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November 18, 2024

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Name of representative: Eijiro Ota, Representative Director, President
(Securities code: 2201; Prime Market of the Tokyo Stock Exchange)
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Notice regarding Repurchase of Treasury Stock through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) System (Repurchase of Treasury Stock through a Facility Share Repurchase (Accelerated Share Repurchase ("ASR")))

Morinaga & Co., Ltd. (the "Company") hereby announces that it has passed a resolution at the Board of Directors' meeting held on November 18, 2024 establishing that it will execute a repurchase of treasury stock (the "Share Repurchase") in accordance with Article 156 of the Companies Act, which will be applied mutatis mutandis pursuant to Article 165, Paragraph 3 of the same Act. The resolution also identifies that the Company will implement the Share Repurchase by commissioning the purchase through the off-auction own share repurchase trading (ToSTNeT-3) system of Tokyo Stock Exchange, Inc. ("Tokyo Stock Exchange") as described in "I. Share Repurchase" below and also will implement the part of the Share Repurchase through a facility share repurchase (Accelerated Share Repurchase) * as described in "4. Facility Share Repurchase (Accelerated Share Repurchase)" below.

Moreover, in association with executing a part of the Share Repurchase through a facility share repurchase (Accelerated Share Repurchase), the Company has resolved to issue the 1st series of ASR share options ("Share Options With a Fixed Amount of Investment") and 2nd series of ASR share options ("Share Options With a Fixed Number of Shares") and collectively or individually referred to as the "Share Options" through a third party allotment with SMBC Nikko Securities Inc. ("SMBC Nikko")

For details of the resolution of the Share Repurchase above, please refer to "Notice Regarding Repurchase of Treasury Stock (Repurchase of Treasury Stock under the Provisions of Articles of Incorporation Pursuant to Paragraph 2, Article 165 of the Companies Act of Japan)" released today.

* It is a method of Accelerated Share Repurchase (ASR) utilized in the United States, adapted to comply with Japanese laws and regulations.

I. Share Repurchase

1. Purpose of repurchase of treasury stock

To enhance returns to shareholders and improve capital efficiency.

Taking into account various factors such as the Company group's financial condition, future capital

investment plan, and the market environment, the Company has determined that the part of the Share Repurchase through a facility share repurchase (Accelerated Share Repurchase), which enables immediate execution of the Share Repurchase of a certain size, will convey a message of commitment to our policy of enhancing shareholder returns with an eye toward the total payout ratio. For details of this facility share repurchase, please refer to "4. Facility Share Repurchase (Accelerated Share Repurchase)" below. Furthermore, apart from the facility share repurchase (Accelerated Share Repurchase), the company has been informed by certain strategic shareholders of their intention to sell our shares during ongoing dialogues. Based on this situation, the company has determined the Maximum Number of Shares to be Repurchased (as defined below).

2. Repurchase method (Share Repurchase (ToSTNeT-3) and Share Repurchase (ASR))

The Company will commission the purchase through the Tokyo Stock Exchange's off-auction own share repurchase trading (ToSTNeT-3) system at 8:45AM on November 19, 2024, at the closing price (including the final special quote) as of today (November 18, 2024), 2,591.5 yen to repurchase 3,858,700 shares (the "Maximum Number of Shares to be Repurchased") worth of approximately 10 billion yen . This purchase order will be valid only during the relevant trading time. (A series of the transaction is hereinafter referred to as the "Share Repurchase(ToSTNeT-3)")

SMBC Nikko is scheduled to place a sell order of 2,508,200 shares (the "Anticipated Number of Shares to be Repurchased (ASR)") worth of approximately 6.5 billion yen for the Share Repurchase (ToSTNeT-3) (the "Share Repurchase (ASR)"), but the Company and SMBC Nikko will conduct a subsequent adjustment transaction (the "Subsequent Adjustment Transaction") using the Share Options so that the actual purchase price of the shares repurchased by SMBC Nikko in the Share Repurchase (ASR) will be equal to the simple arithmetic average of the volume-weighted average price ("VWAP") of the Company shares in ordinary trading on the Tokyo Stock Exchange for each trading day ("trading day" means days on which trading sessions are held on the Tokyo Stock Exchange) over a certain period after the Share Repurchase (ASR) (from November 20, 2024 to the trading day prior to the exercise date of the Share Options. Such period shall not include the period from the day five trading days prior to the last trading day of each quarterly accounting period of the Company to such last trading day nor trading days without VWAP.) multiplied by 99.75% (the "Average VWAP"). As such, the final total repurchase price or the final number of shares repurchased may vary depending on the Subsequent Adjustment Transaction. For details of the Subsequent Adjustment Transaction, please see "4. Facility Share Repurchase (Accelerated Share Repurchase)" below.

3. Details of the repurchase (Share Repurchase (ToSTNeT-3))

(1)	Type of shares to be repurchased	Common shares of the Company
(2)	Total number of shares to be repurchased Ratio to total number of shares issued (excluding treasury stock): 4.30%	3,858,700 shares
(3)	Total amount for repurchase of shares	9,999,821,050 yen
(4)	Announcement of repurchase results	The Company will announce the results of the repurchase after the completion of the transaction at 8:45AM on November 19, 2024.

(Note 1) The Company will not change the number of shares as noted above. The Company may not repurchase part or all of the shares due to market trends and other reasons.
(Note 2) The purchase will be executed for sell orders that correspond to the Maximum Number of Shares to be Repurchased.

(Reference) Details of the resolution on matters related to the Share Repurchase (released on November 18, 2024)

(1)	Type of shares to be repurchased	Common shares of the Company

(2)	Total number of shares to be repurchased	Up to 4,200,000 shares
	Ratio to total number of shares issued (excluding treasury stock): 4.68%	
(3)	Total amount for repurchase of shares	Up to 10,000,000,000 yen
(4)	Period of repurchase	November 19, 2024
(5)	Method of repurchase	Repurchase through Tokyo Stock Exchange off-auction own share repurchase trading (ToSTNeT-3) system

4. Facility Share Repurchase (Accelerated Share Repurchase)

In order to repurchase its own shares, the Company has concluded for the reasons below that the facility share repurchase (ASR) proposed by SMBC Nikko (the Share Repurchase (ASR) and share repurchase through a series of transactions in the Subsequent Adjustment Transaction are collectively hereinafter referred to as the "Scheme") is the best option for satisfying the Company's need to ensure execution of the Share Repurchase of such a size as stated above for shareholder returns, and the Company has decided to implement part of the Share Repurchase (ToSTNeT-3) through a facility share repurchase (ASR).

Among the methods of repurchasing own shares through market purchases, there are various schemes to repurchase own shares through regular trading sessions, such as the Company placing individual orders, the use of discretionary account transactions by securities companies, and the use of trust companies. When the Company repurchases its own shares at the size anticipated herein through these schemes, given the Company shares' trading volume in the stock market, it would require a certain period of time to complete the Share Repurchase. Unlike the above method, when purchase is entrusted under ToSTNeT-3, the transaction is completed in a day, but depending on the volume of sell orders placed by shareholders, the Company may not be able to repurchase the desired number of own shares.

On the other hand, as described below, employing the Scheme will make it possible to complete the Share Repurchase of the size anticipated by the Company in a day. Furthermore, since SMBC Nikko will place sell orders for the total Anticipated Number of Shares to be Repurchased (ASR) on its own account, the Company will be able to repurchase the total Anticipated Number of Shares to be Repurchased (ASR) with a high probability even if the sell orders placed by general shareholders are not enough. Although whether sell orders will actually be placed by SMBC Nikko or not has not been determined yet at present, SMBC Nikko has confirmed that it would be able to place sell orders for the total Anticipated Number of Shares to be Repurchased (ASR) by borrowing the Company shares from the market. In addition, the Company believes that the demand and supply of the Company shares are also expected to increase as a result of the Market Purchase Transaction (as defined below) executed by SMBC Nikko after the Share Repurchase (ASR).

For more information regarding sell order from SMBC Nikko, please refer to an announcement that is scheduled to be published on the Tokyo Stock Exchange website (https://www.jpx.co.jp/markets/public/short-selling/index.html).

<Outline of the Scheme (facility share repurchase (ASR))>

Below is the outline of the Scheme:

- On November 19, 2024, the Company will execute the Share Repurchase (ToSTNeT-3) for the Maximum Number of Shares to be Repurchased (3,858,700 shares) worth of the anticipated purchase price (approximately 10 billion yen) at a per-share purchase price (2,591.5 yen) by way of purchase through ToSTNeT-3. In the Share Repurchase (ToSTNeT-3), SMBC Nikko will borrow the Company shares from the market to place the sell order of 2,508,200 shares (worth of approximately 6.5 billion yen), out of the 3,858,700 shares above, as the Anticipated Number of Shares to be Repurchased (ASR) in response to the Share Repurchase (ToSTNeT-3).This should enable the Company to repurchase the Anticipated Number of Shares to be Repurchased (ASR) in the Share Repurchase

(ToSTNeT-3) even if the general shareholders do not place sell orders. Because ToSTNeT-3 prioritizes general shareholders' sell orders over those of SMBC Nikko, which is a financial instruments firm, if the sum of sell orders from the general shareholders and the Anticipated Number of Shares to be Repurchased (ASR) exceeds the Maximum Number of Shares to be Repurchased, SMBC Nikko's sell-order execution amount will be reduced by such excess amount. Thus, if sell orders from the general shareholders reach the Maximum Number of Shares to be Repurchased, the Share Repurchase (ASR) will not be executed with respect to sell orders from SMBC Nikko, and the Share Options will not be exercised.

- SMBC Nikko has indicated that following the Share Repurchase (ASR), it will repurchase, at its own discretion and on its account, the Company's shares in the securities market (such transactions are hereinafter referred to as the "Market Purchase Transaction") in order to return the number of shares it has borrowed and actually sold to the Company in the Share Repurchase (ASR) (such number of shares is hereinafter referred to as the "Number of Shares Sold (Nikko)").
- With respect to the shares that the Company will repurchase from SMBC Nikko, the Scheme is designed in such a way that the Company's actual per-share purchase price will be equal to the Average VWAP over a set period after the Share Repurchase (ASR). Specifically, the Company will allot two types of the Share Options to SMBC Nikko for the Subsequent Adjustment Transaction, which will be conducted by SMBC Nikko exercising one of these Share Options depending on the Average VWAP. Details of the mechanism of the Subsequent Adjustment Transaction are as follows:
  i. When the Average VWAP after the Share Repurchase (ASR) is higher than the per-share purchase price in the Share Repurchase (ASR) (Subsequent Adjustment Transaction via exercise of the Share Options With a Fixed Amount of Investment)
  - In this case, assuming that SMBC Nikko purchases shares at the Average VWAP in the Market Purchase Transaction, SMBC Nikko will not be able to purchase the sufficient number of shares to return the borrowed shares even if it uses all the amount it received from the Company in the Share Repurchase (ASR) ("Received Amount (Nikko)") (the number of shares that can be purchased under such assumption is hereinafter referred to as the "Number of Purchasable Shares (Average VWAP)"). As such, SMBC Nikko will exercise the Share Options With a Fixed Amount of Investment to purchase the number of shares that falls short. The amount of contribution at the time of exercise of the Share Options With a Fixed Amount of Investment shall be 1 yen and the number of shares to be issued to SMBC Nikko as a result of the exercise shall be calculated by the following formula:

    Number of Shares issued upon exercise of the Share Options With a Fixed Amount of Investment
    = Number of Shares Sold (Nikko) - Number of Purchasable Shares (Average VWAP)
    (Number of Purchasable Shares (Average VWAP) = Received Amount (Nikko) / Average VWAP)
  - The substantial number of own shares that the Company will repurchase in the Scheme as a result of the issuance of Company shares due to the exercise of the Share Options With a Fixed Amount of Investment above will be the number of shares that the Company purchased through the Share Repurchase (ASR) less the number of shares issued from the exercise of the Share Options With a Fixed Amount of Investment.
  - Assuming that the sum of sell orders from the general shareholders and the Anticipated Number of Shares Repurchased (ASR) does not exceed the Maximum Number of Shares Repurchased in the Share Repurchase (ToSTNeT- 3) (all the Anticipated Number of Shares Repurchased (ASR) are sold by the SMBC Nikko on its own account), the result will, by combining the Share Repurchase (ASR) and such Subsequent Adjustment Transaction, be the same as the case where the Company purchases shares at the Average VWAP using approximately 6.5 billion yen, which is the anticipated purchase price in the Anticipated Number of Shares Repurchased (ASR) (this does not take into account the amount of contribution 1 yen at the times

of exercise of the Share Options With a Fixed Amount of Investment). If the sum of sell orders from the general shareholders and the Anticipated Number of Shares Repurchased (ASR) exceeds the Maximum Number of Shares Repurchased, the number of Company shares that SMBC Nikko sells on its own account will be reduced by the number of such excess, resulting in a decrease in the number of repurchased own shares subject to the Subsequent Adjustment Transaction and a lower ceiling on the number of shares issued with respect to the Share Options With a Fixed Amount of Investment.

- In this case, SMBC Nikko shall waive the Share Options With a Fixed Number of Shares.

ii. When the Average VWAP after the Share Repurchase (ASR) is lower than the per-share purchase price in the Share Repurchase (ASR) (Subsequent Adjustment Transaction via exercise of the Share Options With a Fixed Number of Shares)

- In this case, assuming that SMBC Nikko purchases shares at the Average VWAP in the Market Purchase Transaction, SMBC Nikko will be able to purchase the number of shares required to return the borrowed shares without using all the amount it received from the Company in the Share Repurchase (ASR) (Received Amount (Nikko)) (the amount of money that is required to return the shares borrowed by SMBC Nikko under such assumption is hereinafter referred to as the "Required Amount for Purchase (Average VWAP)"). As such, SMBC Nikko will exercise the Share Options With a Fixed Number of Shares and pay to the Company an amount equivalent to the surplus as consideration for the exercise. The number of shares to be issued upon exercise of the Share Options With a Fixed Number of Shares shall be 100 shares and amount of money delivered to the Company as a result of such exercise (exercise value) shall be calculated by the following formula:

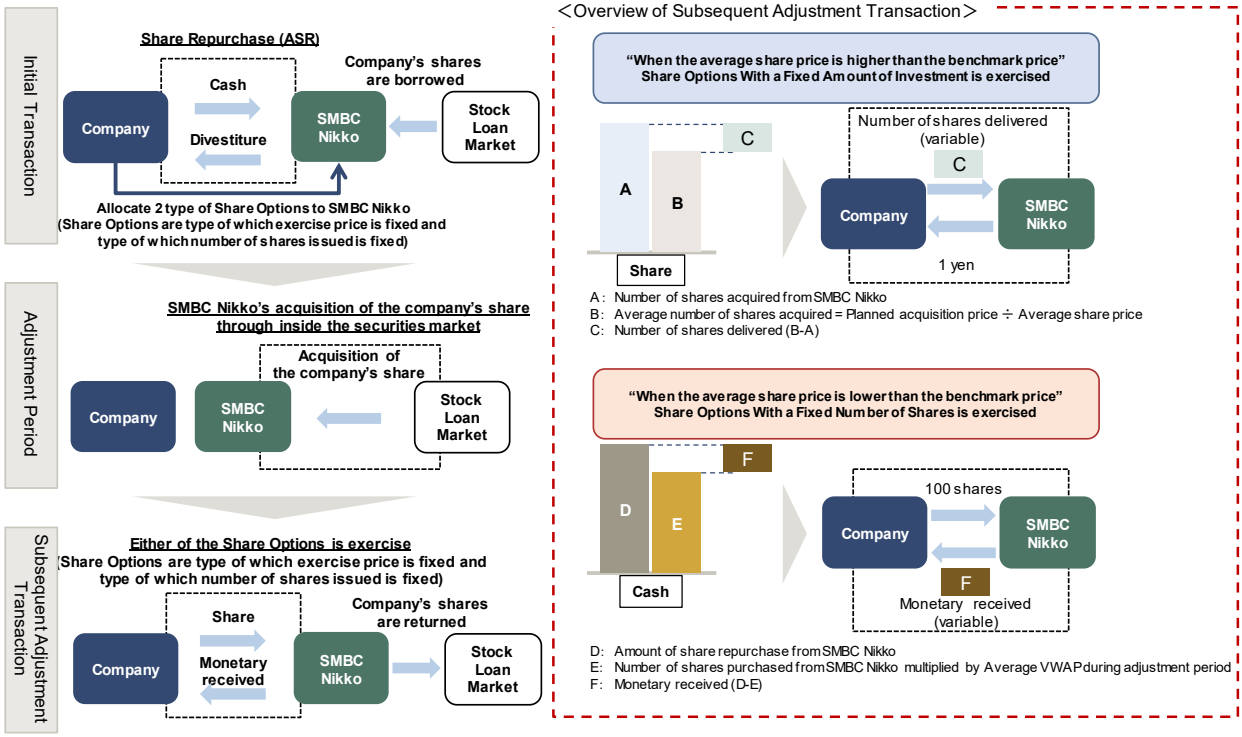
  Exercise value per 100 shares from the Share Options With a Fixed Number of Shares
  = Received Amount (Nikko) – Required Amount for Purchase (Average VWAP)
  (Required Amount for Purchase (Average VWAP)= Number of Shares Sold (Nikko) x Average VWAP)

- The substantial purchase price of own shares that the Company will repurchase in the Scheme as a result of payment of the exercise value for the exercise of the Share Options With a Fixed Number of Shares above will be the total amount of purchase price that the Company paid in Share Repurchase (ASR) less the exercise value of the Share Options With a Fixed Number of Shares.
- Assuming that the sum of sell orders from the general shareholders and the Anticipated Number of Shares Repurchased (ASR) does not exceed the Maximum Number of Shares Repurchased in the Share Repurchase (ToSTNeT-3) (all the Anticipated Number of Shares Repurchased (ASR) are sold from the SMBC Nikko on its own account), the result will, by combining the Share Repurchase (ASR) and such Subsequent Adjustment Transaction, be the same as the case where the Company purchases 2,508,200 shares, which is the Anticipated Number of Shares Repurchased (ASR), at the Average VWAP (this does not take into account the 100 shares to be delivered at the times of exercise of the Share Options With a Fixed Number of Shares). If the sum of sell orders from the general shareholders and the Anticipated Number of Shares Repurchased (ASR) exceeds the Maximum Number of Shares Repurchased, the number of Company shares that SMBC Nikko sells on its account will be reduced by the number of such excess, resulting in a decrease in the number of repurchased own shares subject to the Subsequent Adjustment Transaction and a lower ceiling on the exercise value of the Share Options With a Fixed Number of Shares.
- In this case, SMBC Nikko shall waive the Share Options With a Fixed Amount of Investment.

The Share Options With a Fixed Amount of Investment or the Share Options With a Fixed Number of Shares will be exercised during the period from February 3, 2025 to March 25, 2025, which is the exercise period of both the Share Options With a Fixed Amount of Investment and the Share Options With a Fixed Number of Shares. The final results

of the Subsequent Adjustment Transaction will be separately released, but the final total purchase price or the final number of shares repurchased may vary depending on the Subsequent Adjustment Transaction. If the Average VWAP after the Share Repurchase (ASR) equals to the per-share purchase price in the Share Repurchase (ASR), SMBC Nikko shall waive both the Share Options With a Fixed Amount of Investment and the Share Options With a Fixed Number of Shares.

<Overview of the Scheme>



(Note): In the "Initial" transactions, the Share Repurchase (ToSTNeT-3), other than the purchase from SMBC Nikko (Share Repurchase (ASR)), is also planned to be conducted, but is omitted from the above figure.

This document is a press release of public announcement regarding the Company's share repurchase through the Off-Auction Own Share Repurchase Trading (ToSTNeT-3) system.

＜Reference Information:　Subsequent Adjustment Transaction＞

Deviation rate of average VWAP from per-share purchase price	Average VWAP (JPY)	Amount of share repurchase from SMBC Nikko (JPY million)	Number of shares repurchased from SMBC Nikko	Adjustment Transaction by share options when average VWAP is higher than per-share purchase price in the Share Repurchase (ToSTNeT-3)			Adjustment Transaction by share options when average VWAP is lower than per-share purchase price in the Share Repurchase (ToSTNeT-3)		
				Number of shares purchasd at average VWAP	Number of shares delivered	Substantial number of share repurchased	Amount of share repurchase at average VWAP (JPY million)	Exercise Price (JPY milliton)	Substantial total amount of share repurchase (JPY million)
20%	3,109.8	6,500	2,508,200	2,090,200	418,000	3,440,700			
18%	3,058.0	6,500	2,508,200	2,125,600	382,600	3,476,100			
16%	3,006.1	6,500	2,508,200	2,162,300	345,900	3,512,800			
14%	2,954.3	6,500	2,508,200	2,200,200	308,000	3,550,700			
12%	2,902.5	6,500	2,508,200	2,239,500	268,700	3,590,000			
10%	2,850.7	6,500	2,508,200	2,280,200	228,000	3,630,700			
8%	2,798.8	6,500	2,508,200	2,322,500	185,700	3,673,000			
6%	2,747.0	6,500	2,508,200	2,366,300	141,900	3,716,800			
4%	2,695.2	6,500	2,508,200	2,411,800	96,400	3,762,300			
2%	2,643.3	6,500	2,508,200	2,459,100	49,100	3,809,600			
0%	2,591.5	6,500	2,508,200	No share option is exercised			No share option is excersed		
-2%	2,539.7	6,500	2,508,200				6,370	130	9,870
-4%	2,487.8	6,500	2,508,200				6,240	260	9,740
-6%	2,436.0	6,500	2,508,200				6,110	390	9,610
-8%	2,384.2	6,500	2,508,200				5,980	520	9,480
-10%	2,332.4	6,500	2,508,200				5,850	650	9,350
-12%	2,280.5	6,500	2,508,200				5,720	780	9,220
-14%	2,228.7	6,500	2,508,200				5,590	910	9,090
-16%	2,176.9	6,500	2,508,200				5,460	1,040	8,960
-18%	2,125.0	6,500	2,508,200				5,330	1,170	8,830
-20%	2,073.2	6,500	2,508,200				5,200	1,300	8,700

*This is an example that assumes that the sum of the sell orders from general shareholders and the Anticipated Number of Shares to be Repurchased (ASR) does not exceed the Maximum Number of Shares to be Repurchased (all the Anticipated Number of Shares Repurchased (ASR) are sold from the SMBC Nikko on its own account). This does not take into account the amount of contribution at the time of exercise of the share options which is 1 yen (in case where the Average VWAP is higher than the per-share purchase price in the Share Repurchase (ToSTNeT- 3)), and the number of shares issued at the time of exercise of the share options which is 100 shares (in case where the Average VWAP is lower than the per-share purchase price in the Share Repurchase (ToSTNeT-3).

*“Substantial number of shares repurchased” and the “Substantial total amount of share repurchase (JPY million)” are the number of shares or amount as a whole for the Share Repurchase (ToSTNeT-3), including the Share Repurchase (ASR) from SMBC Nikko. For the Share Repurchase (ToSTNeT-3), it is assumed that the sum of the sell orders from general shareholders and the Anticipated Number of Shares to be Repurchased (ASR) does not exceed the Maximum Number of Shares to be Repurchased.