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August 8, 2024

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President
(Securities code: 2201; Prime Market
of the Tokyo Stock Exchange)
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Notice Regarding the Disposal of Treasury Stock by Third-Party Allotment in Connection with Continuation of the Performance-Linked Stock Compensation Plan for Officers and Directors

Morinaga & Co., Ltd. (the “Company”) announces as noted below that, at the Board of Directors meeting held on August 8, 2024 (hereinafter referred to as the "Board Meeting"), the Company passed a resolution to dispose of treasury stock (third-party allotment) in connection with the continuation of the stock compensation plan using the Board Incentive Plan (BIP) Trust (hereinafter referred to as the “Plan”) for directors of the Company (excluding outside directors and non-residents. The same applies hereinafter).

1. Procedure for disposal

(1) Date of disposal	August 29, 2024
(2) Type and number of shares to be disposed of	Common stock 31,000 shares
(3) Disposal price	2,622.5 yen per share
(4) Total amount of disposal	81,297,500 yen
(5) Allottee	The Master Trust Bank of Japan, Ltd. (BIP Trust Account)
(6) Others	With respect to this disposal of treasury stock, the Company has filed a written notice of securities in accordance with the Financial Instruments and Exchange Act.

2. Purpose and reason for disposal

The Company resolved at the Board Meeting to continue the Plan and to dispose of treasury stock with the aim of further clarifying the linkage between directors' compensation and the value of the Company's shares and increasing their awareness of the need to contribute to improving the Company's performance and increasing its corporate value over the medium to long term. The resolution passed at the Board Meeting is based on the resolution passed at the 170th Annual General Meeting of Shareholders.

This disposal of treasury stock is a third-party allotment of treasury stock to The Master Trust Bank of Japan, Ltd. (BIP Trust Account), the co-trustee of the BIP agreement the Company signs with Mitsubishi UFJ Trust and Banking Corporation, in conjunction with additional monetary contributions to the Plan.

The number of shares to be disposed of is a portion of the number of shares expected to be delivered to directors during the trust period in accordance with the Share Delivery Regulations, and the scale of the dilution is 0.03% of the total number of shares issued as of March 31, 2024 (92,714,538 shares) (0.03% of the total number of voting rights (903,995 voting rights) as of March 31, 2024, both rounded to the third decimal place).

The Company believes that the number of shares to be disposed of and the level of dilution are reasonable, as the shares allotted through this disposal of treasury stock will be delivered to directors in accordance with the

Share Delivery Regulations, and it is not expected that shares resulting from this disposal of treasury stock will be released to the stock market at one time, thus having a minimal impact on the stock market.

For an overview of the BIP Trust, please refer to the "Notice Regarding the Introduction of the Performance-Linked Stock Compensation Plan for Officers and Directors" announced on May 11, 2018.

[Overview of the trust agreement]

Type of the trust	Money in trust other than money in trust for specific and single management (non-grantor trust)
Purpose of the trust	Granting incentives to directors
Trustor	Morinaga & Co., Ltd.
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiary	Retired directors who meet the beneficiary requirements
Trust administrator	A third party who is a professional practitioner and has no interest in the Company
Trust agreement	September 3, 2018 (to be changed to August 26, 2024 for extension of the term)
Term of the trust after extension	September 3, 2018 - August 31, 2027 (tentative)
Exercise of voting rights	They shall not be exercised.

3. Basis and specifics of the calculation of the disposal price

The disposal price is set at the closing price of the Company's shares on the Tokyo Stock Exchange, Inc. (hereinafter referred to as "Tokyo Stock Exchange") on the business day prior to the date of the resolution passed at the Board Meeting for this disposal of treasury stock (August 7, 2024) in order to eliminate arbitrariness in light of the recent share price trend, which is 2,622.5 yen. The Company decided to use the closing price of the Company's shares on the business day prior to the date of the resolution passed at the Board Meeting because it is the market value immediately prior to the date of the resolution passed at the Board Meeting, and we believe that it is a highly objective and reasonable basis for the calculation.

Such price is the amount obtained by multiplying 2,710 yen (rounded down to the nearest yen), which is the average closing price of the Company's shares on the Tokyo Stock Exchange for the period of one month (from July 8, 2024 to August 7, 2024) immediately preceding the date of the resolution passed at the Board Meeting, by 96.77%, and by multiplying 2,577 yen (rounded down to the nearest yen), which is the average closing price of the Company's shares on the Tokyo Stock Exchange for the period of three months (from May 8, 2024 to August 7, 2024) immediately preceding the date of the resolution passed at the Board Meeting, by 101.77%, and by multiplying 2,597 yen (rounded down to the nearest yen), which is the average closing price of the Company's shares on the Tokyo Stock Exchange for the period of six months (from February 8, 2024 to August 7, 2024) immediately preceding the date of the resolution passed at the Board Meeting, by 100.98%. Therefore, we judged that the disposal price is not especially favorable to the Company.

With respect to the above disposal price, all of the Company's statutory auditors (four auditors, three of whom are outside auditors) have expressed the opinion that the basis for calculating the disposal price is reasonable and that the disposal price is not particularly favorable to the Company.

4. Procedures under the Code of Business Conduct

Since the dilution ratio of the shares in this transaction is less than 25% and there is no change in the controlling shareholders, there is no need to obtain an opinion from an independent third party or to confirm the intent of shareholders as stipulated in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange.