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**Third Quarter,
Fiscal Year Ending March 31, 2024**

Results Briefing

**February 8, 2024
Morinaga & Co., Ltd.**

About forward-looking statements

This material contains forward-looking statements such as forecasts, plans, and targets for the Company including its consolidated subsidiaries. These statements are based on judgments and assumptions made on the basis of information currently available to the Company, and may differ from actual results and developments in the future.

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森永製菓株式会社

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Hello, everyone. I am Takagi, Chief Financial Officer of Morinaga & Co., Ltd. Thank you for taking time out of your busy schedules to attend our financial results meeting for Q3 of the fiscal year ending March 2024.

We will first review the main points and then explain the details.

Today's Main Points

- **Record-high 1Q–3Q net sales and profits at all levels**
 - Net sales up 10.8% year on year, with continuing strong sales in Confectionery & Foodstuffs, Frozen Desserts, United States Business, and Operating Subsidiaries.
 - The impact of soaring raw material prices were offset by sales growth and the positive impact of price revisions. Gross profit margin up +1.3 pt year on year, operating income margin up +2.7 pt, and profitability is steadily improving.
- **Upward revision of full-year forecasts for both net sales and profit**
 - Upward revision of November 2023 results forecasts: net sales by + ¥1.0 billion and operating income by + ¥0.8 billion.
 - In 4Q, investment in businesses and business foundation to be accelerated, with a view to medium- to long-term growth.
- **Upward revision of year-end dividend forecast**
 - Dividend per share to be increased from ¥52.5 → ¥55.0, following upward revision of results forecast.
 - Today (February 8, 2024), resolved*¹ to cancel 1,205,000 shares*² of treasury stock.

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*2 Ratio to the total number of shares issued before the cancellation: 1.28%

I would like to show today's key points.

In the first nine months of the current fiscal year, consolidated net sales and all phases profits reached record high. In particular, the Confectionery & Foodstuffs, Frozen Desserts and U.S. Businesses, as well as domestic business subsidiaries, continued to perform well, resulting in double-digit growth in consolidated net sales, at 110.8% YoY. Operating income also increased to JPY19.6 billion, up 143.2% from the same period last year, and the V-shaped recovery is progressing steadily. Although we continue to be affected by the rising cost of raw materials, we have been able to offset this impact mainly through increased net sales and the effect of price revisions.

Considering the strong performance in Q3, we have revised our full-year forecasts upward from those initiated in November last year. In Q4, we plan to further accelerate investments to strengthen our management base and business operations with a view to medium- to long-term growth.

We have also increased our forecast for the year-end dividend from JPY52.50 to exactly JPY55 per share. We expect to see increased dividends for the ninth consecutive fiscal year. In addition, the Board of Directors today approved a resolution to cancel 1.205 million shares of treasury stock.

Consolidated Results for FY2023 Q3

Record-high 1Q–3Q net sales and profits at all levels;
steady progress toward a V-shaped recovery in business performance.

(Billion yen)	FY23 Q3	Y/Y change	
Net sales	163.7	+15.9	110.8%
Gross profit (gross profit margin)	67.9 (41.5%)	+8.5 (+1.3pt)	114.3%
Operating income (operating income margin)	19.6 (12.0%)	+5.9 (+2.7pt)	143.2%
Ordinary income	20.1	+6.2	144.2%
Profit attributable to owners of parent	13.9	+5.1	157.9%
EBITDA^{*1}	26.7	+5.5	125.5%

森永製菓株式会社 *1 Simplified EBITDA: operating income + depreciation and amortization

* The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥138.11=\$1USD(this is the average rate for Jan to Sep 2023)

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Now, let us explain the details.

First, here are the consolidated profit and loss results for Q3.

Net sales were JPY163.7 billion, an increase of JPY15.9 billion over the previous year. The rate of growth was a double-digit of 110.8%.

Operating income was JPY19.6 billion, up 143.2% from the previous year, and the operating income margin improved 2.7 percentage points to 12.0%.

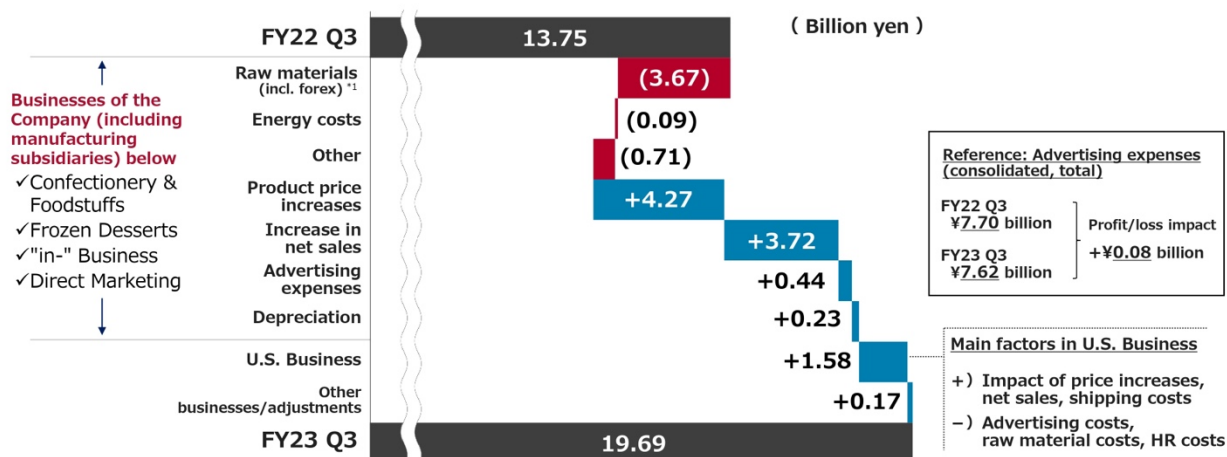
Profits attributable to owners of the parent was JPY13.9 billion, 157.9% of the previous year, and all phases of profits also reached a record high for the first nine months of a fiscal year.

Q3 was driven especially by Confectionery & Foodstuffs and Frozen Desserts Business. Compared to the same period last year or to the Company's plan as of last November, both net sales and profits increased significantly. Profitability improvement is also in progress.

The impact of the rise in raw material prices is generally in line with our forecast. While we execute strategic investments such as DX, profitability is steadily improving due to the effects of increased net sales and price revisions. In addition, the absorption of fixed costs through increased sales contributed to improved profitability.

FY2023 Q3 Results: Factors in Change in Consolidated Operating Income

Cost impact of raw material prices, etc. offset by sales growth and the positive impact of price revisions, mainly in Confectionery & Foodstuffs and Frozen Desserts Business; Profit growth of United States Business also contributed.



森永製菓株式会社 *1 Actual funding rate in FY22 Q3: \$1USD = ¥123.85; ¥135.80 in FY23 Q3

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The chart below shows the factors of the increase and decrease in operating income. Factors causing the decrease in income are shown in red, and factors contributing to the increase in income are shown in blue.

First, there was a JPY3.67 billion increase in costs related to the impact of raw material price hikes, including the impact of yen depreciation. Its forecast for the full year announced last November was JPY4.76 billion. We now have 77% of that level which is almost in line with the forecast. Although cacao-related prices continue to soar, overseas dairy product and saccharified products are easing somewhat.

In addition, energy costs have settled at the same level as the previous year.

On the other hand, the effects of price revision and increase in net sales are steadily progressing at JPY4.27 billion and JPY3.72 billion, respectively, and the measures to turn around the situation are on track.

Growth in the U.S. Business also continued to contribute to profit growth. Advertising expenses were on par with the previous year on a consolidated basis. We plan to make a strategic launch for advertising in Q4 with a view to the medium- to long-term growth.

FY2023 Q3 Results: Summary by Business

Confectionery & Foodstuffs, Frozen Desserts, United States Business, and Operating Subsidiaries have driven sales growth; profitability also improved significantly.

(Billion yen)	Net sales			Operating income			Operating income margin	
	FY23 Q3	Y/Y change		FY23 Q3	Y/Y change		FY23 Q3	Y/Y change
Confectionery & Foodstuffs ^{*1}	58.1	+4.0	107.4%	3.6	+2.7	378.7%	6.3%	+4.5pt
Frozen Desserts	37.2	+4.4	113.5%	5.1	+1.7	150.7%	14.0%	+3.4pt
"in-" Business ^{*1}	25.3	+0.2	100.9%	6.1	(0.3)	95.2%	24.1%	(1.4pt)
Direct Marketing	8.1	+0.4	105.3%	0.5	+0.1	108.2%	6.5%	+0.2pt
Operating Subsidiaries	12.9	+1.9	117.2%	1.0	+0.4	148.7%	8.0%	+1.7pt
Other	0.9	+0.1	110.9%	(0.5)	(0.6)	—	—	—
Domestic Total	142.8	+11.1	108.4%	15.9	+3.8	131.7%	11.2%	+2.0pt
United States ^{*2,*3}	14.8	+4.0	136.4%	2.8	+1.6	225.0%	19.2%	+7.6pt
China, Taiwan, Exports, etc.	6.1	+0.9	116.8%	0.6	+0.1	134.5%	11.0%	+1.4pt
Overseas Total	20.9	+4.8	130.0%	3.5	+1.8	199.3%	16.8%	+5.8pt
Consolidated Total	163.7	+15.9	110.8%	19.6	+5.9	143.2%	12.0%	+2.7pt

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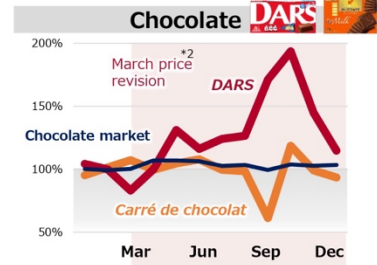
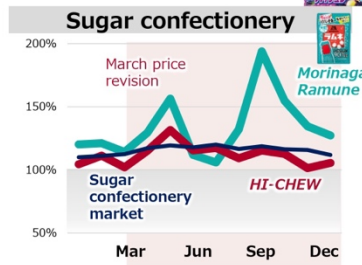
Looking at performance by business, we achieved sales growth in each of our domestic and overseas businesses.

The domestic Confectionery & Foodstuffs Business achieved an increase in both sales and profit, with a particularly strong improvement in the operating income margin compared to the previous year. Growth in the relatively profitable biscuits and sugar confectionery categories, as well as the effect of price revisions, contributed to improved profitability.

The U.S. Business continues to show double-digit growth, despite the volume impact by price revisions in both the market and our *HI-CHEW*. We will continue to strengthen our efforts with a medium- to long-term perspective.

Key Topics in Domestic Market: Confectionery

Y/Y Change in Sales Value^{*1}



Apr-Dec cumulative sales value (Y/Y)	
Morinaga Biscuits	119.0%
Market	103.6%

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



Apr-Dec cumulative sales value (Y/Y)	
HI-CHEW	113.3%
Morinaga Ramune	136.3%
Market	116.9%

- **HI-CHEW** is selling well due to the development of products that appeal to the texture and the release of collaborative products
- **Morinaga Ramune** is selling well due to the student support project for examinees



Apr-Dec cumulative sales value (Y/Y)	
DARS	134.7%
Carré de chocolat	97.3%
Market	104.0%

- New high-unit-price, high-value-added **DARS** products contributed to sales
- Sales of **Carré de chocolat** core products were sound, but new products struggled



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Next, I will explain some key points regarding the progress of our business strategy.

The biscuits market has remained firm. In this context, *Morinaga Biscuits* continued to perform well thanks to aggressive promotion and product development centering on *MOONLIGHT*.

The sugar confectionery market is marked by positive results thanks to the recovery of movement of people and the strong performance of gummies. *HI-CHEW* continues to perform well thanks to appealing its texture and new products. *Morinaga Ramune* grew substantially because of successful efforts to target students preparing for entrance examinations.

The chocolate market showed a slight increase over the previous year, but purity chocolate struggled. In this context, *DARS* of high unit price products is contributing after a review of tactics.

Key Topics in Domestic Market: Frozen Desserts

Y/Y Change in Sales Value¹



Apr-Dec cumulative sales value (Y/Y)	
Morinaga	116.4%
Market	111.1%

- Successful communication strategy focused on major brands led to **2nd top market share**²
- *Ita Choco Ice, The Crepe*: Core products and new products sold well due to promotions emphasizing quality value
- *ICEBOX*: Strategy to expand eating occasions stimulated demand in fall and winter, resulting in increases in both stocking and purchase rates

Apr-Dec cumulative sales value (Y/Y)	
Choco Monaka Jumbo	111.4%
Market	111.1%

- Achieved record-high purchase rate Supported by increased media exposure
- Winter-only products with increased amount of chocolate sold well

Apr-Dec cumulative sales value (Y/Y)	
Vanilla Monaka Jumbo	120.3%
Market	111.1%

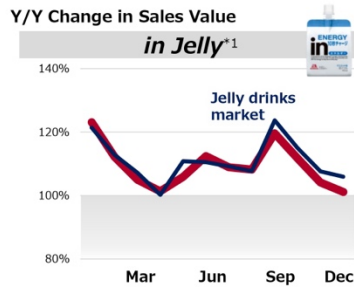
- Promotions emphasizing unique quality were successful
- Winter-only product with rich vanilla flavor sold well

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While the overall market for frozen desserts remained strong in the fall and beyond, with a tailwind from the weather, our communication strategy of concentrating on our core brands was successful, and we rose to second place in market share with growth exceeding that of the market.

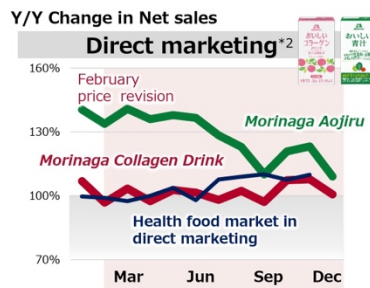
The *Jumbo group* continued to perform well thanks to quality renewal, enhanced promotional activities and contributions from winter-only products. In particular, the *Choco Monaka Jumbo* achieved the highest purchase rate ever and was also supported by increased media exposure.

Key Topics in Domestic and U.S. Markets



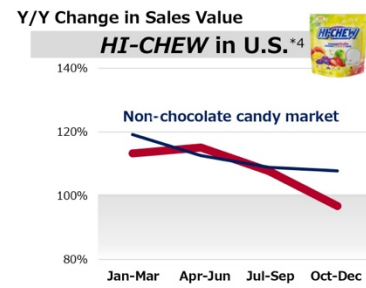
Apr-Dec cumulative sales value (Y/Y)	
in Jelly	108.5%
Market	110.1%

- Strong store turnover through CVS and drugstore channels
- **Energy Glucose Boost** sold well as "energy for thinking"; advertising strengthened to coincide with exam season



Apr-Dec cumulative sales value (Y/Y)	
Morinaga Collagen Drink	101.6%
Morinaga Aojiru	123.9%
Market ^{*3}	105.8%

- Ongoing efforts for further expansion and long-term retention of subscription customers by strengthening advertising



Jan-Sep cumulative sales value (Y/Y)	
HI-CHEW	111.9%
Market	113.3%

- Released new TV commercials emphasizing quality value, aiming to improve brand recognition and to stimulate purchases

* Growth rate slowed in Oct.-Dec. due partly to the aftereffects of the Nov. 2022 price revision

森永製菓株式会社 *1 INTAGE Inc. SRI+ estimated sales value, *2 Morinaga's shipment value; "Kenshoku Net Tsuhan" Shishutsu (Expenditure on Health Food Sold on the Internet) household survey, Statistics Bureau, Ministry of Internal Affairs and Communications (Until Nov due to data released), *3 Apr-Nov 2023 cumulative sales value, *4 IRI

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Next is *in jelly*. The market as a whole is doing well with the recovery of movement of people. As for *in jelly*, there is headwind from the previous year's special demand for COVID-19 until Q3, but on the other hand, turnover at storefront, especially at convenience stores, has been strong. In particular, *Energy Glucose Boost* sales have been strong as a result of strengthened advertising in conjunction with the entrance examination season.

In Direct Marketing, we have been aggressively investing in advertising since H2 in order to increase the number of regular customers. In addition, we are strengthening our efforts to have long-term loyal customers.

As for *HI-CHEW* in the U.S. Business, double-digit growth continued despite the impact on volume due to price revisions in both the target category markets and *HI-CHEW*. We will step up investment in advertising, including TV commercials that promote quality values to increase awareness and stimulate purchasing.

The slowdown in growth in the October to December period is due to the circuiting effect of the price revision implemented in November 2022. Although store turnover seems to have settled down somewhat at the moment, we aim to continue to improve the store stocking ratio and recognition rate while expanding customer contact points through new product development. We will work to expand SKU. We intend to continue to actively invest management resources with a view to medium- to long-term business growth.

Consolidated Results Forecast for FY2023

Net sales and profits at all levels are expected to exceed the previous results forecast due to growth in Confectionery & Foodstuffs and Frozen Desserts Business.

(Billion yen)	FY2023 forecast	Y/Y change		vs. previous forecast ^{*2}	
Net sales	211.0	+16.7	108.6%	+1.0	100.5%
Gross profit (gross profit margin)	86.0 {40.8%}	+9.4 {+1.4pt}	112.3%	+0.7	100.8%
Operating income (operating income margin)	19.5 {9.2%}	+4.3 {+1.4pt}	128.0%	+0.8	104.3%
Ordinary income	20.1	+4.4	127.9%	+1.0	105.5%
Profit attributable to owners of parent	14.2	+4.2	141.2%	+0.6	104.4%
EBITDA ^{*1}	29.0	+3.7	114.6%	+0.8	102.8%

^{*1} Simplified EBITDA: operating income + depreciation and amortization

^{*2} Results forecasts for the fiscal year ending Mar 31, 2024, as of Nov 10, 2023

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Next, I would like to explain our forecast for the fiscal year ending March 2024.

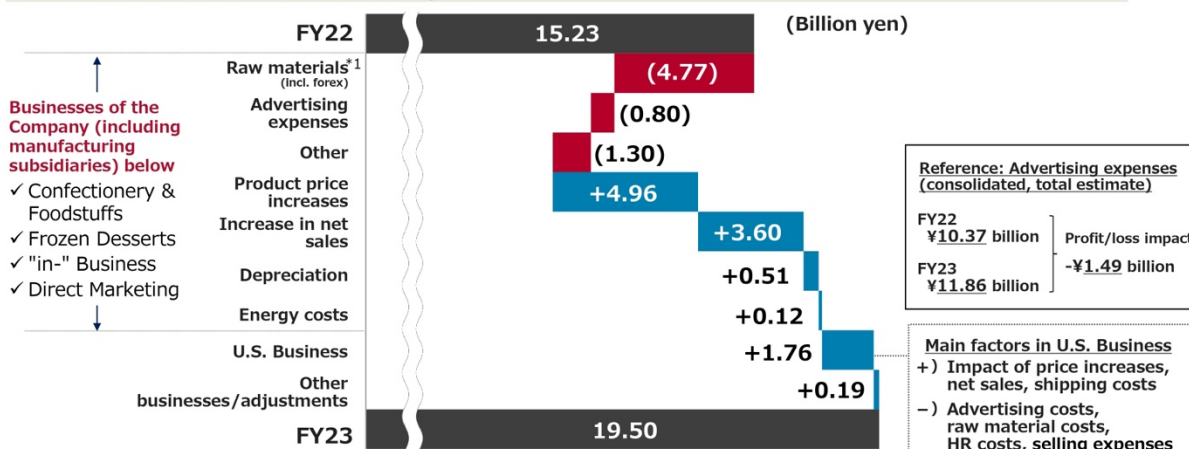
Compared to the forecast as of November 10, 2023, we have upwardly revised our net sales forecast by JPY1 billion to JPY211 billion, operating income forecast by JPY0.8 billion to JPY19.5 billion, and net income attributable to owner of the parent company by JPY0.6 billion to JPY14.2 billion.

While there are signs of peaking out for the cost hikes, cacao and other raw materials continue to soar, and the business environment remains uncertain, including the impact of the depreciation of yen and the prolonged instability of the international situation, we are not optimistic. Amid the severe business environment, we have thoroughly implemented management that emphasizes a balance between medium- to long-term growth and current operations. Profitability is improving thanks to continued top-line growth and measures mainly through price revisions.

On the other hand, we believe it is necessary to further enhance our ability to respond to changes in the environment in order to achieve the goals of the 2030 Business Plan.

FY2023 Results Forecast: Factors in Change in Consolidated Operating Income

Impact of soaring raw material prices to be offset by sales growth and positive impact of price revisions;
 Aggressive advertising and DX investment to accelerate growth and build a business foundation for the next medium-term business plan.



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The chart shows the factors of increase and decrease in operating income for the full year compared to the previous year.

Raw material prices are expected to remain at a level of JPY4.77 billion for the full year, almost unchanged from November, and the impact will still remain.

Energy costs are expected to be generally flat YoY for the full year.

The plan is designed to achieve a V-shaped recovery by counteracting the impact of raw material price hikes with increased sales, price revisions, and growth in the U.S. Business for the full year. In Q4, we will make strategic advertising investments for further growth of "in-" Business and Frozen Desserts Business, expansion of the Direct Marketing Business base, and medium- to long-term growth of the U.S. Business. We will execute strategic investments with a view to enhancing corporate value over the medium- to long-term, including the promotion of DX investments to build a management base.

FY2023 Results Forecast: Summary by Business

Sales are expected to increase in all businesses; Profitability of Confectionery & Foodstuffs and Frozen Desserts will improve, offsetting the impact of soaring raw material prices; aggressive investments in advertising for the "in-" and Direct Marketing businesses in anticipation of growth in the next medium-term business plan.

(Billion yen)	Net sales				Operating income				Operating income margin	
	FY2023 forecast	Y/Y change		vs. previous forecast ^{*4}	FY2023 forecast	Y/Y change		vs. previous forecast ^{*4}	FY2023 forecast	Y/Y change
Confectionery & Foodstuffs ^{*1}	77.6	+3.3	104.6%	+0.6	3.6	+2.1	234.0%	+0.7	4.6%	+2.5pt
Frozen Desserts	45.3	+4.8	111.9%	+1.3	4.7	+1.3	138.1%	+0.4	10.5%	+2.0pt
"in-" Business ^{*1}	31.3	+0.7	102.5%	(0.1)	6.4	(0.6)	92.2%	+0.0	20.6%	(2.3pt)
Direct Marketing	10.8	+0.6	105.3%	(0.2)	0.1	(0.5)	23.4%	(0.3)	1.4%	(5.0pt)
Operating Subsidiaries	17.5	+1.9	112.2%	+0.2	1.3	+0.4	140.4%	+0.0	7.9%	+1.5pt
Other	1.3	+0.1	104.1%	+0.1	(0.6)	(0.4)	—	(0.0)	—	—
Domestic Total	184.1	+11.5	106.6%	+1.8	15.6	+2.3	117.2%	+0.7	8.5%	+0.7pt
United States ^{*2,3}	19.1	+4.5	130.7%	(0.9)	3.2	+1.8	218.9%	+0.2	16.9%	+6.8pt
China, Taiwan, Exports, etc.	7.7	+0.7	109.5%	+0.0	0.4	(0.1)	79.9%	+0.0	5.9%	(2.2pt)
Overseas Total	26.8	+5.1	123.8%	(0.9)	3.6	+1.6	180.2%	+0.2	13.7%	+4.3pt
Consolidated Total	211.0	+16.7	108.6%	+1.0	19.5	+4.3	128.0%	+0.8	9.2%	+1.4pt

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^{*1} Sugar confectionery, chocolates, and other products under the "in" brand are included in Confectionery & Foodstuffs

^{*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 122.2%, ^{*4} Results forecasts for the fiscal year ending Mar 31, 2024, as of Nov 10, 2023

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The full-year sales and operating income forecasts by business are as shown below.

All businesses are expected to increase sales, and the Confectionery & Foodstuffs and Frozen Desserts Businesses are expected to beat back the impact of soaring raw material prices and realize improved profitability for the full year.

Price Revision Schedule

Plan to revise prices and change amounts of confectionery products as a way to counter soaring raw material prices and rising distribution costs;
Will continue to consider measures flexibly as required while monitoring market trends.

Business	Details of measure	Start date	Percentage of revision/change	Target products
Confectionery & Foodstuffs	Price revision	Shipments from April 1, 2024	<u>3.3%</u> – <u>18.0%</u>	Sugar confectionery, chocolate, snacks (with some exceptions)
	Amount change	Launch from March 12, 2024	- <u>14.3%</u>	<i>Carré de chocolat</i> product range (3 products)

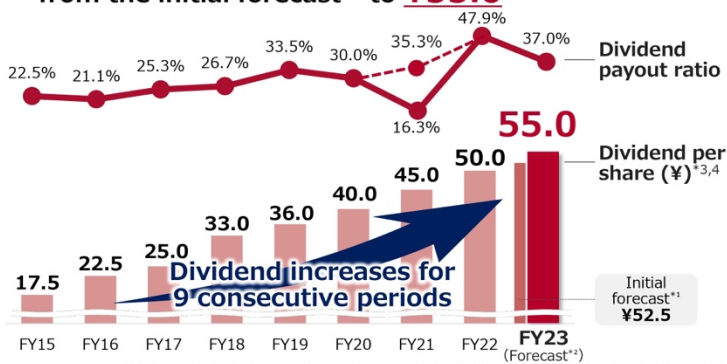
In April 2024, the prices will be revised. The Company will implement this measure in response to soaring raw material prices and rising logistics costs. However, given that the future outlook remains uncertain, we do not believe that this measure will be able to absorb all of these costs. We will continue to monitor the cost environment, consumption trends, and competitor's activity, and take flexible actions as necessary.

Shareholder returns

Provide continuous and stable shareholder returns based on the financial strategy, as a way of implementing management with an awareness of the cost of capital.
 Resolved to increase dividend per share from ¥52.5 to ¥55.0 and to cancel treasury stock

1 Increase in dividends

Dividend increased by **¥2.5**
 from the initial forecast*¹ to **¥55.0**



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*1 Results forecasts for the fiscal year ending Mar 31, 2024, as of May 16, 2023, *2 Results forecasts for the fiscal year ending Mar 31, 2024, as of Feb 8, 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.
 *5 Excluding the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (34,181 shares)

2 Cancellation of treasury stock

Repurchased **602,500 shares** of treasury stock on November 14, 2023

(equivalent to **1,205,000 shares** after the stock split)

Plan to **cancel 1,205,000 shares** on March 15, 2024

(Ratio to the total number of issued shares before the cancellation: 1.28%)

Ratio of treasury stock*⁵ to the total number of issued shares after the cancellation: **2.19%**

Finally, I will explain about shareholder returns.

The Group's basic policy regarding the return of profits to shareholders is to provide continuous and stable shareholder returns based on a financial strategy and a solid management base.

Based on this basic policy, we expect to revise upward the full-year dividend forecast for the end of the current fiscal year. We have decided to set the dividend at exactly JPY55 per share, up from the most recent forecast of JPY52.50 per share. This is expected to be the ninth consecutive year of dividend increases. We are also pleased to report that the Board of Directors today approved a resolution to cancel 1.205 million shares of treasury stock.

That is all. Thank you for listening.

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.