



Delicious, Fun, and Healthy



First Quarter, Fiscal Year Ending March 31, 2025

Results Briefing

August 8, 2024
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.

- **Record high Q1 net sales and every level of profit**
 - Net sales increased by 11.4% YoY, driven by Confectionery & Foodstuffs, Frozen Desserts, and U.S. Businesses
 - Operating income increased by a high 16.2% YoY, with sales growth and the effects of price revisions offsetting the impact of soaring raw material costs, etc.
 - Profitability in the Confectionery & Foodstuffs Business improved, driven by growth in sugar confectionery
- **No revision to full-year results forecast**
 - Outlook for the external environment, such as raw material prices and exchange rates, remains uncertain
 - Promote flexible and agile response with agility to changes in the environment
- **Decision made to build second U.S. factory based on the 2024 MTBP**
 - Strengthen supply system by increasing production bases to accelerate global strategies centered on *HI-CHEW*

Fiscal Year Ending March 31, 2025
First Quarter
Financial Results
(April 1 through June 30, 2024)

Consolidated Results for FY2024 Q1



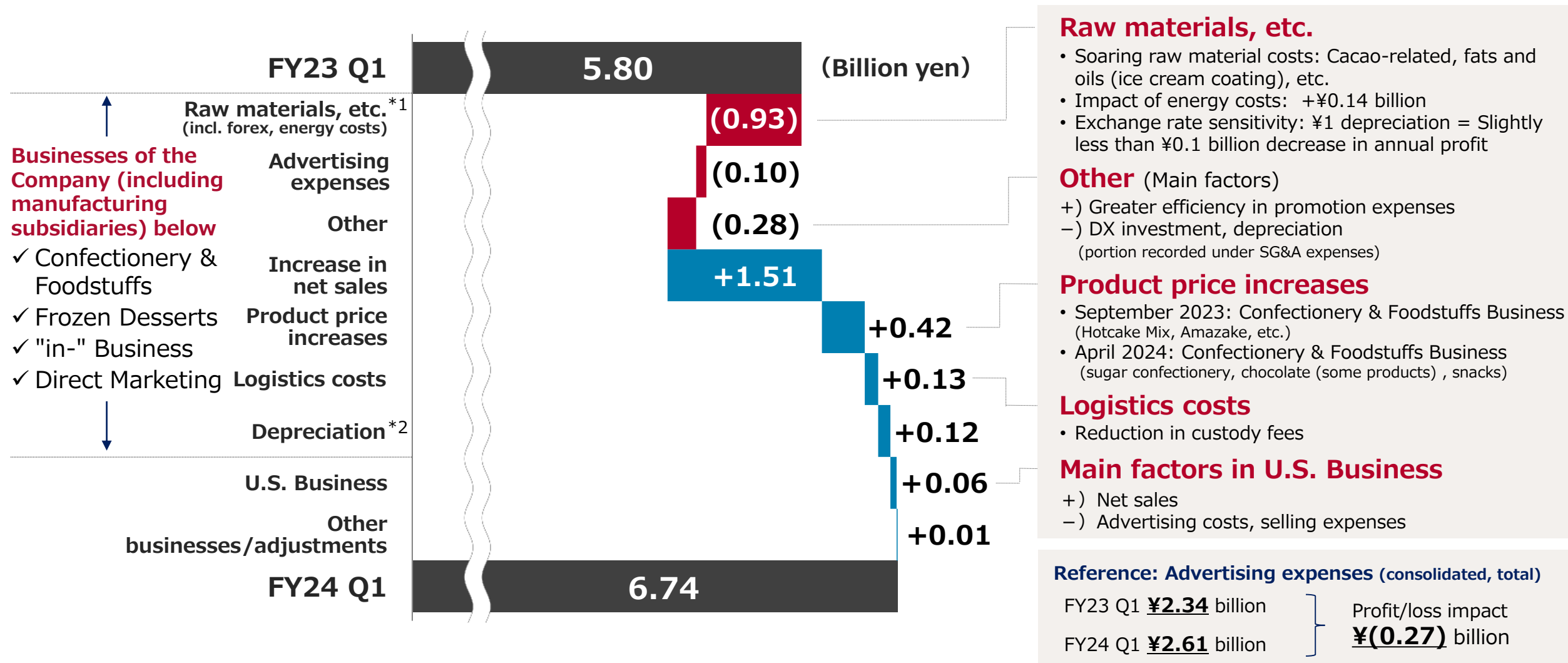
Made a steady start for the first year of the 2024 MTBP, with record high Q1 net sales and all levels of profit.

(Billion yen)	FY2024 Q1	Y/Y change	
Net sales	56.9	+5.9	111.4%
Gross profit (gross profit margin)	23.5 (41.4%)	+2.3 [(0.2pt)]	110.7%
Operating income (operating income margin)	6.7 (11.8%)	+0.9 [+0.4pt]	116.2%
Ordinary income	6.9	+1.0	115.9%
Profit attributable to owners of parent	4.8	+0.5	112.9%
EBITDA^{*1}	9.0	+0.9	112.2%

FY2024 Q1 Results: Factors in Change in Consolidated Operating Income



Profit increased with sales growth and the effects of price revisions offsetting the impact of soaring raw material costs.



FY2024 Q1 Results: Summary by Business



Net sales growth achieved in all businesses.

Increased profit was driven by improved profitability in the Confectionery & Foodstuffs Business.

(Billion yen)		Net sales			Operating income			Operating income margin	
		FY2024 Q1	Y/Y change		FY2024 Q1	Y/Y change		FY2024 Q1	Y/Y change
Food Manufacturing	Confectionery & Foodstuffs* ¹	19.1	+1.7	109.4%	1.5	+0.7	186.1%	8.3%	+3.4pt
	Frozen Desserts* ¹	13.4	+1.8	115.2%	1.4	(0.1)	94.7%	10.7%	(2.3pt)
	“in-” Business* ¹	8.4	+0.2	102.0%	1.9	+0.4	126.0%	23.6%	+4.5pt
	Direct Marketing	2.8	+0.2	107.8%	0.0	(0.2)	6.4%	0.5%	(7.7pt)
	Operating Subsidiaries, etc.	2.8	+0.3	113.4%	0.1	(0.1)	56.6%	4.8%	(4.9pt)
	Domestic Total	46.7	+4.1	109.7%	5.1	+0.7	117.1%	11.0%	+0.7pt
	U.S. Business* ^{2*3}	5.1	+1.0	123.4%	1.0	+0.1	106.2%	20.1%	(3.3pt)
	China, Taiwan, exports, etc.	2.4	+0.3	118.9%	0.3	+0.0	111.9%	14.0%	(0.9pt)
	Overseas Total	7.6	+1.4	121.9%	1.3	+0.1	107.6%	18.2%	(2.4pt)
	Subtotal	54.4	+5.5	111.3%	6.5	+0.8	114.9%	12.0%	+0.3pt
Food Merchandise		1.8	+0.3	119.6%	0.1	+0.1	384.6%	8.7%	+6.0pt
Real Estate and Services		0.4	+0.0	100.1%	0.2	+0.0	106.9%	47.7%	+3.0pt
Other		0.2	+0.1	116.3%	0.0	+0.0	122.6%	24.5%	+1.2pt
adjustments, etc.					(0.2)	(0.1)	—		
Total		56.9	+5.9	111.4%	6.7	+0.9	116.2%	11.8%	+0.4pt

* In order to clearly show the actual status of the Group's business management, the classification and aggregation methods have been changed from the fiscal year ending March 31, 2025.

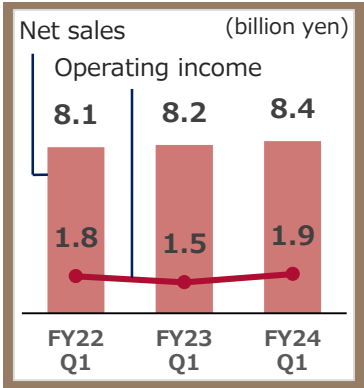
The figures for FY2023 Q1 have had the changes retroactively applied and are based on the new method.

*¹ Sugar confectionery, chocolates, and other products under the “in” brand are included in Confectionery & Foodstuffs, Frozen desserts under the “in” brand are included in Frozen desserts

*² Includes income resulting from exports from China and Taiwan to the U.S. Business *³ Year-on-year net sales on a local currency basis is 109.9%

Progress on Business Strategies

Focused Domain: “in-” Business



- Demand for *Energy: Glucose Boost* remained firm even after the entrance exam season, driving growth for the brand overall.
- Strengthen brand exposure ahead of higher demand for sports due to the Paris Olympics effect, to stimulate purchasing during the peak demand period.

Growth of *in Jelly* products

Net sales Y/Y

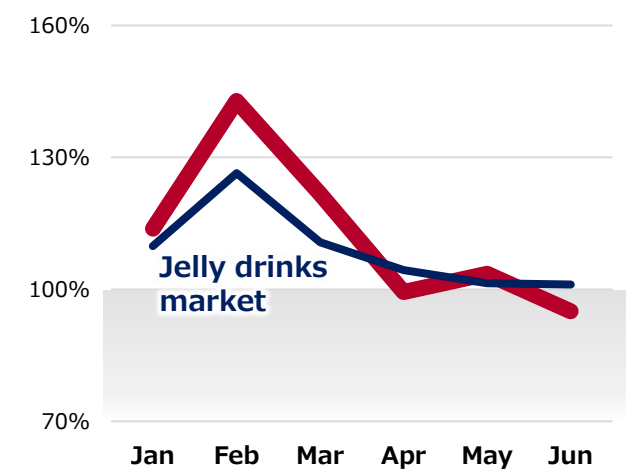


in Jelly 103%



in Bar 97%

Market conditions*1



Apr-Jun cumulative sales value (Y/Y)	
<i>in Jelly</i>	99.0%
Market	102.2%

• *Energy: Glucose Boost*

- Instill product value as “energy for thinking” through initiatives during the exam season
- Establishing it as the product to consume when you want to concentrate contributed to an increase in the overall purchase rate



- Launch promotion for 30th anniversary
Strengthen the promotion of consumption situations through new TV commercials

- ➔ Strengthen exposure during the peak demand period, using the greater demand for sports due to the Paris Olympics effect as a marketing hook

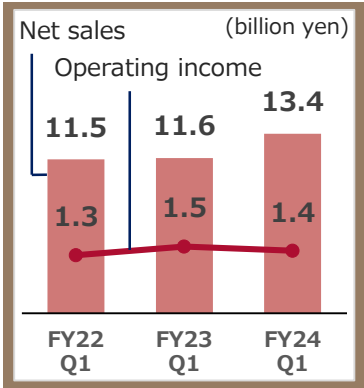


- Launch target-specific products to expand customer base



New products for children

Focused Domain: Frozen Desserts Business



Net sales Y/Y



Jumbo Group 102%



Ita Choco Ice 140%



The Crepe 162%

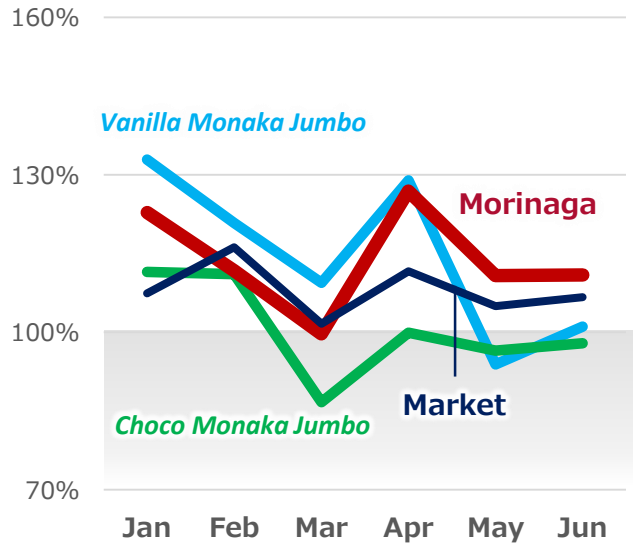


ICEBOX 121%

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- Sales growth driven by *Ita Choco Ice* and *The Crepe*, but profitability declined due to the impact of soaring raw material costs.
- Strengthen promotions to overcome the previous year's high hurdles and September's price revisions.

Market conditions*1



Apr-Jun cumulative sales value (Y/Y)

Choco Monaka Jumbo	98.0%
Vanilla Monaka Jumbo	106.2%
Morinaga	115.3%
Market	107.4%

* Reaction to the quality change and promotion effect in March 2023 for *Choco Monaka Jumbo*

*1 INTAGE Inc. SRI+ estimated sales value

Developmental evolution of "freshness marketing"

- Promotional activities to increase the purchase rate across all generations and to capture new demand
 - Ongoing dissemination of information about commitment to quality
 - Promotions for foreign visitors to Japan
- *Vanilla Monaka*: Strengthen in-store exposure using exclusive TV commercials as a marketing hook



Capture of customers from adjacent markets

- Grow sales by increasing both store stocking ratio and purchase rates thanks to occasional initiatives
 - Promotion of unique quality
 - Rollout of limited-time quality



Creation of new markets with technological advantages

- *ICEBOX*: Increase purchase rate, especially among consumers in their 30s and 40s, as a result of strengthening appeal as a mixer for eating situations

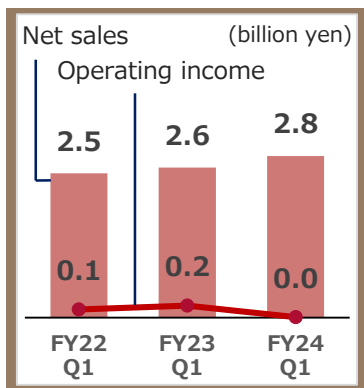


Clear cup, limited to convenience stores



Test launch of *ICEBOX Otsubu* for *chuhai* drinks

Focused Domain: Direct Marketing Business

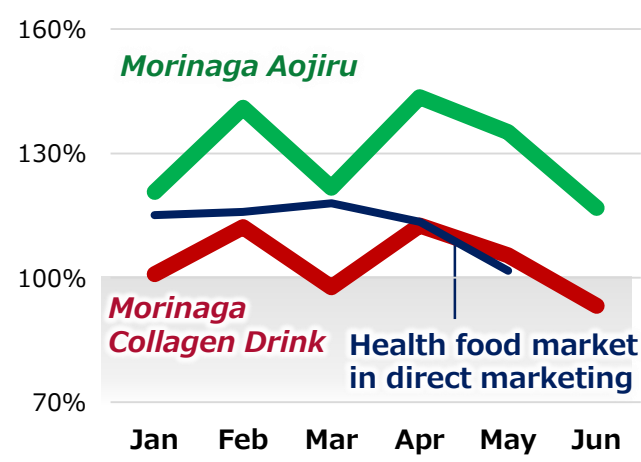


- Despite some headwinds, sales grew in the health food market thanks to strategic investment in advertising.
- Strengthen online advertising and efforts for long-term retention to increase number of subscription customers.

Strengthening of existing Direct Marketing business



Market conditions*1



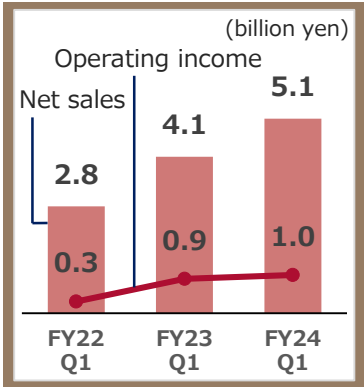
Apr-Jun cumulative sales value (Y/Y)	
Morinaga Collagen Drink	103.4%
Morinaga Aojiru	131.0%
Market*2	107.3%

- Increase number of subscription customers through strategic advertising
 - ➔ Continue to strengthen online advertising
 - Expand acquisition targets by promoting benefits to “knee joints”
 - ➔ Utilize customer lists to encourage dormant customers to purchase again
- Improve LTV*3
 - Initiatives for long-term retention, such as strengthening inducements for the “One-year Subscription Course”
 - Promotion of cross-selling and up-selling

- Develop second pillar
Maintain strong growth for *Morinaga Aojiru*



Focused Domain: U.S. Business



- Sales in major U.S.-based channels are showing signs of recovery. Expansion into new sales channels has also contributed to sales growth.
- Work on promoting the introduction of new SKUs, as well as on expanding brand contact points and improving store turnover through promotions.

Further sales expansion of *HI-CHEW*



Market conditions*1



Jan-Mar cumulative sales value (Y/Y)	
<i>HI-CHEW</i>	99.5%
Market	108.3%

* Coverage of Circana data in our *HI-CHEW* sales is approximately 50% (internal estimate)

- **Efforts to increase store stocking ratio and SKUs**
 - Extend variations of new products and capacity differences
 - Actively exhibit at trade shows
 - Develop new sales channels
- **Launch products aimed at expanding brand contact points**
 - Launch of products for events
 - Launch brand extension products



2024 Sweets & Snacks Expo



Exclusive Easter products

- **Roll out promotions aimed at enhancing brand recognition and improving loyalty**

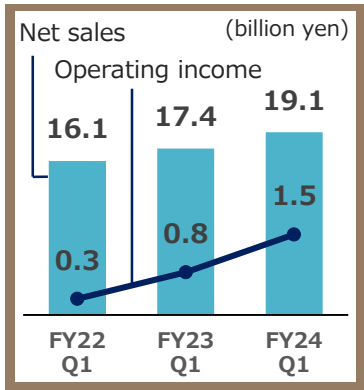


New sponsorship agreement with the MLB Baltimore Orioles *HI-CHEW* Day events



Tour of new *HI-CHEW* Dessert Mix product

Basic Domain: Confectionery & Foodstuffs Business



Net sales Y/Y



HI-CHEW 107%
Morinaga Ramune 132%



Morinaga Biscuits 113%

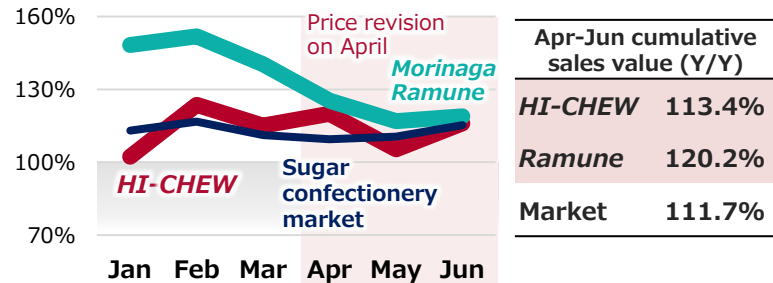


DARS 133%
Carré de chocolat 106%
Chocoball 104%

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- Sales and profits increased due to continued strong performance in each category. Profitability improved, driven by sugar confectionery.
- Price revisions for chocolate and other products to be implemented in September to counter soaring raw material costs.

Sugar confectionery market conditions*1



Business growth in sugar confectionery

- Sales volume grew even after April price revisions
 - HI-CHEW: Sales of core products remained strong even after logo change
 - Morinaga Ramune: Purchase rate increased even after the exam season, with its diverse values of "taste, fun, and functionality" being well received

Biscuit market conditions*1

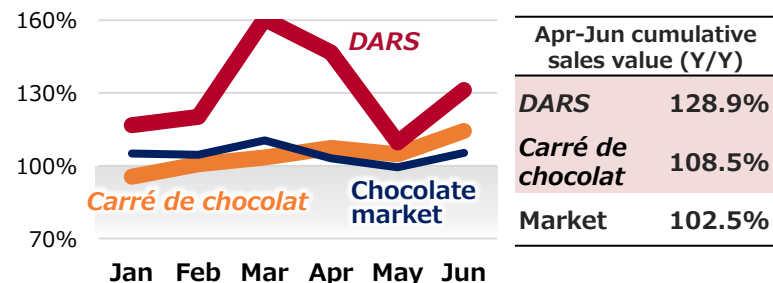


Business growth in biscuits

- Sales of MOON LIGHT and other mainstay products remained strong
- Enhanced customer contact, using new products and limited designs as marketing hooks



Chocolate market conditions*1



Improved return on capital in chocolate

- DARS: Improved brand recollection through rollout of extension products
- Efforts to capture summer demand



*1 INTAGE Inc. SRI+ estimated sales value



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Reference Data

End Q1 FY2024 Results: Balance Sheet

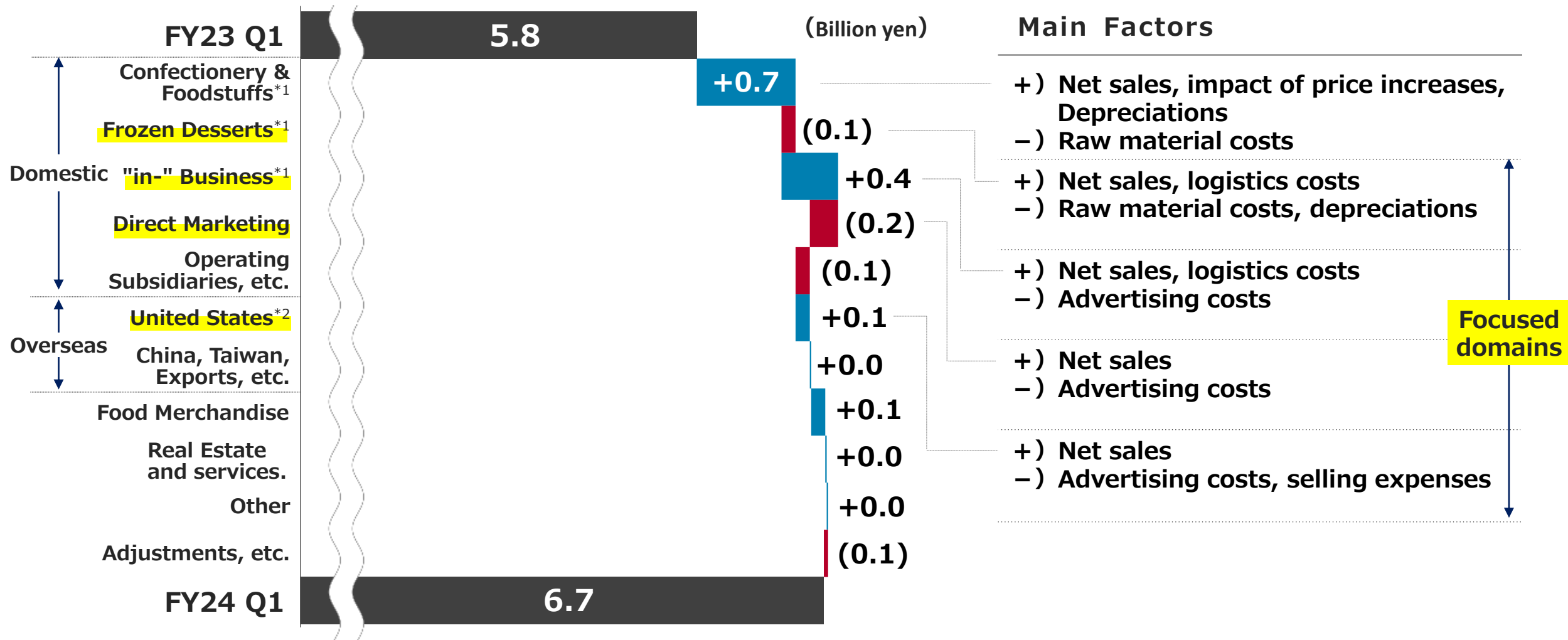


(Billion yen)	End-Q1 FY2024	vs. end- FY2023	Main Factors
Current assets	107.6	(10.4)	·Cash and deposits (21.7) ·Securities +7.5 ·Notes and accounts receivable – trade +3.0
Noncurrent assets	107.4	+1.9	·Investment securities +0.9
Total assets	215.1	(8.5)	—
Current liabilities	55.7	(8.7)	·Income taxes payable (5.2)
Long-term liabilities	27.6	+1.1	·Deferred tax liabilities +1.0
Total liabilities	83.4	(7.5)	—
Shareholders' equity	114.7	(2.5)	·Retained earnings (2.4)
Accumulated other comprehensive income	15.3	+1.4	·Foreign currency translation adjustments +0.9 ·Valuation difference on available-for-sale securities +0.6
Non-controlling interests	1.5	+0.1	—
Total net assets	131.6	(1.0)	—
Total liabilities and net assets	215.1	(8.5)	—
Shareholders' equity ratio	60.5%	+1.8pt	—

FY2024 Q1 Results: Change in Operation Income by Business



Profit increased in the Confectionery & Foodstuffs Business, with the increase in net sales exceeding soaring raw material costs, etc., and in the “in-” Business and U.S. Business, with the increase in net sales exceeding strategic advertising investment. Profit decreased in the Frozen Desserts business due to the impact of soaring raw material costs, and in the Direct Marketing Business due to strategic advertising investment.



Major Domestic Brands — Net Sales Year on Year



Business	Brand	Q1 Result (Y/Y)
"in-" Business	<i>in Jelly</i>	103
	<i>in Bar</i>	97
Direct Marketing	<i>Morinaga Collagen Drink</i>	103
Frozen Desserts	<i>Jumbo Group</i>	102
	<i>Ita Choco Ice</i>	140
	<i>The Crepe</i>	162
	<i>ICEBOX</i>	121

Business	Brand	Q1 Result (Y/Y)
Confectionery & Foodstuffs	<i>Morinaga Biscuits</i>	113
	<i>HI-CHEW</i>	107
	<i>Morinaga Ramune</i>	132
	<i>Carré de chocolat</i>	106
	<i>DARS</i>	133
	<i>Chocoball</i>	104
	<i>Morinaga Amazake</i>	86
	<i>Morinaga Cocoa</i>	122

(%)

Price Revision Schedule



Implement price revisions and package resizing as a measure to counter increases in cacao and other raw material costs and logistics costs.

Continue to monitor market trends and respond with agility.

Business	Details of measure	Start date	Number of Products	Percentage of revision/change	Target products
Confectionery & Foodstuffs	Price revision	Shipments from September 2, 2024	35	Approx. <u>3</u> ~ <u>10</u> %	Chocolate, biscuits, cocoa, amazake, etc.
	Package Resizing	Launch from September 10, 2024	1	(<u>17</u> %)	Chocolate
Frozen Desserts	Price revision	Shipments from September 2, 2024	10	Approx. <u>5</u> ~ <u>8</u> %	Various (with some exceptions)