

**Second Quarter,
Fiscal Year Ending March 31, 2023**

Results Briefing

**November 14, 2022
Morinaga & Co., Ltd.**

About forward-looking statements

This material includes forward-looking statements, such as forecasts, plans, and targets for the Company and its consolidated subsidiaries. These statements are based on judgments and assumptions on the basis of information that the Company has obtained and may be different from actual results and developments in the future.

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

Fiscal Year Ending March 31, 2023
Second Quarter
Financial Results
(April 1 through September 30, 2022)

Consolidated Results for 2Q FY2023/3

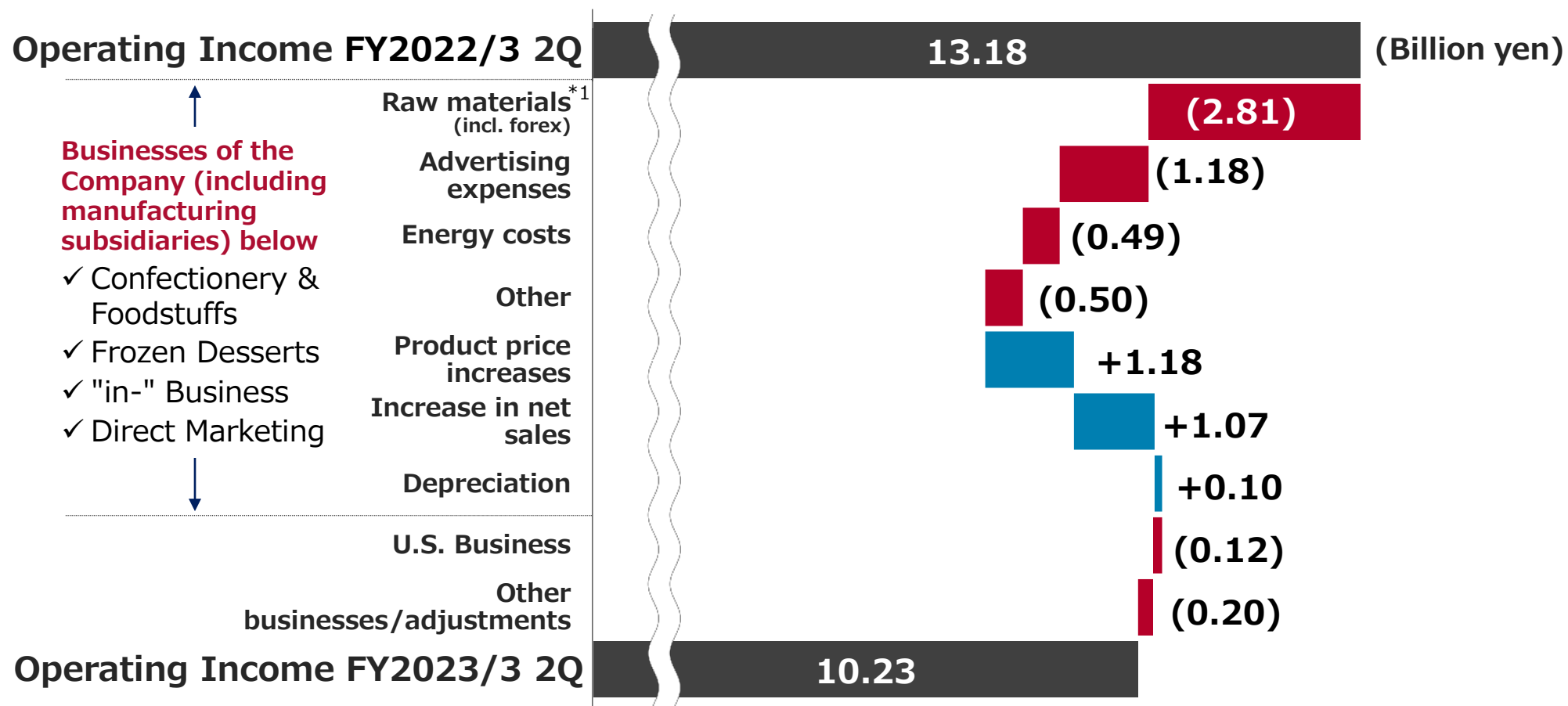
Net sales: Up year on year on continued strong performance of "in-" Business, Direct Marketing Business, and United States Business

Profit: Down year on year on impacts of soaring costs for raw materials and energy, along with strategic investments in advertising

(Billion yen)	2Q FY2023/3	Y/Y change		vs. forecast*2	
Net sales	98.4	+5.0	105.4%	(0.6)	99.4%
Gross profit 〔gross profit margin〕	40.8 〔41.5%〕	(0.2) 〔(2.4ppt)〕	99.5%	-	-
Operating income 〔operating income margin〕	10.2 〔10.4%〕	(2.9) 〔(3.7ppt)〕	77.6%	(0.5)	95.6%
Ordinary income	10.4	(3.3)	76.6%	(0.4)	97.2%
Profit attributable to owners of parent	6.5	(3.0)	69.0%	(0.4)	95.4%
EBITDA*1	15.1	(2.9)	84.2%	-	-

2Q FY2023/3 Results: Factors in Change in Consolidated Operating Income

Despite improvements in profitability from higher net sales and price revisions, operating income declined on skyrocketing raw material prices (including forex impacts) and energy costs, as well as investments in advertising targeting future growth.



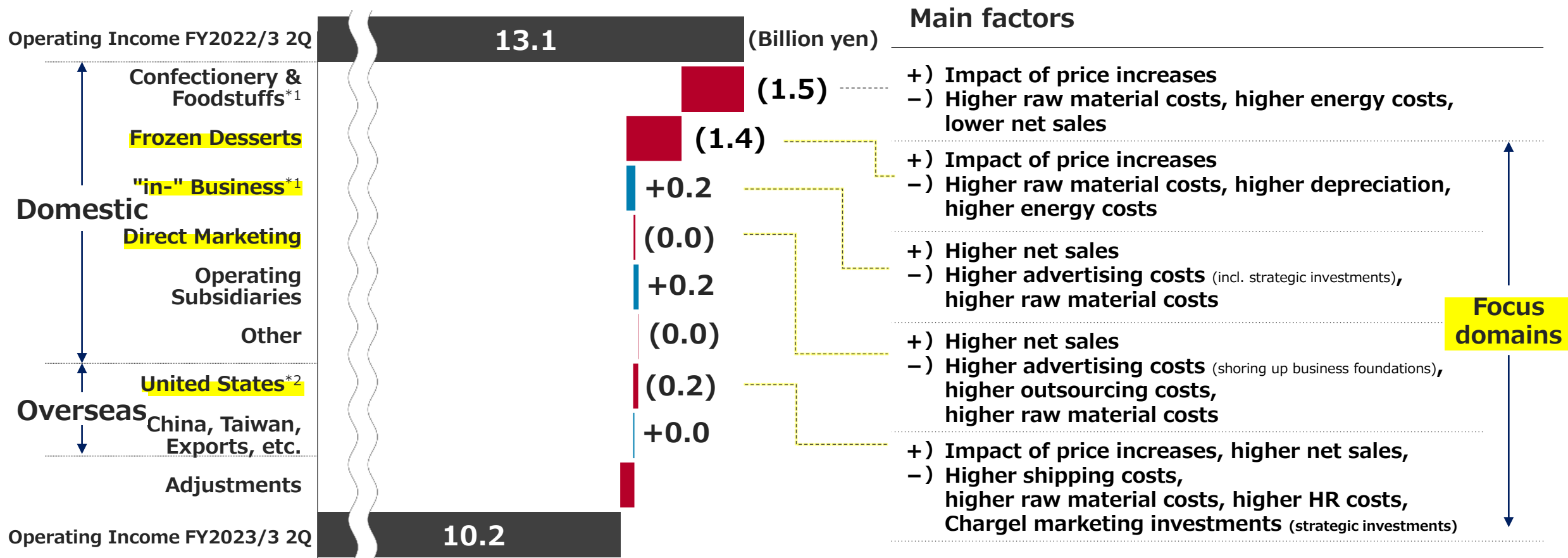
2Q FY2023/3 Results: Summary by Business

In Japan, the increase in net sales was driven by the "in-" Business, the Direct Marketing Business, and operating subsidiaries. Operating income was impacted by weaker profit in the Confectionery & Foodstuffs and Frozen Desserts Businesses. Overseas, sales growth continued in the United States Business. Consolidated income declined due to higher costs and growth investments.

(Billion yen)	Net sales			Operating income		
	2Q FY2023/3	Y/Y change		2Q FY2023/3	Y/Y change	
Confectionery & Foodstuffs*1	33.2	(0.4)	98.8%	0.0	(1.5)	3.8%
Frozen Desserts	24.9	(0.3)	98.7%	3.4	(1.4)	72.6%
"in-" Business*1	17.7	+1.7	110.0%	5.0	+0.2	104.4%
Direct Marketing	5.1	+0.8	118.5%	0.3	(0.0)	88.5%
Operating Subsidiaries	6.7	+0.8	114.3%	0.3	+0.2	172.8%
Other	0.5	+0.0	100.1%	0.0	(0.0)	81.5%
Domestic Total	88.4	+2.7	103.1%	9.2	(2.5)	78.6%
United States*2	6.6	+1.9	140.0%	0.7	(0.2)	86.1%
China, Taiwan, Exports, etc.	3.3	+0.4	115.0%	0.3	+0.0	111.4%
Overseas Total	10.0	+2.4	130.4%	1.1	(0.1)	92.3%
Consolidated Total	98.4	+5.0	105.4%	10.2	(2.9)	77.6%

2Q FY2023/3 Results: Change in Operating Income by Business

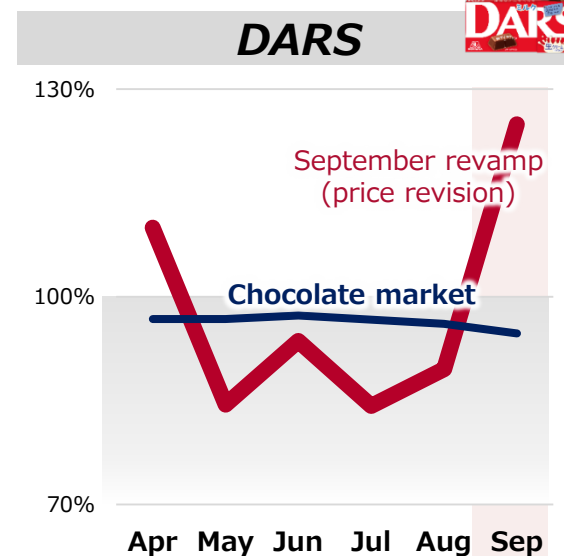
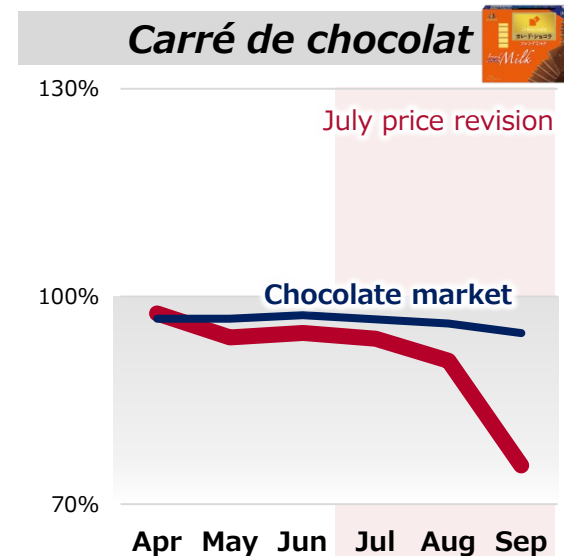
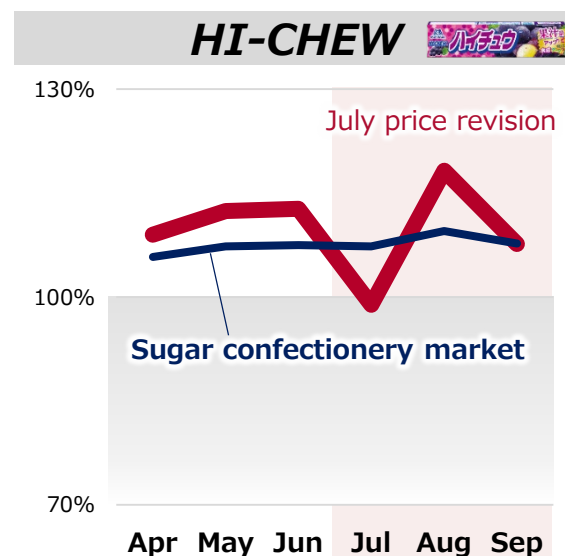
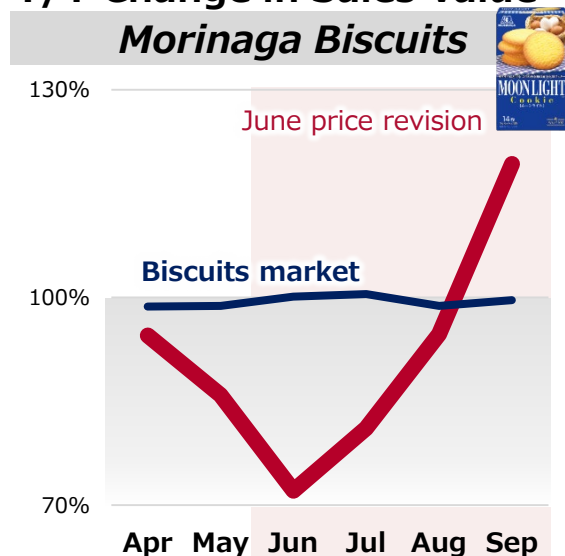
Growth in net sales in the "in-" Business, Direct Marketing Business, and United States Business offset higher costs and strategic investment, therefore operating income was more or less on par with year-earlier levels. The Confectionery & Foodstuffs Business was impacted by higher raw material costs and the Frozen Desserts Business was particularly affected by higher raw material costs and depreciation and amortization, resulting in a decline in operating income.



Key Topics in Domestic Market: Confectionery

- **Market trends remain favorable** and sales of Morinaga Biscuits and HI-CHEW, both of which maintain a **dominant position in the market**, have been **brisk** despite a slight drop in the month when prices were raised
- Promotions also helped capture demand

Y/Y Change in Sales Value



Market

- Brisk sales due to sustained market growth since the onset of the COVID-19 pandemic

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- Sales struggled owing to supply-demand constraints from 1Q through 2Q, but rebounded after constraints eased
- Storefront display of core products in conjunction with the launch of new products at the end of August helped sales sharply outperform the market in September

- Market is up year on year and recovering from the impacts of COVID-19
- Strong sales of *HI-CHEW* have continued since last year
- August *HI-CHEW* Day promotions and new product launches sustained brisk sales even after prices were revised

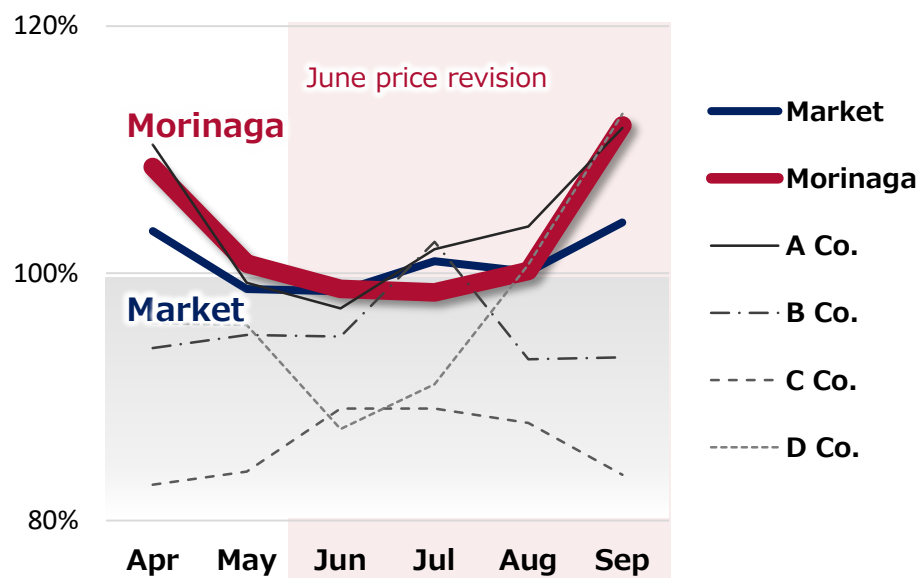
- Downtrend continues in the chocolate market, particularly the pure chocolate market
- The price of *Carré de chocolat* was raised ahead of other companies' boxed chocolate products
- High year-earlier hurdle in September due to brisk sales of a new product launched last year

- Price raised in September to coincide with product quality improvements; brisk sales on the back of successful promotions

Key Topics in Domestic Market: Frozen Desserts

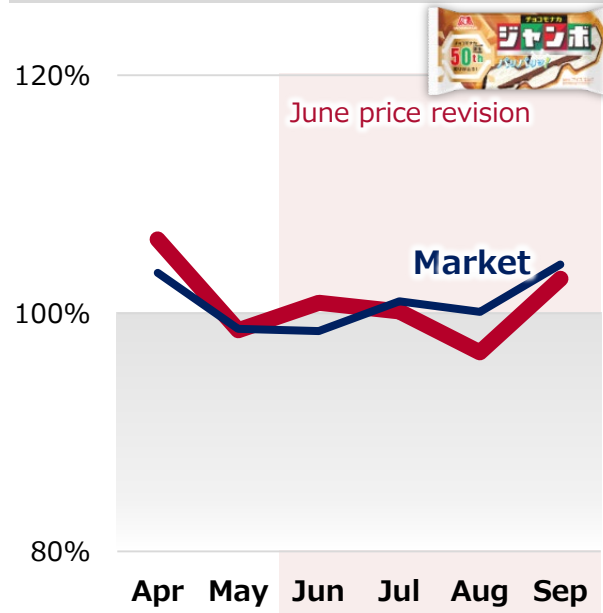
Y/Y Change in Sales Value

Frozen desserts market



- Frozen desserts market remained firm
- Sales were solid compared to the market, even though we raised prices ahead of midsummer

Choco Monaka Jumbo



- **Strong sales of Choco Monaka Jumbo even after the price increase** due to 50th anniversary promotions
- *Vanilla Monaka Jumbo* is slightly lagging behind the market

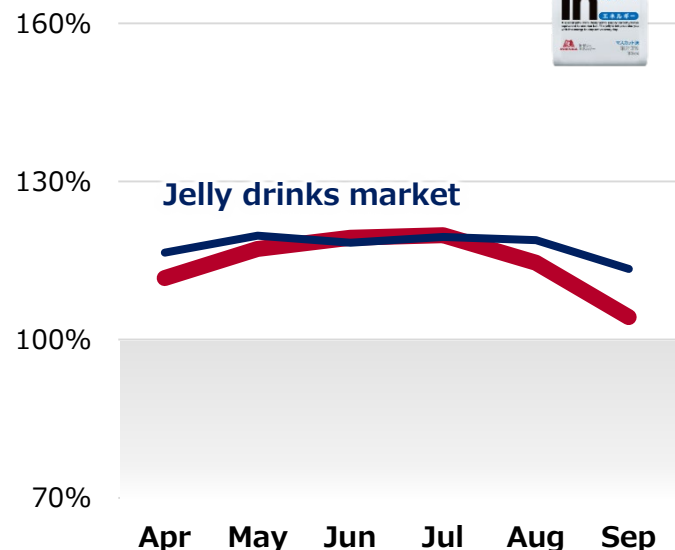
Vanilla Monaka Jumbo



Key Topics in Domestic and U.S. Markets

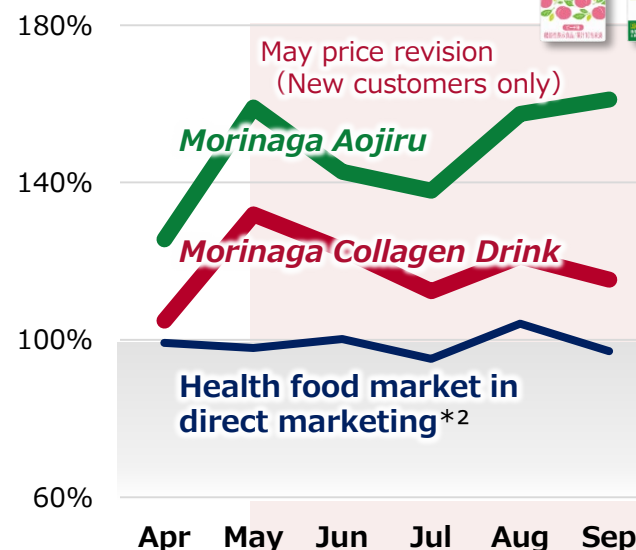
Y/Y Change in Sales Value

*in Jelly**1



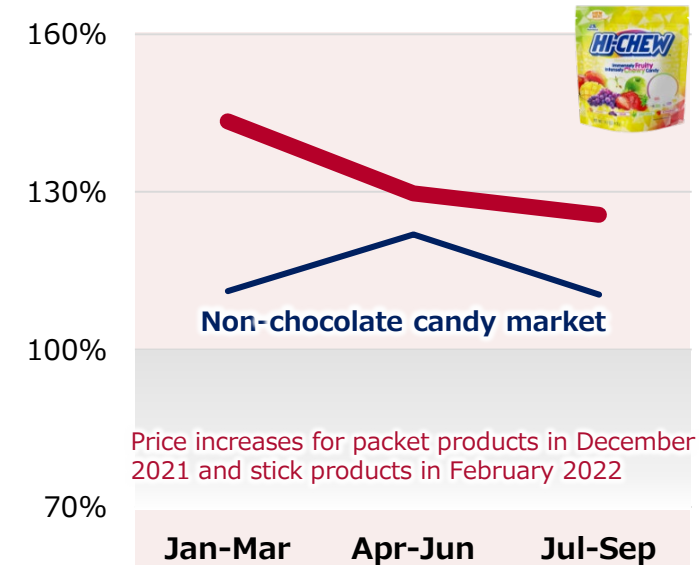
Y/Y Change in Net sales

Direct marketing



Y/Y Change in Sales Value

HI-CHEW in U.S.*3



Market

- The jelly drinks market is brisk, well above of year-earlier levels

- The health food market in direct marketing was flat year on year

- Non-chocolate candy market remains firm

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- **Brisk sales continue** thanks to initiatives for developing consumption scenarios and expanding target consumers

- Sales of the two mainstay products were **brisk, up sharply year on year due to an increase in the number of subscriptions customers**

- Even after the price revision, the market trend held firm and sales continued to **outpace the market**

Fiscal Year Ending March 31, 2023 Results Forecast

***Forecast has been revised**

Awareness of Business Environment

Surging raw material prices and energy costs, as well as yen depreciation, have exceeded our initial assumptions

The outlook is grim, despite our self-reliant recovery efforts thus far

External environment

Soaring raw material prices

Sky-high energy costs

Yen depreciation

Given the uncertainty of the future outlook, we anticipate these headwinds to continue into second half of this fiscal year

Our initiatives

Price revision

Streamlining of operating expenses

Reducing CoGS

Scrutinizing investment efficiency

Revising our results forecasts for this fiscal year in line with the current conditions

Consolidated Results Forecast for FY2023/3

Net sales: We forecast an increase (record-high net sales) compared to last year's result and our initial forecast on the continued strong performance of the "in-" Business, the Direct Marketing Business, and the United States Business, along with growth in the Confectionery & Foodstuffs Business

Profit: We forecast a decline on the impacts of soaring costs for raw materials and energy

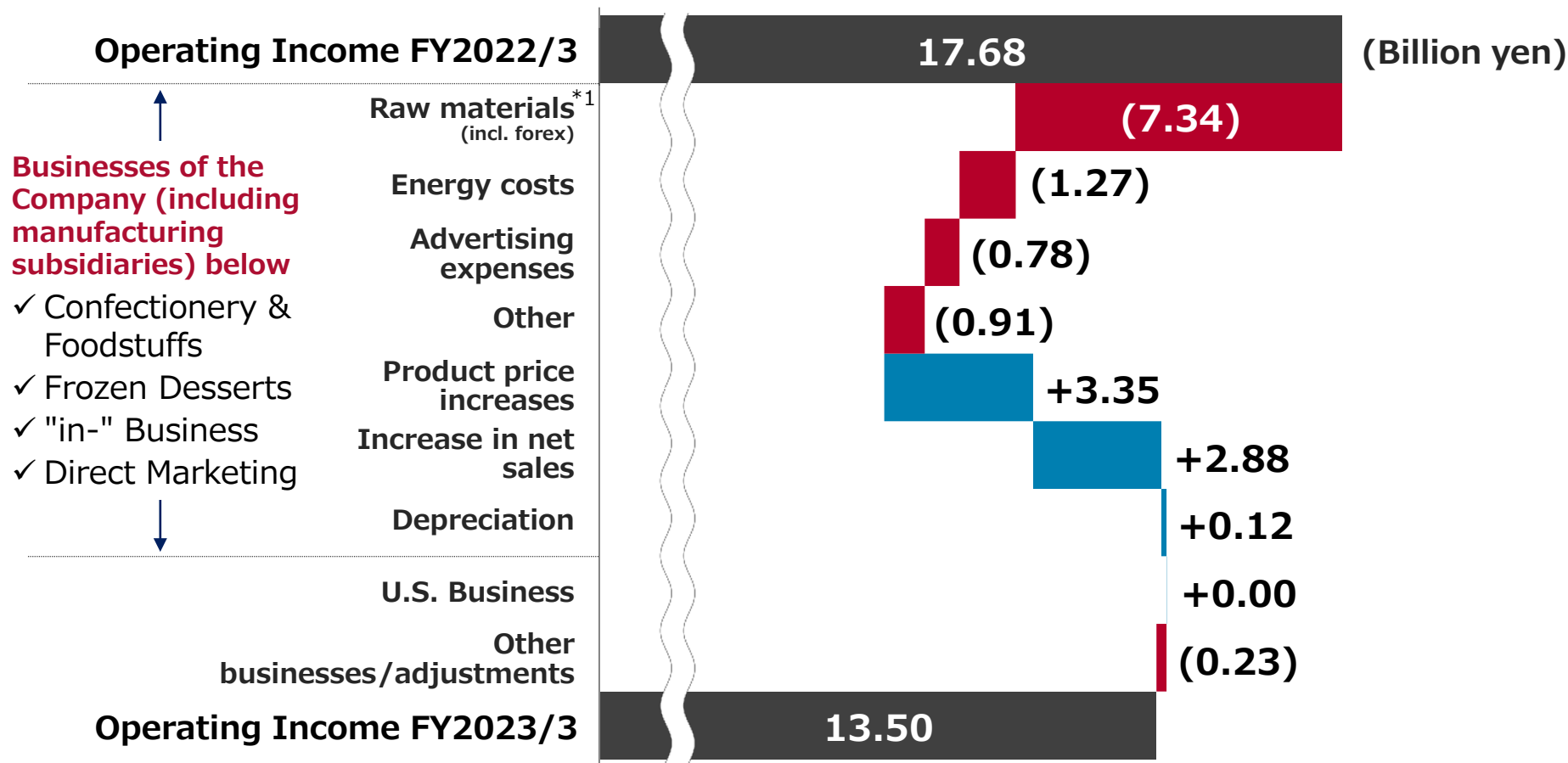
(Billion yen)	FY2023/3 forecast	Y/Y change		vs. initial forecast	
Net sales	194.3	+13.1	107.2%	+4.3	102.3%
Gross profit 〔gross profit margin〕	75.9 〔39.1%〕	+0.1 〔(2.7ppt)〕	100.2%	(1.8)	97.8%
Operating income 〔operating income margin〕	13.5 〔6.9%〕	(4.1) 〔(2.9ppt)〕	76.3%	(3.0)	81.8%
Ordinary income	14.0	(4.2)	77.0%	(2.9)	83.1%
Profit attributable to owners of parent	8.5	(19.2)	30.6%	(2.2)	79.4%
EBITDA*1	23.9	(3.8)	86.4%	(3.2)	88.3%

*1 Simplified EBITDA: operating income + depreciation and amortization

*2 The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥132=\$1USD (this is the average rate for January to December 2022; the actual average rate for January to September was ¥128 and our assumed average rate for October to December is ¥144). Our initial assumption was ¥128.

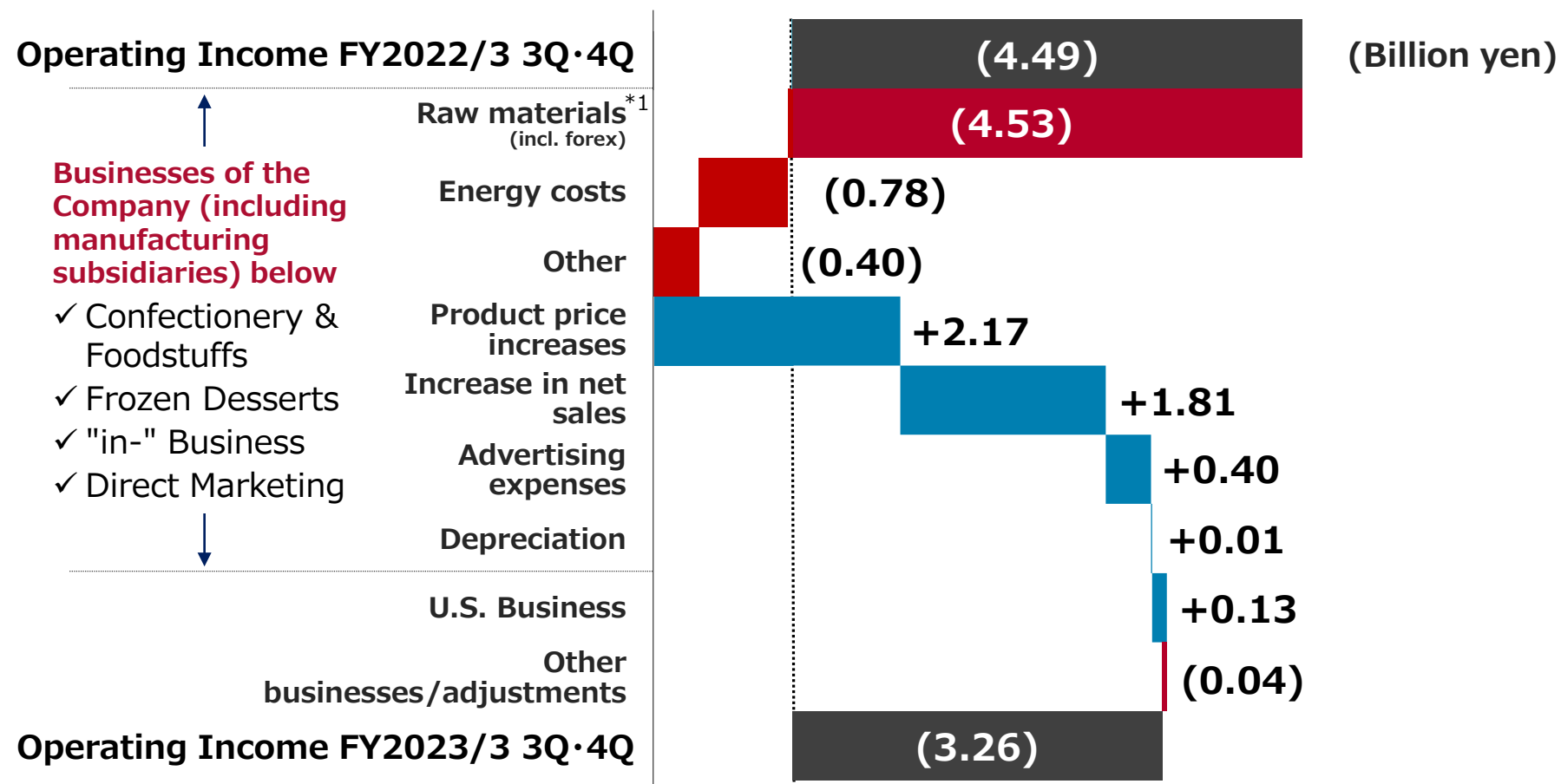
FY2023/3 Results Forecast: Factors in Change in Consolidated Operating Income

Despite improvements in profitability from higher net sales and product price increases, we forecast a decline in operating income due to skyrocketing raw material prices (including forex impacts) and energy costs, which have exceeded our initial assumptions



FY2023/3 Results Forecast: 2H Factors in Change in Consolidated Operating Income

Despite improvements in profitability from higher net sales and product price increases, we forecast a decline in operating income due to skyrocketing raw material prices (including forex impacts) and energy costs, which are now higher than in the first half



FY2023/3 Results Forecast: Factors in Change in Consolidated Operating Income — Key Topics

Factors in Change in Consolidated Operating Income

(Billion yen)	New forecast (as of Nov)	Previous (as of May)	Difference	Main factors
Raw materials (incl. forex)	(7.34)	(4.30)	(3.04)	✓ Higher procurement costs due to soaring prices of key raw materials and yen depreciation
Energy costs	(1.27)	(0.4)	(0.87)	✓ Soaring energy costs
Product price increases	+3.35	+2.87	+0.48	✓ Price increases in the "in-" Business, among other factors
Increase in net sales	+2.88	+2.33	+0.55	✓ Net sales growth in the "in-" Business and the Confectionery & Foodstuffs Business

Businesses of the Company
(including manufacturing subsidiaries) below

- ✓ Confectionery & Foodstuffs
- ✓ Frozen Desserts
- ✓ "in-" Business
- ✓ Direct Marketing

Latest Price Revision Schedule

We plan to increase prices in the United States Business and the "in-" Business as a measure for responding to surging raw material prices
 Going forward, we will adopt a flexible approach

Business		Date of price increase	Price increase percentage	Main products
Overseas	United States Business	Products arriving on November 1, 2022	Around +11.8%–17.7% of delivery price	<i>HI-CHEW's</i> main products
Domestic	"in-" Business	Products shipped on December 1, 2022	Around +3.6%–5% of recommended retail price	10 products in the <i>in Jelly</i> series

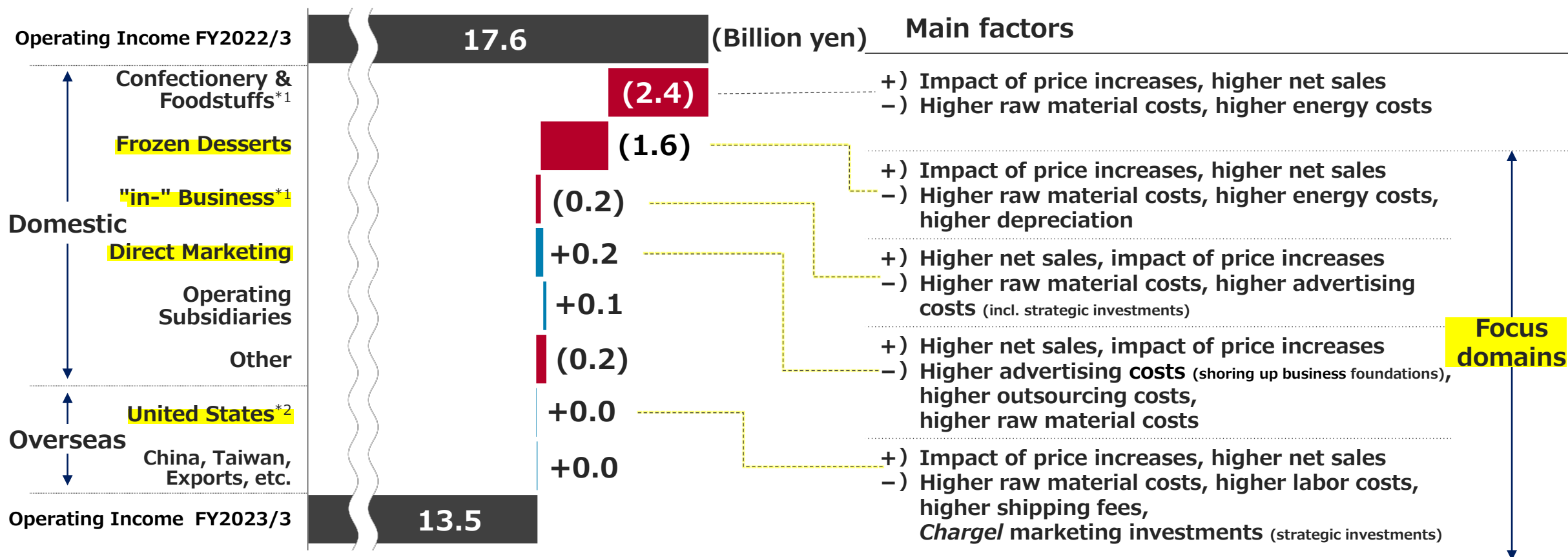
FY2023/3 Results Forecast: Summary by Business

In Japan, we forecast year-on-year net sales growth in all businesses. We forecast year-on-year declines in operating income mainly in the Confectionery & Foodstuffs and Frozen Desserts Businesses due to the impacts of soaring costs. Overseas, we forecast net sales and operating income growth in the United States Business. We forecast profit generation even with plans to continue with strategic investments in advertising.

(Billion yen)	Net sales					Operating income				
	FY2023/3 forecast	Y/Y change		vs. initial forecast		FY2023/3 forecast	Y/Y change		vs. initial forecast	
Confectionery & Foodstuffs*1	74.2	+1.8	102.5%	+0.6	100.8%	0.8	(2.4)	26.6%	(1.3)	40.1%
Frozen Desserts	40.4	+0.3	100.5%	(1.2)	96.9%	3.2	(1.6)	66.7%	(1.8)	63.6%
"in-" Business*1	30.6	+2.6	109.4%	+1.2	104.3%	6.6	(0.2)	98.2%	+0.3	104.6%
Direct Marketing	10.2	+1.1	112.4%	+0.1	101.1%	0.5	+0.2	152.8%	+0.1	107.8%
Operating Subsidiaries	15.1	+1.3	109.3%	+0.2	100.9%	0.8	+0.1	107.3%	+0.0	104.8%
Other	1.3	+0.1	107.5%	+0.1	105.2%	(0.4)	(0.2)	—	(0.3)	—
Domestic Total	172.1	+7.2	104.4%	+1.0	100.5%	11.6	(4.2)	73.9%	(3.1)	79.2%
United States*2	15.3	+4.8	145.2%	+0.9	106.4%	1.4	+0.0	100.0%	(0.1)	94.0%
China, Taiwan, Exports, etc.	6.8	+1.1	118.7%	+0.8	114.5%	0.3	+0.0	114.2%	+0.2	240.8%
Overseas Total	22.2	+5.9	135.9%	+1.8	108.8%	1.8	+0.0	102.6%	+0.1	107.4%
Consolidated Total	194.3	+13.1	107.2%	+4.3	102.3%	13.5	(4.1)	76.3%	(3.0)	81.8%

FY2023/3 Results Forecast: Change in Operating Income by Business

For the "in-" Business, Direct Marketing Business, and United States Business, we forecast operating income on a par with year-earlier levels as we expect sales growth to offset higher costs and strategic investments. For the Confectionery & Foodstuffs and Frozen Desserts Businesses, we forecast declines in operating income due to the impacts of higher raw material prices and energy costs.



2021 Medium-Term Business Plan
Progress of and Outlook for
“Building a New Foundation for
Dramatic Growth”

Toward achieving the 2021 Medium-Term Business Plan

Implemented timely measures to adapt to changes in operating environment in "Building a New Foundation for Dramatic Growth"

1st stage
2021 Medium-Term Business Plan

New foundation building for big leap

2030
Vision

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

Focused domains: driving growth

Basic domains: stable cash generation

Efforts to strengthen business foundation further:
structural reforms & business foundation

Continued policy of strategic investments
for longer-term growth

Price revision

Streamlining of
operating expenses

Reducing CoGS

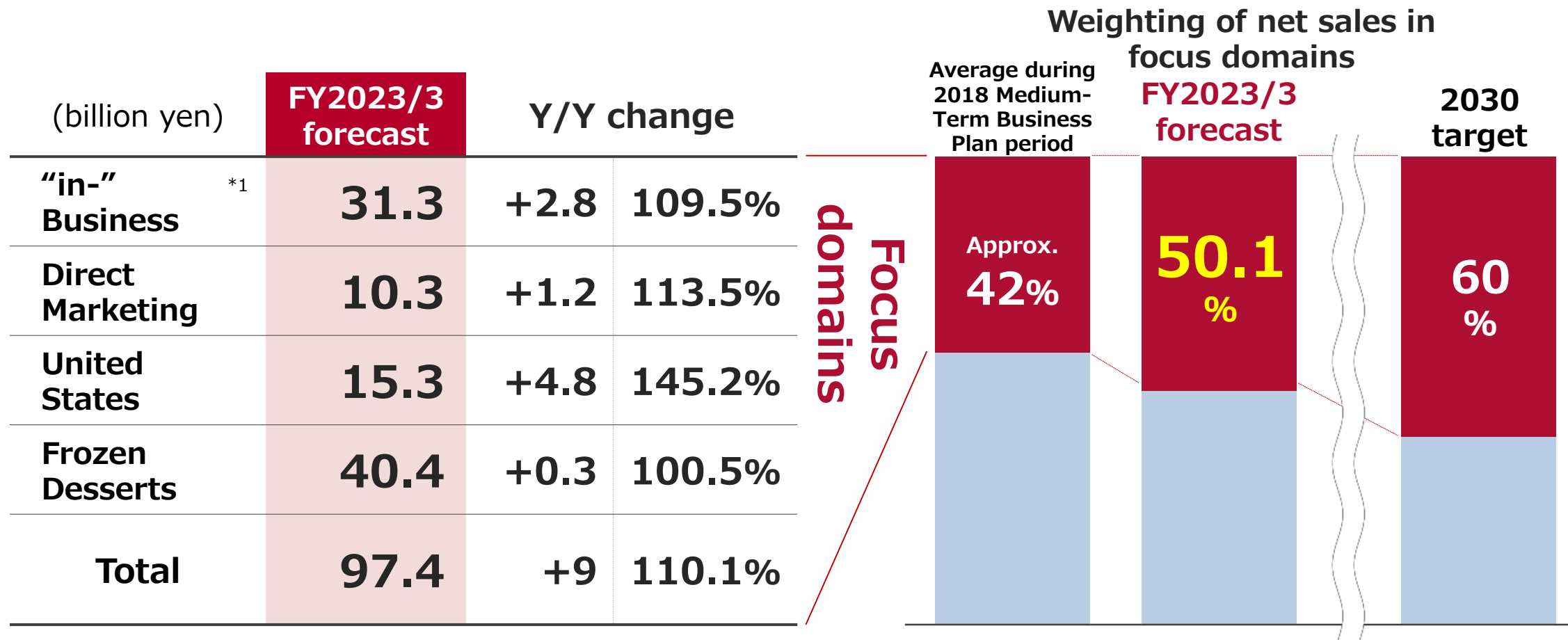
Scrutinizing
investment efficiency

Developing high-
value-added
products

Exporting
domestically
manufactured
products to the U.S.

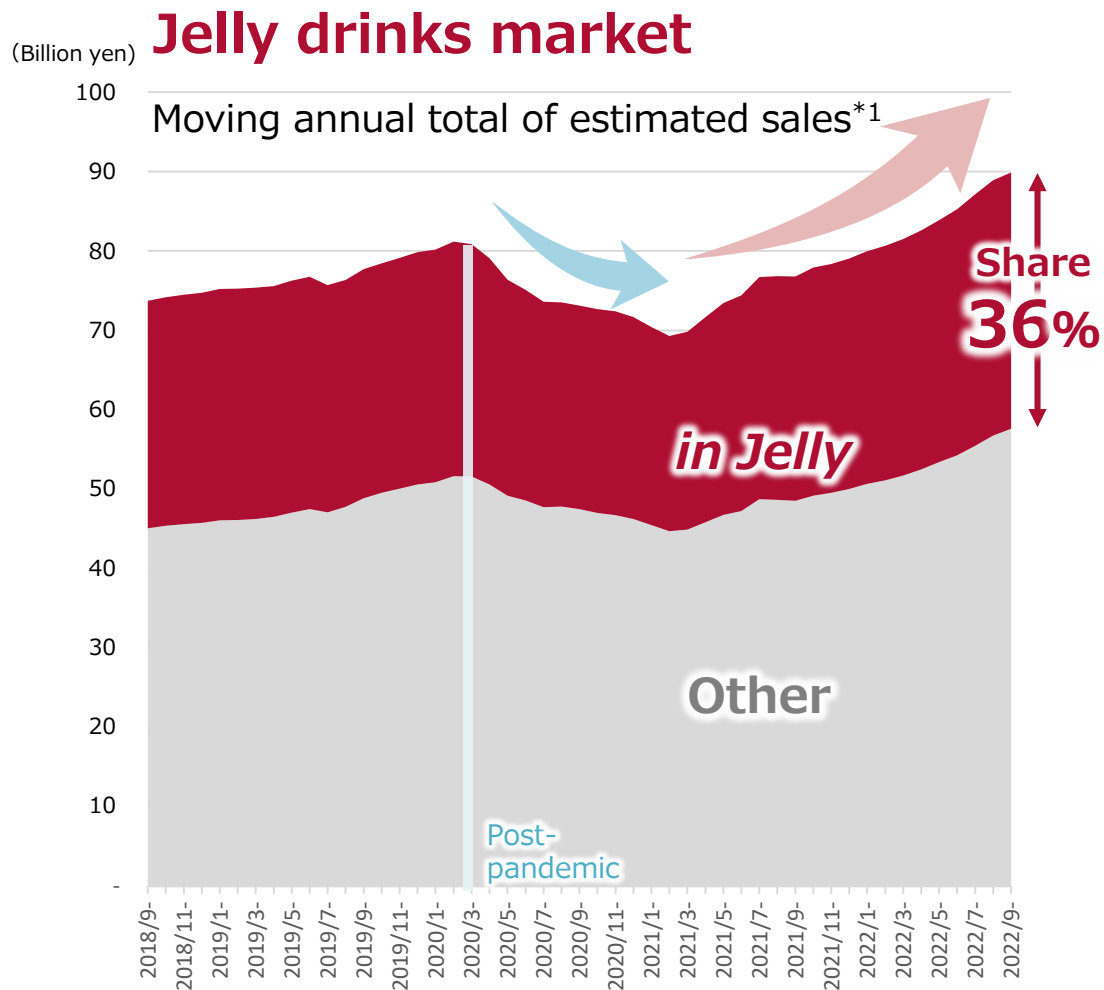
Net Sales of Focus Domains in 2030 Business Plan

Focus domains' share of net sales to exceed 50% in FY2023/3 as their businesses continue to grow



Focus Domain "in-" Business: Current Status of *in Jelly*

Struggled in early stage of pandemic, but attracted new demand by proactive initiatives to drive growth of jelly drinks market



Current status of *in Jelly*

External factors

- Early stages of pandemic: Demand contracted and net sales fell sharply

Initiatives for *in Jelly*

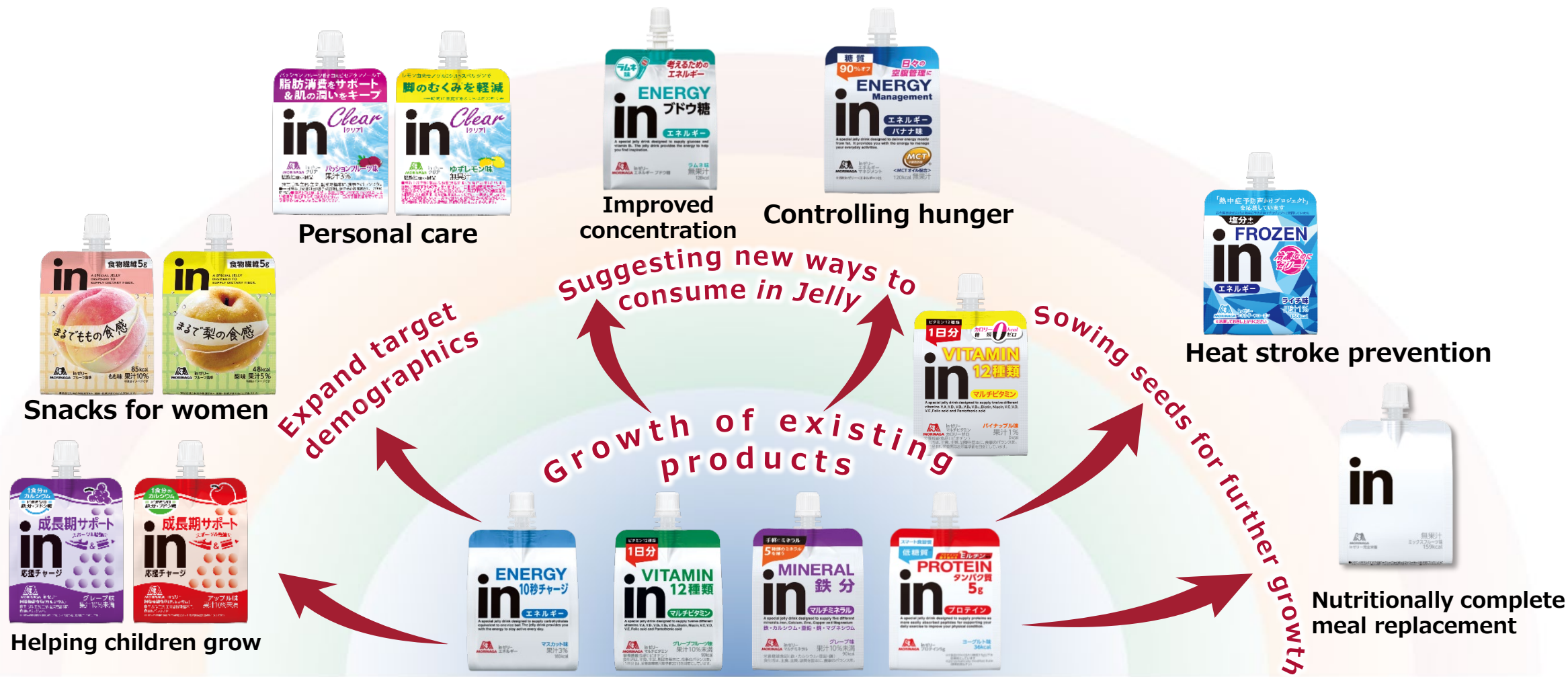
- Attracted new demand by proactive initiatives
 - Promote new consumption settings
 - Expand target consumers

- 1H Y/Y net sales of **117%**
 - Purchase rate at record high
- Moving annual total up **14.5%** (+1.2 pt year on year) in September *2



Focus Domain "in-" Business: Growth Strategies for *in Jelly*

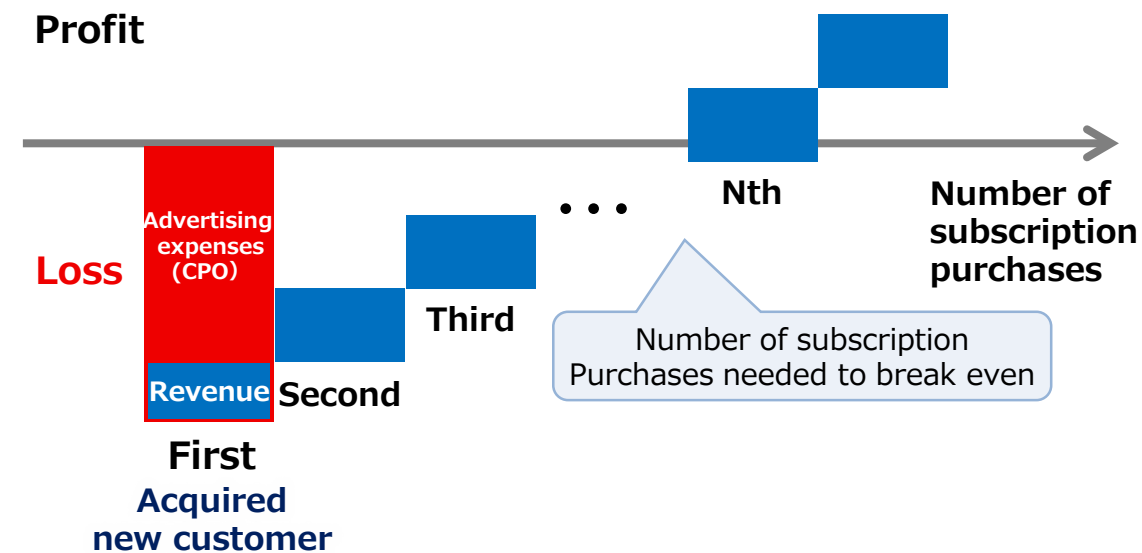
Sow seeds for further growth, expand target demographics, and suggest new ways to consume *in Jelly*



Focus Domain Direct Marketing

Steady increase in subscription customers due to investment in advertising to generate future profits

Earnings structure of Direct Marketing Business



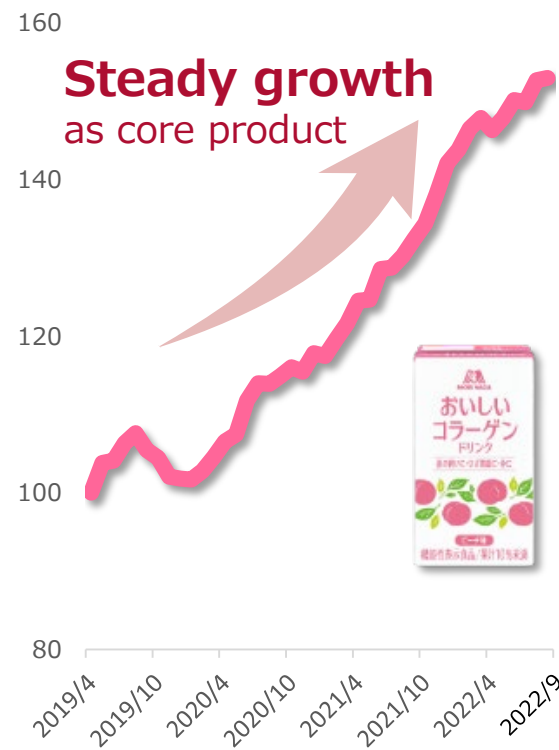
Generate profit by increasing number of subscription customers

- Invest in advertising to attract customers
- New customers that make repeat purchases become subscription customers
- Grow profit by increasing number of subscription customers

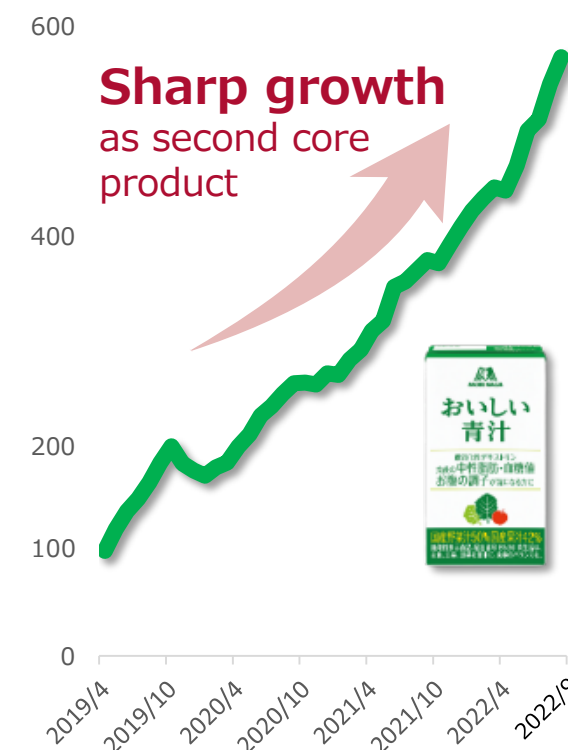
Trends in subscription customers

Growth rate based on April 2019 = 100

Morinaga Collagen Drink



Morinaga Aojiru

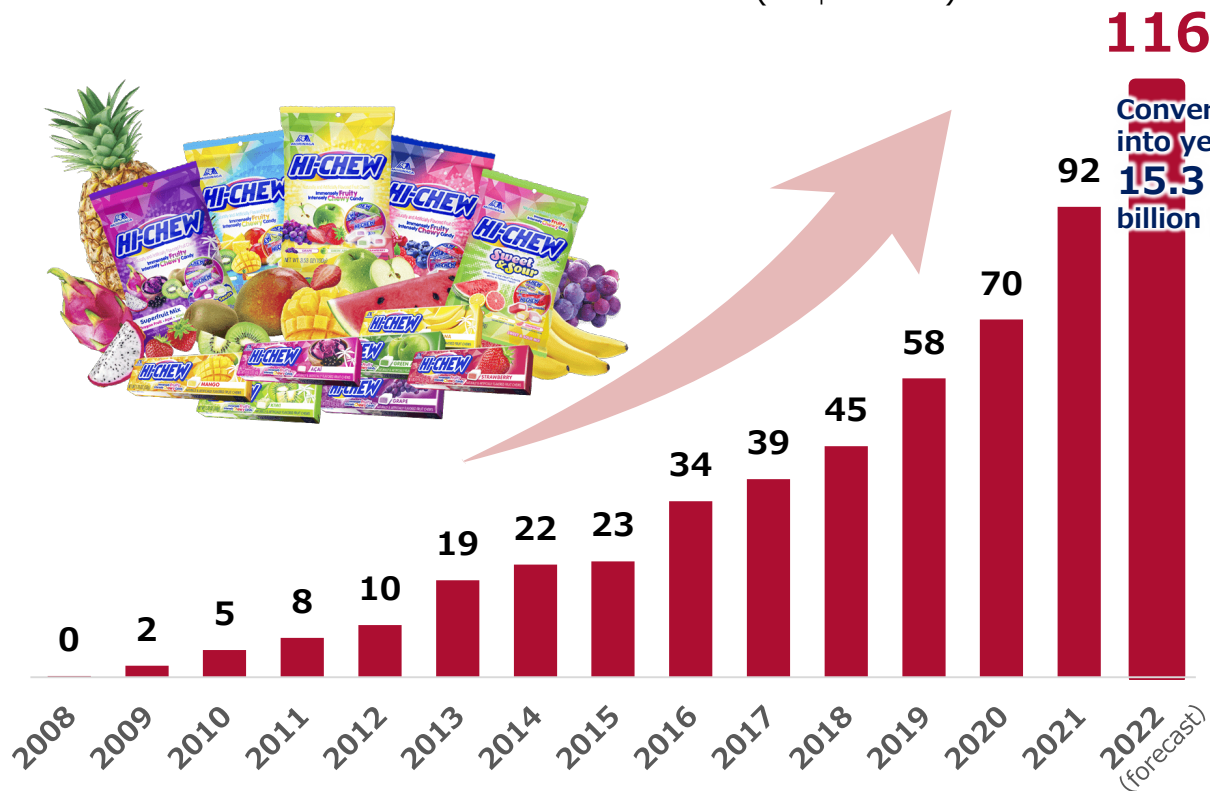


Focus Domain United States

HI-CHEW growth exceeds market thanks to successful sales and marketing strategies

1 Further acceleration of growth of HI-CHEW brand

HI-CHEW sales trends (US\$ million)



- Dramatic growth in 14 years since moving into U.S. market
- Store stocking ratio continues to rise across US
From **70%** in January 2021
→ **76%** in June 2022*
- Store turnover was also **strong at 23%** year on year*
- Expanded lineup to meet wide-ranging needs of consumers



Fantasy Mix



Infrusions



REDUCED SUGAR



FI-BEING

Focus Domain United States

Aware of operational risks of *HI-CHEW* business in the United States, and taking timely action

1 Concerns of an economic recession

➔ Seeking a balance between value and price

- Sustained sales growth even after recent product price increases and despite higher unit prices than competitors
- Striking the right balance between value and price and aiming to successfully carry out further price increases

2 Stable supply of products

➔ Current stable supply and drastic measures

- Increased production line capacity in the U.S. and Taiwan and possible exports of products manufactured in Japan
- A newly formed team is currently considering drastically augmenting supply capabilities

3 Soaring costs of raw materials and distribution

➔ Thoroughly implement low-cost operations

- Measures include switching to alternative raw materials and improving production quality performance
- There are signs shipping costs have peaked

4 Worker shortages, retention rate decline

➔ Reviewing hourly wages of workers

- Prioritizing stable supply to keep up with brisk sales
- Production volume recently hit a record high

Focus Domain United States

Aggressively implemented measures to boost *Chargel's* brand recognition and negotiate new sales channels

2) *Chargel*: Create jelly drink market

- Launched own e-commerce site in February 2022 and commenced sales at brick-and-mortar outlets in March
- Engaged in promotions tailored to the target market to raise recognition rate
- Visitors to, and purchasers at e-commerce site increasing
 ➔ **Positive response/feedback from target customer segments**
- Obtained Plant Based and anti-doping certifications
- To be introduced into general distribution channels



Social media ads

Customer feedback

- It was awesome!
It quite literally saved me!
- I really like it! I find it quick and easy to digest before a workout.
- It is so yummy. It's the best tasting gels that I tried so far.

Concept well received and highly rated for quality!



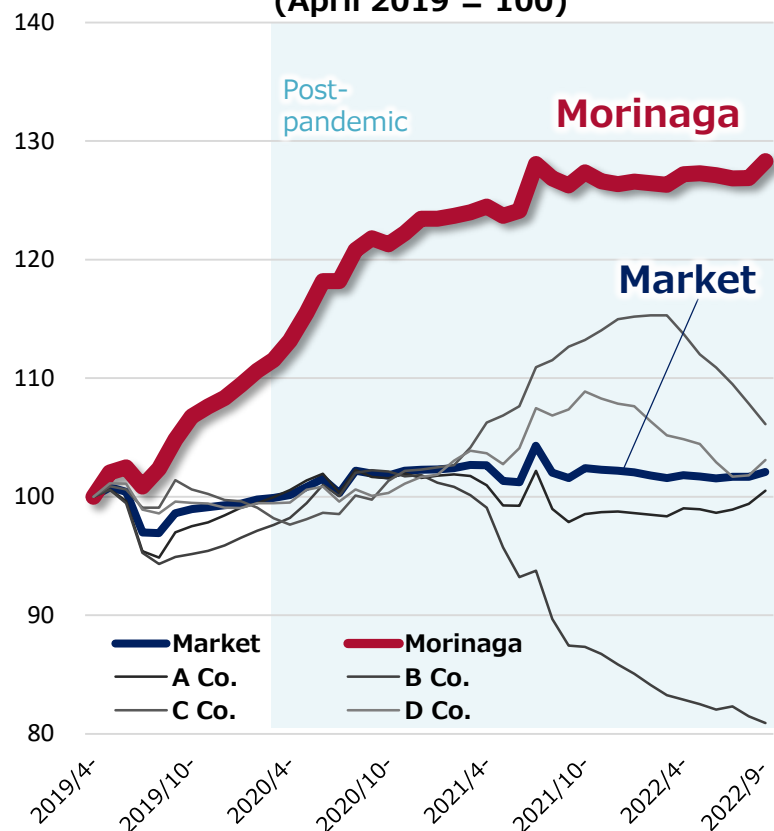
Sampling at marathon event



Focus Domain Frozen Desserts

Aiming to create new markets as well as achieve steady business growth driven by differentiated products that harness confectionery technology

Growth rate of moving annual total of estimated sales value *1
(April 2019 = 100)



1 Evolving of "freshness" marketing

- Solidify sales of *Vanilla Monaka Jumbo* and *Choco Monaka Jumbo*, the latter which marked its 50th anniversary
 - Expand target consumers and consumption settings
- ➔ *Choco Monaka Jumbo* purchase rate continued to rise
Moving annual total up **27.9%** (+1.2 pt year on year) in September *2



2 Capture customers from adjacent markets

- Capture demand with differentiated dessert type products that harness confectionery technology
 - Made *Ita Choco Ice* and *The Crepe* year-round items



3 New market creation with technological advantage

- Developing frozen cookie dough
- Entered alcohol mixer market using *ICEBOX* brand



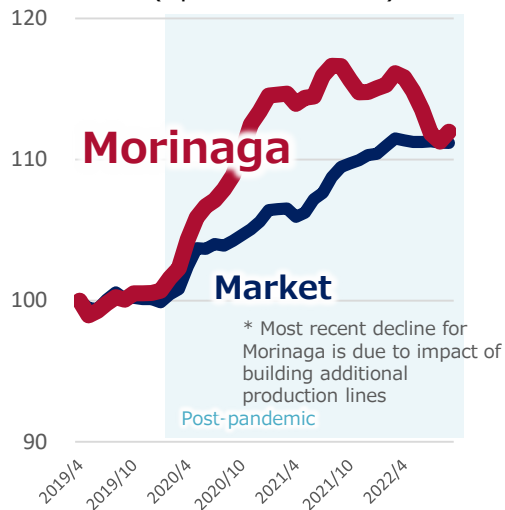
Test marketing in selected areas
Big response on social media

Basic Domain Confectionery & Foodstuffs

Promoting profitability improvement centered on *Morinaga Biscuits* and *HI-CHEW*.

Biscuits

Growth rate of moving annual total of estimated sales value*1 (April 2019 = 100)



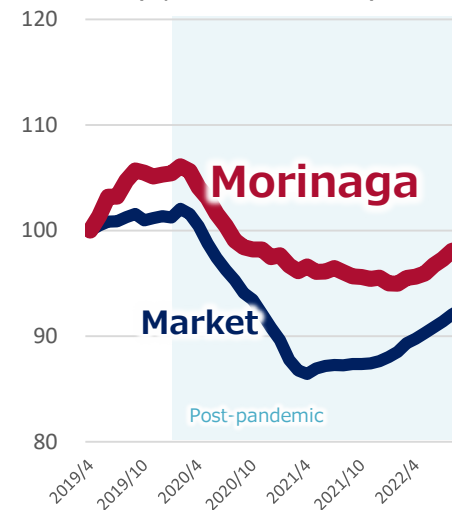
Morinaga Biscuits

- Top market share for plain biscuits
- New production lines began operation; to accelerate expansion centered on *Moonlight* in 2H with first TV commercial in 13 years
- Initiatives for wellness/high value-added products as well



Sugar confectionery

Growth rate of moving annual total of estimated sales value*1 (April 2019 = 100)



HI-CHEW

- Top soft candy market share
- Brisk sales continues, thanks to approaching broad needs with diverse packaging and varied textures



Chocolates



- Deepened our fall 2021 strategy for *Carré de chocolat* and *DARS*
- *DARS* sales brisk after quality revamp and promotions in September Purchase rate up Moving annual total up **14.6%** (+1.2 pt year on year) in September 2022 *2

Events and inbound demand



- Souvenir *HI-CHEW* renewals (all eight products)

Exploration and Research Domain

Expanding business in new geographic areas and creating new businesses

Expanding geographic areas

Accelerating HI-CHEW initiatives in Oceania, Europe, and other regions

- **New Zealand**
 - Steadily expanded sales floor space by setting up sales racks, displaying products by the checkout, etc.
 - *HI-CHEW* recognition rate up from **49%** in 2020 to **59%** in 2022
- **Australia**
 - Rollout gaining momentum in third year since sales launch
 - Improvement in recognition rate from **22%** in 2020 to **29%** in 2022



New businesses

SAI MEAT (SAI MEAT)

Sustainable & Innovative Meat

- Sustainable & Innovative Meat
- Entered plant-based meat market by utilizing proprietary technology* fostered in confectionery manufacture

* Holds manufacturing patent

- Differentiated by texture of a substantial slab of meat; flavor masks soy taste



Example of meal cooked using SAI MEAT

Passienol™ (Passienol)

- Ingredients approved as Food with Function Claims
- Overseas B2B sales under consideration; ingredients used in Morinaga products



Sustainability Information Update

Information disclosure in line with TCFD recommendations

- Analyzing climate change scenarios
 - Analyzing the impacts of 4°C, 2°C, and 1.5°C scenarios on our domestic Food Manufacturing Business in 2030 and 2050

Sustainability Advisory Board



Three external experts (front row, left to right): Asako Osaki, Takeshi Mizuguchi, and Mari Yoshitaka

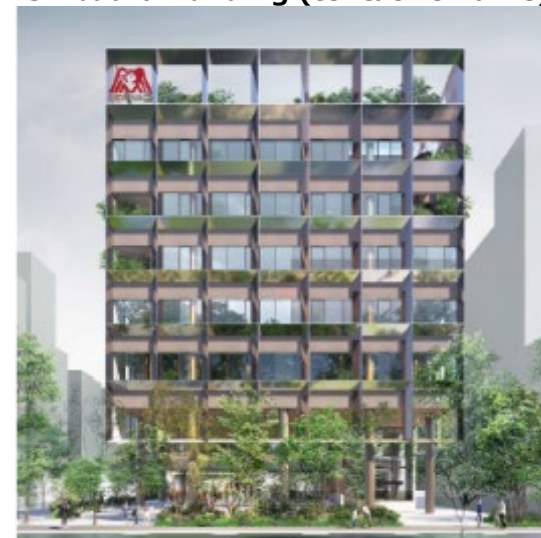
- First meeting held in May 2022
Three external experts sit on the board

- Main agenda items
1. Morinaga Group's Integrated Report 2021 and 2030 Business Plan
 2. Non-financial information disclosure
 3. Promotion of diversity

Issuance of sustainability bonds

- Issuing sustainability bonds to finance the rebuilding of the Morinaga Shibaura Building (tentative name)
- Aiming to create a comfortable workplace environment in which a diverse workforce can thrive and contribute to disaster prevention/mitigation for local residents

Conceptual image of Morinaga Shibaura Building (tentative name)



Embodying our Purpose and 2030 Vision with seven aspects

- ① Working style and health
- ② Environment
- ③ Diversity
- ④ Branding and co-creation
- ⑤ BCP
- ⑥ DX
- ⑦ Flexibility

Medium-to-Long-Term Financial Strategy

Update medium-to-long-term financial strategy, and implement a financial strategy with an awareness of the cost of capital

Realize sustained increase in corporate value and stable shareholder returns

1 Policy for ensuring financial security and financing

2 Investment activity for raising corporate value

Implement financial strategy with an awareness of the cost of capital

3 Shareholder returns policy

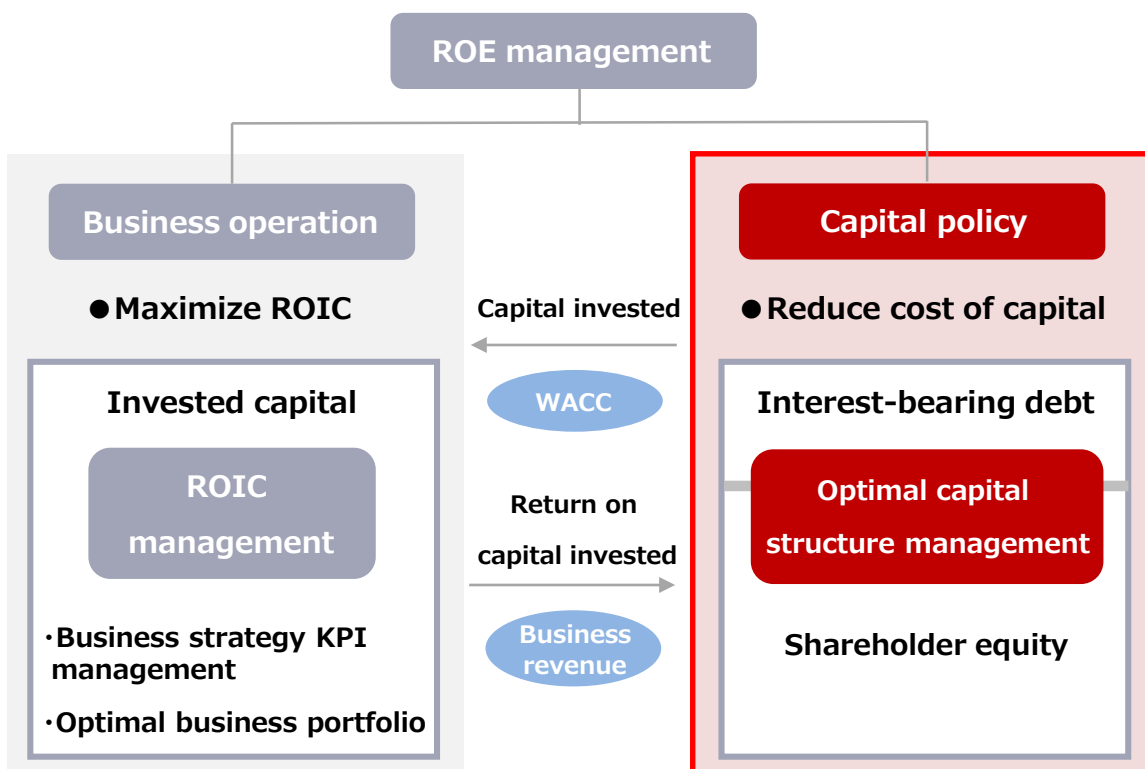
Financial risk management

Financial governance

Cash management

Management and Financial Policy with an Awareness of the Cost of Capital

Develop specific financial measures during 2021 Medium-Term Business Plan period



Financing and Shareholder Returns based on Financial Strategy

1. Financing for optimal capital structure

- Issuing sustainability bonds as part of green projects and the like with the aim of realizing our 2030 Vision

2. Shareholder returns

- In meeting the 2021 Medium-Term Business Plan target of returning at least **¥12.0 billion** to shareholders over a period of three years, **¥18.6 billion has already been returned to shareholders in the space of two years** *1
- **Treasury stock equivalent** to roughly 10% of the total number of outstanding shares is slated for retirement *2
- Going forward, **the flexible acquisition of Company shares will be considered as required**, taking into account the total payout ratio

*1 June 2021: ¥4.0 billion in dividend payments; June 2022: ¥4.5 billion in dividend payments; March–October 2022: share buybacks worth ¥10.0 billion.

*2 Scheduled for the end of November 2022

Reference Data

2Q FY2023/3 Results: Balance Sheet

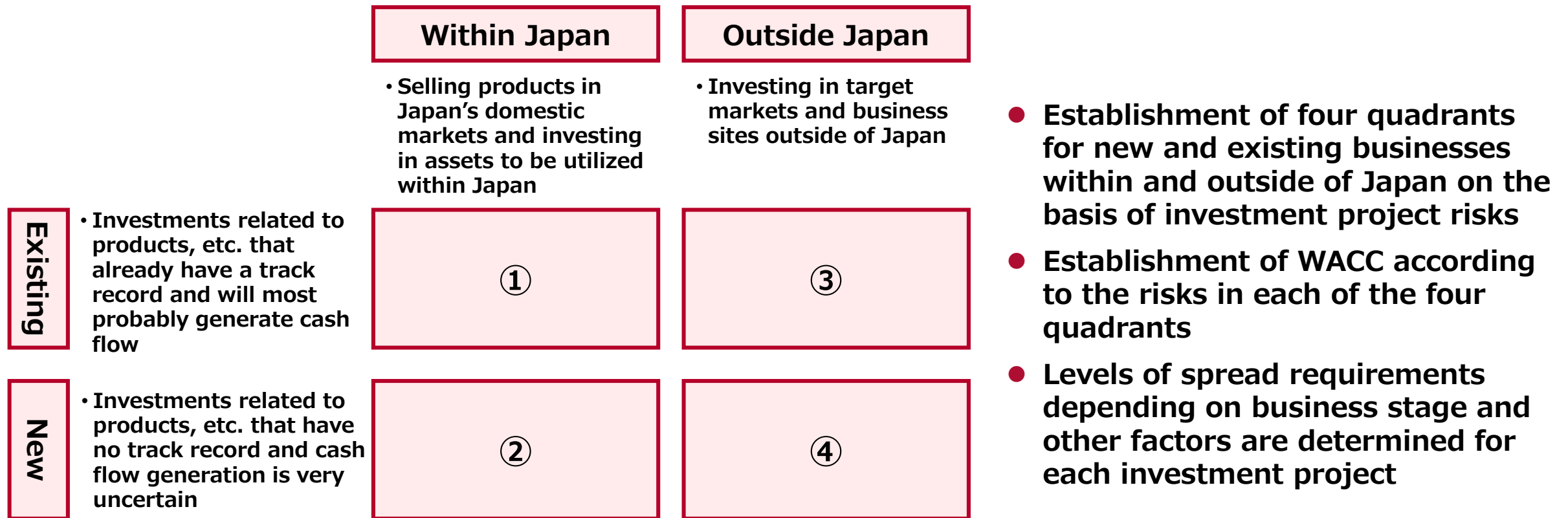
(Billion yen)	End-2Q FY2023/3	vs. end- FY2022/3	Main factors
Current assets	103.8	(8.2)	<ul style="list-style-type: none"> •Cash and deposits (14.5) •Raw materials and supplies +3.1
Noncurrent assets	100.4	(1.8)	<ul style="list-style-type: none"> •Buildings and structures (0.6) •Investment securities (1.6)
Total assets	204.2	(10.1)	—
Current liabilities	64.4	(5.7)	<ul style="list-style-type: none"> •Income taxes payable (7.2) •Notes and accounts payable—trade +2.8
Long-term liabilities	13.4	+0.5	<ul style="list-style-type: none"> •Lease obligations +0.3
Total liabilities	77.8	(5.3)	—
Shareholders' equity	115.9	(5.1)	<ul style="list-style-type: none"> •Treasury stock (7.2) •Retained earnings +2.1
Accumulated other comprehensive income	9.2	+0.3	<ul style="list-style-type: none"> •Valuation difference on available-for-sale securities (1.2) •Foreign currency translation adjustments +1.5
Non-controlling interests	1.2	+0.1	—
Total net assets	126.3	(4.8)	—
Total liabilities and net assets	204.2	(10.1)	—
Shareholders' equity ratio	61.3%	+0.6ppt	—

2Q FY2023/3 Results: Consolidated Statement of Cash Flows

(Billion yen)	2Q FY2023/3	Y/Y change	Main factors
Operating cash flow	+1.1	(16.0)	<ul style="list-style-type: none"> • Income taxes paid (8.9) • Income before income taxes (4.1) • Change in inventories (3.0) • Change in notes and accounts receivable +1.1
Investment cash flow	(6.4)	+4.4	<ul style="list-style-type: none"> • Purchase of property, plant and equipment +4.1 • Sales of investment securities +0.2
Free cash flow	(5.3)	(11.5)	—
Financial cash flow	(12.0)	(7.7)	<ul style="list-style-type: none"> • Acquisition of treasury stock (7.2) • Cash dividends paid (0.4)

Clarification of investment decision-making criteria based on capital costs

Aiming to establish hurdle rates on the basis of investment project risks to accompany growth in overseas businesses and the creation of new markets



Major Domestic Brands — Net Sales Year on Year

Business	Brand	2Q result (Y/Y)
"in-" Business	<i>in Jelly</i>	117
	<i>in Bar</i>	85
Direct Marketing	<i>Morinaga Collagen Drink</i>	117
Frozen Desserts	<i>Jumbo Group</i>	102
	<i>Ita Choco Ice</i>	78
	<i>The Crepe</i>	—
	<i>ICEBOX</i>	111

Business	Brand	2Q result (Y/Y)
Confectionery & Foodstuffs	<i>Morinaga Biscuits</i>	97
	<i>HI-CHEW</i>	111
	<i>Morinaga Ramune</i>	108
	<i>Carré de chocolat</i>	88
	<i>DARS</i>	111
	<i>Chocoball</i>	100
	<i>Morinaga Amazake</i>	92
	<i>Morinaga Cocoa</i>	94

Domestic Market Y/Y Change in Sales Value

