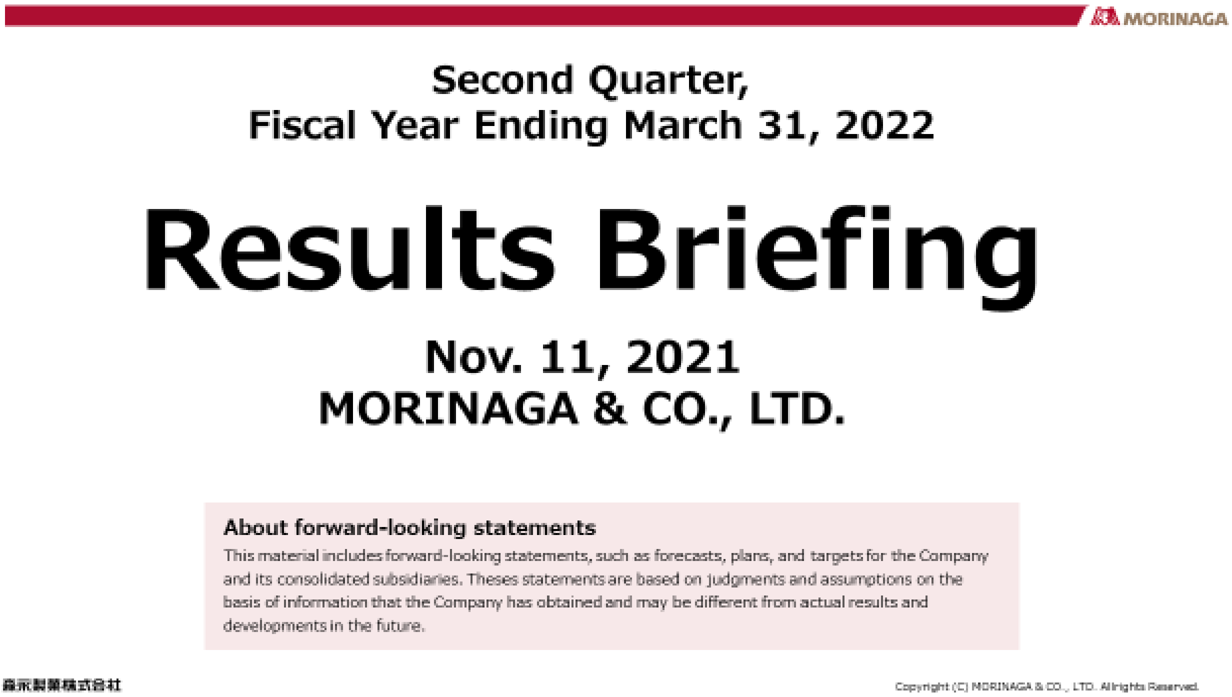
Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



Ota: Hello, everyone. This is Ota. As before, I am very sorry that I cannot feel the expressions and reactions of the audience through the screen this time. We still have no choice, so this is how it is today. I know we don't have much time, but I would like to thank everyone for your cooperation.

Thank you very much for taking time out of your busy schedule to participate in our financial results briefing for the second quarter of the fiscal year ending March 2022 today.

First of all, I would like to talk for about 30 minutes about the second quarter, the first half of the year. Last year, especially in April, May, and June, we were completely affected by the pandemic, and the figures were abnormal for some products. There are good things and bad things about this. In this context, it is very difficult to read the figures for this fiscal year, including how the impact of the pandemic will be viewed. In addition, it was very unclear to what extent the various measures we took would affect the numbers.

Under such circumstances, the first half of this fiscal year, which I will explain in a moment, exceeded the forecast for May. Today, I would like to explain the contents of the plan, and I would also like to focus on the first half of the current fiscal year and future plans for the 4 focused domains newly selected in the 2030 Vision and the 2021 Medium-Term Business Plan, which were announced in May of this year.

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Consolidated Results for Q2 FY2022/3

Net sales: Up on Health Products recovery and continued strong Overseas performance
Profit: Increased to record high for first half on sales growth and improved product mix

(Million yen)	Q2 cml results	Y/Y change		Vs. forecast	
Net sales	93,422	+8,485	110.0%	+2,422	102.7%
Operating income 〔Operating income margin〕	13,188 〔14.1%〕	+1,640	114.2%	+1,888	116.7%
Ordinary income	13,700	+1,721	114.4%	+2,000	117.1%
Profit attributable to owners of parent	9,544	+1,224	114.7%	+1,644	120.8%
EBITDA*1	18,003	+2,861	118.9%	–	–

*1 Simplified EBITDA: operating income + depreciation and amortization

First, here are the consolidated results for the second quarter.

Net sales totaled JPY93.422 billion, a YoY increase of approximately JPY8.5 billion. YoY change increased by double digits, 110%. This was an increase of about JPY2.4 billion from the earnings forecast announced 6 months ago. Overall sales increased significantly due to a significant recovery in the health category, especially *in jelly*, which had fallen significantly in the previous year due to the impact of the pandemic, as well as strong overseas sales.

Next, operating income was JPY13.188 billion, a YoY increase of approximately JPY1.6 billion. This was an increase of about JPY1.9 billion from the earnings forecast. The operating income margin was 14.1%, and this operating income, both in terms of amount and margin, was the highest ever in the consolidated results for the second quarter. I will explain the factors behind the increase and decrease in income later.

Profit attributable to owners of parent was JPY9.544 billion, an increase of about JPY1.2 billion. This was an increase of about JPY1.6 billion from the earnings forecast. We have also included EBITDA figures at the bottom.

Q2 FY2022/3 Results: Food Manufacturing Business

(Million yen)	Net sales Q2 FY2022/3	Net sales Y/Y change		Operating income Q2 FY2022/3	Operating income Y/Y change		Margin Q2 FY2022/3
Consolidated	93,422	+8,485	110.0%	13,188	+1,640	114.2%	14.1%
Food Manufacturing	89,715	+8,081	109.9%	13,091	+1,579	113.7%	14.6%
Confectionery & Foodstuffs	43,217	+2,656	106.5%	2,925	+479	119.6%	6.8%
Frozen Desserts	25,589	+1,094	104.5%	4,857	▲817	85.6%	19.0%
Health Products	20,908	+4,331	126.1%	5,307	+1,917	156.6%	25.4%

(Million yen)	Q2 FY2022/3	Y/Y change	
Overseas sales	7,714	+2,383	144.7%
United States	4,735	+1,386	141.4%
China, Taiwan, exports, etc.	2,979	+997	150.3%
Overseas sales ratio*1	8.3%	+2.0pt	-

森永製菓株式会社 *1 Share of consolidated net sales

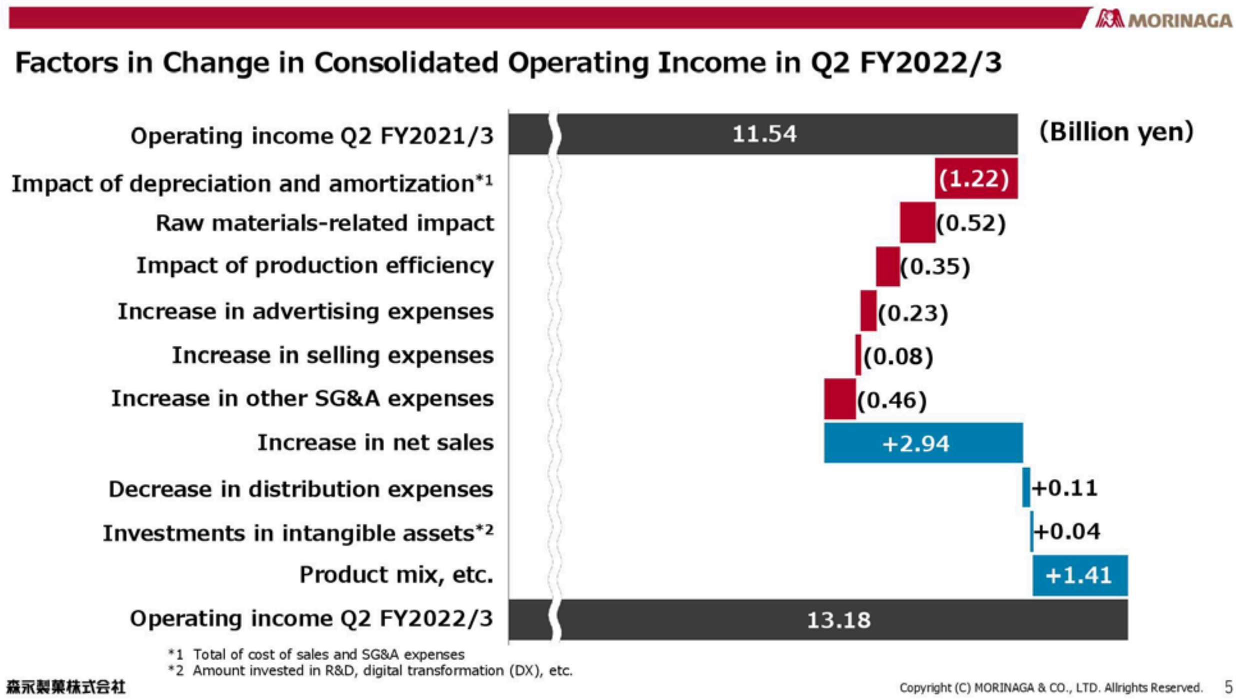
Next is the contents of the Food Manufacturing business, which accounts for about 96% of total sales in the segment, by division.

Due to the time constraint, I will not explain the detailed contents of Confectionery & Foodstuffs, Frozen Desserts, and Health Products, but I have attached them as reference information at the end of this document, so please check them later.

As you can see, Health Products was the major driver. Sales grew significantly by 126%, and operating income increased by approximately JPY1.9 billion.

As you will see later in this document, overall sales of *in Jelly* were 127% compared to the previous year, *in Bar* was 121%, and mail-order *Morinaga Collagen Drink* was 118% of the previous year's level.

Next, as I mentioned at the beginning of this report, overseas sales were also strong, with 144.7% compared to the previous year, and 141.4% in the United States, which we have positioned as a priority area this time. As a result, the overseas sales ratio also increased by 2 percentage points to 8.3%.

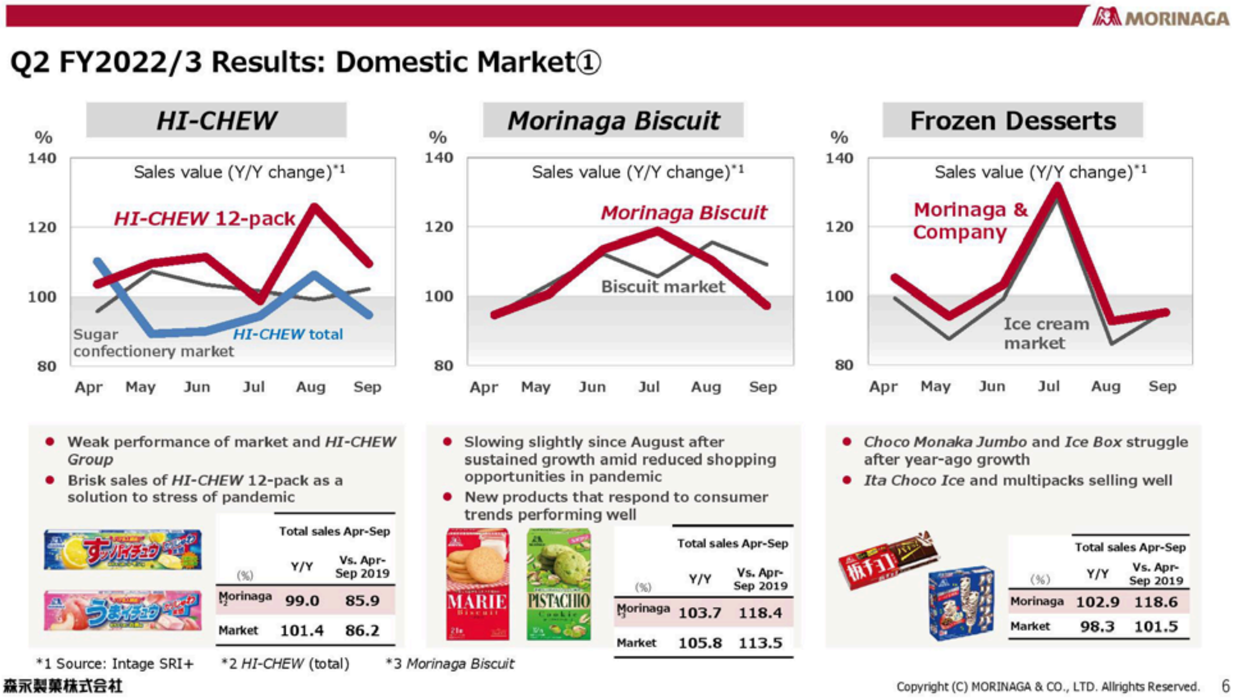


This shows factors in change in consolidated operating income.

Factors causing a decrease in income are shown in red above, and factors causing an increase in income are shown in blue below.

At the time of the earnings announcement and forecast in May, I mentioned that there would be a significant increase in depreciation expenses this fiscal year, and in the first half, that increased by JPY1.22 billion. As for raw materials, we promoted cost reduction efforts, but the total increase was JPY0.52 billion.

Then, below that, there is an increase in sales of about JPY8 billion due to other cost increases, and there is a figure of JPY2.94 billion. In addition, the product mix improved due to a large increase in sales of *in Jelly*, and other profit-boosting effects offset the decline in income, resulting in a total income increase of JPY1.64 billion.



From here, we summarize the topics in the domestic and US markets for the past 6 months.

This is a graph showing the YoY change by month. The data for Japan is from SRI in stores.

First of all, *HI-CHEW*, which was negatively impacted last year to a large extent, has not returned to pre-pandemic levels, including the entire sugar confectionary market.

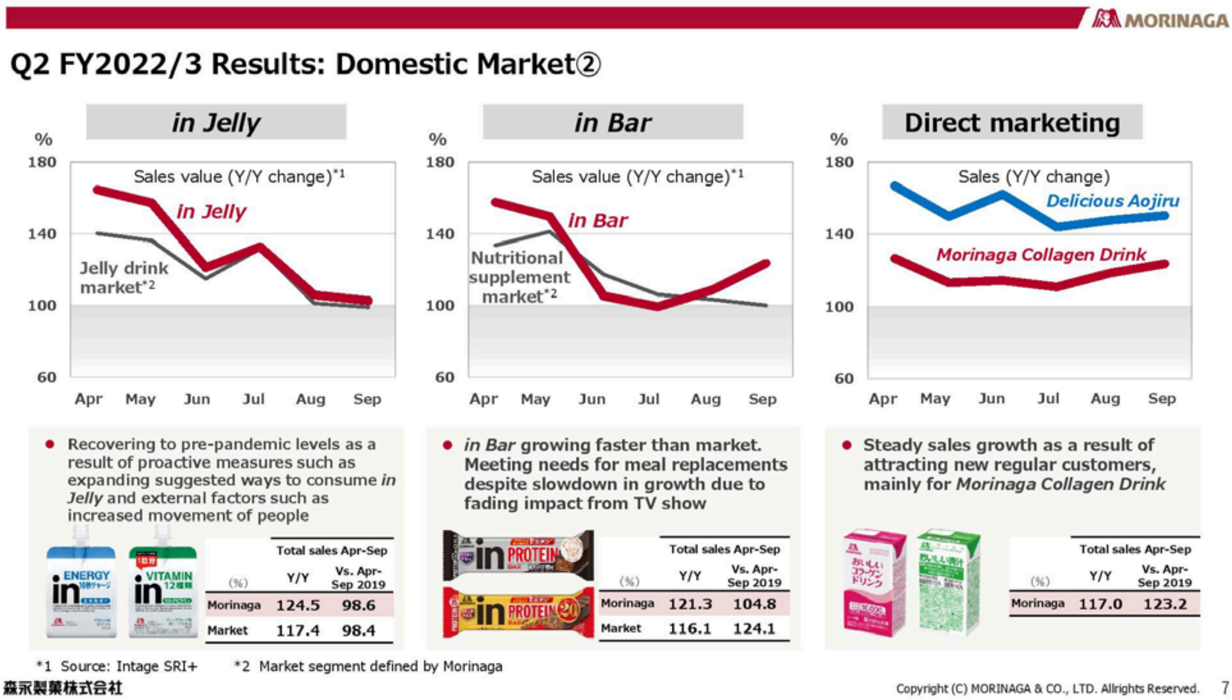
If you look at the cumulative total for the period from April to September versus the period from April to September 2019 on the bottom right of this page, you can see that *HI-CHEW* of our company achieved 85.9% of the total, and the sugar confectionary market as a whole achieved 86.2%. However, even in the midst of the overall struggles, *HI-CHEW* 12-pack, as you can see in the product images of *SuppaiCHEW* and *Umai- CHEW*, performed well through a variety of measures.

Next, Biscuit, which performed very well last year due to the coronavirus crisis and stay-at-home demand, continues to perform well this year. If you look at the YoY change and the period from April to September versus the period from April to September 2019, you can see that both our company and the market as a whole are doing well.

Also, as you can see in the image here, our new *PISTACHIO Cookies*, which were launched in July this year, also performed very well.

Next is Frozen Desserts, which also performed well last year, but sales here have fluctuated greatly month by month due to weather factors. This shows how hot and how high the temperature was in July compared to July in the previous year.

If you look at the YoY change and the period from April to September versus the period from April to September 2019 in the lower right hand corner, you will see that we had a large increase in the market last year, and we had a big record of the previous year, but this year, we cleared that number, and it was 102.9% at the store, and continuing from last year, the overall market was 98.3%, down from the previous year, but our results exceeded this. *Choco Monaka Jumbo* and *Ice Box* struggled, but they were compensated for by *Ita Choco Ice* and other products.



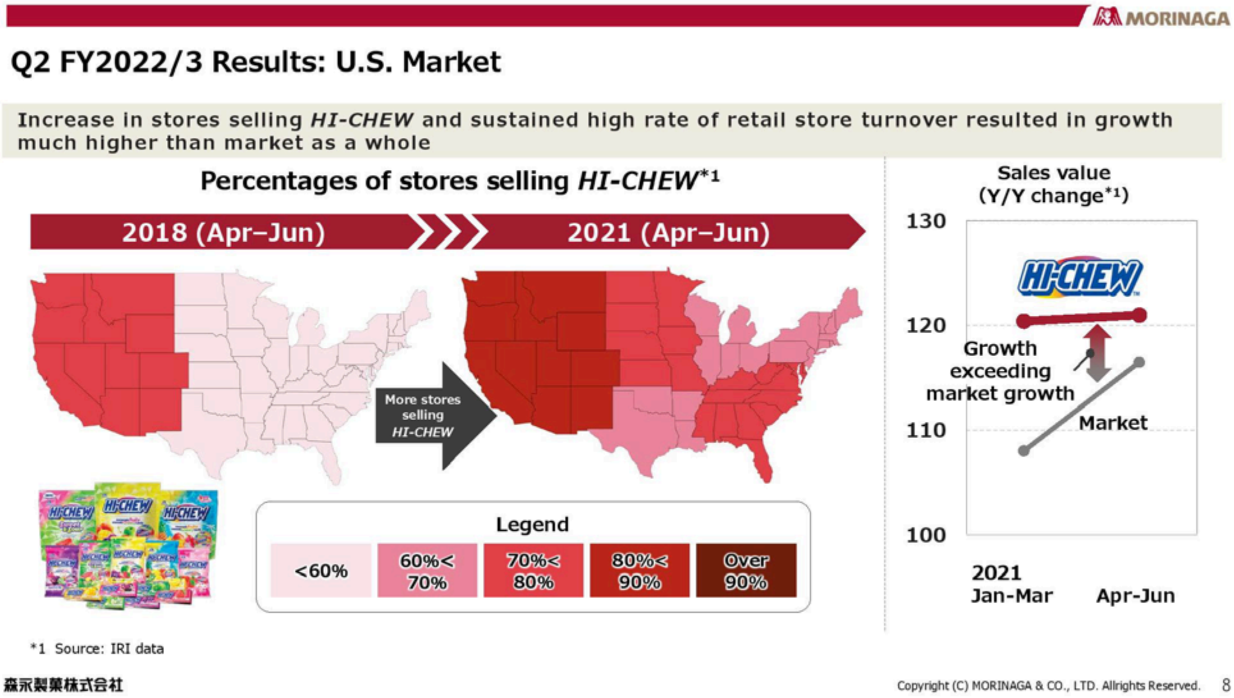
Next is Health Products, including *in Jelly*, *in Bar*, and Direct Marketing.

In April and May of last year, sales of *in Jelly* were half of the previous year's level, or around 50%, but they are making a big recovery. The figure on the lower right of the chart shows that in-store data shows 98.6%, which has not yet returned to the level of 2 years ago, but in our distribution shipments, in total, *in Jelly* has returned to the level of 2 years ago in the first half of the year, with a performance of 102% compared to 2 years ago.

However, this is still less than the previous year for the other 4 core products, including ENERGY. The contribution of the new products we launched to recover, especially the glucose jelly, was significant.

Also, *in Bar* continues to do well.

In Direct Marketing, sales of both *Morinaga Collagen Drink* and *Delicious Aojiru* continued to be strong from last year.



Next is the US *HI-CHEW*.

This is the distributor rate, the handling, and it compares 2018, which is 3 years ago, with 2021, which is this year. I hope this color will give you a sense of the steady expansion of our products.

I will explain this. Initially, we started on the West Coast. As of this 2018, this left part, the west area, handling was 70% to 80% here. However, everything else was below 60%. For the past 3 years, the handling of these products has been steadily expanding, and in 2021, which is this year, in the west area, it is 80% to 90% and in the area from the middle to the right, there are not areas with less than 60%.

The figure on the right is the sales value, which has been growing faster than the overall market for the past 6 months.

I will explain more about the US later.

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Consolidated Results Forecast for FY2022/3

Higher net sales on continued brisk performance of Health Products and Overseas businesses
Lower income on higher depreciation and amortization, greater investment in intangible assets (advertising, R&D, DX)

(Million yen)	FY2022/3 forecast	Y/Y change		Vs. initial forecast	
Net sales	179,200	+10,960	106.5%	+4,200	102.4%
Operating income 〔operating income margin〕	18,000 〔10.0%〕	▲1,176	93.9%	+1,000	105.9%
Ordinary income	18,500	▲1,282	93.5%	+1,100	106.3%
Profit attributable to owners of parent	12,800	▲616	95.4%	+1,100	109.4%
EBITDA*1	28,180	+1,094	104.0%	+543	102.0%

*1 Simplified EBITDA: operating income + depreciation and amortization

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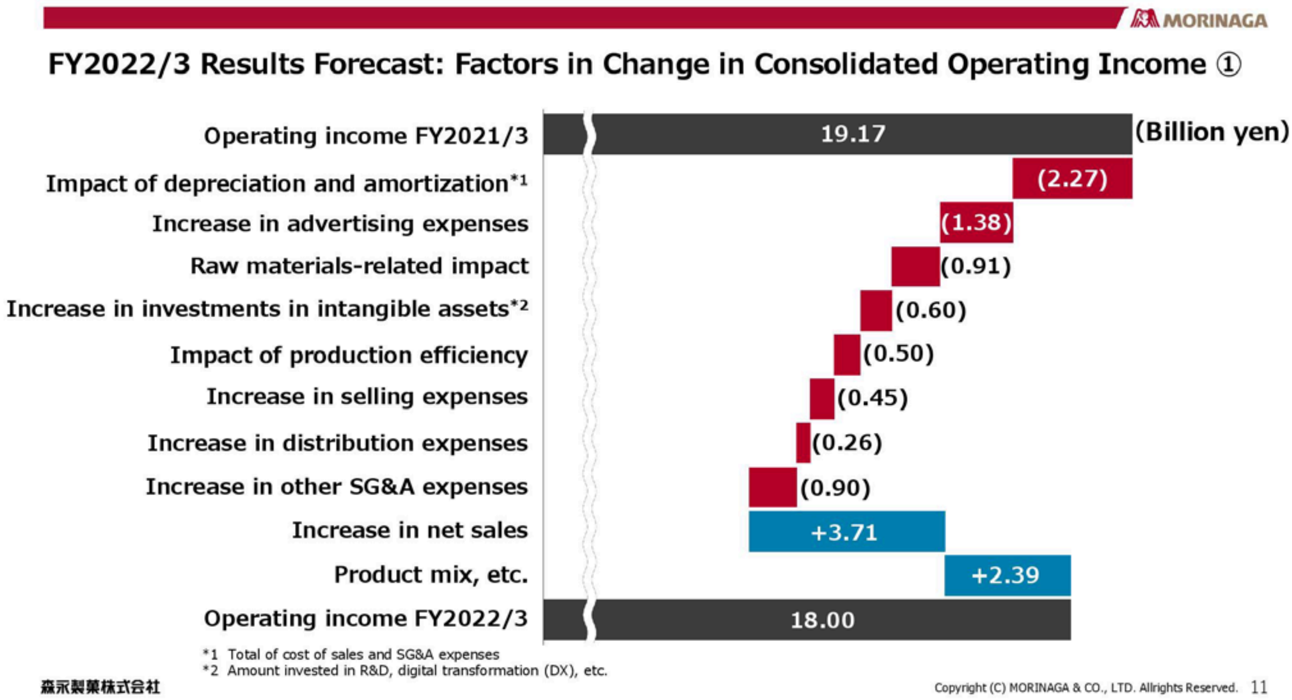
Next, we have revised our earnings forecast for the current fiscal year, which was announced in May.

Net sales are expected to be JPY179.2 billion, an increase of JPY4.2 billion from the forecast announced in May. Operating income is expected to be JPY18 billion, an increase of JPY1 billion from the forecast. Profit attributable to owners of parent is expected to be JPY12.8 billion, an increase of JPY1.1 billion from the forecast.

For reference, the EBITDA figures are also shown at the bottom.



Next, I would like to explain the factors behind the increase and decrease in operating income in this annual forecast.

For the year, the increase in depreciation and amortization is JPY2.27 billion. Advertising expenses are JPY1.38 billion. Raw materials is JPY0.91 billion. In addition, there will be an increase of JPY0.60 billion in investments in intangible assets such as R&D and DX. There are some other things that have changed since the May forecast, which I will explain in the next sheet.

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FY2022/3 Results Forecast: Factors in Change in Consolidated Operating Income ②

(Billion yen)	Factors in change in consolidated operating income: New forecast Nov 2021	Previous forecast May 2021	Difference	Main reasons for revision
Depreciation and amortization	▲2.27	▲2.72	+0.45	✓ Postponement of capital investment in chocolate liquor facility
Advertising expenses	▲1.38	▲0.85	▲0.53	✓ Planned additional investment in Direct Marketing business, which continues to perform well
Raw materials-related	▲0.91	+0.02	▲0.93	✓ Rise in procurement costs of raw materials such as oil, dairy products, wheat, etc., due in part to yen depreciation
Production efficiency	▲0.50	+0.62	▲1.12	✓ Proportion of procured finished products increased more than anticipated

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The following are the 4 items that have the largest change in amount from the forecast.

First of all, some of the depreciation and amortization expenses have been brought back, resulting in a decrease of JPY0.45 billion from the initial forecast.

In the second half of the fiscal year, we will make additional investments in advertising in Direct Marketing, which continues to perform well in focus domains. I will explain this later, but that is JPY0.53 billion more than the forecast at the beginning of the fiscal year.

Although this is an adverse factor, we planned to offset the increase in raw material prices at the beginning of the fiscal year, but we now expect that the price will rise more than expected and that the impact of the weaker yen will be significant.

In terms of production efficiency, total manufacturing output has increased, but the ratio of purchases from our own factories has risen significantly, especially for Frozen Desserts. This is due to the struggles of *Choco Monaca Jumbo* and *Ice Box*, which have negatively impacted the absorption of fixed costs, as well as the increase in the unit labor cost.

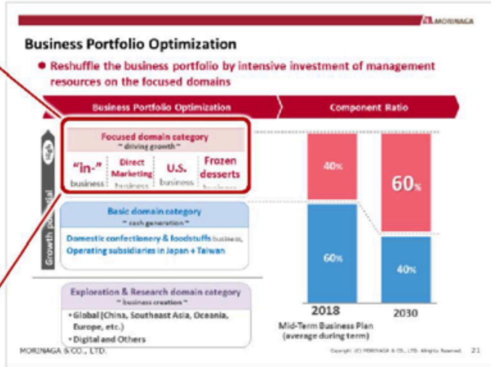
I explained the results for the second quarter and the revision of the business forecast.

Sales of Businesses Positioned as Focus Domains in 2030 Business Plan

Solid start to sales growth in four focus domains

(Million yen)	Cml Q2 FY2022/3	Y/Y change	
"in-" business	16,466	+3,501	127.0%
Direct marketing business	4,306	+692	119.1%
U.S. business	4,735	+1,386	141.4%
Frozen desserts business	25,280	+1,001	104.1%
Total	50,788	+6,580	114.9%

From May 2021 results briefing materials

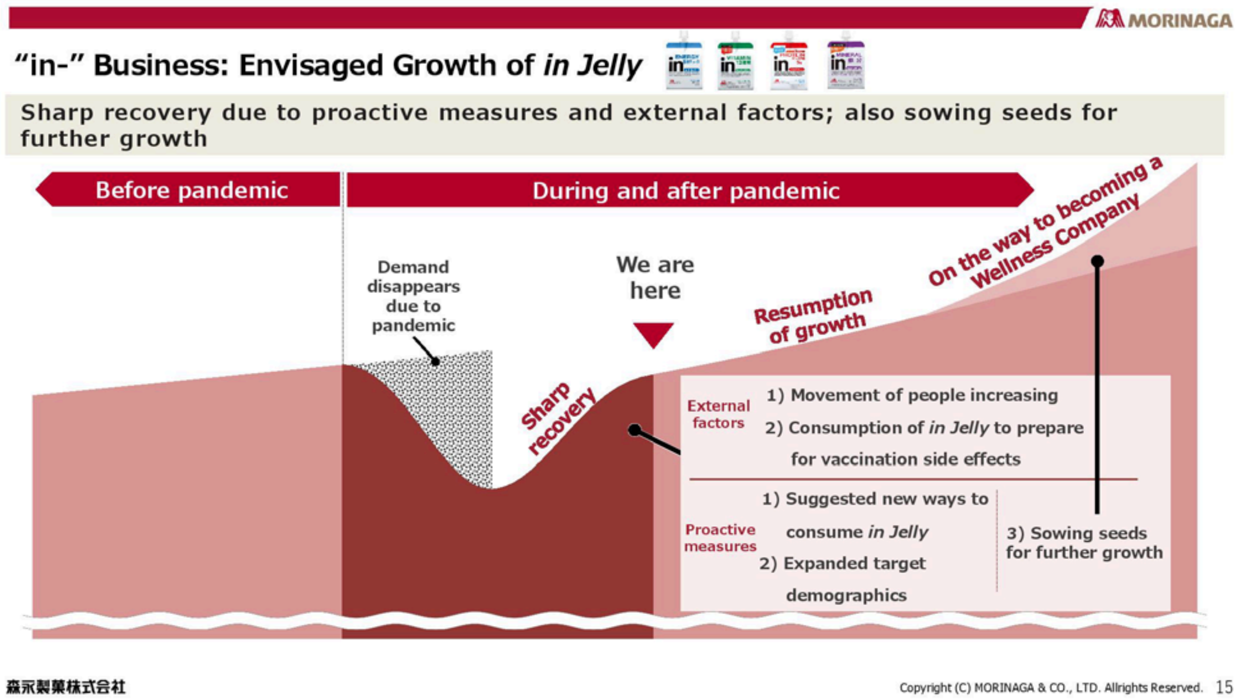


Next, I would like to talk about the progress we have made toward the 2021 Medium-Term Business Plan and 2030, which were announced in May.

First of all, I explained this right part in May in order to achieve the 2030 Business Plan. As part of the business portfolio shift, we have selected businesses with potential for future growth and profitability, and here are the first-half results for the 4 focused domains.

This is the first time we are making a disclosure in this category. Each of the 4 businesses is off to a good start, with the "in-" business at 127% YoY, Direct Marketing at 119.1%, the US at 141.4%, and Frozen Desserts at 104.1%, for a total of 4 items at 54.4%. Since it is the first half of the year, sales are higher due to seasonality, but the results were up 2.4 points from the previous quarter.

I will explain each of the 4 in the following sections.



First, the “in-“ business, which we want to symbolize our rebirth as a wellness company, and *in Jelly*, which is the core of the “in-“ business.

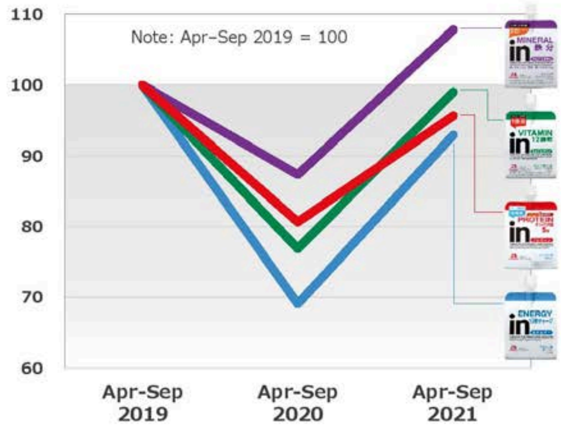
We have talked many times about the loss of demand due to the coronavirus crisis in April and May of last year, but after that, we subsequently implemented a variety of measures aimed at bringing about a recovery. I explained these measures in detail at a briefing in November last year. In addition to the impact of those measures, external factors also had a positive impact, enabling us to achieve these strong first-half results.

However, there is more to come. This is positioning of the most important product that holds the key to achieving the highest profits in the final year of the 2021 Medium-Term Business Plan, not to mention 2030.

"in-" Business: Recovery of *in Jelly*

V-shaped recovery to pre-pandemic levels helped by external factors such as increased movement of people and people consuming *in Jelly* to prepare for vaccination side effects

Sales of core *in Jelly* products

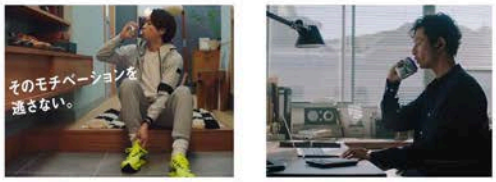


1 External factors

- Movement of people increasing
- People consuming *in Jelly* to prepare for vaccination side effects

2 Proactive measures

- Suggested new ways to consume *in Jelly*
- Expanded target demographics

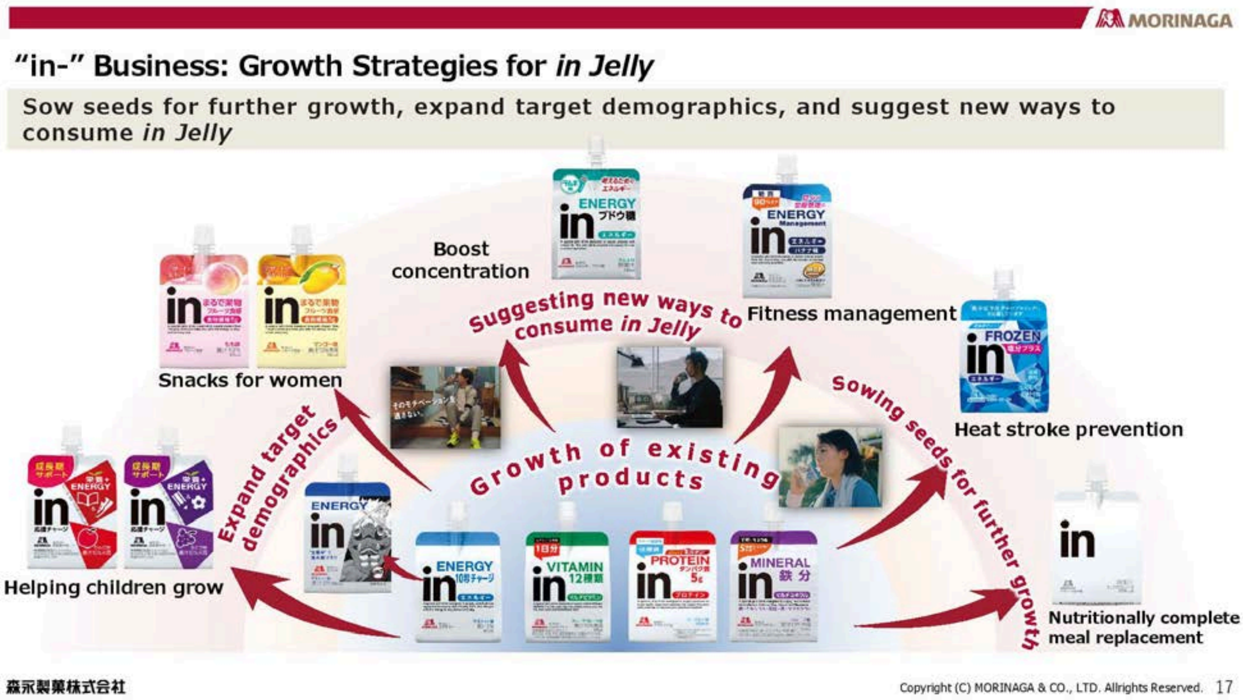


Advertising focused on the needs of consumers during the pandemic

This is a graph showing the status of the revival of the 4 core products.

I think you can clearly see that we are making a V-shaped recovery.

Demand is also increasing due to external factors, increased human flow, and the need to prepare for adverse reactions to vaccines. And most importantly, we believe that our proactive approach is paying off.



This is a sheet of growth strategies that will make us grow for the future.

As I have mentioned many times, we are working on various things to expand the target demographics and suggesting new ways to consume *in Jelly*, which we believe is important.

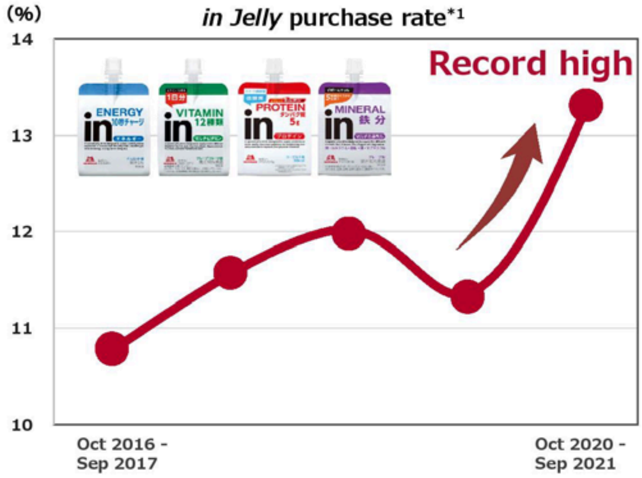
First, on the left, in the expansion of the target demographics, for women, we have whole fruit jelly, and for children, we support their growth.

This is a glucose jelly that was launched in September last year, and it has been selling well and is being established. Then there is the ENERGY management for fitness management, which is a product with 90% less sugar.

Heat stroke prevention is shown on this slide as a seed for further growth. This will involve the launch of a frozen jelly product, something that I think can safely be called an innovation. This is a nutritionally complete meal replacement that is sold only through ecommerce. Although the products are still limited channels, and are still being tested, we would like to develop these products for the future.

"in-" Business: Projections for *in Jelly*

Number of purchasers increased sharply to record high despite pandemic; aiming for further growth and retention



- ✓ Record high purchase rate
- ✓ Opportunities for further increases in purchase rate and unit price amid expected resumption of sports activities
- ✓ Promote growth strategies for further expansion and retention

*1 Source: Intage SCI (contour line on graph added by the Company)

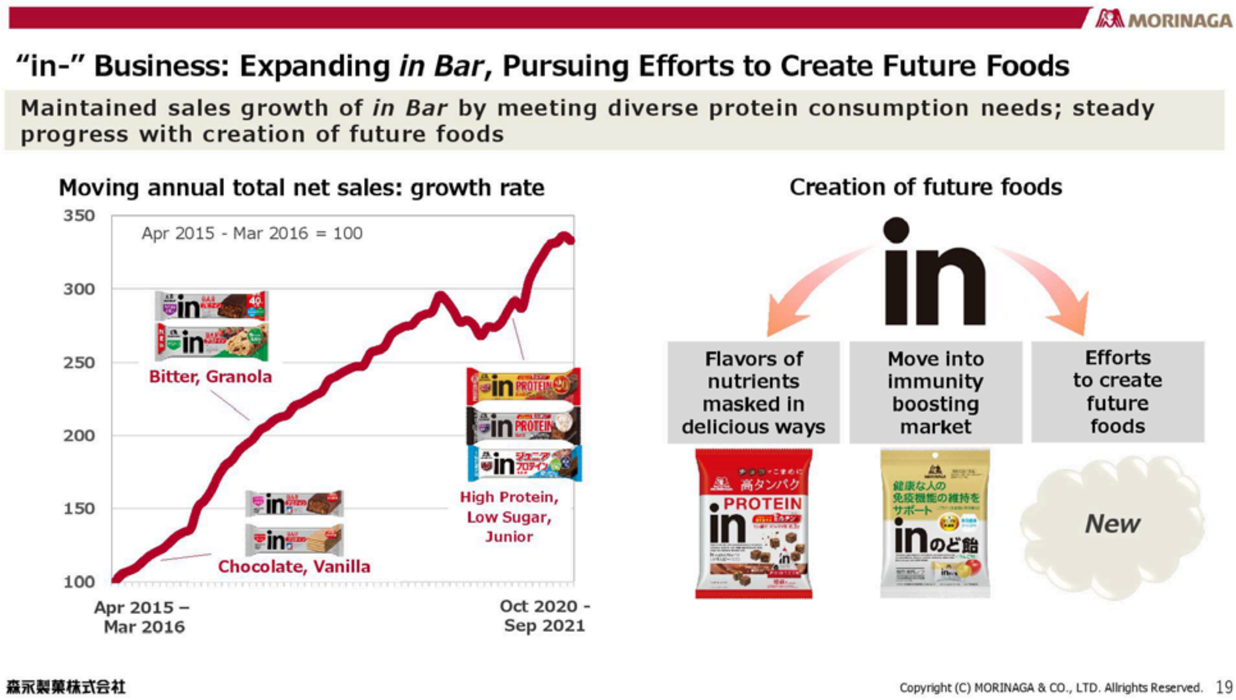
Next, this is the purchase rate of *in Jelly*.

The *in Jelly* purchase rate has increased significantly.

In fact, in the 2018 Medium-Term Business Plan, the target for the purchase rate was 13%, which we disclosed, but we could not achieve it even before the pandemic.

In the first half of this fiscal year, the percentage was 13.3%, a significant recovery from the decline caused by the pandemic, and a record high, which is very encouraging data for the future.

However, the purchase rate, even at its highest point, is still 13.3%, so we believe there is still a lot of room for expansion.

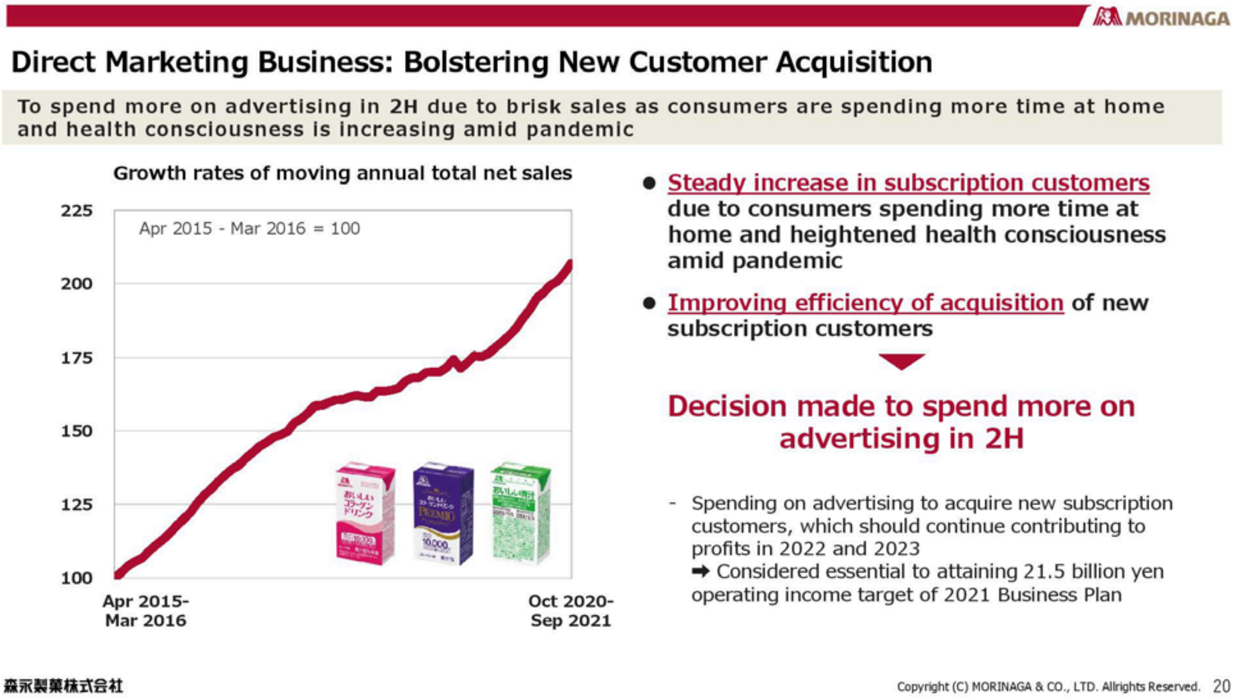


Next is *in Bar* and Creation of future foods.

In fact, also for *in Bar*, we were forced to temporarily suspend sales of some of our products due to a lack of product supply last year, but we are steadily recovering. We are also on a growth trajectory.

We are also making steady preparations for "Efforts to create future foods", which are part of "Point 3" for the "in" business, as was announced in May, and we hope to release it during this mid-term plan.

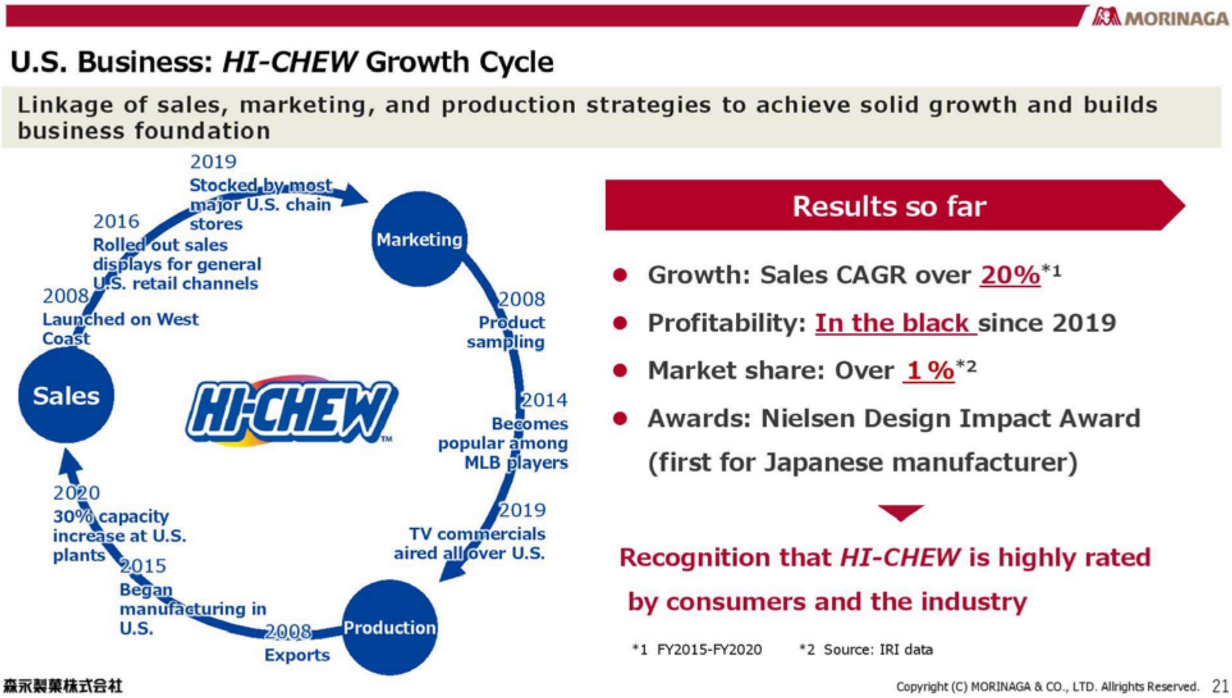
This is a brief explanation of the "in-" business in some detail.



Next, Direct Marketing.

The moving annual growth rate of net sales has been shown, and the number of subscription customers has been steadily increasing, which has led to increased sales.

In addition, we will invest in additional advertising in the second half of the fiscal year, as the efficiency of acquiring customers through advertising has been on a positive trend. This is an investment in advertising to acquire new subscription customers and contribute to profits in the next fiscal year and beyond, and we have now made the decision that this is necessary to achieve profits in the final year of the 2021 Medium-Term Business Plan.



Next is our US business, *HI-CHEW*.

We set up a local subsidiary in 2008, so I am writing about the history of marketing, production, and sales since 2008.

Also, the results so far have been significant and steady growth in sales. The CAGR of sales over the past 5 years is over 20%, and sales have more than tripled in 5 years.

We are also still in the process of increasing investment to expand the scale of our business, but I think it is also significant that we were able to return to profitability starting in 2019.

Also, our market share is still a little over 1%, and we believe there is still a lot of room for expansion.

I also received a Nielsen Design Impact Award, which is mentioned below. We are the first Japanese manufacturer to receive this award, and we feel that our reputation among consumers and the industry has been steadily increasing.

U.S. Business: Growth Strategies

Further coordinate and develop the three strategies below to attain 2021 Medium-Term Business Plan target of HI-CHEW ¥10 billion ahead of schedule

1 Sales strategy: Aiming for stable and sustained growth

- Bolster area strategies mainly for general US channels
- Accelerate rollout in areas with relatively low proportion of stores stocking *HI-CHEW*

2 Marketing strategy: For further growth

- Increase contact points with customers through diversified packaging
- Gain new customers by selling new types of products

New types of products

3 Production strategy: Stable supply to underpin growth

- Considering increasing capacity earlier than planned in response to stable growth
- Considering various ways to ensure stable supply of high-quality, low-cost products

Made in Taiwan — Made in the U.S.A. — Made in China

*1 Source: IRI data

Next is the future growth strategy of *HI-CHEW* in the United States.

There is still a great deal of room for expansion in sales, marketing, production, and all other areas, and we would like to achieve our target of JPY10 billion in sales in the final year of the 2021 Medium-Term Business Plan as soon as possible, and we believe that this JPY10 billion is still a passing point.

First of all, in terms of sales, as I mentioned earlier with this map, I think we can continue to expand stores selling *HI-CHEW*.

Secondly, in terms of marketing and products, the number of SKUs is currently only one-third that of our competitors, and we will continue to expand by diversified packaging. As you know, the US is more wellness-oriented than Japan, so we are planning to launch wellness-oriented products in the next fiscal year.

Thirdly, in terms of production, the annual sales forecast for this fiscal year in the US is over JPY9.8 billion, as mentioned in the reference information section that you can see later. This figure is much higher than our May forecast, and we are now moving forward with the consideration of increasing production capacity.

U.S. Business: *HI-CHEW*-Related Risks and Responses

Taking effective action against risks to minimize negative impact on results

1 Labor shortages and employee retention decline
- Less motivation to work because of government subsidies

➡ Long-term employment incentive payments, etc.
- Securing manufacturing output and stable supply are top priorities

2 Changing behavior patterns
- *HI-CHEW* stick sales declining as fewer customers visit convenience stores

➡ Flexible marketing
- Market products that fit changing behavior patterns, communicate with consumers

3 Raw material and distribution expenses increasing
- Rising price of starch syrup, a key raw material
- Rising distribution expenses due to prolongation of global shipping disruption

➡ Consider price hikes if cost increases cannot be absorbed

Things are going very well in the US, but we need to be aware of the risks as well as the good things and respond to them.

First, there is the problem of labor shortages. There is a shortage of labor in factories and their retention is declining. We are preparing and implementing a variety of measures so that our employees can work for as long as possible. We will continue to place top priority on securing manufacturing output and stable supply.

The third and most recent concern is the rising cost of raw materials and logistics. On the raw material side, the price of the main ingredient, starch syrup, has skyrocketed, and this has had an impact. In terms of logistics, the global shipping disruption, which has been widely reported in the media lately, has been particularly severe for transportation from Asia to the US. In addition to soaring logistics costs, there have been many delays. This is expected to have an impact on our profit and loss.

Under such circumstances, we are considering the option of price revision if cost increases cannot be absorbed.

Next, the last of the 4 focused domains, is Frozen Desserts.

Takasaki Number 3 Factory has started operation. The operation has started smoothly with the production of *Ita Choco Ice* in April and *Choco Monaca Jumbo* in July.

As for *Choco Monaca Jumbo*, we are struggling in the first half of the year, but in the second half of the year, we will roll out limited time products for a longer period than last year. In the next fiscal year, we will also be preparing a variety of measures to celebrate the 50th anniversary of *Choco Monaca Jumbo*.

Regarding *Ita Choco Ice* on the right, this is the second year of spring/summer expansion, and sales have grown even more, reaching a record high. This product was actually expanded for the first time in the spring and summer of last year to become a year-round product, and achieved very large sales, which was one of the factors that made us stand out in the market comparison last year.

When we talk about these products in the first and second years, it is often difficult for the second year to clear the large number from the first year. However, in the second year of the sales of this *Ita Choco Ice*, it has surpassed the first year's record high sales. I am happy to report that the business is expanding steadily as you can see the description of 9% March FY2021.

I have talked about the focused domains, but among basic domains, we have added a sheet about chocolate in the Confectionery & Foodstuffs business.

In the case of chocolate, the most important thing is to expand and revive sales of *DARS* and *Carré de chocolat*, which have been struggling in spite of the capital investment.

As for *DARS*, as you can see the slide, we have made a major renewal this fall for the first time in 20 years, expanded our product lineup, set our main target to Generation Z, and are developing our marketing strategy.

This fall, *Carré de chocolat* is also developing a marketing strategy to return to its original value of quality. There is an image of wine, and as chocolates that go well with wine certified by top sommeliers, we are currently rolling out our wine sales stand at about 1,000 retail locations across the country with our over-the-counter follow-up stores, and we will strengthen our sales activities to expand that further.

There is also the diverse packaging. As we have talked about many times before, with respect to the convenience stores of missing channels, we have tried several times in various forms, and here it is, we have been able to get good data in this form. I have high hopes for the future expansion of this project.

Lastly, in terms of updating ESG information, we published our first integrated report in September, which was also explained at the financial results briefing in May. I hope everyone will read this book, as it covers all aspects of financial and non-financial performance.

As a new initiative since then, we launched the *in Jelly* recycling program, which I would like to introduce here. As part of a joint project with TerraCycle Japan G.K. to promote the recycling of plastic resources, special collection boxes for *in Jelly* will be installed in schools nationwide.

As I mentioned earlier, we have attached the first half results by division for your reference, so please take a look at them.

So, to sum up, we would like to achieve the forecasted figures for this fiscal year, which will lead to the next fiscal year and the final year of the 2021 Mid-Term Business Plan.

In addition, as I have just explained, we will make sure to invest for the future. Thank you for your continued support.

That’s all from me. Thank you very much for listening.