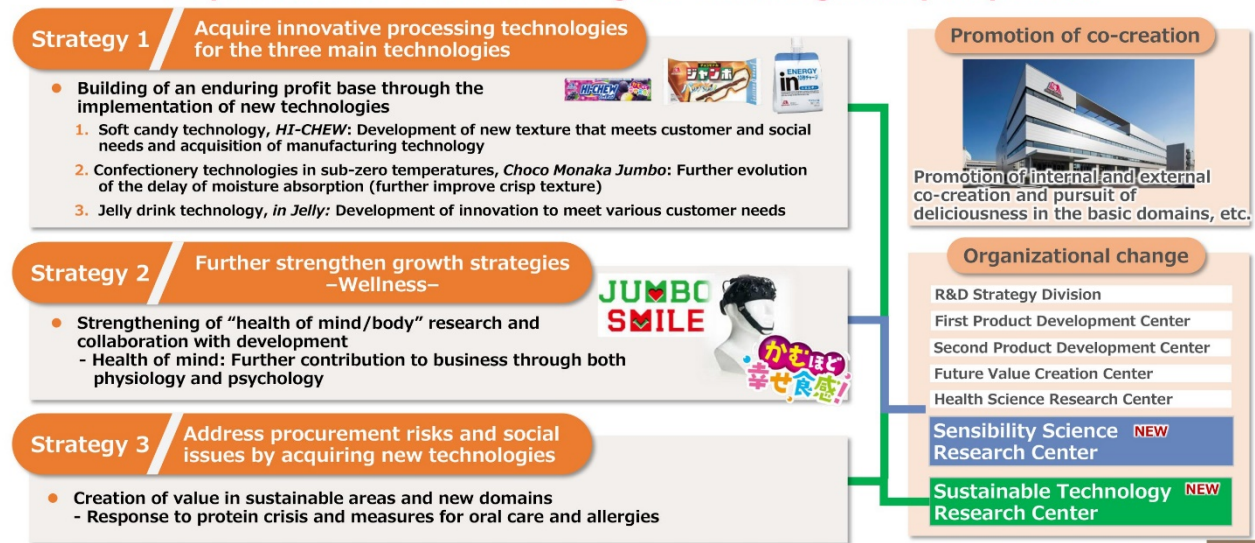
The main message was “Improve employee engagement and productivity by encouraging personal challenge and autonomous growth.” It is management's desire and my desire to include improved engagement in the message. To achieve this, it is important for the Company to create a corporate culture that encourages employees to take on challenges, and for them to grow independently.

For that, we have updated the strategies accordingly. As it is people’s power that is important, in the 2024 MTBP period, we will further increase our investment in human resources, and develop a variety of personnel policies more than ever.

Management Foundation: R&D Strategy



Create value through “deepening of existing technologies” and “exploration of new technologies” from a global perspective



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Next is R&D strategy.

We aim “Create value through “deepening of existing technologies” and “exploration of new technologies from a global perspective”. The key point is the addition of a global perspective. We have established an R&D Office in the U.S., and it is important to conduct various activities from a global perspective as R&D for further overseas business expansion, especially in the U.S. in the future.

Also we made a major organization change this April 2024, establishing the Sensibility Science Research Center and the Sustainable Technology Research Center. Sensibility Science is truly the department leading health of mind initiatives; Sustainability will seek to solve global social issues, including addressing the SDGs, and acquiring new technologies.

When I took office as President, I stressed the importance of R&D and declared that expenses would be significantly increased. For R&D we will continue to invest well into the 2024 MTBP period.

Management Foundation: DX Strategy



Expand digital management foundation and make business operations more sophisticated and efficient using AI technology, etc.

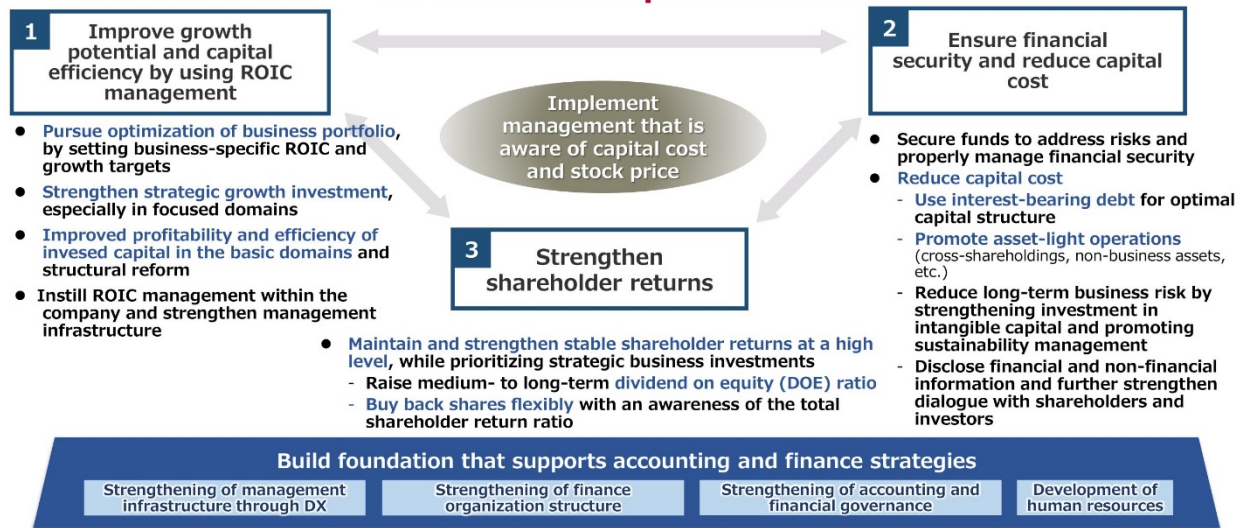


Next is the DX strategy.

We say, “Expand digital management foundation and make business operations more sophisticated and efficient using AI technology, etc.” We have restructured our DX strategy during the period of the 2021 MTBP. We abolished the DX 1.0 to the 3.0 framework outlined in the 2021 MTBP, and the four strategies have been newly formulated in conjunction linked to the 2030 Business Plan.

In addition, we will continue to improve productivity through AI and the use of other latest technologies. Anyway, DX is only a measure. The ultimate goal is nothing less than building a competitive advantage.

Implement management that is aware of capital cost and stock price to increase corporate value



Next is the last part of the management foundation: the accounting and financial strategy.

We implement management that is aware of capital cost and stock price to increase corporate value. I showed ROIC figures by business in the business portfolio transformation earlier. We will strive to improve growth and capital efficiency by implementing ROIC management.

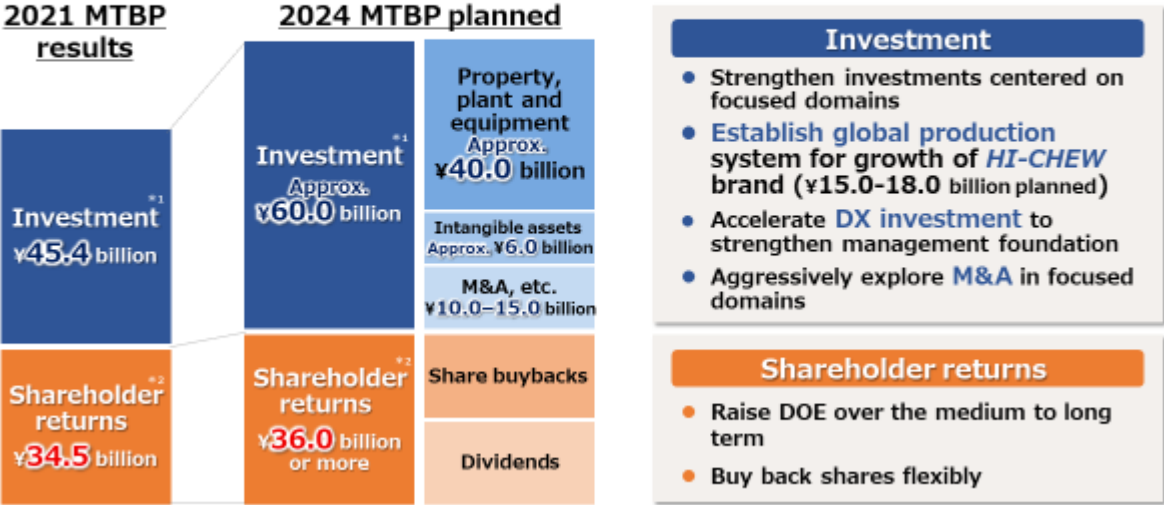
Second, we will work to ensure financial security and reduce capital costs. Below this, capital cost reduction is the same as what was explained earlier; we promote asset-light management with a will.

Third, we will continue to strengthen shareholder returns. In any case, ROIC management is the first implementation for our company. We are currently conducting a variety of educational activities to spread the concept within the Company. It will take time, but as management, we will provide guidance and support so that each employee can make ROIC management their own and work on their own business.

Investment and shareholder returns



Continue to strengthen shareholder returns while prioritizing investments centered on focused domains



MORINAGA & CO., LTD. *1. Amount recorded for the period of the MTBP *2. Cash outflow amount for the period of the MTBP

Next is investment and shareholder returns.

We share the results of the three years of the 2021 MTBP, and the plan for the 2024 MTBP.

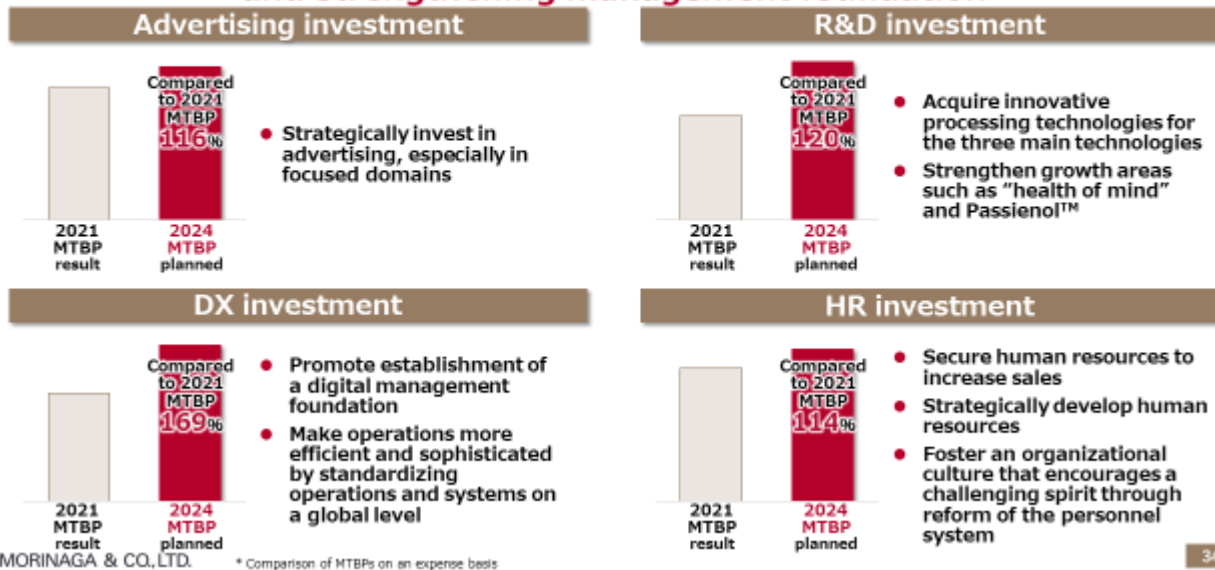
The planned investment for the 2024 MTBP period is about JPY60.0 billion, but of that, about JPY40.0 billion is for tangible fixed assets. In addition to investments in focused domains, we plan to invest JPY15.0 billion to JPY18.0 billion in the establishment of a global production system for *HI-CHEW*. Also we plan to DX investment as intangible assets and about JPY10.0 billion to JPY15.0 billion for M&A.

In terms of shareholder returns, we plan to exceed the results of the 2021 MTBP through dividends and flexible share buybacks, and we will also raise DOE over the medium- to long term.

Intangible Investment



Accelerate investment for further business growth in focused domains and strengthening management foundation



Next is intangible investment.

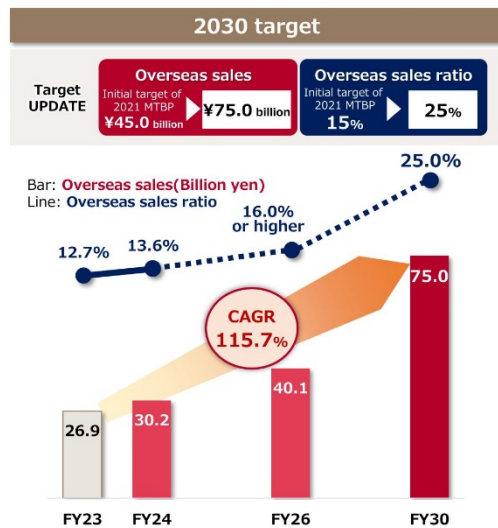
Starting with this briefing, we have added HR investment. HR Investment is planned to be up 14% against the 2021 MTBP. We will strengthen our investment in people by securing human resources, increasing training expenditures, investing in improving workplace engagement, and revising our human resource system.

In addition, we will further increase and strengthen our investments in advertising, R&D, and DX, even more than the figures of the 2021 MTBP, which had been considerably increased. It is the strong will of management to further strengthen the management foundation toward "Establishing a trajectory for dramatic growth," which is the key message of the 2024 MTBP.

Further Efforts for 2030



Raise overseas sales target and accelerate global strategies



Three strategies for achieving growth

Brand/product	Unique technology/quality	Target areas
1 HI-CHEW Including extension products	<ul style="list-style-type: none"> Balance of softness, elasticity and chewability Bursting with juicy flavor Wide variety of flavors 	North America Asia Oceania Europe
2 Jelly drinks	<ul style="list-style-type: none"> Realization of various textures and richly varied flavors Delicious intake of various nutrients 	North America Asia...
3 Wellness Collagen Drink Passienol™	<ul style="list-style-type: none"> Collagen drink with functionality that is delicious even in high concentrations Unique material with evidence of functionality 	Asia...

Accelerate expansion in Europe, where the candy and confectionery market is the same size as the U.S. market.

Promoting evolution to global management foundation and structural reforms

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* The assumed exchange rate for overseas subsidiaries is ¥146 = \$1 USD in FY2024, and ¥138 in FY2026 and FY2030

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From here, in terms of further efforts for 2030, we selected further growth drivers and updated our goals and strategies for 2030, based on the results obtained in the 2021 MTBP and the efforts in the 2024 MTBP.


Our initial target for 2030 was JPY45 billion in overseas sales and 15% of total overseas sales rate, but the actual results for the last fiscal year were just under 13%, with significant growth mainly in the U.S.. We have raised the sales target by JPY30 billion to JPY75 billion; we have revised the ratio of overseas sales to total sales upward to 25%.

To realize this, we will advance the three global strategies. The first is further globalization of *HI-CHEW*. The balloon says, "Accelerate expansion in Europe, where the candy and confectionery market is the same size as the U.S. market." At this point I feel that Europe has great potential.

Second, the expansion of jelly beverages. Third, there is the development and enhancement of Collagen Drink, *Passienol™*, and wellness products.

Further Efforts for 2030: Accelerated Commercialization of Passienol™

Realizing a society full of vitality and smiles through business growth in Passienol™

What is Passienol™? 


A type of polyphenol contained in passion fruit seeds. Morinaga's proprietary*¹ food ingredient with functional claims, containing **piceatannol** as the functional component

Morinaga's research results

In a world first, confirmed that Passienol™ increases sirtuin gene (longevity gene) expression in humans
 Published in an international scientific journal *(Life 14, 589 (2024))*

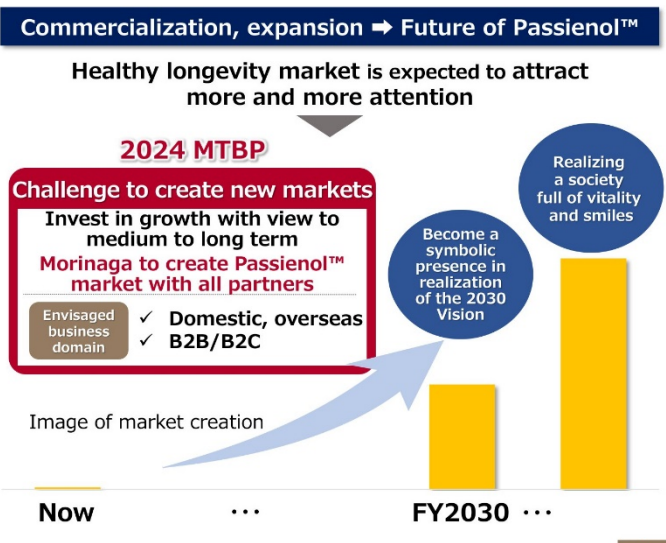
May 9, 2024: Announcement of Passienol™ research results and new project

- Announcement of research results from human trial
- Co-creation partner companies
 - Explanation of initiatives and potential of Passienol™

▲ Presentation 

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*1. Made by extracting piceatannol (a polyphenol ingredient derived from passion fruit) using Morinaga's patented technology (patent number 5347018)



The next step is to accelerate the commercialization of *Passienol™*.

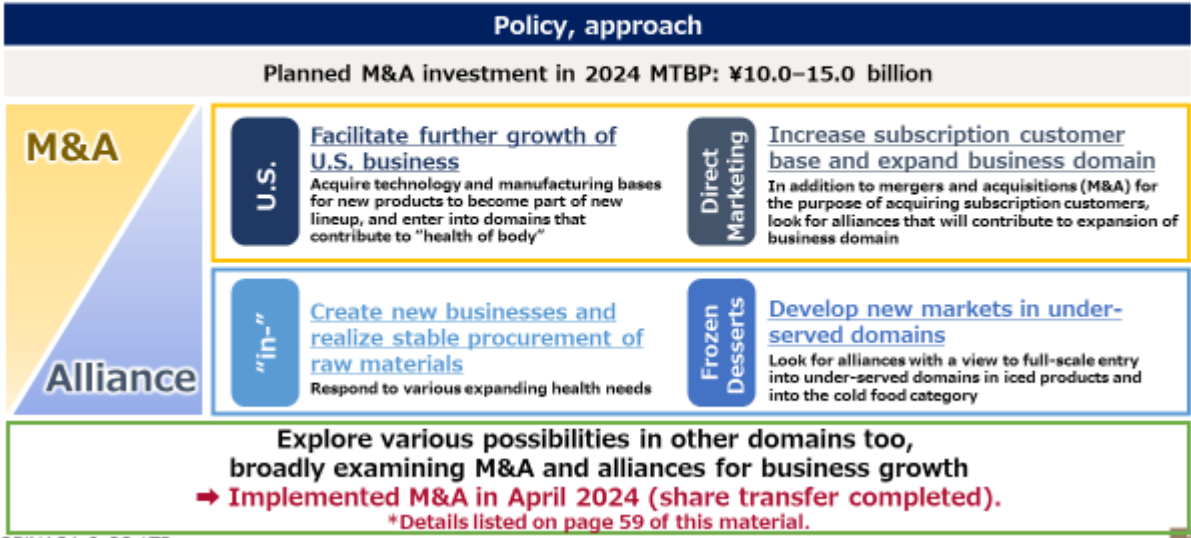
Last week on [May 9, 2024], we held a research presentation on *Passienol™*.

The results of human studies have now confirmed that piceatannol, the main component of *Passienol™*, activates the sirtuin gene, or longevity gene. The result was published in the international scientific journal, *Life*, shown there.

Passienol™ is a food material originally developed by our company, and we have researched it for about 18 years. The healthy longevity and anti-aging market will attract more and more attention in the future. We would like to take on the challenge of creating a new market for this *Passienol™* business under the leadership of our company.

Further Efforts for 2030: Concrete Inorganic Growth Strategies 

Realize discontinuous growth through aggressive inorganic investment in focused domains



Another further initiative for 2030 is to realize an inorganic growth strategy.

This also started with the declaration in the 2021 MTBP that the Company would actively engage in M&A for the first time and that a new organization would be newly established, but the steps were limited to the listing of M&A candidate companies and the approach to them.

Still, through various approaches behind the scenes as well as repeated dialogue with various businesses within the Company, actions have been clarified with a focus on focused domains, and there are actually various projects underway behind the scenes at present. We intend to achieve discontinuous growth through aggressive inorganic investment toward 2030.

Also, as mentioned earlier, in the 2024 MTBP, we have drafted a financial strategy that will enable us to invest JPY10.0 billion to JPY15.0 billion in M&A.

We were especially able to conclude our first M&A deal this past April, and the stock transfer was officially completed. The company is called BAQTEX Co., Ltd., and we decided on the M&A because it would be very beneficial in expanding the business domain of Morinaga Institute of Biological Science, Inc. Although still small in scale, we will work to expand our business domain in a manner that leverages the strengths of both companies.

This matter is of a scale that does not meet the standards for timely disclosure, and its impact on the Company's consolidated financial results for the time being is expected to be negligible.

Evolution of Sustainable Management



Promote the creation of social value and building of a resilient management foundation to achieve sustainable growth



Materiality	Action themes (18 (of 26) themes of high importance)	Set various KPIs and promote responses to issues
Contribute to healthy lives of people around the world	<ul style="list-style-type: none"> ● Contribute to delicious and healthy foods^{*1} ● Respond to diversifying consumer needs ● Develop sustainable products and provide information ● Ensure safe and reliable food products 	
Diversity and inclusion	<ul style="list-style-type: none"> ● Develop human resources to realize the Purpose and 2030 Vision ● Promote diversity and inclusion ● Promote health management 	
Achieve sustainable value chains	<ul style="list-style-type: none"> ● Achieve a higher order of sustainable supply chain management NEW^{*2} ● Reduce food loss and waste ● Co-existence and co-prosperity with local communities 	
Conserve the global environment	<ul style="list-style-type: none"> ● Mitigate and adapt to climate change NEW ● Eco-friendly plastic containers and packaging for recycling and reuse ● Sustainable use of water resources ● Maintenance and conservation of natural capital and biodiversity NEW 	
UPDATE Strengthen sustainability governance	<ul style="list-style-type: none"> ● Strengthen corporate governance NEW ● Strengthen Group governance NEW ● Strengthen risk management ● Respect for human rights 	

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*1. Red indicates action themes of particularly high importance
*2. New action themes of increased importance in FY2024

Next, we summarize the evolution of sustainable management.

To realize the Purpose 2030 Vision, we identified five materialities in 2021. In light of changes in the external environment surrounding the Group, we have updated the materialities and the themes of our efforts to resolve the issues.

The themes to be addressed are 18 themes of high importance. In addition, nine of the most important items are listed in red. It is essential to respond to them to become an enduring company that continues to grow with society. We will continue to further evolve and deepen our efforts in sustainable management, the foundation and basis for everything we do.

Business Targets (2024 MTBP, 2030 Business Plan)



	FY2023 actual	FY2026 planned	FY2030 planned
Net sales	213.3 billion yen	246.0 billion yen	300.0 billion yen or higher
Operating income	20.2 billion yen	24.6 billion yen	-
<KPIs>			
Operating income margin	9.5%	10.0%	12% or higher
Focused domain net sales ratio	50.6%	53% or higher	60% or higher
Overseas sales ratio	12.7%	16% or higher	initial target 15% ⇒ revised target 25% or higher
ROE	11.8%	12% or higher	15% or higher
ROIC ^{*1} NEW	9.6%	10% or higher	12% or higher
DOE NEW	4.0%	4.3%	4.5% or higher
<Non-financial targets>			
Provide the value of health to more than 70% of Japan's population through new initiatives aimed at becoming a wellness company			70%
Ratio of positive responses that the company makes them happy, according to a corporate image survey ^{*2} NEW			90%
Ratio of employees who find their job meaningful and who are in good mental and physical health at work			80%
Procurement ratio of sustainable raw materials (cacao beans, palm oil and paper)			100%
CO ₂ emissions			30% reduction^{*3}

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*1 Calculated using credit approach. Formula: NOPAT / Investment capital (Interest-bearing debt + Shareholder equity)
 *2 Based on Morinaga data. Target: 1,400 men and women in their 10s to 70s nationwide
 *3 Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

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Next is a list of newly added and updated business targets.

We have also added a non-financial targets here. The fourth item from the bottom of the list, the ratio of positive responses that the Company makes them happy, according to a corporate image survey, is an item that was added this year. Then we have added ROIC and DOE to the financial targets, I also updated the overseas sales ratio in 2030.

It has been three years since the 2021 MTBP was formulated, and with the external environment changing rapidly, we have been able to flexibly update the content of our targets for 2030. We will always update our strategy and approaches towards 2030, going forward.

In the final year of the 2024 MTBP, or FY2026 in the middle of the table, we aim to achieve net sales of JPY246 billion, an operating income of JPY24.6 billion, and an operating income margin of 10%.

Results Forecast for FY2024



Plan to increase sales and profit by overcoming tough management environment; expect to achieve record high net sales for 4th consecutive year.

(billion yen)	FY2024 Forecast	Y/Y change	
Net sales	222.0	+8.7	104.0%
Gross profit (gross profit margin)	91.4 [41.2%]	+4.8 [+0.6pt]	105.4%
Operating income (Operating income margin)	20.5 [9.2%]	+0.3 [(0.3pt)]	101.1%
Ordinary income	20.9	(0.1)	99.3%
Profit attributable to owners of parent	15.8	+0.7	104.3%
EBITDA *1	31.0	+1.3	104.4%

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*1 Simple calculation method used for EBITDA: operating income + depreciation and amortization
*2 The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥146=\$1USD

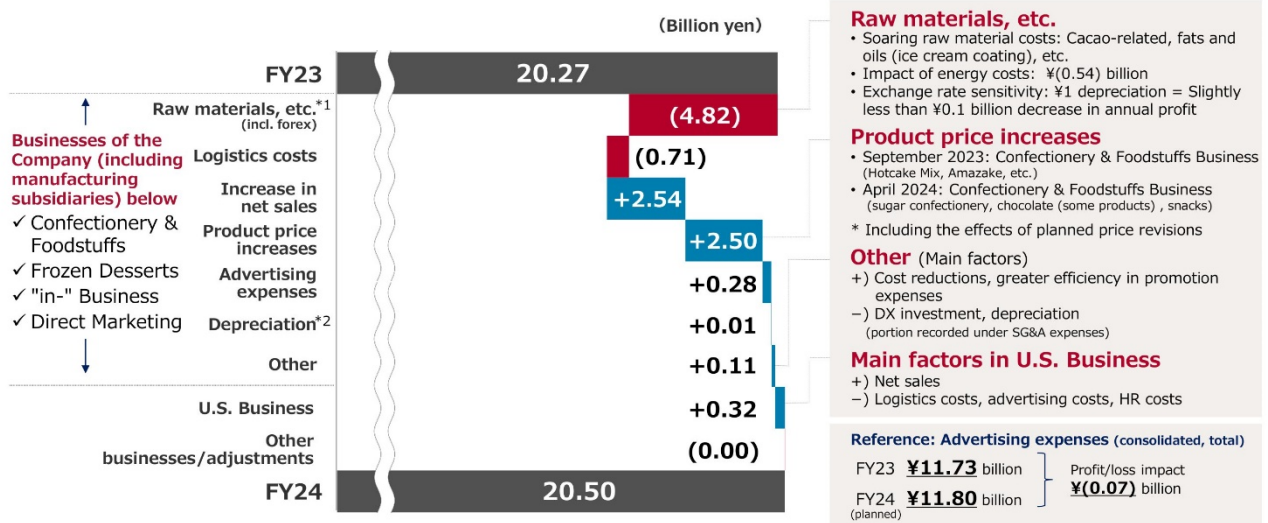
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Next is the results forecast for FY2024. Net sales and profit results for the last fiscal year were higher than expected, and we plan to increase net sales and profits accordingly. Net sales is JPY222.0 billion, up 4%, a record high for the fourth consecutive year. Operating income is expected to be JPY20.5 billion.

Factors in Change in Consolidated Operating Income



Plan to offset the impact of soaring raw material, energy and logistics costs with the effects of price revisions and increased sales.



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*1 Actual funding rate in FY2024 : \$1USD = ¥146; ¥137.12 in FY2023

*2 Cost of sales recorded only

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This is factors in change in operating income in the forecast. Assuming that raw material and energy costs will continue to increase, including foreign exchange effect, we project raw materials etc. to increase by about JPY4.82 billion a year we plan to offset this by increase in net sales, product price increases, and increasing profits in the U.S., resulting in a total increase in the operating income.

Summary by Business



Expect net sales to increase in main businesses in Japan and overseas and profit to increase, driven by the “in-” Confectionery & Foodstuffs and U.S. Businesses.

(Billion yen)	Net sales			Operating income			Operating income margin		
	FY2024 Forecast	Y/Y change		FY2024 Forecast	Y/Y change		FY2024 Forecast	Y/Y change	
Food Manufacturing	Confectionery & Foodstuffs ^{*1}	80.5	+1.4	101.7%	4.3	+0.3	108.2%	5.4%	+0.3pt
	Frozen Desserts ^{*1}	46.7	+1.4	102.9%	3.2	(1.6)	68.1%	7.0%	(3.6pt)
	“in-” Business ^{*1}	33.0	+1.5	104.6%	7.5	+0.9	114.1%	22.9%	+1.9pt
	Direct Marketing	12.0	+1.1	109.4%	0.3	+0.1	182.2%	3.1%	+1.2pt
	Operating Subsidiaries	10.6	+0.7	106.2%	0.5	+0.1	116.4%	5.4%	+0.5pt
	Domestic Total	182.8	+5.7	103.3%	16.1	(0.1)	99.9%	8.8%	(0.3pt)
	U.S. Business ^{*2,3}	21.7	+2.6	113.1%	3.5	+0.3	109.7%	16.4%	(0.5pt)
	China, Taiwan, exports, etc.	8.1	+0.7	108.2%	0.2	(0.2)	51.3%	2.9%	(3.3pt)
	Overseas Total	29.8	+3.2	111.7%	3.7	+0.0	102.4%	12.7%	(1.2pt)
	Subtotal	212.7	+8.9	104.4%	19.9	+0.0	100.4%	9.4%	(0.4pt)
Food Merchandise	6.9	(0.0)	99.9%	0.4	+0.1	107.4%	5.9%	+0.4pt	
Real Estate and Services	1.6	(0.3)	83.7%	0.8	(0.0)	99.0%	51.7%	+8.0pt	
Other	0.8	+0.1	108.4%	0.1	(0.0)	83.9%	15.0%	(4.4pt)	
adjustments				(0.8)	+0.1	—			
Total	222.0	+8.7	104.0%	20.5	+0.3	101.1%	9.2%	(0.3pt)	

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* To more clearly present the actual status of the Group's business management, the methods of classification and aggregation will change from the fiscal year ending March 31, 2025.

The figures for the fiscal year ended March 31, 2024 are based on the new classification and aggregation methods with the changes have been applied retroactively.

*1. The Confectionery & Foodstuffs Business includes “in-” brand sugar confectionery, chocolate and other products, and the Frozen Desserts Business includes “in-” brand frozen dessert products.

*2. Includes income resulting from exports from China/Taiwan to the United States. *3. The year-on-year change in net sales on a local currency basis is 108.9%.

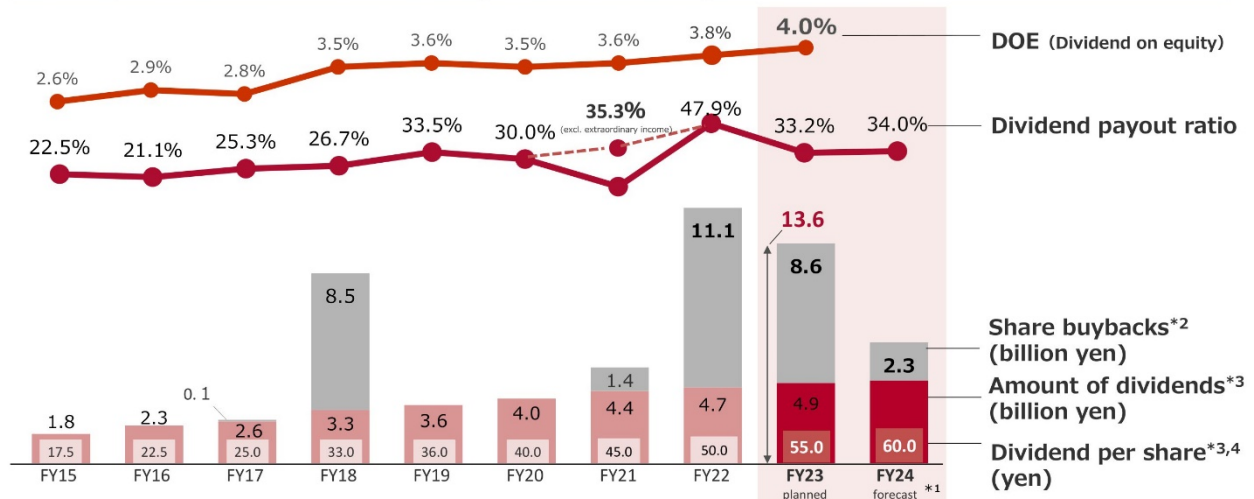
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Next is by business. These are net sales, operating income, and operating income margin. Profit of the Frozen Desserts Business especially will plunge. One of the reasons for this is that we see a large impact from the sharp rise in cocoa and other raw material prices, and we are also reviewing the allocation standards for Company-wide common expenses and operating expenses at the timing of the medium-term plan. One of the factors is that the burden ratio is increasing due to the expansion of the business scale of the Frozen Desserts Business. We intend to consider various measures to counteract the situation, including price revisions.

Shareholder returns



Dividend per share for the fiscal year ended March 31, 2024 will increase by ¥5 to ¥55
Dividend per share for the fiscal year ending March 31, 2025 is projected to increase by ¥5 to ¥60, with flexible consideration given to share buybacks as needed.



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*1 Results forecasts for the fiscal year ending Mar 31, 2025, as of May 14, 2024
 *2 The amount bought back during the fiscal year (for FY2024, the amount purchased up until May 14, 2024)
 *3 Amount of appropriated surplus for the relevant accounting periods
 *4 Two-for-one stock split of common shares was conducted effective Jan 1, 2024. Figures for FY2022 and earlier have been retroactively adjusted for the stock split.

Lastly, here are the details of our shareholder returns.

Although the returns depend on the resolution at the general shareholders' meeting this June, we plan to increase the dividend by JPY5 to JPY55 per share for FY2023, which will be the ninth consecutive year of dividend increase. For FY2024, the company forecast an increase of JPY5 per share, to JPY60 per share.

As for share buybacks, we have recently made a timely disclosure and entered the figures confirmed for repurchases as of today, and we plan to continue to consider and implement share buybacks in a flexible manner as needed.

That is all from me. Thank you very much for your attention.

Cautionary statement regarding 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.