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Press Release

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**Notice Regarding Sale of Investment Securities, Booking of Extraordinary Income,
and Revision of Full-Year Forecast**

Morinaga & Co., Ltd. (the “Company”) today announced its decision to tender a portion of the ordinary shares of Morinaga Milk Industry Co., Ltd. (“Morinaga Milk”) it currently holds (the “Transaction”) when Morinaga Milk acquires its own shares on March 1, 2022 via the Tokyo Stock Exchange off-auction own share repurchase trading system (ToSTNeT-3). The details are as follows.

1. Overview of the Transaction

At 8:45 a.m. on March 1, 2022, Morinaga Milk will place a consigned purchase order with the Tokyo Stock Exchange off-auction own share repurchase trading system (ToSTNeT-3) at the closing price for today (February 28, 2022).

2. Number of shares held before and after the Transaction

- (1) Number of shares held before tender: 6,289,777 (incl. 1,040,000 deemed held shares)
Ratio of total number of shares issued (excluding treasury shares): 12.70%
- (2) Number of shares to be tendered: 4,300,000
- (3) Number of shares to be held after tender: 1,989,777 (incl. 1,040,000 deemed held shares)
Ratio of total number of shares issued (excluding treasury shares): 4.01%

3. Shareholding policy and reason for sale

The Company carefully examines whether it is reasonable to maintain cross-shareholdings by quantitatively evaluating dividend levels and other factors and qualitatively evaluating factors such

as the purpose of the shareholdings and the outlook for longer-term business relationships with the company whose shares it holds. The Company's policy is to make a decision on the necessity of cross-shareholdings in light of the results of these evaluations and move to reduce them accordingly. The Company holds the shares of Morinaga Milk for the purpose of maintaining the relationship associated with joint ownership of the Morinaga brand and for bolstering measures relating to business dealings.

However, taking into account the guidelines in the revised Corporate Governance Code and from the viewpoint of enhancing the Company's asset efficiency, after deliberating on the volume of Morinaga Milk shares held, the Company decided to lower its ratio of shares issued to less than 5%, keeping in mind the criteria of the large shareholding reporting system.

Regardless of the shareholding ratio, Morinaga Milk and the Company will continue to share the Morinaga brand in the same way as before, and both companies will continue to maintain a sound relationship in order to enhance longer-term value through sustained growth and promote the bolstering of measures relating to business dealings.

4. Impact on financial results

As a result of the Transaction, the Company expects to record extraordinary income of 21,946 million yen (estimate) in the fourth quarter of the fiscal year ending March 31, 2022. The Company has therefore revised its full-year results forecast to reflect the impact of the extraordinary income. Forecast figures for net sales, operating income, and ordinary income remain unchanged.

Revision to consolidated results forecast for the fiscal year ending March 31, 2022 (April 1, 2021 through March 31, 2022)

	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
Previously announced forecast (A)	179,200	18,000	18,500	12,800	254.48
Revised forecast (B)	179,200	18,000	18,500	28,000	556.91
Change (B – A)	—	—	—	15,200	—
Percentage change	—	—	—	118.8	—
(Ref.) Consolidated results for the previous fiscal year (ended March 31, 2021)	168,240	19,176	19,782	13,416	266.73

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ

Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022. The results for the fiscal year ended March 31, 2021, are the figures after retroactive application of said accounting standard.

*The results forecast in this release has been prepared based on information available as of the date of this release. Actual results may differ from the forecast due to various factors.