



Delicious, Fun, and Healthy



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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Results for FY2023



Looking Back on the 2021 MTBP



2024 MTBP, Efforts for 2030



Results Forecast for FY2024



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Results for FY2023



Looking Back on the 2021 MTBP



2024 MTBP, Efforts for 2030



Results Forecast for FY2024

Consolidated Results



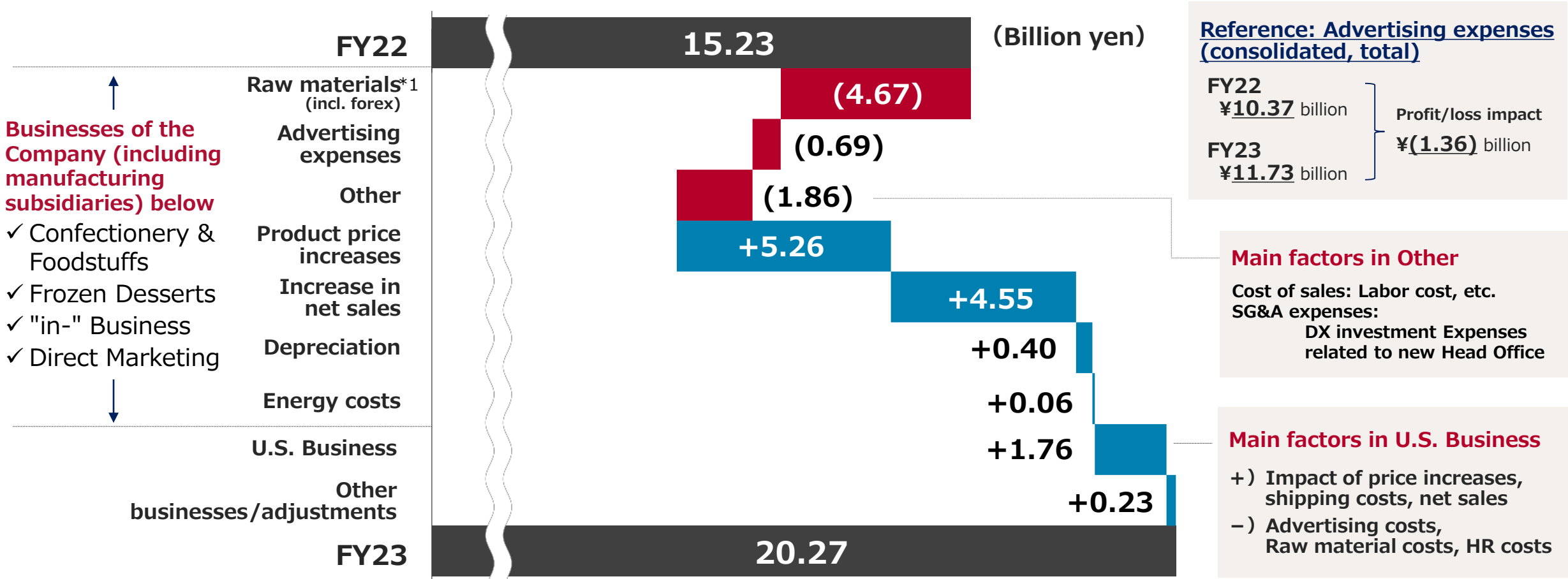
Net sales reached new record high for third consecutive period, operating income made a V-shaped recovery to more than ¥20 billion, and EBITDA reached record high.

(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%

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.



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

*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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Results for FY2023



Looking Back on the 2021 MTBP



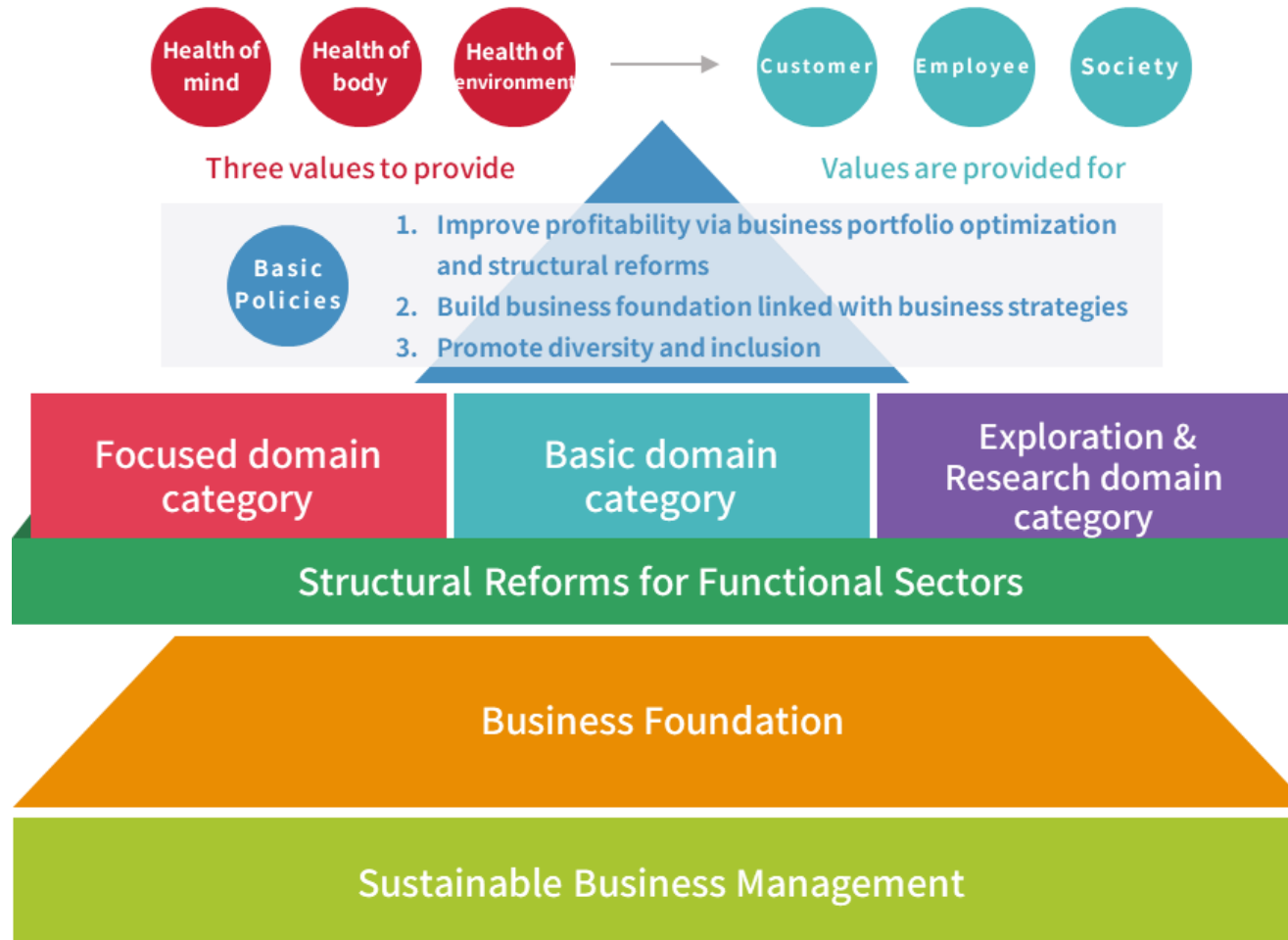
2024 MTBP, Efforts for 2030



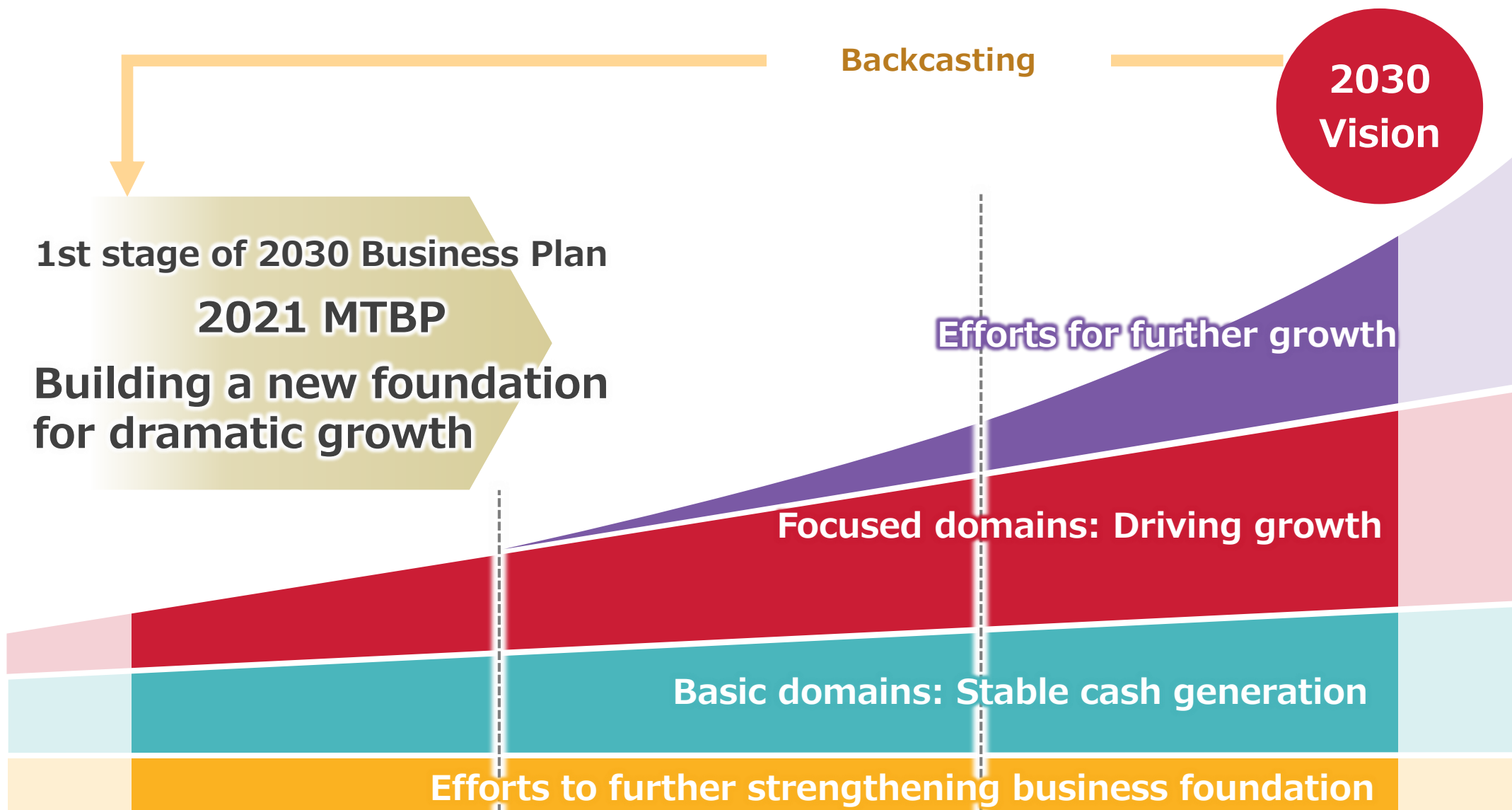
Results Forecast for FY2024

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.



2021 Medium-Term Business Plan



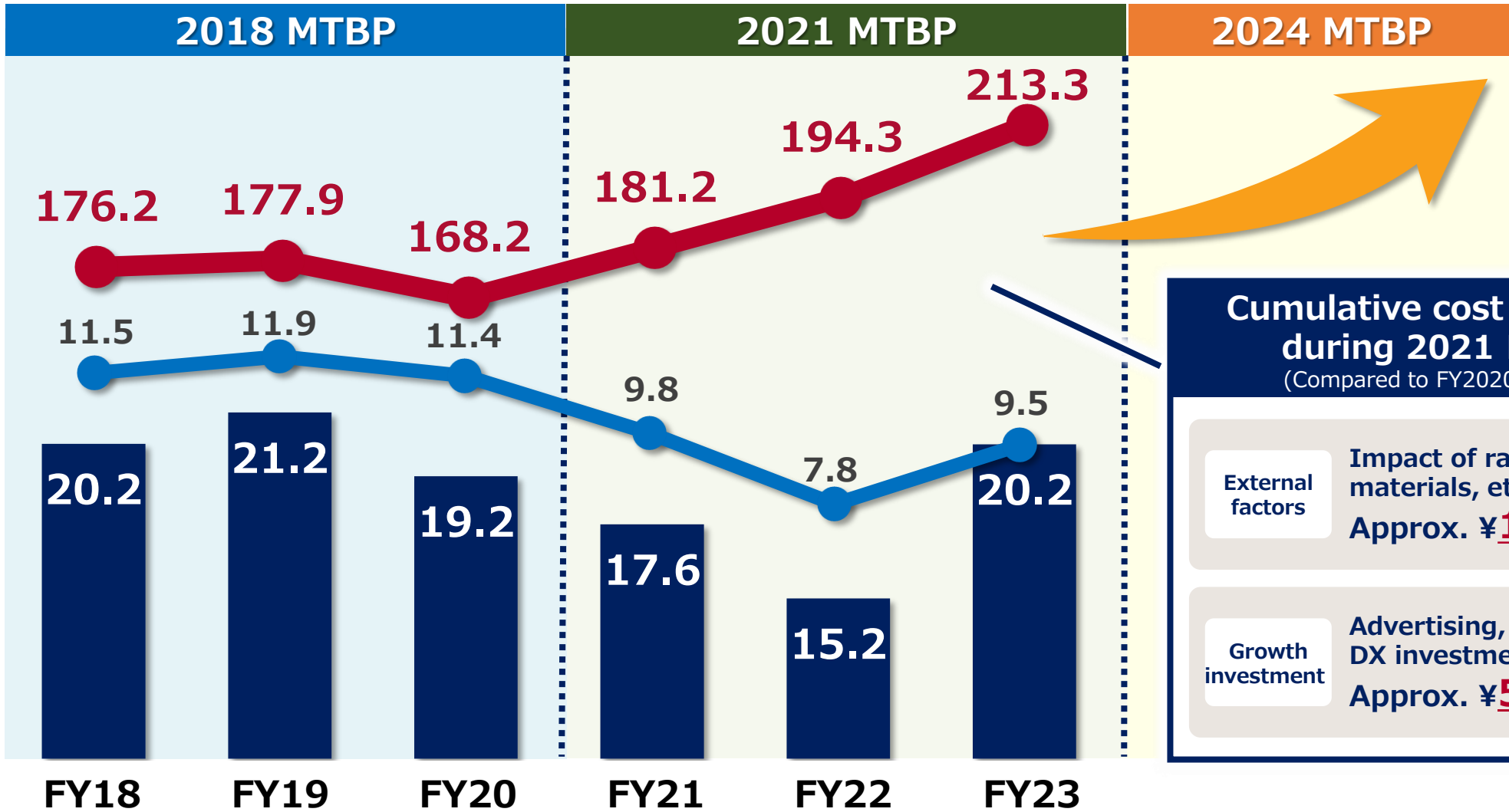
Results: 2021 MTBP Business Targets and KPIs



	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

Morinaga Group Earnings*1

● Net sales (¥ bn)
 ● Operating income margin (%)
 ■ Operating income (¥ bn)



Cumulative cost increase during 2021 MTBP
(Compared to FY2020 results)

- External factors**
 Impact of raw materials, etc.
 Approx. **¥14.4 billion**
- Growth investment**
 Advertising, R&D and DX investment
 Approx. **¥5.3 billion**

Impact of raw materials*2 (billion yen)



*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

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

- 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.

- 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

- Steadily built management foundations supporting business growth by expanding intangible investment.
- Continued to make shareholder return based on updated financial strategy.
- Promoted sustainable management.
 - Improved evaluation score by ESG evaluation agency

- Promote structural reform and strengthen management foundation from a global perspective.
 - 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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Results for FY2023



Looking Back on the 2021 MTBP

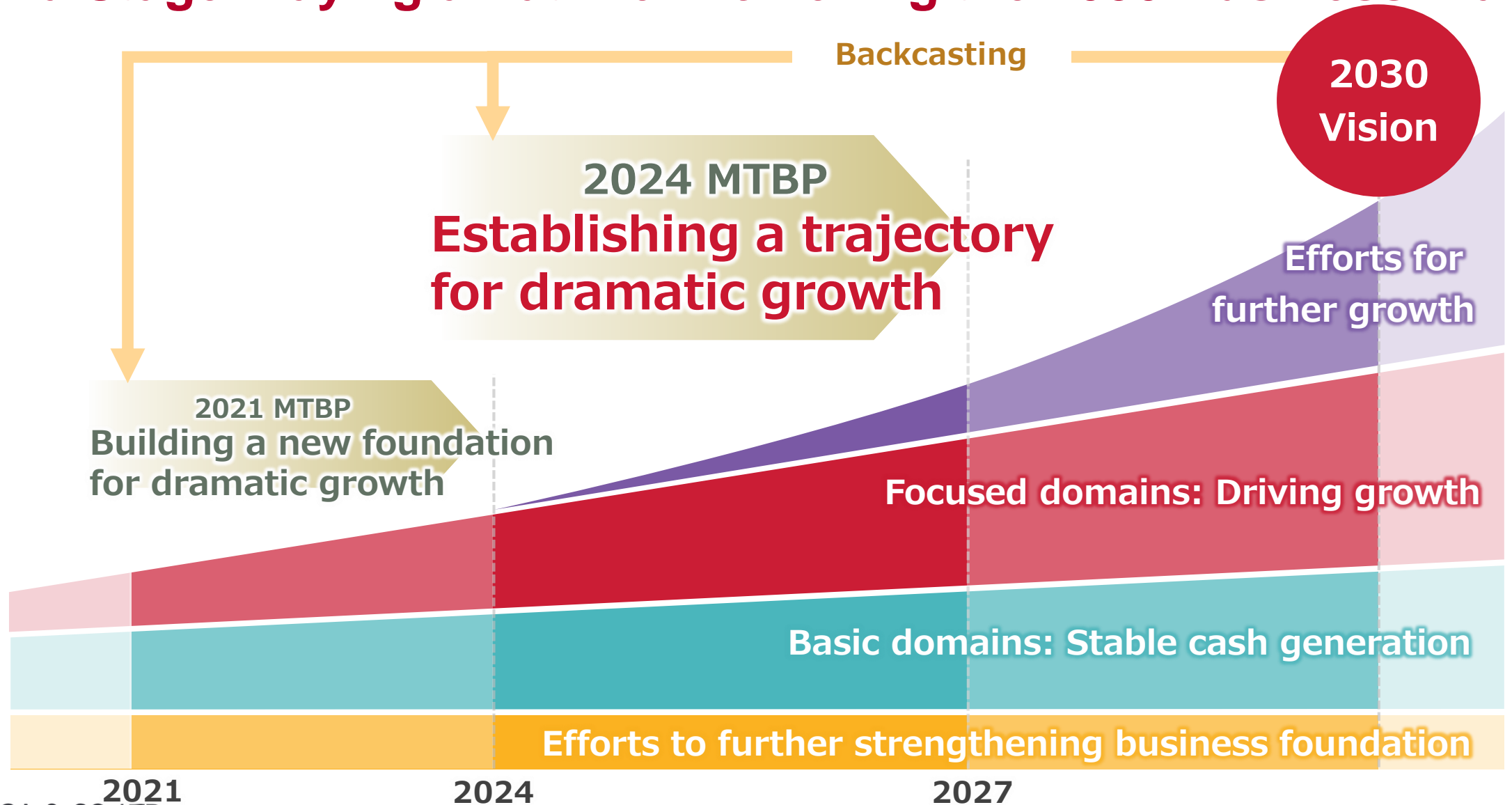


2024 MTBP, Efforts for 2030



Results Forecast for FY2024

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



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

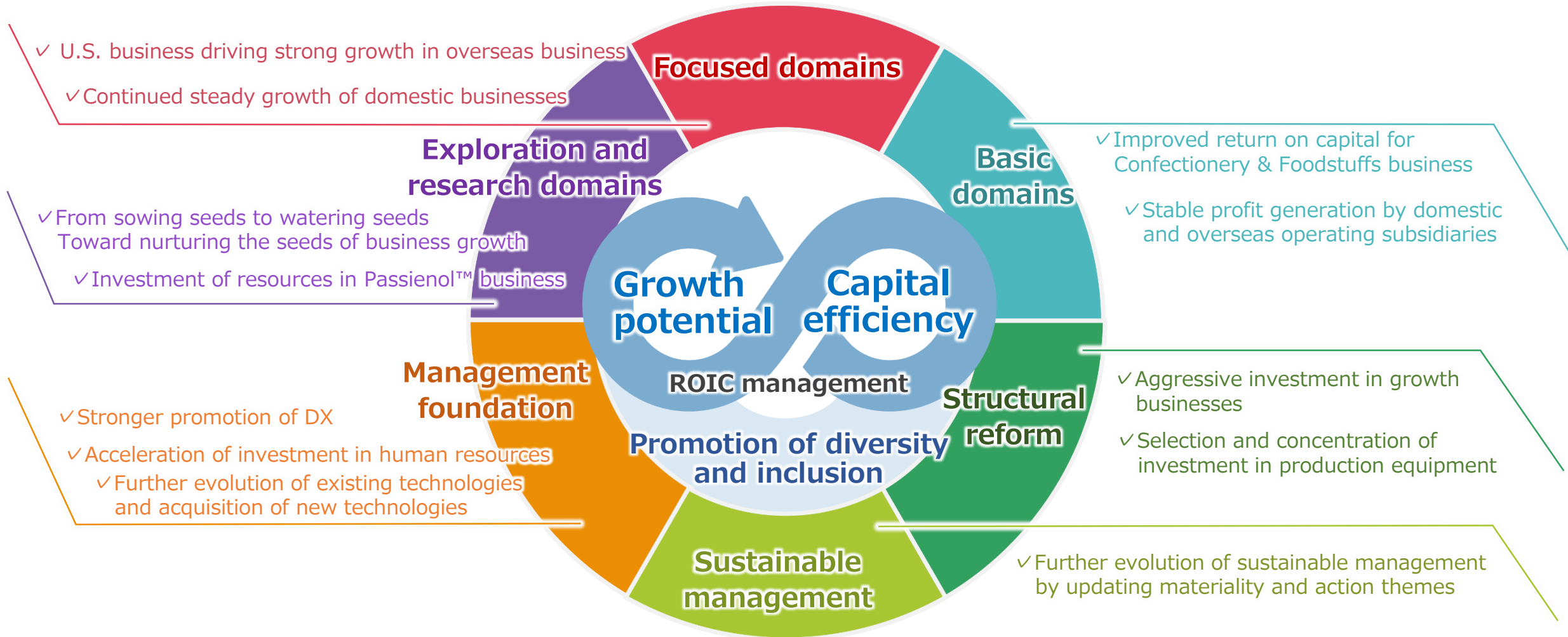
- ✓ Use the same “for dramatic growth” phrase as in 2021 Medium-Term Business Plan

■ Toward 2030 and beyond

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

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

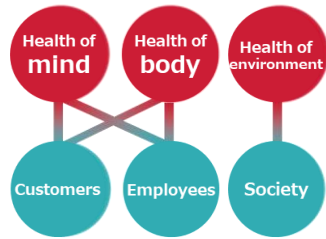


2030 Vision: Initiatives in the 2024 Medium-Term Business Plan



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

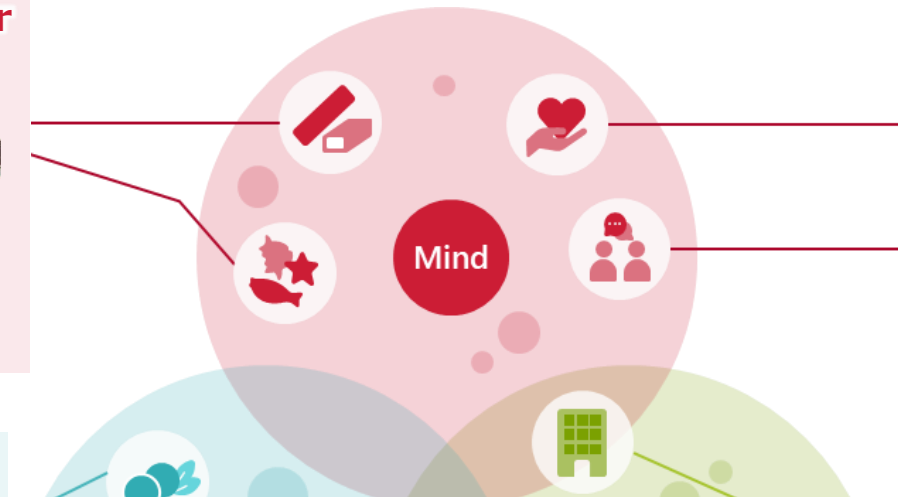
Three values to provide



Values are provided for

Examples of activities

Customers Continue providing value for "health of mind"



Evolution of "health of mind"



Activities to further disseminate the concept of D&I



Employees

Customers

Expansion of Passienol



Further expansion of jelly drinks (overseas, domestic)



Society

Utilization of MORINAGA KAKUHAN BASE at new Head Office



Initiatives to reduce CO₂ emissions

Development of sustainable alternative proteins



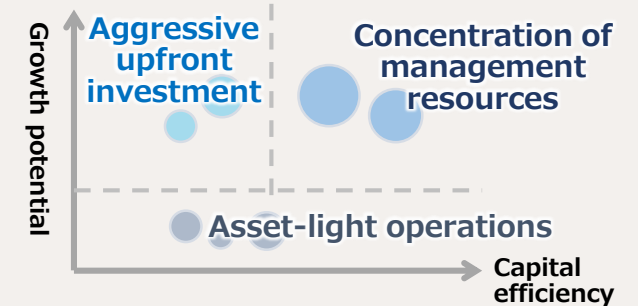
Policy 1: Improve Profitability through Business Portfolio Optimization and Structural Reforms — Implementation of ROIC management



Implement business strategies aimed at forming optimal portfolio through ROIC management

Optimization of business portfolio

- Determine medium- to long-term strategies and measures for each business based on an analysis of its growth potential and capital efficiency
Identify businesses that will accelerate growth or improve capital efficiency, and optimally allocate management resources to these businesses after also considering the investment target and investment scale



Strengthening of strategic growth investment, especially in focused domains

- “in-” Business: Establishment of “in-” brand
- Frozen Desserts: Developmental evolution of existing products, creation of new seeds
- Direct Marketing: Nurturing of subscription customers, expansion of business domain
- Global commercialization of *HI-CHEW*
- Acceleration of initiatives for next-generation businesses

Improved profitability and efficiency of invested capital in the basic domains

- Promote gradual asset-light management by selecting domains and concentrating maintenance and renewal investments on these domains, while aiming to expand net sales by leveraging portfolio assets
- Promote improved earnings, through cost reductions, more efficient selling expenses, flexible price revisions, etc.

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

■ Estimating capital cost

CAPM (theoretical value) ⇒ 4.8–6.0%

= Risk-free rate: Approx. 0.6%

+ Levered β : Approx. 0.7–0.9

×

Market risk premium: Approx. 6.0%

P/E ratio (inverse) ⇒ 6.3%

Inverse of PER of 15.85 at end of March 2024 (=1÷15.85)

Cost of equity (Morinaga estimate): 5–6%

Cost of interest-bearing debt (rD): 1.0%, tax rate (t): 30.6%
D/E ratio (market-value basis): Approx. 0.11

WACC (Morinaga estimate): Approx. 5%*1

■ Efforts to reduce capital cost

Lower WACC

■ Utilization of interest-bearing debt to achieve optimal capital structure

■ Promotion of asset-light operations (reduction of non-business assets)

- Reduce invested capital and reduce the risk of asset value fluctuations

■ Promotion of sustainable management

- Strengthen efforts targeting matters of high importance for the five materialities
- Strengthen intangible investments and enhance sustainability

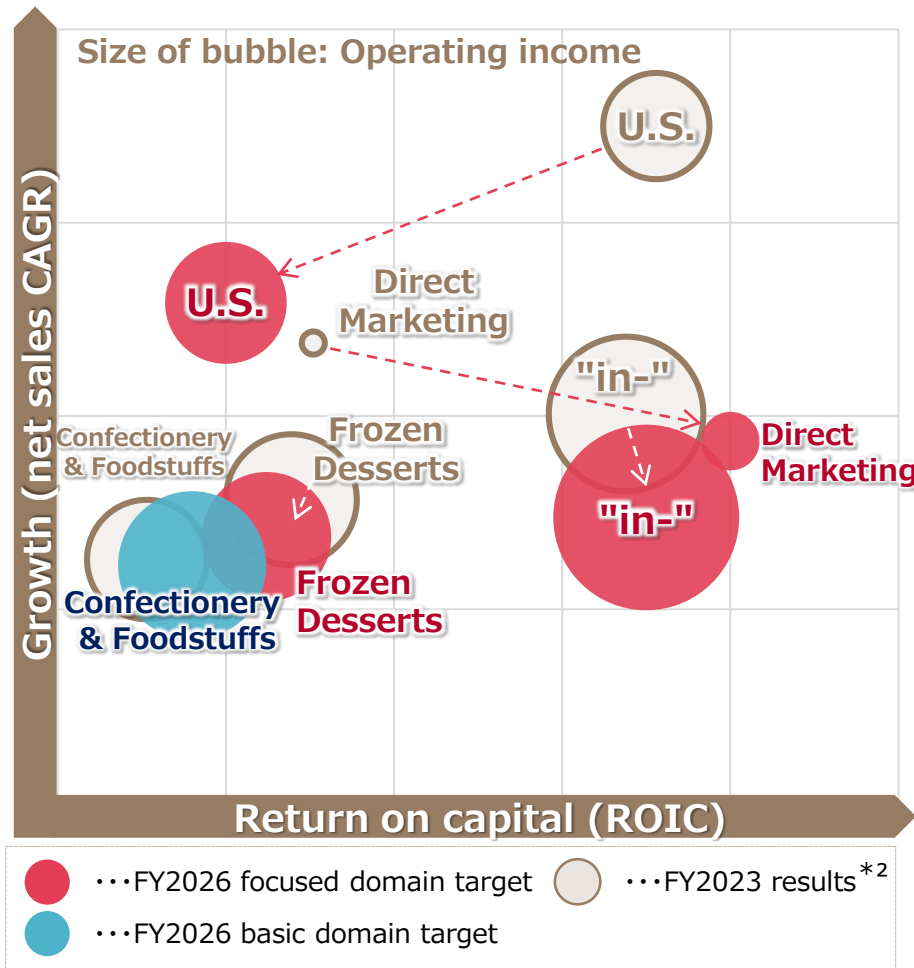
■ Further strengthening of IR and SR activities

- Strengthen disclosure of financial and non-financial information and dialogue with shareholders and investors, and control stock price volatility through appropriate stock price formation

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



	Net sales CAGR	ROIC		Approach in the 2024 MTBP
	FY2026 Compared to FY2023	FY2023 results	FY2026 target	
"in-" Business	105%	33.8%	35% or higher	<ul style="list-style-type: none"> Expand sales by strengthening the "in-" brand Improve profit margin through the product mix
Frozen Desserts	104%	13.9%	12% or higher	<ul style="list-style-type: none"> Nurture growth drivers to follow <i>Jumbo Group</i> Take on challenge of creating new markets
Direct Marketing	109%	15.2%	40% or higher	<ul style="list-style-type: none"> Achieve continuous growth through aggressive investments in advertising Improve profit margin by pursuing greater efficiency in customer acquisition
U.S. Business*1	116%	35.6%	10% or higher	<ul style="list-style-type: none"> Achieve sustainable growth through aggressive advertising in marketing Establish a global production system to support growth
Confectionery & Foodstuffs	102%	5.3%	8% or higher	<ul style="list-style-type: none"> Improve profitability by changing the category portfolio Promote gradual asset-light management through the selection and concentration of maintenance and renewal investments
Consolidated	105%	9.6%	10% or higher	Cost of equity: 5–6%, WACC: 5%

* 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)

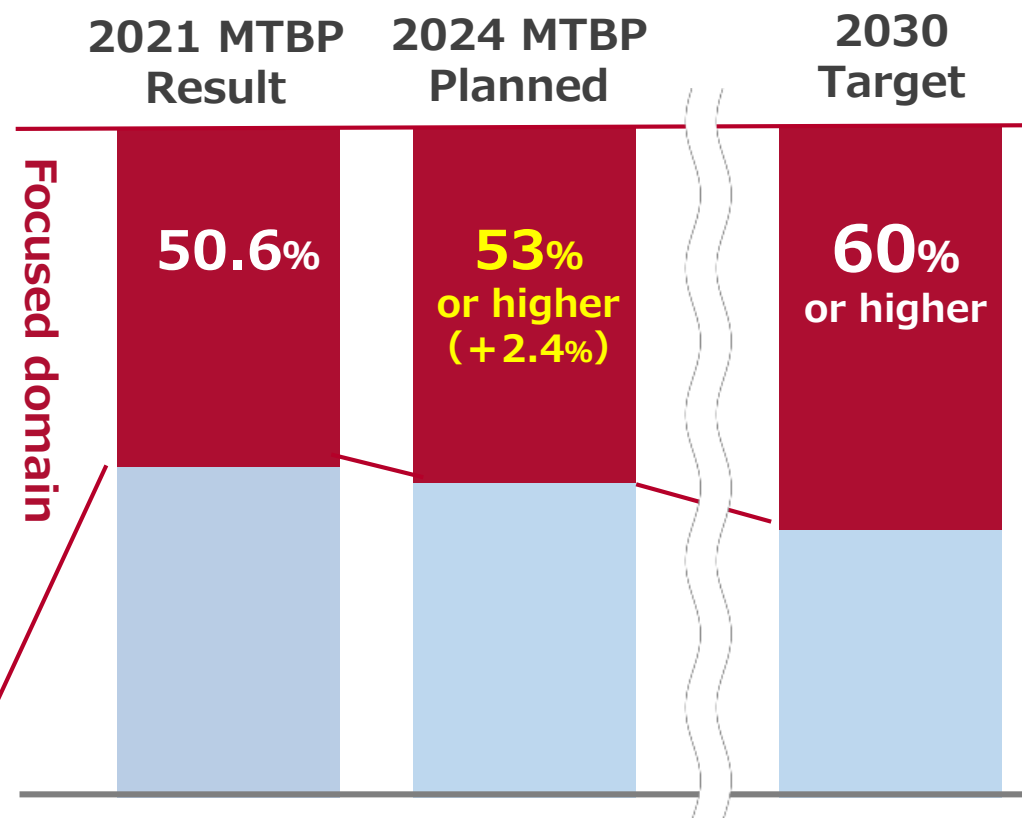
*1. Net sales CAGR of U.S. Business is based on local currency. *2. Net sales CAGR is compared to FY2020.

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

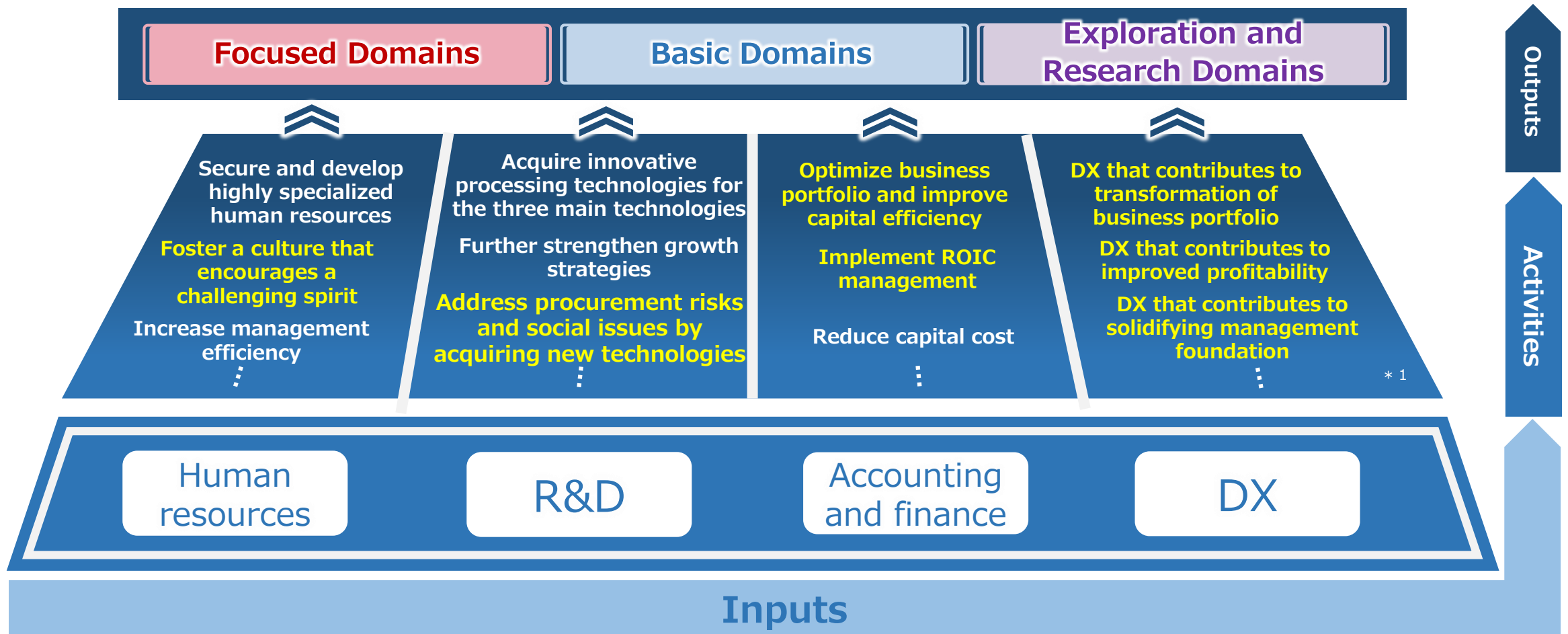
(Billion yen)	FY2023 Actual	FY2026 Planned	vs. FY2023	
“in-” Business ^{*1}	32.4	37.0	+4.6	114%
Frozen Desserts	45.3	50.6	+5.3	112%
Direct Marketing	10.9	14.0	+3.1	128%
U.S. Business ^{*2}	19.1	29.7	+10.6	155%
Focused Domains	107.9	131.4	+23.5	122%



Policy 2: Build a Business Foundation Linked to Business Strategies



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



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

Focused Domain: "in-" Business

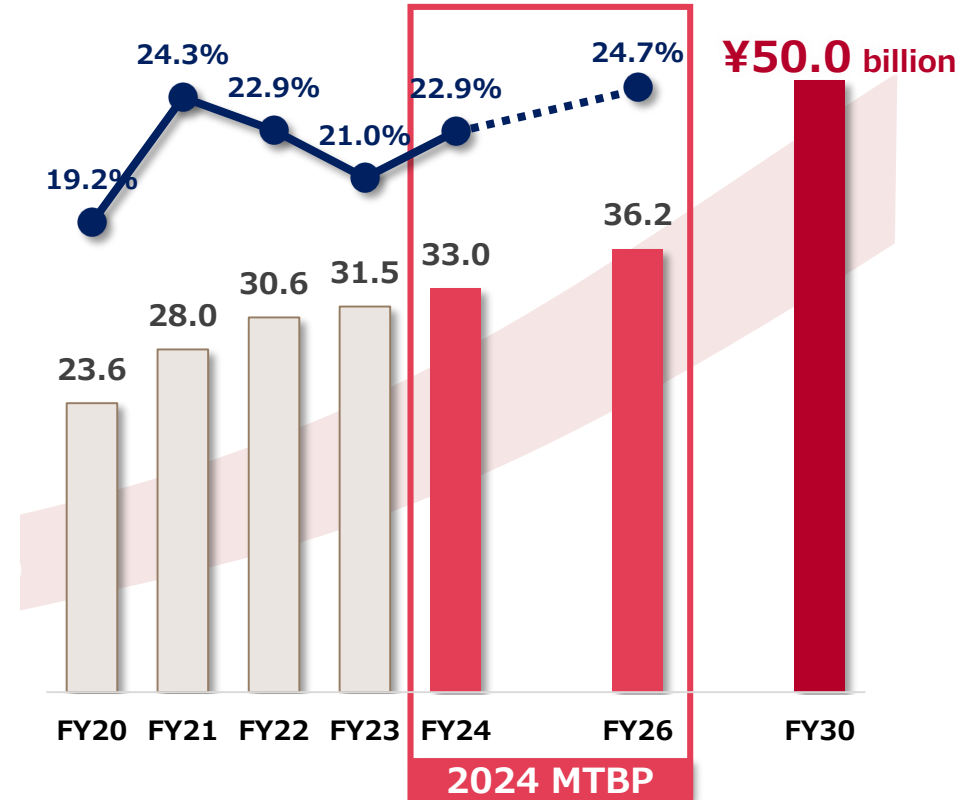


Supporting the wellness of everyone who positively engages in activities centered around sports
Accelerate the challenge of establishing the "in-" brand

2030 target, 2024 MTBP

	FY23 actual	FY26 planned
ROIC	33.8%	35% or higher

Bar: Net sales (Billion yen)
Line: Operating income margin



Strategy	Tactics
<p>1. Growth of <i>in</i> Jelly products</p>	<p>Promote LTV (lifetime value) strategy</p> <ul style="list-style-type: none"> Meet the needs of each life stage, from childhood to old age Cultivate a wide range of consumption situations, both active and non-active <p>➔ Expand energy groups, launch and cultivate target-specific products</p>
<p>2. Growth of "in-" brands</p>	<p>Grow <i>in</i> Bar products, improve profit structure</p> <ul style="list-style-type: none"> Meet the diversifying and expanding needs around protein (nurturing of baked and wafer products) Tackle the expansion of value and targets Improve profit through individual product assessment, cost reductions and product mix <p>Promote development of and establish new "in-" brands</p> <ul style="list-style-type: none"> Meet growing health needs New standard of nutritional intake, creation of advanced food products of the future (new styles of consumption)

Strengthening of "in-" business foundation

Brand strengthening		Utilization of "in" Training Lab	
IP strategy		Strengthening of sustainability initiatives	

Focused Domain: Frozen Desserts Business



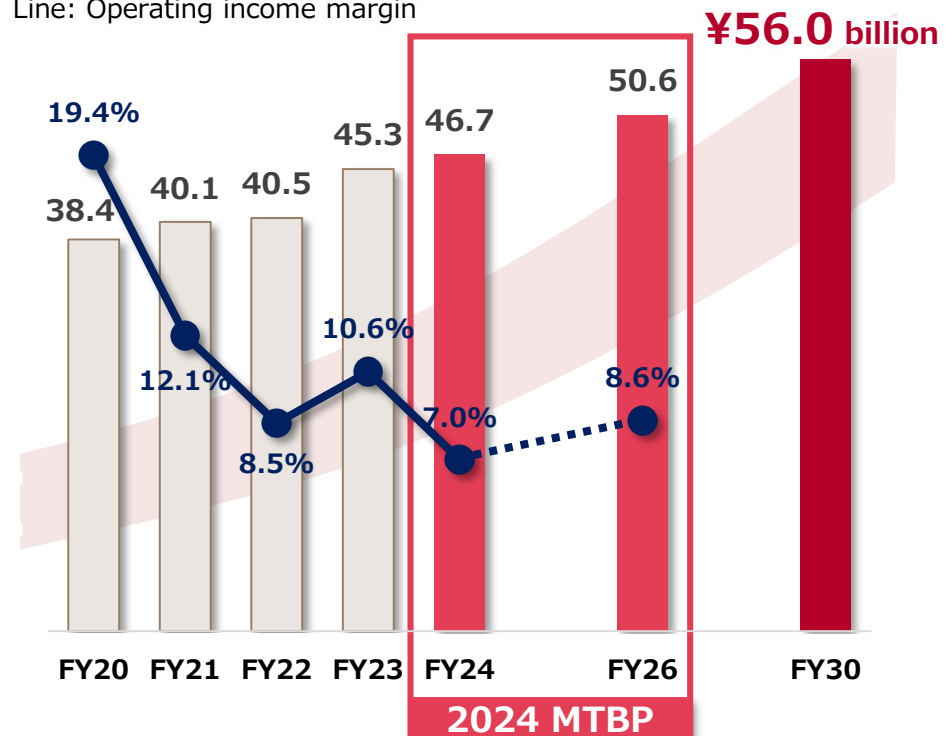
Achieving business growth through the developmental evolution of existing products and the creation of new seeds
 Become a driving force in the frozen dessert market by maintaining outright second* top share of manufacturer market

2030 target, 2024 MTBP

	FY23 actual	FY26 planned
ROIC	13.9%	12% or higher

Initial target of 2021 MTBP
¥50.0 billion
+¥6.0 billion

Bar: Net sales (Billion yen)
 Line: Operating income margin



Strategy	Tactics
1. Developmental evolution of "freshness marketing"	Evolve <i>Jumbo</i> moisture absorption delay technology <ul style="list-style-type: none"> Improve stability of crisp texture through innovation of new technologies Strengthen the appeal of the crispy quality, increase the purchase rate across all generations, cultivate inbound demand 
2. Capture of customers from adjacent markets	Capture demand for desserts among adults <ul style="list-style-type: none"> Capture demand for heavily purchased chilled desserts and chocolate 
3. Creation of new markets with technological advantages	Expand flavored ice applications <ul style="list-style-type: none"> Expand eating situations by addressing needs different from the iced products of other companies, such as measures for extreme heat and use as a mixer 
	Form new segments <ul style="list-style-type: none"> Expand areas of value provision by tackling the frozen foodstuffs market, etc. 
	Cultivate wellness products <ul style="list-style-type: none"> Attempt to uncover latent demand, such as for iced products with functional claims and plant-based ice products 

Strengthening of Frozen Desserts business foundation

- Dessert x Frozen: Pursuing the fusion of technologies
- Organizational structure linked to strategies
- Brand communication cultivating single products

Focused Domain: Direct Marketing Business



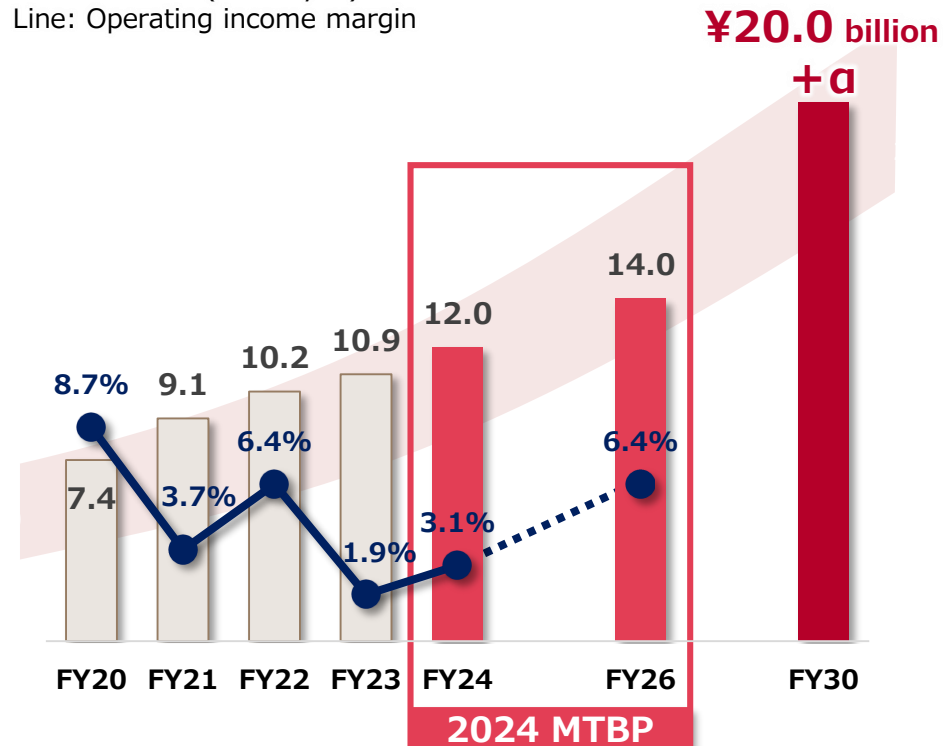
Supporting customers to realize wellness by deepening understanding of their preferences
Tackling growth of Direct Marketing business and expansion of business domain through nurturing subscription customers

2030 target, 2024 MTBP

	FY23 actual	FY26 planned
ROIC	15.2%	40% or higher

Initial target of 2021 MTBP
¥20.0 billion

Bar: Net sales (Billion yen)
Line: Operating income margin



Strategy

1. Strengthening of existing Direct Marketing business

2. Efforts for further business expansion

Tactics

Expand sales of *Morinaga Collagen Drink*

- Expand digital contact points
- Continue to strengthen response to beauty needs and health (bone and joint) needs



Development of second pillar

- Cultivate *Morinaga Aojiru* and *Hizakaru Collagen*



- Achieve **inorganic growth** to increase subscription customer base and expand business domain

- Expand the range of foods offered by developing high-value-added luxury items that utilize the Group's brands and technologies



- Beginning with *Okashi Print*, explore expansion of B2B business, aiming to attract new customers to the Direct Marketing business



Promotion of CXM^{*1} and data-driven structure to support business expansion

Improved customer convenience

Development of digital human resources

Enhanced security

Improved NPS^{*2} and LTV^{*3}

*1 CXM...Customer Experience Management

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

Focused Domain: U.S. Business



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

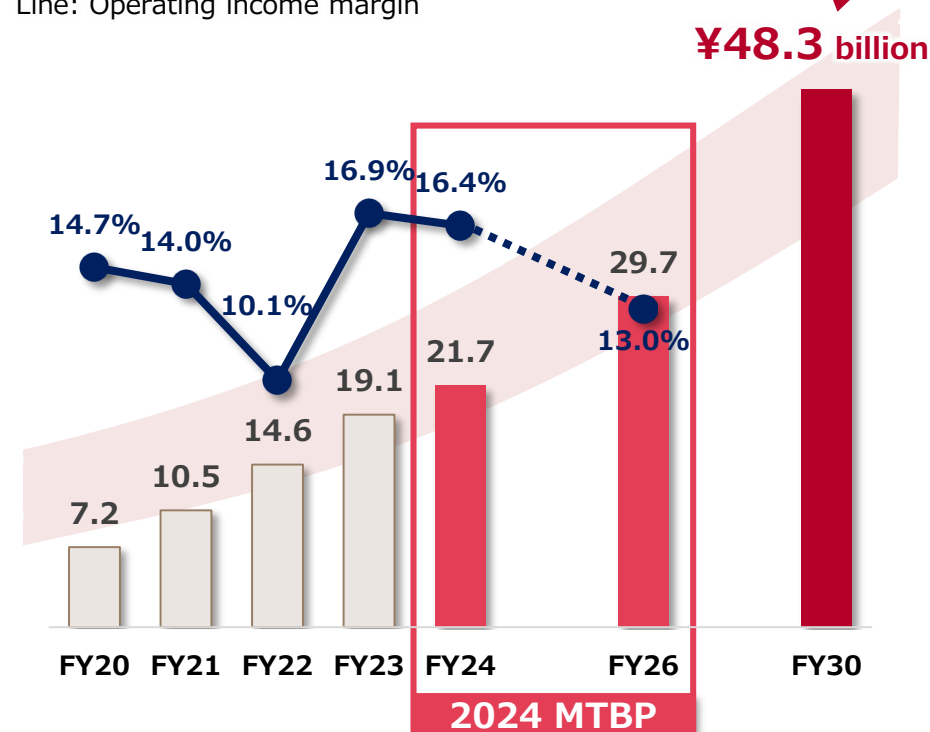
Maintaining aggressive investments in growth

2030 target, 2024 MTBP

	FY23 actual	FY26 planned
ROIC	35.6%	10% or higher

Initial target of 2021 MTBP
¥30.0 billion
+¥18.3 billion

Bar: Net sales (Billion yen)
Line: Operating income margin



Strategy	Tactics
1. Further sales expansion of <i>HI-CHEW</i>	<p>Launch new products to further increase store stocking ratio and SKUs</p> <ul style="list-style-type: none"> Strengthen efforts to increase store stocking ratio by region Promote introduction into diverse sales channels through new products extended capacity variations <p>Expand contact points by launching brand extension products</p> <ul style="list-style-type: none"> Launch extension products for new categories (gummies, etc.)
2. Breakthrough of <i>Chargel</i>	<ul style="list-style-type: none"> Promote brand understanding and fan base building for "Energy Gel" by strengthening promotions such as product sampling at events and online advertising Promote the introduction of <i>HI-CHEW</i> into U.S.-based channels by drawing on the know-how for building sales networks acquired through the <i>HI-CHEW</i> business
3. Cultivation of wellness products NEW	<ul style="list-style-type: none"> Carry out market research and proceed with product development

Strengthening of management foundation and production system to support business expansion

Establishment of global R&D structure	Establishment of global production system
Promotion of internal infrastructure DX	Planning of accounting and financial strategies for utilizing funds

Basic Domain: Confectionery & Foodstuffs Business

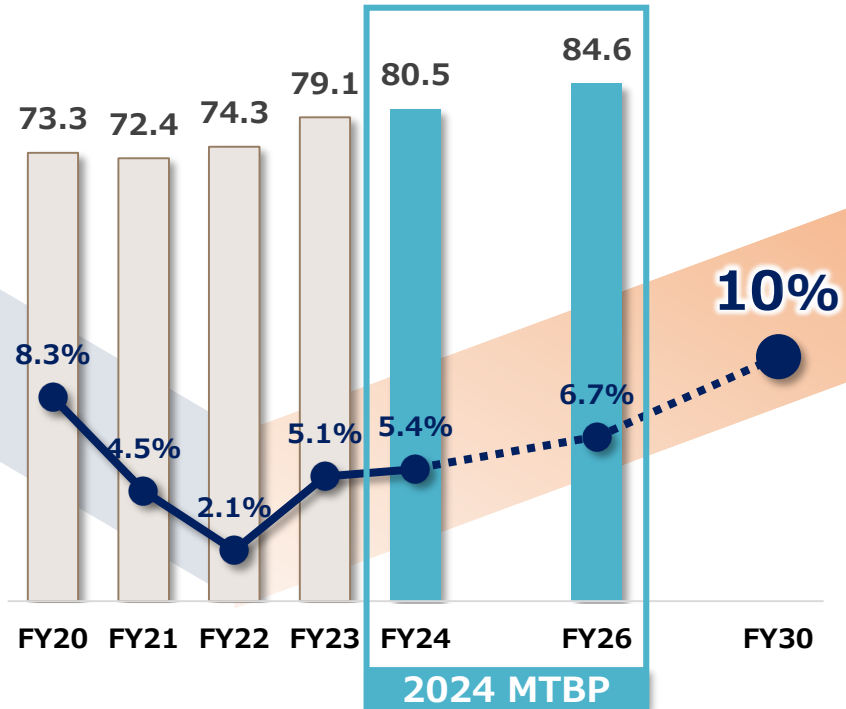


Laying a path for improvement of capital efficiency (over 3 years) by leveraging the strengths of the confectionery business and fulfilling the role of the foodstuffs business as a basic domain through the “embodiment of wellness”

2030 target, 2024 MTBP

	FY23 actual	FY26 planned
ROIC	5.3%	8% or higher

Bar: Net sales (Billion yen)
Line: Operating income margin



Strategy	Tactics
1. improvement of capital efficiency	<ul style="list-style-type: none"> Promote gradual asset-light management by selecting domains and concentrating maintenance and renewal investments on these domains, while aiming to expand net sales by leveraging portfolio assets Promote improved earnings, through cost reductions, more efficient selling expenses, flexible price revisions, etc.
2. Business growth in sugar confectionery	<ul style="list-style-type: none"> Transform portfolio as a leading category in the Confectionery & Foodstuffs business Strengthen the value of the <i>HI-CHEW</i> brand - Establish the “global brand” and “feel-good texture” image
3. Business growth in biscuits	<ul style="list-style-type: none"> Expand sales by increasing customer contact points for <i>Morinaga Biscuits</i> in general, with a particular focus on <i>MOON LIGHT</i> Establish the <i>PREMIUM Biscuit</i> Series in the market and nurture it as a high-unit-price, high-value-added product
4. Improved return on capital in chocolate	<ul style="list-style-type: none"> Promote initiatives such as price revisions, SKU reductions, cost reductions and improvement of line utilization rates Establish product mix according to soaring cacao prices and changing consumer preferences
5. Business growth in cocoa and amazake	<ul style="list-style-type: none"> Establish as a “familiar health beverage” by leveraging No.1 market share and enhancing the health value, in an effort to sustainably expand scale of business and improve profitability

Sustainable business growth and improvement of capital efficiency

Promotion of fan marketing	Gradual asset-light management
Emphasis on wellness	Inbound tourism
	Ongoing cost control

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

Implementation of human capital management

Improve resilience

Create innovation

Promotion of D&I

Employee growth

Strategy 1 / Formulate and promote succession plans

- Planned development in which the Company's intent is clearly defined

Strategy 3 / Promote self-sustaining career development

- Expanded efforts promoting self-sustaining career development for all employees

Strategy 2 / Secure and develop highly specialized human resources

- Clarification of each department's expertise requirements and acceleration of efforts

Strategy 4 / Promote more active involvement of senior employees

- Support for continuous learning and re-learning that leads to growth

Strategy 5 / Increase management efficiency

- More advanced labor expense management and PDCA cycle

Strategy 6 / Foster an organizational culture that encourages a challenging spirit

- Introduction and establishment of a multidimensional personnel system

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

Strategy 1 / Acquire innovative processing technologies for the three main technologies

- Building of an enduring profit base through the implementation of new technologies
 1. Soft candy technology, *HI-CHEW*: Development of new texture that meets customer and social needs and acquisition of manufacturing technology
 2. Confectionery technologies in sub-zero temperatures, *Choco Monaka Jumbo*: Further evolution of the delay of moisture absorption (further improve crisp texture)
 3. Jelly drink technology, *in Jelly*: Development of innovation to meet various customer needs



Strategy 2 / Further strengthen growth strategies –Wellness–

- Strengthening of “health of mind/body” research and collaboration with development
 - Health of mind: Further contribution to business through both physiology and psychology



Strategy 3 / Address procurement risks and social issues by acquiring new technologies

- Creation of value in sustainable areas and new domains
 - Response to protein crisis and measures for oral care and allergies

Promotion of co-creation



Promotion of internal and external co-creation and pursuit of deliciousness in the basic domains, etc.

Organizational change

- R&D Strategy Division
- First Product Development Center
- Second Product Development Center
- Future Value Creation Center
- Health Science Research Center
- Sensibility Science Research Center** NEW
- Sustainable Technology Research Center** NEW

Management Foundation: DX Strategy

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

Strategy 1 / DX that contributes to solidifying management foundation

- Standardize operations and systems and make operations more efficient and sophisticated by building a digital management foundation
 - Full operation of S/4HANA in Japan, extend to U.S.

Strategy 2 / DX that contributes to improved profitability

- Optimize planning of each supply chain function
- Integrate digital management foundation and smart factories

Strategy 3 / DX that contributes to transformation of business portfolio

- DX of U.S. business
- DX of direct marketing business
 - Centrally manage customer data (that is spread throughout the company) to improve customer analysis and value provided

Strategy 4 / Build foundation for promoting DX

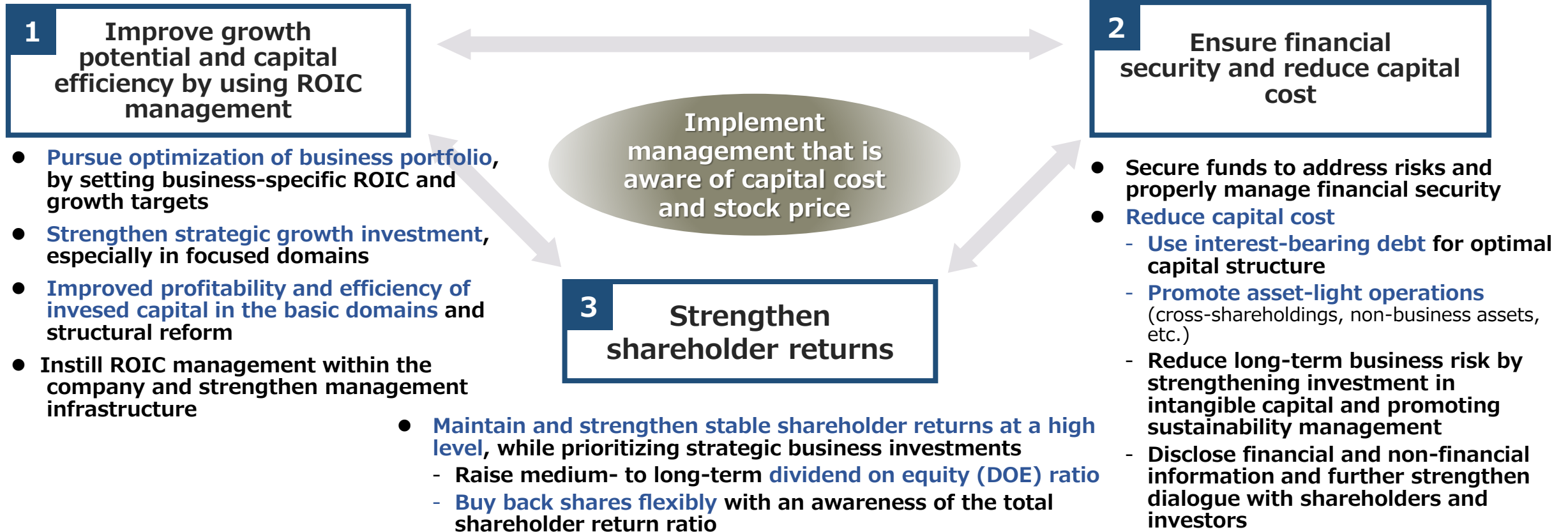
- Develop and secure digital human resources
- Build global IT governance and cybersecurity systems

Related

- Improve productivity using AI
 - Roll out ChatGPT company-wide, explore possibilities
 - ➔ Expand business areas where AI is used
- Test and scale-up the use of latest technologies



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



Build foundation that supports accounting and finance strategies

Strengthening of management infrastructure through DX

Strengthening of finance organization structure

Strengthening of accounting and financial governance

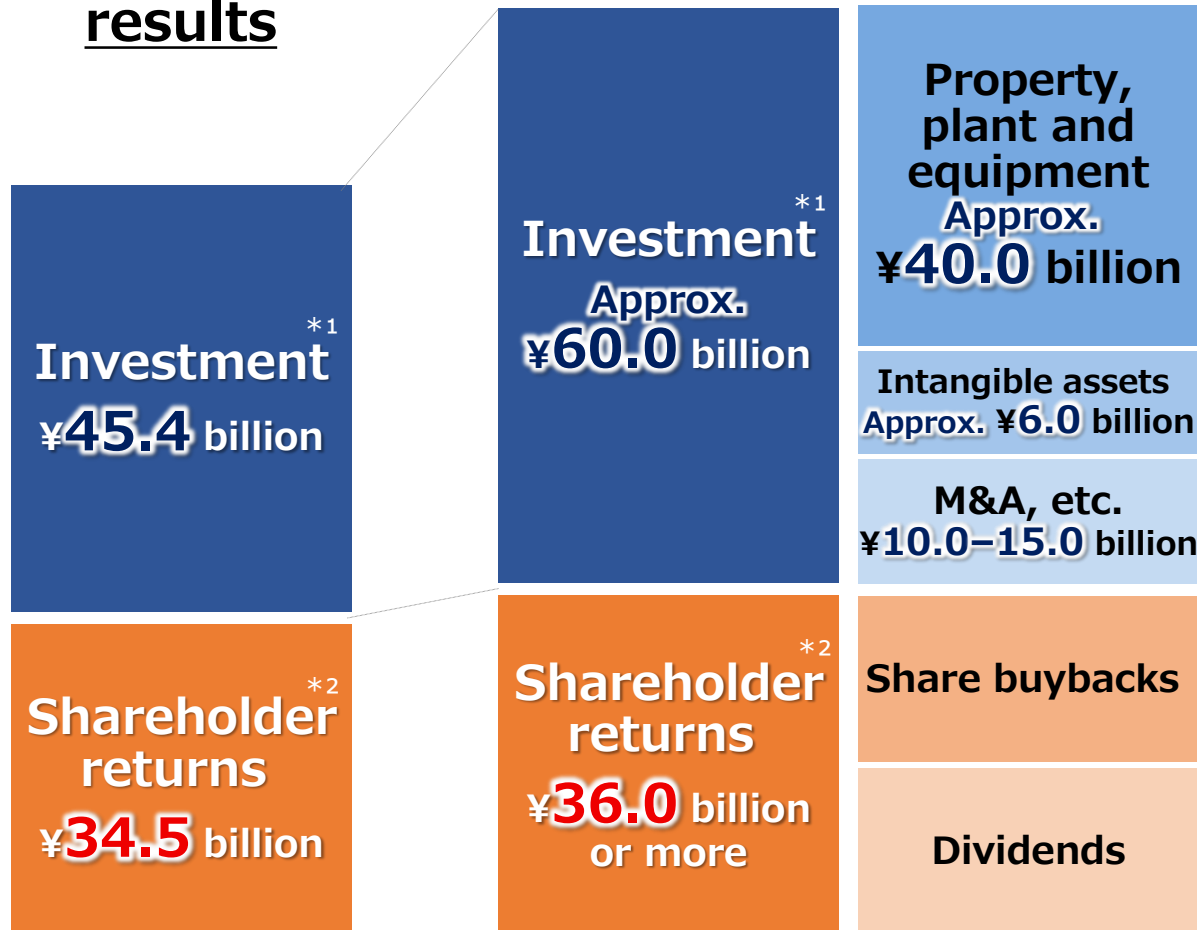
Development of human resources

Investment and shareholder returns

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

2021 MTBP results

2024 MTBP planned



Investment

- Strengthen investments centered on focused domains
- Establish global production system for growth of *HI-CHEW* brand (¥15.0-18.0 billion planned)
- Accelerate **DX investment** to strengthen management foundation
- Aggressively explore **M&A** in focused domains

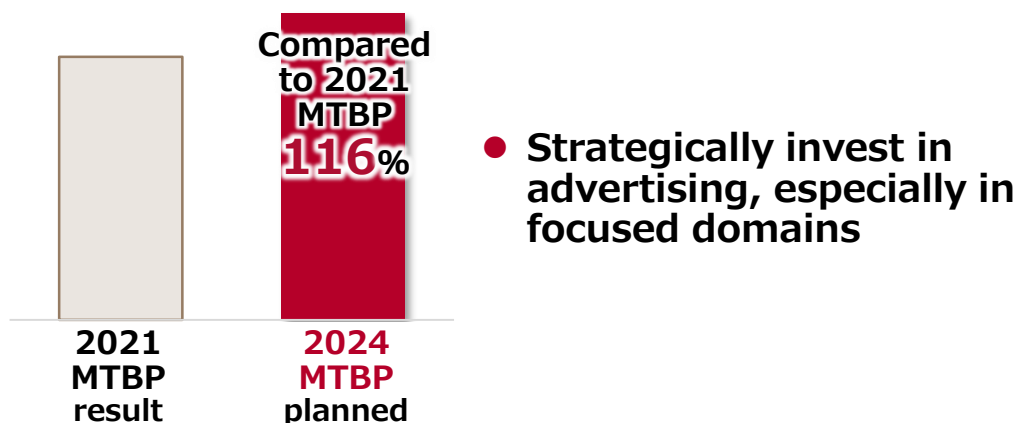
Shareholder returns

- Raise DOE over the medium to long term
- Buy back shares flexibly

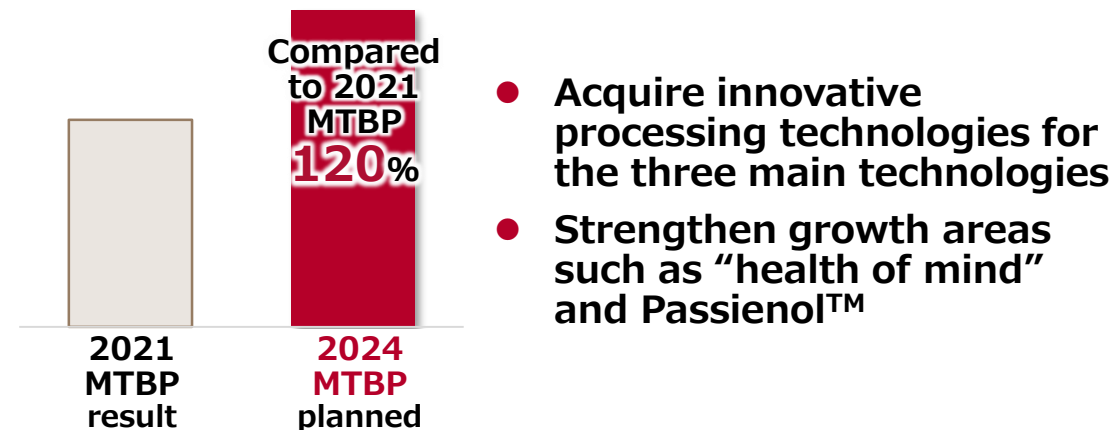
Intangible Investment

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

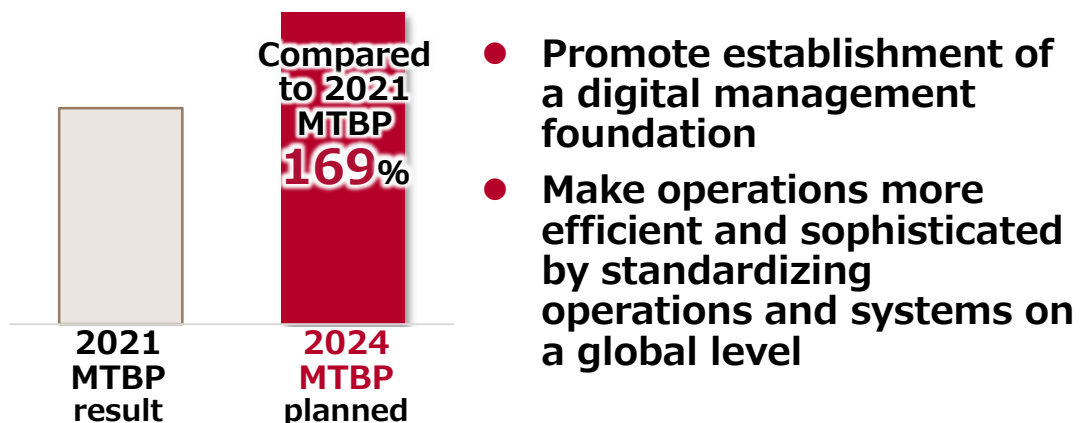
Advertising investment



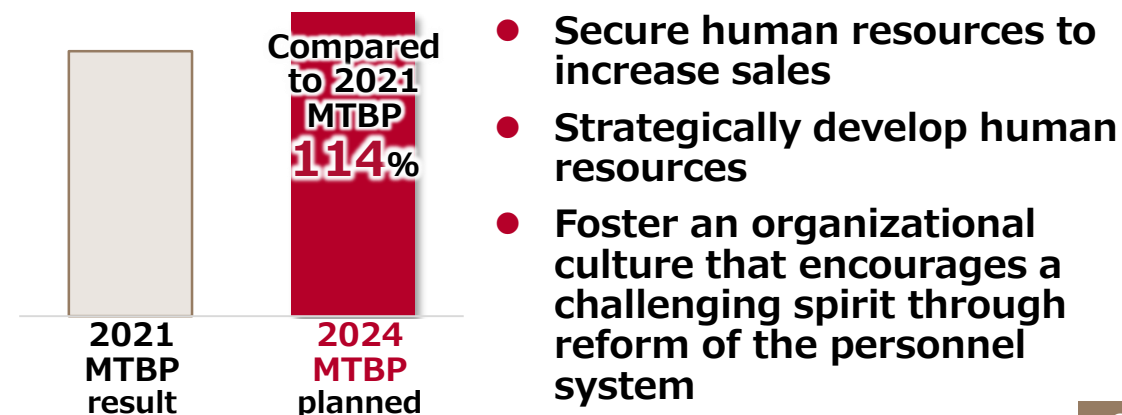
R&D investment



DX investment

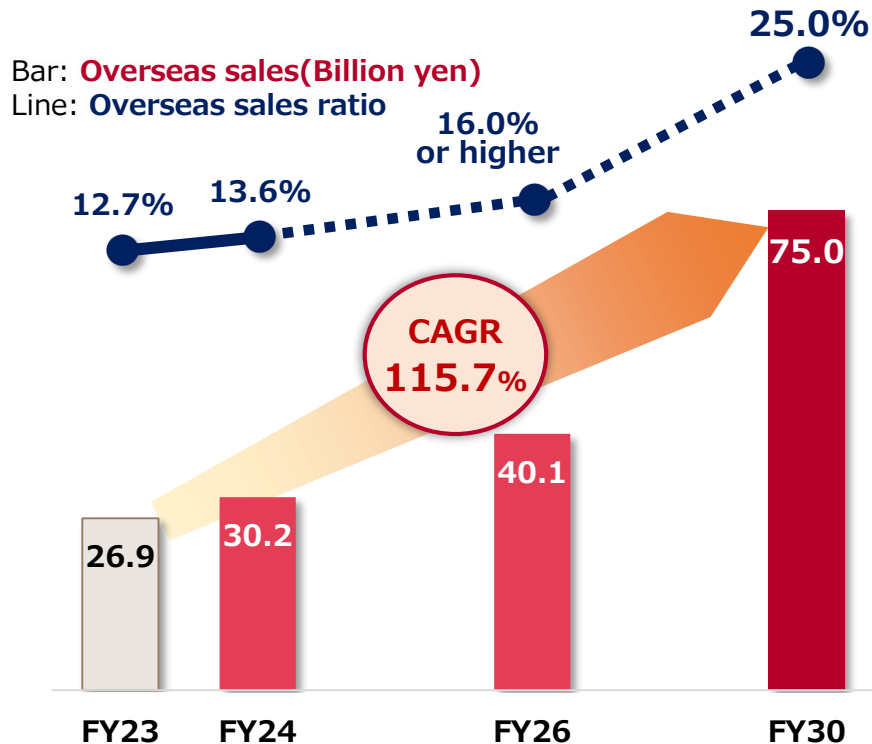


HR investment



Raise overseas sales target and accelerate global strategies

2030 target



Three strategies for achieving growth

Brand/product	Unique technology/quality	Target areas
1 <i>HI-CHEW</i> Including extension products	<ul style="list-style-type: none"> Balance of softness, elasticity and chewability Bursting with juicy flavor Wide variety of flavors <p><i>Accelerate expansion in Europe, where the candy and confectionery market is the same size as the U.S. market</i></p>	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...

Promoting evolution to global management foundation and structural reforms

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

Commercialization, expansion → Future of Passienol™

Healthy longevity market is expected to attract more and more attention

2024 MTBP

Challenge to create new markets

Invest in growth with view to medium to long term

Morinaga to create Passienol™ market with all partners

Envisaged business domain

- ✓ Domestic, overseas
- ✓ B2B/B2C

Image of market creation

Now

...

FY2030

...

Realizing a society full of vitality and smiles

Become a symbolic presence in realization of the 2030 Vision

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

Realize discontinuous growth through aggressive inorganic investment in focused domains

Policy, approach

Planned M&A investment in 2024 MTBP: ¥10.0–15.0 billion

M&A

U.S.

Facilitate further growth of U.S. business

Acquire technology and manufacturing bases for new products to become part of new lineup, and enter into domains that contribute to “health of body”

Direct Marketing

Increase subscription customer base and expand business domain

In addition to mergers and acquisitions (M&A) for the purpose of acquiring subscription customers, look for alliances that will contribute to expansion of business domain

Alliance

“in-”

Create new businesses and realize stable procurement of raw materials

Respond to various expanding health needs

Frozen Desserts

Develop new markets in under-served domains

Look for alliances with a view to full-scale entry into under-served domains in iced products and into the cold food category

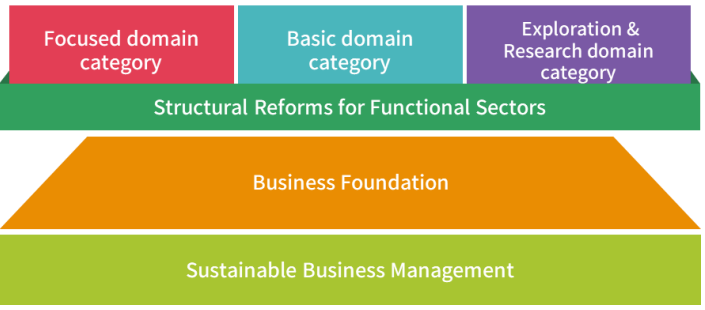
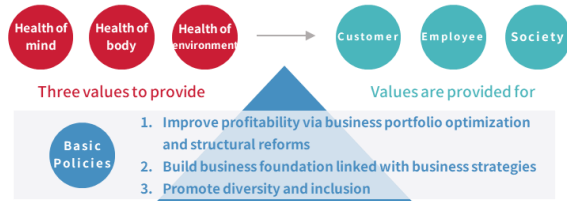
Explore various possibilities in other domains too, broadly examining M&A and alliances for business growth
➔ **Implemented M&A in April 2024 (share transfer completed).**

*Details listed on page 59 of this material.

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

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.



Materiality	Action themes (18 (of 26) themes of high importance)
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 NEW*2
Achieve sustainable value chains	<ul style="list-style-type: none"> ● Achieve a higher order of sustainable supply chain management NEW ● 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 ● Eco-friendly plastic containers and packaging for recycling and reuse ● Sustainable use of water resources NEW ● Maintenance and conservation of natural capital and biodiversity NEW
UPDATE Strengthen sustainability governance	<ul style="list-style-type: none"> ● Strengthen corporate governance ● Strengthen Group governance NEW ● Strengthen risk management NEW ● Respect for human rights

Set various KPIs and promote responses to issues

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}

*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)



Delicious, Fun, and Healthy



Results for FY2023



Looking Back on the 2021 MTBP



2024 MTBP, Efforts for 2030



Results Forecast for FY2024

Results Forecast for FY2024



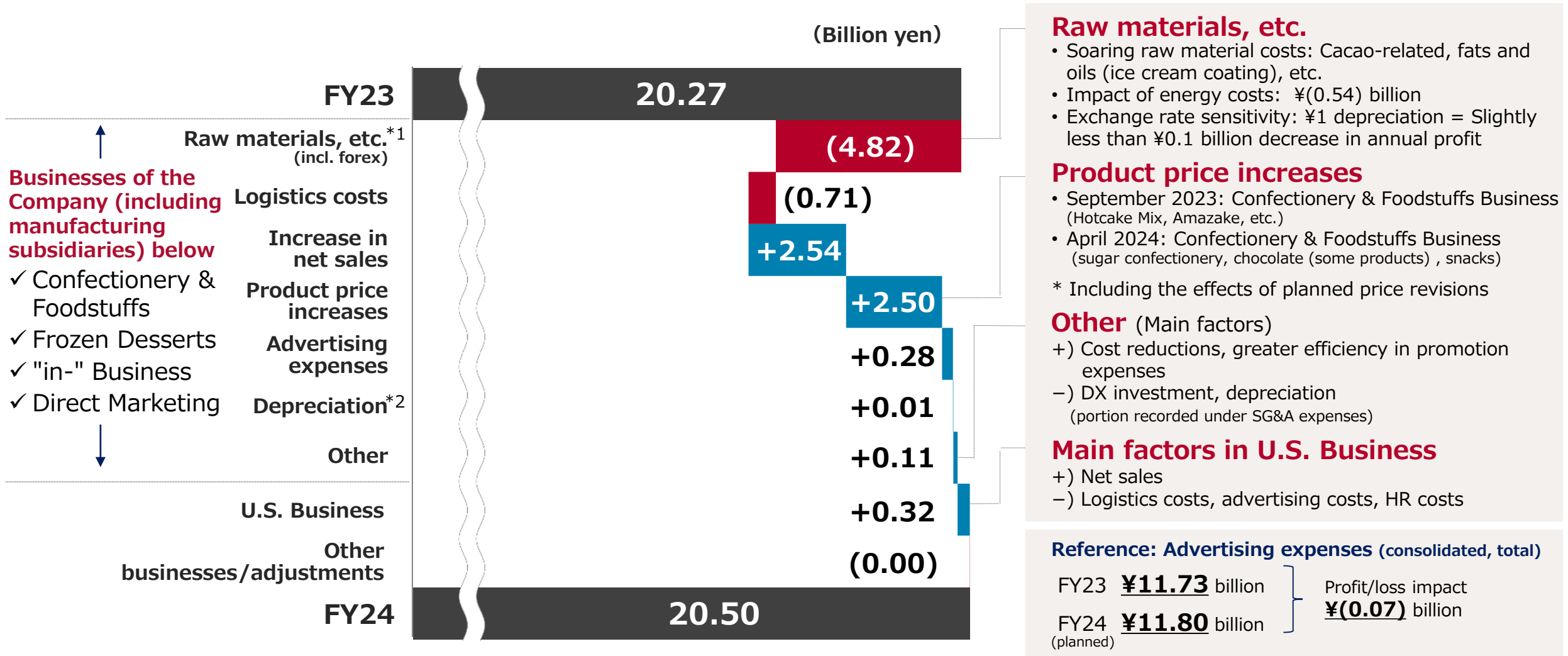
Plan to increase sales and profit by overcoming tough management environment; expect to achieve record high net sales for 4th consecutive year.

(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%

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.



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)	

* 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.

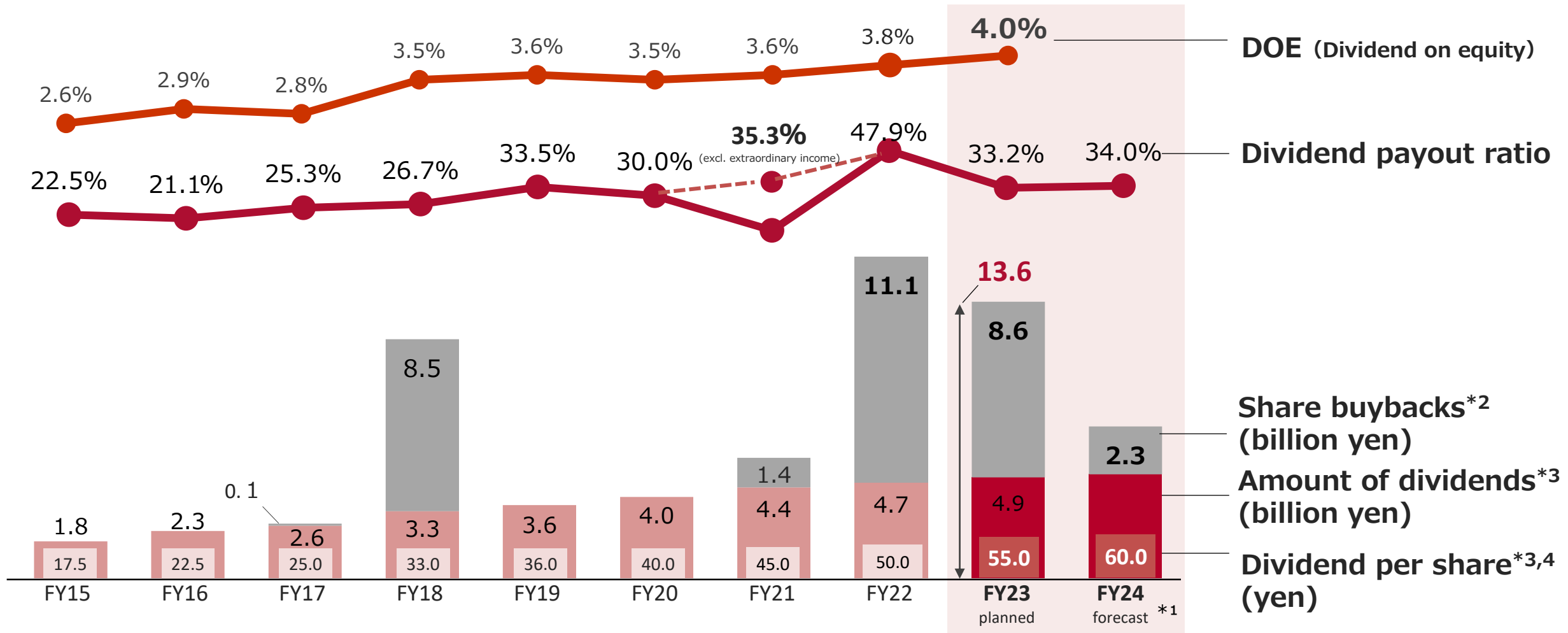
*1. The Confectionery & Foodstuffs Business includes “in-” brand sugar confectionery, chocolate and other products, and the Frozen Desserts Business includes “in-” brand frozen dessert products.

*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%.

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.



*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.



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Fin.



Delicious, Fun, and Healthy



Reference Data

FY2023 Results: Business Segments



(Billion yen)	Net sales			Segment income	
	Weighting	FY2023	Y/Y change	FY2023	Y/Y change
Food Manufacturing	95.5%	203.8	109.9%	19.9	134.3%
Food Merchandise	3.2%	6.9	110.1%	0.3	137.6%
Real Estate and Services	0.9%	1.9	99.4%	0.8	98.5%
Other	0.3%	0.7	108.6%	0.1	137.4%

FY2023 Results: Balance Sheet



(Billion yen)	End-FY2023	vs. end-FY2022	Main Factors
Current assets	118.0	+16.7	<ul style="list-style-type: none"> •Cash and deposits +8.6 •Notes and accounts receivable–trade +6.9 •Securities +4.9 •Raw materials and supplies (3.7)
Noncurrent assets	105.5	+1.7	<ul style="list-style-type: none"> •Buildings and structures +5.8 •Land (7.8) •Investment securities +3.1 •Net defined benefit asset +2.1
Total assets	223.6	+18.4	—
Current liabilities	64.4	+13.2	<ul style="list-style-type: none"> •Accounts payable–other +2.6 •Income taxes payable +5.8
Long-term liabilities	26.5	(1.5)	<ul style="list-style-type: none"> •Net defined benefit liability (1.0)
Total liabilities	90.9	+11.6	—
Shareholders' equity	117.2	+1.8	<ul style="list-style-type: none"> •Retained earnings +3.0 •Treasury stock (1.1)*¹
Accumulated other comprehensive income	13.9	+4.9	<ul style="list-style-type: none"> •Valuation difference on available-for-sale securities +2.4 •Remeasurements of defined benefit plans +1.7
Non-controlling interests	1.4	+0.2	—
Total net assets	132.6	+6.8	—
Total liabilities and net assets	223.6	+18.4	—
Shareholders' equity ratio	58.7%	(2.0pt)	—

FY2023 Results: Consolidated Statement of Cash Flows

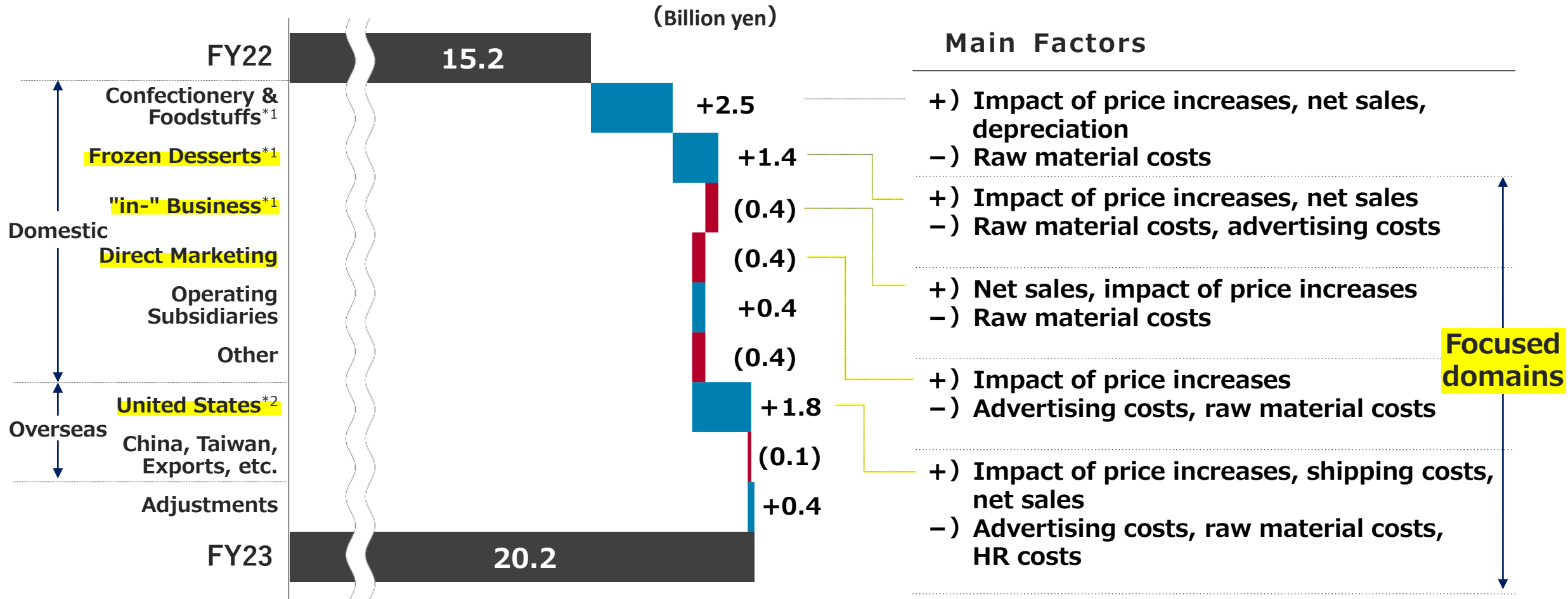


(Billion yen)	FY2023	Y/Y change	Main factors
Operating cash flow	30.1	+33.0	<ul style="list-style-type: none"> • Income before income taxes +6.7 • Income taxes paid +16.2 • Increase (decrease) in net defined benefit liability +4.7 • (Increase) decrease in inventories +10.3
Investment cash flow	(5.3)	+8.9	<ul style="list-style-type: none"> • Purchase of securities (2.5) • Purchase of property, plant and equipment +4.3 • Proceeds from sales of property, plant and equipment +7.5 • Proceeds from sales of investment securities +1.0
Free cash flow*1	24.8	+41.9	—
Financial cash flow	(14.0)	(6.7)	<ul style="list-style-type: none"> • Purchase of treasury stock +2.6 • Proceeds from issuance of bonds (8.9)

FY2023 Results : Change in Operating Income by Business



In Confectionery & Foodstuffs, U.S. and Frozen Desserts Businesses, profit increased with sales growth and the impact of price revisions offsetting increases in raw materials and other costs. In "in-" and Direct Marketing Businesses, profit decreased due to the impact of soaring raw material costs; the Direct Marketing Business was also impacted by strategic advertising investment.



Major Domestic Brands — Net Sales Year on Year

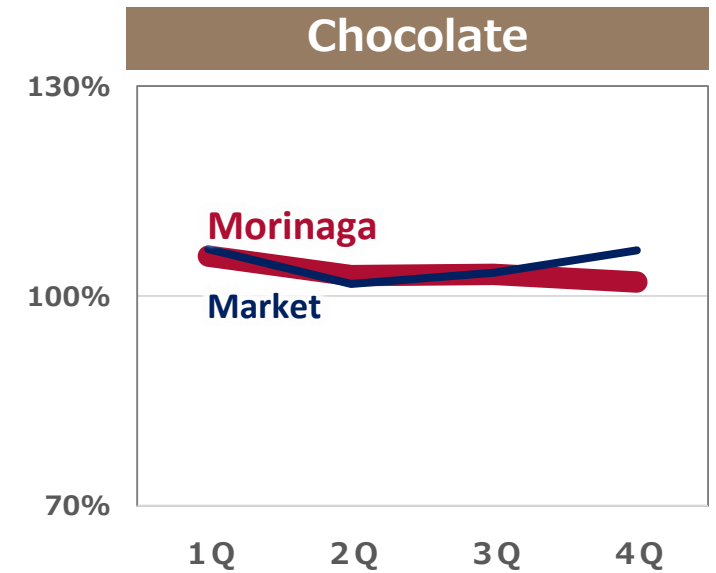
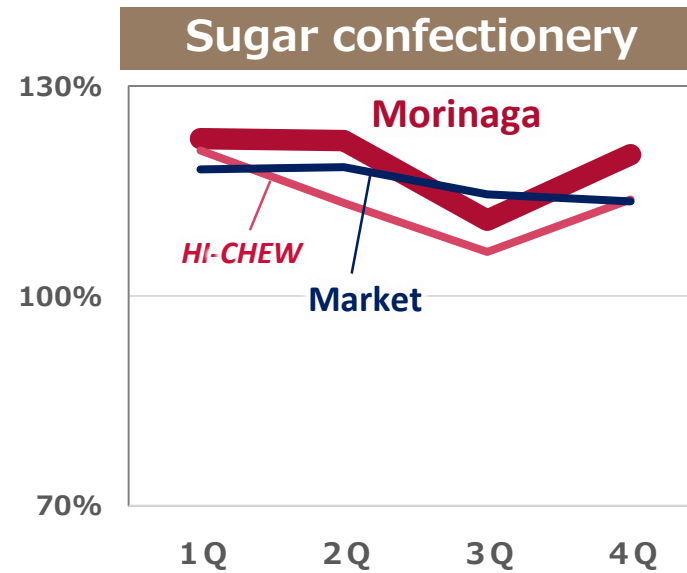
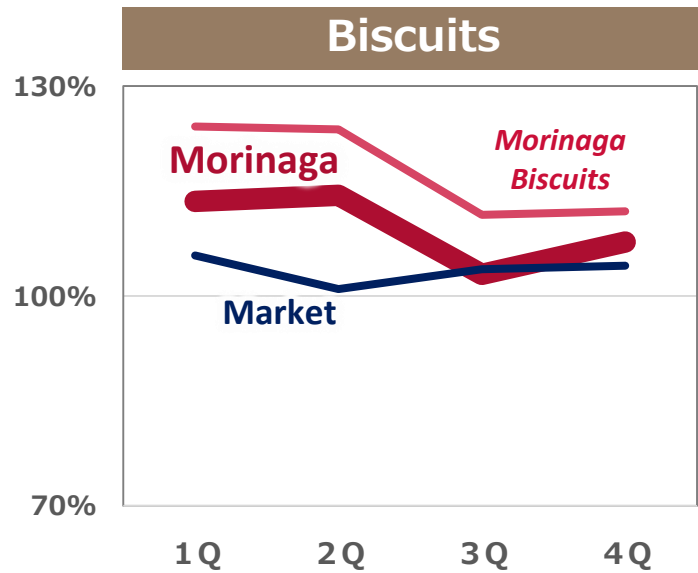
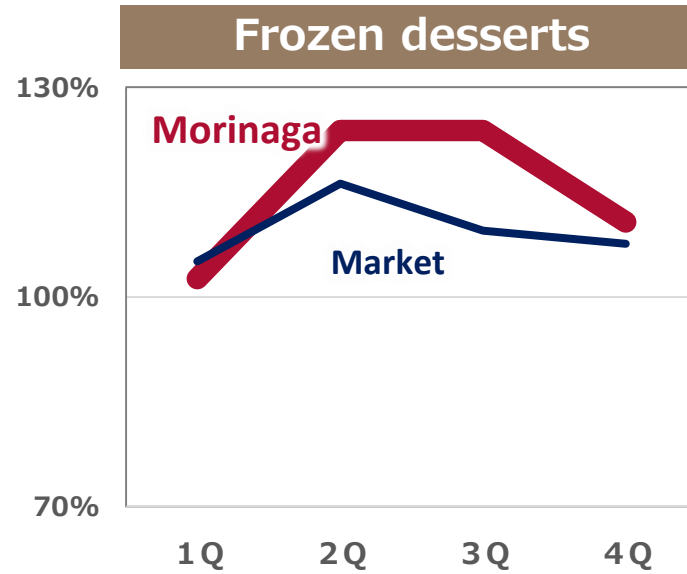
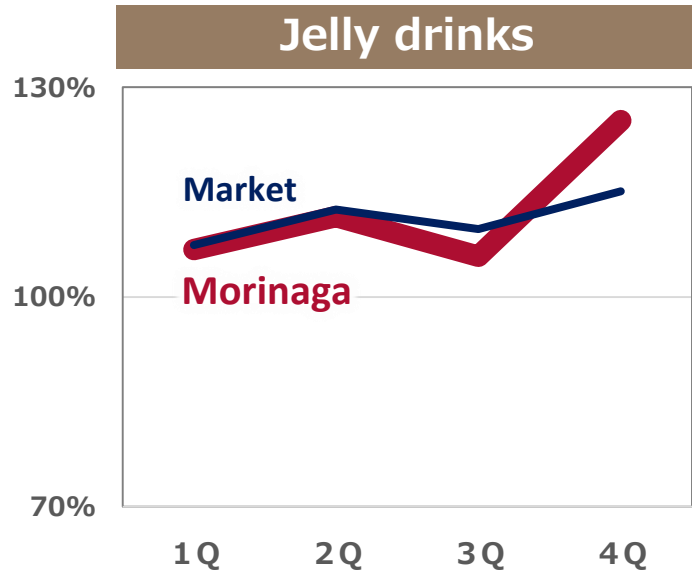


(%)

Business	Brand	Result (Y/Y)
"in-" Business	<i>in Jelly</i>	104
	<i>in Bar</i>	103
Direct Marketing	<i>Morinaga Collagen Drink</i>	102
Frozen Desserts	<i>Jumbo Group</i>	112
	<i>Ita Choco Ice</i>	141
	<i>The Crepe</i>	113
	<i>ICEBOX</i>	122

Business	Brand	Result (Y/Y)
Confectionery & Foodstuffs	<i>Morinaga Biscuits</i>	116
	<i>HI-CHEW</i>	110
	<i>Morinaga Ramune</i>	133
	<i>Carré de chocolat</i>	97
	<i>DARS</i>	122
	<i>Chocoball</i>	91
	<i>Morinaga Amazake</i>	99
	<i>Morinaga Cocoa</i>	97

Domestic Market Y/Y Change in Sales Value

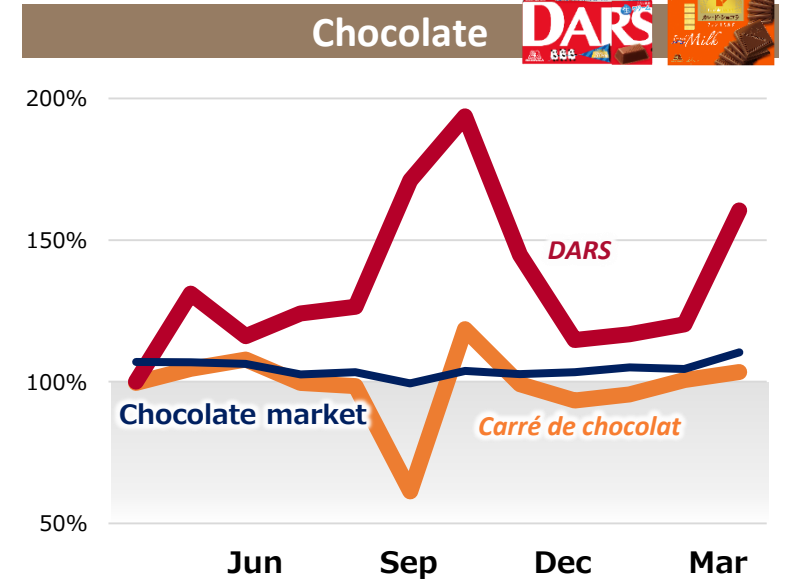
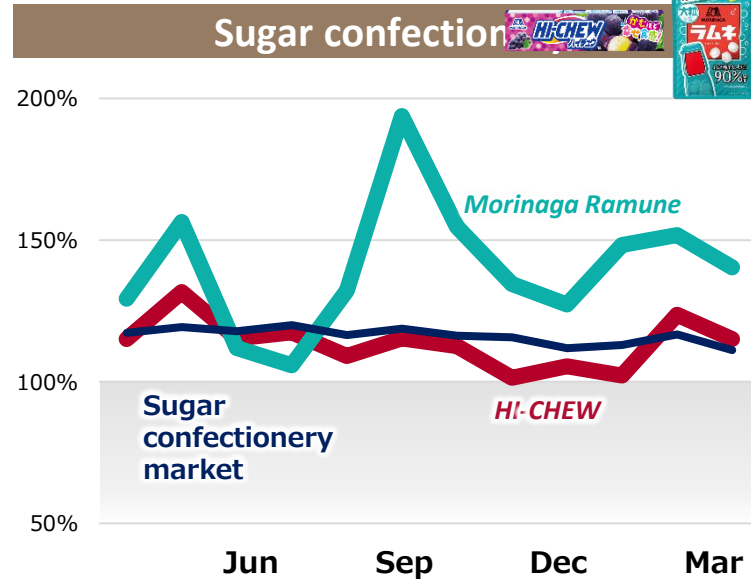


Key Topics in Domestic Market: Confectionery

* Status of most recent price revisions
4 brands, excluding Carré de chocolat:
March 2023



Y/Y Change in Sales Value*1



Apr-Mar cumulative sales value (Y/Y)	
Morinaga Biscuits	116.9%
Market	103.8%

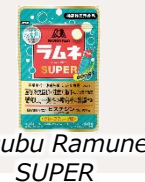
- MOON LIGHT strategy (2nd year); sales remained strong
- Strengthened exposure across the brand with periodic new product launches



Apr-Mar cumulative sales value (Y/Y)	
HI-CHEW	113.5%
Morinaga Ramune	139.1%
Market	116.0%

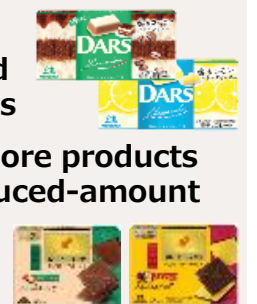


- **HI-CHEW:** Adopted English letters for logo to increase its appeal as a global brand → Media exposure also contributed to strong performance
- **Morinaga Ramune:** Sales remained strong due to efforts targeting students preparing for entrance exams



Apr-Mar cumulative sales value (Y/Y)	
DARS	133.7%
Carré de chocolat	98.1%
Market	104.8%

- **DARS:** Launch of new high-unit-price, high-value-added products contributed to sales
- **Carré de chocolat:** Sales of core products were sound; revamped, reduced-amount products and launched new products in March



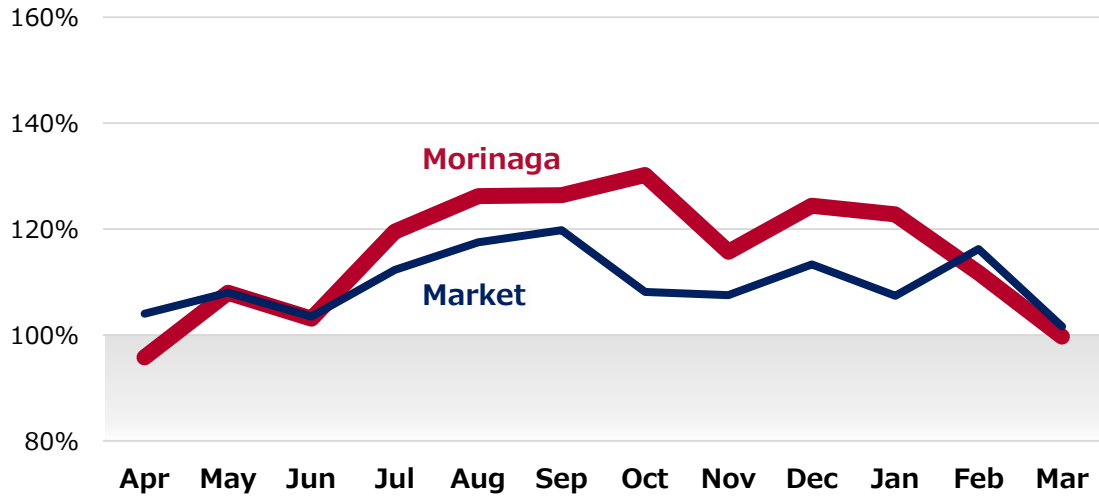
Key Topics in Domestic Market: Frozen Desserts

* Status of most recent price revisions
Core products: March 2023

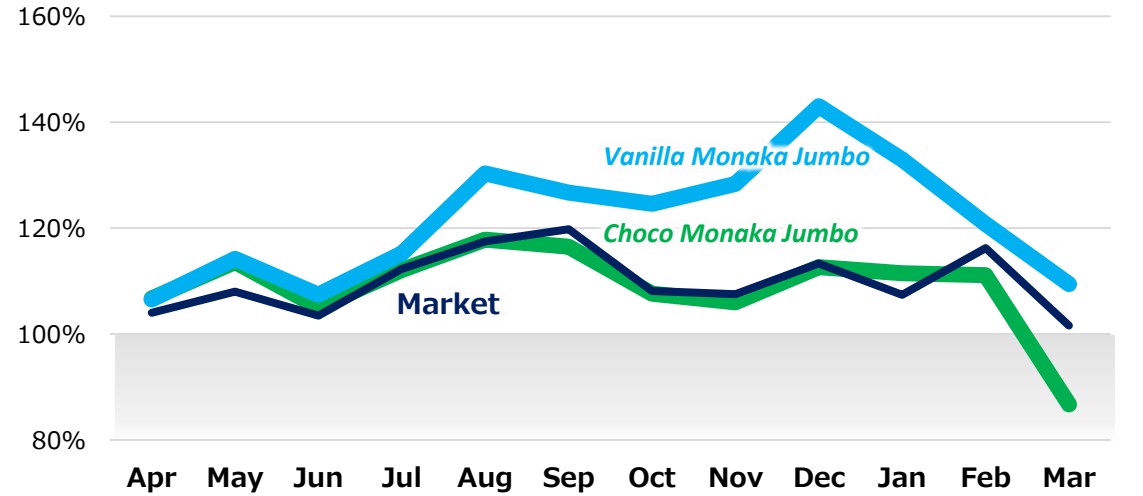


Y/Y Change in Sales Value*1

Frozen desserts market



Jumbo Group



Apr-Mar cumulative sales value (Y/Y)

Morinaga	115.4%
Market	110.5%



- **Ita Choco Ice:** Core products and new products both sold well due to promotions emphasizing quality value
- **The Crepe:** Sales have remained strong since TV commercial in fall promoting quality value
- **ICEBOX:** Strategy to expand eating occasions stimulated demand in fall and winter, resulting in increases in both store stocking ratio and purchase rates



Apr-Mar cumulative sales value (Y/Y)

Choco Monaka Jumbo	109.6%
Vanilla Monaka Jumbo	120.3%
Market	110.5%



- Further strengthened the appeal of the crisp texture of **Choco Monaka Jumbo** since revamping the quality in the spring of 2023
- Continued to emphasize quality value, such as winter-only products, TV commercials, and dissemination of information based on sensitivity research

* **Choco Monaka:** Impacted by the high hurdle of increased sales from quality change, promotions, and price revisions in March 2023. Sales grew compared to the year before last.



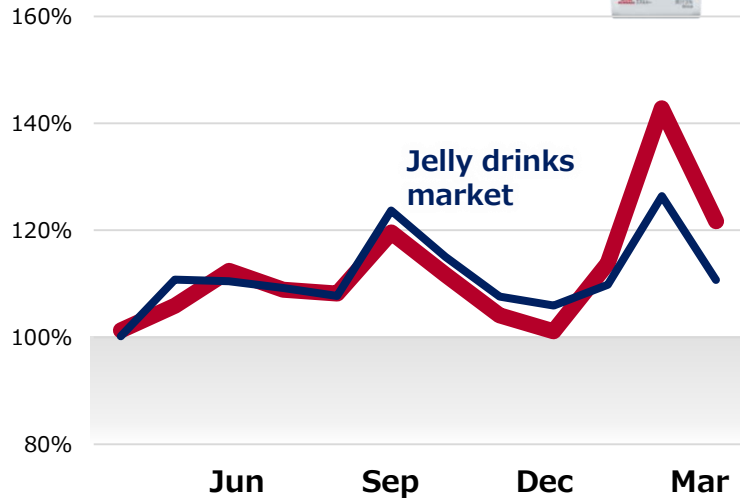
Key Topics in Domestic and U.S. Markets

* Status of most recent price revisions
 in Jelly: December 2022, Direct Marketing:
 February 2023, HI-CHEW in U.S.: November 2022



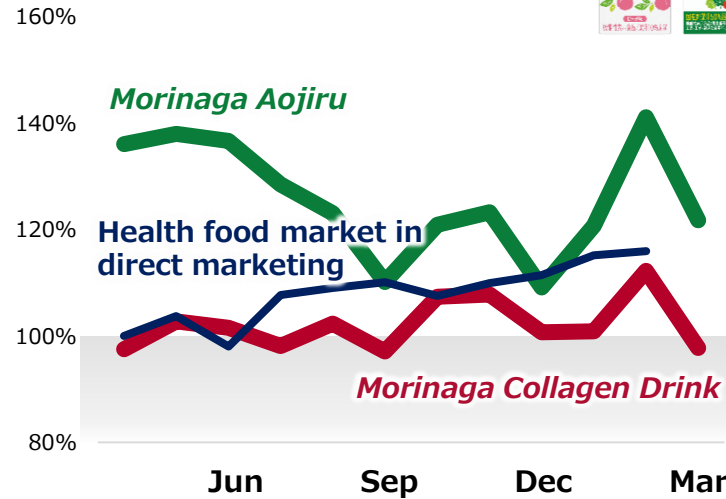
Y/Y Change in Sales Value

in Jelly^{*1}



Y/Y Change in Net sales

Direct marketing^{*2}



Y/Y Change in Sales Value

HI-CHEW in U.S.^{*4}



Apr-Mar cumulative sales value (Y/Y)

<i>in Jelly</i>	111.8%
Market	111.1%



- Sales grew significantly across the brand in 4Q; purchase rate reached a new record high
- Sales of mainstay *Energy* products have exceeded previous year since 3Q
- *Energy Glucose Boost* continued to sell well; emphasis of value ahead of the entrance exam season penetrated the market, with customer base expanding and sales growing significantly

Apr-Mar cumulative sales value (Y/Y)

<i>Morinaga Collagen Drink</i>	102.1%
<i>Morinaga Aojiru</i>	124.9%
Market ^{*3}	108.0%

- Increased advertising investment in 4Q
- Increased weight of online advertising (with high LTV) in an effort to expand the number of subscription customers

Jan-Dec cumulative sales value (Y/Y)

<i>HI-CHEW</i>	108.0%
Market	112.1%

- Downward trend since fall of 2023 showing signs of recovery
 (Since November, sales have come full circle following price revisions of previous November)
- Expanded SKUs, such as new products and size variations, in an effort to expand brand contact points with customers

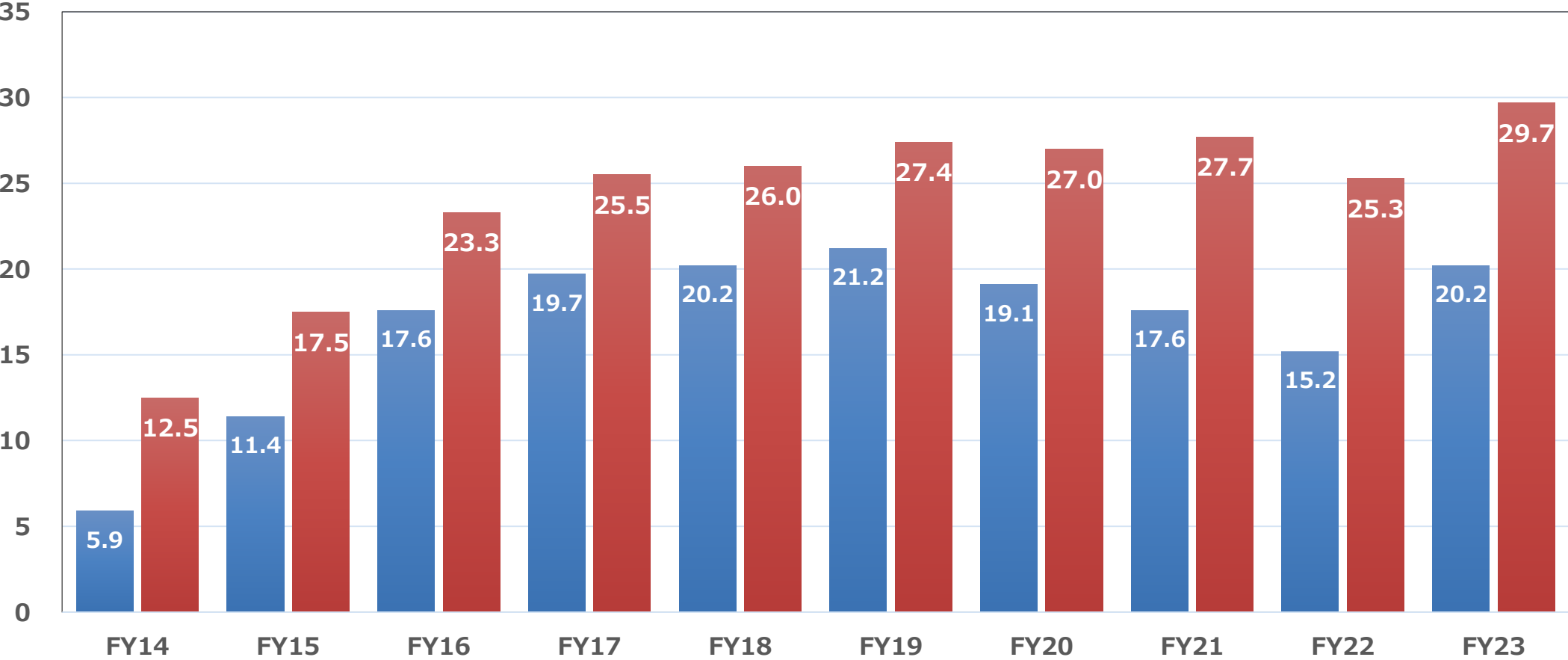
* Coverage of IRI data in our *HI-CHEW* sales is approximately 50% (internal estimate)

Operating Income and EBITDA

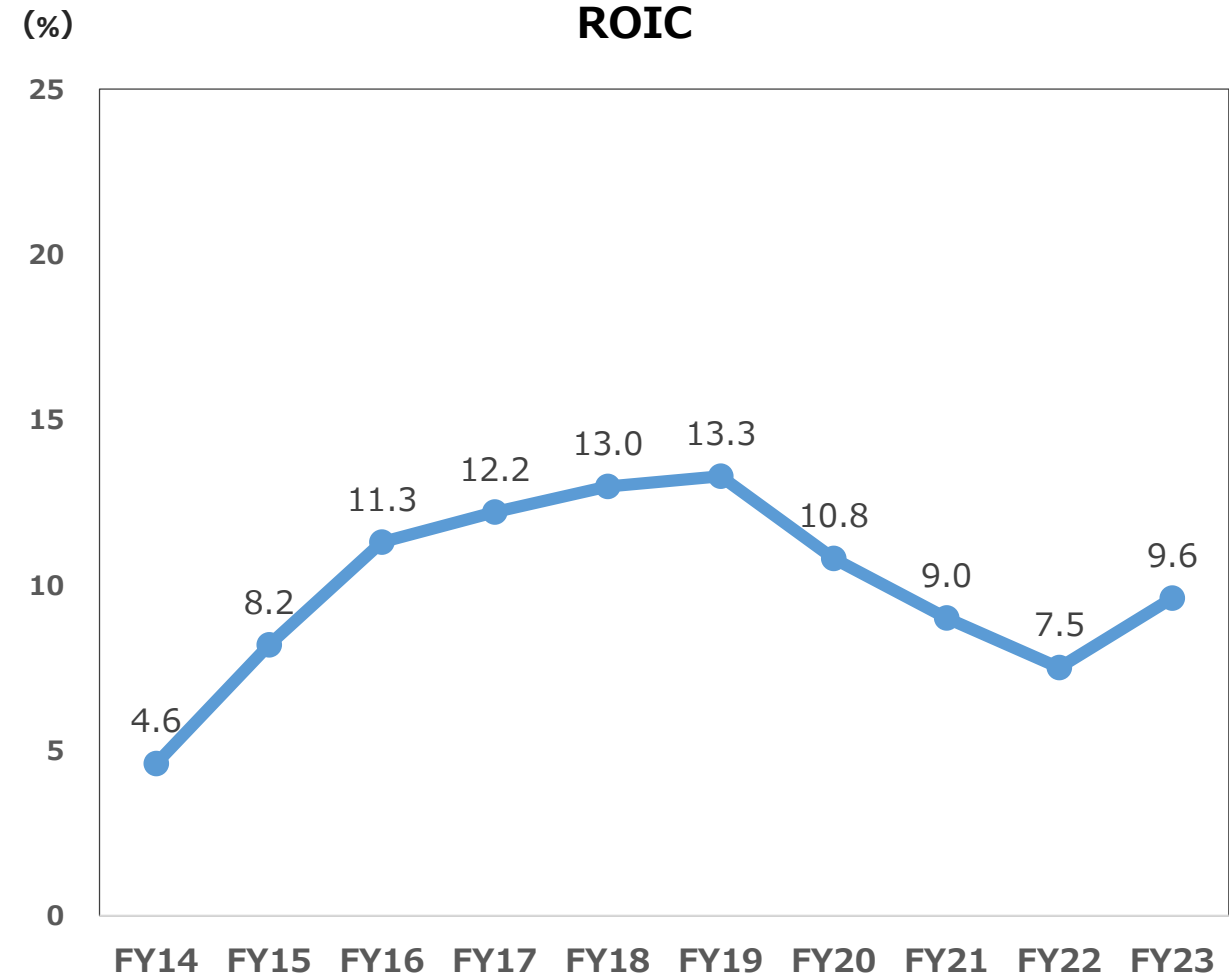
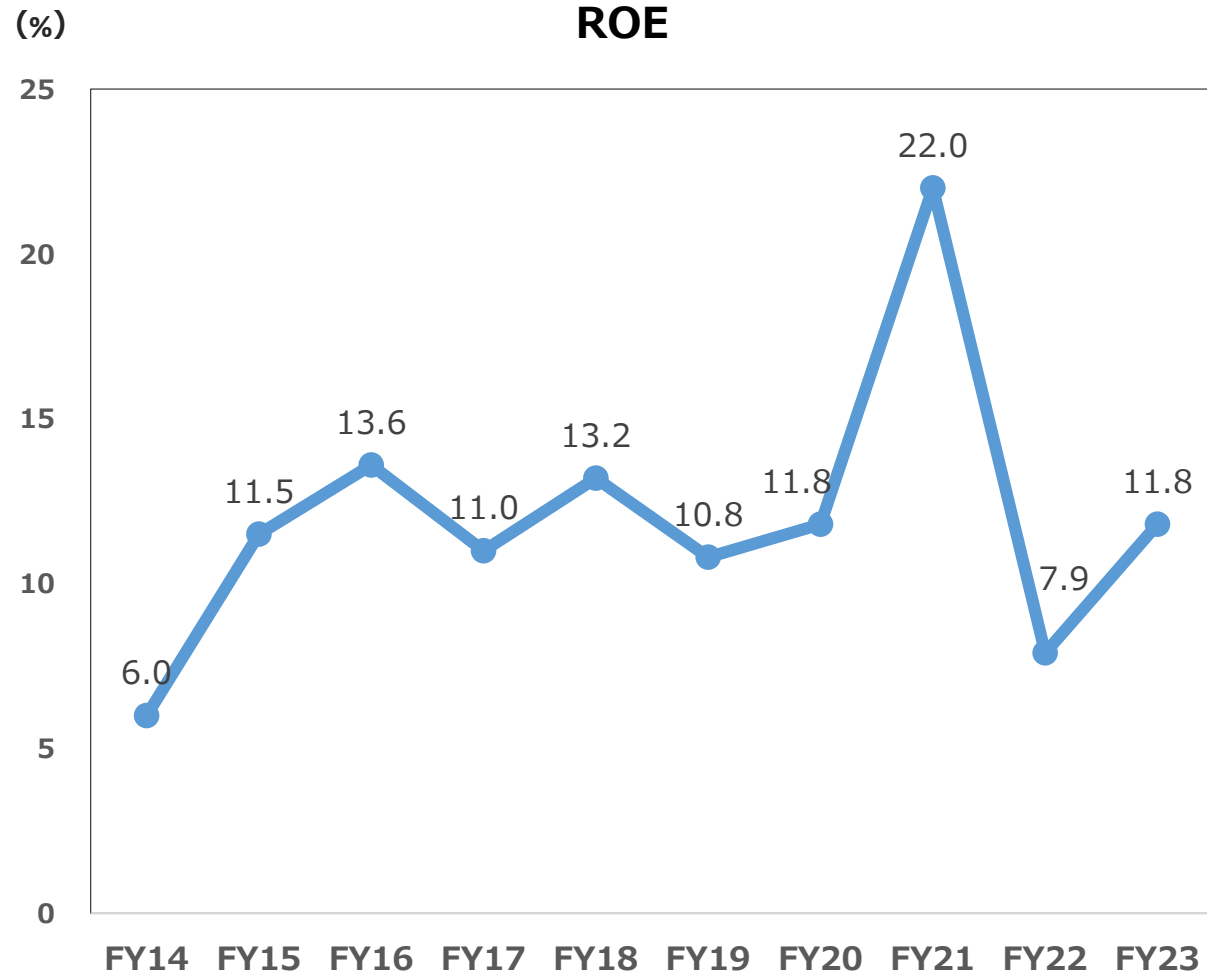


(Billion yen)

■ Operating Income ■ EBITDA



Financial Indicators 1

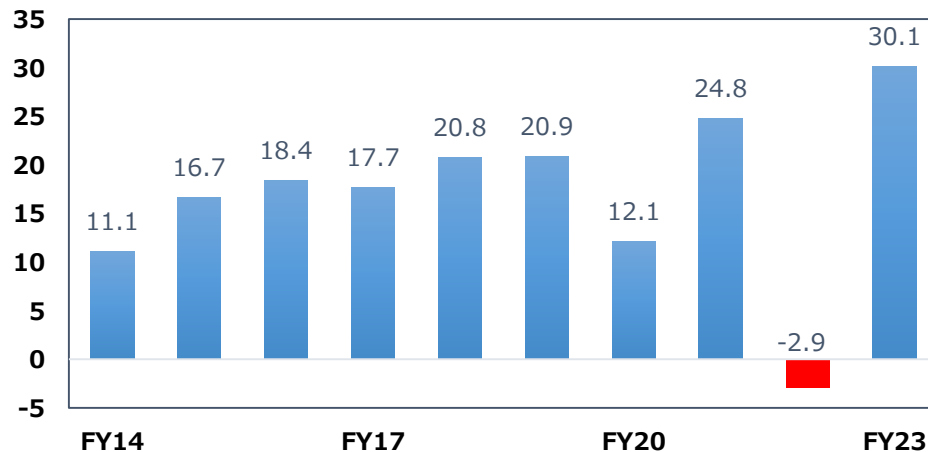


Financial Indicators 2



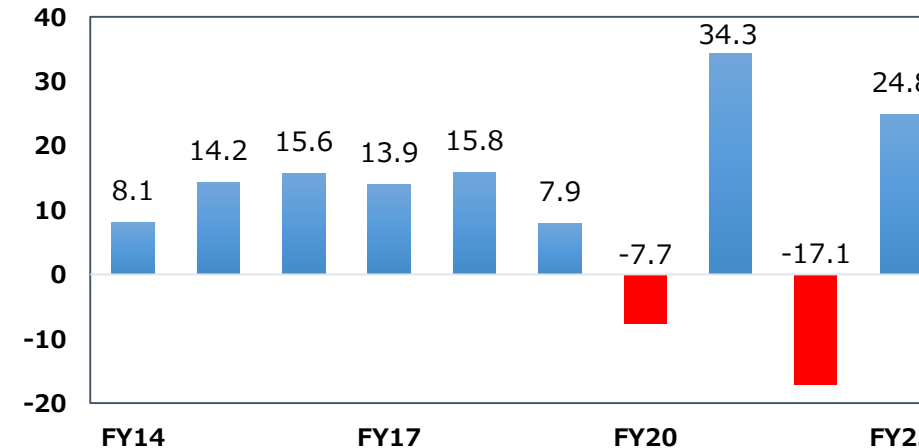
(Billion yen)

Operating cash flow



(Billion yen)

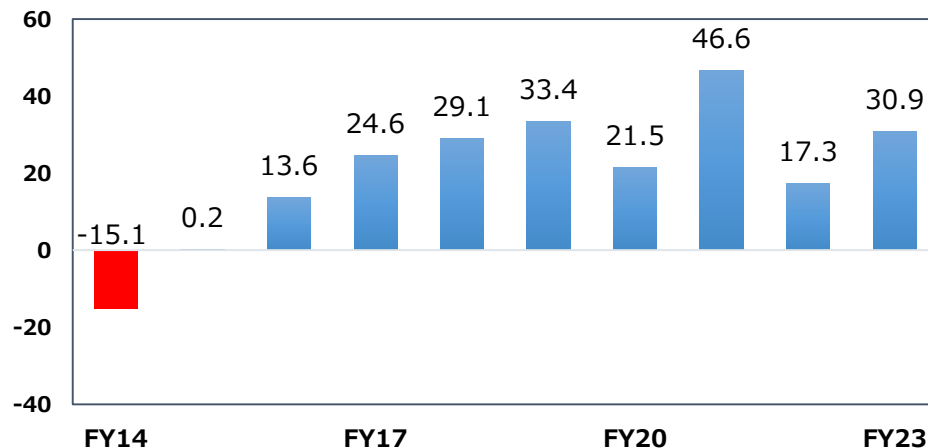
Free cash flow



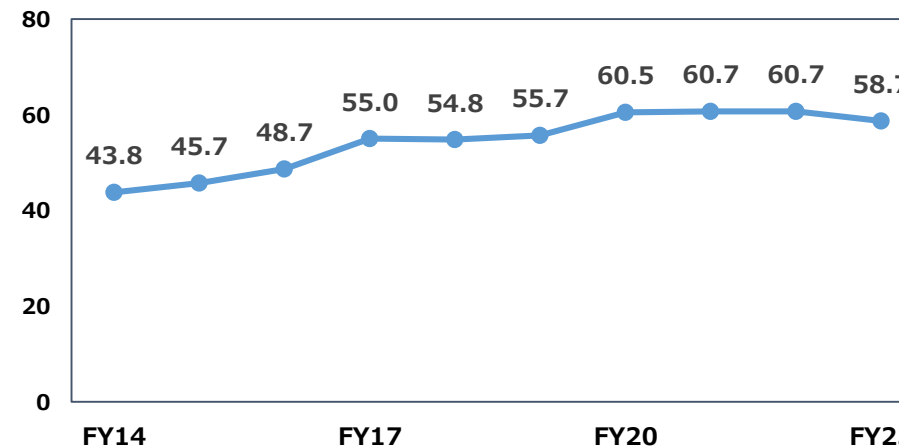
*Payments into time deposits and proceeds from withdrawal of time deposits have been excluded from calculations

(Billion yen)

Net cash



Shareholders' equity ratio



*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

Mergers and Acquisitions (M&A)



M&A conducted to achieve 2030 Vision; completed acquisition of share at end of April 2024*

Morinaga Institute of Biological Science, Inc. (consolidated subsidiary of Morinaga)

Become a manufacturing company that pursues immunity-related technologies to support wellness lifestyles

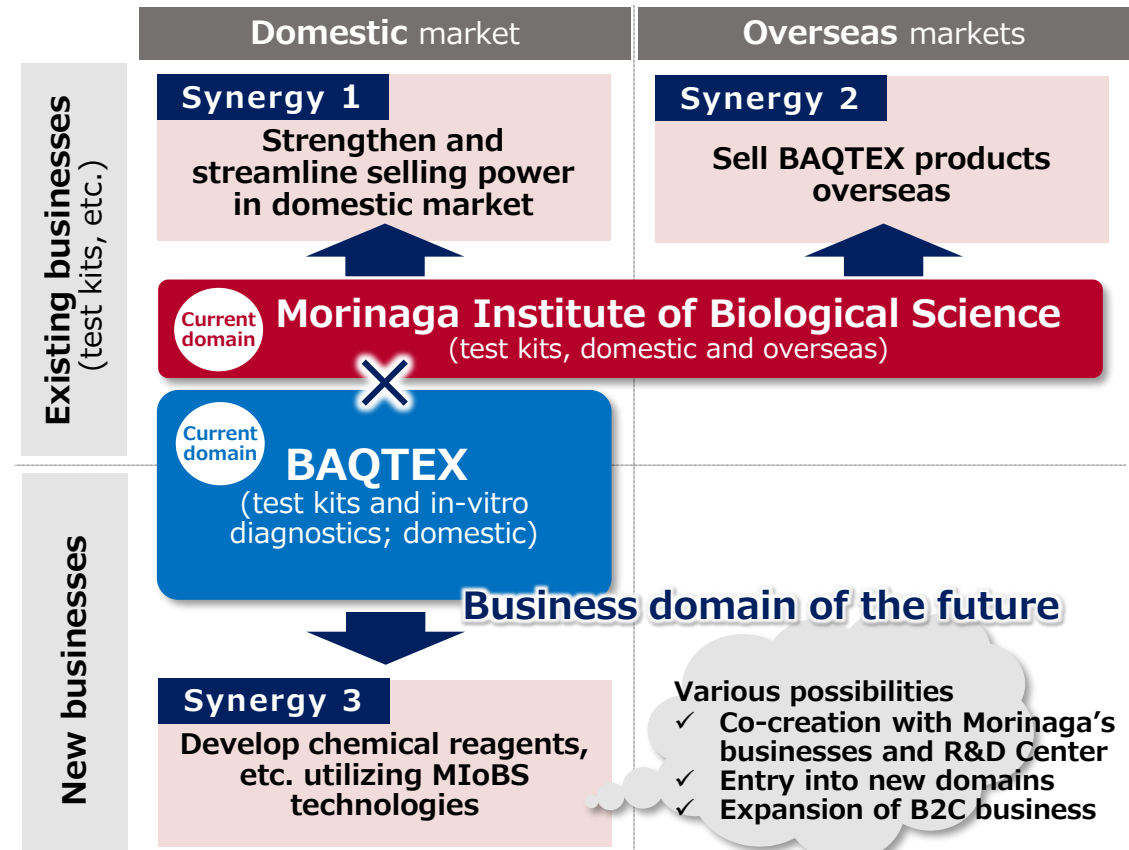
Businesses	Strengths, features
<ol style="list-style-type: none"> Allergen test kits (food allergies) ELISA kits for basic research (diabetes research) Heat treatment derived protein detection kits 	<ul style="list-style-type: none"> Immunoassay technology is core technology Recognized for high technological capabilities in specialized areas such as food allergy testing and drug discovery support Solid contacts with food manufacturers in Japan overseas sales ratio is at a constant level

BAQTEX Co., Ltd. (M&A target company)

Businesses	Strengths, features
<ol style="list-style-type: none"> Culture medium Phosphoric acid (wipe testing kits) Stool sampling tubes Clinical business (serum tubes, etc.) Virus-related business 	<ul style="list-style-type: none"> Has several business related to food hygiene Registered as a manufacturer of in-vitro diagnostics Strength in applied resin molding products Development capability to flexibly and swiftly respond to customer needs and bring products to market

Purpose and expected effects of M&A

Achieve corporate growth with expansion of business domain through operations that leverage the strengths of both companies



FY2024 Results Forecast : Change in Operation Income by Business



In “in-,” Confectionery & Foodstuffs and U.S. Businesses, profit will increase with positive factors offsetting cost increases; in Frozen Desserts Business, profit is projected to decrease due to higher raw material and other costs.

