



February 10, 2023

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2023 <Japanese GAAP>

Listed company: Morinaga Milk Industry Co., Ltd.
Listed stock exchange: Tokyo
Securities code: 2264
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Submission of quarterly report: February 13, 2023
Dividend payment commencement date: –
Preparation of explanatory materials for quarterly financial results: Yes
Holding of a briefing on quarterly financial results: Yes

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Cumulative Third Quarter of the Fiscal Year Ending March 31, 2023 (April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (Cumulative)

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2022	405,224	4.3	20,460	(25.9)	21,529	(24.7)	12,128	(43.2)
Nine months ended December 31, 2021	388,418	–	27,613	–	28,594	–	21,339	–

(Note) Comprehensive income: Nine months ended December 31, 2022: ¥16,360 million / (24.7)%

Nine months ended December 31, 2021: ¥21,720 million / –%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	268.21	267.74
Nine months ended December 31, 2021	431.12	430.41

(Note) The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29) and related guidance from the beginning of the fiscal year ended March 31, 2022. Accordingly, all figures for the third quarter of the fiscal year ended March 31, 2022 are figures after application of the said standard and guideline, and no year-on-year changes are presented.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	477,782	221,238	45.9
As of March 31, 2022	458,788	208,026	44.9

(Reference) Shareholders' equity: As of December 31, 2022: ¥219,075 million As of March 31, 2022: ¥205,896 million

2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	–	–	80.00	80.00
Fiscal year ending March 31, 2023	–	–	–		
Fiscal year ending March 31, 2023 (Forecast)				90.00	90.00

(Note) Amendment to forecasts of dividends recently announced: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	520,000	3.3	22,000	(26.2)	23,500	(24.5)	16,000	(52.6)	353.83

(Note) Amendment to forecasts of consolidated financial results recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the nine months ended December 31, 2022: None
(changes in specified subsidiaries affecting the scope of consolidation)

New: - (Company name:) Excluded: - (Company name:)

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

For details, refer to page 11 of the attached materials, “2. Quarterly Consolidated Financial Statements and Notes (3) Notes regarding the quarterly consolidated financial statements (Application of special accounting for preparing quarterly consolidated financial statements).”

(3) Changes in accounting policies and estimates, and retrospective restatements

(i) Changes in accounting policies in accordance with revision of accounting standards: Yes

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

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(4) Number of shares issued (common stock)

(i) Number of shares outstanding at the end of the period (including treasury shares)

As of December 31, 2022	47,845,343 shares
As of March 31, 2022	49,845,343 shares

(ii) Number of treasury shares at the end of the period

As of December 31, 2022	2,606,648 shares
As of March 31, 2022	4,641,538 shares

(iii) Average number of shares during period

For the nine months ended December 31, 2022	45,219,367 shares
For the nine months ended December 31, 2021	49,498,469 shares

* Quarterly financial results are not subject to review by a certified public accountant or audit corporation.

* Proper use of earnings forecasts, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions on market trends, etc. deemed to be reasonable, and are subject to uncertainties. Consequently, actual business and other results may differ substantially due to various factors. For details on the above forecasts of consolidated financial results, refer to page 6 of the attached materials, “1. Qualitative Information on Quarterly Results (3) Explanation of forward-looking information including consolidated earnings forecasts.”

[Attached Materials]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results

In the first nine months of the consolidated fiscal year under review, diverse geopolitical risks, such as the prolonged situation in Ukraine, caused various impacts. Given also the impact of tight monetary policy around the world, there are downside risks to the global economy. In Japan, the economy is expected to pick up as the country lives with COVID-19. Still, given such developments as rising prices, which are visibly affecting households and businesses, the trends in the domestic and global situation will continue to require close monitoring.

Under these circumstances, the Morinaga Milk Group has made every effort to continue supplying products to the extent possible, while giving the utmost consideration to the safety and health of employees, in order to fulfill its mission as a company that manufactures foods that are essential to daily life. Under the new Medium-term Business Plan 2022–2024, which began in the current fiscal year, the Morinaga Milk Group is striving to provide health value and tastiness and delightfulness that are unique to it. In particular, against the backdrop of increasing health needs in and outside Japan, the Group has been expanding products in the “five domains of wellness,” including yogurt and functional ingredients, that take into consideration various health issues.

Meanwhile, raw material and energy prices and logistics costs surged at levels significantly different from the past environment, due to uncertainty over the situation in Ukraine, in addition to a global rise in demand and depreciation of the yen. A further rise in costs was driven by an increase in the trade price of raw milk for beverages and fermented milk products from November 2022. To counter this situation, we revised prices of cheese, ice cream, milk, yogurt, infant formula, and other products, improved our product mix through expansion of high-profit-margin businesses and products, and reviewed Group-wide costs. The Global Business grew substantially. However, the environment remained very challenging due to abrupt changes in the cost structure and changes in consumption trends.

<Morinaga Milk Group’s 10-year vision and Medium-term Business Plan 2022–2024>

The Group established the Morinaga Milk Group 10-year Vision in April 2019, setting out its vision for the next 10 years. Under the vision, the Morinaga Milk Group sees itself one decade ahead in terms of becoming:

- “a company that balances ‘delicious and pleasurable food’ with ‘health and nutrition’,”
- “a global company that exerts a unique presence worldwide,” and
- “a company that persistently helps make social sustainability a reality,”

based on which we have established targets for the fiscal year ending March 31, 2029, aiming to achieve:

- an “operating profit margin of at least 7%,” an “ROE of at least 10%,” and a “ratio of overseas sales of at least 15%.”

Underpinned by this vision, we have established three basic policies for the three-year Medium-term Business Plan 2022–2024 that extends through the fiscal year ending March 31, 2025, which are:

- “achieving sustainable growth by increasing the added value of our business,”
- “further strengthening our business base with an eye on the future,” and
- “financial strategies focused on efficiency,”

and will aim to balance resolution of social issues and improvement of profitability as we pursue the plan. Additionally, we have formulated the “Sustainability Medium- to Long-Term Plan 2030,” in which 2030 targets and KPIs have been set for the three themes of “Food and Wellness,” “Resources and the Environment,” and “People and Society.” It is placed at the core of management and is carried out in conjunction with the Medium-term Business Plan.

With respect to numerical targets for the final fiscal year of the Medium-Term Business Plan (ending March 31, 2025), we are aiming for net sales of ¥540 billion, operating profit of ¥25 billion, profit attributable to owners of parent of ¥16.0 billion, operating profit to net sales ratio of 4.6%, ROE of 6%, and global business sales ratio of 13%.

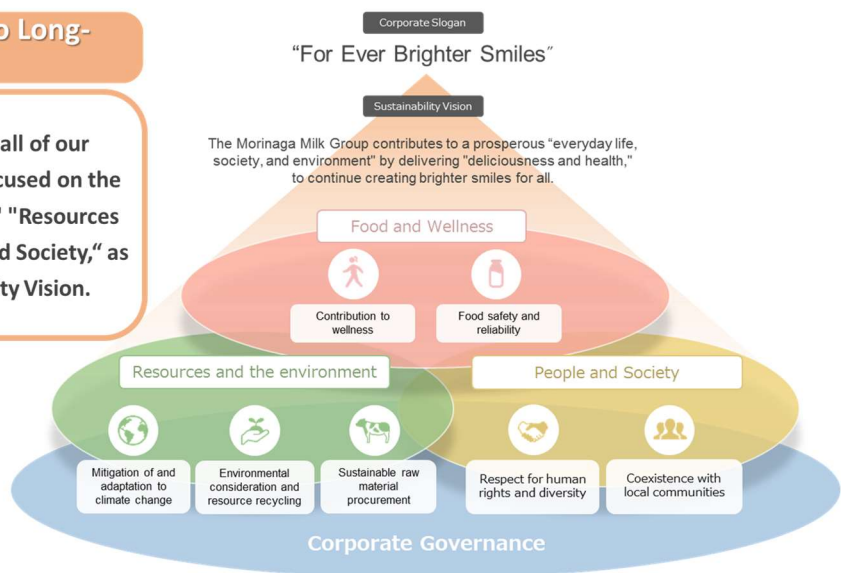
(Reference material 1) Overview of the Medium-term Business Plan 2022–2024



(Reference material 2) Sustainability Medium- to Long-Term Plan 2030

the Sustainability Medium- to Long-Term Plan 2030

In order to bring brighter smiles to all of our stakeholders, we conduct activities focused on the three themes of "Food and Wellness," "Resources and the Environment," and "People and Society," as we seek to achieve our Sustainability Vision.



<Key initiatives for the fiscal year under review>

The current fiscal year is an important starting year for the Group as it moves toward a new stage of growth. We will strive to further strengthen our corporate structure and business while responding to the drastically changing environment.

- Deal with cost increases driven by higher raw materials and energy prices.
 - Minimize the impact of cost increases through price revisions, product mix improvement, rationalization, and other measures
- Promote initiatives in line with the policies of Medium-term Business Plan 2022–2024 and Sustainability Medium- to Long-Term Plan 2030.
 - Provide products that meet the needs of customers, offer high-value-added products, and promote the value of products by pursuing health value and tastiness and delightfulness that are unique to the Morinaga Milk Group
 - Expand products in the “five domains of wellness,” including yogurt and functional ingredients, that take into account various health issues
 - Expand the Global Business (Expansion of existing businesses, conclusion of agreement for transfer of shares in NutriCo Morinaga (Private) Limited, etc.)
 - Promote sales activities that respond to environmental changes caused by the pandemic, mainly in the B-to-B Business (commercial dairy products)
 - Invest in growth areas to further strengthen the business base
(Start of operation in May 2022: expanded drink yogurt production line at the Tone Plant, planned start of operation in April 2024: expanded manufacturing building at the Kobe Plant)
 - Efforts to promote sustainability management
(Contribution to wellness through our main business, measures to address environmental issues such as climate change and the problem of plastics, giving due consideration to human rights and diversity, promotion of sustainability awareness throughout the Group, the Group’s first issuance of Green Bonds, etc.)

As a result, consolidated net sales increased. In the Nutrition and Healthcare Foods Business and the Core Dairy Foods Business, we made efforts to revise prices of cheese, ice cream, milk, yogurt, infant formula, and other products, and to provide high-value-added products such as functional yogurt and “Mt. RAINIER CAFFÈ LATTE.” Although a sales volume decrease following price revisions and changes in consumption trends in Japan especially affected the Core Dairy Foods Business, overall sales increased due partly to the expansion of the B-to-B Business through increased sales of commercial dairy products, as well as growth in the Global Business, primarily MILEI GmbH.

Consolidated profits were significantly affected by rising raw material and energy prices caused by factors such as a global increase in demand, the impact of yen depreciation, and an increase in the trading price of raw milk for beverages and fermented milk products. In response, we promoted price revisions, improved product mix, and conducted Group-wide cost reviews. The Global Business also contributed to profit, but we were unable to absorb the large cost increases, resulting in an overall profit decline from the previous year.

Consolidated net sales	¥405,224 million	(+4.3% YoY)
Consolidated operating profit	¥20,460 million	(-25.9% YoY)
Consolidated ordinary profit	¥21,529 million	(-24.7% YoY)
Profit attributable to owners of parent	¥12,128 million	(-43.2% YoY)
(Other important operating indicators)		
Operating profit to net sales	5.0%	
ROE	5.7%	
Global business sales ratio	11.2%	

(Reference) Overview of the results by business field (four pillars of business) in the Medium-term Business Plan

2022–2024

1. Nutrition and Healthcare Foods Business: The business was significantly affected by rising raw material and energy prices, and efforts were made to revise prices. The yogurt segment enjoyed higher net sales reflecting the solid performance of “Bifidus Yogurt Improves Bowel Movement” as we continued to promote functional yogurts against the backdrop of increasing health needs. CLINICO Co., Ltd., which handles products such as liquid foods, also recorded an increase in sales.

On the profit side, although efforts were made to revise prices of yogurt, infant formula, and home delivery products, and to improve the product mix and reduce costs in the face of rising raw material and energy prices, the business as a whole recorded a profit decline.

Nutrition and Healthcare Foods Business net sales	¥94,221 million	(+0.4% YoY)
Nutrition and Healthcare Foods Business operating profit	¥4,794 million	(-¥3,244 million YoY)

2. Core Dairy Foods Business: The business was significantly affected by rising raw material and energy prices, and efforts were made to revise prices of cheese, ice cream, and “Morinaga Yaki Pudding” and to expand high-value-added products such as “Mt. RAINIER CAFFÈ LATTE.” The business as a whole recorded a decline in sales and profits, partly due to a sales volume decrease following price revisions and changes in consumption trends in Japan.

Core Dairy Foods Business net sales	¥133,109 million	(-7.3% YoY)
Core Dairy Foods Business operating profit	¥6,113 million	(-¥5,511 million YoY)

3. B-to-B Business: In the commercial dairy product segment, which accounts for a high percentage of total sales, we worked on responding to environmental changes caused by the pandemic and proceeded with price revisions and other measures, to record an increase in net sales for the business as a whole. We continue to see high interest in functional ingredients, including the Company’s own bacteria, as a result of increasing health needs.

In terms of profits, although there was an increase in sales, profits were lower than the previous fiscal year, mainly due to the impact of higher raw material and energy prices.

B-to-B Business net sales	¥70,867 million	(+13.7% YoY)
B-to-B Business operating profit	¥1,313 million	(-¥1,325 million YoY)

4. Global Business: Exports of infant and toddler milk and bacteria remained solid, and MILEI GmbH, which manufactures and sells dairy ingredients, responded to rising raw material market conditions by passing on prices. The depreciating yen also contributed to an increase in sales for the business as a whole.

On the profit side, despite such factors as the impact of rising raw material and energy prices on a global scale and expenditure for growth, the business as a whole recorded an increase in profit, helped in part by the positive effect of MILEI’s contribution, higher net sales of infant and toddler milk and bacteria, and the depreciation of the yen.

Global Business net sales	¥45,381 million	(+39.5% YoY)
Global Business operating profit	¥6,664 million	(+¥1,654 million)

(2) Explanation of consolidated financial position

Total assets at the end of the third quarter of the consolidated fiscal year under review increased by ¥18,994 million to ¥477,782 million compared to the end of the previous fiscal year. This was mainly due to an increase in notes and accounts receivable—trade and contract assets, despite a decrease in merchandise and finished goods.

Total liabilities were ¥256,543 million, up ¥5,781 million from the end of the previous fiscal year. This was mainly due to an increase in notes and accounts payable—trade and deposits received, despite a decline in income taxes payable.

Net assets were ¥221,238 million, up ¥13,212 million from the end of the previous fiscal year. This was mainly attributable to an increase in foreign currency translation adjustment.

As a result, the shareholders' equity ratio was 45.9%, compared with 44.9% at the end of the previous fiscal year.

(3) Explanation of forward-looking information including consolidated earnings forecasts

There is no amendment to consolidated earnings forecasts for the fiscal year ending March 31, 2023, disclosed on November 10, 2022.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Assets		
Current assets		
Cash and deposits	23,607	22,234
Notes and accounts receivable–trade and contract assets	63,298	79,460
Merchandise and finished goods	51,015	45,740
Work in process	1,724	1,497
Raw materials and supplies	17,709	20,916
Other	7,019	14,779
Allowance for doubtful accounts	(247)	(338)
Total current assets	164,127	184,289
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	85,344	83,245
Machinery, equipment and vehicles, net	91,761	92,562
Land	54,003	53,808
Other, net	16,336	15,321
Total property, plant and equipment	247,446	244,938
Intangible assets	9,735	9,903
Investments and other assets		
Investment securities	21,583	23,028
Other	16,055	15,780
Allowance for doubtful accounts	(158)	(157)
Total investments and other assets	37,479	38,650
Total non-current assets	294,660	293,492
Total assets	458,788	477,782

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable–trade	52,122	59,075
Electronically recorded obligations–operating	4,668	5,625
Short-term borrowings	3,084	4,706
Current portion of long-term borrowings	7,905	7,918
Income taxes payable	10,036	3,150
Accrued expenses	34,474	33,453
Deposits received	16,215	21,532
Other	13,992	18,442
Total current liabilities	142,500	153,904
Non-current liabilities		
Bonds payable	50,000	55,000
Long-term borrowings	26,051	21,780
Retirement benefit liability	21,146	21,454
Other	11,063	4,403
Total non-current liabilities	108,261	102,638
Total liabilities	250,762	256,543
Net assets		
Shareholders' equity		
Share capital	21,821	21,821
Capital surplus	19,980	19,978
Retained earnings	183,884	181,771
Treasury stock	(25,476)	(14,313)
Total shareholders' equity	200,210	209,258
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,497	8,559
Deferred gains or losses on hedges	(41)	(120)
Foreign currency translation adjustment	(613)	2,393
Remeasurements of defined benefit plans	(1,156)	(1,015)
Total accumulated other comprehensive income	5,685	9,817
Subscription rights to shares	174	124
Non-controlling interests	1,955	2,037
Total net assets	208,026	221,238
Total liabilities and net assets	458,788	477,782

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

(Consolidated statements of income)

(April 1, 2022 – December 31, 2022)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	388,418	405,224
Cost of sales	291,288	313,600
Gross profit	97,130	91,624
Selling, general and administrative expenses	69,516	71,163
Operating profit	27,613	20,460
Non-operating income		
Interest income	26	25
Dividends income	803	703
Rental income from buildings	213	214
Share of profit of entities accounted for using equity method	20	–
Foreign exchange gains	57	375
Other	723	638
Total non-operating income	1,843	1,957
Non-operating expenses		
Interest expenses	562	551
Share of loss of entities accounted for using equity method	–	44
Other	300	292
Total non-operating expenses	862	887
Ordinary profit	28,594	21,529
Extraordinary income		
Gain on sales of non-current assets	4,380	428
Other	243	45
Total extraordinary income	4,624	474
Extraordinary losses		
Gain on disposal of non-current assets	332	359
Contributions to the public interest incorporated foundation Hikari Kyokai	1,260	1,380
Impairment losses	–	1,226
Other	1,421	772
Total extraordinary losses	3,013	3,738
Profit before income taxes	30,204	18,265
Income taxes	8,761	6,016
Profit	21,443	12,248
Profit attributable to non-controlling interests	103	120
Profit attributable to owners of parent	21,339	12,128

(Consolidated statements of comprehensive income)
(April 1, 2022 – December 31, 2022)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	21,443	12,248
Other comprehensive income		
Valuation difference on available-for-sale securities	(425)	1,051
Deferred gains or losses on hedges	(134)	(89)
Foreign currency translation adjustment	665	2,951
Remeasurements of defined benefit plans	121	141
Share of other comprehensive income of entities accounted for using equity method	50	56
Total other comprehensive income	277	4,111
Comprehensive income	21,720	16,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,681	16,260
Comprehensive income attributable to non-controlling interests	39	99

(3) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Notes on significant changes in the amount of shareholders' equity)

In accordance with the resolution made at the meeting of the Board of Directors held on August 9, 2022, the Company cancelled 2,000,000 shares of its treasury stock effective August 16, 2022. As a result of the cancellation, retained earnings decreased by ¥10,970 million and treasury shares decreased by ¥10,970 million. Reflecting the foregoing and other factors, retained earnings stood at ¥181,771 million and treasury shares at ¥14,313 million as of the end of the third quarter of the consolidated fiscal year under review.

(Application of special accounting for preparing quarterly consolidated financial statements)

(Assessment of tax expenses)

The Company and its consolidated subsidiaries apply the method that reasonably estimates an effective tax rate to be assessed on profit before income taxes for the fiscal year ending March 31, 2023, including this third quarter of the fiscal year under review after accounting for the tax effects, and multiplies profit before income taxes during the third quarter of the fiscal year ending March 31, 2023 by said estimated effective tax rate.

(Changes in accounting policies)

(Application of implementation guidance on accounting standard for fair value measurement)

The Group has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Implementation Guidance") from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment set forth in Paragraph 27-2 of the Fair Value Measurement Implementation Guidance, the Group has decided to apply the new accounting policies set forth by the Fair Value Measurement Implementation Guidance going forward. This will have no impact on the quarterly consolidated financial statements.

(Significant subsequent events)

(Business combination by acquisition)

The Company's Board of Directors resolved, at a meeting held on July 14, 2022, to conclude a memorandum of understanding with the aim of making the Company's affiliate NutriCo Morinaga (Private) Limited (hereinafter, "NutriCo Morinaga") a consolidated subsidiary through the acquisition of additional shares. The share transfer agreement was concluded on September 16, 2022. The shares in NutriCo Morinaga were acquired on January 18, 2023, and it became a subsidiary of the Company.

1. Overview of the business combination

(1) Name and business of the acquired company

Company name: NutriCo Morinaga (Private) Limited

Business: Import, production, and sales of infant and toddler milk

(2) Main reason for the business combination

As part of its 10-year Vision, the Company aims to become a global company that exerts a unique presence worldwide (with an overseas sales ratio of at least 15%). In addition to aiming to further expand its overseas businesses, the Company has identified the expansion of the infant and toddler milk business in Asia as a key challenge under the theme of "achieving sustainable growth by increasing the added value of our business" in its Medium-term Business Plan.

The Company began exporting infant and toddler milk to Pakistan in 1978. For more than four decades, it has pursued business in Pakistan, running its infant and toddler milk export business through its sales agent, Unibrands (later NutriCo Pakistan (Private) Limited). In 2017, together with ICI Pakistan Limited and Unibrands (Private) Limited, the Company established NutriCo Morinaga to produce and sell infant and toddler milk in Pakistan. Effective July 1, 2021, NutriCo Pakistan (Private) Limited was merged by NutriCo Morinaga and has continued its efforts to expand its business as NutriCo Morinaga.

Pakistan is an attractive market, boasting the fifth-largest population in the world, with continuing population growth forecast. Moreover, the Morinaga Milk Industry brand has gained broad recognition in

Pakistan over many years through the export business, giving the Company a high chance of achieving further rapid growth in the Pakistan market.

By acquiring management control over NutriCo Morinaga, and ensuring the timely introduction of safe and high quality products to meet customer needs in the Pakistan infant and toddler milk market, the Company considers that it will be able to capture growth opportunities, leading to the further development of the Morinaga Milk Industry brand infant and toddler milk business in Pakistan and contributing to the growth and health of the consumers of the Company products. It has therefore resolved to conclude a memorandum of understanding to acquire shares of NutriCo Morinaga (making it a subsidiary of the Company), subject to the successful negotiation, execution, and delivery of definitive agreements.

As the capital of NutriCo Morinaga is equal to 10% or more of the Company's capital, it will become a specified subsidiary company of the Company.

(3) Date of the business combination

January 18, 2023 (Deemed acquisition date: December 31, 2022)

(4) Legal form of the business combination

Acquisition of shares for cash consideration

(5) Name of the company after combination

There is no change in the name of the company after combination.

(6) Proportion of voting rights acquired

Proportion of voting rights before the acquisition: 17.73%

Proportion of voting rights after the acquisition: 51.00%

2. Acquisition cost of the acquired company and breakdown by type of consideration

Number of shares owned by the Company before the change: 14,563,500 shares

(Number of voting rights: 14,563,500, proportion of voting rights held: 17.73%)

Number of shares acquired: 27,322,987 shares

(Number of voting rights: 27,322,987)

Consideration: Cash

Acquisition cost: USD 56,600,000

JPY 7,331 million

Number of shares owned by the Company after the change: 41,886,487 shares

(Number of voting rights: 41,886,487, proportion of voting rights held: 51.0%)

* Amounts are converted to JPY using the exchange rate of USD 1 = JPY 129.53.

3. Details and amount of acquisition-related expenses

Compensation for external advisers and others, fees, etc.: JPY 97 million

4. Amount, cause, amortization method, and amortization period of goodwill arising from the business combination

Yet to be determined.

5. Amount and main components of assets and liabilities assumed on the date of the business combination

Yet to be determined.