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Consolidated Financial Summary for the Nine Months Ended December 31, 2022 (3Q) (Japanese Accounting Standards)

February 10, 2023

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Scheduled date to submit the Quarterly Securities Report: February 13, 2023
 Scheduled date for commencement of dividend payments: –
 Supplementary documents for quarterly results: Yes
 Quarterly 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 Three Quarters Ended December 31, 2022 (April 1, 2022 – December 31, 2022)

(1) Consolidated operating results (Accumulated total) (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	%
3Q ended December 31, 2022	147,869	6.6	13,750	(20.4)	13,995	(21.6)	8,857	(29.2)
3Q ended December 31, 2021	138,663	6.9	17,283	0.8	17,860	1.1	12,515	2.7

(Note) Comprehensive income: 3Q ended December 31, 2022: 10,876 million yen (-8.3%);
 3Q ended December 31, 2021: 11,863 million yen (-25.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q ended December 31, 2022	182.74	–
3Q ended December 31, 2021	248.85	–

(2) Consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
3Q ended December 31, 2022	220,670	128,737	57.8
Year ended Mar. 31, 2022	214,300	131,174	60.7

(Reference) Shareholders' equity: 3Q ended December 31, 2022: 127,448 million yen;
 Year ended March 31, 2022: 130,035 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, 2022	–	0.00	–	90.00	90.00
Year ending Mar. 31, 2023	–	0.00	–		
Year ending Mar. 31, 2023 (forecast)				90.00	90.00

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

3. Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

(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
Full year	193,500	6.8	14,000	(20.8)	14,600	(20.0)	8,900	(68.0)	184.70

(Note) Revisions to results forecasts published most recently: Yes

* Notes

(1) Important changes in subsidiaries during the period (changes in specified subsidiaries accompanied by changes in the scope of consolidation): 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: None

(ii) Changes in accounting policies other than changes in (i): Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) Please see "2. Quarterly Consolidated Financial Statements and Major Notes: (3) Notes to the Quarterly Consolidated Financial Statements (Changes in accounting policies)" on page 10 of the accompanying materials for details.

(4) Number of shares issued (common shares)

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

3Q ended December 31, 2022: 48,789,769 Year ended March 31, 2022: 54,189,769

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

3Q ended December 31, 2022: 1,048,830 Year ended March 31, 2022: 4,252,091

(iii) Average number of shares during the period

3Q ended December 31, 2022: 48,471,451 3Q ended December 31, 2021: 50,293,402

* 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 (34,181 shares in the third quarter of the fiscal year ending March 31, 2023 and 38,764 shares in the fiscal year ended March 31, 2022). 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.

* This financial summary is not subject to statutory quarterly review by certified public accountants or audit corporations.

* 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. For details, please refer to "1. Qualitative Information on Consolidated Results for the First Three Quarters (3) Qualitative information on future forecasts, including consolidated results forecasts " on page 5 of the accompanying materials.

○ Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results for the First Three Quarters	2
(1) Qualitative information on consolidated results	2
(2) Qualitative information on consolidated financial position	5
(3) Qualitative information on future forecasts, including 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 Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Notes to the 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
(Additional information).....	10
(Quarterly consolidated statements of operations).....	11
(Segment information).....	12
(Revenue recognition).....	13
(Significant subsequent events)	14
3. Supplementary Information	15

1. Qualitative Information on Consolidated Results for the First Three Quarters

The information categories used to break down revenue generated from contracts with customers in the Food Manufacturing segment have been changed, effective from the first quarter of the fiscal year under review. Accordingly, the Food Manufacturing segment categories were changed for the comparative analyses discussed below, and the year-on-year comparisons and analyses are based on figures after the category changes were made.

(1) Qualitative information on consolidated results

During the first three quarters of the current fiscal year, despite progress in Japan with reconciling COVID-19 countermeasures with economic activity, the outlook for the Japanese economy remained uncertain and the business environment was subject to dramatic changes due to soaring raw material and energy prices caused primarily by the Russia-Ukraine conflict and rapid forex fluctuations.

In this environment, net sales in the first three quarters increased ¥9,206 million (+6.6%) year on year to ¥147,869 million.

Despite the boost from higher sales and product price revisions, operating income decreased ¥3,533 million (-20.4%) year on year to ¥13,750 million, and ordinary income decreased ¥3,865 million (-21.6%) year on year to ¥13,995 million, mainly reflecting rising raw material and energy prices, and strategic investments in advertising targeting longer term growth. Profit attributable to owners of the parent decreased ¥3,658 million (-29.2%) year on year to ¥8,857 million.

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

Food Manufacturing

Confectionery & Foodstuffs Business

In the biscuits category, *Morinaga Biscuits* sales were up year on year. The launch of new products and aggressive promotion of *Moonlight* contributed to sales expansion, helping to offset the impact of temporary supply constraints stemming from a halt in production to allow production line expansion work to be carried out in the first quarter.

In the sugar confectionery category, sales of *HI-CHEW* (a product group with a diverse range of different textures) remained brisk across all product formats (sticks, pouches, and packets), including new products and winter-only versions of core products. *Morinaga Ramune* sales were up year on year, with *Otsubu Ramune* performing strongly.

In the chocolate category, sales of *Carré de chocolat* were down year on year, despite efforts to promote its value as a fine-quality chocolate brand via web media and instore displays. *DARS* sales were down year on year partly due to difficulties faced by higher-priced products, despite promotions coinciding with “*DARS Day*” (December 12). *Chocoball* sales were up year on year, boosted by a campaign marking the 55th anniversary of the *Chocoball* launch.

In the foodstuffs category, sales of both *Morinaga Amazake* and *Morinaga Cocoa* declined year on year, despite ongoing efforts to capture demand by bolstering their respective health brand images, including efforts to highlight product value and propose new consumption scenarios.

Note that price revisions were implemented for each product category in the first half of the year under review. The impacts of these revisions on sales volumes, and the extent of subsequent sales volume recoveries, vary depending on market trends and positioning of products within their respective markets, with biscuits and sugar confectionery performing relatively well, while the impact on the chocolate category remains evident.

As a result, total net sales for the Confectionery & Foodstuffs business increased ¥675 million (+1.3%) year on year to ¥54,100 million.

Segment operating income decreased by ¥2,196 million (-69.3%) year on year to ¥972 million due to the significant impact of soaring raw material and energy prices, despite improved profitability through product price revisions, and increased sales.

Frozen Desserts Business

Jumbo Group sales were level year on year partly due to weather-related factors in early autumn, despite sales promotions for special 50th anniversary *Choco Monaka Jumbo* products and winter-only *Vanilla Monaka Jumbo* products. Sales of *Ita Choco Ice*, now in its third year of year-round sales, were down compared with last year when there was sharp sales growth, despite efforts to boost brand recognition through online videos and campaigns. *ICEBOX* performed strongly as the promotion of new consumption scenarios to specific target demographics helped to expand purchase rates during the peak demand period, and efforts were also made to boost autumn and winter demand.

Note that price revisions were implemented for mainstay products in the first half of the year under review.

As a result, total net sales for the Frozen Desserts business decreased ¥655 million (-2.0%) year on year to ¥32,829 million.

Segment operating income decreased by ¥1,890 million (-35.4%) year on year to ¥3,449 million due to skyrocketing prices of raw materials and energy, and higher depreciation and amortization, despite efforts to improve profitability by revising product prices.

“in-” Business

Sales of *in Jelly* were strong (even after price revisions in December) due to continued capturing of demand from wide-ranging demographics for drinks or snacks when working or studying and for nourishment and health-boosting products during times of poor health, as a consequence of lifestyle changes brought about by COVID-19. Sales of *in Bar* were down year on year despite a revamp of the lineup aimed at regaining lost ground amid continued intensification of competition with the diversification of protein intake means.

As a result, total net sales for the “in-” business increased ¥2,685 million (+12.0%) year on year to ¥25,105 million.

Segment operating income increased by ¥273 million (+4.4%) year on year to ¥6,413 million owing to strong net sales, which outweighed strategic investments in advertising, and surging raw material and energy prices.

Direct Marketing Business

Morinaga Collagen Drink sales were up year on year due to solid subscription customer number performance. Sales also expanded for *Morinaga Aojiru*, the second pillar candidate product in the Direct Marketing business, due to a stable increase in the number of subscription customers.

As a result, total net sales for the Direct Marketing business grew ¥1,027 million (+15.3%) year on year to ¥7,727 million.

Segment operating income increased by ¥81 million (+19.9%) year on year to ¥490 million owing to the strong net sales performance, which offset soaring raw material prices and aggressive investments in advertising aimed at gaining subscription customers.

Operating Subsidiaries

Net sales at Aunt Stella Inc. were up year on year. This was driven by brisk sales through outlets at major mass retailers, and strong sales driven by buzz-creation through selling-by-weight fairs at directly operated stores nationwide, and “all-you-can-stuff-into-a-bag” campaigns. Morinaga Market Development Co., Ltd.’s retail sales were strong at amusement parks, with sales up significantly year on year as restrictions on the movement of people were eased.

As a result, total net sales for Operating Subsidiaries increased ¥1,053 million (+23.4%) year on year to ¥5,554 million.

Segment operating income increased by ¥222 million (+178.1%) year on year to ¥346 million.

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

Confectionery & Foodstuffs Business		Frozen Desserts Business	
<i>Morinaga Biscuits</i>	101	<i>Jumbo Group</i>	100
<i>HI-CHEW</i>	111	<i>Ita Choco Ice</i>	83
<i>Morinaga Ramune</i>	109	<i>The Crepe</i>	—
<i>Carré de chocolat</i>	92	<i>ICEBOX</i>	111
<i>DARS</i>	96	“in-” Business	
<i>Chocoball</i>	101	<i>in Jelly</i>	118
<i>Morinaga Amazake</i>	91	<i>in Bar</i>	93
<i>Morinaga Cocoa</i>	99	Direct Marketing Business	
		<i>Morinaga Collagen Drink</i>	113

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

U.S. Business

HI-CHEW sales were up year on year. Growth in the number of stores selling *HI-CHEW* continued across the United States, and store turnover has also remained strong, with contribution from marketing aimed at boosting brand recognition and brand loyalty. In addition, the effort to build the *Charge!* jelly drink into a second pillar of earnings for the U.S. business is fully underway. To boost *Charge!* brand recognition, efforts are being aggressively pursued to increase the number of target-demographic touch points through promotional activities such as product sampling at sports events and social media posts by famous athletes.

As a result, total net sales for the U.S. business rose ¥3,325 million (+44.0%) year on year to ¥10,878 million.

Segment operating income decreased by ¥45 million (−3.5%) year on year to ¥1,264 million as soaring raw material prices and shipping costs, increased personnel costs, and upfront investments in *Charge!* advertising, outweighed sales growth and the boost from price revisions.

China, Taiwan, Exports, etc.

In China, *HI-CHEW* sales were up year on year, with a recovery from September onward from the impact of lockdowns and heatwaves. In Taiwan, sales of *in Jelly* were strong, and *HI-CHEW* sales were up year on year, due to the launch of new products and a rebound from the impact of COVID-19 on sales last year.

As a result, total net sales for China, Taiwan, Exports, etc. increased ¥773 million (+18.0%) year on year to ¥5,067 million.

Segment operating income increased by ¥148 million (+41.7%) year on year to ¥502 million.

Overall, sales in Food Manufacturing increased 6.7% year on year to ¥141,276 million. Segment operating income decreased ¥3,501 million year on year to ¥13,357 million.

Food Merchandise

Sales for the segment increased 6.6% year on year to ¥4,614 million. Segment operating income decreased ¥49 million year on year to ¥202 million.

Real Estate and Services

Sales for the segment increased 0.5% year on year to ¥1,472 million. Segment operating income decreased ¥18 million year on year to ¥666 million.

Other Services

Sales totaled ¥506 million. Segment operating income was ¥116 million.

(2) Qualitative information on consolidated financial position

Total assets at the end of the third quarter under review increased ¥6,370 million from the end of the previous fiscal year to ¥220,670 million. This was chiefly due to increases in notes and accounts receivable—trade, raw materials and supplies, and income taxes receivable, which offset a decrease in cash and deposits.

Liabilities increased by ¥8,807 million from the end of the previous fiscal year to ¥91,933 million. This was mainly attributable to increases in notes and accounts payable—trade and bond proceeds, which offset a decrease in income taxes payable.

Net assets stood at ¥128,737 million, down ¥2,437 million from the end of the previous fiscal year. This primarily owed to an increase in foreign currency translation adjustments due to profit attributable to owners of the parent and yen depreciation, which offset a decrease due to dividend payments and the purchase of treasury stock.

As a result of the above, the shareholders' equity ratio is 57.8%, a 2.9 percentage point decrease from the end of the previous fiscal year.

(3) Qualitative information on future forecasts, including consolidated results forecasts

Although solid year-on-year sales growth is expected to continue both overseas and domestically, the Company expects net sales to be slightly less than the previously announced forecast amount. However, on the profit front, the Company now expects profit to exceed the previously announced forecast amount due to the steady realization of the effects of the price revisions, in addition to the appearance of a slight easing trend in raw materials price increases. Based on these circumstances, the Company has therefore revised the full-year consolidated results forecast for the fiscal year ending March 31, 2023, as outlined below.

Note that there is no change to the year-end dividend forecast of ¥90 per share for the fiscal year ending March 31, 2023.

Note that this forecast revision has been also announced separately today, February 10, 2023, in the "Notice Regarding Revision of Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2023".

Revision of Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2023
(April 1, 2022 through March 31, 2023)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
	Million yen	Million yen	Million yen	Million yen
Previously announced forecast (A)	194,300	13,500	14,050	8,500
Revised forecast (B)	193,500	14,000	14,600	8,900
Change (B – A)	(800)	500	550	400
Percentage change	(0.4%)	3.7%	3.9%	4.7%
(Ref.) Consolidated results of the previous fiscal year (ended March 31, 2022)	181,251	17,685	18,247	27,773

* The conversion rate used in our forecasts for overseas subsidiaries is ¥131 to the U.S. dollar.

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

(Million yen)

	FY2022/3 (Mar. 31, 2022)	3Q 2023 (Dec. 31, 2022)
Assets		
Current assets		
Cash and deposits	56,652	46,710
Notes and accounts receivable—trade	22,313	30,318
Merchandise and finished goods	13,645	15,997
Work in process	374	458
Raw materials and supplies	9,736	14,104
Income taxes receivable	157	3,400
Other	9,236	6,191
Allowance for doubtful accounts	(48)	(50)
Total current assets	112,067	117,130
Noncurrent assets		
Property, plant and equipment		
Buildings and structures—net	30,011	30,064
Machinery, equipment and vehicles—net	29,375	28,072
Land	21,318	20,779
Other—net	4,347	7,550
Total property, plant and equipment	85,053	86,466
Intangible assets		
Software	—	202
Goodwill	98	24
Other	211	201
Total intangible assets	309	429
Investments and other assets		
Investment securities	10,447	10,459
Net defined benefit asset	4,232	4,222
Deferred tax assets	1,191	996
Other	1,034	1,001
Allowance for doubtful accounts	(36)	(35)
Total investments and other assets	16,869	16,644
Total noncurrent assets	102,233	103,540
Total assets	214,300	220,670

(Million yen)

	FY2022/3 (Mar. 31, 2022)	3Q 2023 (Dec. 31, 2022)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	20,392	27,762
Current portion of long-term loans	10,000	—
Accounts payable—other	10,538	10,482
Income taxes payable	9,974	534
Refund liabilities	3,611	4,250
Allowance for bonuses	2,697	1,366
Asset retirement obligations	453	9
Other	12,479	14,278
Total current liabilities	70,147	58,685
Long-term liabilities		
Bonds payable	—	9,000
Long-term loans	—	10,000
Deferred tax liabilities	—	560
Provision for directors' stock benefits	82	81
Provision for environmental measures	274	273
Net defined benefit liability	8,231	8,547
Asset retirement obligations	—	66
Deposits received	3,642	3,621
Other	748	1,098
Total long-term liabilities	12,978	33,248
Total liabilities	83,126	91,933
Net assets		
Shareholders' equity		
Common stock	18,612	18,612
Capital surplus	17,292	17,186
Retained earnings	97,886	84,477
Treasury stock	(12,717)	(3,507)
Total shareholders' equity	121,074	116,769
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,396	5,407
Deferred gains or losses on hedges	(1)	(7)
Foreign currency translation adjustments	1,304	3,201
Remeasurements of defined benefit plans	2,261	2,078
Total accumulated other comprehensive income	8,960	10,679
Non-controlling interests	1,139	1,288
Total net assets	131,174	128,737
Total liabilities and net assets	214,300	220,670

(2) Quarterly Consolidated Statements of Operations and Quarterly Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Operations)
 (First three quarters ended December 31, 2022)

(Million yen)

	3Q 2022 (Apr. 1, 2021 – Dec. 31, 2021)	3Q 2023 (Apr. 1, 2022 – Dec. 31, 2022)
Net sales	138,663	147,869
Cost of sales	79,071	88,459
Gross profit	59,591	59,410
Selling, general and administrative expenses	42,308	45,659
Operating income	17,283	13,750
Non-operating income		
Interest income	17	12
Dividends income	533	258
Other	194	244
Total non-operating income	745	516
Non-operating expenses		
Interest expenses	25	30
Equity in losses of affiliates	18	0
Depreciation	86	63
Commission for purchase of treasury stock	—	75
Other	37	101
Total non-operating expenses	167	270
Ordinary income	17,860	13,995
Extraordinary income		
Gain on sales of noncurrent assets	9	4
Gain on sales of investment securities	2	273
Insurance income	—	100
Total extraordinary income	12	378
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	347	1,070
Impairment loss	—	630
Other	0	35
Total extraordinary loss	347	1,736
Income before income taxes	17,525	12,637
Income taxes—current	4,257	2,744
Income taxes—deferred	601	872
Total income taxes	4,858	3,616
Net income	12,666	9,020
Profit attributable to non-controlling interests	151	162
Profit attributable to owners of parent	12,515	8,857

(Quarterly Consolidated Statements of Comprehensive Income)

(First three quarters ended December 31, 2022)

(Million yen)

	3Q 2022 (Apr. 1, 2021 – Dec. 31, 2021)	3Q 2023 (Apr. 1, 2022 – Dec. 31, 2022)
Net income	12,666	9,020
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,314)	11
Deferred gains or losses on hedges	(27)	(15)
Foreign currency translation adjustments	676	2,036
Remeasurements of defined benefit plans, net of tax	(134)	(182)
Share of other comprehensive income of associates accounted for using equity method	(2)	5
Total other comprehensive income	(803)	1,856
Net comprehensive income	11,863	10,876
(Breakdown)		
Comprehensive income attributable to owners of parent	11,600	10,576
Comprehensive income attributable to non-controlling interests	262	299

(3) Notes to the 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 February 28, 2022, the Company repurchased 2,198,800 shares of its treasury stock during the first three quarters ended December 31, 2022. As a result, treasury stock increased by ¥8,674 million.

(Cancellation of treasury stock)

Based on a resolution of the Board of Directors meeting held on November 10, 2022, the Company canceled 5,400,000 shares of its treasury stock on November 30, 2022. As a result, capital surplus decreased by ¥105 million, retained earnings decreased by ¥17,769 million and treasury stock decreased by ¥17,875 million during the first three quarters ended December 31, 2022.

As a result of the foregoing, capital surplus, retained earnings and treasury stock at the end of the third quarter of the fiscal year under review were ¥17,186 million, ¥84,477 million and ¥3,507 million, respectively.

(Changes in accounting policies)

(Changes in the method of converting revenues and expenses of foreign subsidiaries, etc.)

Previously, revenues and expenses of foreign subsidiaries, etc. were converted into Japanese yen at the spot exchange rate on the closing date of the foreign subsidiaries, etc. However, effective from the first quarter of the fiscal year under review, the Group has changed to a method of converting to yen at the average exchange rate of the applicable period. Amid the recent economic climate of extreme fluctuations in exchange rates, this change was made to mitigate the impact of temporary fluctuations in exchange rates on profit/loss during the period and to more appropriately reflect the business results of foreign subsidiaries, etc. in the Group's consolidated financial statements, given that the importance of sales and profit/loss at foreign subsidiaries, etc. is expected to further increase going forward due to the expansion of the Group's overseas businesses focused on the United States.

The impact of this change is minor.

(Additional information)

(Impact of COVID-19 on accounting estimates)

With regard to the impact of COVID-19, the Group has not made any material changes to the assumptions in the (Impact of COVID-19 on accounting estimates) section under (Additional information) in the annual securities report for the fiscal year ended March 31, 2022. The Group has made accounting estimates relating to impairment loss on noncurrent assets and recoverability of deferred tax assets, etc. based on said assumptions.

There continues to be a high degree of uncertainty concerning these assumptions, and the Company's future financial position and operating results may be materially impacted by the further spread or the economic effects of COVID-19.

(Quarterly consolidated statements of operations)

Impairment loss

The Group recorded an impairment loss on the following assets.

First three quarters of Fiscal 2023 (Apr. 1, 2022 – Dec. 31, 2022)

Location	Use	Type and impairment loss (million yen)				
		Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Yokohama, Kanagawa	Morinaga Institute of Biological Science, Inc. (assets planned for sale)	91	–	538	–	630

(Classification method of assets)

The Group classifies assets for business by identifying the minimum unit that generates independent cash flows based on the business segment by type. The Group classifies golf courses, assets for lease, stores, and idle assets by property, and goodwill by company. The Group classifies assets which shows no association with any particular business as shared assets.

(Background of recognition of impairment loss)

The Company has decided on a policy to sell the assets, so their book value has been reduced to their recoverable amount.

(Calculation method of recoverable amount)

The recoverable amount of the relevant assets is valued by net cash value, which is rationally calculated based on indicators, etc. that are considered to appropriately reflect market prices.

(Segment information)

I. Information on net sales, profits or losses by reportable segment

First three quarters of Fiscal 2022 (Apr. 1, 2021 – Dec. 31, 2021)

(Million yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of operations (Note 3)
	Food Manufacturing	Food Merchandise	Real Estate and Services	Total				
Net sales								
Outside customers	132,385	4,330	1,464	138,180	482	138,663	—	138,663
Intersegment sales or transfers	105	176	0	281	678	959	(959)	—
Total	132,491	4,506	1,465	138,462	1,160	139,623	(959)	138,663
Segment operating income	16,858	251	684	17,794	139	17,934	(651)	17,283

(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 651 million yen adjustment to segment operating income includes inter-segment elimination of 13 million yen, and corporate expenses that are not allocated to any reportable segment of minus 665 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) Segment operating income is adjusted to be consistent with operating income shown in the Quarterly Consolidated Statements of Operations.

First three quarters of Fiscal 2023 (Apr. 1, 2022 – Dec. 31, 2022)

(Million yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount posted in consolidated statements of operations (Note 3)
	Food Manufacturing	Food Merchandise	Real Estate and Services	Total				
Net sales								
Outside customers	141,276	4,614	1,472	147,363	506	147,869	—	147,869
Intersegment sales or transfers	118	243	0	362	697	1,059	(1,059)	—
Total	141,394	4,857	1,473	147,725	1,204	148,929	(1,059)	147,869
Segment operating income	13,357	202	666	14,226	116	14,343	(593)	13,750

(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 593 million yen adjustment to segment operating income includes inter-segment elimination of 12 million yen, and corporate expenses that are not allocated to any reportable segment of minus 607 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) Segment operating income is adjusted to be consistent with operating income shown in the Quarterly Consolidated Statements of Operations.

(Changes in the method of presentation)

The Company has changed its method of presenting the information on the breakdown of revenue generated from contracts with customers in (Revenue recognition) from the first quarter of the fiscal year under review. In addition, the information on the breakdown of revenue generated from contracts with customers for the first three quarters of the fiscal year ended on March 31, 2022 is also presented in (Revenue recognition).

2. Information on impairment loss on noncurrent assets and goodwill by reportable segment

(Material impairment loss on noncurrent assets)

First three quarters of Fiscal 2022 (Apr. 1, 2021 – Dec. 31, 2021)

Not applicable.

First three quarters of Fiscal 2023 (Apr. 1, 2022 – Dec. 31, 2022)

(Million yen)

	Food Manufacturing	Food Merchandise	Real Estate and Services	Other	Adjustment	Total
Impairment loss	–	–	–	630	–	630

(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	3Q 2022 (Apr. 1, 2021 – Dec. 31, 2021)	3Q 2023 (Apr. 1, 2022 – Dec. 31, 2022)
Food Manufacturing	Confectionery & Foodstuffs business	53,425	54,100
	Frozen Desserts business	33,484	32,829
	"in-" business	22,420	25,105
	Direct Marketing business	6,700	7,727
	Operating subsidiaries, etc.	4,506	5,568
	Domestic total	120,538	125,330
	U.S. business	7,553	10,878
	China, Taiwan, exports, etc.	4,294	5,067
	Overseas total	11,847	15,945
	Subtotal	132,385	141,276
Food Merchandise	Wholesale food service and food products	4,330	4,614
Real Estate and Services	Management of golf courses	575	601
Other Services (Note)		482	506
Revenue generated from contracts with customers total		137,774	146,998
Real Estate and Services	Real estate transactions	888	871
Other revenue total		888	871
Net sales to outside customers total		138,663	147,869

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

(Changes in the method of presentation)

The information on the breakdown of revenue generated from contracts with customers in the Food Manufacturing segment was previously classified into Confectionery & Foodstuffs, Frozen Desserts and Health Products, but the Company has changed its classification of business to Confectionery & Foodstuffs business, Frozen Desserts business, "in-" business, Direct Marketing business, Operating subsidiaries, etc., U.S. business and China, Taiwan, exports, etc. from the first quarter of the fiscal year under review, in order to present clearly the actual condition of the business management in line with the 2030 Business Plan and the 2021 Medium-term Business Plan.

The information on the breakdown of revenue generated from contracts with customers for the first three quarters of the fiscal year ended on March 31, 2022 has been presented based on the new classification after this change.

(Significant subsequent events)

(Repurchase and cancellation of treasury stock)

At its Board of Directors meeting held on February 10, 2023, the Company passed a resolution on matters relating to the repurchase of treasury stock pursuant to the provisions of Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of said act. In addition, the Company passed a resolution on matters to cancel its treasury stock pursuant to the provisions of Article 178 of said act.

1. Purpose of repurchase and cancellation of treasury stock

To enhance returns to shareholders and improve capital efficiency

2. Details of repurchase

(1) Type of shares to be repurchased:	Common shares of the Company
(2) Total number of shares to be repurchased:	Up to 800,000 shares (Ratio of total number of shares issued (excluding treasury stock)): 1.67%
(3) Total amount of repurchase of shares:	Up to ¥4,000,000,000
(4) Period of repurchase:	February 13, 2023 to February 22, 2023
(5) Method of repurchase:	Repurchase through Tokyo Stock Exchange off-auction own share repurchase trading system (ToSTNeT-3)

(Note) The Company may not repurchase part or all of the shares of treasury stock due to market trends and other reasons.

3. Details of cancellation

(1) Type of shares to be cancelled:	Common shares of the Company
(2) Total number of shares to be cancelled:	All shares of treasury stock repurchased as described in 2. above
(3) Scheduled date of cancellation:	March 15, 2023

(Reference) Treasury stock as of December 31, 2022

Total number of shares issued (excluding treasury stock): 47,775,120

Number of shares of treasury stock (including fractional shares): 1,014,649

(Note) The number of shares of treasury stock does not include the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (34,181 shares).

3. Supplementary Information

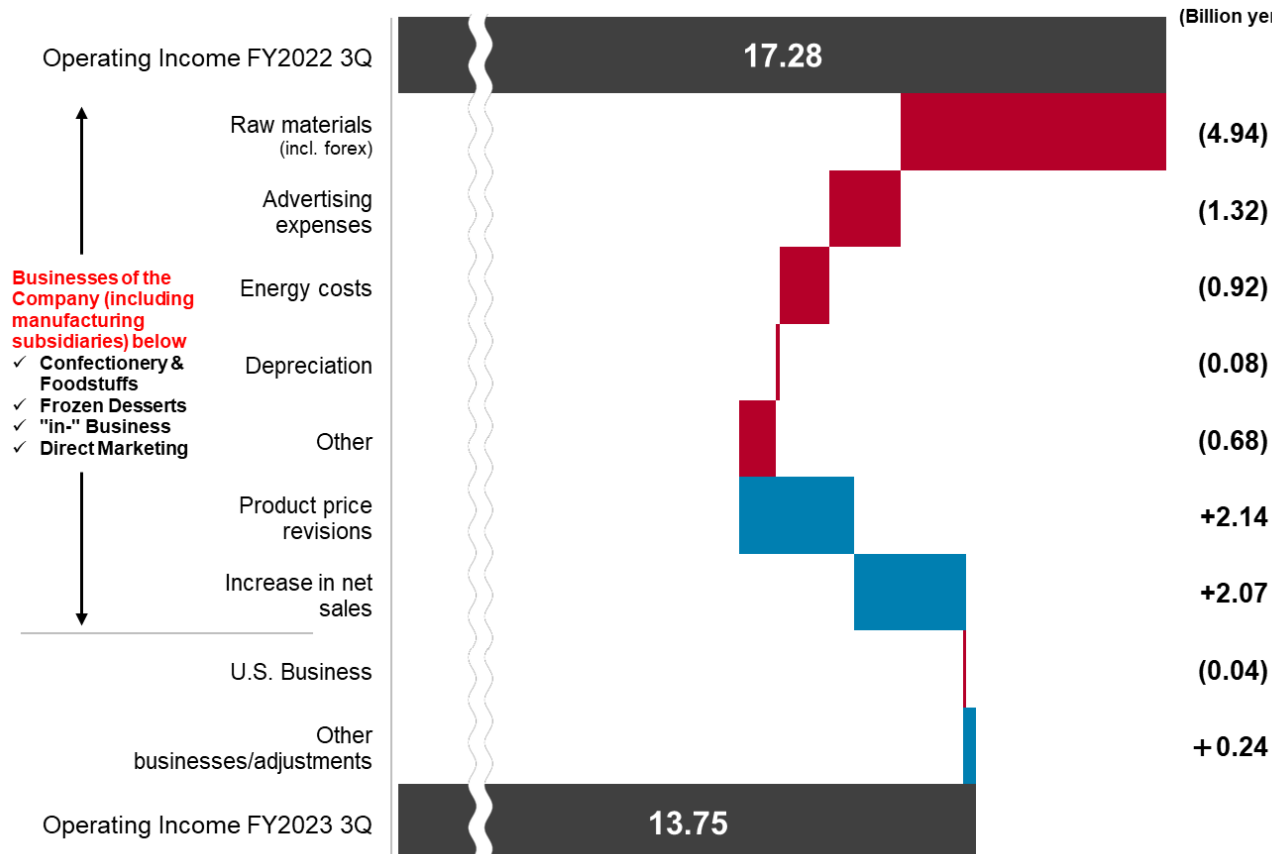
1. Financial results

(Million yen)

	Year ended March 31, 2022 3Q ended December 31, 2021		Year ending March 31, 2023 3Q ended December 31, 2022		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	138,663		147,869		9,206		+6.6
Cost of sales	79,071	57.0	88,459	59.8	9,388	+2.8	+11.9
Gross profit	59,591	43.0	59,410	40.2	(181)	(2.8)	(0.3)
Selling, general and administrative expenses	42,308	30.5	45,659	30.9	3,351	+0.4	+7.9
Promotion expenses	3,606	2.6	3,992	2.7	386	+0.1	+10.7
Advertising expenses	6,279	4.5	7,709	5.2	1,430	+0.7	+22.8
Freightage and storage fees	12,280	8.9	12,872	8.7	592	(0.2)	+4.8
Salaries and allowances	6,611	4.8	6,971	4.7	360	(0.1)	+5.4
Provision for bonuses	779	0.6	754	0.5	(25)	(0.1)	(3.2)
Other	12,751	9.2	13,359	9.0	608	(0.2)	+4.8
Operating income	17,283	12.5	13,750	9.3	(3,533)	(3.2)	(20.4)
Non-operating income	745	0.5	516	0.3	(229)	(0.2)	(30.7)
Non-operating expenses	167	0.1	270	0.2	103	+0.1	+61.8
Ordinary income	17,860	12.9	13,995	9.5	(3,865)	(3.4)	(21.6)
Extraordinary income	12	0.0	378	0.3	366	+0.3	—
Extraordinary loss	347	0.3	1,736	1.2	1,389	+0.9	+399.7
Income before income taxes	17,525	12.6	12,637	8.5	(4,888)	(4.1)	(27.9)
Income taxes	4,858	3.5	3,616	2.4	(1,242)	(1.1)	(25.6)
Net income	12,666	9.1	9,020	6.1	(3,646)	(3.0)	(28.8)
Profit attributable to non-controlling interests	151	0.1	162	0.1	11	+0.0	+7.7
Profit attributable to owners of parent	12,515	9.0	8,857	6.0	(3,658)	(3.0)	(29.2)

2. Analysis of changes in operating income

(Billion yen)



3. Segment information

(Million yen)

Business	Year ended March 31, 2022 3Q ended December 31, 2021	Year ending March 31, 2023 3Q ended December 31, 2022	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing				
Net sales	132,385	141,276	8,891	+6.7
(Composition ratio to total net sales)	(95.5%)	(95.5%)		
Segment operating income	16,858	13,357	(3,501)	(20.8)
Food Merchandise				
Net sales	4,330	4,614	284	+6.6
(Composition ratio to total net sales)	(3.1%)	(3.1%)		
Segment operating income	251	202	(49)	(19.5)
Real Estate and Services				
Net sales	1,464	1,472	8	+0.5
(Composition ratio to total net sales)	(1.1%)	(1.0%)		
Segment operating income	684	666	(18)	(2.5)
Others Services				
Net sales	482	506	24	+4.9
(Composition ratio to total net sales)	(0.3%)	(0.4%)		
Segment operating income	139	116	(23)	(16.3)

(Note) Net sales are sales to external customers.

4. Domestic/overseas net sales

(Million yen)

	Year ended March 31, 2022 3Q ended December 31, 2021	Year ending March 31, 2023 3Q ended December 31, 2022	Year-on-year comparisons	Year-on-year change (%)
Domestic	126,757	131,738	4,981	+3.9
Overseas	11,906	16,130	4,224	+35.5
Consolidated	138,663	147,869	9,206	+6.6

(Note) Net sales are sales to external customers.

Ratio of overseas sales to consolidated net sales	8.6%	10.9%
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5. Net sales in focus domains prioritized in the 2030 Business Plan

(Billion yen)

Focus domain	Year ended March 31, 2022 3Q ended December 31, 2021	Year ending March 31, 2023 3Q ended December 31, 2022	Year-on-year comparisons	Year-on-year change (%)
"in-" business	22.8	25.6	2.8	+12.2
Direct Marketing business	6.7	7.7	1.0	+16.1
U.S. business	7.5	10.8	3.3	+44.0
Frozen Desserts business	33.4	32.8	(0.6)	(2.0)
Total	70.6	77.1	6.5	+9.3
Ratio of focus domain sales to consolidated net sales	50.9%	52.2%		

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

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

(Note 3) Direct Marketing business includes overseas sales.

6. Net sales and operating income by business

(Billion yen)

	Net sales				Operating income			
	Year ended March 31, 2022 3Q ended December 31, 2021	Year ending March 31, 2023 3Q ended December 31, 2022	Year-on-year comparisons	Year-on-year change (%)	Year ended March 31, 2022 3Q ended December 31, 2021	Year ending March 31, 2023 3Q ended December 31, 2022	Year-on-year comparisons	Year-on-year change (%)
Confectionery & Foodstuffs business	53.4	54.1	0.7	+1.3	3.1	0.9	(2.2)	(69.3)
Frozen Desserts business	33.4	32.8	(0.6)	(2.0)	5.3	3.4	(1.9)	(35.4)
"in-" business	22.4	25.1	2.7	+12.0	6.1	6.4	0.3	+4.4
Direct Marketing business	6.7	7.7	1.0	+15.3	0.4	0.4	0.0	+19.9
Operating subsidiaries	9.8	11.0	1.2	+12.2	0.5	0.6	0.1	+33.5
Other businesses	0.9	0.8	(0.1)	(1.1)	0.1	0.1	0.0	+12.5
Domestic total	126.8	131.7	4.9	+3.9	15.6	12.1	(3.5)	(22.6)
U.S. business	7.5	10.8	3.3	+44.0	1.3	1.2	(0.1)	(3.5)
China, Taiwan, exports, etc.	4.2	5.2	1.0	+22.3	0.3	0.5	0.2	+41.7
Overseas total	11.8	16.1	4.3	+36.2	1.6	1.7	0.1	+6.2
Adjustments, etc.					(0.0)	(0.1)	(0.1)	—
Total	138.6	147.8	9.2	+6.6	17.2	13.7	(3.5)	(20.4)

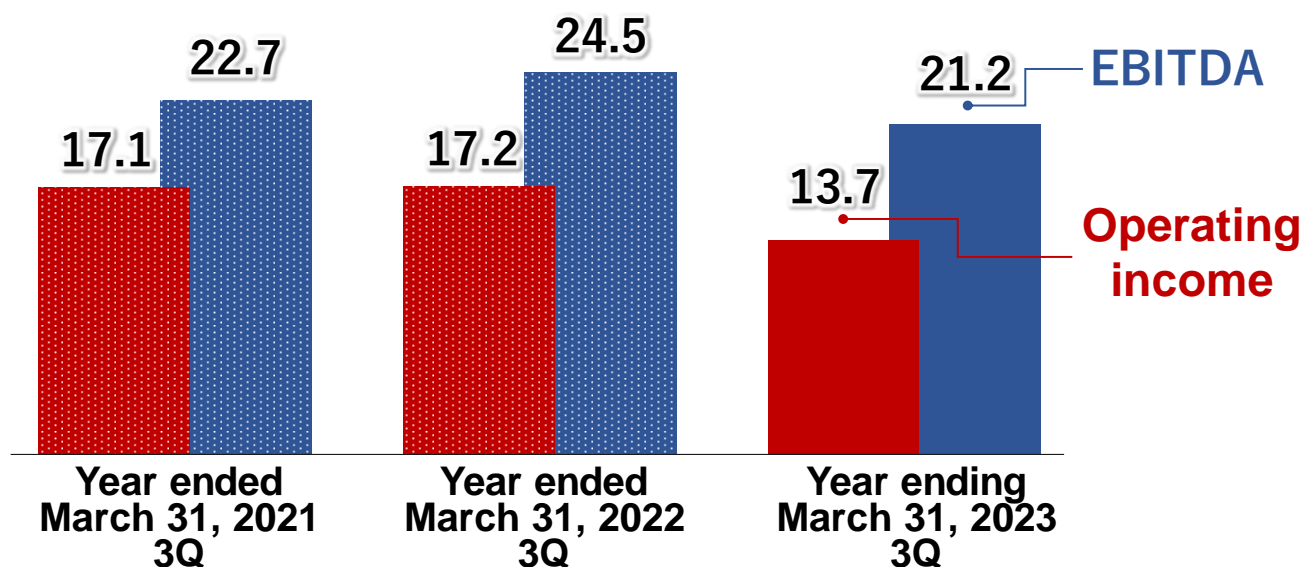
(Note 1) Net sales are sales to external customers.

(Note 2) Confectionery & Foodstuffs business includes "in" brand confectioneries and foodstuffs.

(Note 3) U.S. business includes income resulting from exports from China/Taiwan to the United States.

7. Operating income and EBITDA

(Billion yen)



(Note 1) Simplified EBITDA: operating income + depreciation and amortization

(Note 2) The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. The figures for the first three quarters of the fiscal year ended March 31, 2021 are the figures after retroactive application of said accounting standard.

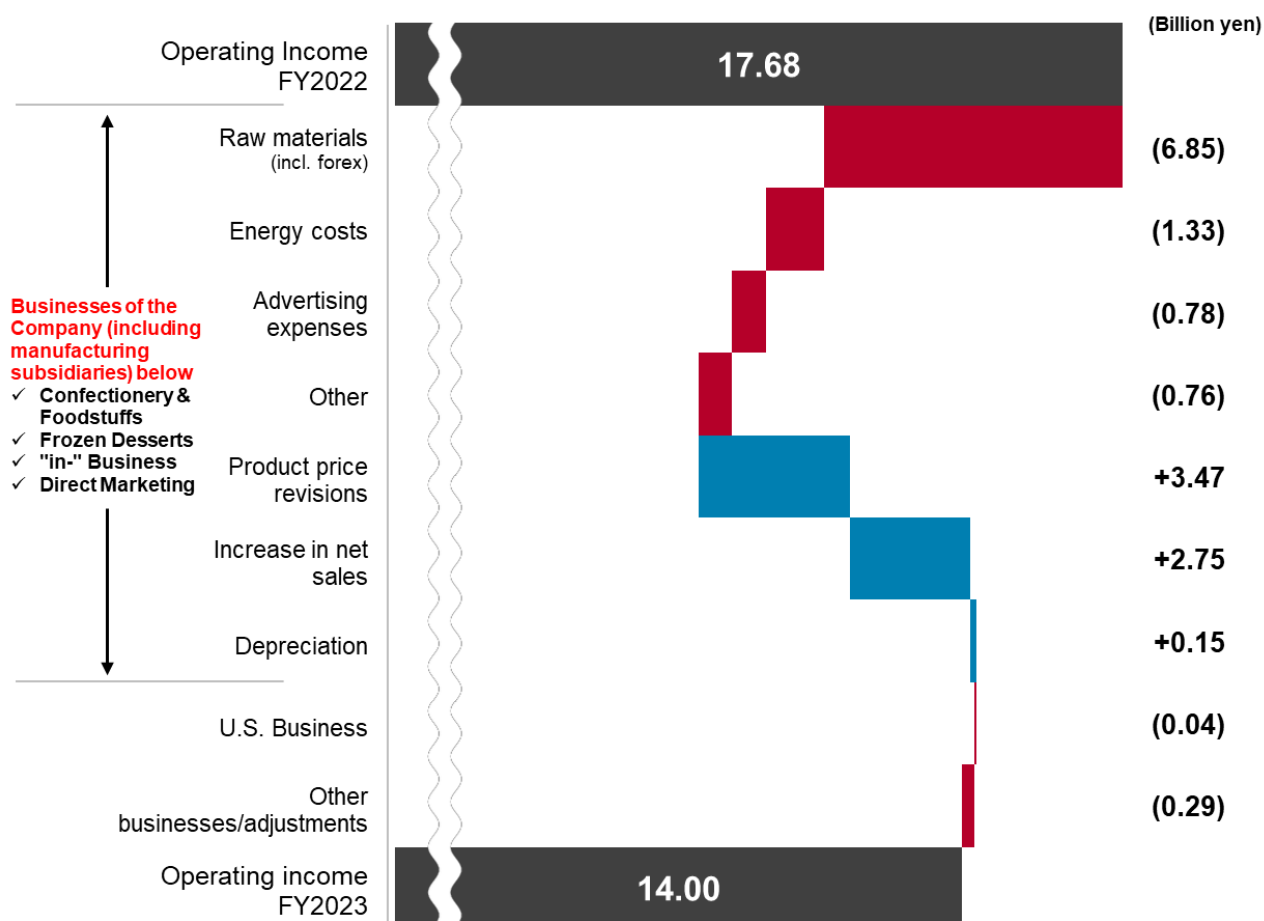
[Full-year forecast]

1. Financial results

(Million yen)

	Year ended March 31, 2022	Year ending March 31, 2023 forecasts	Year-on-year comparisons	Year-on-year change (%)
Net sales	181,251	193,500	12,249	+6.8
Operating income	17,685	14,000	(3,685)	(20.8)
Ordinary income	18,247	14,600	(3,647)	(20.0)
Profit attributable to owners of parent	27,773	8,900	(18,873)	(68.0)

2. Analysis of changes in operating income



3. Net sales and operating income by business

(Billion yen)









	Net sales				Operating income			
	Year ended March 31, 2022	Year ending March 31, 2023 forecasts	Year-on-year comparisons	Year-on- year change (%)	Year ended March 31, 2022	Year ending March 31, 2023 forecasts	Year-on-year comparisons	Year-on- year change (%)
Confectionery & Foodstuffs business	72.4	73.6	1.2	+1.6	3.2	0.6	(2.6)	(81.2)
Frozen Desserts business	40.1	39.9	(0.2)	(0.7)	4.8	3.2	(1.6)	(32.7)
"in-" business	28.0	31.3	3.3	+11.6	6.8	7.3	0.5	+8.4
Direct Marketing business	9.1	10.3	1.2	+13.1	0.3	0.6	0.3	+93.8
Operating subsidiaries	13.8	15.4	1.6	+11.8	0.7	0.9	0.2	+16.8
Other businesses	1.2	1.2	(0.0)	(4.6)	(0.2)	(0.4)	(0.2)	—
Domestic total	164.9	171.8	6.9	+4.2	15.8	12.3	(3.5)	(21.8)
U.S. business	10.5	14.6	4.1	+38.9	1.4	1.4	(0.0)	(3.4)
China, Taiwan, exports, etc.	5.7	7.0	1.3	+21.6	0.3	0.4	0.1	+39.4
Overseas total	16.3	21.7	5.4	+32.8	1.8	1.8	0.0	+4.5
Adjustments, etc.					0.0	(0.2)	(0.2)	—
Total	181.2	193.5	12.3	+6.8	17.6	14.0	(3.6)	(20.8)

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










(Note 2) Confectionery & Foodstuffs business includes "in" brand confectioneries and foodstuffs.

(Note 3) U.S. business includes income resulting from exports from China/Taiwan to the United States.

Main domestic products

Products	Visual	Category	Year released	Description
<i>Morinaga Biscuits</i>		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> .
<i>HI-CHEW</i>		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.
<i>Morinaga Ramune</i>		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.
<i>Carré de chocolat</i>		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.
<i>DARS</i>		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.
<i>Chocoball</i>		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.
<i>Amazake</i>		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.
<i>Morinaga Milk Cocoa</i>		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	Crepe-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 65Kcal per 125ml pack.