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Consolidated Financial Summary for the Three Months Ended June 30, 2024 (1Q) (Japanese Accounting Standards)

August 8, 2024

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 Stock code: 2201 URL: <https://www.morinaga.co.jp/company/english/>
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Scheduled date for commencement of dividend payments: —
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for institutional investors and analysts)

(The figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ended March 31, 2025

(April 1, 2024 – June 30, 2024)

(1) Consolidated operating results

(The percentages are year-on-year percentage changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q ended Jun. 30, 2024	56,928	11.4	6,741	16.2	6,938	15.9	4,880	12.9
1Q ended Jun. 30, 2023	51,092	9.2	5,803	25.1	5,985	24.1	4,322	26.8

(Note) Comprehensive income: 1Q ended June 30, 2024: 6,395 million yen (24.1%)

1Q ended June 30, 2023: 5,155 million yen (49.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q ended Jun. 30, 2024	54.24	—
1Q ended Jun. 30, 2023	46.68	—

(Note) The Company conducted a two-for-one stock split of common shares on January 1, 2024. Net income per share is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
1Q ended Jun. 30, 2024	215,102	131,690	60.5
Year ended Mar. 31, 2024	223,644	132,653	58.7

(Reference) Shareholders' equity: 1Q ended June 30, 2024: 130,154 million yen

Year ended March 31, 2024: 131,202 million yen

2. Dividends

	Annual dividends				
	End of 1Q	End of 2Q	End of 3Q	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2024	—	0.00	—	55.00	55.00
Year ended Mar. 31, 2025	—	—	—	—	—
Year ending Mar. 31, 2025 (forecast)	—	0.00	—	60.00	60.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(The percentages are year-on-year percentage changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	114,000	4.0	13,400	(5.4)	13,600	(5.5)	10,100	(1.6)	112.61
Full year	222,000	4.0	20,500	1.1	20,900	(0.7)	15,800	4.3	176.34

(Note) Revisions to results forecasts published most recently: None

* Notes

(1) Important changes in the scope of consolidation during the quarter: None

(2) Application of accounting treatment unique to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes of accounting estimates and restatement

(i) Changes in accounting policies associated with revisions to accounting standards: Yes

(ii) Changes in accounting policies other than changes in (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For details, please see "(Changes in accounting policies), (3) Notes to Quarterly Consolidated Financial Statements, 2. Quarterly Consolidated Financial Statements and Major Notes" on page 10 of the Accompanying Materials

(4) Number of shares issued (common shares)

(i) Number of shares issued at end of period (including treasury stock)

1Q of the year ended March 31, 2025:	91,774,538	Year ended March 31, 2024:	92,714,538
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(ii) Number of shares of treasury stock at end of period

1Q of the year ended March 31, 2025:	2,106,280	Year ended March 31, 2024:	2,105,446
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(iii) Average number of shares during the period (quarter-to-date)

1Q of the year ended March 31, 2025:	89,978,383	1Q of the year ended March 31, 2024:	92,597,939
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* The Company conducted a two-for-one stock split of common shares on January 1, 2024. The average number of shares during the period is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year. The number of shares of treasury stock at end of period includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (68,362 shares in the 1Q of fiscal year ended March 31, 2025 and 68,362 shares in the fiscal year ended March 31, 2024). The Company's shares held by the officer compensation BIP trust are included in shares of treasury stock that are deducted in the calculation of the average number of shares during the period.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation about the proper use of results forecasts, and additional information

The results forecasts are prepared based on adequate information, but actual results might be different from them, depending on a range of factors.

○ Accompanying Materials – Contents

1. Qualitative Information on Quarterly Financial Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	5
(3) Explanation of Future Forecasts Such As Consolidated Results Forecasts	5
2. Quarterly Consolidated Financial Statements and Major Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income.....	8
(3) Notes to Quarterly Consolidated Financial Statements	10
(Notes on the going concern assumption).....	10
(Notes if there is a significant change in the amount of shareholders' equity)	10
(Changes in accounting policies).....	10
(Segment information)	11
(Revenue recognition)	12
(Notes on statements of cash flows)	12
(Significant subsequent events)	13
3. Supplementary Information.....	14

1. Qualitative Information on Quarterly Financial Results

Previously, overseas sales in the Direct Marketing Business were included under “China, Taiwan, Exports, etc.” However, from the beginning of the first quarter of the fiscal year under review, the method of classification was changed to include such sales in the Direct Marketing Business. As a consequence, in the comparative analysis below, comparisons and analysis with the first quarter of the previous fiscal year have been made based on figures after the reclassification.

(1) Explanation of Operating Results

During the first quarter of the fiscal year under review, despite greater demand on the back of an increase in inbound tourism consumption and recovery in the activities of people, the Japanese economy showed signs of stagnation, and the environment surrounding business activities remained uncertain, as consumers becoming more conscious of the need to economize due to the rapid depreciation of the yen and rising prices caused by high raw material prices.

Under these circumstances, the Group has formulated the 2024 Medium-Term Business Plan (MTBP)—the second stage of laying a path toward achieving the 2030 Business Plan—and is strengthening each business to create a virtuous cycle of growth potential and capital efficiency aimed at establishing a trajectory for dramatic growth.

Consequently, the Confectionery & Foodstuffs business, Frozen Desserts business and domestic operating subsidiaries in particular performed well in Japan, and the U.S. business maintained strong growth. As a result, net sales for the fiscal year under review increased by ¥5,836 million (+11.4%) year on year to ¥56,928 million.

In terms of profit, despite soaring raw materials prices, operating income increased to ¥6,741 million, up ¥938 million (+16.2%) year on year due to the growth in sales and the positive impact of price revisions. Ordinary income also increased ¥953 million (+15.9%) year on year to ¥6,938 million, and profit attributable to owners of parent was ¥4,880 million, up ¥558 million (+12.9%) year on year.

The following is a summary of consolidated results by business segment.

Food Manufacturing

Confectionery & Foodstuffs Business

In the biscuit category, existing *Morinaga Biscuits* products, including *MOON LIGHT* and *CHOCOCHIPS Cookie*, continued to perform well, and the launch of new products utilizing the *MOON LIGHT* brand also contributed to an overall increase in sales of the brand year on year.

In the sugar confectionery category, *HI-CHEW* continued to perform well after the brand logo was changed to English in February. Sales of *Morinaga Ramune* increased on the previous year, with *Otsubu Ramune* continuing to sell well after the end of the exam season in both bottle and pouch formats.

In the chocolate category, sales of *Carré de chocolat* increased year on year due to strong sales of core products, especially high-cacao-content chocolate. Sales of *DARS* increased year on year, with strong sales of core products *DARS Milk* and *Shiroi DARS* as well as contributions by sales of brand extension products that capture new demand, such as *Kaoru DARS* and *Yaki DARS*. Sales of *Chocoball* increased year on year due to strong sales of core products after the price revisions, although *Odama Chocoball*, a product targeted at adults, faced challenging competition.

In the foodstuffs category, sales of *Morinaga Cocoa* increased year on year amid ongoing efforts to promote it as a health brand and as the popularity of cocoa’s dietary benefits in social media stimulated purchasing. Sales of *Morinaga Amazake* decreased year on year.

In addition, as a measure to improve profitability in response to the rising costs of raw materials and other inputs, price revisions and content reductions were implemented in April for certain products in the sugar confectionery and chocolate categories.

As a result, total net sales for the Confectionery & Foodstuffs business increased ¥1,642 million (+9.4%) year on year to ¥19,107 million.

In terms of profit, segment operating income increased by ¥734 million (+86.1%) year on year to ¥1,586 million by overcoming soaring raw material prices with the sales growth, especially in the highly profitable sugar confectionery category, and the positive impact of price revisions.

Frozen Desserts Business

Sales of the *Jumbo Group* as a whole increased year on year, thanks to ongoing efforts to expand the purchaser base for *Choco Monaka Jumbo*, as demonstrated by the domestic popularity of the promotion for foreign visitors to Japan, as well as the launch of a stand-alone TV commercial for *Vanilla Monaka Jumbo* that appeals to the special characteristics of vanilla ice cream and the traditional *monaka* wafer dessert. Sales of *Ita Choco Ice* increased significantly year on year due to ongoing promotional activities, including the launch of TV commercials, collaborations with popular content, and the switch to “summer only” quality. Sales of *The Crepe* increased significantly year on year due to the introduction of a limited-time product with double the amount of whipped cream, which helped stimulate purchasing. Sales of *ICEBOX* remained strong due to efforts to expand the eating situations, such as a mixer for alcoholic beverages and as a measure against heat stroke.

As a result, total net sales for the Frozen Desserts business grew ¥1,776 million (+15.2%) year on year to ¥13,475 million.

In terms of profit, segment operating income decreased by ¥80 million (-5.3%) year on year to ¥1,436 million due to the significant impact of soaring raw material prices relative to the effect of increased sales.

“in-” Business

Sales of *in Jelly*, which is celebrating its 30th anniversary, increased year on year due to efforts to create a sporty brand image through the launch of new TV commercials and efforts to promote daily drinking situations. In addition, *Energy: Glucose Boost <Ramune flavor>*, for which demand had increased during the exam season, continued to perform as drinking situations at work or study became more common. In the *in Bar* category, amid the gradual decline in the protein bar market as a consequence of an increasingly competitive environment due to the diversification of protein intake means, ongoing efforts were undertaken to improve brand recognition and stimulate purchasing, but sales decreased year on year from the high level of the previous year which had been buoyed by the launch of TV commercials featuring a major leaguer.

As a result, total net sales for the “in-” business grew ¥164 million (+2.0%) year on year to ¥8,423 million.

In terms of profit, segment operating income increased by ¥410 million (+26.0%) year on year to ¥1,985 million due to the effect of increased sales and reduced selling expenses.

Direct Marketing Business

Sales of *Morinaga Collagen Drink* increased year on year with steady growth in the number of subscription customers achieved through strategic investment in advertising. Sales of *Morinaga Aojiru*, the second pillar candidate product in the Direct Marketing business, increased with a steadily growing number of subscription customers.

As a result, total net sales for the Direct Marketing business grew ¥208 million (+7.8%) year on year to ¥2,858 million.

In terms of profit, segment operating income decreased by ¥203 million (-93.6%) year on year to ¥13 million, in part due to the impact of strategic investment in advertising.

Operating Subsidiaries

Net sales at Aunt Stella Inc. were up year on year. At directly operated stores throughout Japan, sales of cookie buffet bags and cookies by weight continued to be strong, and an increase in outlets at major mass retailers also contributed to sales growth. Net sales at Morinaga Market Development Co., Ltd. increased year on year due to continued strong sales at amusement parks, driven by an increase in the number of foreign visitors to Japan on the back of a weaker yen.

As a result, total net sales for operating subsidiaries grew ¥289 million (+11.5%) year on year to ¥2,806 million.

Segment operating income decreased by ¥29 million (-8.5%) year on year to ¥311 million.

[Year-on-year changes (%) in sales of mainstay brands]

Confectionery & Foodstuffs Business		Frozen Desserts Business	
<i>Morinaga Biscuits</i>	113	<i>Jumbo Group</i>	102
<i>HI-CHEW</i>	107	<i>Ita Choco Ice</i>	140
<i>Morinaga Ramune</i>	132	<i>The Crepe</i>	162
<i>Carré de chocolat</i>	106	<i>ICEBOX</i>	121
<i>DARS</i>	133	“in-” Business	
<i>Chocoball</i>	104	<i>in Jelly</i>	103
<i>Morinaga Amazake</i>	86	<i>in Bar</i>	97
<i>Morinaga Cocoa</i>	122	Direct Marketing Business	
		<i>Morinaga Collagen Drink</i>	103

* The figures in the table are year-on-year changes in gross domestic sales results.

U.S. Business

Sales of *HI-CHEW* increased year on year as a result of efforts to increase the number of SKUs carried by expanding the capacity lineup of existing products and launching new products, as well as by stepping up efforts to tap into new sales channels. As for the *Chargel* gel drink, ongoing efforts were made to promote brand recognition and product understanding through promotional activities like product sampling at sports events. In brick-and-mortar channels, efforts continue to be made to promote the brand to local retailers, while in e-commerce channels, sales are steadily increasing.

As a result, total net sales for the U.S. business rose ¥981 million (+23.4%) year on year to ¥5,175 million.

In terms of profit, segment operating income increased by ¥61 million (+6.2%) year on year to ¥1,042 million as the effect of increased sales outweighed the impacts of strategic investments in advertising and soaring raw material prices.

China, Taiwan, Exports, etc.

In China, while *HI-CHEW* sales continued to be brisk, import sales of Japanese products struggled. In Taiwan, sales of *HI-CHEW* were strong. Sales of *HI-CHEW* are also steadily growing in East Asia, Southeast Asia, Oceania and Europe, which is the exploration and research area.

As a result, total net sales for China, Taiwan, Exports, etc., increased ¥396 million (+18.9%) year on year to ¥2,498 million.

Segment operating income increased by ¥37 million (+11.9%) year on year to ¥350 million.

From the above-mentioned results, sales in Food Manufacturing increased 11.3% year on year to ¥54,434 million. Segment operating income increased by ¥852 million year on year to ¥6,555 million.

Food Merchandise

Sales for the segment increased 19.6% year on year to ¥1,803 million. Segment operating income increased by ¥117 million year on year to ¥157 million.

Real Estate and Services

Sales for the segment increased 0.1% year on year to ¥481 million. Segment operating income increased by ¥15 million year on year to ¥229 million.

Other Services

Sales totaled ¥209 million. Segment operating income was ¥51 million.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review decreased by ¥8,542 million from the end of the previous fiscal year to ¥215,102 million. This was chiefly due to a decrease in cash and deposits mainly caused by seasonal factors such as the payment of income taxes payable, bonuses, dividends, etc. as well as by the acquisition of treasury stock, which offset an increase in notes and accounts receivable—trade associated with higher sales, an increase in merchandise and finished goods, and an increase in software in progress resulting from the progress of DX projects. Note that a portion of cash and deposits has been shifted into jointly operated designated money trusts and other securities for short-term management.

Liabilities totaled ¥83,411 million, a decrease of ¥7,580 million from the end of the previous fiscal year. The decrease mainly reflects decreases in income taxes payable, allowance for bonuses, and accounts payable—facilities included in other under current liabilities, which offset an increase in notes and accounts payable—trade.

Net assets stood at ¥131,690 million, down ¥963 million from the end of the previous fiscal year. This was chiefly due to a decrease due to dividend payments and the purchase of treasury stock, which offset the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustments.

As a result of the above, the shareholders' equity ratio was 60.5%, up 1.8 points from the end of the previous fiscal year.

(3) Explanation of Future Forecasts Such As Consolidated Results Forecasts

There is no change to the results forecasts announced on May 10, 2024. The Company will promptly disclose any revisions to the results forecasts as they become necessary due to uncertainties regarding the impact of soaring raw materials and energy prices, exchange rate fluctuations and others.

2. Quarterly Consolidated Financial Statements and Major Notes**(1) Quarterly Consolidated Balance Sheets**

	(Million yen)	
	FY2024/3 (March 31, 2024)	1Q 2025 (June 30, 2024)
Assets		
Current assets		
Cash and deposits	44,900	23,207
Notes and accounts receivable–trade	30,623	33,639
Securities	4,999	12,500
Merchandise and finished goods	16,939	18,700
Work in progress	615	545
Raw materials and supplies	11,084	11,556
Other	8,928	7,571
Allowance for doubtful accounts	(46)	(47)
Total current assets	118,045	107,674
Noncurrent assets		
Property, plant and equipment		
Buildings and structures–net	35,867	35,511
Machinery, equipment and vehicles–net	27,031	27,692
Land	12,994	12,937
Other–net	4,797	4,353
Total property, plant and equipment	80,690	80,494
Intangible assets		
Software	260	245
Other	1,755	2,491
Total intangible assets	2,015	2,736
Investments and other assets		
Investment securities	13,217	14,673
Net defined benefit asset	6,764	6,780
Deferred tax assets	1,613	1,385
Other	1,330	1,392
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	22,891	24,196
Total noncurrent assets	105,598	107,427
Total assets	223,644	215,102

	(Million yen)	
	FY2024/3 (March 31, 2024)	1Q 2025 (June 30, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	23,002	25,763
Accounts payable–other	12,720	12,100
Income taxes payable	6,192	911
Refund liabilities	5,720	5,062
Allowance for bonuses	3,089	1,565
Other	13,709	10,360
Total current liabilities	64,436	55,764
Long-term liabilities		
Bonds payable	9,000	9,000
Long-term loans	10,000	10,000
Deferred tax liabilities	50	1,024
Provision for directors' stock benefits	115	122
Provision for environmental measures	149	149
Net defined benefit liability	2,677	2,807
Asset retirement obligations	66	67
Deposits received	3,557	3,574
Other	936	901
Total long-term liabilities	26,554	27,646
Total liabilities	90,991	83,411
Net assets		
Shareholders' equity		
Common stock	18,612	18,612
Capital surplus	17,186	17,186
Retained earnings	86,305	83,961
Treasury stock	(4,865)	(4,999)
Total shareholders' equity	117,239	114,761
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,610	8,241
Deferred gains or losses on hedges	(2)	11
Foreign currency translation adjustments	3,027	3,910
Remeasurements of defined benefit plans	3,327	3,228
Total accumulated other comprehensive income	13,963	15,392
Non-controlling interests	1,450	1,536
Total net assets	132,653	131,690
Total liabilities and net assets	223,644	215,102

(2) Quarterly Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Operations
 First quarter ended June 30, 2024

	(Million yen)	
	1Q 2024 (Apr. 1, 2023 – Jun. 30, 2023)	1Q 2025 (Apr. 1, 2024 – Jun. 30, 2024)
Net sales	51,092	56,928
Cost of sales	29,815	33,373
Gross profit	21,277	23,555
Selling, general and administrative expenses	15,473	16,813
Operating income	5,803	6,741
Non-operating income		
Interest income	2	15
Dividends income	177	204
Equity in earnings of affiliates	3	-
Other	55	72
Total non-operating income	239	293
Non-operating expenses		
Interest expenses	25	26
Equity in losses of affiliates	-	47
Depreciation	12	4
Other	19	17
Total non-operating expenses	57	95
Ordinary income	5,985	6,938
Extraordinary income		
Gain on sales of noncurrent assets	6	63
Gain on sales of investment securities	130	30
Total extraordinary income	137	94
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	117	142
Other	15	-
Total extraordinary loss	133	142
Income before income taxes	5,989	6,890
Income taxes—current	1,355	979
Income taxes—deferred	258	981
Total income taxes	1,614	1,961
Net income	4,374	4,928
Profit attributable to non-controlling interests	52	47
Profit attributable to owners of parent	4,322	4,880

Quarterly Consolidated Statements of Comprehensive Income
 First quarter ended June 30, 2024

(Million yen)

	1Q 2024 (Apr. 1, 2023 – Jun. 30, 2023)	1Q 2025 (Apr. 1, 2024 – Jun. 30, 2024)
Net income	4,374	4,928
Other comprehensive income		
Valuation difference on available-for-sale securities	574	631
Deferred gains or losses on hedges	96	6
Foreign currency translation adjustments	162	928
Remeasurements of defined benefit plans, net of tax	(54)	(99)
Share of other comprehensive income of associates accounted for using equity method	1	-
Total other comprehensive income	780	1,467
Net comprehensive income	5,155	6,395
(Breakdown)		
Comprehensive income attributable to owners of parent	5,084	6,309
Comprehensive income attributable to non-controlling interests	71	86

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the going concern assumption)

Not applicable.

(Notes if there is a significant change in the amount of shareholders' equity)

(Purchase of treasury stock)

Based on a resolution of the Board of Directors meeting held on May 10, 2024, the Company repurchased 940,000 shares of its treasury stock during the three-month period ended June 30, 2024. As a result, treasury stock increased by ¥2,368 million.

(Cancellation of treasury stock)

Based on a resolution of the Board of Directors meeting held on May 10, 2024, the Company canceled 940,000 shares of its treasury stock on June 14, 2024. As a result, retained earnings and treasury stock decreased by ¥2,237 million during the three-month period ended June 30, 2024.

As a result of the foregoing, retained earnings were ¥83,961 million, and treasury stock was ¥4,999 million at the end of the first quarter of the fiscal year under review.

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022; hereinafter "the 2022 Revised Accounting Standard"), etc. from the beginning of the first quarter of the fiscal year under review. With regard to the revisions concerning the recording categories for income taxes (taxes on other comprehensive income), the Company has implemented accounting processes in accordance with the transitional handling specified in the proviso of section 20-3 of the 2022 Revised Accounting Standard and the transitional handling specified in the proviso of section 65-2 (2) of the "Guidance on the Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022; hereinafter "the 2022 Revised Guidance"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares in subsidiaries, etc. resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the first quarter of the fiscal year under review. This change in accounting policies is applied retroactively and reflected in the quarterly consolidated financial statements and consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. This change in accounting policies has no impact on the quarterly consolidated financial statements or consolidated financial statements for the previous fiscal year.

(Segment information)

[Segment information]

Information on net sales, profits or losses by reportable segment

First quarter of the FY2024/3 (April 1, 2023 – June 30, 2023)

(Million yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount posted in quarterly consolidated financial statements (Note 3)
	Food Manufacturing	Food Merchandise	Real Estate and Services	Total				
Net sales								
Outside customers	48,922	1,508	481	50,912	179	51,092	—	51,092
Intersegment sales or transfers	3	64	0	68	212	280	(280)	—
Total	48,926	1,572	481	50,980	391	51,372	(280)	51,092
Segment operating income	5,703	40	214	5,959	41	6,001	(198)	5,803

(Note 1) "Other Services" category is a business segment comprising services not included in the reportable segments, including the manufacture and sale of research reagents.

(Note 2) The minus 198 million yen adjustment to segment operating income includes inter-segment elimination of 4 million yen, and corporate expenses that are not allocated to any reportable segment of minus 209 million yen. Corporate expenses mainly include general and administrative expenses and new business development expenses that do not belong to any particular reportable segment.

(Note 3) The segment operating income has been adjusted to the operating income stated in the Quarterly Consolidated Statements of Operations.

First quarter of the FY2025/3 (April 1, 2024 – June 30, 2024)

(Million yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated financial statements (Note 3)
	Food Manufacturing	Food Merchandise	Real Estate and Services	Total				
Net sales								
Outside customers	54,434	1,803	481	56,719	209	56,928	—	56,928
Intersegment sales or transfers	3	58	2	64	217	282	(282)	—
Total	54,437	1,861	484	56,783	427	57,210	(282)	56,928
Segment operating income	6,555	157	229	6,942	51	6,993	(252)	6,741

(Note 1) "Other Services" category is a business segment comprising services not included in the reportable segments, including the manufacture and sale of research reagents.

(Note 2) The minus 252 million yen adjustment to segment operating income includes inter-segment elimination of 5 million yen, and corporate expenses that are not allocated to any reportable segment of minus 258 million yen. Corporate expenses mainly include general and administrative expenses and new business development expenses that do not belong to any particular reportable segment.

(Note 3) The segment operating income has been adjusted to the operating income stated in the Quarterly Consolidated Statements of Operations.

(Revenue recognition)

Information on the breakdown of revenue generated from contracts with customers

The Group presents the revenue generated from contracts with customers by breaking each segment down into main sales management classification based on the contracts with customers.

(Million yen)

Reportable segment	Main product/area classification	1Q FY2024/3 (Apr. 1, 2023 – Jun. 30, 2023)	1Q FY2025/3 (Apr. 1, 2024 – Jun. 30, 2024)
Food Manufacturing	Confectionery & Foodstuffs business	17,465	19,107
	Frozen Desserts business	11,699	13,475
	“in-” business	8,259	8,423
	Direct Marketing business (Note 1)	2,650	2,858
	Operating subsidiaries, etc. (Note 1)	2,551	2,894
	Domestic total	42,626	46,759
	U.S. business	4,194	5,175
	China, Taiwan, exports, etc. (Note 1)	2,102	2,498
	Overseas total	6,296	7,674
	Subtotal	48,922	54,434
Food Merchandise	Wholesale food service and food products	1,508	1,803
Real Estate and Services	Management of golf courses	197	208
Other Services (Note 2)		179	209
Revenue generated from contracts with customers total		50,808	56,654
Real Estate and Services	Real estate transactions	284	273
Other revenue total		284	273
Net sales to outside customers total		51,092	56,928

(Note 1) While overseas sales from “Direct Marketing Business” and “Operating subsidiaries, etc.” were previously included in the “China, Taiwan, exports, etc.” category, the Company has changed the presentation method from the beginning of the first quarter of the fiscal year under review and has included them in “Direct Marketing Business” and “Operating subsidiaries, etc.” respectively, in order to clearly show the actual state of the Group’s business management in line with the 2030 Business Plan and the 2024 Medium-Term Business Plan. Information on the breakdown of revenue generated from contracts with customers for the first quarter of the previous fiscal year is based on the new method.

(Note 2) “Other Services” category is a business segment comprising services not included in the reportable segments, including the manufacture and sale of research reagents.

(Notes on statements of cash flows)

The Quarterly Consolidated Statements of Cash Flows for the first quarter of the fiscal year under review has not been prepared.

Depreciation (including amortization pertaining to intangible fixed assets) for the first quarters of the previous and current fiscal years is as shown below.

(Million yen)

	1Q FY2024 (Apr. 1, 2023 – Jun. 30, 2023)	1Q FY2025 (Apr. 1, 2024 – Jun. 30, 2024)
Depreciation	2,298	2,349

(Significant subsequent events)

(Significant capital investment)

The Company's Board of Directors resolved, at a meeting held on July 16, 2024, to acquire a fixed asset (construction of a new factory) as follows.

1. Reason for acquisition

The Morinaga Group is advancing the 2030 Business Plan, a long-term business plan toward 2030, in order to achieve medium- to long-term growth and enhance its corporate value while contributing to the realization a sustainable society under its corporate philosophy. In the 2024 Medium-Term Business Plan (FY2024 to FY2026), which was announced in May this year, the Company established the key message "Establishing a trajectory for dramatic growth," positioning the medium-term plan as the second stage for reinforcing a path for the achievement of the 2030 Business Plan. At the same time, the Company also raised its overseas sales target for 2030 substantially in light of the significant growth in the U.S. business during the period of the 2021 Medium-Term Business Plan (FY2021 to FY2023). To accelerate its global strategy centered on *HI-CHEW*, especially in the U.S., the Company will concentrate its management resources. In the U.S., due to a variety of sales initiatives and measures to increase brand recognition, *HI-CHEW* has been growing significantly since FY2018 with a year-on-year growth of over 20% each year, and the net sales of the U.S. business in FY2023 reached the approximately 19-billion-yen level. While the non-chocolate candy market in the U.S. is forecasted to continue growing, the Company aims to achieve growth for *HI-CHEW* that outpaces the market. The resolution this time was passed as the Company determined that stable provision of products through the expansion of its production sites would be necessary to further advance sales efforts, marketing activities, and development of attractive products.

Morinaga America Foods, Inc. began its operation in 2015 and plays a role as the production site of *HI-CHEW* in the U.S. By constructing the second factory of Morinaga America Foods on its premises and establishing a new manufacturing line for *HI-CHEW*, the Company will strengthen its supply system and increase production efficiency.

2. Details of acquisition

- | | |
|-----------------------|--|
| (1) Location | Mebane, Orange County, North Carolina, U.S. |
| (2) Scale of factory | Reinforced steel construction, a total floor area of 12,322 m ² |
| (3) Investment amount | Approximately 136 million U.S. dollars (building, manufacturing facilities, etc.) (approximately 19.6 billion yen) |
| (4) Financing plan | Own funds |

3. Acquisition schedule

- | | |
|---------------------------|------------------------|
| (1) Start of construction | October 2024 (planned) |
| (2) Completion | June 2026 (planned) |
| (3) Start of operation | January 2027 (planned) |

4. Impact on future business results

The acquisition of the relevant fixed asset is expected to have a negligible impact on the Company's business results for the fiscal year ending March 31, 2025.

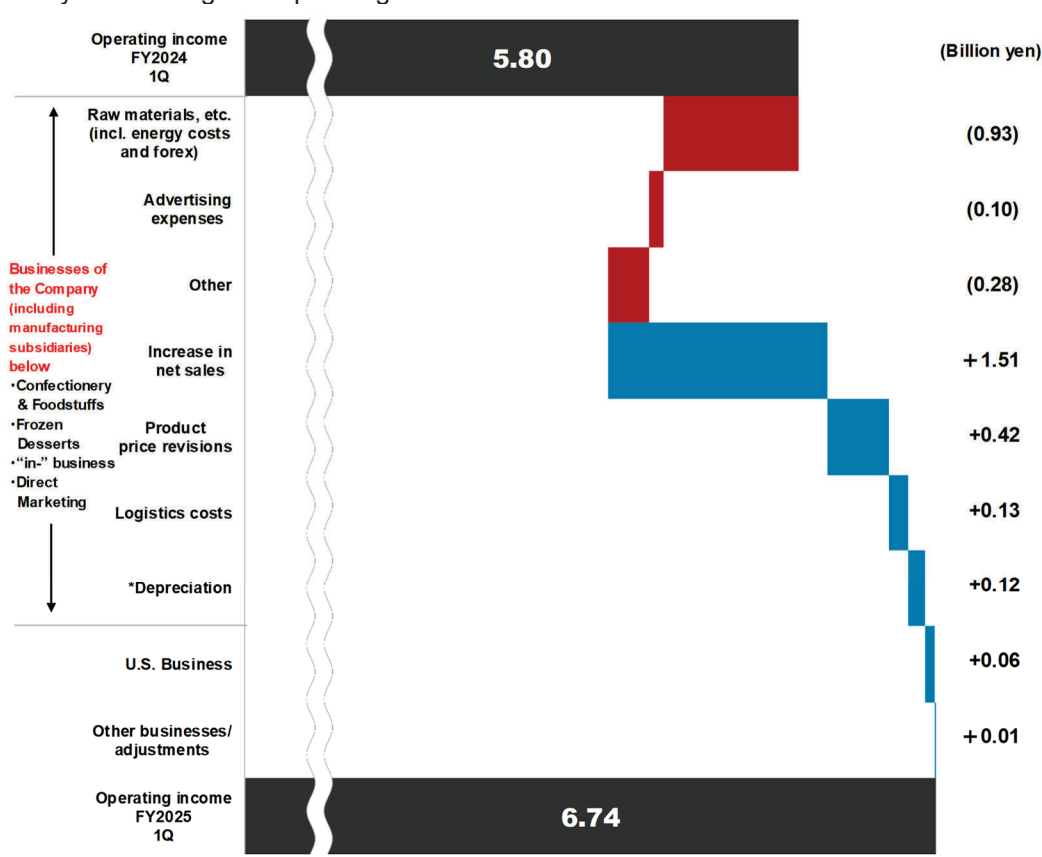
3. Supplementary Information

1. Financial results

(Million yen)

	Year ended March 31, 2024 1Q ended June 30, 2023		Year ending March 31, 2025 1Q ended June 30, 2024		Year-on-year comparisons		
	Amount	Ratio to net sales (%)	Amount	Ratio to net sales (%)	Amount	Ratio to net sales (%)	Year-on-year change (%)
Net sales	51,092		56,928		5,836		11.4
Cost of sales	29,815	58.4	33,373	58.6	3,558	0.2	11.9
Gross profit	21,277	41.6	23,555	41.4	2,278	(0.2)	10.7
Selling, general and administrative expenses	15,473	30.3	16,813	29.5	1,340	(0.8)	8.7
Promotion expenses	1,448	2.8	1,471	2.6	23	(0.2)	1.6
Advertising expenses	2,345	4.6	2,615	4.6	270	0.0	11.5
Freightage and storage fees	4,361	8.5	4,720	8.3	359	(0.2)	8.2
Salaries and allowances	2,433	4.8	2,603	4.6	170	(0.2)	7.0
Provision for bonuses	630	1.2	785	1.4	155	0.2	24.5
Other	4,253	8.3	4,616	8.1	363	(0.2)	8.5
Operating income	5,803	11.4	6,741	11.8	938	0.4	16.2
Non-operating income	239	0.5	293	0.5	54	0.0	22.3
Non-operating expenses	57	0.1	95	0.2	38	0.1	66.5
Ordinary income	5,985	11.7	6,938	12.2	953	0.5	15.9
Extraordinary income	137	0.3	94	0.2	(43)	(0.1)	(31.4)
Extraordinary loss	133	0.3	142	0.2	9	(0.1)	6.4
Income before income taxes	5,989	11.7	6,890	12.1	901	0.4	15.0
Income taxes	1,614	3.2	1,961	3.4	347	0.2	21.5
Net income	4,374	8.6	4,928	8.7	554	0.1	12.7
Profit attributable to non-controlling interests	52	0.1	47	0.1	(5)	(0.0)	(8.9)
Profit attributable to owners of parent	4,322	8.5	4,880	8.6	558	0.1	12.9

2. Analysis of changes in operating income



* Only that portion recorded in cost of sales

3. Domestic/overseas net sales

(Million yen)

	Year ended March 31, 2024 1Q ended June 30, 2023	Year ending March 31, 2025 1Q ended June 30, 2024	Year-on-year comparisons	Year-on-year change (%)
Domestic	44,712	49,149	4,437	9.9
Overseas	6,379	7,778	1,399	21.9
Consolidated	51,092	56,928	5,836	11.4

(Note) Net sales are sales to external customers.

Ratio of overseas sales to consolidated net sales	12.5%	13.7%
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4. Net sales and operating income by business

(Billion yen)

Reportable segment	Main product/area classification	Net sales				Operating income			
		Year ended March 31, 2024 1Q ended June 30, 2023	Year ending Mar. 31, 2025 1Q ended June 30, 2024	Year-on-year comparisons	Year-on-year change (%)	Year ended March 31, 2024 1Q ended June 30, 2023	Year ending Mar. 31, 2025 1Q ended June 30, 2024	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing	Confectionery & Foodstuffs business	17.4	19.1	1.7	9.4	0.8	1.5	0.7	86.1
	Frozen Desserts business	11.6	13.4	1.8	15.2	1.5	1.4	(0.1)	(5.3)
	"in-" business	8.2	8.4	0.2	2.0	1.5	1.9	0.4	26.0
	Direct Marketing business	2.6	2.8	0.2	7.8	0.2	0.0	(0.2)	(93.6)
	Operating subsidiaries	2.5	2.8	0.3	13.4	0.2	0.1	(0.1)	(43.4)
	Domestic total	42.6	46.7	4.1	9.7	4.4	5.1	0.7	17.1
	U.S. business	4.1	5.1	1.0	23.4	0.9	1.0	0.1	6.2
	China, Taiwan, exports, etc.	2.1	2.4	0.3	18.9	0.3	0.3	0.0	11.9
	Overseas total	6.2	7.6	1.4	21.9	1.2	1.3	0.1	7.6
	Subtotal	48.9	54.4	5.5	11.3	5.7	6.5	0.8	14.9
Food Merchandise	1.5	1.8	0.3	19.6	0.0	0.1	0.1	284.6	
Real Estate and Services	0.4	0.4	0.0	0.1	0.2	0.2	0.0	6.9	
Other Services	0.1	0.2	0.1	16.3	0.0	0.0	0.0	22.6	
Adjustment, etc.					(0.1)	(0.2)	(0.1)	—	
Total	51.0	56.9	5.9	11.4	5.8	6.7	0.9	16.2	

(Note 1) In order to clearly show the actual state of the Group's business management, the classification and aggregation methods have been changed from the year ending March 31, 2025.

The figures for the first quarter of the year ended March 31, 2024 have had the changes retroactively applied and are based on the new methods.

(Note 2) Net sales are sales to external customers.

(Note 3) The Confectionery & Foodstuffs business include "in" brand confectioneries and foodstuffs products.

(Note 4) Direct Marketing business and Operating subsidiaries, etc. include overseas sales.

(Note 5) U.S. business includes income resulting from exports from China/Taiwan to the United States.

(Note 6) Adjustments, etc. mainly include general and administrative expenses and new business development expenses that do not belong to any business.

5. Net sales in focus domains prioritized in the 2030 Business Plan

(Billion yen)

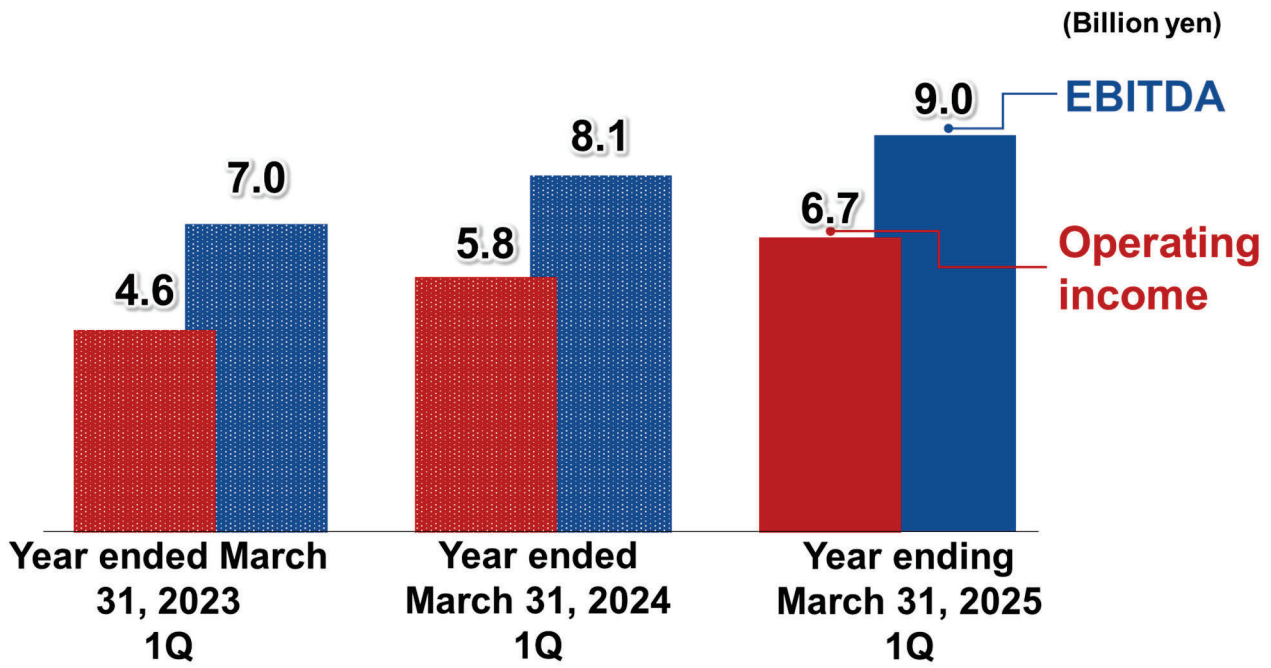
Focus domain	Year ended March 31, 2024 1Q ended June 30, 2023	Year ending March 31, 2025 1Q ended June 30, 2024	Year-on-year comparisons	Year-on-year change (%)
"in-" business	8.7	9.0	0.3	3.0
Direct Marketing business	2.6	2.8	0.2	7.8
U.S. business	4.1	5.1	1.0	23.4
Frozen Desserts business	11.6	13.4	1.8	15.2
Total	27.2	30.5	3.3	11.8
Ratio of focus domain sales to consolidated net sales	53.4%	53.6%		

(Note 1) Net sales are sales to external customers.

(Note 2) "in-" business includes "in" brand confectioneries and foodstuffs products.









(Note 3) Direct Marketing business includes overseas sales.

6. Operating income and EBITDA trends











(Note) Simplified EBITDA: operating income + depreciation and amortization

Main domestic products

Products	Visual	Category	Year released	Description
Morinaga Biscuits		Biscuits	1923	The <i>Morinaga Biscuits</i> series was launched in 1923. Continual enhancements to taste and texture since then have ensured that the brand enjoys high recognition levels and market share in Japan. There are a number of different <i>Morinaga Biscuits</i> brands each with their own unique tastes, including <i>Marie</i> , <i>Moonlight</i> , and <i>Choice</i> .
HI-CHEW		Soft candy	1975	Characterized by a soft, chewy texture and brimming with a juicy deliciousness that increases with every bite. <i>HI-CHEW</i> enjoys high recognition levels and market share as the top soft candy brand in Japan.
Morinaga Ramune		Candy	1973	Refreshing ramune-flavored candy in packaging shaped like old-fashioned carbonated drink bottles. Japanese ramune beverages taste similar to carbonated lemonade ("ramune" is a Japanese approximation of the word "lemonade"). Sales have grown rapidly in recent years following the launch of larger-sized <i>Morinaga Ramune</i> candy products, which are sold in small pouches and targeted at adult consumers.
Carré de chocolat		Chocolate	2003	<i>Carré de chocolat</i> is a brand of thin chocolate squares. They were developed with the express aim of creating Japan's most delicious chocolate, and painstaking attention was paid to ingredients, production methods, and packaging design. The diverse product range includes milk, white, and high-cacao-content chocolate (<i>Cacao 70</i> and <i>Cacao 88</i>), as well as variations with special fillings.
DARS		Chocolate	1993	Bite-sized chocolates with a satisfyingly rich milk flavor. In addition to the standard milk chocolate version, the white chocolate version is also highly popular and boasts the top market share in the white chocolate category. <i>DARS</i> chocolates are sold in resealable boxes that are compact and easily portable, making it easy to enjoy them anytime, anywhere.
Chocoball		Chocolate	1967	<i>Chocoball</i> is a brand of spherical chocolate-covered peanuts (versions with caramel centers and other fillings are also available). Each one of these bite-sized chocolate treats are packed with different flavors and textures. The packages feature the popular bird-like mascot called "Kyoro-chan" and a unique beak-like opening to dispense the treats one at a time. Marks printed on the "beaks" can be collected and exchanged for a small can filled with toys. The "can of toys" campaign is well-known in Japan as it has continued for more than 50 years, ever since the product's launch.
Amazake		Soft drinks	1974	Amazake is a traditional Japanese beverage made from fermented rice. The <i>Morinaga Amazake</i> brand has the top market share in Japan, and features a diverse lineup including products using saké lees and komé koji, and those made using only komé koji. Even the types made using saké lees have an alcohol content of less than 1%, but caution needs to be exercised when the product is consumed by children, pregnant and breastfeeding women, and people who are sensitive to alcohol.
Morinaga Milk Cocoa		Cocoa	1919	<i>Morinaga Milk Cocoa</i> is an instant chocolate drink powder. Morinaga helped establish Japan's cocoa industry, being the first company in the country to produce and sell cocoa powder. <i>Morinaga Milk Cocoa</i> continues to enjoy the top market share in Japan.

Main domestic products

Products	Visual	Category	Year released	Description
<i>Choco Monaka Jumbo</i>		Ice cream	1972	<i>Choco Monaka Jumbo</i> is Japan's top domestic ice cream brand. Based on a traditional Japanese wafer-based sweet called " <i>monaka</i> ", <i>Choco Monaka Jumbo</i> features a sheet of chocolate covered in ice cream all enclosed in a thin and crispy chocolate and wafer covering. This treat is characterized by the rich sweetness of the ice cream and the crackly texture of the chocolate.
<i>Vanilla Monaka Jumbo</i>		Ice cream	2011	A vanilla version of <i>Choco Monaka Jumbo</i> featuring ice cream with a full-bodied vanilla flavor enclosed in a wafer with a cake-like taste due to the addition of almond powder.
<i>ICEBOX</i>		Ice cream	1989	A crisply refreshing and scrunchy frozen dessert made from crushed ice. Pour juice or other beverages into the cup to create a super cold drink.
<i>Ita Choco Ice</i>		Ice cream	1995	Vanilla ice cream coated in an extra-thick chocolate shell shaped like a bar of chocolate. Enjoy the snapping of the chocolate shell as the creamy ice cream melts in your mouth. Distinguished by the delectable taste of quality chocolate with a rich cacao aroma.
<i>THE Creap</i>		Ice cream	1988	Crepes-style ice cream featuring crunchy chocolate and vanilla ice cream wrapped in a crepe sheet. Characterized by its triangular shape and a unique mouthfeel. The crepe sheet is produced using a patented method that delivers a uniquely chewy texture that Japanese consumers love.
<i>in Jelly</i>		Jelly drinks	1994	With <i>in Jelly</i> , the first drinkable jelly in a pouch with a built-in spout, Morinaga created a new product category and the brand continues to enjoy the top market share. The product provides an easy way for people to boost their nutrient intake. Clear labelling of the nutrients each product contains, such as "energy", "vitamins", and "protein", allows quick selection of the drink that best suits one's needs. As drinkable jelly not only quenches thirst but is also filling, they can also be used as a time-saving meal replacement.
<i>in Bar</i>		Nutritional supplements	2009	A range of snack bars providing 8 to 20 grams of protein. Morinaga made full use of its snack development knowhow to create bars that are not only protein-rich, but taste great too.
<i>Morinaga Collagen Drink</i>		Soft drinks	2006	A collagen drink containing 10g of easily digested and absorbed low-molecular-weight collagen peptides. The product, which is now fat-free while retaining the great original taste, is only 72Kcal per 125ml pack.