

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

Results Briefing

**November 13, 2023
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.

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

Fiscal Year Ending March 31, 2024
Second Quarter
Financial Results
(April 1 through September 30, 2023)

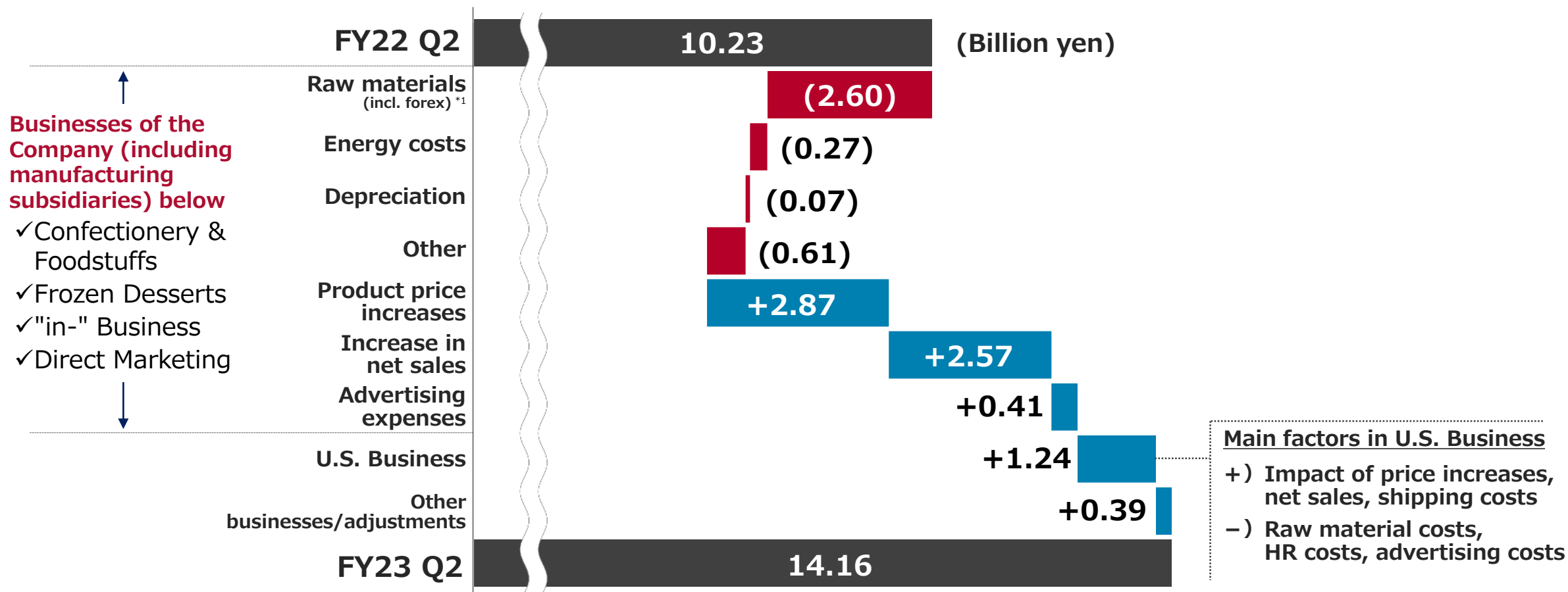
Consolidated Results for FY2023 Q2

Record-high 1H net sales and all levels of profit/income;
steady progress toward a V-shaped recovery in business performance.

(Billion yen)	FY23 Q2	Y/Y change		vs. forecast*2	
Net sales	109.6	+11.2	111.4%	+3.6	103.4%
Gross profit 〔gross profit margin〕	46.1 〔42.1%〕	+5.3 〔+0.6pt〕	113.0%	-	-
Operating income 〔operating income margin〕	14.1 〔12.9%〕	+3.9 〔+2.5pt〕	138.5%	+2.2	119.1%
Ordinary income	14.3	+3.9	137.1%	+2.1	118.0%
Profit attributable to owners of parent	10.2	+3.7	155.8%	+1.8	122.2%
EBITDA*1	18.8	+3.7	124.2%	-	-

FY2023 Q2 Results: Factors in Change in Consolidated Operating Income

Cost impact of raw materials, etc. was more than offset by product price revisions and an increase in net sales, especially in Confectionery & Foodstuffs and Frozen Desserts Business. Profit contribution of U.S. Business also increased.



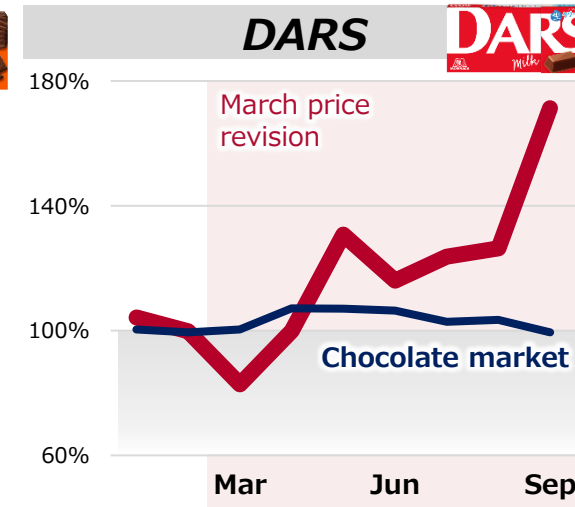
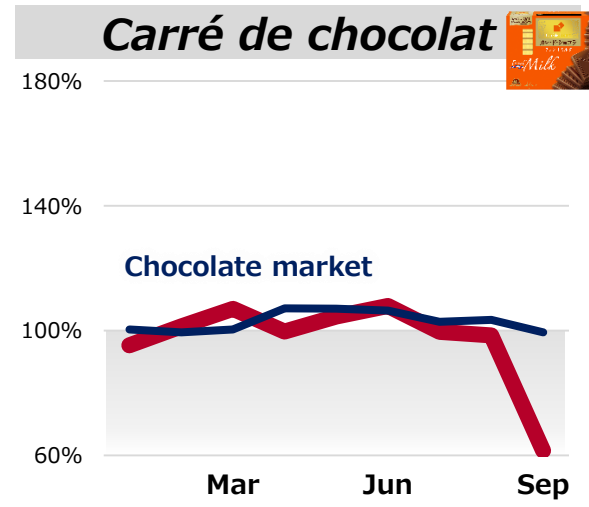
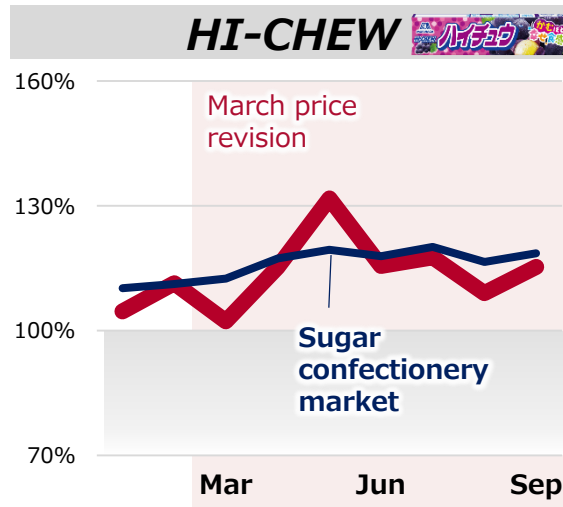
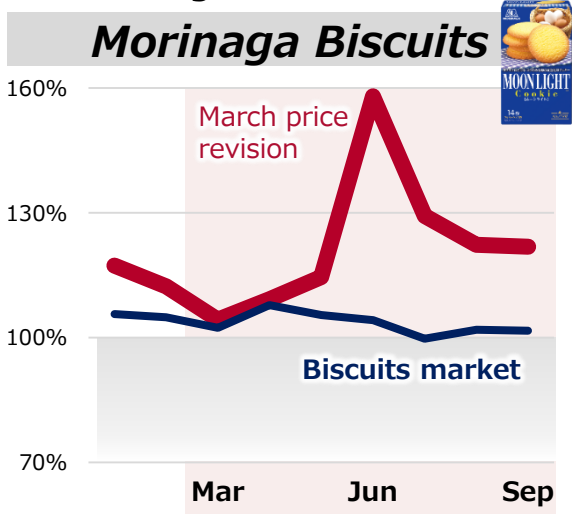
FY2023 Q2 Results: Summary by Business

Net sales increased in all domestic and overseas businesses.
Both net sales and operating income driven by strong performance in Confectionery & Foodstuffs, Frozen Desserts, United States Business and Operating Subsidiaries.

(Billion yen)	Net sales			Operating income		
	FY23 Q2	Y/Y change		FY23 Q2	Y/Y change	
Confectionery & Foodstuffs* ¹	35.9	+2.7	108.1%	1.6	+1.6	—
Frozen Desserts	27.9	+3.0	112.3%	4.5	+1.1	130.0%
"in-" Business * ¹	17.8	+0.1	100.4%	4.6	(0.4)	92.3%
Direct Marketing	5.3	+0.2	104.2%	0.4	+0.1	129.2%
Operating Subsidiaries	8.2	+1.5	121.4%	0.5	+0.2	198.0%
Other	0.6	+0.1	107.1%	(0.3)	(0.3)	—
Domestic Total	95.9	+7.5	108.5%	11.4	+2.2	123.8%
United States * ^{2*3}	9.4	+2.8	142.4%	2.0	+1.3	256.3%
China, Taiwan, Exports, etc.	4.2	+0.9	124.4%	0.4	+0.1	136.8%
Overseas Total	13.6	+3.6	136.3%	2.4	+1.3	220.7%
Consolidated Total	109.6	+11.2	111.4%	14.1	+3.9	138.5%

Key Topics in Domestic Market: Confectionery

Y/Y Change in Sales Value



Apr-Sep cumulative sales value (Y/Y)	
Morinaga Biscuits	124.4%
Market	103.6%

- Record-high sales*1 for the brand
- Aggressive product development focused on *MOON LIGHT*, strong sales of existing products
- Launch of *PREMIUM Series* in September contributed to sales growth



Apr-Sep cumulative sales value (Y/Y)	
HI-CHEW	117.2%
Market	118.3%

- Record-high sales*1 for the brand
- Sales remained strong due to product and promotional development emphasizing the appealing texture
- New products for *HI-CHEW Day* in August also contributed to sales



Popular product in the U.S. "Fantasy Mix"

Apr-Sep cumulative sales value (Y/Y)	
Carré de chocolat	93.5%
Market	104.6%

- Strengthened value appeal as a top brand of fine-quality chocolate
- ※September was impacted by shift in timing of initiatives, including new product launch (from Sep last year to Oct this year)

Apr-Sep cumulative sales value (Y/Y)	
DARS	126.7%
Market	104.6%

- New concept products launched to capture demand for sweets

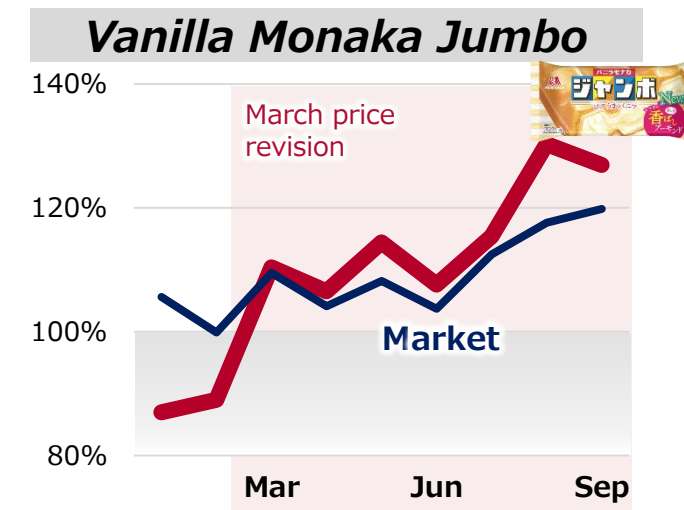
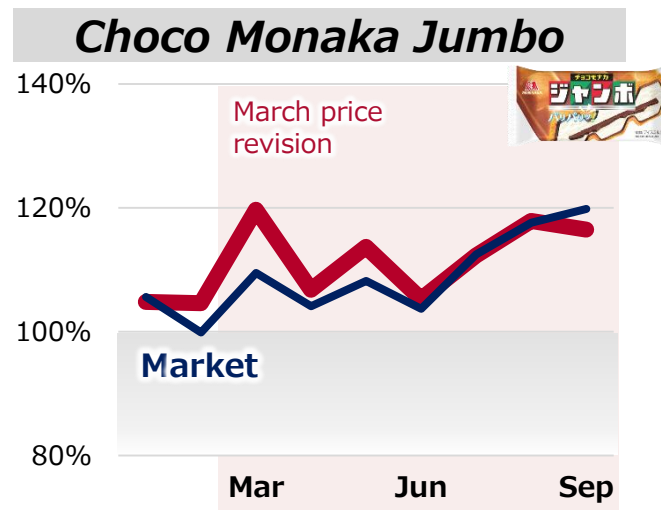
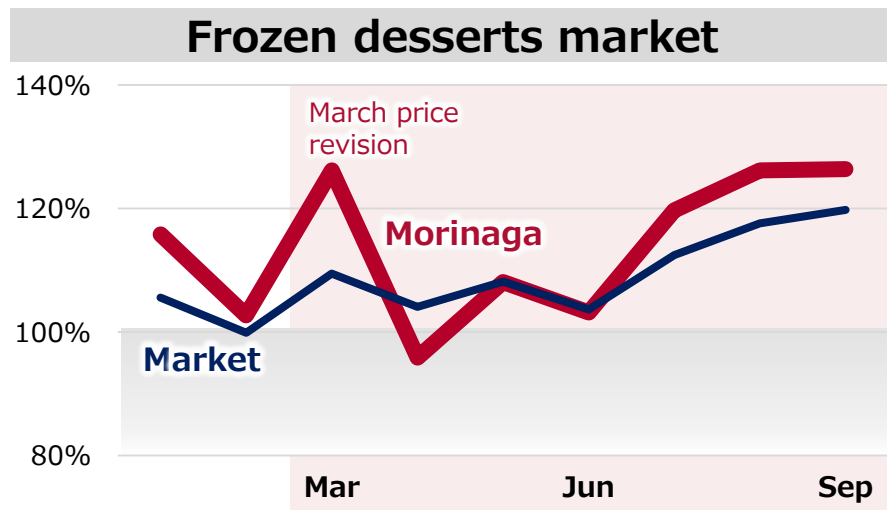


Handy Sweets

Flavor Series

Key Topics in Domestic Market: Frozen Desserts

Y/Y Change in Sales Value



Apr-Sep cumulative sales value (Y/Y)	
Morinaga	114.2%
Market	111.8%



- Outperformed market even after the 2nd price revision in a year, especially in the *Jumbo* group
- *Ita Choco Ice*: “Summer only” quality and new product sold well
- *ICEBOX*: Purchase rate grew on back of strategy to expand eating occasions

Apr-Sep cumulative sales value (Y/Y)	
Choco Monaka Jumbo	112.3%
Market	111.8%

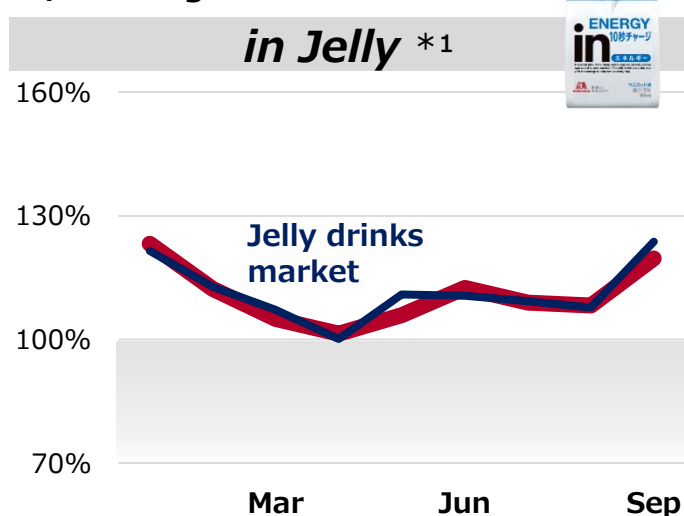
- Positive response to this spring’s quality renewal
- Buzz created through increased media exposure by strengthening PR activities contributed to store turnover

Apr-Sep cumulative sales value (Y/Y)	
Vanilla Monaka Jumbo	117.4%
Market	111.8%

- Strong store turnover as a result of promoting unique quality, especially through stand-alone TV commercials

Key Topics in Domestic and U.S. Markets

Y/Y Change in Sales Value



Y/Y Change in Net sales



Y/Y Change in Sales Value



Apr-Sep cumulative sales value (Y/Y)	
in Jelly	109.5%
Market	110.3%

- Strong store turnover, especially in convenience stores channel
- *Energy Glucose Boost* and *Full-o-Fruit* captured new consumption situations, helping to expand target



Apr-Sep cumulative sales value (Y/Y)	
Morinaga Collagen Drink	99.9%
Morinaga Aojiru	127.7%
Market*3	101.9%

- Given the impact of reopening, carefully considered the timing of advertising in 1H
- Number of subscription customers increased slightly

Jan-Jun cumulative sales value (Y/Y)	
HI-CHEW	114.2%
Market	115.7%

- Store stocking ratio increased steadily
- Multiple price revisions implemented in recent years for both the market and *HI-CHEW*; maintained double-digit growth on a sales value basis

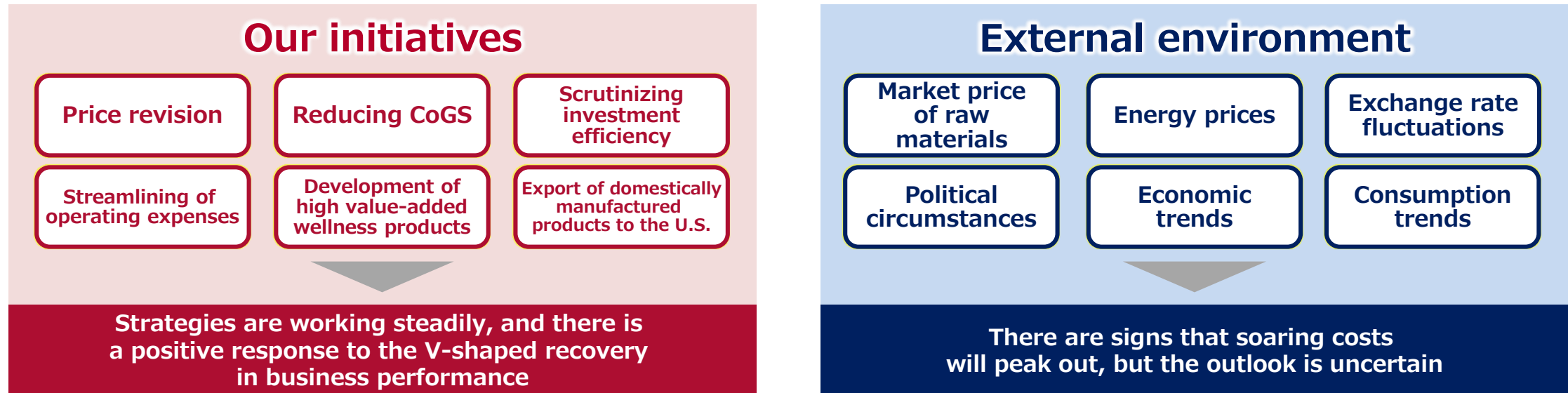
Fiscal Year Ending March 31, 2024 Results Forecast

***Forecast has been revised**

Awareness of and Response to the Business Environment

Steady progress is being made in countermeasures, but the outlook for the external environment remains uncertain.

We will accelerate the pace of investment for further growth and building business foundations in the next medium-term business plan and beyond.



**Revising our results forecasts for this fiscal year,
incorporating investments aimed at improving growth and
responsiveness to change**

Consolidated Results Forecast for FY2023

Full-year sales and profit to increase compared to both the previous year and initial forecasts (record-high net sales).
2H sales to increase but profit to decrease due to prior investments for the next medium-term business plan.

(Billion yen)	FY2023 forecast	Y/Y change		vs. initial forecast	
Net sales	210.0	+15.7	108.0%	+6.0	102.9%
Gross profit 〔gross profit margin〕	85.3 〔40.7%〕	+8.7 〔+1.3pt〕	111.4%	+3.4	104.2%
Operating income 〔operating income margin〕	18.7 〔8.9%〕	+3.5 〔+1.1pt〕	122.7%	+1.4	108.1%
Ordinary income	19.1	+3.4	121.2%	+1.3	107.3%
Profit attributable to owners of parent	13.6	+3.6	135.2%	+1.4	111.5%
EBITDA* ¹	28.2	+2.9	111.5%	+1.3	104.6%

FY2023 Results Forecast: 1H·2H and Full year Summary

■ Net sales

(Billion yen)	Results	1H				2H				Full year					
		Y/Y change		vs. initial forecast		Forecast		Y/Y change		vs. initial forecast		Forecast		Y/Y change	
Domestic Total	95.9	+7.5	108.5%	+1.9	102.1%	86.3	+2.1	102.5%	+2.2	102.7%	182.3	+9.7	105.6%	+4.2	102.4%
Overseas Total	13.6	+3.6	136.3%	+1.6	113.8%	14.0	+2.4	120.2%	+0.1	101.0%	27.7	+6.0	127.6%	+1.8	106.9%
Consolidated Total	109.6	+11.2	111.4%	+3.6	103.4%	100.3	+4.4	104.6%	+2.3	102.4%	210.0	+15.7	108.0%	+6.0	102.9%

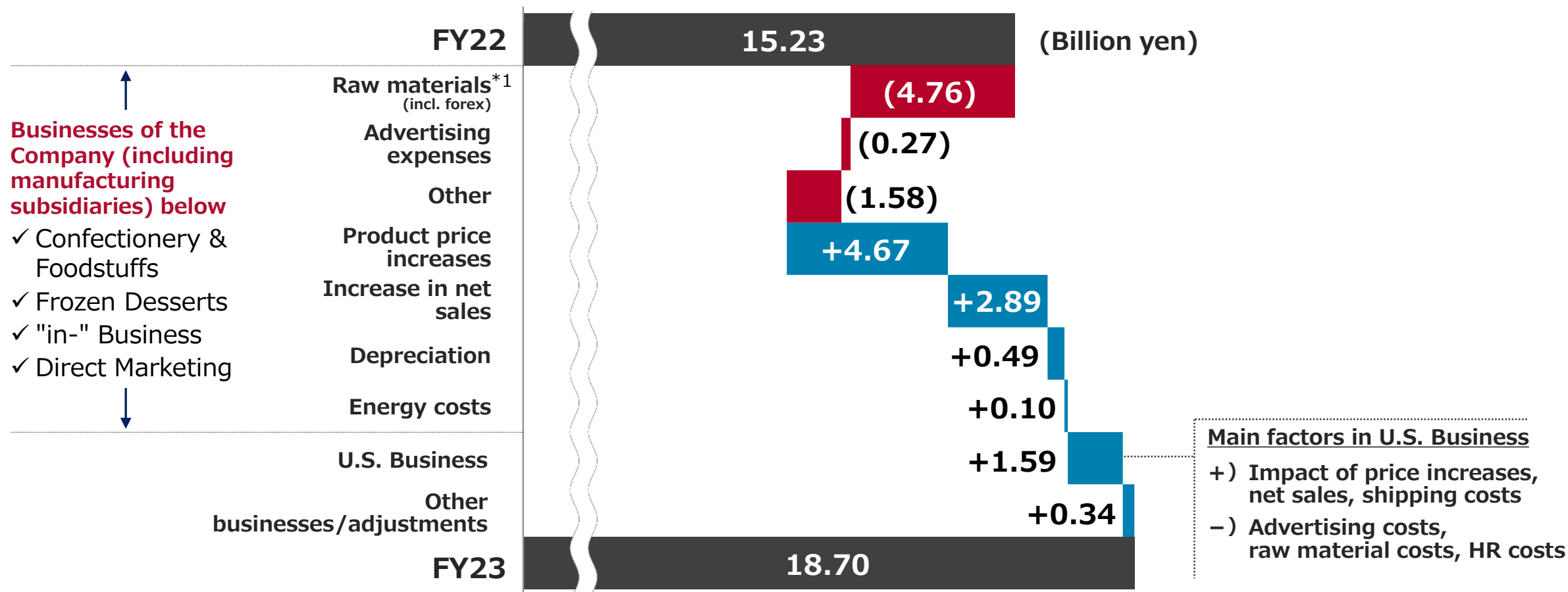
■ Operating income

(Billion yen)	Results	1H				2H				Full year					
		Y/Y change		vs. initial forecast		Forecast		Y/Y change		vs. initial forecast		Forecast		Y/Y change	
Domestic Total	11.4	+2.2	123.8%	+1.4	113.9%	3.4	(0.7)	84.3%	(0.7)	84.5%	14.9	+1.6	111.6%	+0.8	105.4%
Overseas Total	2.4	+1.3	220.7%	+0.6	132.3%	1.0	+0.1	109.6%	(0.3)	71.9%	3.4	+1.4	171.0%	+0.2	106.6%
Consolidated Total	14.1	+3.9	138.5%	+2.2	119.1%	4.5	(0.5)	90.6%	(0.9)	83.9%	18.7	+3.5	122.7%	+1.4	108.1%

FY2023 Results Forecast: Factors in Change in Consolidated Operating Income

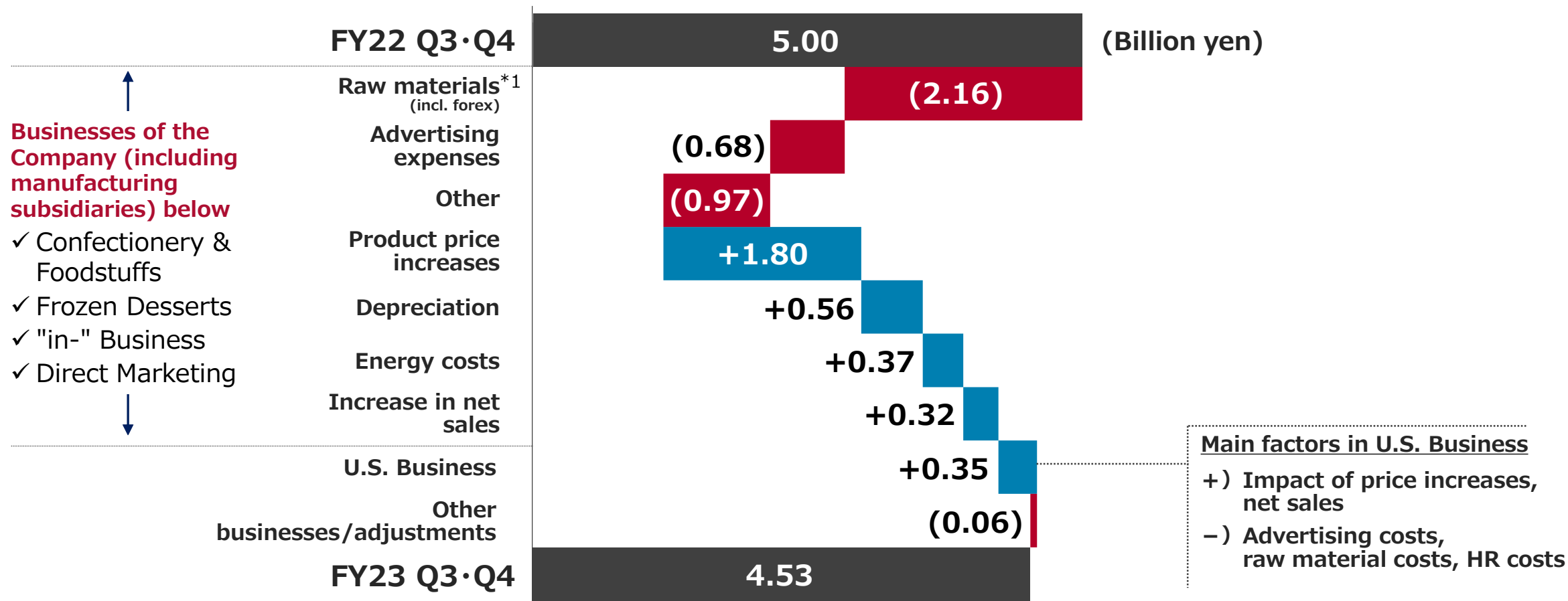
Energy costs will improve, but raw material costs will continue to be impacted, including by the ongoing depreciation of the yen.

This will be more than offset by improved profitability on the back of price revisions as well as an increase in net sales. Operating income will also increase due to higher profit contribution from the U.S. business.



FY2023 Results Forecast: 2H Factors in Change in Consolidated Operating Income

Raw material costs will continue to be impacted, including by the ongoing depreciation of the yen, but this will be more than offset by improved profitability on the back of price revisions as well as an increase in net sales. Operating income will decrease due to prior investment in businesses and business foundations for the next medium-term business plan.



FY2023 Results Forecast: Factors in Change in Consolidated Operating Income — Key Topics

(Billion yen)	Factors in Change in Consolidated Operating Income* ¹			Main factors
	New forecast (as of Nov)	Previous (as of May)	Difference	
Raw materials (incl. forex)	(4.76)	(5.35)	+0.59	+) Mitigated impact of soaring costs for some raw materials -) Foreign exchange impact due to weakening yen* ²
Energy costs	+0.10	(1.38)	+1.48	+) Improvement in the unit price of electricity
Advertising expenses	(0.27)	+0.28	(0.55)	-) Additional investment in Direct Marketing and "in-" Business
Other	(1.58)	(0.08)	(1.50)	-) DX investment for building business foundations -) HR costs/labor costs (allowance for performance-linked bonuses) -) Product/raw material mix -) Cost of disposing unsold stock

FY2023 Results Forecast: Summary by Business

Confectionery & Foodstuffs, Frozen Desserts, Unites States Business and Operating Subsidiaries will drive performance, in comparison both to the previous year and to the initial forecasts. In the "in-" and Direct Marketing Business, additional advertising investment is planned with the aim of accelerating growth in the next medium-term business plan.

(Billion yen)	FY2023 forecast	Net sales				Operating income				
		Y/Y change		vs. initial forecast		FY2023 forecast	Y/Y change		vs. initial forecast	
Confectionery & Foodstuffs*1	77.0	+2.7	103.7%	+2.1	102.8%	2.9	+1.4	194.1%	+1.3	177.8%
Frozen Desserts	44.0	+3.5	108.8%	+1.5	103.7%	4.3	+0.9	126.9%	+0.6	115.3%
"in-" Business*1	31.4	+0.8	102.8%	(1.0)	97.0%	6.4	(0.6)	91.3%	(0.7)	89.0%
Direct Marketing	11.0	+0.8	107.6%	+0.3	102.6%	0.4	(0.2)	65.5%	(0.4)	50.9%
Operating Subsidiaries	17.3	+1.7	111.0%	+1.2	107.4%	1.3	+0.4	136.7%	+0.3	128.8%
Other	1.2	(0.0)	98.0%	+0.1	106.1%	(0.6)	(0.4)	—	(0.3)	—
Domestic Total	182.3	+9.7	105.6%	+4.2	102.4%	14.9	+1.6	111.6%	+0.8	105.4%
United States*2*3	20.0	+5.4	136.5%	+1.3	106.5%	3.0	+1.6	207.9%	(0.1)	96.6%
China, Taiwan, Exports, etc.	7.7	+0.7	109.2%	+0.6	108.1%	0.4	(0.1)	75.3%	+0.3	410.9%
Overseas Total	27.7	+6.0	127.6%	+1.8	106.9%	3.4	+1.4	171.0%	+0.2	106.6%
Consolidated Total	210.0	+15.7	108.0%	+6.0	102.9%	18.7	+3.5	122.7%	+1.4	108.1%

2021 Medium-Term Business Plan

Progress of and Outlook for

“Building a New Foundation for

Dramatic Growth”

Progress on Business Targets: Net Sales and Operating Income

Net sales are expected to far exceed the 2021 Medium-Term Business Plan target. Operating income is expected to fall short of the target despite efforts for a V-shaped recovery responding to changes in the environment.

1st stage of 2030 Business Plan

Topic of 2021 Medium-Term Business Plan
Building a new foundation for dramatic growth

2030 Vision

Efforts for further growth: growth of exploration & research domain & inorganic growth

Focus domains: driving growth

Basic domains: stable cash generation

Efforts to further strengthening business foundation: Structural reforms & business foundation

2021 Medium-Term Business Plan (FY2023)

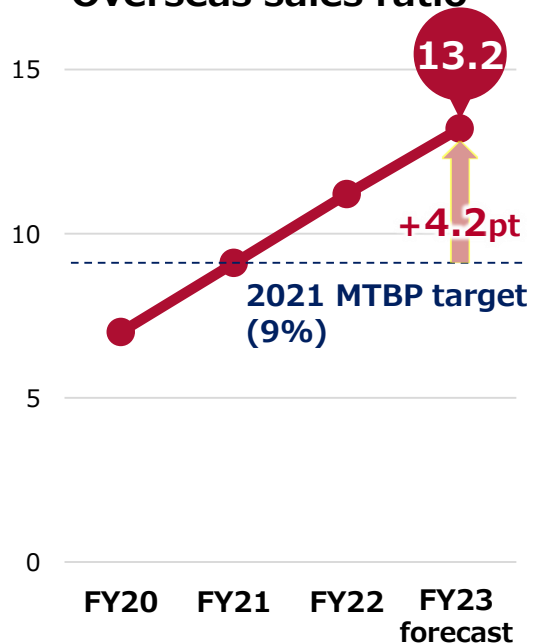
(Billion yen)	Target	Forecast ^{*1}
Net sales	190.0	210.0
Operating income	21.5	18.7

Progress on Business Targets: KPIs

Both the overseas sales ratio, which show growth potential, and the focus domains' sales ratio are expected to far exceed the 2021 Medium-Term Business Plan targets. Operating income margin is behind schedule, while ROE is expected to recover to the target level.

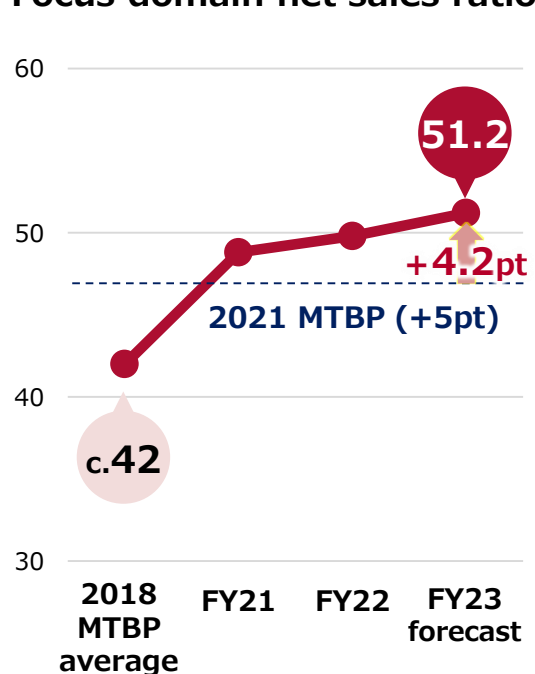
Growth potential and business portfolio realignment

Overseas sales ratio



Well above

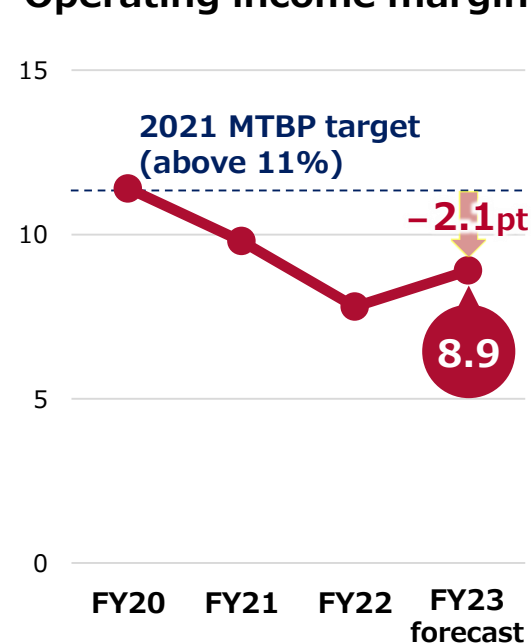
Focus domain net sales ratio



Well above

Profitability

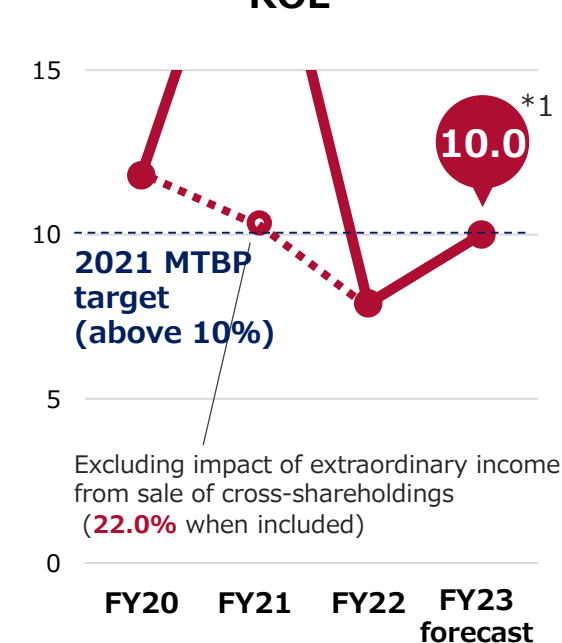
Operating income margin



Behind

Efficiency

ROE

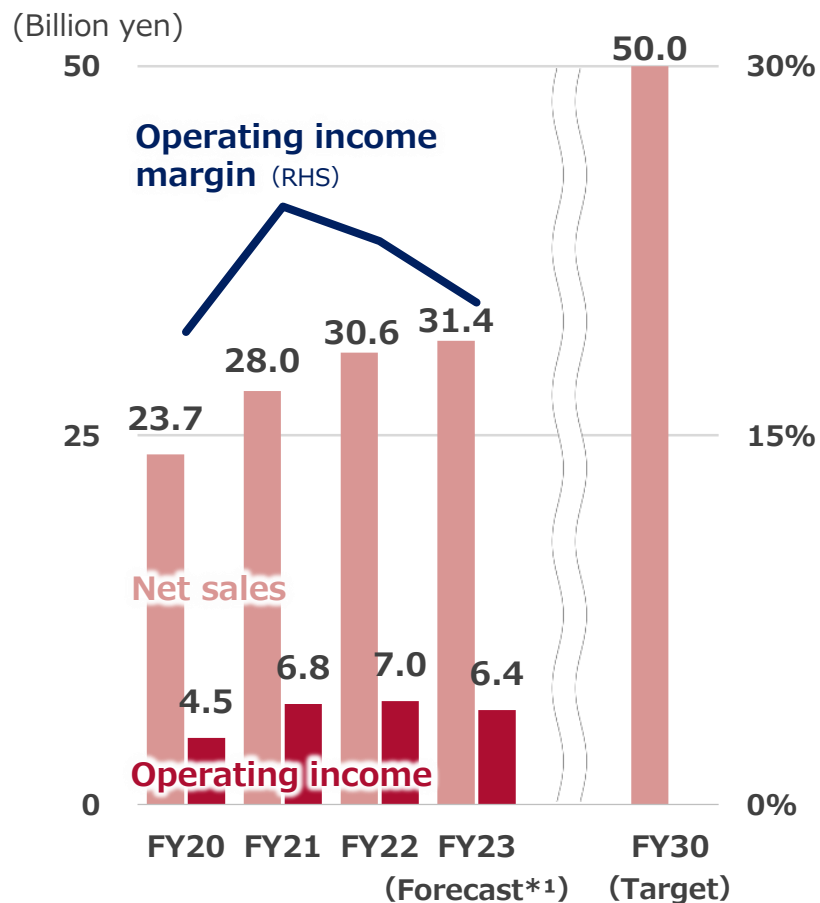


On target

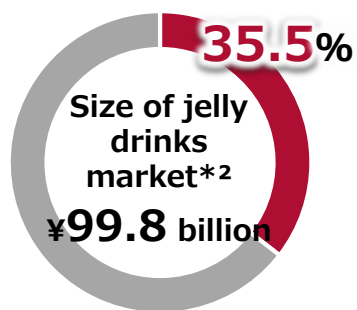
Focus Domains: "in-" Business

Steady growth as a highly profitable business, centered around *in Jelly*, a pioneer in jelly drinks.

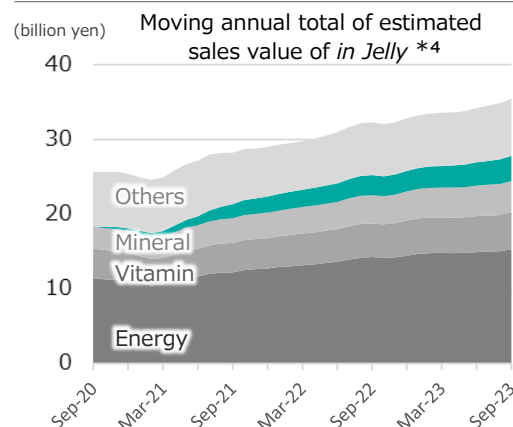
Progress on 2030 Target



1 Expansion of jelly drinks



- Led the market with the top share for jelly drinks
- Captured new demand through efforts to **promote consumption situations** and **expand target consumers**
- Purchase rate increased significantly during the 2021 Medium-Term Business Plan period
Moving annual total **14.7%** in Sep 2023 (+**3.4** pt from Mar 2021)*3



Energy Glucose Boost launched in September 2020



- ✓ "Energy for thinking"
- ✓ Captured consumption situations that are different from existing "energy" products

➔ Growing to be next largest after vitamins and minerals

Focus Domains: "in-" Business

Expanded and strengthened the "in" brand to meet various health needs.

2 Expansion of bars

External environment

- While the market for nutritionally balanced foods is strong, the protein bar market slowed slightly and competition intensified
- Demand for protein and food convenience are expected to continue growing

Our initiatives

- Succeeded in brand reaffirmation among consumers through advertising featuring an MLB player
- Strengthened communicating the value of unique and superior quality to capture demand



3 New brands

- Development is progressing under the themes of creating a new norm in nutritional intake and creating advanced future foods
- Trial launches of "in" brand products are underway to verify acceptance

Nutritional spread
(on bread for breakfast)



in Spread

Hunger management



in Tansan

Snack

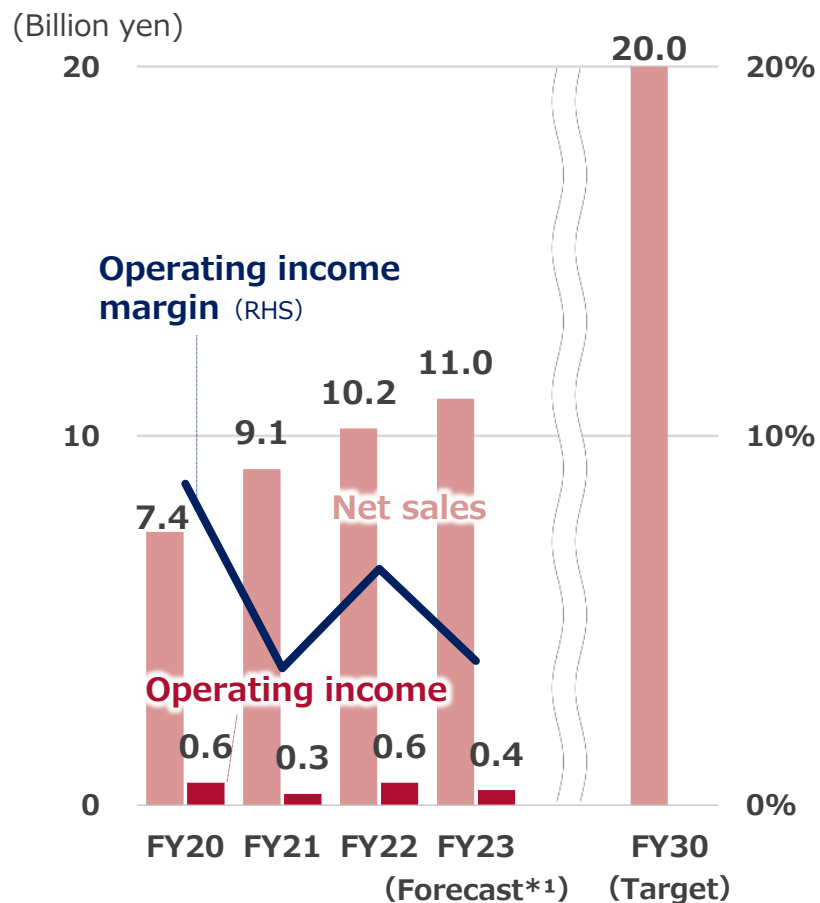


in Biscuit

Focus Domains: Direct Marketing Business

Expanded business scale by improving customer experience value through strategic investment in advertising and utilization of customer data.

Progress on 2030 Target



1 Evolution of existing business

- Net sales have grown for 18 consecutive years
Ongoing efforts for further expansion and long-term retention of subscription customers
- Renewed direct marketing system, and promoted the establishment of a platform for utilizing data



Growth as potential second core product: 256% compared to Mar 2021*3

2 Measures for further business growth

- Expanded range of food products in Morinaga Direct Store
- Expanded sales of *Morinaga Collagen Drinks* overseas



Launch of exclusive direct marketing products

*1 Results forecast as of Nov 10, 2023 for FY2023

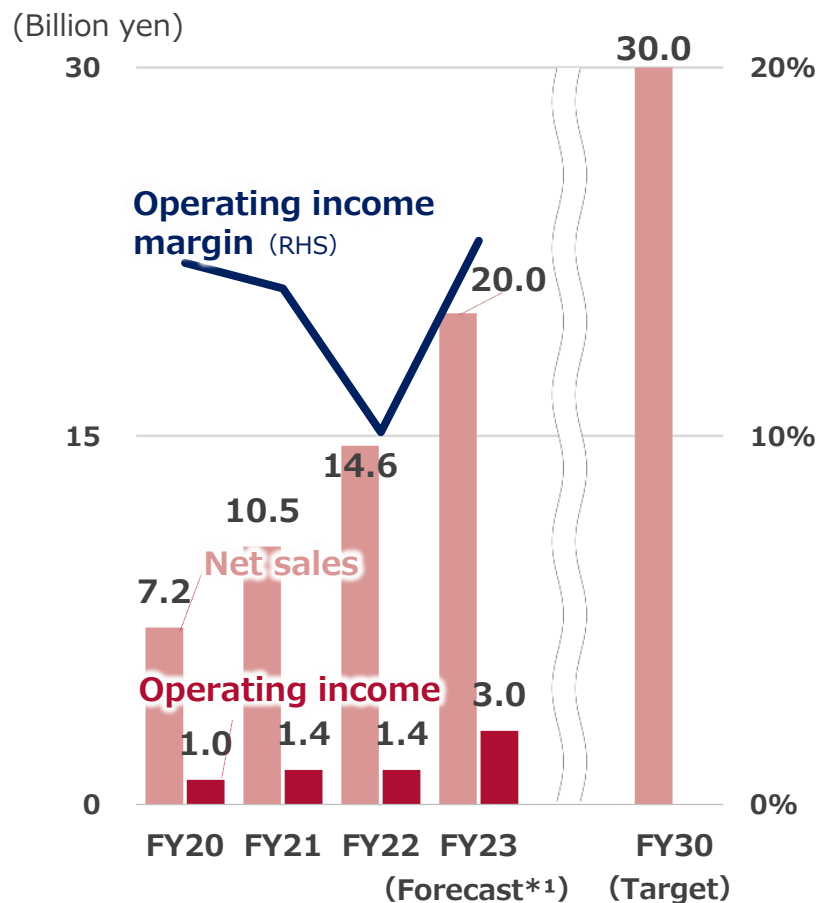
*2 Source: H.B. Foods Marketing Handbook 2018-2022, Fuji Keizai (Category for beauty-oriented products and collagen products/2016-2021 results), for the Morinaga Collagen Drink series, including products before and after updating.)

*3 Source: Morinaga's shipment value Moving annual total Apr 2020 – Mar 2021, Oct 2022 – Sep 2023

Focus Domains : United States Business

HI-CHEW has grown dramatically during the 2021 Medium-Term Business Plan, contributing to both sales and earnings.

Progress on 2030 Target



1 Expansion of *HI-CHEW* brand

External environment

- Sugar confectionery market: Price revisions, growth (139.5%*2 moving annual total Jun 2023 compared to Dec 2020)
- Risk of economic recession in the U.S.

Our initiatives

Sales

- Store stocking ratio continues to increase throughout the U.S.
69% as of Jun 2020 → 77.6% as of Jun 2023*3
- Promoted increase in SKUs handled per store

Marketing

- Expansion of SKUs to capture new demand
- Promotions aimed at increasing brand recognition and loyalty
Brand recognition: 54% as of Sep 2023 (+8 pt compared to Sep 2020)*4

➔ Differentiated products are being received well; demand continues to grow



Focus Domains: United States Business

Aiming to create a market for *Chargel* and expand business base leading up to 2030.

2 Create jelly drinks market

Sales

- Proceeded to introduce *Chargel* to Japanese supermarkets
Ongoing efforts to **promote the product** to local supermarkets and sporting goods stores

Marketing

- Product sampling at sports events
Promoted **brand awareness and product understanding** by strengthening advertising and promotional activities



3 Exploring options for a “third arrow”

- Developed products utilizing the **sales network built for HI-CHEW**

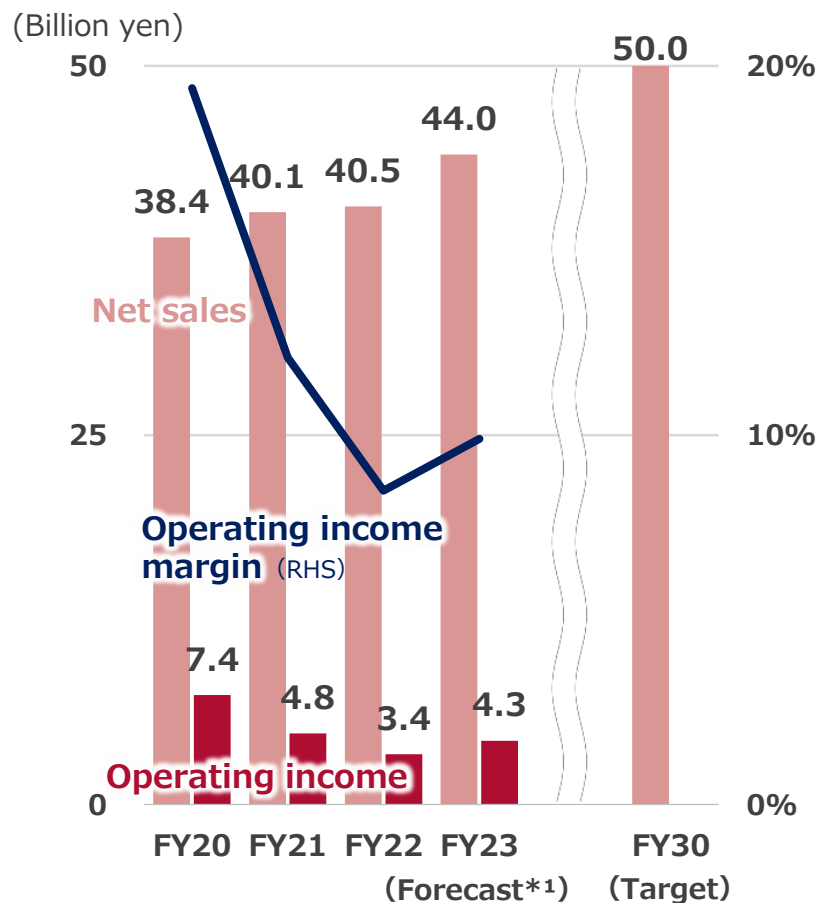
- Launch of *HI-SOFT* (salted caramel chews made in Japan) in autumn 2023



Focus Domains: Frozen Desserts Business

Achieve stable business growth by differentiated products that harness confectionery technology, and improve profitability from the previous year's low.

Progress on 2030 Target



1 Evolving of "freshness marketing"

- Expanded new "Chocolate Wall" technology for maintaining freshness
- Explored the value of crisp texture through sensibility research
- Communicated information on quality and emotional value through various media



2 Capture customers from adjacent markets

- Captured demand for desserts with differentiated products that harness confectionery technology
 - Establish *Ita Choco Ice* and *The Crepe* as year-round items
 - Implemented new initiatives to expand brand contact points in spring and summer

3 New market creation with technological advantage

- Taking on the challenge of tapping into potential demand by utilizing proprietary technology



Frozen hotcakes

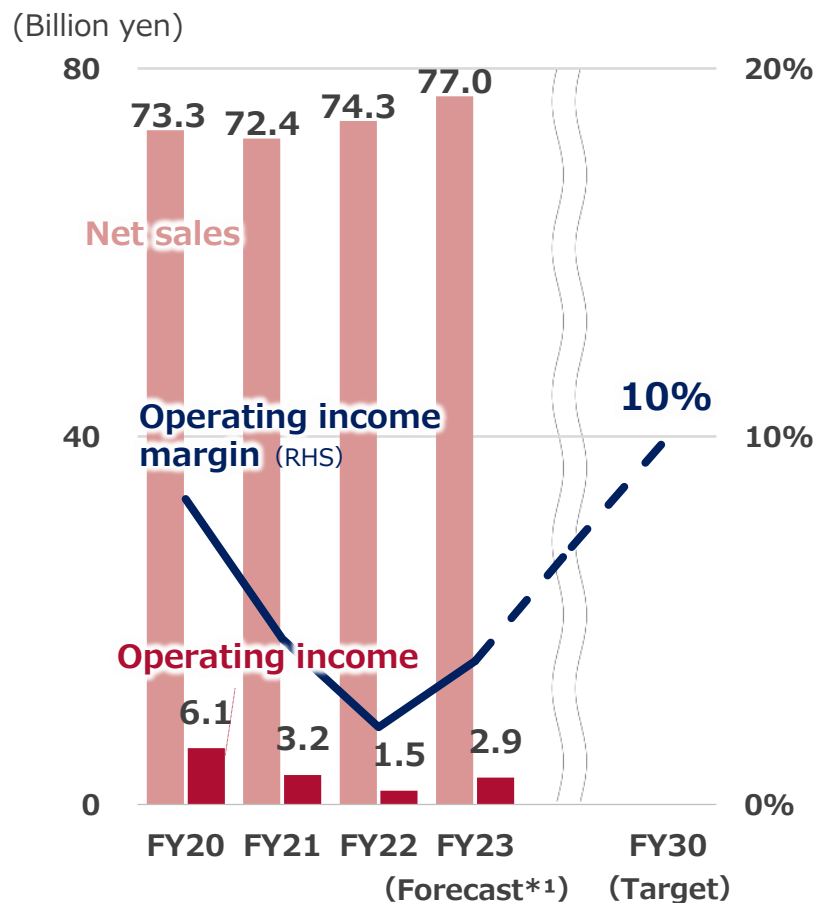


Ice for mixing with alcoholic beverages

Basic Domains: Confectionery & Foodstuffs Business

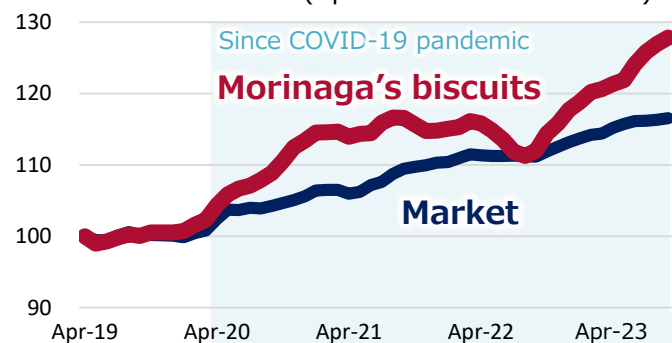
Improve profitability through category mix and development of high value-added products.

Progress on 2030 Target



Biscuits

Growth rate of moving annual total of estimated sales*2 (Apr 2019 indexed as 100)



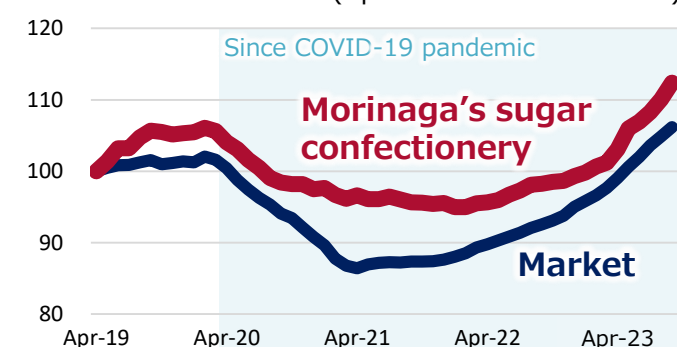
Apr-Sep cumulative sales value (Y/Y)*3

Morinaga	114.2%
Market	103.6%

- Conducted aggressive marketing with a focus on **MOON LIGHT**

Sugar confectionery

Growth rate of moving annual total of estimated sales*2 (Apr 2019 indexed as 100)



Apr-Sep cumulative sales value (Y/Y)*3

Morinaga	122.5%
Market	118.3%

- Strategic product and promotional development led to strong sales of **HI-CHEW** and **Morinaga Ramune**

Chocolate

- Reviewed tactics and launched a new concept products for **DARS**



Sustainability Information Update

Global Environmental Conservation

- Joined the TNFD Forum in August 2023*1



Taskforce on Nature-related Financial Disclosures

Indices, Evaluation, and Awards

- Selected for the first time as a constituent of leading ESG investment indices
 FTSE4Good Index Series
 FTSE Blossom Japan Index*2



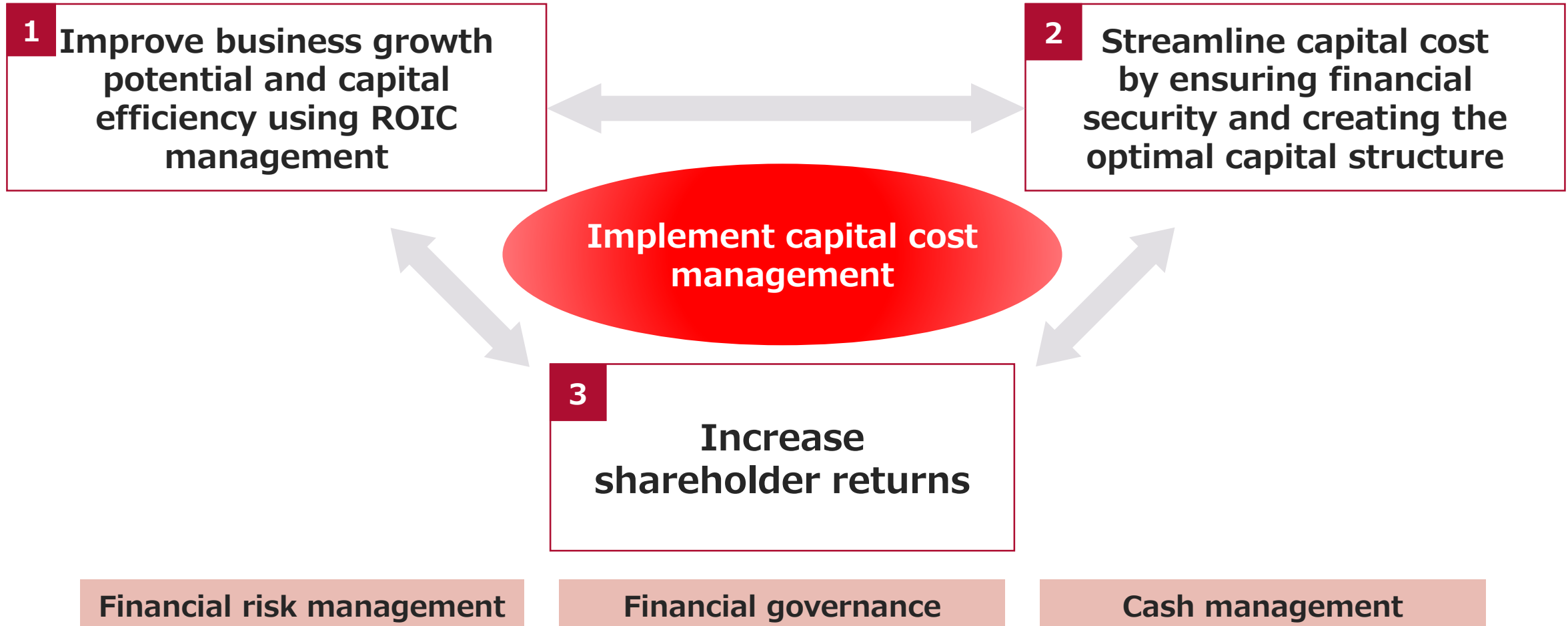
FTSE4Good



FTSE Blossom
Japan Index

Medium- and Long-Term Financial Strategy

Realize sustained increase in corporate value and shareholder returns



Shareholder returns

As a way of implementing management with an awareness of the cost of capital, strengthen shareholder returns based on the financial strategy.

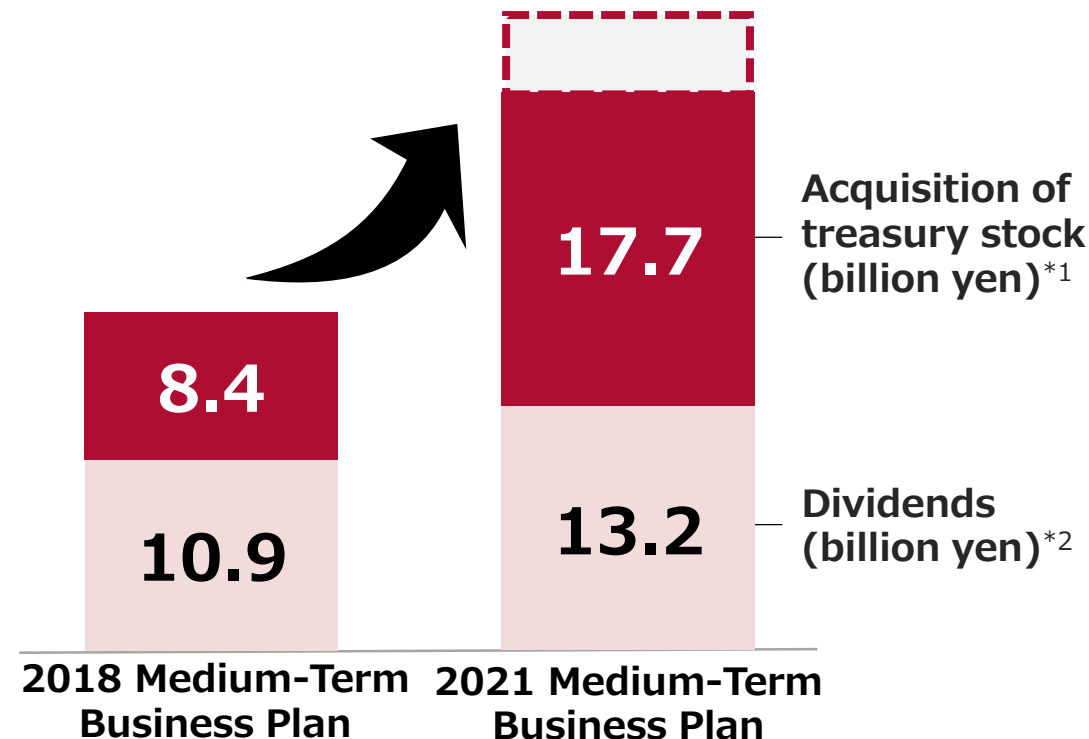
Cumulative 3-year total of the 2021 Medium-Term Business Plan

Shareholder return:

¥30.9 billion^{*1,2} + extra

Announced additional **repurchase of treasury stock** on November 10
Maximum repurchase amount

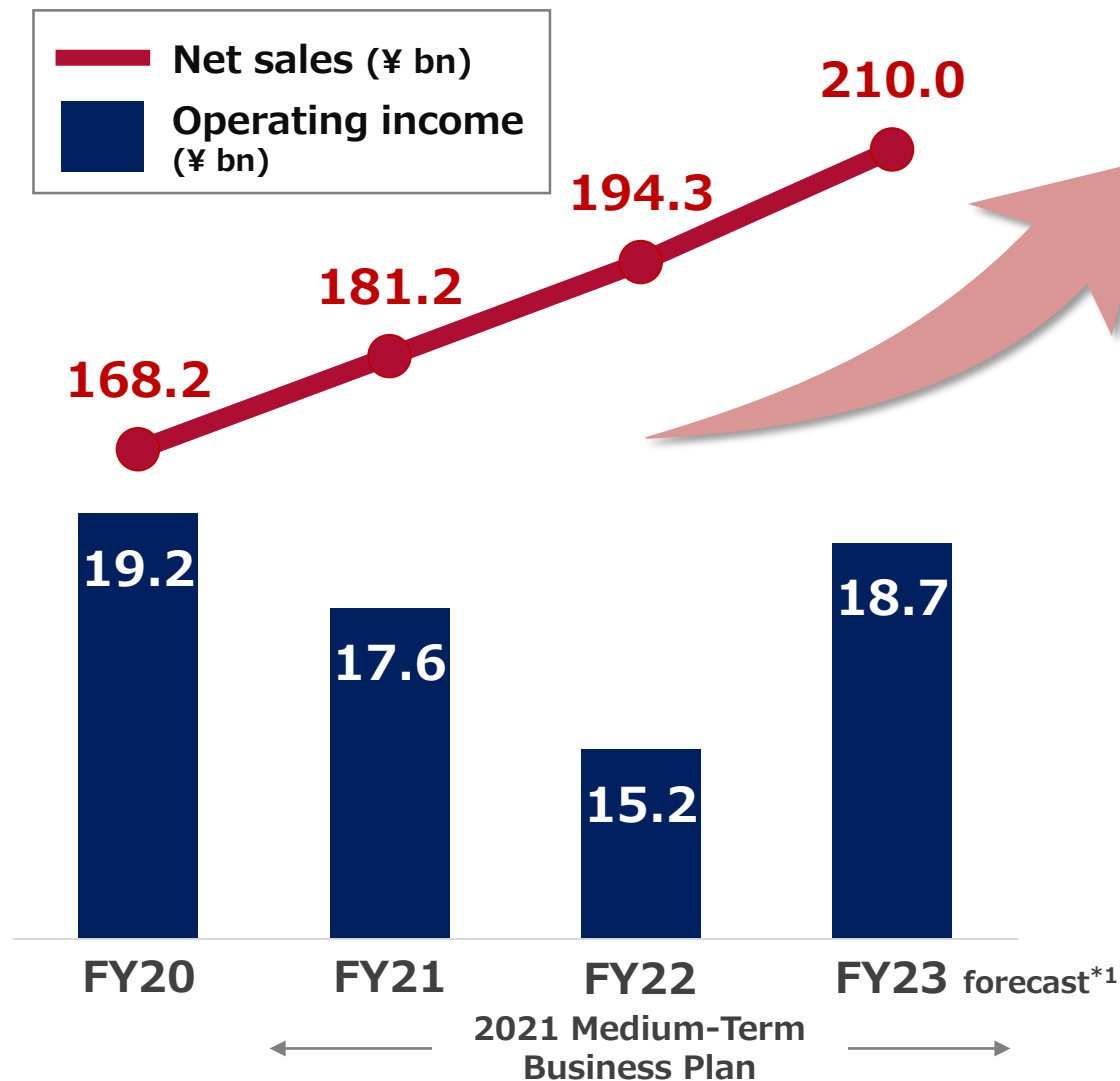
¥4.55 billion^{*3}



● Stock split

A **two-for-one** stock split is planned with a record date of **December 31, 2023**.
The purpose of the stock split is to improve the liquidity of the Company's shares and to further expand the investor base

Towards Realizing the 2030 Business Plan



Outlook for 2021 Medium-Term Business Plan

- Net sales are expected to exceed projections
- Operating income is expected to fall short due to headwinds from the external environment and proactive investment, but countermeasures are steadily gaining traction

※ Total expected increase in costs during the 2021 MTBP

Impact of raw materials, etc. ^{*2} : c. **¥14.0** billion
 Ads·R&D·DX : c. **¥ 5.0** billion

Towards the next medium-term plan and the 2030 Business Plan

- Accelerating investment in businesses and business foundations to enhance growth and responsiveness to change
- Aiming to set a new record for operating income and sustainably increase corporate value in the next medium-term business plan

Reference Data

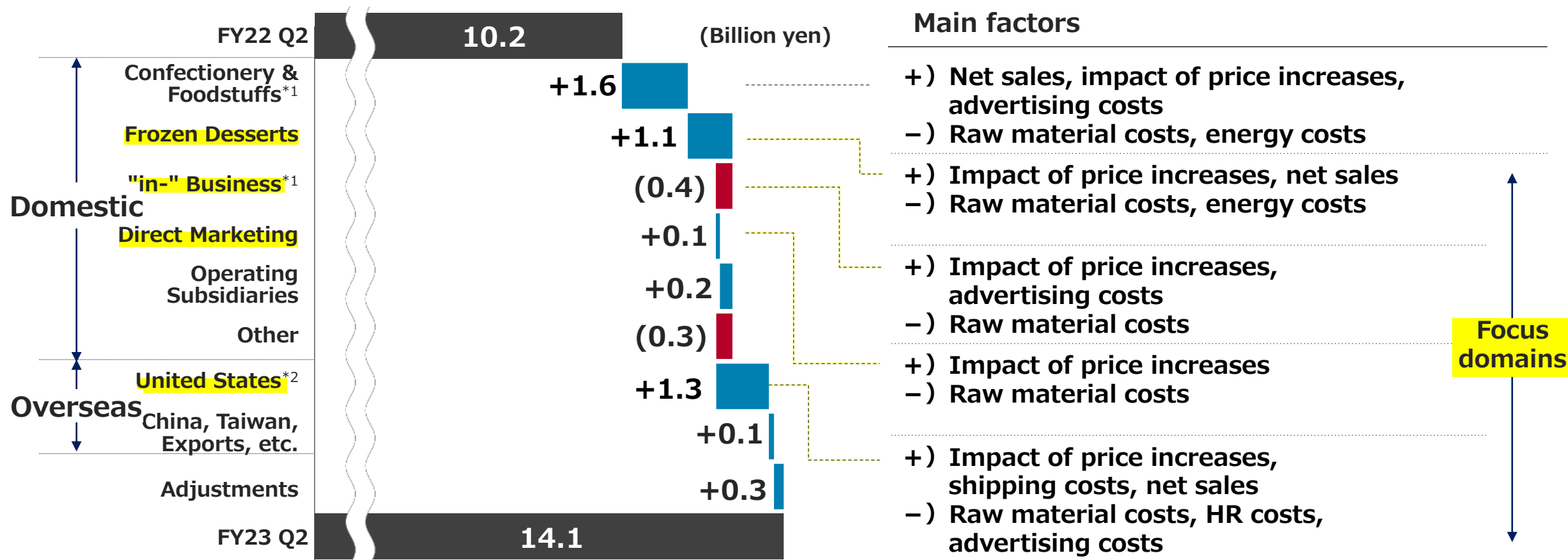
End-Q2 FY2023 Results: Balance Sheet

(Billion yen)	End-Q2 FY2023	vs. end-FY2022	Main factors
Current assets	111.4	+10.1	·Notes and accounts receivable—trade +11.7 ·Securities +4.0 ·Cash and deposits (2.0)
Noncurrent assets	108.0	+4.2	·Investment securities +2.6
Total assets	219.5	+14.3	—
Current liabilities	62.2	+11.0	·Notes and accounts payable—trade +4.9 ·Income taxes payable +4.3
Long-term liabilities	28.3	+0.3	·Deferred tax liabilities +0.2
Total liabilities	90.5	+11.2	—
Shareholders' equity	115.7	+0.3	·Retained earnings +0.8 ·Treasury stock (0.5)
Accumulated other comprehensive income	11.8	+2.8	·Valuation difference on available-for-sale securities +1.7 ·Foreign currency translation adjustments +1.1
Non-controlling interests	1.3	+0.1	—
Total net assets	129.0	+3.2	—
Total liabilities and net assets	219.5	+14.3	—
Shareholders' equity ratio	58.1%	(2.6pt)	—

FY2023 Q2 Results: Consolidated Statement of Cash Flows

(Billion yen)	FY2023 Q2	Y/Y change	Main factors
Operating cash flow	+ 17.8	+ 16.7	<ul style="list-style-type: none"> • Income taxes refunded +12.1 • Change in inventories +5.5 • Income before income taxes +5.0 • Change in notes and accounts receivable (9.1)
Investment cash flow	(8.4)	(2.0)	<ul style="list-style-type: none"> • Purchase of investment securities (2.5) • Purchase of intangible assets (1.0) • Proceeds from sale of property, plant and equipment +2.3
Free cash flow	+ 9.4	+ 14.7	—
Financial cash flow	(10.3)	+ 1.7	<ul style="list-style-type: none"> • Purchase of treasury stock +1.9 • Cash dividends paid (0.2)

FY2023 Q2 Results: Change in Operating Income by Business

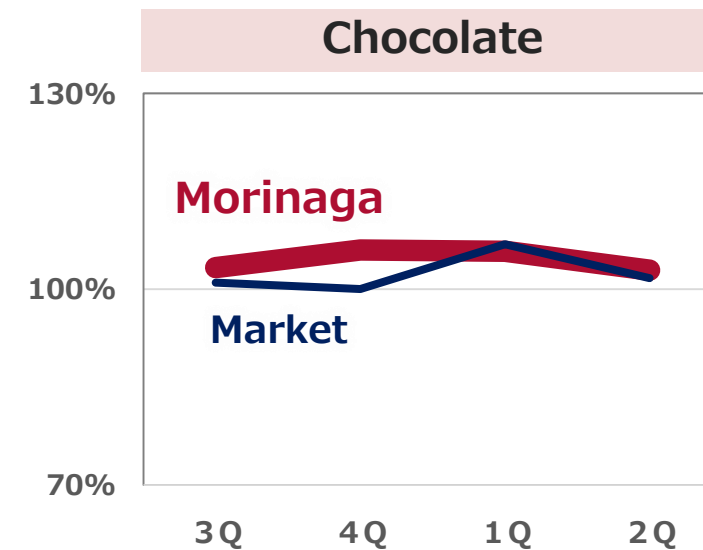
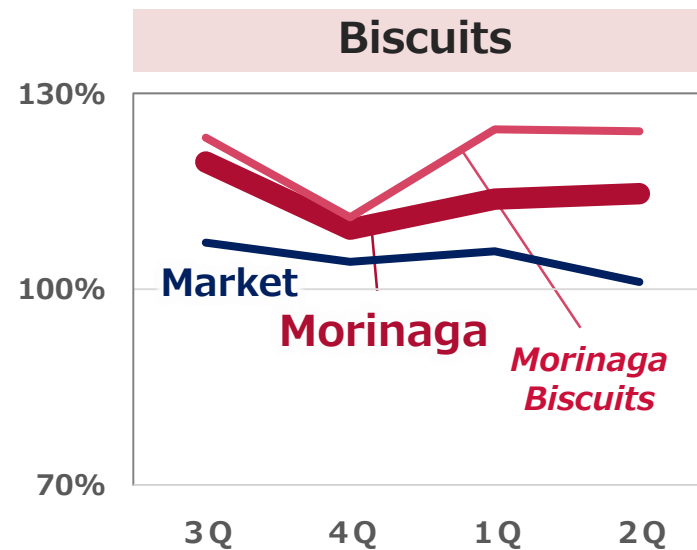
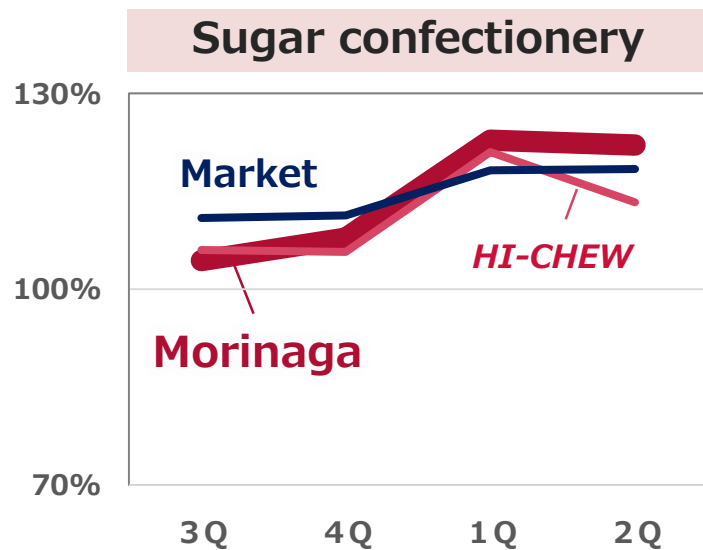
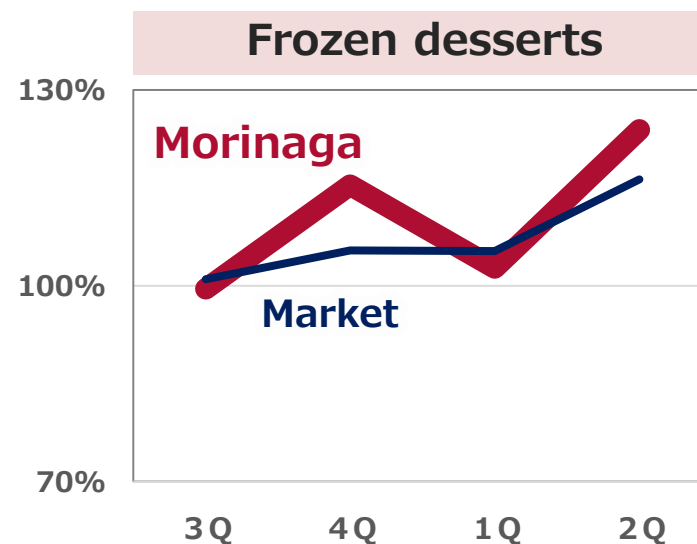
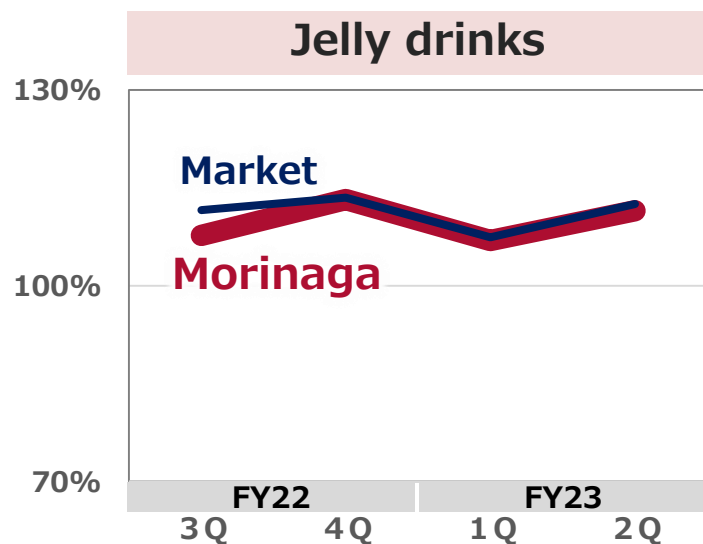


Major Domestic Brands — Net Sales Year on Year

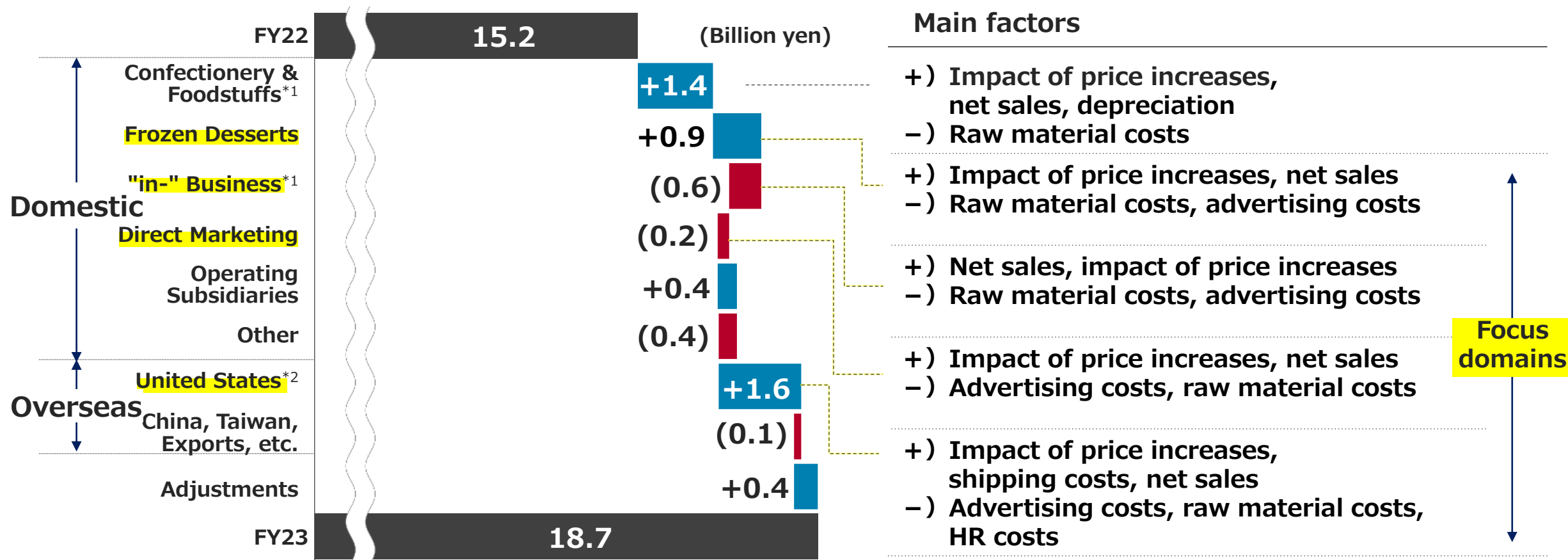
Business	Brand	Q2 result (Y/Y)
"in-" Business	<i>in Jelly</i>	99
	<i>in Bar</i>	107
Direct Marketing	<i>Morinaga Collagen Drink</i>	100
Frozen Desserts	<i>Jumbo Group</i>	113
	<i>Ita Choco Ice</i>	141
	<i>The Crepe</i>	102
	<i>ICEBOX</i>	123

Business	Brand	Q2 result (Y/Y)
Confectionery & Foodstuffs	<i>Morinaga Biscuits</i>	121
	<i>HI-CHEW</i>	115
	<i>Morinaga Ramune</i>	124
	<i>Carré de chocolat</i>	94
	<i>DARS</i>	123
	<i>Chocoball</i>	88
	<i>Morinaga Amazake</i>	101
	<i>Morinaga Cocoa</i>	96

Domestic Market Y/Y Change in Sales Value

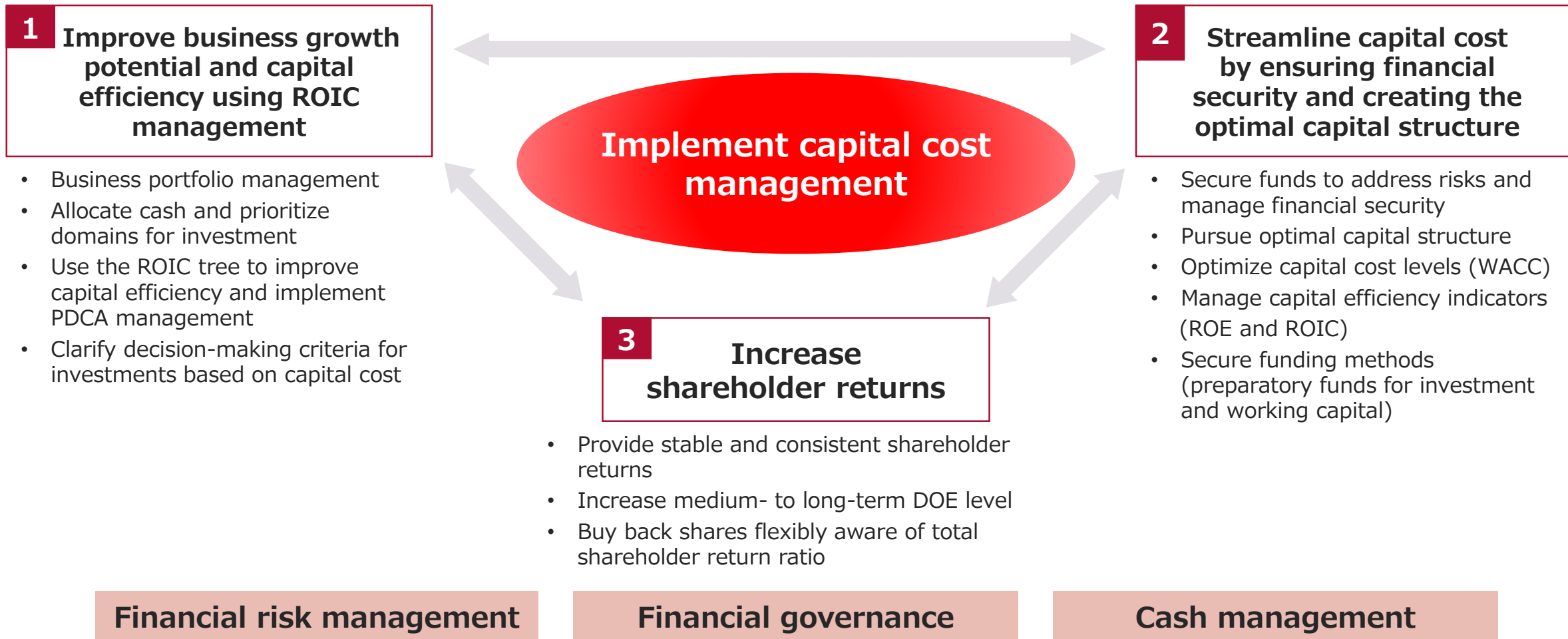


FY2023 Results Forecast: Change in Operating Income by Business



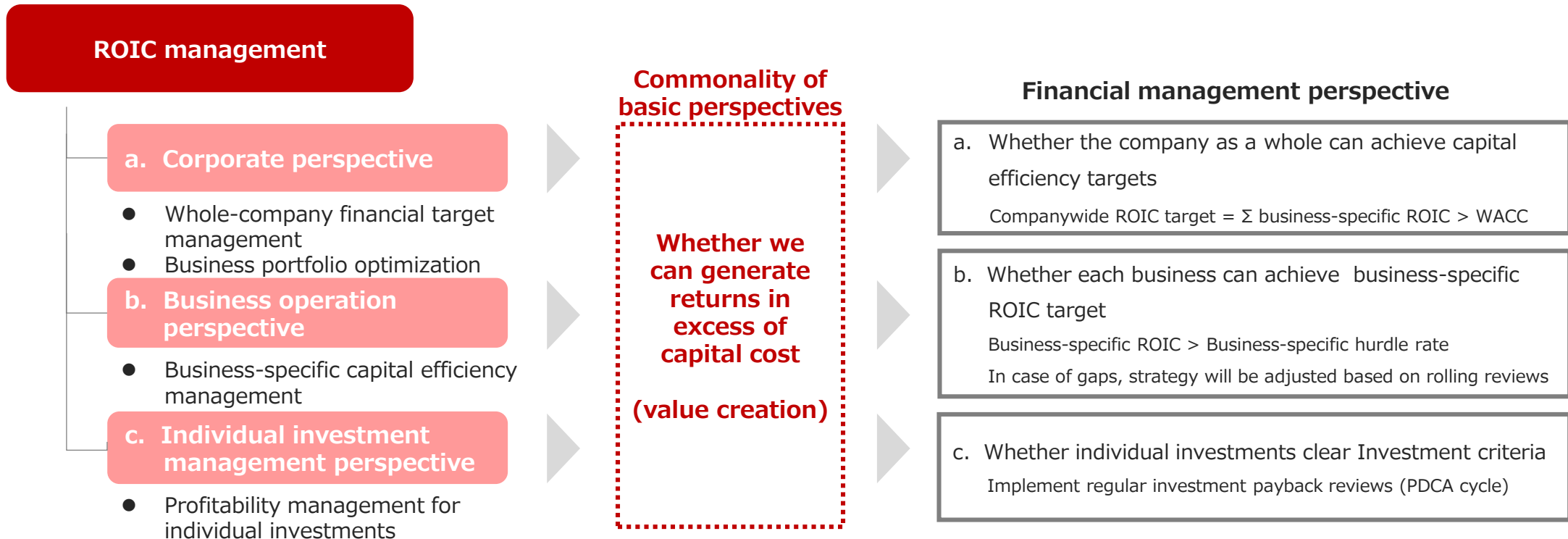
Medium- and Long-Term Financial Strategy

Implement "Management with an awareness of the cost of capital" to sustained increase in corporate value.



Policy 1. Improve business growth potential and capital efficiency using ROIC management

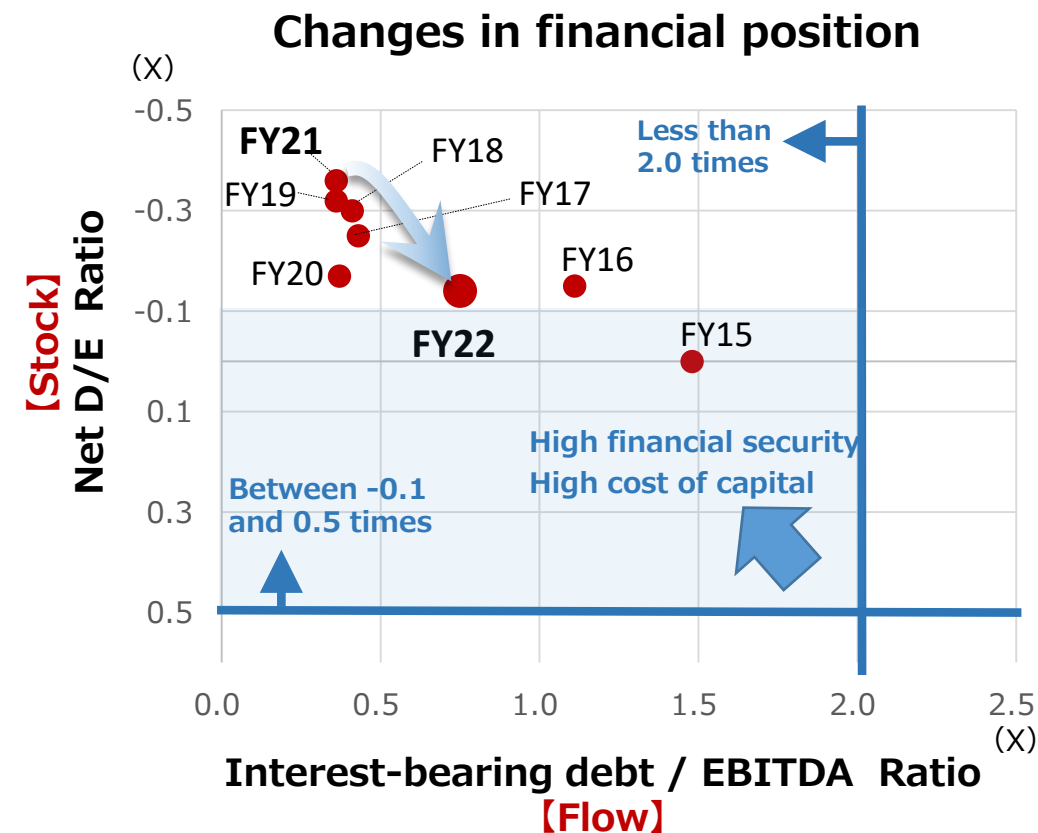
Strengthening its system of implementing ROIC management according to the three perspectives.



Policy 2. Streamline capital cost by ensuring financial security and creating the optimal capital structure

On the premise of maintaining financial stability, utilize financial leverage to optimize the cost of capital.

Financial indicators	Guidance
Japan Credit Rating Agency, Ltd. (JCR) rating <ul style="list-style-type: none"> Cash on hand Net D/E ratio Interest bearing debt to EBITDA ratio 	Maintain at A or above <ul style="list-style-type: none"> 2 or more months' sales Between -0.1 and 0.5 times Less than 2.0 times



Policy 3. Increase shareholder returns

Seek to raise DOE over the medium- to long-term.
Consider prompt approaches to share buybacks.

Financial indicators	Guidance
<ul style="list-style-type: none"> • Dividend on equity (DOE) • Share buyback amount 	<ul style="list-style-type: none"> • 4.5% or more (target for FY2031/3) • Established based on investment and capital plan in the Medium- to Long-Term Business Plans

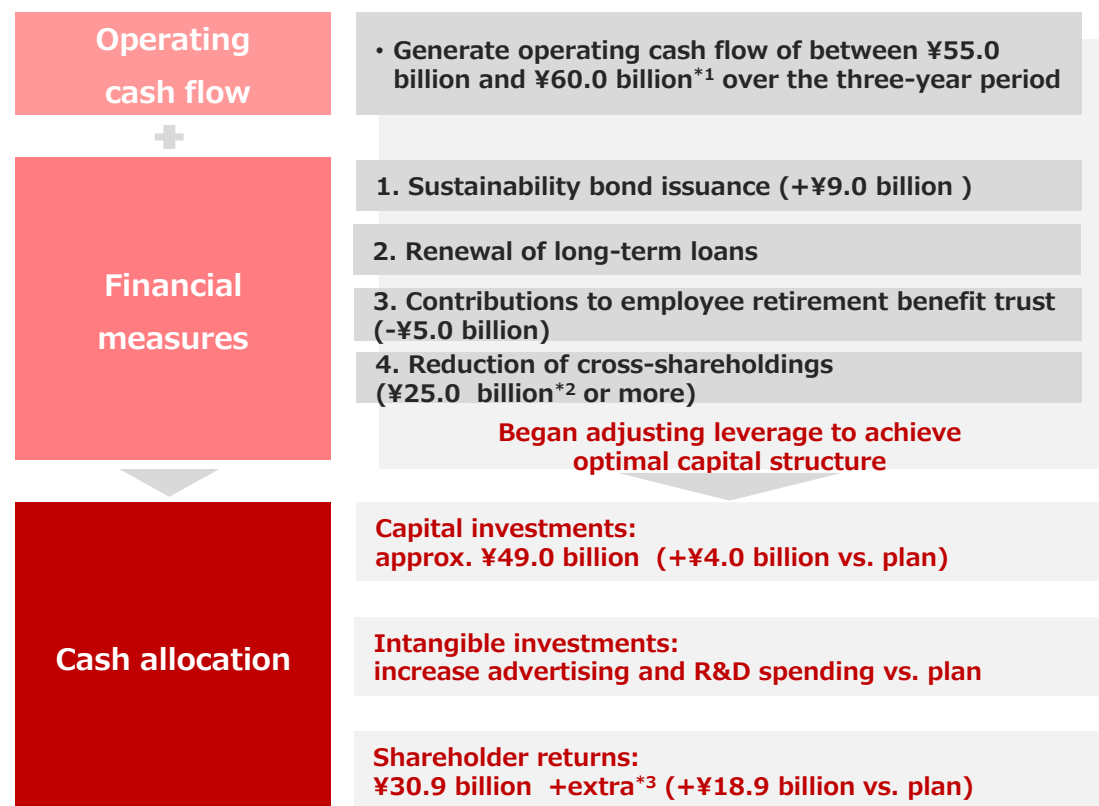
Repurchase of treasury stock during the period of the 2021 Medium-Term Business Plan

Resolution date	Repurchase completion date	Total amount for repurchase of shares	Method of repurchase
February 28, 2022	October 25, 2022	¥9,999,887,500	Market purchases
February 10, 2023	February 14, 2023	¥2,486,250,000	ToSTNeT-3
May 11, 2023	May 16, 2023	¥5,256,900,000	ToSTNeT-3
November 10, 2023 ^{*1}	—	—	ToSTNeT-3

Approach to cash creation and cash allocation based on financial strategy

Increased ability to generate funds through ROIC management and financial measures, and enhanced growth investment and shareholder returns.

3-year cumulative forecast under the 2021 Medium-Term Business Plan (as of Nov, 2023)



Future approach

