

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

Results Briefing

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

About forward-looking statements

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

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Today's Main Points

- **Record-high 1Q–3Q net sales and profits at all levels**

- Net sales up 10.8% year on year, with continuing strong sales in Confectionery & Foodstuffs, Frozen Desserts, United States Business, and Operating Subsidiaries.
- The impact of soaring raw material prices were offset by sales growth and the positive impact of price revisions. Gross profit margin up +1.3 pt year on year, operating income margin up +2.7 pt, and profitability is steadily improving.

- **Upward revision of full-year forecasts for both net sales and profit**

- Upward revision of November 2023 results forecasts: net sales by + ¥1.0 billion and operating income by + ¥0.8 billion.
- In 4Q, investment in businesses and business foundation to be accelerated, with a view to medium- to long-term growth.

- **Upward revision of year-end dividend forecast**

- Dividend per share to be increased from ¥52.5 → ¥55.0, following upward revision of results forecast.
- Today (February 8, 2024), resolved^{*1} to cancel 1,205,000 shares^{*2} of treasury stock.

Fiscal Year Ending March 31, 2024
Third Quarter
Financial Results
(April 1 through December 31, 2023)

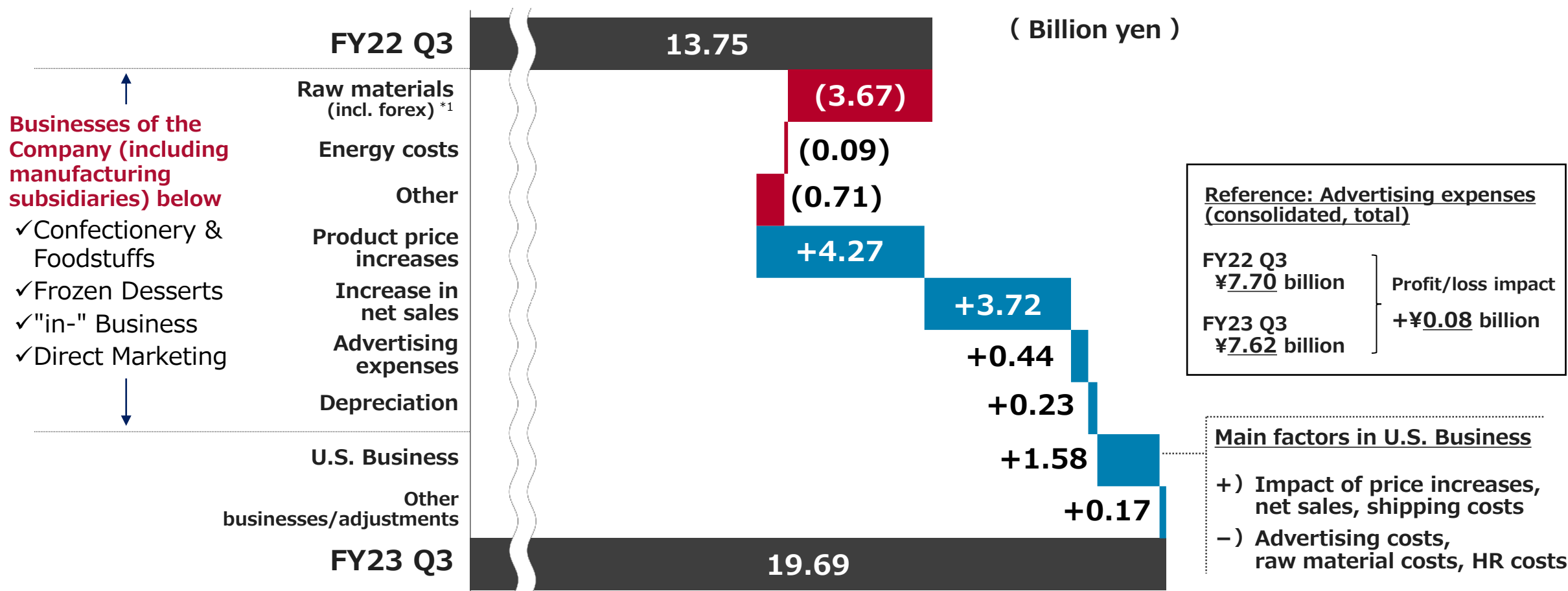
Consolidated Results for FY2023 Q3

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

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

FY2023 Q3 Results: Factors in Change in Consolidated Operating Income

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



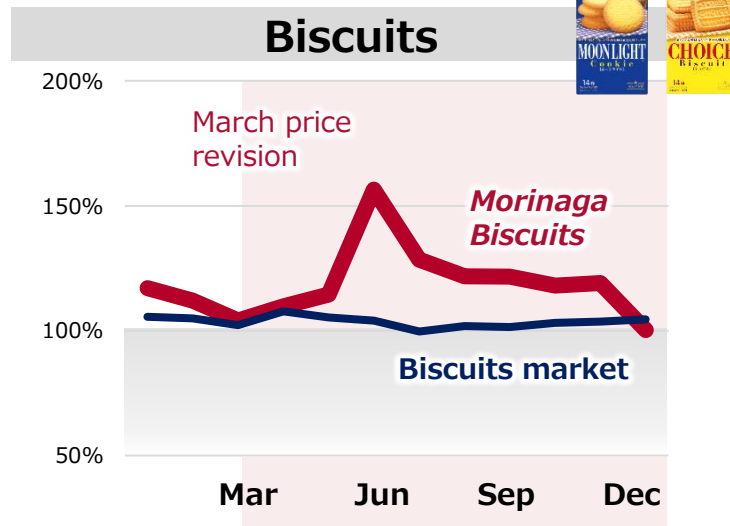
FY2023 Q3 Results: Summary by Business

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

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

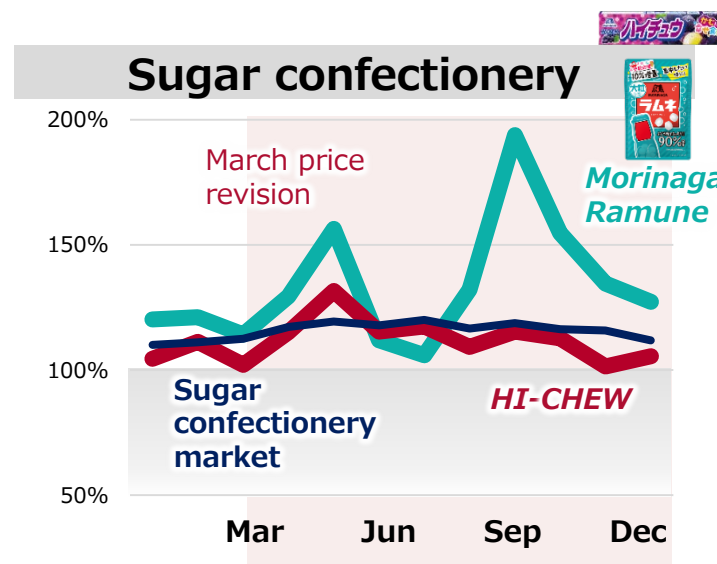
Key Topics in Domestic Market: Confectionery

Y/Y Change in Sales Value*1



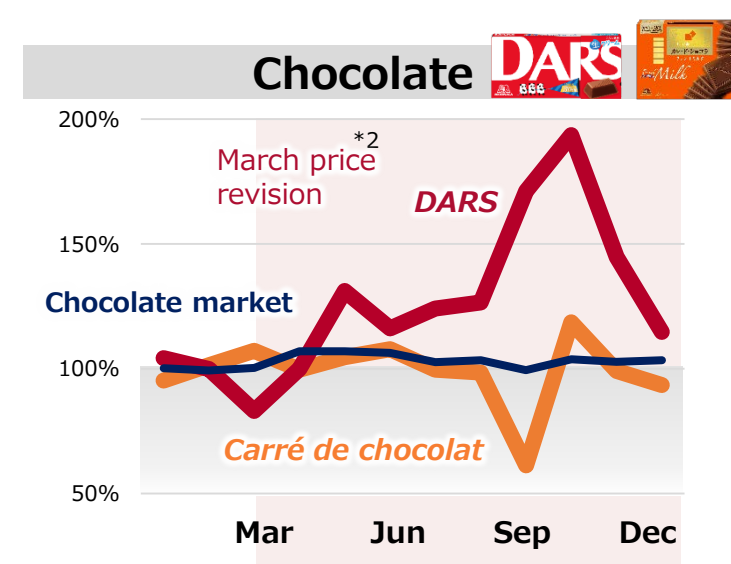
Apr-Dec cumulative sales value (Y/Y)	
Morinaga Biscuits	119.0%
Market	103.6%

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



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

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



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

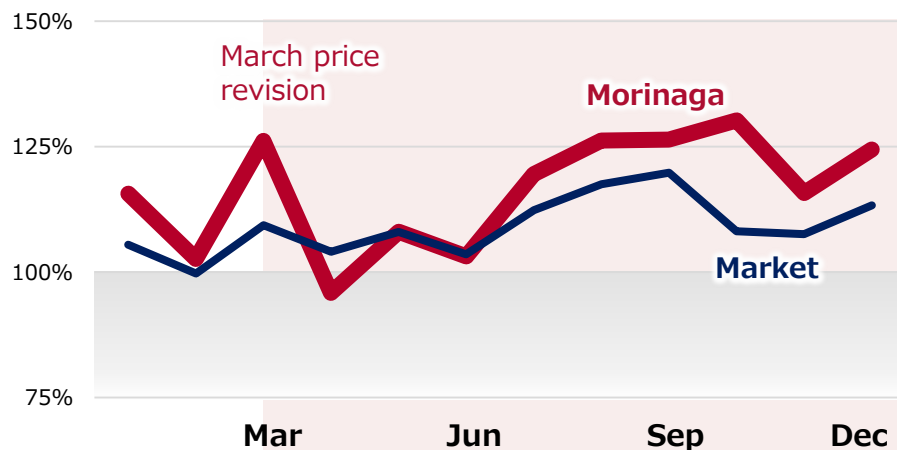
- New high-unit-price, high-value-added **DARS** products contributed to sales
- Sales of **Carré de chocolat** core products were sound, but new products struggled



Key Topics in Domestic Market: Frozen Desserts

Y/Y Change in Sales Value*1

Frozen desserts market



Choco Monaka Jumbo

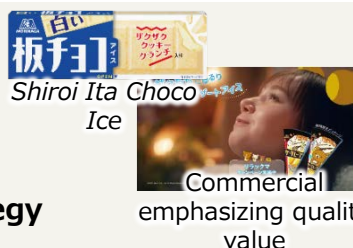


Vanilla Monaka Jumbo



Apr-Dec cumulative sales value (Y/Y)

Morinaga	116.4%
Market	111.1%

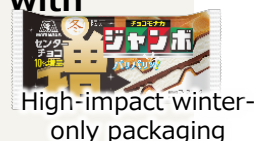


- Successful communication strategy focused on major brands led to **2nd top** market share*2
- *Ita Choco Ice, The Crepe*: Core products and new products sold well due to promotions emphasizing quality value
- *ICEBOX*: Strategy to expand eating occasions stimulated demand in fall and winter, resulting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

Apr-Dec cumulative sales value (Y/Y)

Choco Monaka Jumbo	111.4%
Market	111.1%

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



Apr-Dec cumulative sales value (Y/Y)

Vanilla Monaka Jumbo	120.3%
Market	111.1%

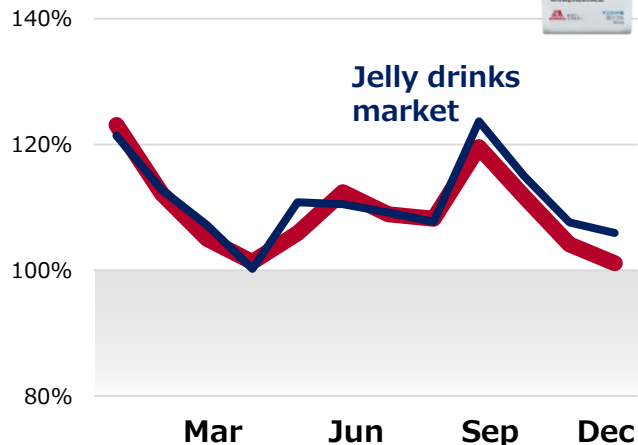
- Promotions emphasizing unique quality were successful
- Winter-only product with rich vanilla flavor sold well



Key Topics in Domestic and U.S. Markets

Y/Y Change in Sales Value

in Jelly^{*1}



Apr-Dec cumulative sales value (Y/Y)

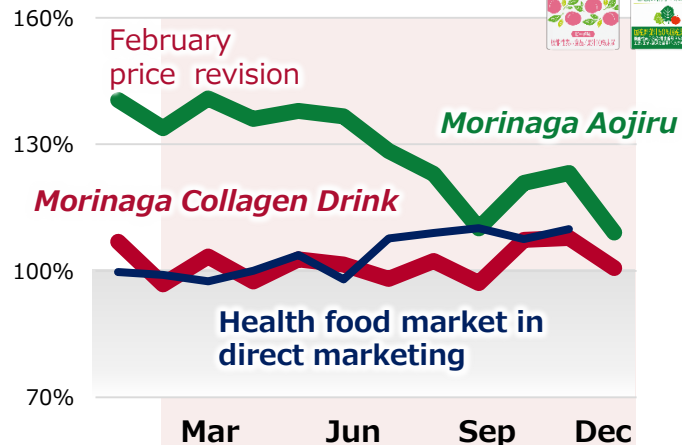
<i>in Jelly</i>	108.5%
Market	110.1%

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



Y/Y Change in Net sales

Direct marketing^{*2}



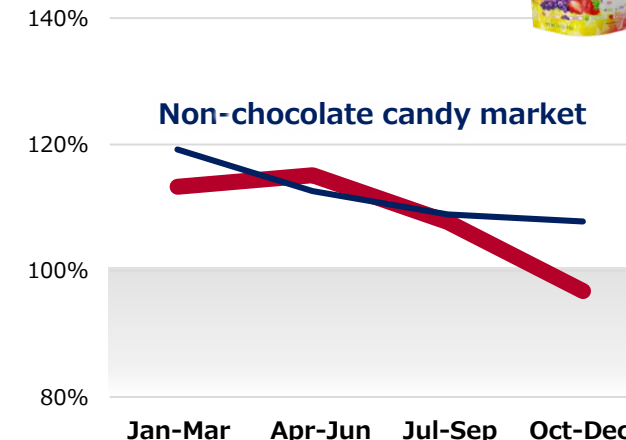
Apr-Dec cumulative sales value (Y/Y)

<i>Morinaga Collagen Drink</i>	101.6%
<i>Morinaga Aojiru</i>	123.9%
Market ^{*3}	105.8%

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

Y/Y Change in Sales Value

HI-CHEW in U.S.^{*4}



Jan-Sep cumulative sales value (Y/Y)

<i>HI-CHEW</i>	111.9%
Market	113.3%

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

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

Fiscal Year Ending March 31, 2024 Results Forecast

***Forecast has been revised**

Consolidated Results Forecast for FY2023

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

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

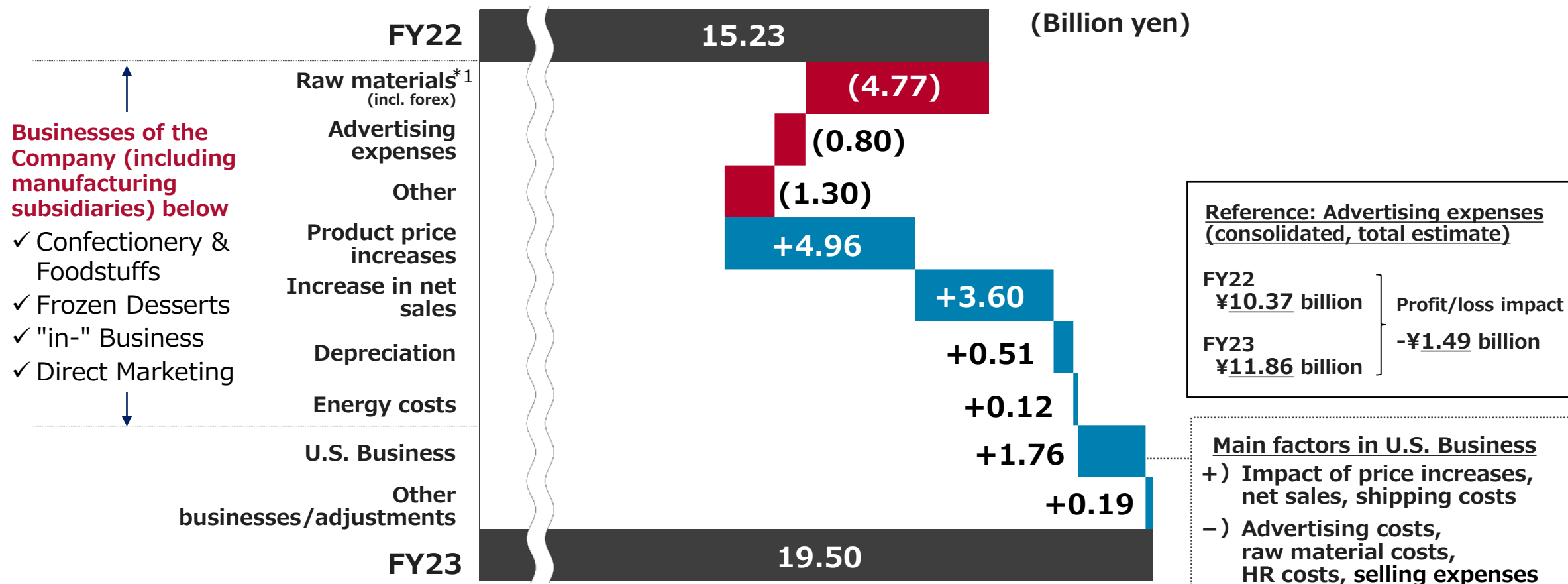
*1 Simplified EBITDA: operating income + depreciation and amortization

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

* The yen conversion rate at overseas subsidiaries that underpins our forecasts is ¥140.56=\$1USD (this is the average rate for Jan to Dec 2023), Our previous assumption was ¥139.58

FY2023 Results Forecast: Factors in Change in Consolidated Operating Income

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



FY2023 Results Forecast: Summary by Business

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

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

Price Revision Schedule

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

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

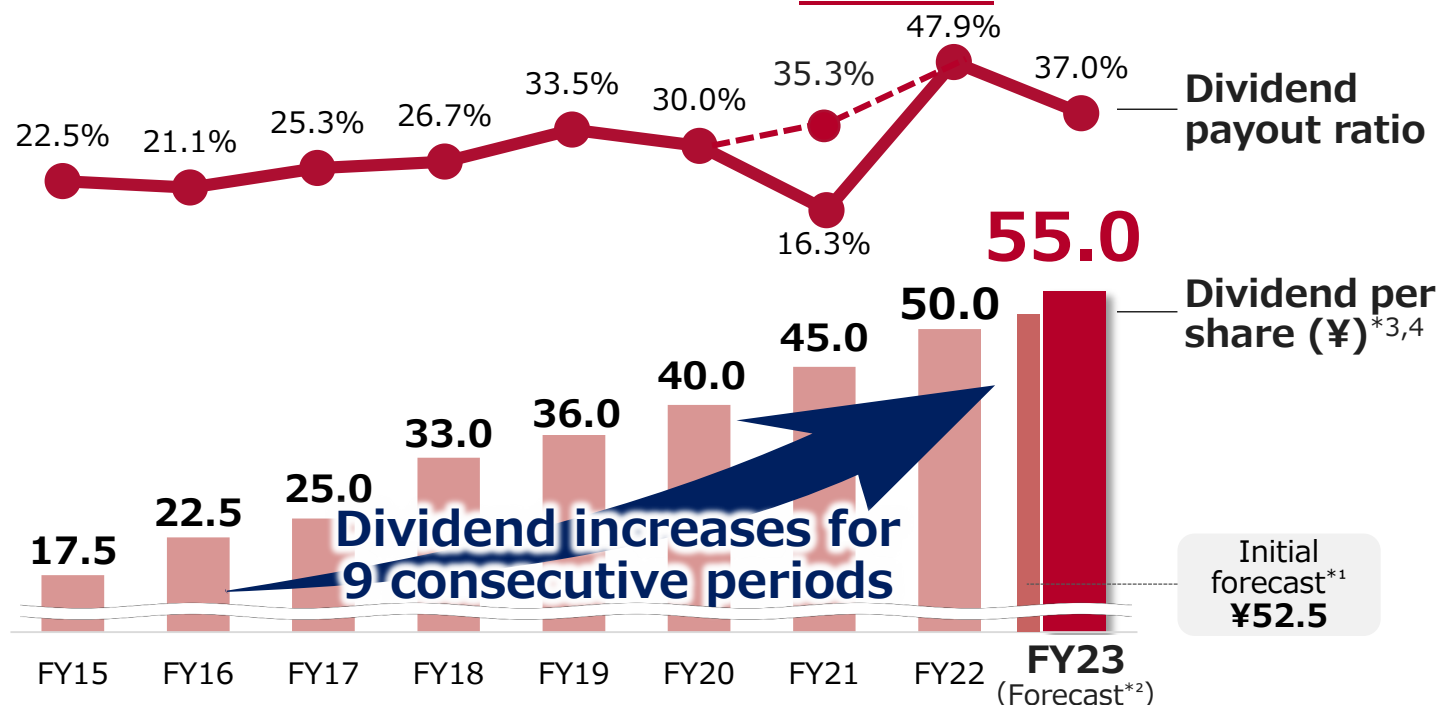
Shareholder returns

Provide continuous and stable shareholder returns based on the financial strategy, as a way of implementing management with an awareness of the cost of capital.

Resolved to increase dividend per share from ¥52.5 to ¥55.0 and to cancel treasury stock

1 Increase in dividends

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



2 Cancellation of treasury stock

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

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

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

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

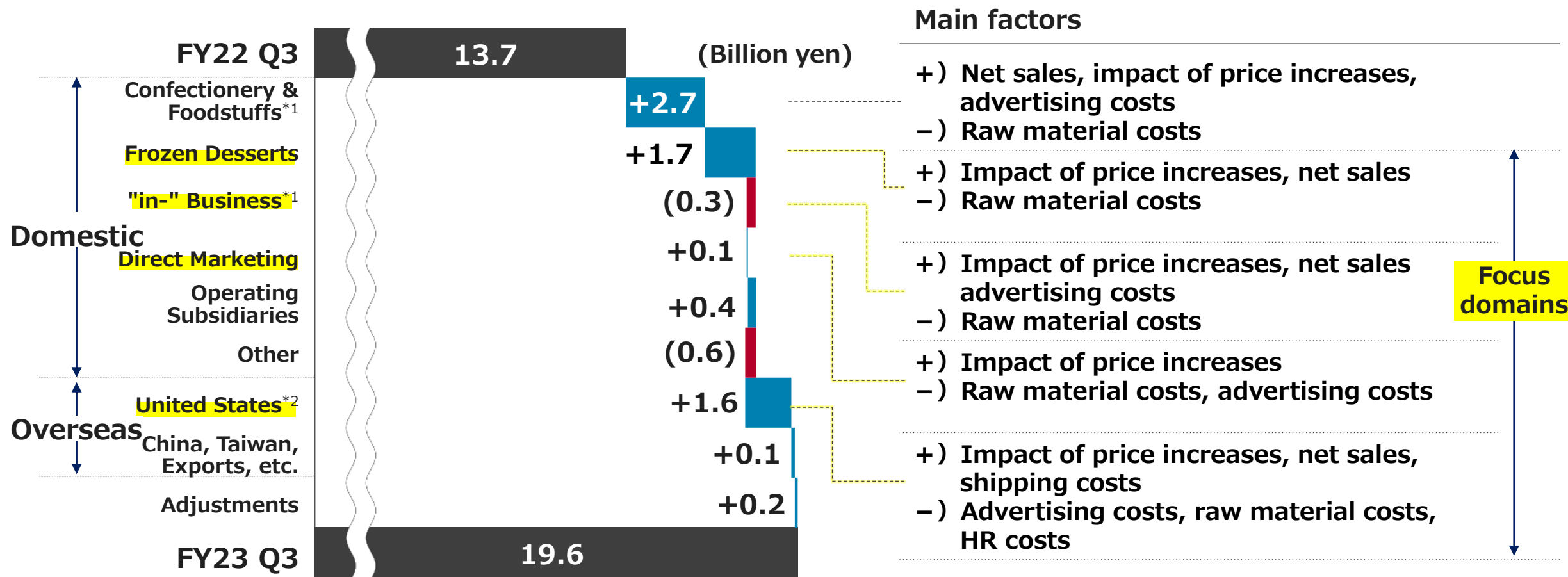
Ratio of treasury stock^{*5} to the
total number of issued shares
after the cancellation: **2.19%**

Reference Data

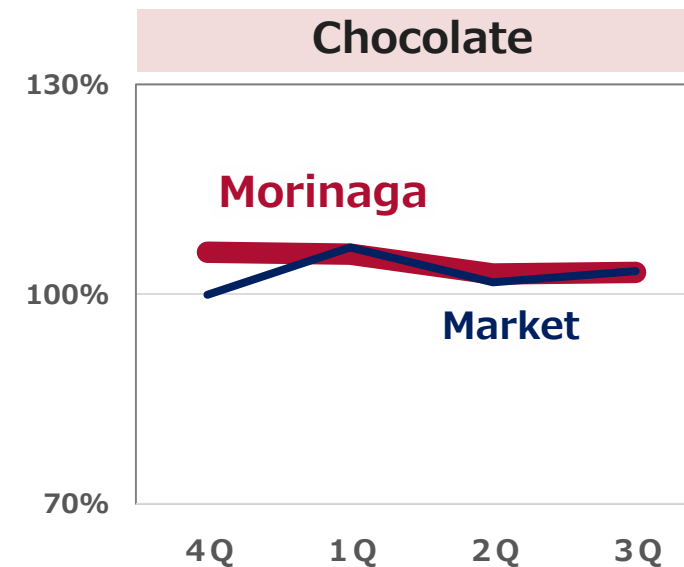
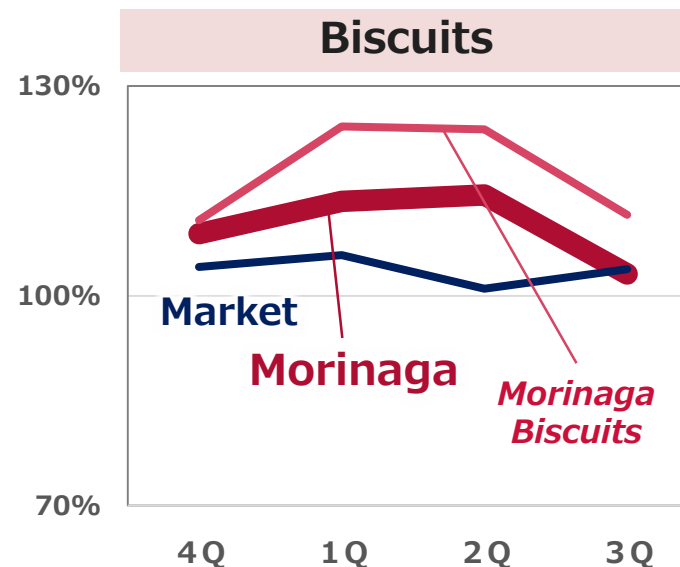
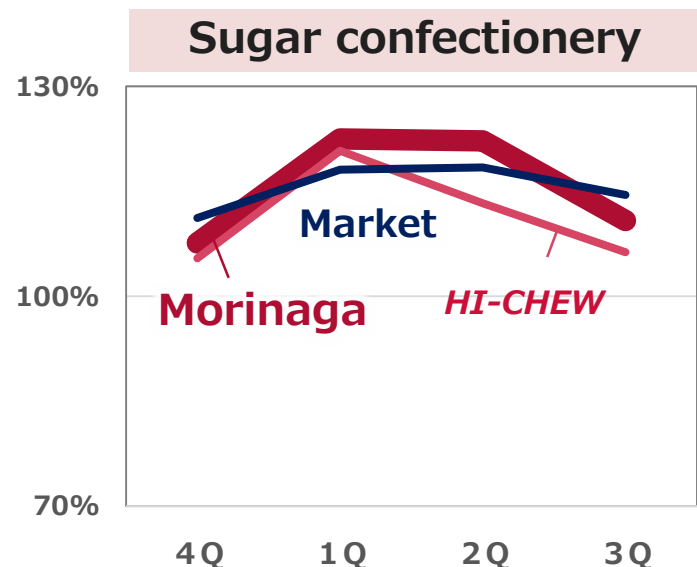
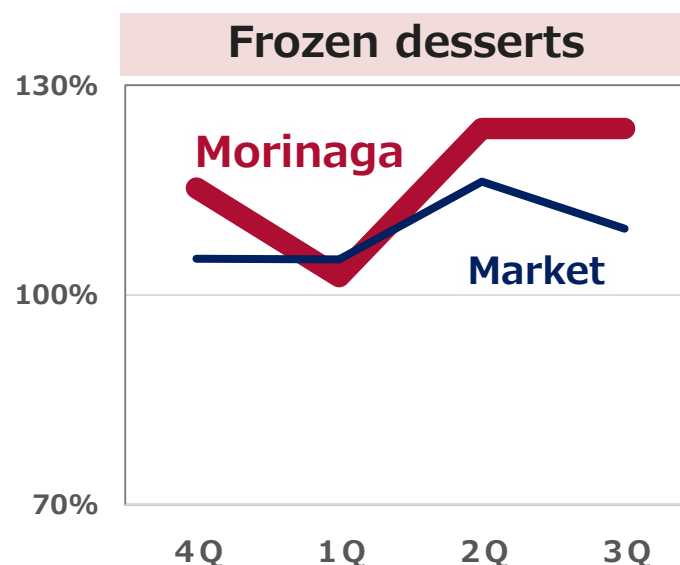
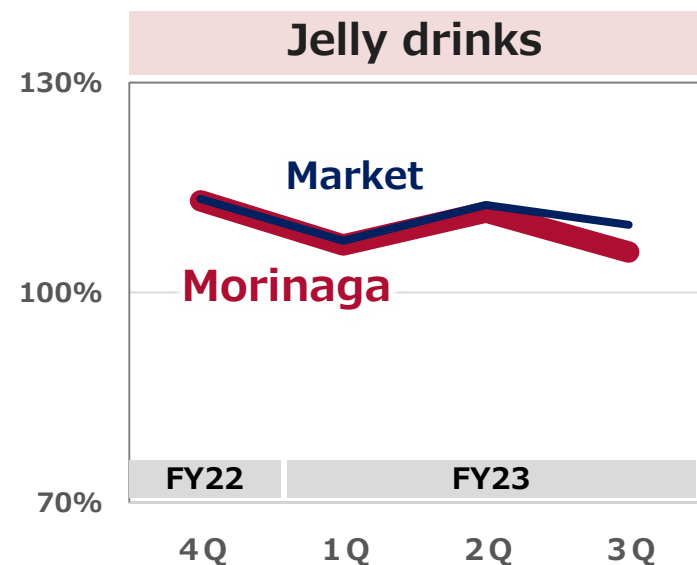
End-Q3 FY2023 Results: Balance Sheet

(Billion yen)	End-Q3 FY2023	vs. end-FY2022	Main factors
Current assets	109.8	+8.5	·Notes and accounts receivable—trade +8.9
Noncurrent assets	102.2	(1.6)	·Land (4.5) ·Other +3.5
Total assets	212.0	+6.8	—
Current liabilities	55.4	+4.2	·Notes and accounts payable—trade +1.1 ·Income taxes payable +4.9
Long-term liabilities	27.7	(0.3)	·Deferred tax liabilities (0.3)
Total liabilities	83.1	+3.8	—
Shareholders' equity	116.0	+0.6	·Retained earnings +4.6 ·Treasury stock (3.9)
Accumulated other comprehensive income	11.3	+2.3	·Valuation difference on available-for-sale securities +0.9 ·Foreign currency translation adjustments +1.4
Non-controlling interests	1.4	+0.2	—
Total net assets	128.8	+3.0	—
Total liabilities and net assets	212.0	+6.8	—
Shareholders' equity ratio	60.1%	(0.6pt)	—

FY2023 Q3 Results: Change in Operating Income by Business



Domestic Market Y/Y Change in Sales Value



Major Domestic Brands — Net Sales Year on Year

Business	Brand	Q3 result (Y/Y)
“in-” Business	<i>in Jelly</i>	100
	<i>in Bar</i>	103
Direct Marketing	<i>Morinaga Collagen Drink</i>	102
Frozen Desserts	<i>Jumbo Group</i>	114
	<i>ICEBOX</i>	124
	<i>Ita Choco Ice</i>	145
	<i>The Crepe</i>	120

Business	Brand	Q3 result (Y/Y)
Confectionery & Foodstuffs	<i>Morinaga Biscuits</i>	119
	<i>HI-CHEW</i>	111
	<i>Morinaga Ramune</i>	127
	<i>Carré de chocolat</i>	97
	<i>DARS</i>	127
	<i>Chocoball</i>	90
	<i>Morinaga Amazake</i>	103
	<i>Morinaga Cocoa</i>	99