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.

Hello, everyone. This is Ota. Thank you very much for taking time out of your busy schedule to participate in our financial results briefing for Q2 of the fiscal year ending March 2024 today.

From what I explained six months ago, sales, operating income, and net income have exceeded the plan.

Although raw material price hikes and yen depreciation still had a significant impact, we were able to offset them with price revisions and increased sales, resulting in higher sales and profits than planned both in domestic and overseas.

However, as I will explain later, in H2 of the year, we will accelerate investments for further growth and the establishment of a management foundation, so we plan to see increased sales and decreased profits in H2 alone.

In addition, this fiscal year is the final year of the 2021 Medium-Term Business Plan, so I would like to give you the status update including its progress.

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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%	-	-

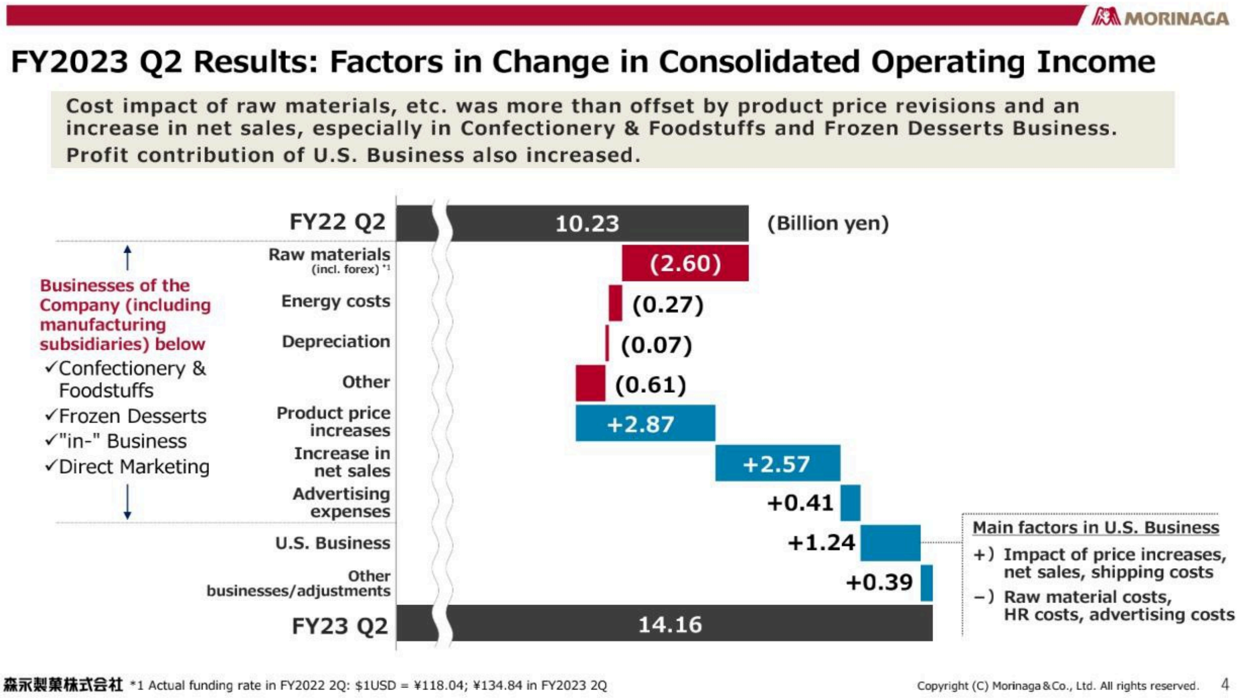
森永製菓株式会社 *1 Simplified EBITDA: operating income + depreciation and amortization *2 Figures announced May 2023
* The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥134.85=$1USD,
Our initial assumption was ¥133.

First, here are the consolidated results for Q2.

Net sales were JPY109.6 billion, an increase of JPY11.2 billion over the previous year, or 111.4% of the previous year’s sales, and JPY3.6 billion higher than the forecast announced six months ago in May.

Operating income was JPY14.1 billion, an increase of JPY3.9 billion from the previous year, and JPY2.2 billion higher than the forecast. The operating margin was 12.9%, an improvement of 2.5 percentage points from the previous year.

We achieved record high figures for H1 of the year in terms of net sales and all phases of income.



This shows factors in change in consolidated operating income. Factors causing a decrease in income are shown in red above, and factors causing an increase in income are shown in blue below.

Increase in raw materials and energy cost had about JPY2.9 billion impact. Main items in other include investment in DX and human resources including labor cost and wage increase. In total, red part amounted to around JPY3.5 billion, which was offset by price revision and topline increase. Moving to the lower part of the chart, there was a significant earnings contribution by the U.S. Business. These resulted in the total profit increase of approximately JPY3.9 billion.

As we have included at the bottom, outside the column, the exchange rate for Q2 of this fiscal year was JPY134.84 per US dollar, actual funding rate, compared to JPY118.04 per US dollar for the previous year, which was about JPY17 weaker than the previous year.

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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 FY23 Q2	Net sales Y/Y change		Operating income FY23 Q2	Operating income 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%

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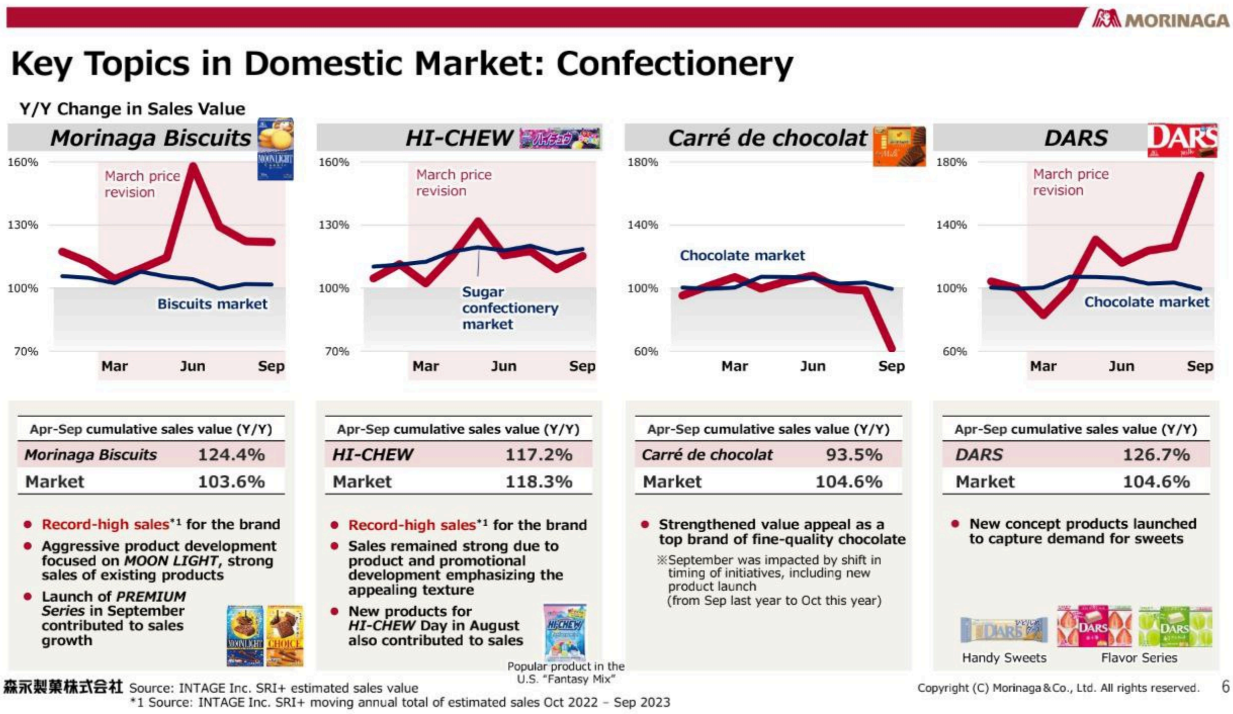
*1 Sugar confectionery, chocolates, and other products under the "*in*" brand are included in Confectionery & Foodstuffs
*2 Includes income from exports to the U.S. from China and Taiwan
*3 Year-on-year net sales on a local currency basis is 129.8%

Next is a summary by business segment.

All businesses, both domestic and overseas, reported increases in revenues, particularly double-digit or greater increases in revenues from Frozen Desserts, Business and operating subsidiaries, and overseas.

In terms of profit, the increase in Confectionery & Foodstuffs, Frozen Desserts, and the U.S. Business are largely responsible for the increase.

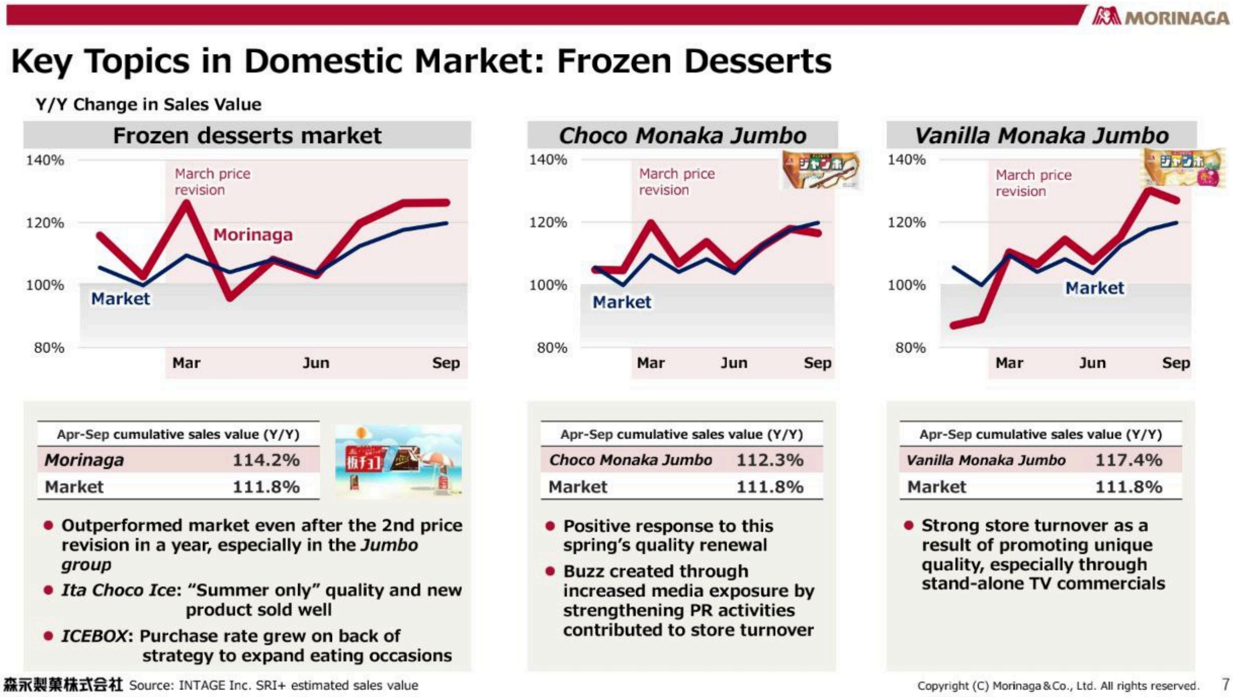


Here are the topics for the domestic and US markets for the past six months, including the situation after the price revision in March of this year. Monthly SRI data and YoY comparison at the storefront are graphed by month.

First of all, in the domestic confectionery - biscuit market, the overall market was 103.6% compared to the previous year, while the Company's market growth was 124.4%, which is much higher than the growth of the market, as shown in the red line. The *Morinaga Biscuits* brand had record sales in September of this year in terms of moving annual total. Existing products, centering on *MOON LIGHT*, are performing well, and the *PREMIUM Series*, which was launched in September and has a high unit price of JPY280 compared to the existing product's JPY220, is also contributing greatly to the strong turnover at stores.

Next is *HI-CHEW*. The candy market as a whole continued its strong performance from last year, and as you can see there, the overall market was 118.3% and that of *HI-CHEW* was 117.2% compared to the previous year. Compared to the year before, the overall market was 127% and that of *HI-CHEW* was 129%. Like *Morinaga Biscuits*, *HI-CHEW* also achieved record sales in total brand sales. The rollout of *HI-CHEW* Day in August was also well received, and as shown here, the popular *Fantasy Mix* in the US, also made a significant contribution to the rollout in Japan.

Next, *Carré de chocolat* and *DARS. Carré de chocolat* suffered a large YoY drop due to a product launch timing in September, and also struggled in H1 of the year as a whole, but the SRI data for October, the most recent month in which the launch was staggered, was 118% YoY. For *DARS*, we launched a new concept product. Pictures of *Handy Sweets* and *Flavor Series* are shown here. They made a significant contribution, with SRI data at 127% in H1 of the year vs. last year, and shipments also strong at 123%.

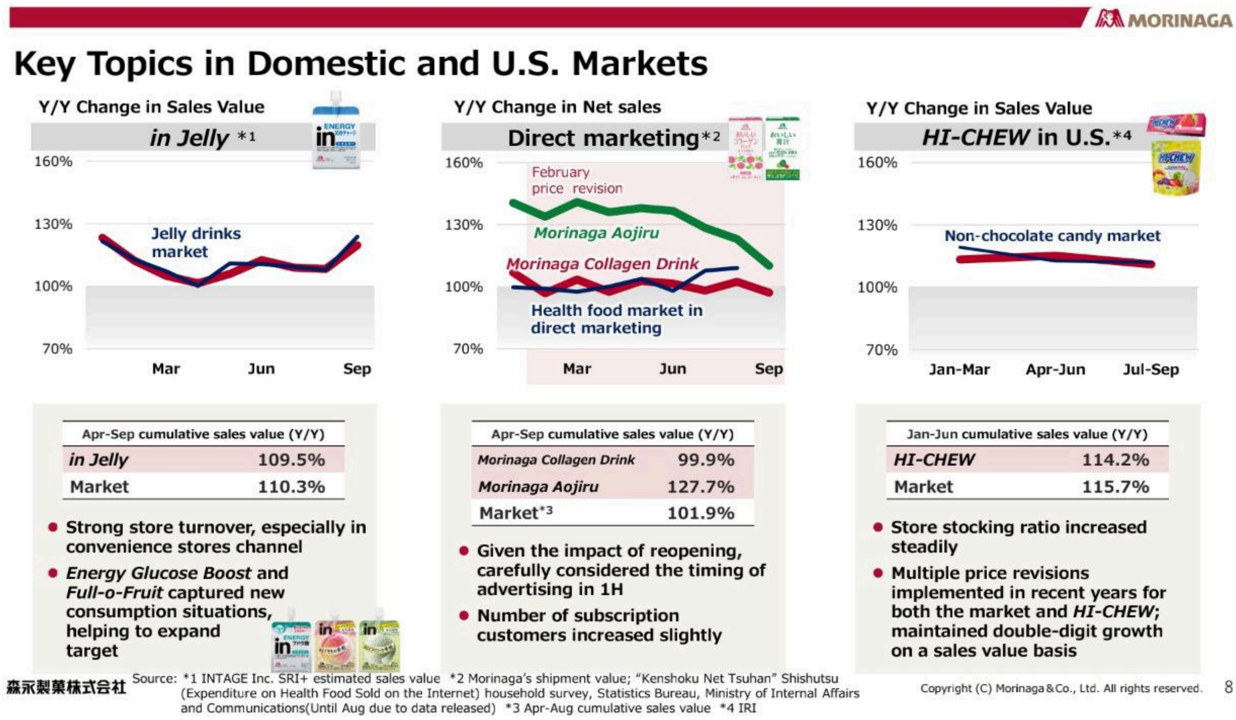


Next, Frozen Desserts.

Although H1 of the year was really outrageously hot in summer, both the market as a whole and our company performed well, with the overall market totaling 111.8% from April to September, and our company's frozen desserts, shown in red, was 114.2%, which is higher than the market average.

Jumbo Group, of course, is a big driver in H1 of the year. In addition, *Ita Choco Ice* and *ICEBOX* also performed well. Looking at shipments in H1 of the year, *Ita Choco Ice* was 141% and *ICEBOX* was 123% of the previous year's shipments.

Similarly, figures on the right are for *Choco Monaka Jumbo* and *Vanilla Monaka Jumbo*. As for *Choco Monaka Jumbo*, product renewal this spring has been well received, and in-store turnover is also increasing. *Vanilla Monaka Jumbo*, which struggled a bit last year, has recovered this year, and the introduction of commercials for the product has also helped to increase in-store turnover, resulting in an SRI data of 117% compared to the previous year.



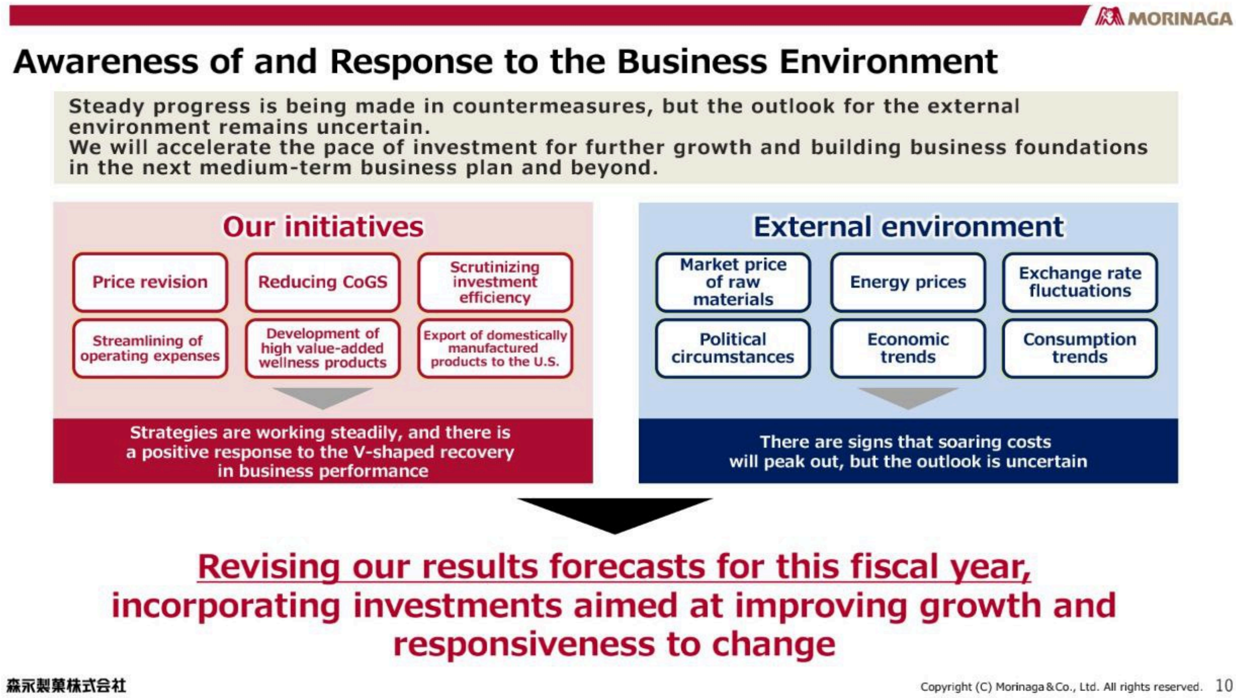
Next, *in Jelly*, Direct Marketing and *HI-CHEW* in the US, which are the areas of our focus.

As for *in Jelly*, the impact of the previous year's special demand was significant, and shipments fell below the previous year's level at 99% in H1 of the year, but in SRI data, as shown here, it enjoys nearly double-digit growth, continuing steady sales in the stores.

Next is Direct Marketing, which includes a comparison with the growth of the mail order health food market. *Morinaga Collagen Drink* were almost on par with the previous year, while *Morinaga Aojiru* was 128%.

Next is *HI-CHEW* in the US. The market as a whole continues to be strong, but so does *HI-CHEW* for the most part. In comparison to the year before the previous year, the overall market was 134% and *HI-CHEW* was 155%.

I will explain more about the respective efforts in these focus domains: *in Jelly*, Direct Marketing, and the U.S. Business later.



Next is the forecast for the fiscal year ending March 2024.

The awareness of and response to the business environment section includes a description of the Company’s own initiatives and the external environment.

Each of the Company’s own initiatives are actively and promptly implemented. The measures to offset the sharp rise in raw material prices in H1 of the fiscal year are working well, and we feel that we are on track for a V-shaped recovery in profits, our biggest goal for the current fiscal year, but the outlook for the external environment is still uncertain.

We will further strengthen our investments in H2 of the year to achieve further growth and build a management foundation for the next medium-term management plan and beyond, incorporate these investments into our figures, and then revise our forecast for the current fiscal year in light of the current and future situation.

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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%

*1 Simplified EBITDA: operating income + depreciation and amortization
* The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥139.58=$1USD(this is the average rate for Jan to Dec 2023; the actual average rate for Jan to Sep was ¥138.11 and our assumed average rate for Oct to Dec is ¥144). Our initial assumption was ¥133.

We have revised our earnings forecast for the current fiscal year, which was announced in May.

Net sales are expected to be JPY210.0 billion, an increase of JPY15.7 billion over the previous year, a rate of 108%, or JPY6.0 billion higher than the forecast announced in May. Sales are expected to be record-high. Operating income is expected to be JPY18.7 billion, an increase of JPY3.5 billion from the previous year and an increase of JPY1.4 billion from the forecast. Net income is expected to be JPY13.6 billion, an increase of JPY3.6 billion from the previous year and an increase of JPY1.4 billion from the forecast.

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

■Net sales

(Billion yen)	1H Results	1H Y/Y change		1H vs. initial forecast		2H Forecast	2H Y/Y change		2H vs. initial forecast		Full year Forecast	Full year Y/Y change		Full year vs. initial forecast	
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)	1H Results	1H Y/Y change		1H vs. initial forecast		2H Forecast	2H Y/Y change		2H vs. initial forecast		Full year Forecast	Full year Y/Y change		Full year vs. initial forecast	
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%

Here are H1 results and revised H2 forecast, side by side with comparisons to the previous year results and the forecast at the beginning of the year. These figures are for net sales and operating income, domestic total, overseas total, and consolidated total.

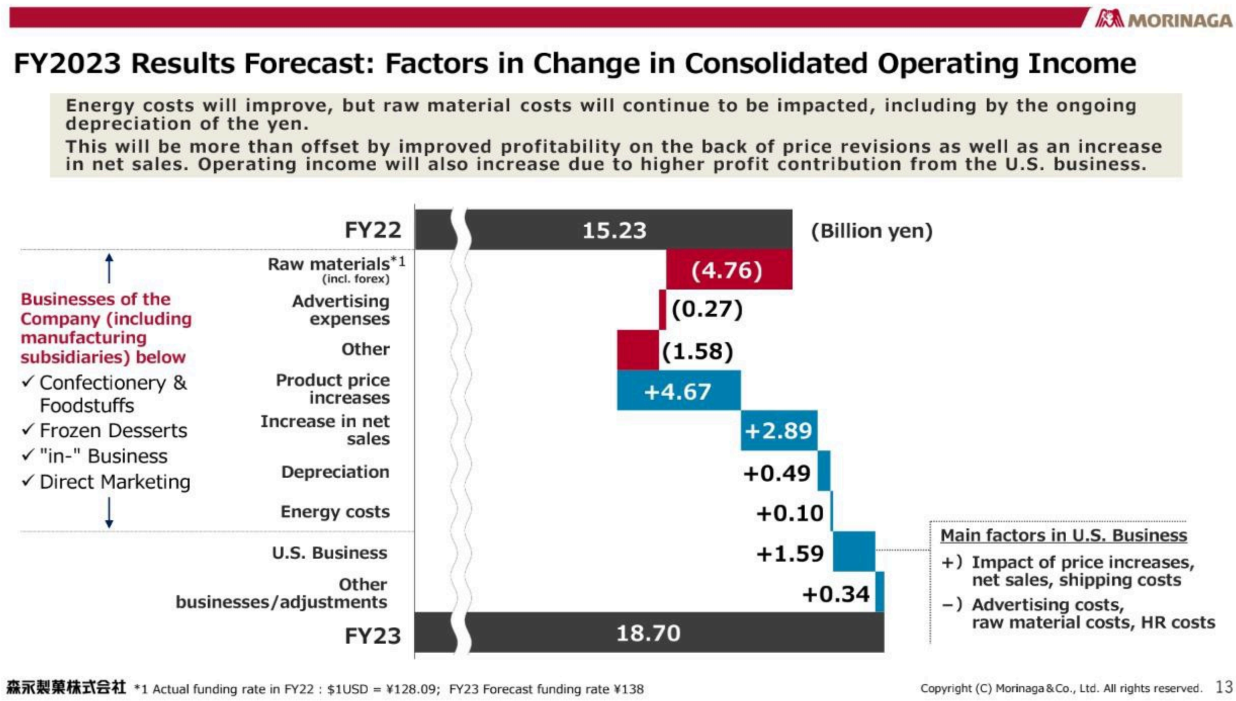
Looking at sales figures alone, one may sense a slowdown in H2 of the year compared to the previous year, but originally the plan for this fiscal year was skewed toward H1, especially in Japan, given the high baseline in H2 of the previous year.

As explained earlier, the results of H1 of the fiscal year were favorable, with the effect of the price revision as planned and figures that exceeded the market average growth in almost all categories, even exceeding the ambitious targets.

Looking at the sales forecast comparison against the initial forecast, the domestic H1 results are 102.1% and H2 forecast is 102.7%, with H2 also expected to exceed the original plan.

Also overseas, in the U.S. Business, on a local currency basis, excluding the effect of exchange rates, H1 results were 130% of the previous year's level and H2 forecast is 127%, so H2 of the year is not expected to see a significant slowdown compared to the strong H1. However, in the U.S. Business, amid concerns of a recession in the US economy, we have significantly increased advertising expenses from the plan at the beginning of H2 in order to achieve sustainable growth in the next fiscal year and beyond. Therefore, if you see H2 alone, we expect a profit decrease compared to the initial forecast.

Operating income for H2 of the consolidated total is expected to decrease compared to the previous year and to initial forecast due to a smaller revenue increase compared to H1 and an increase in investment in additional strategic advertisement, R&D, DX, and human resources.



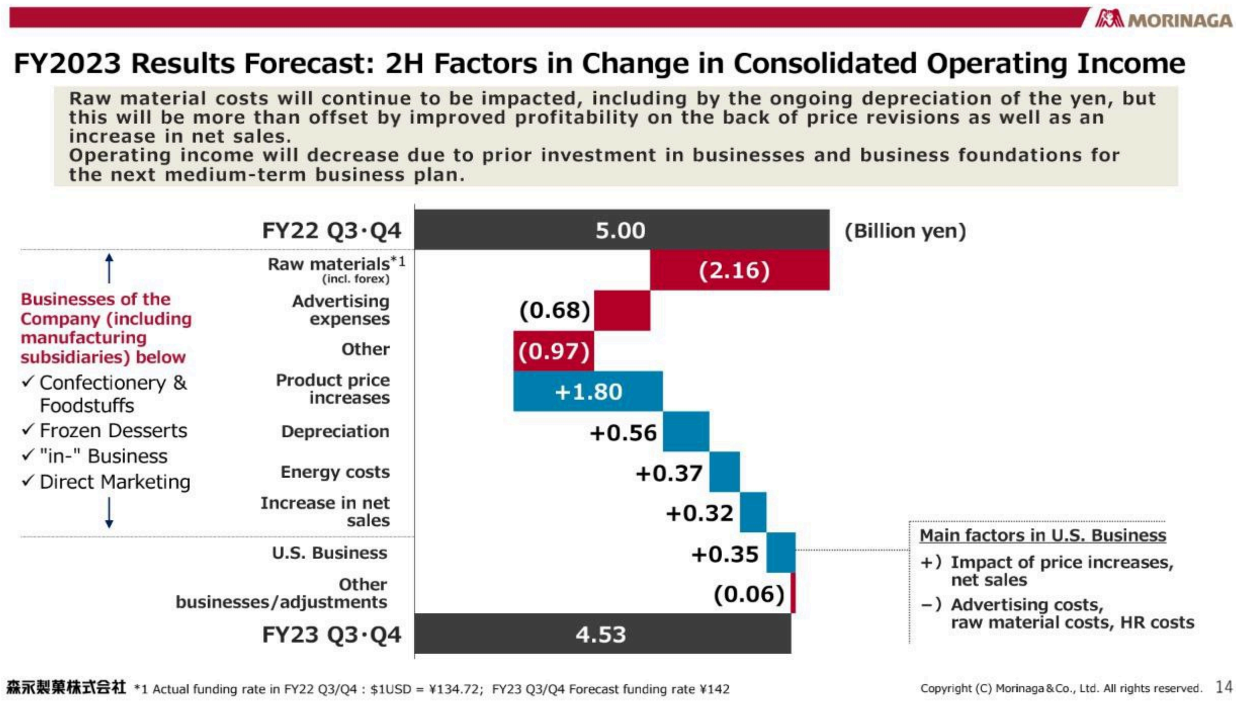
Next are the factors that may cause operating income to increase or decrease in the full-year forecast.

Raw materials are expected to increase by about JPY4.8 billion, including foreign exchange, and advertising investment is also expected to increase by JPY0.27 billion per year for domestic market, and if we include the US and overseas, advertising expenses are expected to increase by about JPY0.8 billion per year for the entire company.

The price revision and sales increase will cover these impacts, and the US business is expected to make a large contribution to profits, resulting in a total increase of approximately JPY3.5 billion.

Intangible investments in advertising, R&D, and DX for the current fiscal year are expected to total approximately JPY1.9 billion higher than the previous year. Each of these items, which differed significantly from the assumptions at the beginning of the period, will be explained later.

As for the funding exchange rate, the full-year forecast is JPY138 to the US dollar, and the actual rate for the previous fiscal year was JPY128.09 to the US dollar.



Next is a table of these increase/decrease factors, for H2 of the year only.

In H2 of the last fiscal year, operating income was JPY5 billion, but in H2 of the current fiscal year, we expect a total of JPY3.8 billion as negative factors, shown in red, due to the soaring cost of raw materials, increased strategic advertising expenses, and increased expenses for DX, human resource investment, R&D, and other items, as in H1 of the year. This will be covered by price revisions, the effect of increased sales, and the US business, but we will not be able to reverse all of these effects, resulting in a profit decline of approximately JPY0.5 billion in H2 alone.

The estimated exchange rate for H2 of the fiscal year is JPY142 to the US dollar, compared with the actual rate of JPY134.72 for the previous fiscal year.

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

(Billion yen)	Factors in Change in Consolidated Operating Income[*1] New forecast (as of Nov)	Previous (as of May)	Difference	Main factors
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

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*1 Covers Confectionery & Foodstuffs, Frozen Desserts, “in-” and Direct Marketing Business of the Company (including manufacturing subsidiaries)
*2 Exchange rate sensitivity: Depreciation of 1 yen per U.S. dollar would negatively affect operating income by slightly less than ¥0.1 billion per year

Here are the four items that have significant changes in amount from the initial forecast announced in May.

Although the impact of raw material and energy costs have been reduced from the initial forecast, impact from additional advertising investment in direct marketing and in- Businesses in H2 of the fiscal year, and the four main factors in other in the bottom are the primary reason for difference. Those factors include additional investment in DX, labor cost increase due to the investment in human resources, and product/raw material mix including sluggish shipment performance of *in Jelly*. In addition, we expect to incur some costs for the disposal of unsold stocks.

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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)	Net sales					Operating income				
	FY2023 forecast	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%

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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 128.5%

Next is the full-year forecast by business segment.

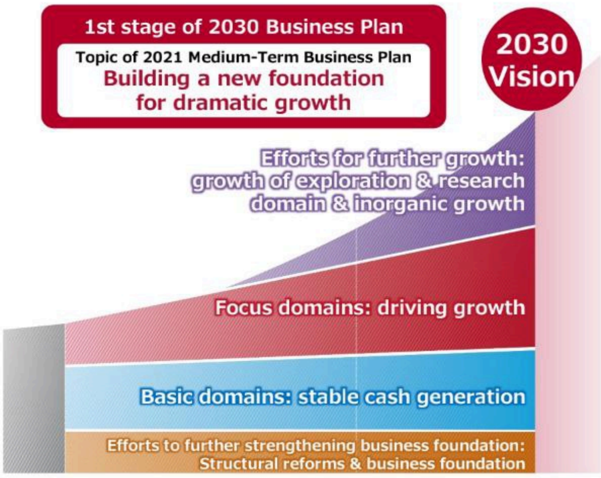
Looking at the year as a whole, the contributions from Confectionery & Foodstuffs, Frozen Desserts, business subsidiaries, and the U.S. Business have been significant, both in comparison to the previous year and in comparison to the initial forecast.

As explained earlier, we are planning additional advertising for "in-" and Direct Marketing, especially in H2 of the year, in anticipation of further acceleration of growth in the next Medium-Term Business Plan, and expect a decrease in profit.

This concludes an explanation of Q2 results and the revision of the full-year forecast.

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.



2021 Medium-Term Business Plan (FY2023)		
(Billion yen)	Target	Forecast*1
Net sales	190.0	210.0
Operating income	21.5	18.7

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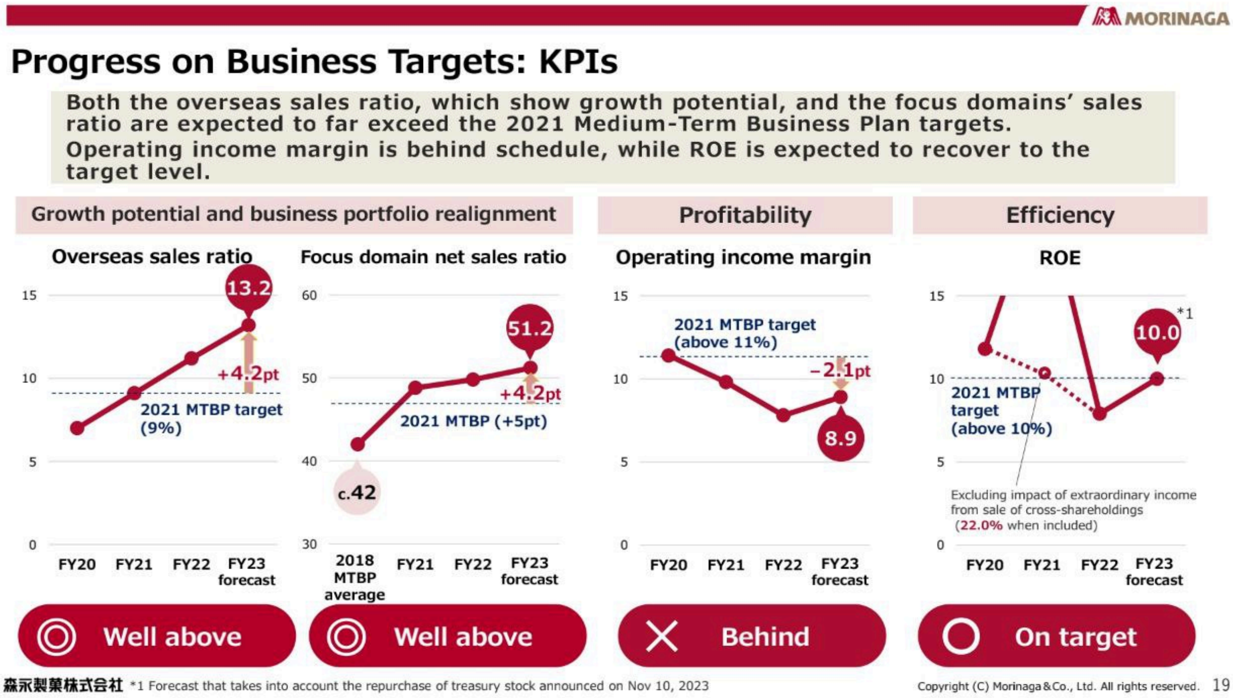
This is the final year of the 2021 Medium-Term Business Plan, and I would like to explain the progress and prospects of the plan as of this point in time, as well as measures to be taken.

Sales are expected to be JPY210 billion, above the plan by JPY20 billion, far exceeding the mid-term target. However, operating income is expected to fall short by JPY2.8 billion to JPY18.7 billion, as the Company would be unable to offset all the major impacts in the business environment, including the sharp rise in raw material prices.

Including the forecasted raw material price hikes for the current fiscal year, the total amount of cost increase over the three years of the 2021 Medium-Term Business Plan is expected to exceed approximately JPY14 billion.



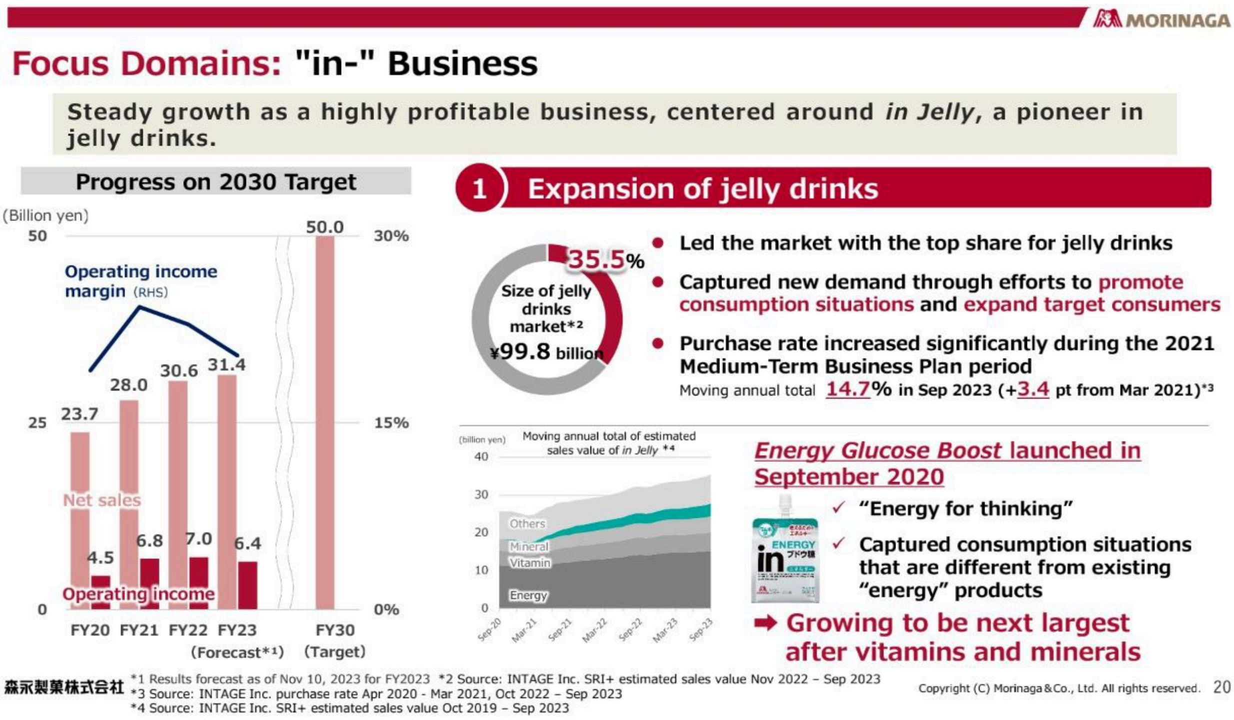
Next is the outlook for key management indicators for the 2021 Medium-Term Business Plan.

First, the ratio of overseas sales to total sales is expected to be 13.2% this fiscal year, well above the mid-term target of 9%, thanks to the large growth in the U.S.

Next, the sales ratio of focus domains is expected to be 51.2% this fiscal year, which is also expected to significantly exceed the mid-term target, which was planned to be plus five percentage points from the average of 42% in the 2018 Medium-Term Business plan.

However, operating income, as explained earlier, is expected to fall short, as we would be unable to counteract all the major impacts in the business environment.

We will aim to restore ROE to the target level of 10% this fiscal year with a strong will.



I would like to explain four focus domains and a basic domain of Confectionery & Foodstuff Business.

First is the *in Jelly* of the “in-“ Business.

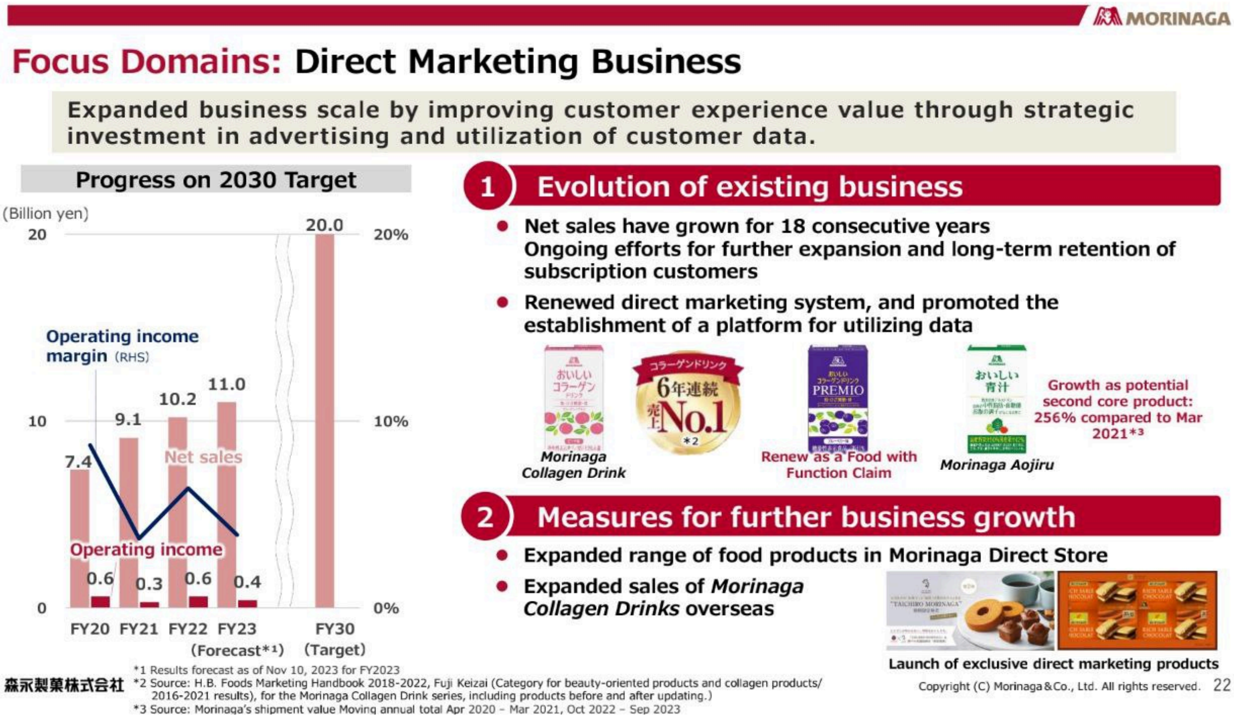
During the period of the 2021 Medium-Term Business Plan, we were able to recover in one year from the large drop in sales in FY2020 due to the pandemic, and to grow the revenue above the level of pre-pandemic period.

Purchase rate and moving annual total sales are shown on the page. Thanks to our effort to appeal variety of consumption situations and expand target customers, the business grew significantly. In particular, *Energy Glucose Boost*, energy for concentration and thinking, which was launched in September 2020 to recover from the large drop in demand during the pandemic, has seen gradual market penetration, steadily expanding the consumption situations. *Energy Glucose Boost* has grown to next largest after *Vitamins* and *Minerals*.

Next is the development of other "in" brand outside of *in Jelly*.

First, *in Bar*. As shown there, the growth of the protein bar market has slowed somewhat and competition has increased. Amid such a circumstance, shipments of *in Bar* in H1 of the year were 107% of the previous year's level and 113% of the in-store SRI. Successful advertising featuring Nootbaar, among other factors, resulted in strong sales.

Also, we have launched three products under "in" brand as part of creating a new norm of nutritional intake. We are still in the test launch phase, but we have high expectations for the future and will continue to work on the creation of the new norm, expanding themes in other areas as well.



Next is the Direct Marketing Business.

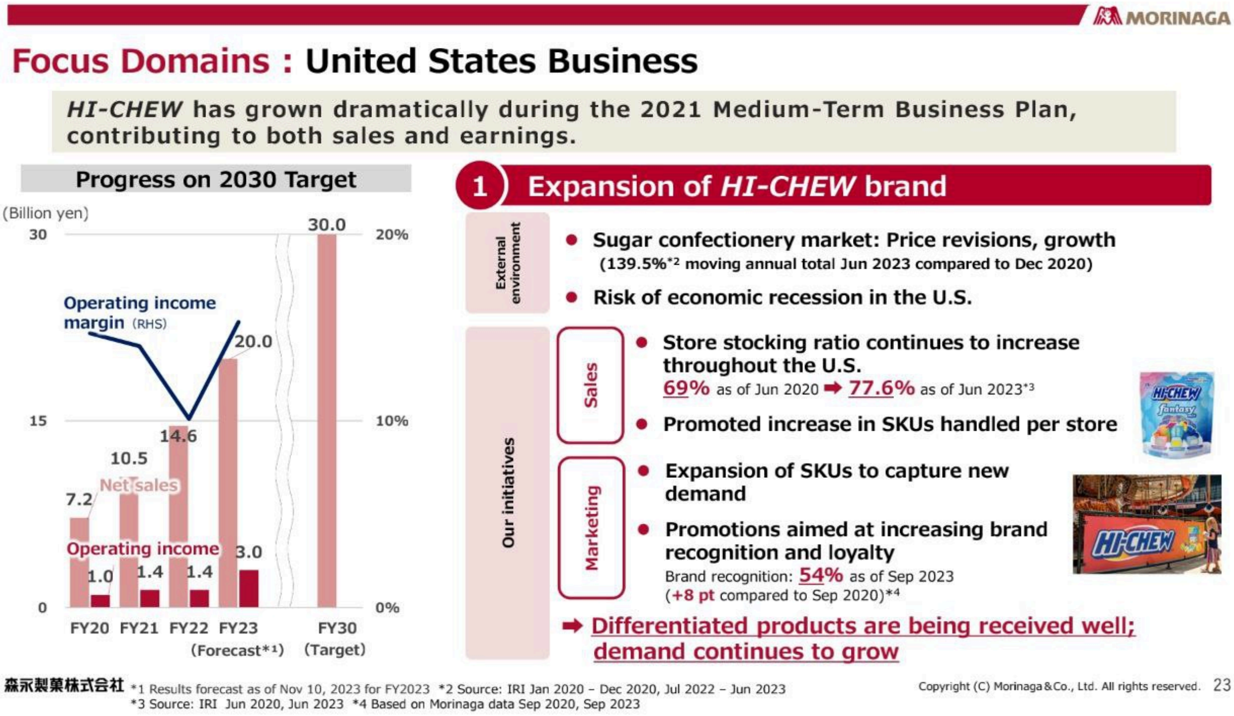
We have been strategically increasing advertising investment to acquire subscription customers in the last fiscal year. In this fiscal year, we plan to make additional advertising investment in H2, resulting in a full-year sales forecast of JPY11 billion. This advertising investment is aimed at acquisition of subscription customers and will contribute to increased sales and profits in the next fiscal year and beyond, rather than this fiscal year.

we are committed to a steady expansion of business to achieve our 2030 sales target of JPY20 billion.

The lower right-hand corner shows measures for further business growth to expand the range of food products, with the picture of caramel baum and other exclusive direct marketing products.

Also, the overseas expansion of *Morinaga Collagen Drink* is now mainly in China and Thailand.

For the Direct Marketing Business, we are also considering potential alliances and M&A to explore inorganic growth.



Next is the U.S. Business, which continues to perform well.

In the 2030 Business Plan, we have positioned the U.S. as priority market since FY2021, concentrating investment and aggressively developing the business there. The sales forecast for the current fiscal year is now at the level of JPY20 billion. Originally, the target for the current fiscal year, the final year of the 2021 Medium-Term Business Plan, was JPY10 billion in sales. So, although foreign exchange rates are of course a variable factor, I think it is fair to say that sales have grown much faster than expected.

As shown, our various initiatives have been effective, and our store stocking ratio has continued to expand, SKUs have been expanded, and recognition rates have steadily increased. However, the recognition rate is still 54%, the market share is still just over 1.2% at present, and we believe that we can still achieve sustainable growth in terms of various indicators.

In addition, we newly established the *HI-CHEW* Global Branding Office in April of this year, and we are now examining the future production system from a global perspective.

The promotion office is truly the organization that plans and promotes *HI-CHEW*'s global strategy. We intend to accelerate our *HI-CHEW* expansion strategy not only in the U.S., but also other parts of the globe.

Next, creation of a new jelly drinks market for *Chargel* in the U.S..

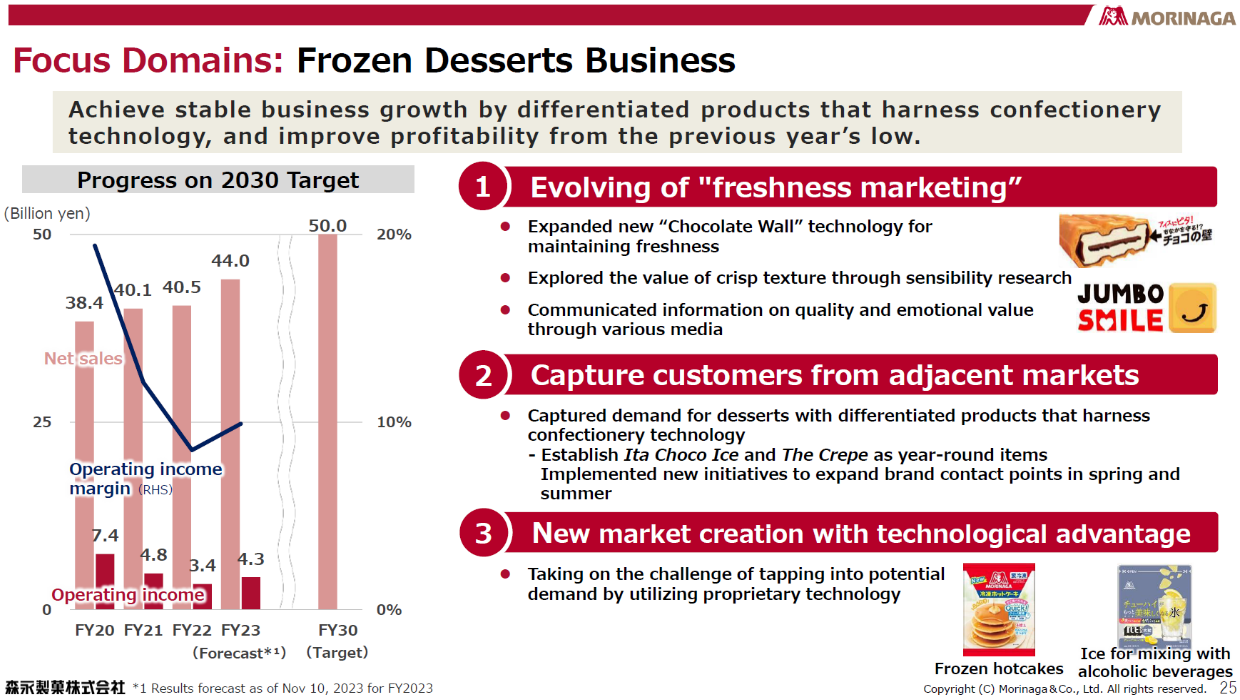
We are not at the stage of presenting specific numbers or results yet, but we are getting a good response from the sampling and other activities.

E-commerce sales are increasing, and Japanese supermarkets, mainly on the West Coast, have begun to handle the product, with some successful sales. *HI-CHEW* also started out from the merchandise at Japanese supermarkets and over time has grown to such a large business.

I recently spoke with the president of Morinaga America, Inc. when he was in Japan. He has been involved with *HI-CHEW* launch in the U.S. since the early days and is one of the key players and big contributor in the field. He himself made a strong comment that he felt fairly confident, after working on *Chargel* for the past year.

However, in the U.S., this type of product format is still largely unfamiliar and nearly unknown to buyers and consumers alike. It will take time, but we are thinking that a major investment, an advertising and marketing investment for the time being, will be necessary at some point. We believe that we will accelerate the effort somewhere in the future.

Also, in exploring the candidate for third arrow, we launched salted caramel flavor under the *HI-SOFT* brand this fall. As we have mentioned many times, this is an initiative that takes advantage of *HI-CHEW*'s sales and marketing capabilities, which have a strong presence in the candy section of US supermarkets. We have heard that the turnout has been strong. This is another area that we are excited about.



Next, the last area of Focus Domains, is the Frozen Desserts Business.

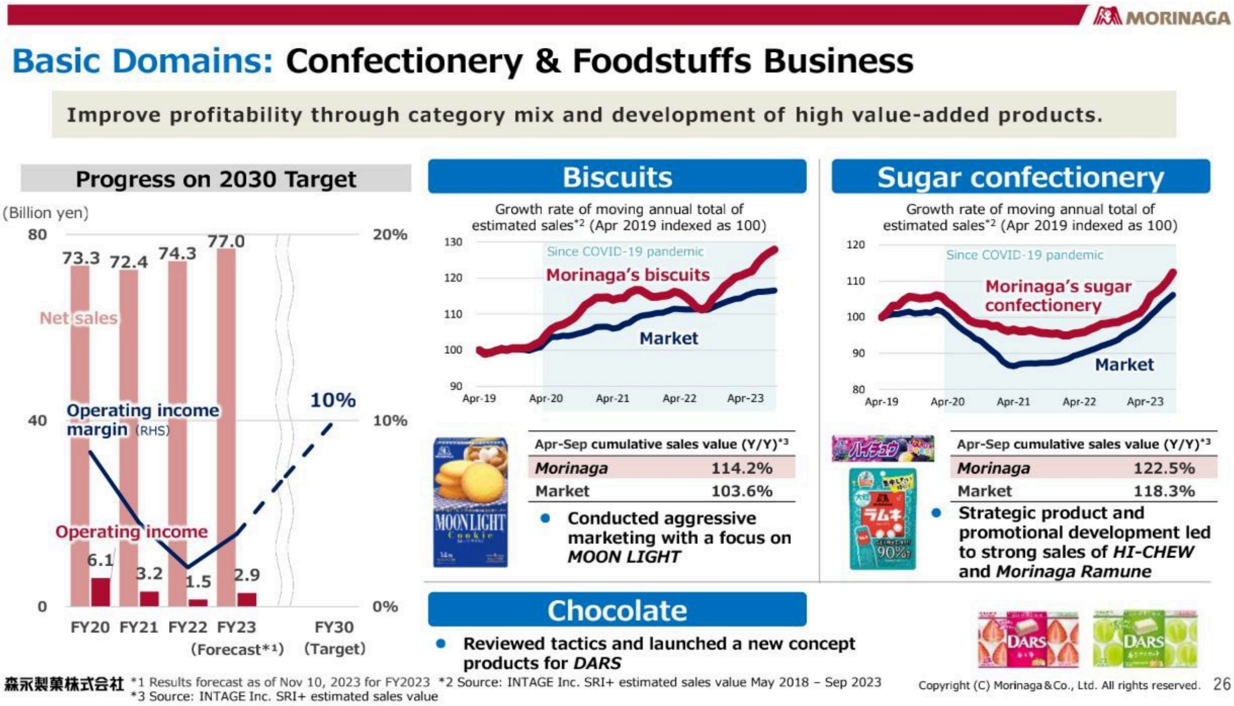
The sales forecast for this fiscal year is JPY44 billion, and I would say that we have reached the point where we can see the achievement of our 2030 target of JPY50 billion at the fastest speed among our focus domain businesses.

Currently, SRI's market share is over 11% in the September moving annual total and has risen to third place in market share. More than a decade ago, we were ranked at seventh, so the leaps we have made in the last few years or last decade have been remarkable.

In the most recent SRI for the month of October alone, the difference with the second ranked player is 0.1%, and we are steadily catching up with them.

Jumbo group is the biggest driver in this business. We are committed to further expansion through the evolution of "freshness marketing".

In the area of acquiring customers in adjacent markets, we are focusing on *Ita Choco Ice* and *The Crepe*. In the area of creating new markets with our technological advantage, please look at the lower part of the slide, we are working on tapping the demand for frozen pancakes and *ICEBOX* for mixing with alcoholic beverages.

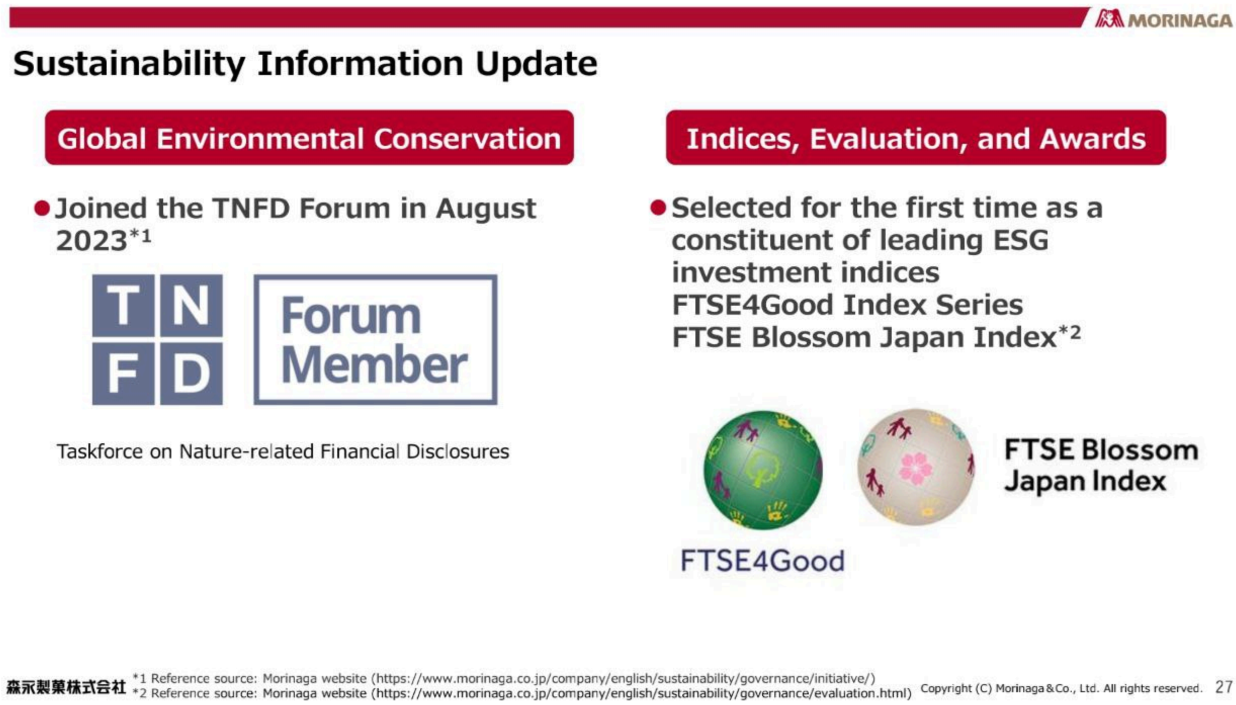


Next is the Confectionery & Foodstuff Business, under Basic Domains.

The business has set a profit margin target for 2030, but this time, it has been most affected by the soaring cost of raw materials, and as shown in the graph on the left, the profit margin has been suppressed over the past two years, with an operating profit margin of 2% in the last fiscal year.

We have explained before that we are trying to recover it with two price revisions for some products and also to increase the sales composition of biscuits and candies in order to improve profitability. In the SRI graph, the figures for the four years starting in 2019, has been favorable, outpacing the growth of the market.

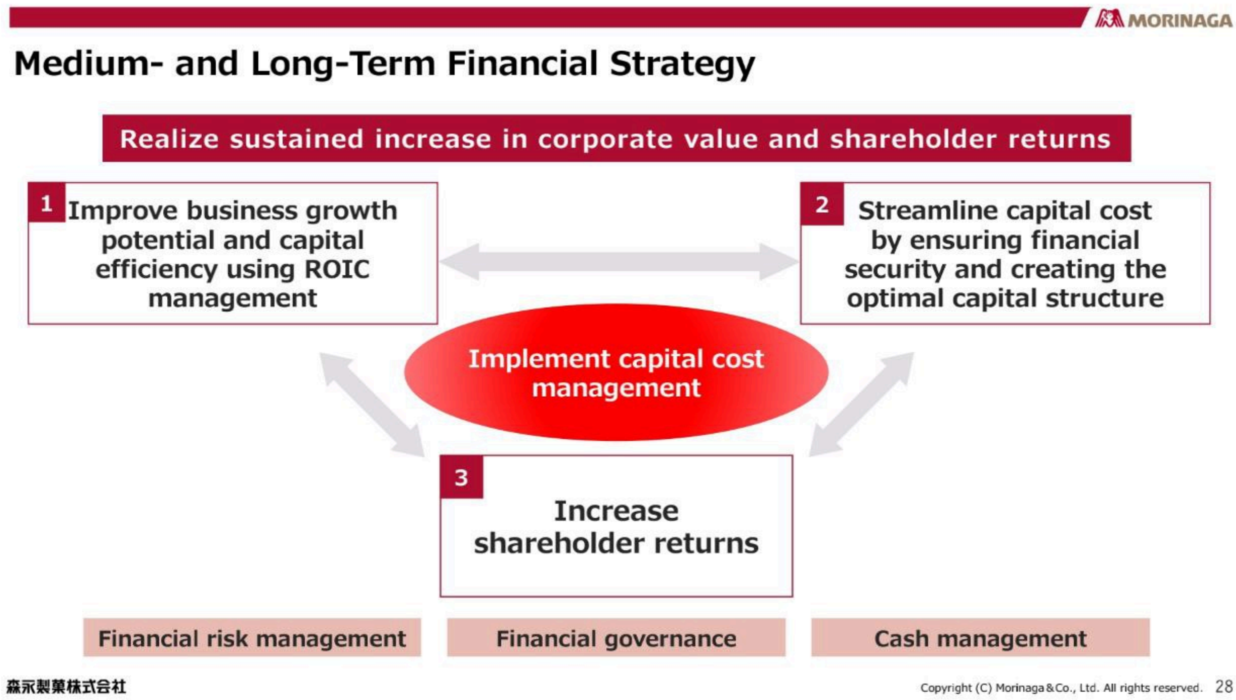
Although the operating margin in this fiscal year's forecast is 3.8%, a significant improvement from the 2% in the previous year's results, we believe that further structural reforms will be necessary to achieve the 2030 target.



Next, as an update to our sustainability information, we have included one slide in addition to the various sustainability initiatives we have already announced.

One is our willingness to participate in the TNFD Forum, a nature-related financial disclosure task force that covers biodiversity in addition to climate change, this August.

Then, this year, the Company was selected for the first time as a component of the FTSE, a leading ESG investment index. I think it is fair to say that our company’s efforts to date have been well received.

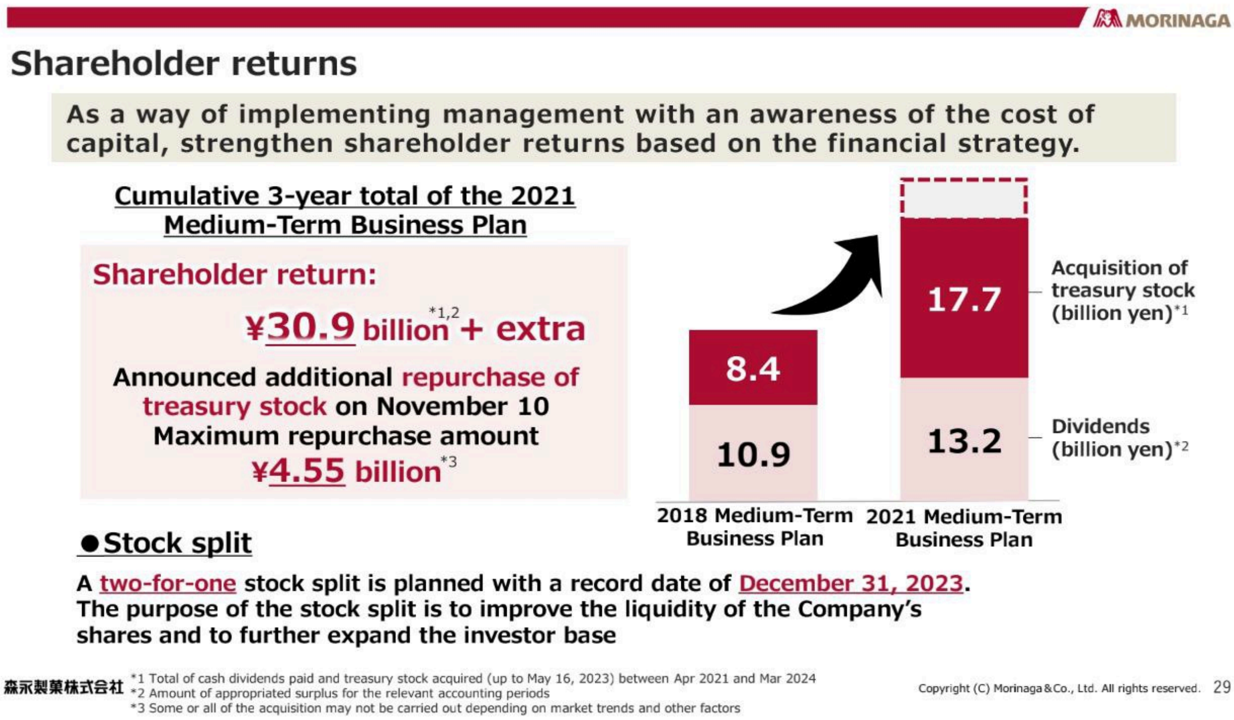


Next is our Medium- and Long-Term Financial Strategy.

This concept, which I first explained here a year ago, is being further updated, and the entire management is sharing this idea.

In the rest of the document, in the reference information section, we have included several slides that explain in a little more detail, including ROIC-oriented management, so please refer to them.

In any case, we will strive to achieve sustainable growth in corporate value and continuous and stable shareholder returns by managing the business with the awareness of the cost of capital.

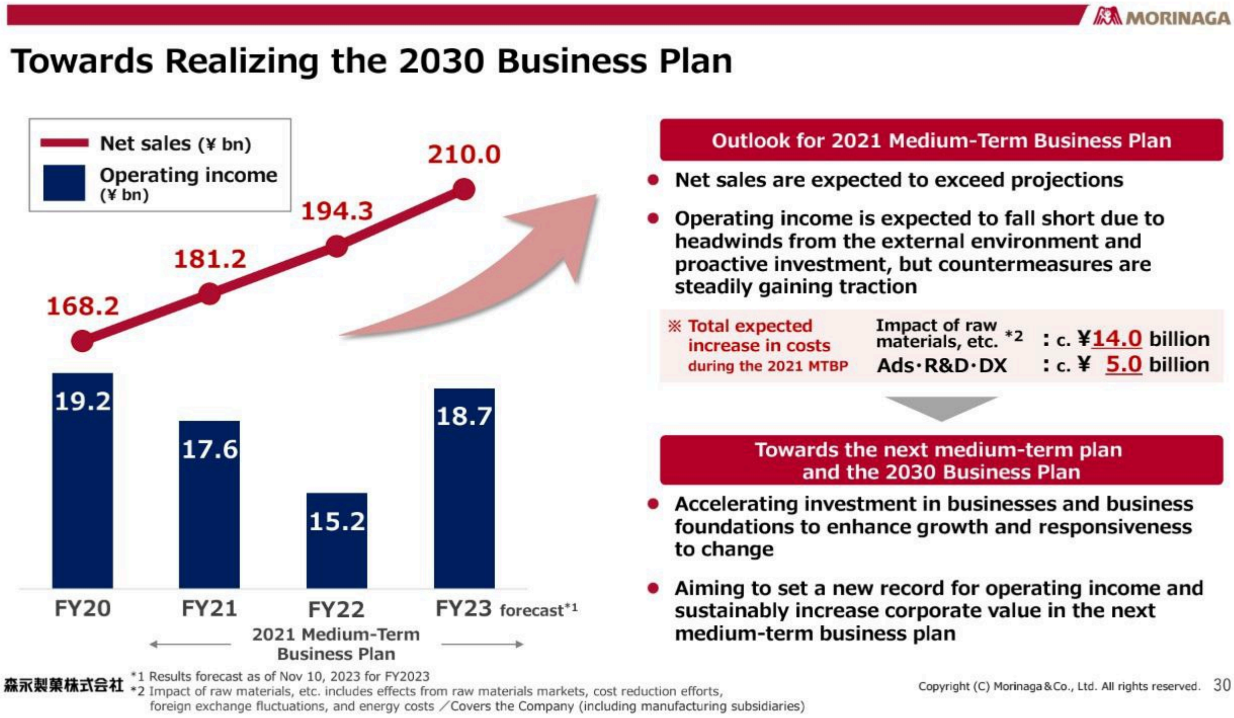


Here are the details of our shareholder return.

We recently announced a new share repurchase on November 10.

Total shareholder return for the three years of the 2021 Medium-Term Business Plan is JPY30.9 billion + extra, and the portion of + extra will be added to the current amount. Together with dividends, this represents a significant increase compared to the three years of the 2018 MTP.

The Company also announced a stock split. The ratio will be 1:2 with a base date of December 31 of this year.



The last slide, toward realizing the 2030 Business Plan, shows the results for FY2020, before implementation of 2021 MTP, with the sales and operating income for the three years of the 2021 MTP.

We were able to achieve a V-shaped recovery in sales after a major decline due to the pandemic, and we now expect to achieve record sales for the third year in a row.

However, for operating income, highlighted in red in the middle of the right-hand column, costs and expenses are expected to increase by more than JPY19 billion in total compared to FY2020, due to JPY14 billion increase of raw material and other costs, as well as an increase in intangible investment for strategic advertisement, R&D and DX of around JPY5 billion in the three-year period.

Under such circumstances, we expect to recover to the point where our profit forecast for this fiscal year reaching JPY18.7 billion, slightly short of the actual profit of JPY19.2 billion for FY2020, which amounts less than JPY0.5 billion shortage at this point.

However, although we are forecasting lower profits in H2 of the year, SRI data for October, which is the start of H2, shows that H1 momentum is continuing in frozen desserts, biscuits, and other segments.

The YoY ratio of October sales of frozen desserts was 108% for the market and 130% for the Company, while the overall market for biscuits was 103% and 118% for *Morinaga Biscuits*.

In H2 of this fiscal year, we will continue to vigorously pursue various initiatives to bring our results as close as possible to JPY19.2 billion, which is the level of FY2020.

In any event, despite the very difficult environment and headwinds of the past three years of the 2021 MTP, we have been able to significantly increase intangible investments with strong will to achieve future growth and the 2030 vision, and we feel that the Company is certainly getting stronger.

We plan to announce the new MTP, 2024 Medium-Term Business Plan in May next year. The discussions are almost at final stage and the figures are being compiled. As mentioned here, we would like to achieve record operating income during the next mid-term period and aim for sustained improvement in corporate value toward achieving the 2030 Business Plan.

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.