



Delicious, Fun, and Healthy



# INTEGRATED REPORT 2025

Morinaga Group  
For the Fiscal Year Ended  
March 31, 2025



# The Morinaga Group's Corporate Philosophy



The Morinaga Group's Corporate Philosophy is composed of Our Mission, Our Visions, and Our Commitments. Our Mission states how the Group will contribute to society. Our Visions comprise five key elements that we will pursue toward the future. Our Commitments represent the values that we have developed during the more than 120-year history since the founding of the Group and will continue to uphold as our firm belief for many more years to come. To describe the essence of our corporate philosophy in one expression, it is

**"Delicious, Fun, and Healthy."**



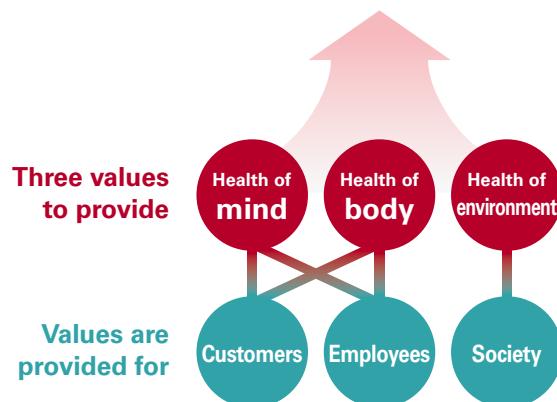
**Delicious, Fun, and Healthy**

We revamped our visual identity to coincide with the launch of the new Medium-Term Business Plan. The three lines inspired by the feathers of the angel symbol express the corporate message of "Delicious, Fun, and Healthy."

## 2030 Vision

### The Morinaga Group will Change into a Wellness Company in 2030.

We will further evolve reliability and technology building on our 120-year history to support people's wellness lifestyles in all generations worldwide.



The Morinaga Group defines "wellness" as "the state of realizing or pursuing an enriched and glorious life on the basis of health of mind, body, and environment." By providing the three values of "health of mind," "health of body," and "health of environment" to the three stakeholders of customers, employees, and society, the Morinaga Group will achieve sustainable growth.

### Cautionary Statement about Forward-Looking Statements

This report contains forward-looking statements on such matters as the Morinaga Group's plans, strategies, and business performance. These statements are based on judgments made using information obtainable at present. Consequently, actual performance could vary greatly from forecasts because it is subject to various risks and uncertainties. Elements affecting forward-looking statements include the economic environment surrounding the Morinaga Group's business domains, competitive pressures, relevant laws and regulations, changes in the development status of products, and fluctuations in foreign exchange rates. However, elements affecting future forecasts are not limited to these. Furthermore, the Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020)," and other regulations, from the beginning of FY2021. The figures reflect retroactive application of the said accounting standard.

# Contents

## Introduction

- 01 Corporate Philosophy and 2030 Vision
- 02 Contents, Editing Policy, and Information Disclosures System
- 03 History of the Morinaga Group
- 04 At a Glance

## Vision for Value Creation

- 07 Message from the CEO
- 09 Message from the COO
- 13 Value Creation Process
- 14 Promotion of Sustainable Management
- 15 The Morinaga Group's Materiality

## Editing Policy

The Morinaga Group launched a new long-term business plan in FY2021 called the 2030 Business Plan, aiming to continuously enhance corporate value based on the new corporate philosophy. This integrated report is designed with the goals of disseminating and promoting an understanding of our vision for the future through the Group's new corporate philosophy as well as our value creation strategy aimed at fruition of this philosophy over the short, medium, and long term to audiences inside and outside Japan.

We hope this report will deepen our dialogue and mutual understanding with stakeholders and define our path toward value creation. Referencing the International Integrated Reporting Framework and the Guidance for Collaborative Value Creation, this report aims to concisely convey material issues in achieving its new corporate philosophy from both financial and non-financial aspects, as well as initiatives to address these issues.

For more detailed information, please refer to our corporate website.

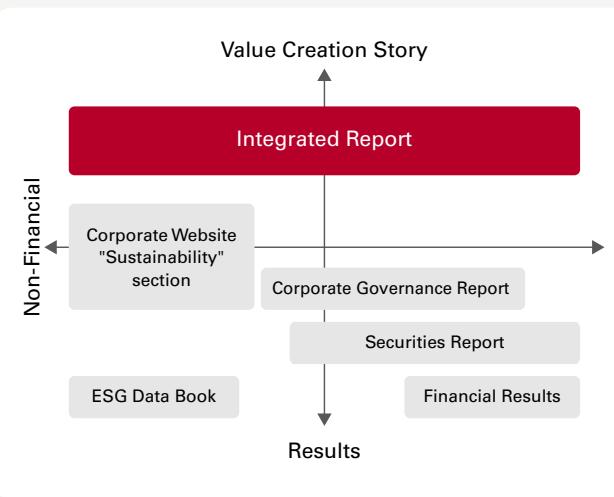
 Morinaga Group Corporate Profile  
<https://www.morinaga.co.jp/company/english/>



## Value Creation Strategy

- 19 2030 Business Plan
- 20 2024 Medium-Term Business Plan
- 25 Message from the CFO
- 32 Special Feature:  
Promoting a Global Strategy Centered on *HI-CHEW*
- 35 "in-" Business
- 37 Frozen Desserts Business
- 39 Direct Marketing Business
- 41 U.S. Business
- 43 Confectionery and Foodstuffs Business
- 45 Special Feature:  
Initiatives to Capture Inbound Tourism Demand
- 46 Human Resources Strategy
- 53 R&D Strategy
- 56 DX Strategy

## Information Disclosures System



### • Reference guidelines

"International Integrated Reporting Framework" of the International Integrated Reporting Council (IIRC)  
"Guidance for Collaborative Value Creation" of the Ministry of Economy, Trade and Industry

### • Period covered by the Report

FY2024 (April 1, 2024, through March 31, 2025)  
Information outside of this period might also be reported in case it is appropriate to illustrate past information or recent case studies.

### • Reporting boundary

This report is relevant to the Morinaga Group\*. However, if the information for the entire Group is not fully available, the scope of coverage is stated in the report.

\*In principle, Morinaga & Co., Ltd., and its consolidated subsidiaries (as of March 31, 2025) are referred to as the Morinaga Group, or the Group.

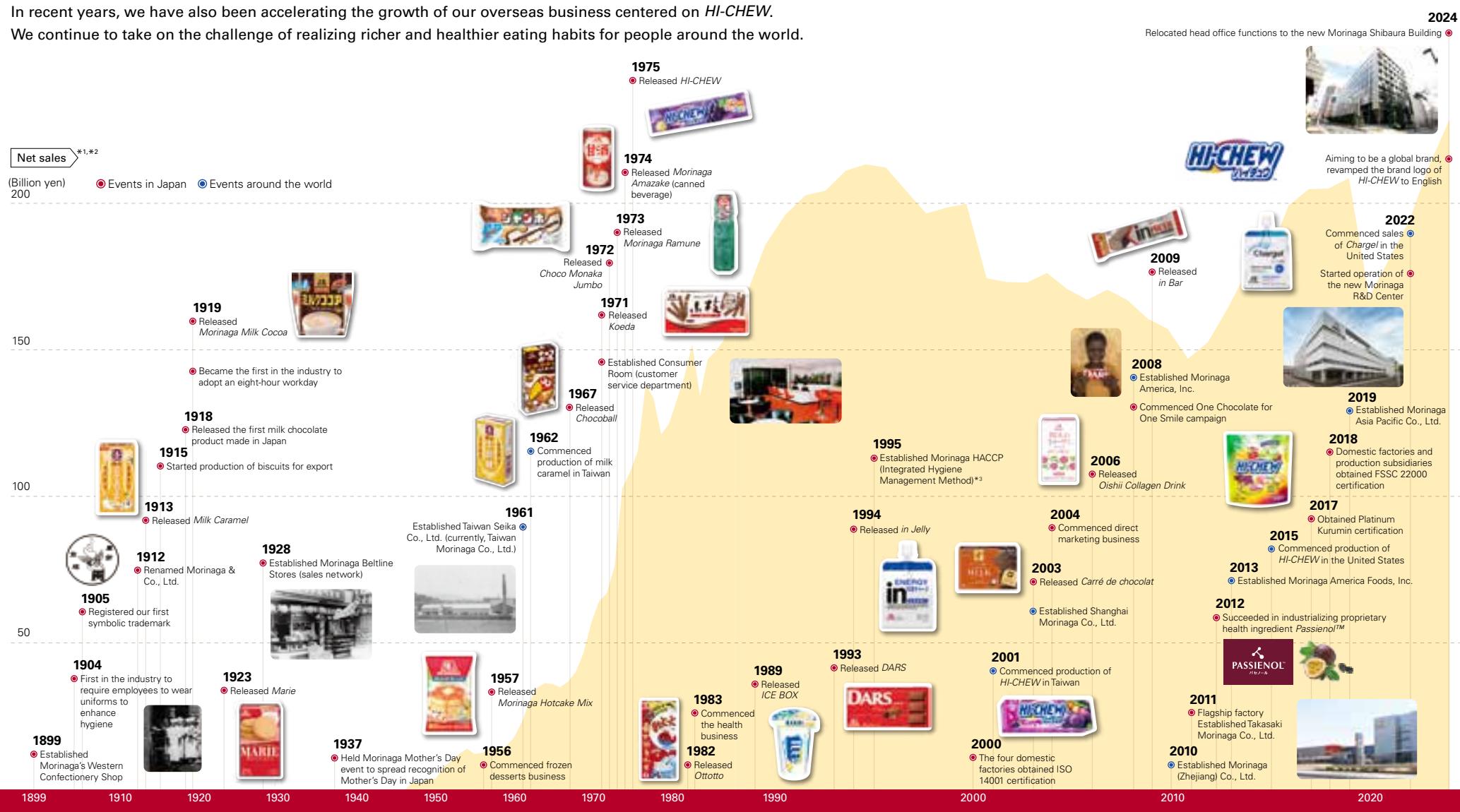
# History of the Morinaga Group

The Morinaga Group has created new value pivoting on technology developed in confectionery manufacturing with the aim of resolving social issues through food.

First, we expanded the business of foodstuffs, frozen desserts, and health products focusing on Japan.

In recent years, we have also been accelerating the growth of our overseas business centered on *HI-CHEW*.

We continue to take on the challenge of realizing richer and healthier eating habits for people around the world.

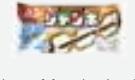


★ Product images as of the date of publication of this report.

# At a Glance

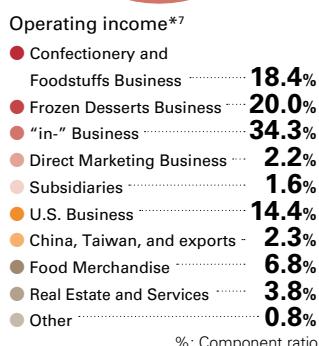
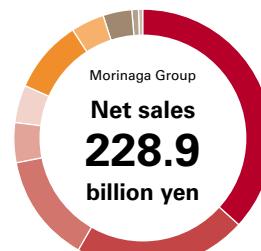
The Morinaga Group engages in the manufacturing and selling of foods, operating in Japan through the Confectionery and Foodstuffs Business, the Frozen Desserts Business, the "in-" Business, and the Direct Marketing Business, and overseas with a focus on the U.S. Business. Particularly, we aspire to drive the entire Group's growth, defining four businesses—the "in-" Business, the Frozen Desserts Business, the Direct Marketing Business, and the U.S. Business—as the focused domain categories.

## /// The Morinaga Group Today

Business Categories	Main Products		Net Sales/Operating Income* <sup>3</sup>			Business Overview/Strengths	
Food Manufacturing	Confectionery and Foodstuffs Business* <sup>1</sup>			74.3 1.5 2022	79.1 4.0 2023	84.4 3.9 2024 (FY)	(Billion yen) ■ Net sales → Operating income
	Frozen Desserts Business* <sup>1</sup>			40.5 3.4 2022	45.3 4.8 2023	49.3 4.2 2024 (FY)	(Billion yen) ■ Net sales → Operating income
	"in-" Business* <sup>1</sup>			30.6 7.0 2022	31.5 6.6 2023	31.3 7.3 2024 (FY)	(Billion yen) ■ Net sales → Operating income
	Direct Marketing Business			10.3 0.6 2022	10.9 0.2 2023	11.1 0.4 2024 (FY)	(Billion yen) ■ Net sales → Operating income
	Subsidiaries			8.3 0.1 2022	9.9 0.4 2023	11.2 0.3 2024 (FY)	(Billion yen) ■ Net sales → Operating income
	U.S. Business* <sup>2</sup>			14.6 1.4 2022	19.1 3.2 2023	20.9 3.0 2024 (FY)	(Billion yen) ■ Net sales → Operating income
	China, Taiwan, and exports			6.7 0.5 2022	7.4 0.4 2023	9.0 0.4 2024 (FY)	(Billion yen) ■ Net sales → Operating income
Overseas	Food Merchandise, Real Estate, Services, and Other			6.2 0.2 2022	6.9 0.3 2023	8.6 1.4 2024	(Billion yen) ■ Net sales → Operating income
	Food Merchandise	Morinaga Shoji Co., Ltd., develops and markets commercial-use food ingredients.					
	Real Estate & Services	Morinaga & Co., Ltd., engages in leasing of real estate, and Morinaga Takataki Country Co., Ltd., operates golf courses.					
Other Services		Morinaga BioScience, Inc., researches, develops, manufactures, and markets food allergen test kits and other products.					

\*1 Products including candies, chocolates, and others in the "in-" brand are included in the Confectionery and Foodstuffs Business, while frozen desserts are included in the Frozen Desserts Business. \*2 Includes profits relating to exports bound for the United States from China and Taiwan. \*3 To clearly show the actual state of the Group's business management, the classification and aggregation methods have been changed from FY2024. The figures for FY2023 and prior have had the changes retroactively applied and are based on the new methods. \*4 INTAGE Inc. SRI+ Jelly Drinks Market (estimated cumulative sales amount from April 2023 to March 2025) \*5 Total of the Oishii Collagen Drink series products (including previous products), as of September 2023 (According to research by Morinaga & Co., Ltd.) \*6 Source: H.B. Foods Marketing Handbook 2025 No. 1, Fuji Keizai (beauty-oriented products/collagen category/2023 results), for the Oishii Collagen Drink series, including previous products \*7 Breakdown of operating income contains -4.7% as an adjustment excluding the above.

### Net Sales and Operating Income (FY2024)



%: Component ratio

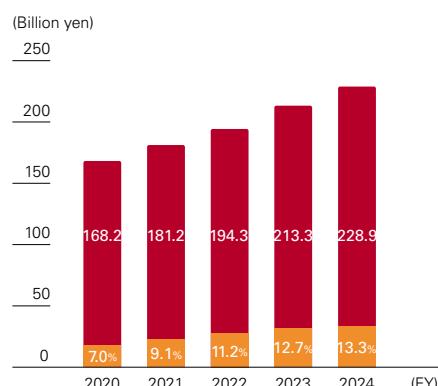
## At a Glance



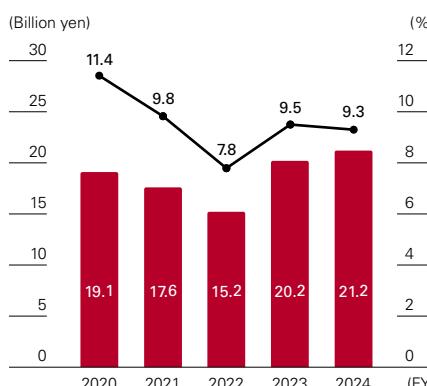
## // Financial Highlights

Net Sales/Overseas Sales Ratio\*<sup>1</sup>

■ Net sales ■ Overseas sales ratio

Operating Income\*<sup>1</sup>Operating Income to Net Sales Ratio\*<sup>1</sup>

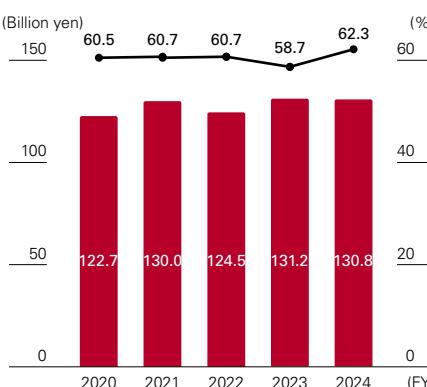
■ Operating income ■ Operating income to net sales ratio

Profit Attributable to Owners of Parent\*<sup>1</sup>/ROE\*<sup>1</sup>

■ Profit attributable to owners of parent ■ ROE

Equity\*<sup>1</sup>/Equity Ratio\*<sup>1</sup>

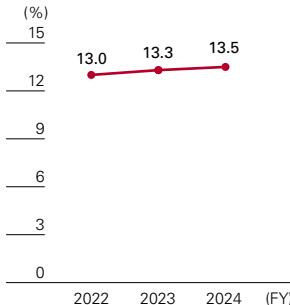
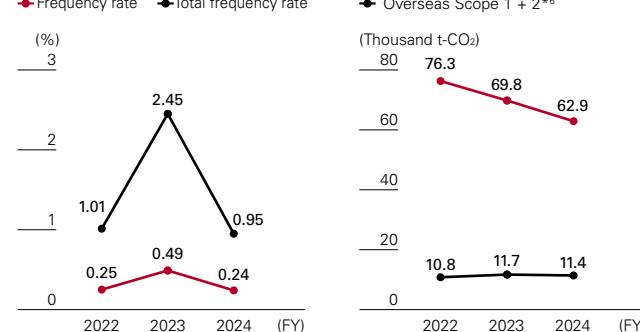
■ Equity ■ Equity ratio



## // Non-Financial Highlights

Ratio of Female Managers\*<sup>3</sup>Rate of Occupational Injury (Frequency Rate\*<sup>4</sup>/Total Frequency Rate\*<sup>5</sup>)

■ Frequency rate ■ Total frequency rate

CO<sub>2</sub> Emissions■ Japan Scope 1 + 2\*<sup>6</sup> ■ Overseas Scope 1 + 2\*<sup>6</sup>// Reach of the Morinaga Group (as of June 30, 2025)\*<sup>7</sup>

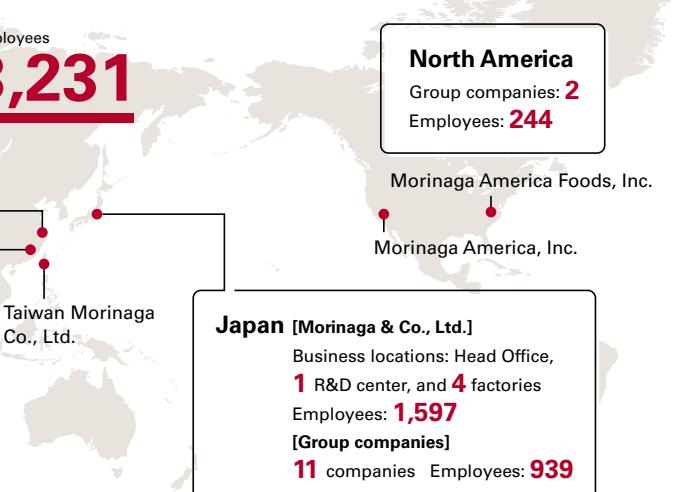
## Morinaga Group

 **18 companies**  **3,231 employees**

Shanghai Morinaga Co., Ltd.

Morinaga (Zhejiang) Co., Ltd.

Morinaga Asia Pacific Co., Ltd.



**Asia (excluding Japan)**  
Group companies: 4  
Employees: 451

**Japan [Morinaga & Co., Ltd.]**  
Business locations: Head Office, 1 R&D center, and 4 factories  
Employees: 1,597  
[Group companies]  
11 companies Employees: 939

\*<sup>1</sup> The Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020)," and other regulations, from the beginning of FY2021. The figures for FY2020 reflect retroactive application of the said accounting standard. \*<sup>2</sup> Excluding the impacts of extraordinary income from the sale of cross-shareholdings \*<sup>3</sup> Figures are non-consolidated for Morinaga & Co., Ltd., as of April 1 of each fiscal year. The calculation method was changed from FY2024 (calculated based on the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64, 2015)). The figures for FY2022 and FY2023 used for comparison with the previous fiscal year are the figures after retroactive application of the said standards. \*<sup>4</sup> Frequency of occupational accidents indicates the number of injuries/fatalities (not including sick or injured due to non-lost work time accidents) due to occupational accidents per one million working hours. (Figures for Morinaga & Co., Ltd., factories and production-related affiliated companies.) \*<sup>5</sup> Frequency of occupational accidents indicates the number of injuries/fatalities (including sick or injured due to non-lost work time accidents) due to occupational accidents per one million working hours. (Figures for Morinaga & Co., Ltd., factories and production-related affiliated companies.) \*<sup>6</sup> Group consolidated basis \*<sup>7</sup> Listed consolidated subsidiaries and non-consolidated subsidiaries accounted for using the equity method. Employees represent the total for consolidated companies.

# Vision for Value Creation

- 07 Message from the CEO
- 09 Message from the COO
- 13 Value Creation Process
- 14 Promotion of Sustainable Management
- 15 The Morinaga Group's Materiality

## Message from the CEO



Representative Director, Chairman and CEO

**Eijiro Ota**

# CEO's Message

**Toward the 2030 Vision and beyond, we will promote Group management driven by collaboration to realize our Purpose, aiming to become a sustainable company that continues to evolve.**

### My Appointment as Chairman

#### Strengthening Earning Power and Improving Resilience

Following the resolution at the Board of Directors meeting in February 2025 to change the Representative Director, I stepped down from my position as president, a position I had held for six years, and Shinya Mori was appointed as the new Representative Director, President and COO, with me taking on the role of Representative Director, Chairman and CEO.

Six years ago, when I was appointed president of the Morinaga Group, which marked its 120th anniversary that year, I communicated the importance of "permanence" and my will to utilize the individuality of each employee, with everyone involved in management as the pillar. Although we have a long history that has been carved out alongside the development of society, there is no guarantee that this growth will continue into the future. I was concerned that it would be difficult to pursue permanence within the Morinaga Group simply as an integrated confectionery manufacturer.

As is well known, the external environment has since changed dramatically and rapidly, becoming increasingly severe due to factors such as the COVID-19 pandemic that began around 2020 and the rise in raw material prices that began with Russia's invasion of Ukraine in 2022.

Despite these serious headwinds, I have been unwavering in pushing ahead with growth investments. In addition to traditional capital investment, we have been proactively investing in intangible assets, such as in human capital, advertising, R&D, and digital transformation. Looking at our performance for FY2024, I can say with confidence that our earning power has improved, and the Group's resilience increased.

### Initiatives and Results over the Previous Six Years

#### Establishment of Our Corporate Philosophy and the 2030 Vision

Looking back, we have made great progress over the past six years. There was one thing that we relied on most when making management decisions about growth investments in a headwind-ridden business environment. This was our Corporate Philosophy and the 2030 Vision, which we formulated in 2021. Our Purpose, "The Morinaga Group will continue to create healthy foods that can be enjoyed beyond generations, thereby bringing smiles to the faces of people around the world now and in the future," along with the 2030 Vision, which states that we will "change into a Wellness Company" by 2030, were both formulated over more than a year, with input from employees. I particularly feel strongly about the term "change" as it is used here.

Looking ahead to future changes in global society, the business environment surrounding the Group will likely remain uncertain, with geopolitical risks arising from the unstable international situation and concerns about a global economic slowdown due to U.S. tariff policies. As Representative Director, Chairman and CEO, I will continue to steer the Group toward realizing its Purpose and Vision, on which it relies.

### Transition to a New Management Structure

#### Strengthening Group Governance

At the Board of Directors meeting held in February 2025, a resolution was passed on the Group's future management structure calling for the role of top management to be divided between a CEO who would make strategic decisions and a COO who would be responsible for business execution. The

## Message from the CEO

background to this resolution was that in these uncertain times, strengthening Group governance will become even more important for the Group to achieve the 2030 Vision of change into a Wellness Company.

The “wellness” that the Group aspires to refers to “the state of realizing or pursuing an enriched and glorious life on the basis of health of mind, body, and environment.” To change into a Wellness Company, we must evolve the trust and technologies we have amassed over our 126-year history, while also improving our ability to create innovation and respond to environmental changes, and continue to take on challenges and evolve. To support this evolution from a governance perspective, we will need to make management decisions more quickly than ever in the execution of daily business operations and steer the Company toward realizing our Vision from a medium- to long-term perspective.

The transition to a new management structure is not a personnel change; it represents a major change in the structure that will enable the Group to continue pursuing its Purpose beyond 2030, not just in achieving the 2030 Vision. Under a two-person structure consisting of the CEO and COO, we will speed up decision-making, steadily promote various measures in execution, and firmly achieve our targets. From the perspective of corporate governance, decision-making transparency will be improved even more than before. Moreover, by having the CEO and COO work together while fulfilling their respective roles, we will further enhance the Group’s corporate value under stronger corporate governance.

### The Roles of the Chairman, CEO and President, COO

As CEO, I am solely responsible for overall management and external affairs. From a medium- to long-term perspective, I will strategically manage the Group to realize the 2030 Vision and our Purpose. I will continue to serve as Chairman of the Board of Directors, but most committees will be chaired by COO Mori, who is responsible for internal business operations.

I will now entrust the business execution functions that I have been responsible for to COO Mori. While the CEO and COO share responsibilities, we will work together to lead the way in our change into a Wellness Company.

## Achieving a Highly Transparent Officer Selection Process

### Appointments Based on More Than 12 Months of Review and Discussions

In appointing Mr. Mori as the new Representative Director, President and COO, we were able to follow a highly objective and transparent process from selection to appointment.

In 2021, we established the voluntary Officer Appointment and Remuneration Advisory Committee as an advisory body to the Board of Directors to consider the nomination and remuneration of officers. The committee was responsible for the entire process, from the selection and appointment of the COO to the unofficial notification, and even the report to the Board of Directors. The Officer Appointment and Remuneration Advisory Committee is composed of all outside directors and Representative Directors, and the appointment of officers follows a process that complies with the Officer Appointment Policy and Appointment Procedures established by the committee. The chairperson is also elected by mutual vote among the outside directors who are members of the committee, with the aim of ensuring the independence and objectivity of the process for determining appointments and remuneration.

The president’s changing of the guard was deliberated and discussed for more than a year, and ultimately, from among several candidates, Mr. Mori was nominated by the consensus of the committee. The change to a management structure with a CEO and COO was also decided upon by the committee, and based on advice from committee members, measures have been taken to avoid a redundant structure, such as clearly defining the roles of the CEO and COO.

At the Board of Directors meeting in February 2025 where this matter was resolved, I did not say anything, and all explanations and Q&A were handled by the Chairman of the Officer Appointment and Remuneration Advisory Committee, who is an outside director. I feel that the process of selecting and nominating officers has evolved so much that it is completely different than 14 years ago when I was appointed as a director.



COO Mori combines a warm personality with outstanding leadership skills. His dedication to always listening to employees’ opinions and emphasizing communication has earned him the trust of employees. I expect him to fully utilize his R&D knowledge and drive co-creation initiatives as a Group, creating even more new value than ever before and evolving into a global Wellness Company.

## Message to Stakeholders

Toward 2030 and beyond, the Morinaga Group will continue to provide three values—health of mind, body, and environment—to customers, employees, and society. We will also contribute to the realization of a sustainable and prosperous society, build relationships of trust with our stakeholders, and raise our corporate value, aiming to become a sustainable company that continues to grow.

I will continue to work hard to realize our vision of a company that can support wellness lifestyles for people of all ages around the world. We will also constantly strive to become a company that our stakeholders recognize as synonymous with wellness when they think of the Morinaga Group.

I would like to ask all stakeholders for your continued support as the Morinaga Group continues to evolve and grow under our new management structure, continually updating our strategies to adapt to changes in the environment.

## Message from the COO

### Making Sustainable Growth a Reality

### with New Value Creation

# COO's Message

#### New Value Creation from a Medium- to Long-Term Perspective

My name is Shinya Mori, and I was appointed Representative Director, President and COO in April 2025. I feel a strong sense of responsibility in executing my new responsibilities as president.

I spent eight years at the R&D Center after joining the Company. In 2019, I was given the opportunity to take charge of R&D as General Manager of the R&D Center. I feel that the desire to contribute to society by creating new customer value—something I have felt since joining the Company—has only grown stronger through my R&D experience.

Besides the R&D Center, I have also worked in the “in-” Business, which was still in the new business stage at the time, and the Direct Marketing Business, which had not yet been established as a business model within the Group. These immature businesses have now grown to the point where they are positioned as the focused domain, thanks to persistent growth initiatives and up-front investments. I have always enjoyed taking on new challenges and have found fulfillment in my work as I have been a part of creating unprecedented value. From a medium- to long-term perspective, I have been passionate about developing new businesses that contribute to our sustainable growth and establishing new business models.

When I was in my 30s, as part of a restructuring effort, I experienced our exit from the fruit juice business, which had large sales at the time but had issues with profitability. Looking back, it was a difficult and painful experience to see a business I had poured so much energy into disappear. Yet, it also gave me the opportunity to think deeply about market competitiveness, return on capital, and other factors from a company-wide perspective. This proved to be a major turning point for me. Through these conflicting experiences of creating a new business and then exiting others, I have again recognized the importance of a long-term perspective.

#### Maximizing the Strengths of the Group and Further Enhancing Corporate Value

As the external environment changes dramatically, I believe one of my important roles is to reaffirm the strengths of the Group and use them to continuously increase value.

The first strength that supports our competitive advantage is the brand power we have cultivated over our 126-year history. The Morinaga corporate brand is widely recognized throughout Japan, and long-selling product brands such as *Milk Caramel* and *Marie*, which have been around for more than 100 years, truly embody the Group's Purpose of being loved beyond generations.

Representative Director, President and COO

**Shinya Mori**



## Message from the COO



The second strength is the know-how and technical capabilities we have amassed over our long history. In addition to our three major technologies of soft candies technology, confectionery technology in sub-zero temperatures, and jelly drink technology, our know-how in mass-producing prototypes created in R&D at low cost with safety, reliability, and high quality is a core competency of the Group, honed through repeated improvements in our factory manufacturing processes.

The third is a corporate culture that is resilient in the face of crises. The Group values its employees, and they in turn have a strong sense of loyalty. Over our long history, we have experienced overcoming crises thanks to teamwork where each employee goes beyond their own role. I believe that this resilience is a strength of the Group that we must continue to protect and enhance. We will leverage such experience and strengths to further improve our corporate value while providing new value to society.

## Demonstrating Resilience to Change, both Net Sales and Operating Income Reached Record Highs

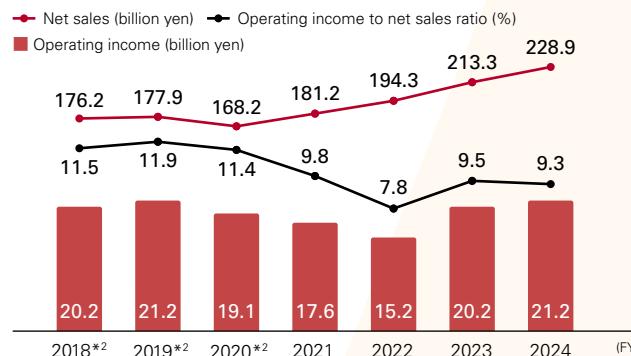
Looking at the external environment, the food industry continues to face uncertainty due to soaring raw material prices, market

entrants from other industries, and unpredictable geopolitical risks. Because it is difficult to accurately predict this environment, it is important to demonstrate resilience and respond accordingly. Furthermore, the overall confectioneries market grew 5.3% year on year in terms of retail value in 2024\*1. Behind this growth is likely the strong inbound tourism demand, as well as the contribution to "health of mind" that comes from the emotional value of confectioneries, such as the sense of reward and stress relief.

The Group has reduced costs, increased product value through high added value, and appropriately passed on these costs to sales prices. As a result of this and the support of many customers, we were able to achieve record highs in both net sales and operating income in fiscal 2024. Looking back over the past year, we are again reminded of the great value of the Group's products, and at the same time, we feel that there is great potential for growth not only in Japan but also globally. While awareness of *HI-CHEW* has spread overseas, many of our products, such as *Choco Monaka Jumbo*, are also highly rated among inbound tourists visiting

\*1 All Nippon Kashi Association's "2024 Confectionery Production Volume, Production Value and Retail Value (estimates)"

### Trend in Net Sales, Operating Income, and Operating Income to Net Sales Ratio



\*2 The Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020)," and other regulations, from the beginning of FY2021. The figures for FY2020 were retroactively adjusted in line with the said accounting standard. FY2018 and FY2019 represent estimates assuming retroactive application of this accounting standard.

Japan. Until now, we have thought that to compete overseas we needed to adapt to local tastes, but we now feel that the product lineup we sell in Japan has the potential to be competitive globally. We believe that the appeal lies not only in the delicious taste but also in the meticulous craftsmanship that goes into our manufacturing, such as the crispy texture of *Choco Monaka Jumbo*. Sales of *HI-CHEW* have grown in the European and American markets, despite it being priced higher than competing products. This year has given us a strong sense that the Group's products can be accepted globally.

## Optimal Resource Allocation Leads to Greater Growth and Improved Capital Efficiency

The Group has set management targets for 2030, aiming for net sales of 300 billion yen and an operating income to net sales ratio of 12% or more. To achieve these, I recognize that achieving the targets of the 2024 Medium-Term Business Plan is my most important responsibility as president. In the Overseas Business, which will drive growth, we aim to achieve sales of 75 billion yen and an overseas sales ratio of 25% or more in 2030. The Group's overseas sales ratio has grown from 5% to 6% a few years ago to approximately 13% today. While *HI-CHEW* is the core product of the Overseas Business, to achieve our target overseas sales in 2030, we are considering leveraging the Group's strengths in advanced technological capabilities to grow the jelly drink *Chargel*, which we launched in the United States, and to develop additional brands. In global markets where the Morinaga brand is not as well known as it is in Japan, we will maximize the brand power of *HI-CHEW* established in the United States while also cultivating markets for other products. To grow the Overseas Business, we must not only enhance the product appeal that supports global expansion but also strengthen our human resources foundation. Along with R&D and marketing, we will quickly establish a system for securing and training globally minded human resources and accelerate the speed of business expansion.

In the "in-" Business, our top priority in the focused domain, we will continue to focus as a leading company in the industry and contribute to the expansion of the overall market. While improving

## Message from the COO

the profitability of our core Confectionery and Foodstuffs Business remains an important issue, we will work to improve profitability by expanding the candy category, which has a high return on capital. To adapt to the changing environment, we will strive for flexible resource allocation and consider inorganic growth such as M&A to achieve growth and improve capital efficiency.

## Achieving Targets through Ambidexterity: Deepening Existing Businesses and Exploring New Ones

The Group has been steadily working to evolve and deepen existing businesses. Yet, going forward, we will work with even greater determination and speed in developing new businesses. This is the ambidextrous management on which I place great importance.

The probability of a new business becoming a commercial venture is generally seen as extremely low, at around a few percent. There are likely many cases where it does not go on to become commercialized. However, nothing will get started if we are afraid of failure. We will support new challenges by rigorously implementing appropriate risk-taking and risk diversification. We will work to create and develop new businesses with the goal of developing at least one new business from the exploration and research domain into a pillar business by 2030.

## Passienol™ Helps Resolve Social Issues from a Long-Term Perspective

Passienol™, developed by the Group from passion fruit seeds, offers great potential in the field of well-being. Passienol™ is the Group's proprietary food ingredient with functional claims and contains piceatannol, a type of polyphenol found in passion fruit seeds, as its functional ingredient. Currently, in addition to the confirmed functions, we are researching the further possibilities of piceatannol. With extending healthy lifespans being one social issue, the catchphrase "longevity genes" is attracting attention globally. The Group also intends to deepen our research in this area.

To expand Passienol™, we will first work toward commercializing the B2B raw materials business by gathering knowledge through



Introducing "Passienol™" at an exhibition

collaboration with other companies. Although it takes a certain amount of time to commercialize a new functional material, we will nurture Passienol™ so that it becomes a symbolic ingredient of a Wellness Company.

## Path to Becoming a Wellness Company

### The Importance of Intangible Assets Underpinning Sustainable Growth

Of the Group's various intangible assets, I believe that human capital is the most important. The Group's resilience and the strength of its corporate culture have all been built by its people. To enhance the sustainability of these assets, we will work to instill our Corporate Philosophy in all employees, promote purpose-driven management, and further strengthen our human capital.

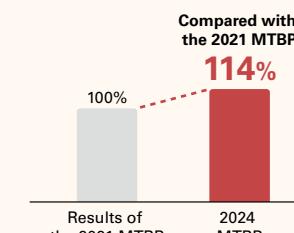
During my new employee training, I came across the following: "Luck is when you meet someone new, but it's up to each individual to turn this into a positive," which I have always treasured in the time since. While there is certainly "luck" in meeting people, I believe it is the individual's efforts, as well as the

altruistic spirit and awareness of co-creation that are embodied in our Corporate Philosophy, that truly turn it into a positive.

We will continue to expand opportunities for interaction with different industries, establish systems that encourage employees to take on new challenges, instill a spirit of altruism in our corporate culture, and promote co-creation with external parties, thereby linking stronger human capital with business growth. Furthermore, in my message to employees upon becoming president, I emphasized the importance of greeting people with a smile. This is because the Group's Purpose is "bringing smiles to the faces of people around the world now and in the future." We will maintain a corporate culture that allows employees to always overcome challenges with a smile and resilience, not just in good times.

In addition to this human capital, the digital transformation of our business foundation will become increasingly important in the future. Digital technology and AI continue to evolve steadily, and the speedy use of technology will lead to improved competitiveness and ultimately to the creation of new value. To maintain a high competitive advantage, we will step up our efforts to improve IT literacy across the Company and promote digital transformation.

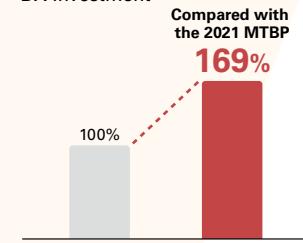
### Human Resources Investment\*



- Secure human resources for increase net sales
- Develop human resources strategically
- Foster a culture that encourages taking on challenges through revisions to our personnel system

\*Comparison of amounts based on expenses recorded during the MTBP period.

### DX Investment\*



- Build a digital management foundation
- Streamline and upgrade operations by standardizing tasks and systems globally

## Message from the COO

### Creating Synergies through Stronger Group Governance and Greater Personnel Exchanges

Bringing superior products to market and improving product brands enhances the value of the Group's corporate brand. However, this alone does not mean we are a company that contributes to society. From the perspective of corporate governance, establishing a solid corporate structure is essential. As the contribution of Group companies to the Group's overall sales and operating income increases year by year, it is increasingly important to carry out unified management across the entire Group. We are instilling the Morinaga Group's Purpose in employees of each Group company and promoting the standardization of business foundations, including business management systems and information infrastructure. Furthermore, by further energizing personal interactions, we will utilize the knowledge and know-how accumulated within the Group to create new synergies and innovations, thereby enabling the Group to sustainably provide value to society.



Group Officers Meeting

### Promoting Management That Is Conscious of the Cost of Capital and the Stock Price

Although the Group has strong defensive capabilities, we cannot expect sustainable growth by focusing solely on defense. Returning to the pioneering spirit of our founder, Taichiro Morinaga, we aim to strengthen proactive capabilities that

continue to create new customer value through co-creation by fostering a corporate culture that encourages challenges while taking appropriate risks.

We recognize the decline in the sales ratio of the focused domain as an important management issue. We need to strengthen the capital-efficient parts of the focused domain, reassess our business portfolio, and establish a growth trajectory. I also believe that increasing the sales ratio of the Overseas Business is important from the perspective of our business portfolio. Sales trends for *HI-CHEW* during the COVID-19 pandemic differed significantly between Japan, where consumption is primarily on the go, and the United States, where large-format bags are purchased and consumed at home, even for the same product. This resulted in risk diversification. Looking toward 2030, we will transform our business portfolio, including the Overseas Business, and thoroughly implement management that is conscious of the cost of capital, aiming to achieve targets for indicators such as ROE, ROIC, and DOE.

### What's Needed to Change into a Wellness Company

To achieve the 2030 Vision of change into a Wellness Company, the Group is working to continue providing value in the areas of



health of mind, body, and environment to customers, employees, and society. The Group's definition of wellness encompasses not only health of body but also health of mind and environment. Providing "health of mind" is particularly important to achieving the Group's Purpose of bringing smiles to the faces of people around the world now and in the future. We will therefore strengthen the value of our products through both R&D and marketing. We will also continue to enhance our existing focus on "health of mind" through our "in-" and Direct Marketing businesses. Regarding "health of environment," we will earnestly engage in sustainability activities, such as reducing CO<sub>2</sub> emissions and promoting sustainable raw materials procurement, while remaining cognizant of various regulations in Europe and elsewhere. We will also endeavor to disseminate information both internally and externally.

We will increase our activities while improving their quality and output, and continue to create new value and accelerate various initiatives toward realizing the 2030 Vision.

On behalf of the Group, I would like to thank all our stakeholders for your continued support.





# Value Creation Process

Impacts  
on Society

# Smiles for the Future

Purpose

The Morinaga Group will continue to create healthy foods that can be enjoyed beyond generations, thereby bringing smiles to the faces of people around the world now and in the future.

## Five Materialities

1 Contribute to Healthy Lives of People around the World

2 Diversity and Inclusion of People

3 Achieve Sustainable Value Chains

4 Conserve the Global Environment

5 Strengthen Governance in Sustainability

## Input

Six Forms of Capital (FY2024)

### Human capital

● PP. 46–52

- Group employees: 3,153\*
- Employee loyalty: 85%\*
- Health management: Certified Outstanding Organizations of KENKO Investment for Health

### Social capital

● P. 3

- Relationships of trust with various stakeholders built over more than 120 years in the business
- Many long-seller brands

### Financial capital

● PP. 25–31

- Invested capital: 136.6 billion yen
- Net assets: 132.3 billion yen
- Equity ratio: 62.3%
- Long-term credit rating: A stable (JCR)

### Intellectual capital

● PP. 53–57

- Patents owned: 154 in Japan and 61 overseas
- Trademarks owned: 681 in Japan and 763 overseas\*
- R&D expenses: 3.0 billion yen

### Production capital

● P. 05 ● PP. 53–55

- Production sites: 8 factories in Japan and 3 overseas
- R&D center: 1

### Natural capital

● PP. 58–63

- Diverse raw materials with consideration for sustainability and quality control



## External Environment

- Increasing health consciousness (health of mind and body)
- Diversifying lifestyles and values
- Advancements in digital technology
- Japan's declining birth rate, aging population, and labor shortages
- Rising world population
- Climate change and global environmental issues becoming more serious
- Rising need to disclose information on sustainability

## Activities

of Business

Promote Purpose-Driven Management

2030 Business Plan and 2024 Medium-Term Business Plan

Leverage **STRENGTHS** to Create Value

Basic research and ingredients research

Food processing technology

Product developing capability

### Planning and R&D



### Distributing & informing capacities

### Sales and Communication

### Procurement, Manufacturing, and Logistics



### Production technologies and mass production technologies

### Workforce with high engagement

### Employee-friendly workplace environment

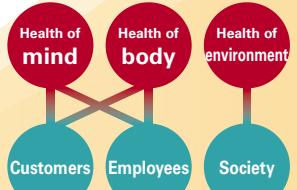
More than 120 years of history and brand trust

## Corporate Governance

## Output

Value Created

## Three Values to Provide



## Values Are Provided for



Products that contribute to "health of mind and body"



Initiatives under One Chocolate for One Smile for increasing the sustainability of cacao



New head office designed with employees' health and the environment in mind



Takasaki Morinaga Co., Ltd., begins receiving electricity generated from solar power

## Outcome

from Provided Value

### 2030 Vision

We Will Change into a Wellness Company.

#### 2030 Non-Financial Targets

Percentage of Japan's population provided value of health through new initiatives aimed at becoming a Wellness Company\*

70% or higher

"Health of mind": Positive response rate to Morinaga's corporate image of "Makes me smile"\*\*

90% or higher

Rate of employees who find their job meaningful and who are in good mental and physical health at work\*

80% or higher

Procurement ratio of sustainable raw materials (cacao beans, palm oil, and paper)\*<sup>7</sup>

100%  
30% or higher

CO<sub>2</sub> emission reduction rate\*

15% or higher

ROE  
Shareholders  
DOE  
4.5% or higher

\*1 As of March 31, 2025 \*2 Positive response rate to "I feel proud as a member of this company" on the employee awareness survey \*3 Number held as of the end of FY2024 \*4 Scope: The Company defines as "Deep dive into health of mind," "Accelerate health of body," and "Evolve health of mind to health of body." Population percentage calculated based on the INTAGE Inc. SCI annual purchase rate (scope: consumers nationwide ages 15–79). The Company will explore the establishment of a vision on a global basis. \*5 Survey by Morinaga & Co., Ltd. \*6 Positive response rate on the employee awareness survey. Scope: Group consolidated basis. \*7 Group consolidated basis excluding Food Merchandise. Paper covers product packaging only. \*8 Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

# Promotion of Sustainable Management



**Kenji Takanami**

Director, Senior Executive Officer  
Responsible for Sustainable Management Division

## Toward 2030

Based on the spirit of "Altruism" valued by the Morinaga Group, we will strengthen sustainability management throughout the Morinaga Group to realize our Purpose and 2030 Vision.

## Promoting Sustainable Management to Resolve Social Issues and Enhance Corporate Value

In a rapidly changing business environment, we believe it is important to continue generating steady cash flow, while further enhancing the sustainability of our business, and helping solve social issues. In this context, we will steadily advance our efforts, ensuring effectiveness regarding the materiality and initiative themes that we have identified as important for the sustainability of our business.

We have illustrated the background to the establishment of materiality as well as the connection between materiality and the 2030 Vision and increasing corporate value on page 15

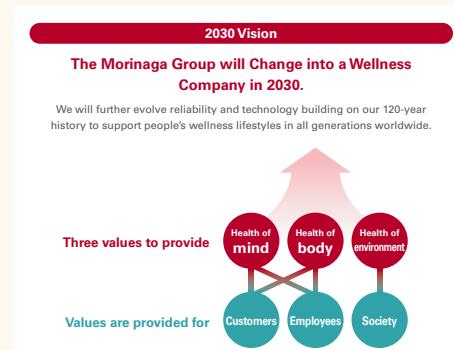
to make it easier to understand. We are also working to promote awareness within the company so that employees can understand, think about, and act on the connection between their own work and sustainable management.

By addressing material issues that are closely related to our corporate value, the Group will continue to provide "health of mind, body, and environment" to customers, employees, and society, and will achieve its 2030 Vision of Change into a Wellness Company, striving to achieve a state of well-being for people and society.

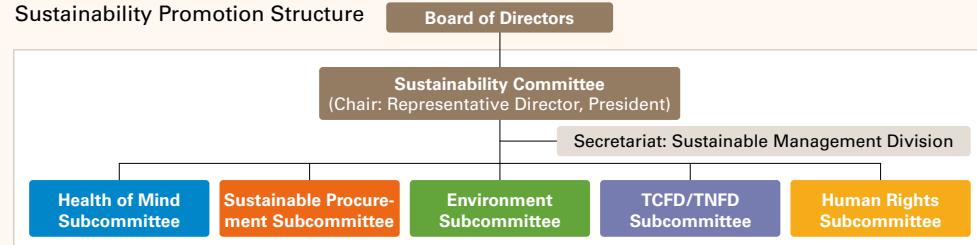
## Promotion Structure

We have five subcommittees under the Sustainability Committee.\* Each subcommittee is chaired by a relevant executive officer and consists of members from several related divisions. Each subcommittee holds extensive discussions and cooperates to promote efforts to achieve non-financial targets, including those of domestic and overseas Group companies.

\*In FY2024, the ESG Committee was renamed the Sustainability Committee.



## Sustainability Promotion Structure



Furthermore, the Group will continue to appropriately disclose the status and progress of its activities through its integrated report and corporate website, promote engagement with various stakeholders, and properly understand the challenges it faces and the expectations of stakeholders and incorporate these into sustainable management.

## Details of Sustainability Committee Discussions

The Sustainability Committee met seven times in FY2024. Progress reports and issues were presented by each subcommittee, and future action plans were discussed, in order to position the Group to achieve the 2030 targets for each materiality. In FY2024, we conducted deliberations based on the TNFD recommendations, identifying risks and opportunities, assessing their importance, and considering and disclosing countermeasures. In addition, to address the issue of reducing CO<sub>2</sub> emissions, we are making systematic progress by installing solar power generation facilities and expanding the use of renewable energy.

### Sustainability Committee Meetings in FY2024 and the Main Discussion Points

Number of meetings	7 in total
Main discussion points	<ul style="list-style-type: none"> <li>• <b>Health of Mind Subcommittee</b> Activity report</li> <li>• <b>Sustainable Procurement Subcommittee</b> Review of FY2023</li> <li>• <b>Sustainable Procurement Subcommittee</b> Report on domestic Group companies</li> <li>• <b>Environment Subcommittee</b> Review of FY2023</li> <li>• <b>TCFD/TNFD Subcommittee</b> Report on the TNFD review</li> </ul> <p>etc.</p>

## Working to Further Penetrate and Implement Sustainable Management

In our 2030 Business Plan, sustainable management is positioned as the foundation for all our activities. To deepen employees' understanding of sustainable management, we continually provide information on the external environment related to sustainability and social issues in the value chain via an intranet and internal newsletter. We will continue to work to ensure that our employees personally take ownership of sustainable management and take action accordingly.

# The Morinaga Group's Materiality

## Materiality Identification Process

In formulating the 2024 Medium-Term Business Plan, we reviewed our materiality considering changes in the external environment surrounding our business operations.

### ① Pinpointed Issues That Need to Be Addressed

We identified management and business issues and the issues that the Group should address, based on the information below.

- Themes emphasized by international norms and initiatives such as the SDGs and the UN Global Compact
- Expectations and requests from stakeholders
- External ESG evaluation items, among others

### ② Evaluated the Importance of the Issues

External stakeholders and key internal members evaluated the importance of ① along two axes: importance to the sustainable development of society and importance to the sustainable growth of the Group. Based on the results, we created a proposal for materiality and themes to address.

External stakeholders who cooperated with the evaluation | External experts, investors, business partners, NGOs, and outside officers

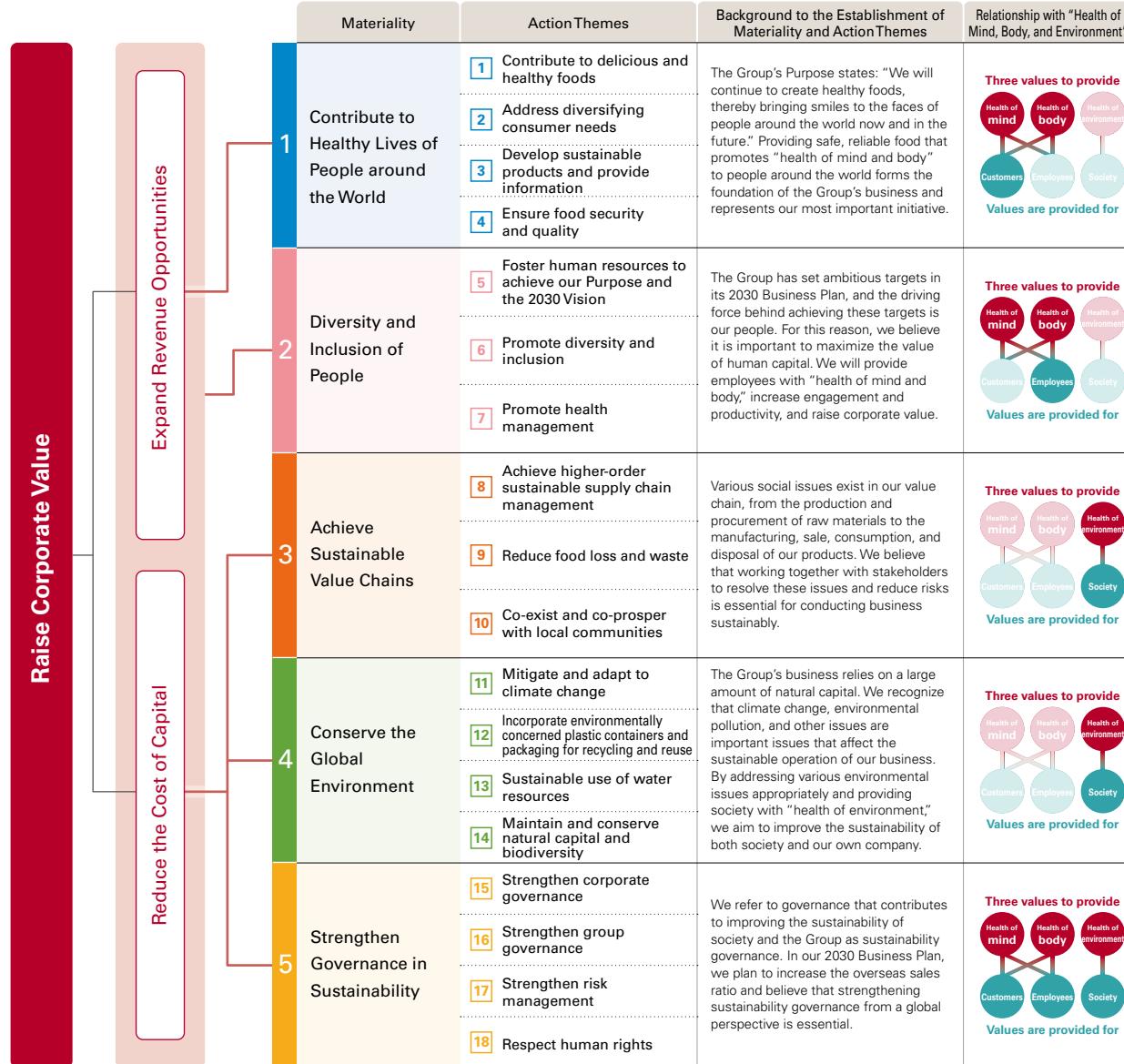
### ③ Identified Materiality

The Sustainability Committee held discussions on materiality and proposed action themes. From a management perspective, importance and priorities were carefully examined, opinions reflected, and materiality identified through internal resolutions and reports to the Board of Directors.

## Matrix of the Initiative Themes



## Connection between Materiality and Raising Corporate Value



## The Morinaga Group's Materiality

## Targets and Progress of Materiality

Materiality	Action Themes	Main Assumed Opportunities and Risks (●: opportunities, ▲: risks)	Indicator	Targets and Progress					Progress	Relevant Pages		
				Results		Targets		FY2028	FY2030			
				FY2023	FY2024	FY2028	FY2030					
1 Contribute to Healthy Lives of People around the World	1 Contribute to delicious and healthy foods	● Growing business opportunities following the rising health consciousness of consumers ▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses	Providing "health of mind and body" value to customers	63%	62%	—	70% or higher	<ul style="list-style-type: none"> <li>Encouraging each business segment to develop products that provide "health of mind and body" aimed at becoming a Wellness Company</li> <li>Carrying out various measures in terms of "health of mind" to promote employee understanding and behavioral change</li> <li>Carrying out quality management in line with international food safety standards and certification regimes<sup>*3</sup></li> <li>Providing customer service based on international standards of customer satisfaction<sup>*4</sup></li> </ul>		Pages for each Business Segment PP. 35-44  Quality Assurance PP. 76-77		
	2 Address diversifying consumer needs	● Growing business opportunities and improving market competitiveness by tapping into latent markets ▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses	Percentage of Japan's population provided value of health through new initiatives aimed at becoming a Wellness Company <sup>*1</sup>									
	3 Develop sustainable products and provide information	● Growing business opportunities from rising awareness of sustainability among consumers ▲ Declining market competitiveness and social reputation over the medium to long term caused by delayed responses	"Health of mind": Positive response rate to Morinaga's corporate image of "Makes me smile" <sup>*2</sup>	87%	85%	—	90% or higher					
	4 Ensure food security and quality	● Improving social trust through excellent food safety and quality assurance initiatives ▲ Declining social trust, brand value, and social reputation due to delayed responses	Positive response rate on the employee awareness survey <sup>*5</sup>	88.2%	88.1%	90% or higher <sup>*6</sup> NEW	90% or higher <sup>*7</sup> NEW					
2 Diversity and Inclusion of People	5 Foster human resources to achieve our Purpose and the 2030 Vision	● Securing of talent needed to contribute to the realization of our Purpose and the 2030 Vision ● Promoting corporate growth through the active participation of highly engaged employees ▲ Declining sustainable growth capabilities due to delayed responses	1) Morinaga Group's contributions to building a sustainable society	71.4%	74.1%	77% or higher <sup>*6</sup> NEW	80% or higher	<ul style="list-style-type: none"> <li>Continuously conducting D&amp;I policy training, creating action plans for each workplace, and promoting initiatives</li> <li>Carrying out interviews and initiatives for improvement at business sites where there was a gap between targets and results</li> <li>Regularly conducting self-care seminars and training for managers to improve health awareness and self-management skills</li> </ul>		Human Resources Strategy PP. 46-52		
	6 Promote diversity and inclusion	● Improving resilience thanks to improved ability to create innovation and respond to changes in the environment ● Increasing competitiveness in global markets ● Increasing employee loyalty by creating a corporate culture that embraces diverse values ▲ Declining organizational competitiveness and social reputation due to delayed responses	2) Corporate growth driven by a diverse workforce									
	7 Promote health management	● Promoting corporate growth by enhancing employee performance ▲ Declining sustainable growth capabilities due to delayed responses	3) Employee motivation and achievement of "health of mind and body"									

\*1 Scope: Products the Company defines as "Deep dive into 'health of mind,'" "Accelerate 'health of body,'" and "Evolve 'health of mind' to 'health of body.'" Population percentage calculated based on the INTAGE Inc. SCI annual purchase rate (scope: consumers nationwide ages 15-79). The Company will explore the establishment of a vision on a global basis.

\*2 Survey by Morinaga & Co., Ltd.

\*3 FSSC 22000, SQF Codes edition 9, JFS-B standards, and other guidelines

\*4 ISO 10002

\*5 Scope: Group consolidated basis

\*6 New target set for FY2028

\*7 Changed initial target from 80% to 90%.

## The Morinaga Group's Materiality

		Targets and Progress								
Materiality	Action Themes	Main Assumed Opportunities and Risks (●: opportunities, ▲: risks)	Indicator	Results		Targets		Progress	Relevant Pages	
				FY2023	FY2024	FY2028	FY2030			
3	Achieve Sustainable Value Chains	8 Achieve higher-order sustainable supply chain management	1) Sustainable procurement of raw materials	Morinaga & Co., Ltd., in Japan <sup>*1</sup>	Morinaga & Co., Ltd., in Japan <sup>*1</sup>	—	Group consolidated basis <sup>*2</sup>	<ul style="list-style-type: none"> <li>Promoting sustainable procurement for domestic products of Morinaga &amp; Co., Ltd., per the results at left</li> <li>Implementing initiatives to reach targets at both domestic and overseas Group companies</li> </ul>	Sustainable Value Chains PP. 58-59	
			Cacao beans	78%	78%	—	100%			
		9 Reduce food loss and waste	Palm oil	52%	100%	—	100%	<ul style="list-style-type: none"> <li>Conducting a CSR procurement survey with raw material suppliers to understand their efforts</li> <li>Both our factories and distribution centers worked to recycle food waste that was previously difficult to recycle, contributing to the reduction of food loss and waste</li> </ul>		
		10 Co-exist and co-prosper with local communities	Paper	100%	100%	—	100%			
4	Conserve the Global Environment	11 Mitigate and adapt to climate change	2) CSR supply chain management: Ratio of raw materials' transaction value	—	—	Morinaga & Co., Ltd., in Japan <sup>*3</sup>	Morinaga & Co., Ltd., in Japan <sup>*3</sup>	<ul style="list-style-type: none"> <li>Both our factories and distribution centers worked to recycle food waste that was previously difficult to recycle, contributing to the reduction of food loss and waste</li> </ul>	Conserve the Global Environment PP. 60-63	
			Raw materials 81% Materials 82%	80% or higher <sup>*4</sup> NEW	80% or higher	—	—			
		12 Incorporate environmentally concerned plastic containers and packaging for recycling and reuse	3) Reduce food loss and waste <sup>*5</sup>	▲70%	▲83%	▲70% or higher <sup>*4</sup> NEW	▲70% or higher	<ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions through energy-saving activities and the introduction of renewable energy</li> <li>Working with packaging manufacturers to reduce plastic use such as caps and straws</li> </ul>		
			—	—	—	—	—			
5	Strengthen Governance in Sustainability	13 Sustainable use of water resources	1) CO <sub>2</sub> emission reduction <sup>*6</sup> (Achieve net-zero GHG emissions by FY2050 <sup>*7</sup> )	▲6%	▲15%	▲23% or higher <sup>*4</sup> NEW	▲30% or higher	<ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions through energy-saving activities and the introduction of renewable energy</li> <li>Working with packaging manufacturers to reduce plastic use such as caps and straws</li> </ul>	Governance PP. 67-79	
			—	—	—	—	—			
		14 Maintain and conserve natural capital and biodiversity	2) Reduce the plastics used for <i>in Jelly</i> products <sup>*8</sup>	—	▲4.7%	▲13% or higher <sup>*4</sup> NEW	▲25% or higher	<ul style="list-style-type: none"> <li>Stabilizing raw materials procurement and operations of manufacturing factories</li> <li>Declining market competitiveness and social reputation over the medium to long term caused by delayed responses</li> </ul>		
			—	—	—	—	—			
			—	—	—	—	—			
		15 Strengthen corporate governance	● Enhancing corporate value by improving management efficiency and enhancing reputation and trust in the capital markets	—	—	—	—	<ul style="list-style-type: none"> <li>Discussing a wide range of management issues by appropriately selecting issues to improve the effectiveness of the Board of Directors</li> <li>Further enhancing discussions on medium- to long-term business issues such as sustainability and medium-term business plans</li> </ul>		
		16 Strengthen group governance	● Maximizing synergies across the Group	—	—	—	—			
		17 Strengthen risk management	▲ Declining corporate value of the entire Group due to the materialization of risks at Group companies	—	—	—	—	<ul style="list-style-type: none"> <li>Maintaining and enhancing corporate value by reducing risks that pose barriers to management</li> <li>Increasing probability of crisis occurrence and increased damages due to delayed responses</li> </ul>		
			—	—	—	—	—			
		18 Respect human rights	● Enhancing social trust from stakeholders	—	—	—	—	<ul style="list-style-type: none"> <li>Increasing employee loyalty</li> <li>Declining social trust, brand value, and corporate value due to delayed responses</li> </ul>		
		—	—	—	—	—	—			

\*1 Scope: Morinaga products in Japan. Paper covers product packaging only.

\*2 Group consolidated basis excluding Food Merchandise. Paper covers product packaging only.

\*3 Scope: Morinaga &amp; Co., Ltd., in Japan (non-consolidated)

\*4 New target set for FY2028

\*5 Scope: Food loss and waste occurring from receipt of raw materials to delivery (distribution) (domestic Group consolidated basis; intensity; compared with FY2019). Food loss and waste is defined as food that has been processed and disposed of by incineration, landfill, or other means, except for food waste that has been returned to the circulation of food resources, such as feed and fertilizer.

\*6 Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

\*7 Group consolidated basis

\*8 Target: Amount of plastics used in packaging materials (intensity; compared with FY2019; including replacement with biomass plastics)

# Value Creation Strategy

- 19 2030 Business Plan
- 20 2024 Medium-Term Business Plan
- 25 Message from the CFO
- 32 Special Feature:  
Promoting a Global Strategy Centered on *HI-CHEW*
- 35 “in-” Business
- 37 Frozen Desserts Business
- 39 Direct Marketing Business
- 41 U.S. Business
- 43 Confectionery and Foodstuffs Business
- 45 Special Feature:  
Initiatives to Capture Inbound Tourism Demand
- 46 Human Resources Strategy
- 53 R&D Strategy
- 56 DX Strategy
- 58 Sustainable Value Chains
- 60 Conserving the Global Environment
- 62 —Response to the TCFD/TNFD Recommendations  
(Climate Change, Natural Capital, and Biodiversity)
- 64 Initiatives for Human Rights



# 2024 Medium-Term Business Plan



Daisuke Fujii

Director, Managing Executive Officer  
Responsible for Corporate Strategy Division

## 2015 Medium-Term Business Plan

### Strengthen the Business Foundation, Plant Seeds of Growth

#### Outcomes

- Both net sales and operating income to net sales ratio significantly exceeded targets
- Transformed to a profitable structure by improving the product mix and reducing confectionery SKUs\*1

#### Issues

- Further improve the profitability of existing domestic businesses
- Accelerate health strategies that promise growth



Four years have passed since we announced our 2030 Business Plan, and we have been working toward our ambitious goals with a strong will to change into a Wellness Company. Following the 2021 Medium-Term Business Plan, we are increasingly confident that we will achieve our ambitious goals. The 2024 Medium-Term Business Plan will further solidify our path to growth toward 2030.

## 2018 Medium-Term Business Plan

### Solidify the Business Foundation, Accelerate the Growth Strategy

#### Outcomes

- Improved profitability mainly in the domestic business
- Established a business foundation capable of consistently generating an operating income to net sales ratio of 10%

#### Issues

- Further improve profitability to prepare for management risks such as surging raw material prices
- Allocate resources in a well-balanced manner, considering growth and profitability

## 2021 Medium-Term Business Plan

### Building a New Foundation for Dramatic Growth

#### Outcomes

- Achieved high growth centered on the focused domain, leading to significant top-line growth
- Expanded the overseas business, centered on the United States, and greatly exceeded the targets of the 2021 Medium-Term Business Plan
- Steadily built a business foundation to support business growth by expanding intangible investment

#### Issues

- Realize dynamic growth through new value creation and inorganic growth
- Further improve profitability and capital efficiency mainly in core areas
- Implement structural reforms and strengthen the business foundation from a global perspective

## 2024 Medium-Term Business Plan

### Establishing a Trajectory for Dramatic Growth

#### Positioning

- Second stage of the 2030 Business Plan
- Aiming to become a sustainable company, we will improve growth potential and boost profitability with an eye on 2030 and beyond

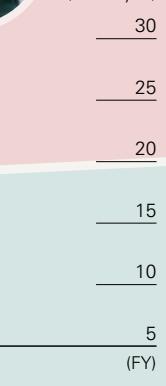
#### Progress of the 2024 Medium-Term Business Plan

- Net sales for FY2024 reached a record high for the fourth consecutive fiscal year; operating income also reached a record high
- Despite efforts to improve profitability, such as price revisions, the operating income to net sales ratio worsened due to the impact felt from rising raw material prices, among other factors.

## Realization of 2030 Vision



Operating income (Billion yen)



\*1 SKU is an acronym for stock-keeping unit. It indicates the product or item number.

\*2 The Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020)," and other regulations, from the beginning of FY2021. The figures for FY2020 were retroactively adjusted in line with the said accounting standard.

## 2024 Medium-Term Business Plan

## 2024 Medium-Term Business Plan Overview

The 2024 Medium-Term Business Plan was formulated on the premise of backcasting from the 2030 Vision, while also considering the forecasting perspective from the 2021 Medium-Term Business Plan.

In FY2025, the second year of the 2024 Medium-Term Business Plan, we continued to see changes in the environment surrounding the Group, including higher-than-expected increases in raw material and energy prices.

Although the uncertain business environment is expected to persist, we will continue to closely monitor customer purchasing behavior and global trends to enhance growth and capital efficiency. We will also further advance structural reforms and strengthen our business foundation from a global perspective, setting the stage for solid growth leading up to 2030.

## Establishing a Trajectory for Dramatic Growth

Through ROIC management toward a virtuous cycle of growth and capital efficiency for "establishing a growth trajectory"



### Growth Potential

- Aim to achieve record-high net sales by concentrating management resources through the optimization of the business portfolio
- Achieve strong growth in overseas and domestic businesses, especially in the focused domain
- Sublimate seeds of business growth to the next stage to nurture the next generation of businesses

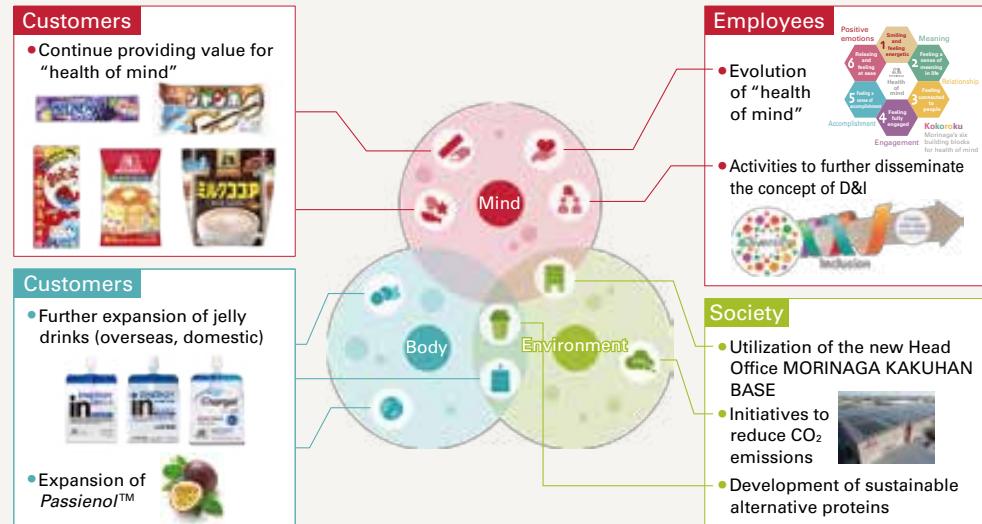
### Capital Efficiency

- Achieve record-high operating income through further structural reform and a stronger management foundation
- Improve capital efficiency of the Confectionery and Foodstuffs Business
- Execute appropriate investments to boost capital efficiency over the medium to long term
- Maximize use of portfolio assets and promote gradual asset-light management
- Further reduce cross-shareholdings and non-business assets

## Initiatives to Achieve the 2030 Vision in the 2024 Medium-Term Business Plan

As we strive to change into a Wellness Company, we will provide "health of mind, body, and environment" to our customers, employees, and society.

### Examples of Activities



## Business Targets

Targets	FY2023 Results (The final year of 2021 MTBP)	FY2026 Targets
Net sales	213.3 billion yen	246.0 billion yen
Operating income	20.2 billion yen	24.6 billion yen
Key Performance Indicators		
Operating income to net sales ratio	9.5%	10.0%
Focused domain's sales ratio	50.6%	53% or higher
Overseas sales ratio	12.7%	16% or higher
ROE	11.8%	12% or higher
ROIC*	9.6%	10% or higher
DOE	4.0%	4.3%

\*Calculated using the credit approach. Formula: NOPAT ÷ Invested capital (interest-bearing debt + shareholders' equity)

Realization  
of 2030  
Vision

## 2024 Medium-Term Business Plan

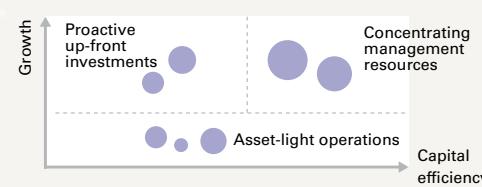
## // Basic Policies for Realization of the 2024 Medium-Term Business Plan

### Policy ① Improve Profitability through Business Portfolio Optimization and Structural Reforms

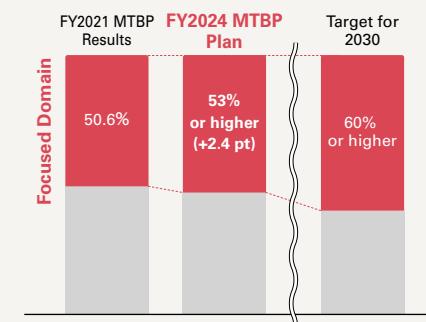
We will implement ROIC management and execute business strategies to grow an optimal business portfolio to enhance corporate value over the medium to long term. We will prioritize strategic growth investments in the focused domain that will drive company-wide growth, based on an appropriate understanding of each business's stage, market presence, and potential strengths, thereby unlocking dramatic growth. In businesses with relatively low ROIC, we will strive to boost capital efficiency by primarily improving profitability and ROIC. In addition, we will strengthen collaboration with each business sector, particularly production, logistics, and sales, to implement structural reforms to improve capital efficiency through the practice of ROIC management.

#### Optimization of the Business Portfolio

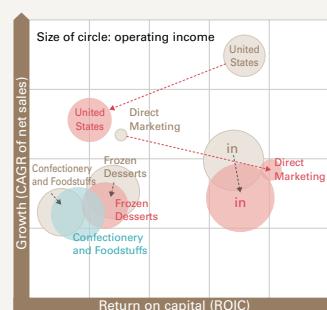
- Analyzed businesses along two axes: growth potential and capital efficiency, to determine medium- to long-term strategies and measures for each business. Identified businesses that will accelerate growth and improve capital efficiency, and optimally allocated management resources, including investment destinations and investment scale.



#### Focused Domain's Sales Ratio



#### Direction of Portfolio Formation and ROIC Targets by Business



	Net sales	ROI <sup>CAGR</sup> <sup>1</sup>	
	MTBP CAGR <sup>2</sup>	FY2023 Results (The final year of 2021 MTBP)	FY2026 Targets
in	105%	33.8%	35% or higher
Frozen Desserts	104%	13.9%	12% or higher
Direct Marketing	109%	15.2%	40% or higher
United States <sup>3</sup>	116%	35.6%	10% or higher
Confectionery and Foodstuffs	102%	5.3%	8% or higher
Consolidated	105%	9.6%	10% or higher

<sup>1</sup> Consolidated ROIC is calculated using a credit approach, and business-specific ROIC is calculated using a debit approach (non-business assets such as cash and deposits and investment securities are not included in invested capital).  
<sup>2</sup> CAGR from FY2023 to FY2026  
<sup>3</sup> CAGR of net sales compared with FY2020  
<sup>4</sup> The CAGR of net sales for the U.S. Business is on a local currency basis.

### Policy ② Build a Business Foundation Linked to Our Business Strategies

Recognizing the importance of intangible investments, we will build a business foundation that contributes to the realization of our 2030 Vision. This will be achieved by proactively making intangible investments in human resources, R&D, DX, and other areas, while also linking them to our business strategy. We will advance each strategy to link aggressive intangible investment to business growth. In addition, we recognize that improving Group governance is essential to strengthening our business foundation. Going forward, we will be more conscious of Group management and promote Group governance reforms by strengthening domestic and overseas structures.

#### Group Governance Reform



Strengthening the Management Supervision Function and Improving Its Effectiveness

### Policy ③ Promotion of Diversity and Inclusion

We will execute our strategy based on the Morinaga Group Diversity and Inclusion Policy and the five guidelines for implementing the policy. We aim to improve resilience and create innovation by deepening our understanding of diversity and strengthening support that contributes to value creation.



For more information on the Morinaga Group Diversity & Inclusion Policy, please visit our website.  
[https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy\\_diversity.pdf](https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy_diversity.pdf)

#### Strategy①

##### Promote Company-wide understanding and action

- Continue to conduct management D&I training
- Work to strengthen information dissemination and to improve the quality and quantity of mutual communication

#### Strategy②

##### Promote understanding and action by each division

- Strengthen support for divisions with a good understanding of D&I aimed at further improving resilience and creating innovation

#### Strategy③

##### Evaluate dissemination of understanding and action

- Monitor qualitative and quantitative targets for D&I Policy and the five guidelines
- Review and refine actions

## Strategy Outline for Achieving the 2024 Medium-Term Business Plan

Growth Driven by the  
Focused DomainImprovement of Capital  
Efficiency of the Basic DomainNew Business Creation and  
Nurturing Using the Exploration  
and Research DomainStructural Reforms for  
Functional SectorsBuild the Business  
Foundation

		Details				
Growth Driven by the Focused Domain	"in-" Business	<ul style="list-style-type: none"> <li>Grow <i>in Jelly</i> products by promoting the lifetime value (LTV) strategy</li> <li>Grow <i>in Bar</i> products and improve the profit structure as well as grow the "in-" brand by promoting the development and establishment of new "in-" brands</li> </ul>				
	Frozen Desserts Business	<ul style="list-style-type: none"> <li>Further evolve freshness marketing for the <i>Jumbo</i> group of products</li> <li>Acquire customers from adjacent markets by capturing demand for desserts among adults and taking on challenges in frozen foods markets</li> <li>Create new markets by leveraging technological advantages to expand flavored ice applications and to cultivate wellness products</li> </ul>				
	Direct Marketing Business	<ul style="list-style-type: none"> <li>Strengthen the existing Direct Marketing Business by expanding net sales of <i>Oishii Collagen Drink</i> and developing a second pillar such as <i>Oishii Aojiru</i></li> <li>Further expand business by developing high-value-added discretionary items using the Group's brand awareness and technology, achieving inorganic growth, and exploring expansion of the BtoB business</li> </ul>				
	U.S. Business	<ul style="list-style-type: none"> <li>Further expand sales of <i>HI-CHEW</i> by increasing the distribution ratio and SKUs</li> <li>Expand <i>Chargel</i> into U.S.-based channels by drawing on our know-how for building sales networks acquired through the <i>HI-CHEW</i> business and by promoting brand understanding through strengthening promotions</li> <li>Cultivate and develop wellness products</li> </ul>				
Improvement of Capital Efficiency of the Basic Domain	Confectionery Business	<p><b>[Improvement of capital efficiency]</b> Expand net sales by leveraging portfolio assets and promote gradual asset-light operations</p> <p><b>[Business growth in candies]</b> Work to expand net sales as a highly profitable category to transform the category portfolio</p> <p><b>[Business growth in biscuits]</b> Expand net sales by increasing customer contact points as well as establish and nurture high-unit-price, high-value-added products</p> <p><b>[Improved capital efficiency in chocolate]</b> Promote initiatives such as price revisions, SKU reductions, cost reductions, and improvement of production line utilization rates, and improve the product mix</p>				
	Foodstuffs Business	<ul style="list-style-type: none"> <li>Expand the scale of business and improve the profitability of <i>Morinaga Cocoa</i> and <i>Morinaga Amazake</i> as familiar health beverages by leveraging the strength of our No. 1 market share* and enhancing their health value</li> </ul> <p>*INTAGE Inc. SRI+ Cocoa, Amazake and other Markets (April 2023 to March 2025, estimated cumulative sales amount)</p>				
	Group Companies	<ul style="list-style-type: none"> <li>Leverage the strengths of each company to maximize synergies to raise corporate value as the Morinaga Group</li> </ul>				
New Business Creation and Nurturing Using the Exploration and Research Domain	Accelerate Commercialization of <i>Passienol</i> ™	<ul style="list-style-type: none"> <li>Increase awareness of the world's first research result on piceatannol, the active ingredient of <i>Passienol</i>™</li> <li>Implement growth investments with a medium- to long-term perspective</li> <li>Take on the challenge of creating a new market for proprietary food ingredients with functional claims developed by the Group</li> </ul>				
	Overseas Collagen Drink	<ul style="list-style-type: none"> <li>Develop initiatives as a step toward expanding the wellness business globally</li> </ul>				
		<ul style="list-style-type: none"> <li>Increase brand awareness and find partner companies</li> <li>Continue participating in domestic and international exhibitions</li> <li>Launch <i>The Science of Rejuvenation—Project for the real-world application of the latest research results</i></li> <li>As part of our health and productivity management efforts, distribute products samples to all employees (Morinaga &amp; Co., Ltd., in Japan) and confirm the direction of new functionality</li> </ul>				
Structural Reforms for Functional Sectors	Production Functions	<ul style="list-style-type: none"> <li>Pursue low-cost operations that integrate product planning, procurement, and production sites, and reduce manufacturing costs in response to changes in market conditions by selecting and concentrating capital investment</li> <li>Improve productivity by using smart factories deployed at domestic production sites</li> <li>Promote systematization and standardization of production processes on a global basis</li> <li>Create factories that promote further improvement of the work environment, human resource development, and environmental considerations</li> </ul>				
	Logistics Functions	<ul style="list-style-type: none"> <li>Stabilize and streamline logistics through restructuring of the transportation and delivery networks</li> <li>Control rising logistics costs through various cost reductions, such as the reduction of inefficient assets</li> </ul>				
	Sales Functions	<ul style="list-style-type: none"> <li>Evolve the organizational structure to respond to growth channels, accelerate initiatives, and expand customer contact points by deepening inbound tourism initiatives</li> <li>Improve profitability and strengthen sales capabilities through efficient management of sales expenses</li> <li>Strengthen initiatives that lead to the resolution of local issues and build relationships of trust with customers and employees by testing team-based work-sharing</li> </ul>				

## Strategy Outline for Achieving the 2024 Medium-Term Business Plan

Growth Driven by the  
Focused DomainImprovement of Capital  
Efficiency of the Basic DomainNew Business Creation and  
Nurturing Using the Exploration  
and Research DomainStructural Reforms for  
Functional SectorsBuild the Business  
Foundation

		Details
Build the Business Foundation	Human Resources Strategy	<ul style="list-style-type: none"><li>Improve resilience and create innovation by formulating and promoting succession plans, securing and developing highly specialized human resources, and expanding initiatives to promote self-sustaining careers for all employees</li></ul>
	R&D Strategy	<ul style="list-style-type: none"><li>Acquire innovative processing technologies in soft candies technology, confectionery technology in sub-zero temperatures, and jelly drink technology</li><li>Further strengthen the wellness domain by strengthening basic research in "health of mind and body" and its utilization in product development</li><li>Address procurement risks and social issues by acquiring new technologies in the fields of sustainability and new domains</li></ul>
	DX Strategy	<ul style="list-style-type: none"><li>Implement comprehensive digital initiatives to achieve the 2030 Business Plan</li><li>Build a global cybersecurity system</li><li>Position generative AI as a top priority technology and focus resources on related research topics</li><li>Cultivate DX talent who can autonomously and independently execute DX strategies</li><li>Establish a digital and IT governance system to advance DX strategies globally, stably, and sustainably</li></ul>
	Financial Strategy	<ul style="list-style-type: none"><li>Improve growth potential and return on capital by implementing ROIC management</li><li>Ensure financial security and reduce the cost of capital</li><li>Strengthen shareholder returns</li></ul>

## Initiatives toward 2030

The environment surrounding the Group will remain unclear going forward, given rising prices of raw materials and uncertainty about U.S. tariff policies. Given this, we will increase both growth and capital efficiency by implementing more in-depth price revisions, increasing net sales, implementing structural reforms such as asset-light operations, and pursuing portfolio transformation. We intend to increase intangible investments, such as in human capital and digital transformation, given the need for growth in the medium to long term. In our exploration of new technologies through R&D, we have also begun research into the value of "health of mind." We will continue to invest in new businesses such as *Passienol*™ and in future growth both in Japan and overseas, including inorganic growth.

Toward 2030, we aim to further grow our overseas business by expanding *HI-CHEW* into Europe in addition to growth in the United States. We expect that *HI-CHEW* will be well received in Europe, and we will implement country-specific initiatives such as increasing brand awareness and sales outlets, with the aim of expanding the reach of *HI-CHEW* globally.



*HI-CHEW* sampling event in the EU

# Message from the CFO



Tetsuya Takagi

Director, Senior Executive Officer,  
Chief Financial Officer

## What we are aiming for in 2030

We will sustainably increase corporate value and achieve stable, consistent shareholder returns by pursuing management that is aware of the cost of capital and the stock price.

While the Confectionery and Foodstuffs Business in the basic domain and the Frozen Dessert Business in the focused domain were the main drivers of increased sales, growth in the focused domain (local currency basis excluding the impact of foreign exchange rates), including the “in-”, Direct Marketing, and U.S. businesses, saw a slight plateau. As a result, the focused domain’s sales ratio declined slightly compared with the previous fiscal year, but the overseas sales ratio continued to rise due to business growth as well as the impact of foreign exchange rates. As we look ahead to the transformation of our business portfolio, the decline in the focused domain’s sales ratio is an issue, and we reaffirm the need to establish a growth trajectory, centered on our highly profitable “in-” Business and the U.S. Business, which is the cornerstone of our global strategy.

## Progress of the 2024 Medium-Term Business Plan

The Group has formulated the 2024 Medium-Term Business Plan as the second stage to pave the way toward achieving the 2030 Business Plan. We are working to strengthen each business to create a virtuous cycle of growth and capital efficiency to establish a trajectory for dramatic growth. Net sales in FY2024, the first year of the plan, increased 7.3% year over year, achieving a record high for the fourth consecutive year. Regarding profit and loss, operating income also reached a record high, and profit attributable to owners of parent grew significantly, up 16.9% year on year, thanks in part to extraordinary profits recorded on the sale of cross-shareholdings. Although the operating income to net sales ratio declined slightly due to the impact of soaring raw material prices and other costs, which far exceeded the initial plan, and continued intangible investments with an eye toward medium- to long-term growth, sales and profits continued to grow thanks to increased sales and price revisions, among other factors.

### Progress Toward the 2024 Medium-Term Business Plan Targets and KPIs

	2021 MTBP		2024 MTBP		
	FY2023 Results	FY2024 Results	FY2025 Forecast	FY2026 Target	
Net sales	213.3 billion yen	228.9 billion yen	240.0 billion yen	246.0 billion yen	
Operating income	20.2 billion yen	21.2 billion yen	21.4 billion yen	24.6 billion yen	
Operating income to net sales ratio	9.5%	9.3%	8.9%	10.0%	
Focused domain’s sales ratio	50.6%	49.7%	49.8%	53% or more	
Overseas sales ratio	12.7%	13.3%	13.6%	16% or more	
ROE	11.8%	13.5%	13.7%	12% or higher	
ROI*	9.6%	9.8%	9.9%	10% or higher	
DOE	4.0%	4.0%	4.2%	4.3%	

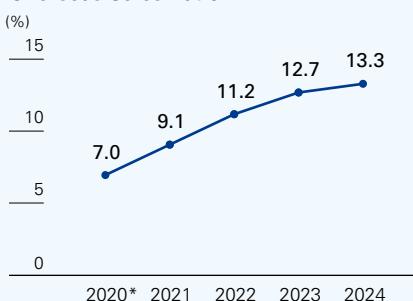
\*Calculated using the credit approach  
Formula: NOPAT ÷ Invested capital (interest-bearing debt + shareholders' equity)

### Trend in Net Sales, Operating Income, and Operating Income to Net Sales Ratio



\*The Company applied the “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020),” and other regulations, from the beginning of FY2021. The figures for FY2020 were retroactively adjusted in line with the said accounting standard. FY2018 and FY2019 represent estimates assuming retroactive application of this accounting standard.

### Overseas Sales Ratio



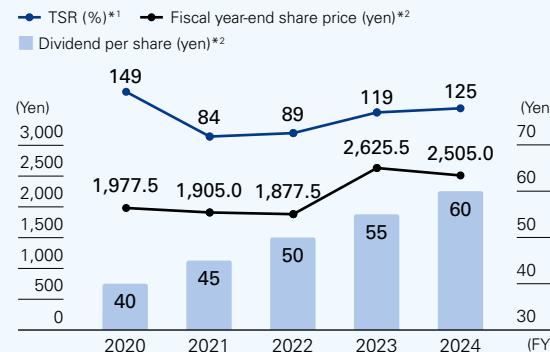
### Focused Domain’s Sales Ratio



\*The Company applied the “Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020),” and other regulations, from the beginning of FY2021. The figures for FY2020 were retroactively adjusted in line with the said accounting standard.

Furthermore, ROE for FY2024 reached 13.5%, marking a V-shaped recovery from the bottom in FY2022 and exceeding the target level of the 2024 Medium-Term Business Plan. In addition to the growth in net income attributable to owners of parent, enhancing shareholder returns and asset reduction measures, such as the sale of non-business assets including cross-shareholdings, contributed to this. Thanks to the rise in the share price and the 10th consecutive period of dividend increases, total shareholder return (TSR) exceeded 100% (125%) for the second consecutive year.

### Trend in Shareholder Returns



\*1 TSR (stock price on the last day of each fiscal year + cumulative dividends per share from four fiscal years prior to each fiscal year) ÷ stock price on the last day of five fiscal years prior to each fiscal year.

\*2 The Company executed a 1-for-2 stock split of its common shares effective January 1, 2024. Figures prior to FY2022 represent figures after retroactively applying the stock split.

## Message from the CFO

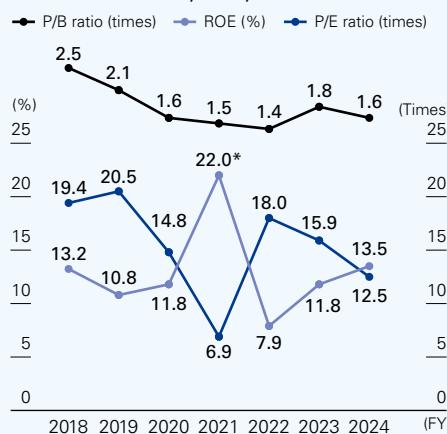
## Morinaga Group's Financial Challenges

In March 2023, the Tokyo Stock Exchange requested all companies listed on its Prime and Standard markets to take action to realize management that is conscious of the cost of capital and the stock price.

Price-to-book ratio (P/B ratio) is one of the indicators used to evaluate corporate value from the perspective of the capital markets. The Group's P/B ratio has been on a downward trend since FY2018 but bottomed in FY2022 and then turned upward due to our rising stock price and a recovery in capital efficiency, reaching approximately 1.6 times by the end of FY2024. The Group will continue to recognize that raising corporate value in a sustainable manner is its most important financial challenge and will work to achieve this.

The P/B ratio is composed of ROE and the price-to-earnings (P/E) ratio. The Group's ROE has generally remained at a double-digit level through the growth of the relatively profitable businesses such as the Frozen Desserts Business and the "in-" Business, and by transforming its business portfolio. Looking at trends over the past few years, the ROE fell to 7.9% in FY2022, due to rapid changes in the external environment, such as the COVID-19 pandemic and the rise in raw material prices. However, we maintained and improved business profitability through increased sales and the effects of price revisions, and we steadily increased our total asset turnover by adjusting our cash on hand level and reducing non-business assets through measures for increased shareholder returns, reducing cross-shareholdings, and selling real estate holdings. As a result, ROE for FY2024 was 13.5%, marking a V-shaped recovery.

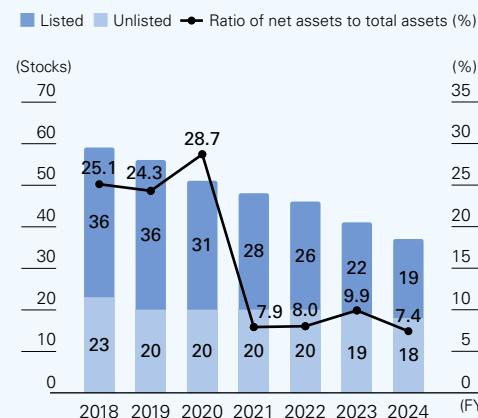
### Trend in P/B Ratio, ROE, and P/E Ratio



\*1 The Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020)," and other regulations, from the beginning of FY2021. The figures for FY2020 were retroactively adjusted in line with the said accounting standard. FY2018 and FY2019 represent estimates assuming retroactive application of this accounting standard.

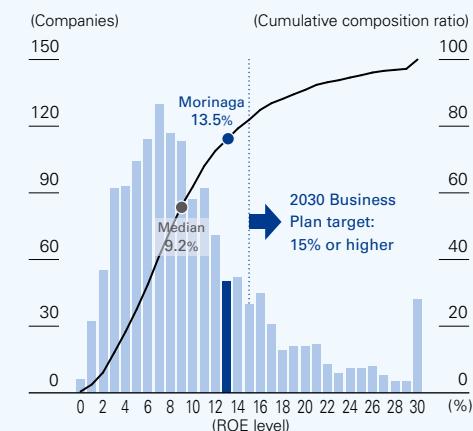
\*2 Net profit to net sales ratio excludes impacts of extraordinary profit on the sale of cross-shareholdings (15.3% when included).

### Trend in the Number of Cross-Shareholdings and the Ratio of Net Assets to Total Assets\*



\*Does not include deemed holdings.

### ROE Distribution of Prime Market Listed Companies\*



\*1,523 companies listed on the Prime market were included, excluding those with negative ROE.

Created based on the most recently announced financial results (companies with March as the fiscal year-end: as of March 31, 2024; companies with December as the fiscal year-end: as of December 31, 2024).

Based on theoretical CAPM values and P/E ratio levels, the Group estimates its cost of shareholders' equity to be around 7%-8%. The 2024 Medium-Term Business Plan sets an ROE target of 12% or more, and the 2030 Business Plan sets an ROE target of 15% or more, aiming to join the group of high-ROE companies on the Tokyo Stock Exchange Prime Market and to consistently exceed the cost of shareholders' equity over the medium to long term. By strengthening business profitability, we will further improve our net profit to net sales ratio and adjust our financial leverage over the medium to long term, considering the need for investment funds for business growth.

On the other hand, our P/E ratio, a component of the P/B ratio, has been on a downward trend over the past few years. We recognize the importance of further raising capital market expectations regarding future business growth, building a business portfolio that is resilient to environmental changes, and reducing long-term business risk by thoroughly implementing sustainable management.

### Estimate of the Cost of Shareholders' Equity

Estimate using CAPM (theoretical value)

Risk free rate: around 1.5%  
Levered  $\beta$ : around 0.7-0.8  
Market risk premium: around 7.6%

Estimate by P/E ratio level (inverse)

P/E ratio as of March 31, 2025  
Calculated as the reciprocal of 12.5 times ( $= 1 \div 12.5$ )

6.5%-7.5%

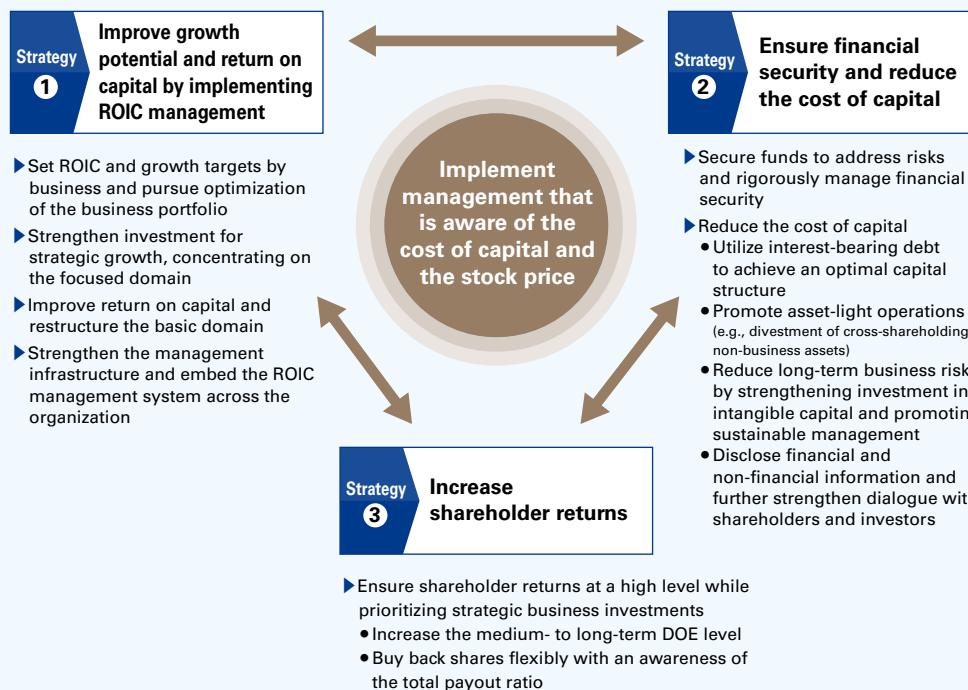
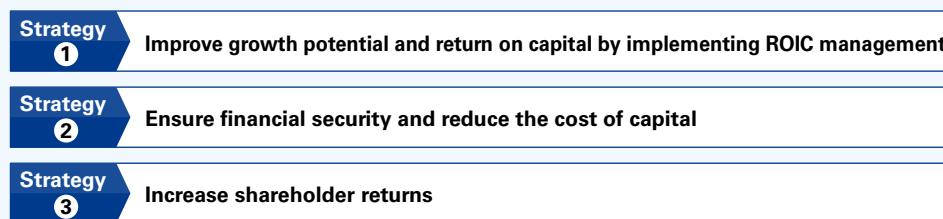
8%

The cost of shareholders' equity is estimated to be around 7%-8%

## Message from the CFO

## Framework of Our Financial Strategy

The Morinaga Group's basic policy is to increase corporate value sustainably and achieve stable and continuous shareholder returns using proactive investments in growth and by maintaining our stable financial base. With the aim of achieving the 2030 Business Plan, we will implement management that is aware of the cost of capital and the stock price, as well as seek to benefit all stakeholders by maximizing corporate value.

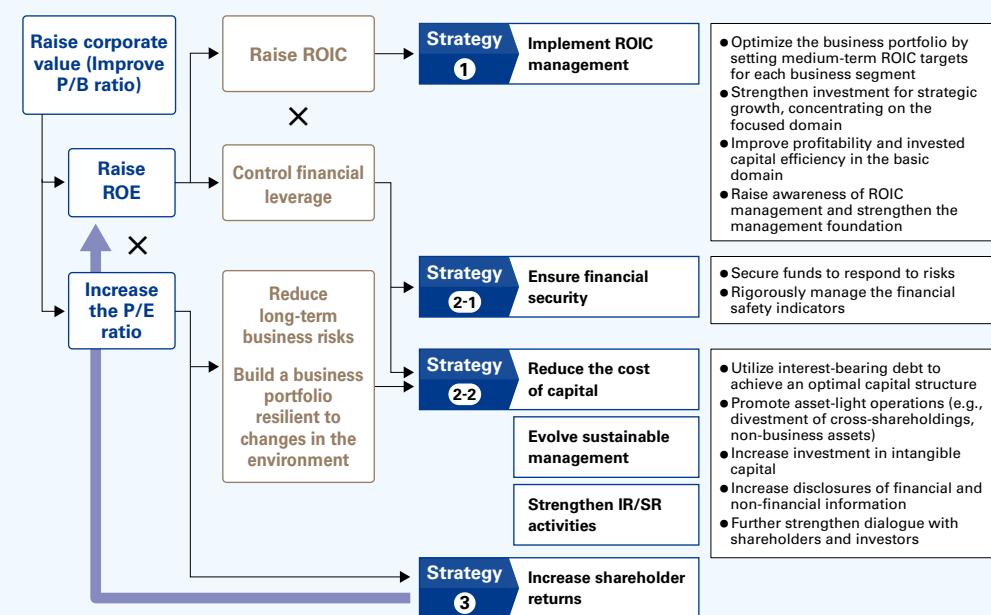


The Group, focusing on the P/B ratio, one of the main indicators of corporate value (shareholder value), will implement three major financial strategies with the aim of improving its components: ROE and the P/E ratio.

**Strategy 1** is "Improve growth potential and return on capital by implementing ROIC management." Aiming to raise the ROIC level over the medium to long term, we will work toward "establishing a trajectory for dramatic growth," the theme of the 2024 Medium-Term Business Plan. Toward this end, we will realize a virtuous cycle of "growth" and "return on capital" based on ROIC management.

**Strategy 2** is "Ensure financial security and reduce the cost of capital." The Group's basic policy is to maintain a certain level of financial security and investment capacity based on financial guidance. According to this assumption, we will strive to reduce the cost of capital by controlling financial leverage to optimal levels and reducing long-term business risk through a business portfolio that is resilient to changes in the business environment.

**Strategy 3** is "Increase shareholder returns." Based on our solid business foundation, we will provide continuous and stable shareholder returns, leading to improvements in ROE and the P/E ratio.



## Message from the CFO

**Strategy 1** Improve growth potential and return on capital by implementing ROIC management

To improve our corporate value over the medium to long term, the Group will implement ROIC management and create an optimal business portfolio, thereby putting into place a virtuous cycle of growth and capital efficiency toward establishing a growth trajectory. To this end, we analyze our businesses along the two axes of “growth” and “capital efficiency” and determine the medium- to long-term strategies and measures for each. We will identify businesses that will accelerate growth and businesses that will improve capital efficiency, and optimally allocate management resources, including investment targets and investment size.

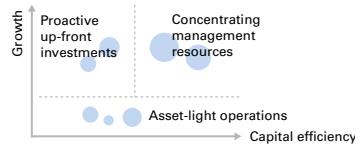
We will promote dramatic growth by making strategic growth investments a top priority, including inorganic growth through business alliances and M&A, and the creation of new business opportunities by addressing the Group’s material issues, primarily in the focused domain set out in the 2030 Business Plan. Meanwhile, in the basic domain with relatively low ROIC levels, we will work to improve capital efficiency primarily through improvements in profitability and invested capital efficiency. Specifically, we will aim to increase net sales by leveraging our assets, while promoting a gradual asset-light approach by selecting and concentrating on maintenance and renewal investments. At the same time, we will implement measures to improve profitability, such as cost reductions and flexible price revisions.

Through these efforts, we have clarified the mission of each business and the approach to specific initiatives under the 2024 Medium-Term Business Plan and have set medium-term targets for growth and capital efficiency for each business. During the period of this Medium-Term Business Plan, growth investment will be prioritized in the focused domain to establish a growth trajectory. In the Confectionery and Foodstuffs Business, which is in the basic domain, we will place emphasis on improving capital efficiency, aiming to raise the company-wide weighted average cost of capital (WACC) to 8% or more, which sits currently at around an estimated 6%–7%.

Furthermore, when making specific investments, we will strictly evaluate the project based on our investment decision-making criteria and will manage investments with an awareness of the cost of capital while continuously monitoring investment returns.

## Optimization of the business portfolio

- Analyze businesses based on the two axes of “growth” and “capital efficiency” and determine medium- to long-term strategies and measures for each business
- Identify businesses that will accelerate our growth and improve capital efficiency, and optimally allocate management resources, including investment targets and investment size

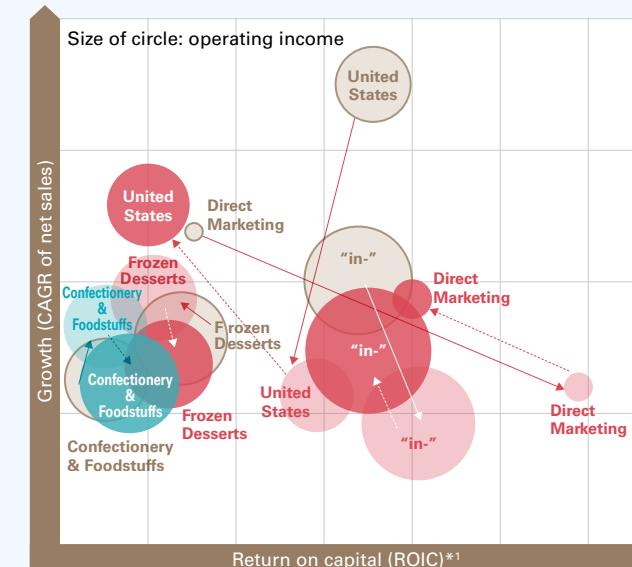


## Strengthen strategic growth investments centered on the focused domain

- “in-”: Establish the “in-” brand
- Frozen Desserts: Evolve existing products and create new opportunities
- Direct Marketing: Develop subscription customers and expand the business domain
- Global commercialization of HI-CHEW
- Acceleration of next-generation business initiatives

## Improvement of profitability and the efficiency of invested capital in the basic domain

- While aiming to expand sales by utilizing owned assets, promote an asset-light approach in stages by selecting and concentrating maintenance and renewal investments
- Promote profitability improvement through cost reduction, selling expense efficiency, and flexible price revisions



- FY2026 focused domain targets
- FY2026 basic domain targets
- FY2024 focused domain results\*2
- FY2024 basic domain results\*2
- FY2023 results\*3

\*1 ROIC by business is calculated using a debit approach (non-business assets such as cash and deposits and investment securities are not included in invested capital).

\*2 Net sales CAGR compared with FY2023

\*3 Net sales CAGR compared with FY2020

	Net Sales		ROIC*1			Approach in the 2024 MTBP
	FY2024 vs. FY2023	MTBP CAGR*3	FY2023 Results	FY2024 Results	FY2026 Targets	
“in-”	99.2%	105%	33.8%	40.7%	35% or higher	<ul style="list-style-type: none"> <li>Expand sales by strengthening the “in-” brand</li> <li>Improve profit margins through the product mix</li> </ul>
Frozen Desserts	108.7%	104%	13.9%	10.6%	12% or higher	<ul style="list-style-type: none"> <li>Foster growth drivers following <i>Jumbo</i></li> <li>Take on the challenge of creating new markets</li> </ul>
Direct Marketing	102.0%	109%	15.2%	58.9%	40% or higher	<ul style="list-style-type: none"> <li>Continuous growth through aggressive advertising investment</li> <li>Improve the operating profit margin by pursuing customer acquisition efficiency</li> </ul>
United States*2	101.3%	116%	35.6%	29.1%	10% or higher	<ul style="list-style-type: none"> <li>Sustainable growth through aggressive marketing investment</li> <li>Establish a global production system to support growth</li> </ul>
Confectionery & Foodstuffs	106.6%	102%	5.3%	5.2%	8% or higher	<ul style="list-style-type: none"> <li>Improve profitability through category portfolio transformation</li> <li>Promote asset-light operations in stages by selecting and concentrating maintenance and renewal investments</li> </ul>
Consolidated	107.3%	105%	9.6%	9.8%	10% or higher	

\*1 Consolidated ROIC is calculated using a credit approach, and business-specific ROIC is calculated using a debit approach (non-business assets such as cash and deposits and investment securities are not included in invested capital).

\*2 The CAGR of net sales for the U.S. Business is on a local currency basis.

\*3 CAGR from FY2023 to FY2026

## Message from the CFO

## Strategy 2 Ensure financial security and reduce the cost of capital

The Group's basic policy is to ensure a certain level of financial security and investment capacity in preparation for sudden changes in the external business environment and large-scale strategic investment projects, including M&A. Our standard for financial security is to maintain a long-term issuer rating of "A" or higher from Japan Credit Rating Agency, Ltd. (JCR). We will also ensure financial security by monitoring financial indicators such as cash on hand, net D/E ratio, and the interest-bearing debt to EBITDA ratio. When raising funds to meet investment capital needs, we will holistically consider factors such as the appropriate level of cash on hand, procurement conditions such as the level of financing costs, and the impact on financial indicators such as financial security indicators, ROE, and ROIC. Furthermore, to improve our response to fluctuations in demand for short-term funds and the risk of capital shortages, we have established short-term borrowing facilities with our major banking partners, which enable us to flexibly adjust our cash on hand level. As a result, we have changed our cash on hand level from the previous two months or more in monthly sales to 1.5 months or more in monthly sales and will work to further improve asset efficiency.

Financial Indicators	Previous Guidance	New Guidance
<b>Japan Credit Rating Agency, Ltd. (JCR), rating</b>	<b>Maintain "A" or higher</b>	<b>Maintain "A" or higher</b>
● Cash on hand	● Two months of sales or more	● <b>1.5 months of sales or more (updated)</b>
● Net D/E ratio	● -0.1 to 0.5 times max	● -0.1 to 0.5 times max
● Interest-bearing debt to EBITDA ratio	● Less than 2.0 times	● Less than 2.0 times

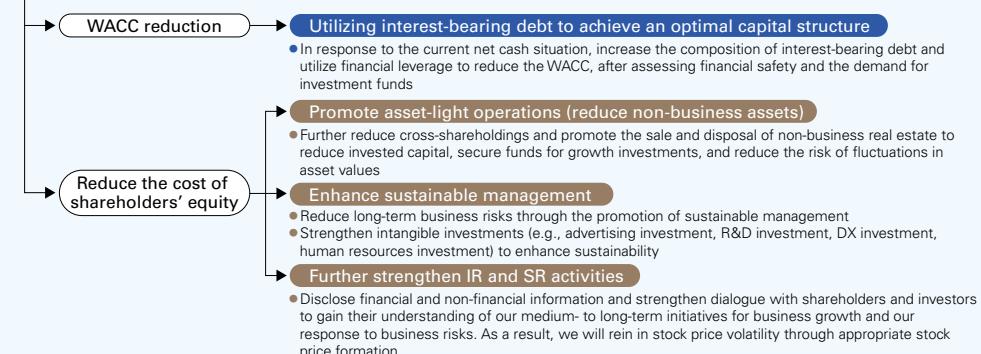
## Trend in Financial Position



The Group is working to reduce its cost of capital to improve corporate value. Regarding the current net cash situation, we will strive to reduce our WACC, which is currently estimated at around 6%–7%, by increasing the composition of interest-bearing debt and utilizing financial leverage after assessing financial security and investment capital needs.

Our cost of shareholders' equity is estimated to be around 7%–8%, and we recognize that reducing this cost requires building a business portfolio that is resilient to environmental changes and reducing long-term business risks by promoting sustainable management. To this end, we will address the Group's material issues, increase intangible investments (e.g., advertising, R&D, DX, human resources), and enhance our ability to achieve sustainable business growth.

## Efforts to reduce the cost of capital



Furthermore, we will reduce invested capital, secure funds for growth investments, and lower the risk of asset value fluctuations by further reducing cross-shareholdings and pursuing an asset-light approach, including promoting the sale and disposal of non-business real estate. We aim to reduce cross-shareholdings by half from the end of FY2024 to the end of the 2024 Medium-Term Business Plan period. Furthermore, we will step up the disclosure of financial and non-financial information and dialogue with shareholders and investors, so that they will understand our efforts for medium- to long-term business growth and ways of dealing with business risks. This will help control share price volatility through appropriate share price formation.

## Reduction Target for Cross-Shareholdings



Aim to reduce cross-shareholdings by half from the end of FY2024 to the end of the 2024 Medium-Term Business Plan period.

## Message from the CFO

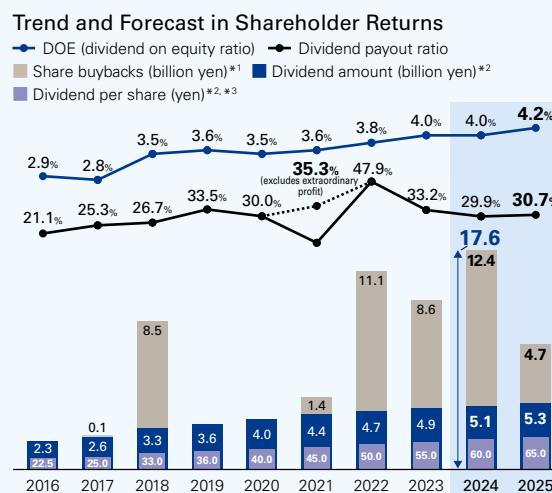
## Strategy 3 Increase shareholder returns

The Group's basic policy is to prioritize strategic and important business investments, while at the same time providing continuous and stable returns to shareholders and solidifying its business foundations.

Regarding shareholder returns, we aim to raise the dividend on equity (DOE) ratio, an indicator of capital policy, over the medium to long term, while taking into consideration the dividend payout ratio and free cash flow, on the premise of maintaining a healthy balance sheet. Furthermore, with an awareness of the total return ratio and taking into consideration the need to fund investments, we will also consider a flexible approach to share buybacks as necessary.

Under the 2024 Medium-Term Business Plan, we aim to return more than 36 billion yen to shareholders over the three-year period. In FY2024, the first year of the plan, we paid out 5.1 billion yen in dividends from retained earnings and completed 12.4 billion yen in share buybacks, with returns totaling 17.6 billion yen (17.4 billion yen on a cash-out basis).

We are committed to continuing to provide stable and sustainable dividends, forecasting an 11th consecutive year of increased dividends through FY2025. While the Group previously paid a year-end dividend, starting in FY2025 we will change our policy to paying surplus dividends twice a year, comprising an interim dividend and a year-end dividend, thereby enhancing opportunities to return profits to shareholders. Furthermore, to implement a flexible capital policy, we will continue to consider share buybacks as necessary.



Financial Indicators	Guidance
Dividend on equity (DOE)	4.3% (FY2026 target) 4.5% or higher (FY2030 target)
Share buyback amount	Implementing flexibly while considering demand for investment funds
Total shareholder returns	During the 2024 Medium-Term Business Plan: 36 billion yen or higher*5

\*1 The acquisition amount during the relevant accounting period is stated (for FY2025, the amount acquired is up to May 13, 2025).

\*2 The amount of surplus appropriation for the relevant accounting period is stated.

\*3 The Company executed a 1-for-2 stock split of its common shares effective January 1, 2024. Figures prior to FY2022 represent figures after retroactively applying the stock split.

\*4 Forecast figures for FY2025 are as of May 9, 2025.

\*5 Cash-out amount during the Medium-Term Business Plan period

## Approach to Cash Allocation

To create a path to achieve the 2030 Business Plan, the Group has set the theme of "Establishing a trajectory for dramatic growth" in the 2024 Medium-Term Business Plan and will strengthen sustainability by investing in business growth centered on the focused domain, investing to strengthen the business foundation linked to business strategies, and investing in intangible assets. In particular, the Group plans to invest approximately 60 billion yen over the three-year period of the 2024 Medium-Term Business Plan, including strategic investments to build a production system for global growth of the *HI-CHEW* brand, strategic investments to strengthen business foundations including DX investments, and active exploration of M&A in the focused domain.

In FY2024, we began construction of a second factory at Morinaga America Foods, Inc., to expand local production of *HI-CHEW* in the United States. Furthermore, regarding DX investments, we invested 2.7 billion yen in the standardization of operations and systems on a global level, as well as the renewal of our core IT system with the aim of realizing greater efficiency and sophistication of operations. Meanwhile, regarding shareholder returns, we will continue to strengthen our ability to generate cash from our business, aiming to return more than 36 billion yen during the 2024 Medium-Term Business Plan period.

## 2024 Medium-Term Business Plan

Investment	Property, plant and equipment Approx. 40 billion yen	Intangible assets Approx. 6 billion yen	M&A, etc. 10 billion yen-15 billion yen	Shareholder returns*2 More than 36 billion yen	Share buybacks	Dividends
<ul style="list-style-type: none"> <li>Strengthen investment mainly in the focused domain</li> <li>Build a production system for the global growth of the <i>HI-CHEW</i> brand (approx. 136 million U.S. dollars, or approx. 19.6 billion yen)</li> <li>Accelerate DX investment to strengthen the business foundation</li> <li>Proactively explore M&amp;A in the focused domain</li> </ul>						

\*1 Amounts recorded during the Medium-Term Business Plan period

\*2 Cash-out amount during the Medium-Term Business Plan period

## Message from the CFO

## Dialogue with Shareholders and Investors

To achieve the Group's long-term business plan, the 2030 Business Plan, we are focusing on "management that is aware of the cost of capital and the stock price," and as part of this we are actively conducting IR activities. We identified issues that investors are interested in through quarterly financial results briefings and individual IR interviews, and based on these, we held IR Day and small meetings, and also utilized overseas IR and conferences to create touchpoints. As a result, we are holding more and more meetings with people from the capital markets. We are also holding briefings for individual investors, broadening the scope of our dialogue.

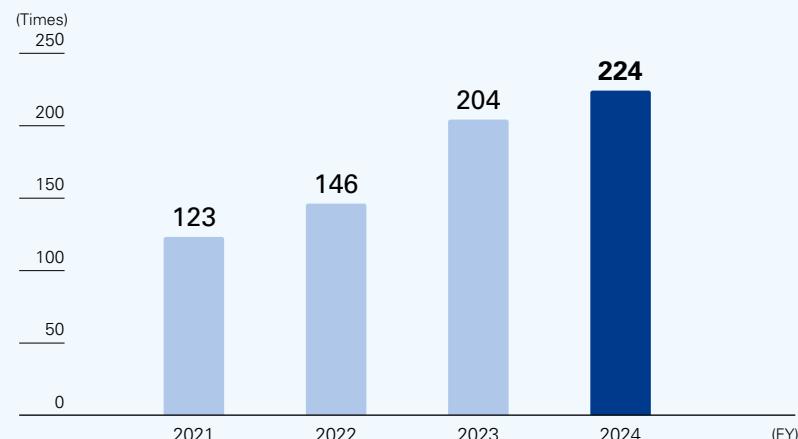
We are also working to expand the information we disclose, and our IR website continued to receive high praise from external organizations in FY2024, as it did in the previous fiscal year. In addition, the content of the "Management's Analysis of Financial Condition, Operating Results, and Cash Flow Status" section of our securities report disclosed in June 2024 was cited as a good example in a publication by the Financial Services Agency.

The status and content of dialogue sessions are reported to the IR Committee, held quarterly, and the Board of Directors, where initiatives and policies are considered and discussed. In turn, feedback is provided to relevant departments as appropriate throughout the year.

### Main Themes and Points of Interest from Dialogue Sessions in FY2024

1	<b>Recent business performance of the domestic business and future outlook</b>	<ul style="list-style-type: none"> <li>Impact of rising raw material prices, forecast of the consumer environment, and approach to price revisions</li> <li>Path to profitability improvement and progress in the Confectionery and Foodstuffs Business</li> <li>Competitive environment for <i>in Jelly</i>, future growth story, and recognition of challenges</li> </ul>
2	<b>U.S. Business trends and medium- to long-term growth and profitability</b>	<ul style="list-style-type: none"> <li>Strengths of <i>HI-CHEW</i>, success factors to date, and the basis for future growth</li> <li>Outlook for the overall market and countermeasures based on the current economic environment and consumer trends</li> <li>Impact of investment in a second U.S. factory on growth and profitability</li> <li>Current status of <i>Charge!el</i> and the timeline for full-scale market creation</li> </ul>
3	<b>Management and business outlook from a medium- to long-term perspective</b>	<ul style="list-style-type: none"> <li>Background and aims of the management structure changes</li> <li>Status of ROIC management penetration within the Company and the results of initiatives and challenges</li> <li>Progress of the updated global strategy toward the 2030 targets</li> <li>Approach to the cost of capital, use of cash, and shareholder return policy</li> </ul>

### Trend in the Number of Interviews with Investors and Analysts\*



\*Number of contacts with investors and analysts through individual IR meetings, IR Day, small meetings, conferences, and overseas IR.

Counted as "1" per party, even if multiple contacts were made in the same quarter.

Evaluation Institution	Evaluation
Daiwa Investor Relations Co., Ltd. Daiwa IR's Internet IR Award 2024	<b>Commendation Award</b> 
Nikko Investor Relations Co., Ltd. 2024 Survey of All Japanese Listed Companies' Website Ranking	All Markets Ranking <b>AAA Corporate Website</b> 

Considering the interest and expectations of the capital markets, we have disclosed ROIC results and targets for each of our major businesses, as well as estimated the cost of capital, in our 2024 Medium-Term Business Plan. We are now seeking the opinions of investors and analysts through dialogue and surveys based on these details. Sharing specific perspectives improves the quality of dialogue, and the diverse ways of thinking about the cost of capital that we have gained have led to more invigorated internal discussions. We have further raised awareness of capital efficiency across the entire management team, and to give concrete form to this, we have updated our cash on hand levels and disclosed targets for reducing cross-shareholdings.

We will continue our efforts to promote constructive dialogue and apply suggestions to future management activities with the aim of improving corporate value in a sustainable manner.

## Special Feature

# Promoting a Global Strategy Centered on **HI-CHEW**

### History of HI-CHEW

HI-CHEW, which was born in Japan in 1975, celebrates its 50th anniversary in 2025. In overseas markets, our products are beloved by many consumers for their excellent quality, reliable taste, and wide variety of flavors. We have expanded sales channels from Asia to the United States and Oceania, and after success in the United States, we are now expanding into Europe. To convey our corporate message of "Delicious, Fun, and Healthy" to customers around the world, we aim to make further strides toward becoming a global brand.



Japan  
Launched in 1975

2024



Changed brand logo  
to English



Taiwan

China

Thailand

United  
States

New  
Zealand

Australia

United  
Kingdom

France

Launched in  
2001

Launched in  
2004

Launched in  
2008

Launched in  
2008

Launched in  
2010

Launched in  
2019

Launched in  
2018

Launched in  
2024

Expansion to Asia

Expansion to  
North America

Expansion to Oceania

Expansion to Europe

2030

Becoming a  
Global Brand

Special Feature Promoting a Global Strategy Centered on *HI-CHEW*

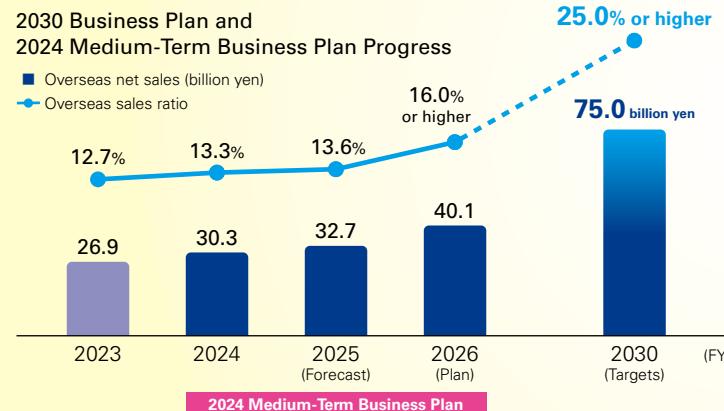
## Hideki Matsunaga

Director, Senior Executive Officer  
General Manager of Overseas  
Business Headquarters

## Targets for 2030

Overseas sales ratio  
**25% or higher**

Overseas sales  
**75.0 billion yen**



## Three Strategies for Achieving Growth

Brands/Products	Morinaga's Proprietary Technologies and Quality	Target Areas
1 <i>HI-CHEW</i> including extension products	<ul style="list-style-type: none"> <li>Combination of softness, elasticity, and chewiness</li> <li>Bursting with juicy flavor</li> <li>Wide variety of flavors</li> </ul>	North America Asia Oceania Europe
2 Jelly drinks	<ul style="list-style-type: none"> <li>Realization of various textures and rich flavors</li> <li>Delicious intake of various nutrients</li> </ul>	North America Asia and others
3 Wellness <i>Collagen drink</i> <i>Passienol™</i>	<ul style="list-style-type: none"> <li>Collagen drink with functionality that is delicious even in high concentrations</li> <li>Unique ingredient containing piceatannol with evidence of functionality</li> </ul>	Asia and others

## Overseas Business Growth Story

The Group's Overseas Business has grown by tapping into new sales channels and expanding the brand portfolio according to each business stage.

For example, in the United States, which is a focused domain, *HI-CHEW* was initially sold in Japanese and Asian retail stores as Japanese foodstuff. Later, we identified the candy section of major American retailers as a target sales area and advanced a shift in sales policy and strategic marketing. This has enabled us to build a strong sales network and increase customer contact points. In recent years, our U.S. Business has grown into an important pillar that drives the growth of the entire Group. Furthermore, we are leveraging the business foundation we have built with *HI-CHEW* to further expand our U.S. Business by advancing new brands such as *HI-SOFT* and *Chargel*.

We are actively promoting market entry and the business foundation building for *HI-CHEW* in areas outside the United States, with overseas sales of *HI-CHEW* now eclipsing those in Japan. We will continue to identify the channels and brands we should pursue based on the business stage of each area, while also making strategic investments in research and development, marketing, and building production systems, as we move steadily toward achieving overseas sales of 75 billion yen.

Market entry and business infrastructure building

Expansion of business scale toward becoming a Wellness Company



Special Feature Promoting a Global Strategy Centered on *HI-CHEW*

## /// Aiming for Greater Market Expansion

### ● Tapping into the European Market

We see our entry into the European market, which has a candy market of similar size to that of the United States, as a major opportunity for the Group to grow its overseas business. Especially in the United Kingdom and France, we have already made progress in introducing our products to major retailers and sales are steadily growing. On the other hand, the European market requires country-specific strategies tailored to local regulations and business practices. To that end, we will decide which countries to focus on and work to expand the business while creating success stories. In February 2025, we exhibited a *HI-CHEW* booth at ISM (international confectionery trade fair) held in Cologne, Germany. Through business talks held with many distributors, we again feel that the groundwork is being laid for expanding sales in the European market.



HI-CHEW booth at ISM in February 2025

### Initiatives in the European Market

#### Products

In addition to classic flavors such as strawberry, we offer exotic mixes (dragon fruit, acai berry, passion fruit) to capture the attention of our customers.



#### Sales

*HI-CHEW* is currently sold in the United Kingdom, France, Spain, Germany, and Switzerland. Through sampling activities, we aim to create eating experiences and increase brand awareness.



#### Advertising

In the European market, where there is a strong interest in Japanese culture, we posted manga-style videos on social media to promote *HI-CHEW* as a Japanese brand.



### ● Expansion of Candy Products Based on *HI-CHEW*

Building on our diverse product development capabilities cultivated in Japan, we are also working on new candy products based on *HI-CHEW*. In the United States, we offer the long-selling Japanese brand *HI-SOFT* as well as *HI-CHEW* extension products *HI-CHEW bites* and *HI-CHEW gummies*. In addition, in February 2025, we launched a new locally manufactured product called *Salted Caramel* in China. We will continue to make maximum use of our various resources and promote borderless initiatives aimed at increasing the overseas sales ratio to 25% or higher.



HI-CHEW gummies



HI-CHEW bites



HI-SOFT



Salted Caramel

## Focused Domain

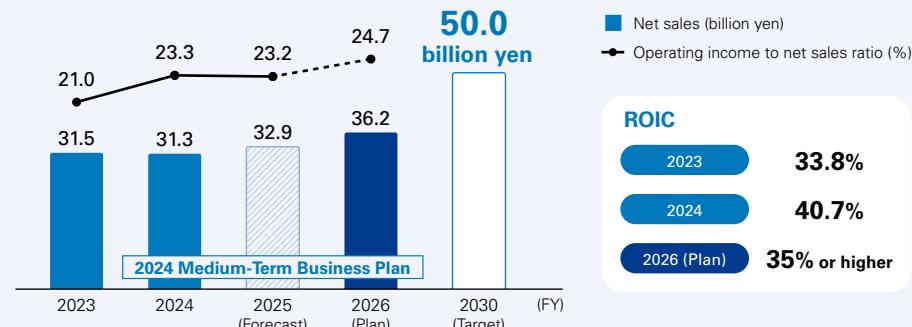
**"in-"  
Business****Norihiro Kidoguchi**General Manager of Health Marketing Division,  
Marketing Headquarters**What we are  
aiming for  
in 2030**Aiming to become the No. 1 brand among foodstuffs supporting  
"health of mind and body" centering on sports**Strengths**

- No. 1 market share in jelly drinks\* and strong brand power
- Broad customer base, from top athletes to ordinary consumers
- Jelly drink technology that has evolved with a focus on texture and deliciousness
- Know-how accumulated over almost 40 years in building a healthy body and nutritional intake

\*INTAGE Inc. SRI+ Jelly Drinks Market  
(estimated cumulative sales amount from April 2023 to March 2025)

**Business Environment**

Opportunity	Growing and diversifying health needs
Opportunity	Growing desire to simplify meals and save time
Opportunity	Growing interest in sports
Risk	Soaring raw material and energy costs
Risk	Intensifying competition due to the rising number of new entrants

**2030 Business Plan and  
2024 Medium-Term Business Plan Progress****Toward a Virtuous Cycle of Growth and Capital Efficiency****// 2024 Medium-Term Business Plan Strategy**

Strategy	Tactics
1 Growth of <i>in Jelly</i> Products	<p><b>Promote lifetime value (LTV) strategies</b></p> <ul style="list-style-type: none"> <li>• Respond to the needs of each life stage, from children to the elderly</li> <li>• Tap into a wide range of drinking settings, both active and inactive</li> <li>→ Expansion of energy products, and launch and development of target-specific products</li> </ul>
2 Growth of "in-" Brands	<p><b>Growth and improvement of profit structure of <i>in Bar</i></b></p> <ul style="list-style-type: none"> <li>• Respond to diversifying and expanding protein-related needs (baked, wafer development)</li> <li>• Take on the challenge of expanding value and targets</li> <li>• Determine the acceptance of each product, reduce costs, and improve profitability through the product mix</li> </ul> <p><b>Promote the development and establishment of new "in-" brands</b></p> <ul style="list-style-type: none"> <li>• Respond to growing health needs</li> <li>• Create new common sense of nutritional intake and advanced foods for the future (new food styles)</li> </ul>
	<p><b>Brand Reinforcement</b></p> <p><b>Intellectual Property Strategy</b></p> <p><b>Leverage the "in" Training Lab</b></p> <p><b>Strengthen Initiatives for Sustainability</b></p>

**Bolster the "in-" Business Foundation**

In FY2024, sales of mainstay *in Jelly Energy* struggled due to diminished sports demand caused by the extreme heat and increased in-store exposure of competing products, while sales of *in Jelly Energy with Glucose* grew as it became established as a drink for studying, working, and other occasions. As a result, sales of the brand overall remained at the same level as the previous year. In the "in-" Business as a whole, net sales fell below the previous year amid the struggles of *in Bar*, but the operating income to net sales ratio exceeded the previous year's level thanks to cost reductions and control of selling expenses.

To achieve the goals of the 2030 Business Plan, we will expand the scale of the "in-" Business while maintaining high profitability, driving profit growth for the Group. For *in Jelly*, we will work to expand sales by advancing lifetime value (LTV) strategies, promoting new drinking occasions, and expanding the product lineup, thereby capturing demand from a wide range of customers, from children to the elderly. In FY2024, during the peak summer season, we sought to attract new users by promoting consumption in everyday occasions in addition to sports. We will also develop products for specific targets, such as *Fruit Texture* and *Junior Energy*. For *in Bar*, we will work to reduce costs and review the product mix, while working to develop products with high added value to capture demand for purposes other than protein intake, thereby acquiring new users and improving profitability.

"in-" Business

## // Becoming a Wellness Company

### ● Promoting the Lifetime Value (LTV) Strategy for *in Jelly* Products

For *in Jelly*, we are implementing LTV strategies that aim for sustained consumption of *in Jelly* by individual customers, from childhood until their later years. In March 2025, we pre-launched food with functional claims for active seniors in select channels, including *in Jelly Welling Calcium*\*1 to help maintain bone density, which decreases with age, and *in Jelly Welling*

*Protein*\*2, which helps reduce visceral fat. For children, we offer *in Jelly Junior Energy*, which is a delicious and easy way to replenish energy and nutrients beneficial for growth spurts, in the two flavors of grape and apple. We support our customers' wellness lifestyles by expanding our product lineup to meet the needs of each life stage, from children to the elderly.



\*1 This product contains maltobionic acid. Maltobionic acid has been reported to promote the absorption of calcium from food; maintain bone density, which declines with age; and improve bowel movements.

\*2 This product contains tiliroside derived from rose hips. It has been reported that tiliroside from rose hips helps reduce visceral fat in people with a high BMI.

Unlike Food for Specified Health Uses, this product has not undergone individual review by the Commissioner of the Consumer Affairs Agency. This product is not intended to diagnose, treat, or prevent any medical conditions. People should eat a well-balanced diet based on staple foods, main dishes, and side dishes.

### ● Initiatives to Strengthen the "in-" Brand

#### Foster Brand Image through Sports

For the "in-" brand, we will strengthen the following initiatives with the goal of establishing it as a brand that supports wellness with a focus on sports.

- 1 World Athletics Championships Tokyo 2025 Official Supporter Agreement 
- 2 Continue obtaining accreditation from public sports-related institutions 
- 3 Support contracted athletes at the Morinaga "in" Training Lab\*3 

\*3 Morinaga "in" Training Lab is a facility that supports top-level athletes under contract with the "in-" brand through cutting-edge training and nutritional coaching. \*4 When recycled in September 2024 \*5 The grip of the tongs is made from 100% recycled materials using a 10% blend of the caps from *in Jelly*. \*6 A sport in which participants pick up trash while jogging

#### Strengthen Initiatives for Sustainability

We aim to provide "health of environment" and remain committed to collecting and recycling empty *in Jelly* containers.



#### Development of *in Jelly Energy* with Glucose: Energy for Thinking

##### Koji Enomoto

Manager of Jelly Category,  
Health Marketing Division,  
Marketing Headquarters



In 2018, as efficient work methods, such as work-style reform and improving labor productivity, became a hot topic, we developed a new product based on the concept of "energy for thinking." This idea was born from the fact that energy is needed not only for physical activities but also for mental activities.

Then, due to the COVID-19 pandemic, lifestyles changed dramatically. In particular, the increase in working from home has brought even more attention to the importance of energy in brain activity. We pinpointed these specific occasions requiring energy for thinking and actively promoted them in advertising and in stores. For example, we continued to communicate the value of the product, which allows users to quickly and easily ingest glucose with a single hand, when working from home, studying for school, pursuing creative activities, and playing mind sports such as esports and shogi.

As a result, one day a student taking an entrance exam posted on social media that *in Jelly Energy with Glucose* was useful for exams, which led to a dramatic increase in sales. As we had already been strengthening our communication with exam-takers, this consumer-oriented information spread among students, especially those taking entrance exams.

By capturing changes in society and continuing to communicate the appeal of the product in a concise manner, we have created a virtuous cycle in which users themselves discover new ways to use the product and its benefits and then spread the word to others. As a result, demand for *in Jelly Energy with Glucose* continues to grow even today. We will continue to promote the value of being able to quickly ingest nutrients anytime, anywhere, and cultivate greater demand for *in Jelly*.



*in Jelly*  
Energy with Glucose

## Focused Domain

Frozen  
Desserts  
Business

Ryuta Takahashi

General Manager of Frozen Desserts Marketing Division,  
Marketing HeadquartersWhat we are  
aiming for  
in 2030

We will stably expand the Frozen Desserts Business by concentrating on differentiated products that leverage our confectionery technologies.

## Strengths

- **Jumbo** brand, a leader in the frozen dessert market
- Expertise in “freshness marketing” within the frozen dessert market
- A differentiated product lineup applying confectionery technology in sub-zero temperatures
- Diverse sales channels established across various businesses

## Business Environment

Opportunity	Increasing opportunities for seniors to eat ice cream
Opportunity	Changes in consumer behavior due to climate change
Opportunity	Recovery in inbound tourism demand
Risk	Soaring raw material and energy costs
Risk	Consumers refraining from purchases due to growing health consciousness

## 2024 Medium-Term Business Plan Strategy

	Strategy	Tactics
1	Progressive evolution of freshness marketing	<b>Evolve Jumbo's moisture absorption delay technology</b> <ul style="list-style-type: none"> <li>• Enhance the longevity of crispy texture using new technological innovations</li> <li>• Strengthen the appeal of crispness quality, expand the footprint for all generations, and tap into inbound tourism demand</li> </ul>
2	Acquire customers from peripheral markets	<b>Capture demand for adult desserts</b> <ul style="list-style-type: none"> <li>• Capture demand from chilled desserts and chocolate, which are often purchased with ice cream</li> </ul>
3	Create new markets with technological superiority	<b>Expand flavored ice applications</b> <ul style="list-style-type: none"> <li>• Expand consumption occasions by addressing needs that are different from competitors' ice confectionery products, such as heat countermeasures and use as mixers for alcoholic beverages</li> </ul>

Confectionery × Frozen Desserts  
Pursuit of Technology CombinationsOrganizational  
Structure Linked to  
StrategyBrand Communication  
to Enhance Individual  
Products

## Bolster the Frozen Desserts Business Foundation



Choco Monaka Jumbo

Ita Choco Ice

The Crêpe

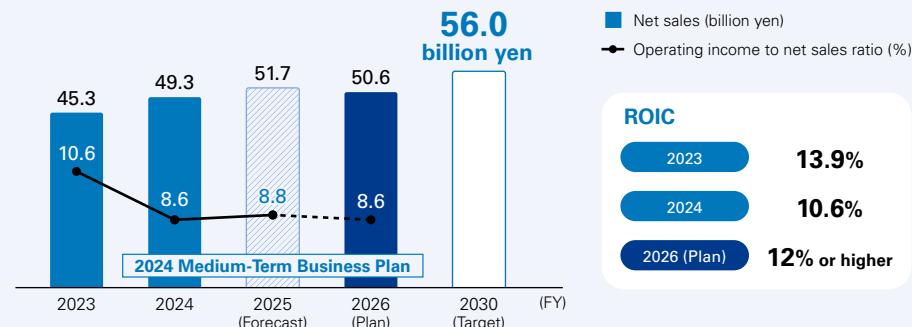
ICE BOX

Biscuit Sandwich  
Ice Cream

Pari Pari Bar

2030 Business Plan and  
2024 Medium-Term Business Plan Progress

## Toward a Virtuous Cycle of Growth and Capital Efficiency



In FY2024, the **Jumbo** group performed strongly, and product lines following the **Jumbo** group, such as *Ita Choco Ice*, *The Crêpe*, and *ICE BOX*, drove growth. As a result, sales of the Frozen Desserts Business increased by 4 billion yen year on year. On the other hand, the operating income to net sales ratio declined from the previous fiscal year due to rising raw material prices.

To achieve the 2030 Business Plan, we aim to realize sustainable growth in the Frozen Desserts Business. For the **Jumbo** group, we will further evolve “freshness marketing” and continue to pursue improvements in brand value, while stimulating domestic demand through initiatives for inbound tourism. We will expand our customer base by strengthening promotions of *Ita Choco Ice* and *The Crêpe* while leveraging their unique qualities to capture demand for desserts, including in peripheral markets. For *ICE BOX*, we will focus on promoting uses unique to the product, such as in mixers, and create opportunities to consume it throughout the year.

To boost capital efficiency, we will implement agile price revisions and continually reduce costs in response to rising raw material and other costs. In addition, we aim to improve the invested capital turnover ratio by efficiently utilizing our existing production lines.

## Frozen Desserts Business

## // Becoming a Wellness Company

### ● ICE BOX Helps to Beat the Heat

Due to the effects of global warming, rising temperatures are attracting greater attention as a social issue since Japan has been experiencing longer summers and winters recently. To combat the heat, it is necessary to replenish fluids and salt (sodium) appropriately depending on the situation. *ICE BOX* helps to efficiently cool the body down\*<sup>1</sup> while enjoying the texture and refreshing taste of crushed ice. Its hypotonic qualities\*<sup>2</sup> make it easy to quickly replenish fluids even after sweating. *ICE BOX* contains not only the sodium and minerals lost through sweat but also vitamin C and citric acid. Taking advantage of this, we are stepping up our efforts to promote *ICE BOX* as a recommended way to beat the heat. Starting in the summer of 2024, we have launched a promotional campaign to support people who are working hard despite hot weather. In 2025, we also held samplings for construction workers and event staff. We will continue to help customers beat the heat in summer, promote product understanding through eating experiences, and increase demand for *ICE BOX*.

\*1 Ice is said to have four times the cooling effect of water.

\*2 *ICE BOX* has a hypotonicity, low concentration of carbohydrates and sodium, and its ingredients are quickly absorbed even when the body has lost fluids due to sweating.



① Sampling at a construction site



② Public-private event to raise awareness about heat countermeasures held at Tokyo Tower



③ Sales at Fuji Rock Festival



### ● Eliminated the Plastic Trays Used for *Pari Pari* Sandwich

In March 2025, we stopped using plastic trays in the packaging of *Pari Pari Sandwich*, an ice cream sandwich, which features an exquisite combination of crispy chocolate and biscuits. Thanks to quality improvements and advances in manufacturing technology at our factories, we have been able to maintain the product's shape without using trays, eliminating them altogether. As a result, the amount of plastic used per product is expected to be reduced by approximately 73% compared to conventional products and that plastic usage will be reduced by approximately 85 tons\*<sup>3</sup> annually.

By eliminating the tray, customers can now eat *Pari Pari Sandwich* directly from the bag, making it easier to eat. We will continue to promote environmentally friendly plastic containers and packaging.

\*3 Calculated based on the sales plan volume for FY2025.



Previous format with tray

New format without tray

Plastic usage  
Expected to be  
reduced by approx.  
85 tons/year\*<sup>3</sup>



### Committed to Bringing the Same Great Tastes and Smiles to All

#### Yuko Tanaka

Frozen Desserts Marketing Division,  
Marketing Headquarters



OKOMETO Vanilla  
fragrant of brown rice

As part of our efforts to become a Wellness Company, we launched *OKOMETO*, a rice ice cream, in 2024 that everyone can enjoy. After a loved one developed a food allergy, I wanted to deliver the delicious taste of "ordinary" ice cream and bring smiles to the faces of those around them. With this in mind, we developed *OKOMETO* with a focus on quality and free from 28 allergens.\*<sup>1</sup>

We decided to use domestically grown rice, which is familiar to Japanese people, but because it has less fat than plant-based ingredients like soy milk, we faced challenges in achieving the richness and smoothness that is characteristic of ice cream. In addition, the flavor was developed through multiple roundtable discussions with many people both inside and outside the company, primarily Angel Plus\*<sup>2</sup> members who have children with food allergies. After *OKOMETO* was released, we received letters from siblings saying that they had been able to enjoy the same ice cream for the first time, as well as touching comments from people who had never been able to enjoy ice cream before, which brought tears to my eyes.

We believe that *OKOMETO* has the potential to be embraced by

health-conscious consumers as a new, highly satisfying rice ice cream. We intend to establish this as a rice ice cream featuring all "ordinary" deliciousness that anyone can enjoy.



Roundtable talk held in October 2023

\*1 Of the eight specified raw materials, it is manufactured using the same equipment as products containing wheat, eggs, and milk. We do not have information about the manufacture of the 20 items equivalent to specified raw materials not identified for production at common facilities.

\*2 Our official website for fans

## Focused Domain

Direct  
Marketing  
Business

Koji Nagano

General Manager of Direct Marketing Division

What we are  
aiming for  
in 2030We will evolve into a healthcare business  
supporting customers' wellness realization.

## Strengths

- No. 1 in collagen drink sales\*
- Collagen functional research (e.g., for skin, knee joint, and bone health) and food processing technology
- Know-how in the Direct Marketing Business accumulated over about 20 years
- Direct marketing customer base with established relationships through direct communication

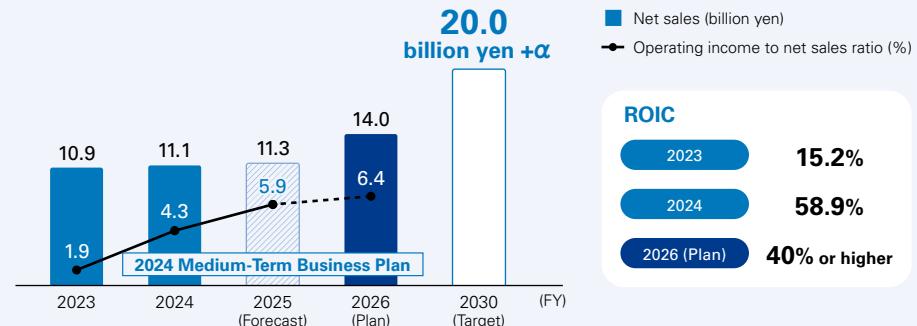
\*Source: H.B. Foods Marketing Handbook 2025, Fuji Keizai (beauty-oriented products/collagen category/2023 results), for the *Oishii Collagen Drink* series (including previous products)

## Business Environment

Opportunity	Growing need to extend healthy life expectancy
Opportunity	Rising health awareness through food
Opportunity	Increasing use of online shopping among seniors
Risk	Soaring raw materials prices and energy costs
Risk	Declining real wages due to soaring prices and cost-conscious consumer

2030 Business Plan and  
2024 Medium-Term Business Plan Progress

## Toward a Virtuous Cycle of Growth and Capital Efficiency



## 2024 Medium-Term Business Plan Strategy

Strategy	Tactics
1 Strengthening of the existing Direct Marketing Business	<p><b>Expansion of net sales of <i>Oishii Collagen Drink</i></b></p> <ul style="list-style-type: none"> <li>• Acquire new customers by expanding digital touchpoints</li> <li>• In addition to beauty, continue to strengthen initiatives to address health (bones and joints) needs</li> </ul> <p><b>Development of second pillar</b></p> <ul style="list-style-type: none"> <li>• Develop <i>Oishii Aojiru</i> and <i>Hizakaru Collagen</i></li> </ul>
2 Initiatives for further business expansion	<p><b>Realize inorganic growth</b> to scale subscription customers and expand business domains</p> <ul style="list-style-type: none"> <li>• Develop high-value-added indulgent products that utilize the Group's brands and technologies, and <b>expand the domain of food</b></li> <li>• Explore the expansion of the BtoB business starting with <i>Okashi Print</i>, aiming to acquire customers different from the existing Direct Marketing Business</li> </ul>
	<p>Increase Customer Convenience</p> <p>Develop Digital Talent</p> <p>Strengthen Information Security</p> <p>Improve NPS*1 and LTV*2</p>

## Promote CXM\*3 and Data-Driven Systems to Support Business Expansion

\*1 Net promoter score. An index for measuring customer loyalty \*2 Lifetime value \*3 Customer Experience Management

In FY2024, the direct marketing health food market as a whole continued to face a challenging environment due to such factors as consumers' increased cost-cutting tendencies. Sales of *Oishii Collagen Drink* fell below the previous fiscal year amid sluggish growth in the acquisition of new customers. Meanwhile, we saw a steady increase in the number of subscription customers of *Oishii Aojiru*, which is being developed as the second pillar of the business, and overall net sales for the Direct Marketing Business eclipsed the previous fiscal year. The operating income to net sales ratio exceeded the previous fiscal year by controlling advertising investment in line with customer acquisition efficiency.

To achieve the 2030 Business Plan, we aim to establish a business model that will generate stable profits while also growing sales. For *Oishii Collagen Drink*, we will develop a new advertising approach to capture the beauty needs of the middle-aged segment (people in their 40s and 50s), who we have under-targeted until now. At the same time, we aim to continuously expand net sales and operating income by closely examining advertising investment efficiency and promoting the stabilization of our customer base by improving LTV.

As the personalization of consumption spreads going forward, we will evolve the Direct Marketing Business into a healthcare business that supports customers in achieving wellness. We will achieve this by working to improve CX\* as a one-to-one business that connects directly with customers.

\*Customer experience

## Direct Marketing Business

## Becoming a Wellness Company

### ● Further Evolution of *Oishii Collagen Drink*

*Oishii Collagen Drink Peach* and *Oishii Collagen Drink Lemon* contain 10,000 mg of collagen peptides\*1, and are foods with functional claims related to the skin, knee joints, and bones. Our proprietary masking technique\*2 reduces the unique collagen flavor, resulting in a delicious taste that is easy to drink every day. By FY2023, the series' cumulative sales surpassed 400 million bottles.\*3 These products have also maintained a strong track record as the top selling collagen drink for eight consecutive years.\*4

In addition to its original target of seniors, we will launch the brand's first television commercial targeting the middle-aged segment (people in their 40s and 50s) in 2025, to increase awareness and reach new customers to achieve our targets for 2030.

To respond to ever-expanding beauty and health needs, we will continue to conduct basic research into collagen based on scientific evidence, aiming to further evolve product value and achieve sustainable growth.

\*1 Functions of collagen peptides:

- 1) Maintains skin moisture content and increases moisturizing effect in those who are concerned about dry skin (research report);
- 2) Supports daily activities that are restricted due to discomfort in the knee joints (research report);
- 3) Maintains skin elasticity and contributes to skin health for those concerned about dry skin due to aging; and
- 4) Supports bone building.

Unlike Food for Specified Health Uses, this product has not undergone individual review by the Commissioner of the Consumer Affairs Agency. This product is not intended to diagnose, treat, or prevent any medical conditions. People should eat a well-balanced diet based on staple foods, main dishes, and side dishes.

### ● Strengthening Initiatives in the *Okashi Print* Business

*Okashi Print* is a service for businesses we directly operate that allows customers to personalize the packaging designs for popular products such as *HI-CHEW* and *Milk Caramel*. With the concept of "lightening the mood of formal business situations," *Okashi Print* provides experiential value through novelties that create a harmonious atmosphere. We have received positive feedback from users, who say that the fun of the candy and the playfulness of "●● chew!" brings smiles to people's faces and facilitates communication.

As a service that embodies the emotional value (health of mind) of confectioneries, we aim to bring smiles to our customers' business scene, expanding our brand touchpoints and growing the business through the BtoB channel.



Advertisement aimed at raising awareness of *Oishii Collagen Drink*

\*2 Technique that reduces the perception of unpleasant tastes and odors to enhance product palatability.

\*3 Total of the *Oishii Collagen Drink* series products (including existing products), as of September 2023 (According to research by Morinaga & Co., Ltd.)

\*4 Source: H.B. Foods Marketing Handbook 2018–2025, Fuji Keizai (beauty-oriented products/collagen category/2016–2023 results), for the *Oishii Collagen Drink* series (including existing products)

\*5 Source: H.B. Foods Marketing Handbook 2025, Fuji Keizai (beauty-oriented products/drink category company rankings/2023 results), for the *Oishii Collagen Drink* series (including existing products)



#### Lightening the mood of formal business situations!

*Okashi Print* is a service that offers the experience to personalize a famous brand



### Enhancing Customer Experience through Customer Connections

#### Kiyoka Sago

CRM Fulfillment Team Leader and CXM Promotion Office Manager, Direct Store Group, Direct Marketing Division



Morinaga Direct Store, supported by its many loyal customers, listens closely to the voices of customers every day and provides support to each of them, with an emphasis on connections. We actively utilize customer feedback in our product development, such as our changing the sweetener in *Oishii Collagen Drink* to a plant-based one.

Since 2004, employees have visited customers' homes to speak with them in person about our products, services, and their experiences with our products. In 2016, we began holding Ambassador Fan Meeting events to further strengthen our relationships with even more customers. The total number of participants in these meetings has exceeded 500, with the "connections (interactions)" with employees having been particularly well-received.

In addition, through the annual NPS\*1 survey and activities of the CXM\*2 Promotion Office, we strive to improve our products and services and maximize the value of our customers' experiences. The CXM Promotion Office conducts multifaceted customer analysis, proposes and implements improvements that go above and beyond the scope of its responsibilities, and works to promote behavioral changes that improve product value and customer experience.

In April 2025, we launched Santé Journal, an information platform aimed at energizing communication and promoting the digitalization of CRM.\*3 To create new connections, we will continue to provide useful information to support people's healthy living.

We will also continue to value our connections with our customers and strive to provide information and services tailored to them.

\*1 Net Promoter Score. An index for measuring customer loyalty

\*2 Customer Experience Management

\*3 Customer Relationship Management



Ambassador Fan Meeting

## Focused Domain

U.S.  
Business

Teruhiro Kawabe

Chief Representative for the USA and  
President and CEO Morinaga America, Inc.

What we are  
aiming for  
in 2030

Growth of the U.S. Business through expanding  
the HI-CHEW brand and creating a jelly drink market.

## Strengths

- HI-CHEW's unique texture and taste refined over many years based on proprietary soft candies technology
- Diverse product development capabilities cultivated through our domestic business
- Robust sales network, including major U.S.-based retailers
- Large number of upcoming brands that can be developed in the U.S. Business

## Business Environment

**Opportunity** Continued growth of the U.S. candy market  
**Opportunity** Diverse customer needs in the U.S. candy market  
**Opportunity** Growing wellness market due to rising health consciousness  
**Risk** Soaring raw material and energy costs  
**Risk** Difficulty in securing human resources due to rising labor costs

## 2024 Medium-Term Business Plan Strategy

Strategy	Tactics
1 Further expand sales of HI-CHEW	<p><b>Launch new products to further expand the distribution ratio and increase the number of SKUs</b></p> <ul style="list-style-type: none"> <li>Strengthen efforts to improve the distribution ratio by region</li> <li>Expand new products and portion size options to promote introduction to a variety of sales channels</li> </ul> <p><b>Expansion of contact points through the launch of brand extension products</b></p> <ul style="list-style-type: none"> <li>Implement initiatives to expand customer contact points in multiple candy categories, such as gummies</li> </ul> 
2 Breakthrough for ChargeL	<ul style="list-style-type: none"> <li>Strengthen promotions such as event samplings and web advertising to promote brand understanding and fandom as an energy gel</li> <li>Promote the introduction to U.S.-based channels utilizing the know-how of building a sales network gained through the HI-CHEW business</li> </ul> 
3 Develop wellness products	<ul style="list-style-type: none"> <li>Conduct market research and proceed with product development</li> </ul>

Build a Global  
R&D System

Build a Global  
Production System

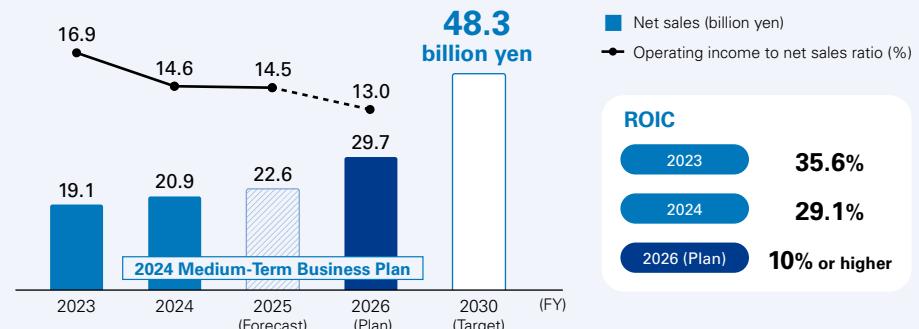
Promote DX in  
In-House  
Infrastructure

Formulate Accounting  
and Financial Strategies  
for the Utilization  
of Funds

Strengthen the Business Foundations and Production System to Support Business Expansion

2030 Business Plan and  
2024 Medium-Term Business Plan Progress

## Toward a Virtuous Cycle of Growth and Capital Efficiency



In FY2024, the U.S. economy continued to see weak consumption due to inflation and sales of HI-CHEW struggled in the convenience store channel where customer numbers declined. Meanwhile, in the food channel,\*1 we worked to expand the number of our SKUs and developed new channels such as airport kiosks and dollar stores. As a result, overall net sales for the U.S. Business exceeded the previous fiscal year.

As we move toward achieving the 2030 Business Plan, the U.S. Business is set to drive the growth of the entire Group. For HI-CHEW, we will work to further strengthen its branding. By utilizing a brand mascot and revitalizing core products to promote fun and excitement, and by strengthening sales promotions in the mass\*2 and food channels, we will expand our contact points with customers and increase our presence in the U.S. market.

As an investment for growth, we are building a second factory in the United States (approximately 136 million U.S. dollars, or 19.6 billion yen), which is scheduled to begin operations in 2027. Although ROIC is set to decline momentarily due to the increase in invested capital, we will steadily link these investments to future growth.

For ChargeL, we created a new tagline\*3 called "Thirst-Quenching Snack," with the aim to penetrate the market by implementing marketing and sales proposals in line with this concept.

\*1 A supermarket channel that mainly carries foodstuffs. \*2 A channel of large general retailers that carry a wide range of products, including foodstuffs, daily necessities, and clothing. \*3 A short phrase that expresses the value that a brand provides to customers.

## U.S. Business

## // Becoming a Wellness Company

### ● Initiatives to Further Expand *HI-CHEW*

The unique texture and juiciness of *HI-CHEW* have been well received by customers overseas. On the other hand, in the U.S. market, where candy is enjoyed by people of all ages, we believe that fun and excitement are important factors in addition to taste.

For this reason, we announced *Chewbie*, a brand mascot that personifies the elements that symbolize the *HI-CHEW* brand, such as fun, excitement, and chewiness. We are using *Chewbie* to enhance our communications to attract more *HI-CHEW* fans and boost brand power. We are also developing products with original ideas that attract customer interest, such as incorporating fictional fruit flavors like blue raspberry. We will continue to build a solid position in the U.S. market by pursuing not only the great taste of *HI-CHEW* but also the emotional value that contributes to the "health of mind" of our customers.

### ● Aiming for a Breakthrough for *Charge!el*

Since its launch, *Charge!el*, a jelly drink we developed for the U.S. market, has been subject to aggressive PR activities centered on sampling events, and the number of repeat customers on e-commerce channels has been steadily increasing. In 2025, we established a new tagline, "Thirst-Quenching Snack," and are working to capture demand and establish *Charge!el* in the market not only among professional athletes but also in everyday amateur sports.

We will continue to strive to become a leader in the jelly drink market and will advance initiatives to raise brand awareness and promote product understanding.



### How Do We Establish Unknown Jelly Drinks in the U.S. Market?

#### Keita Morinaga

Vice President,  
*Charge!el* Business Unit,  
Morinaga America, Inc.



The difference between the market rollout of *Charge!el* and *HI-CHEW* is that the jelly drink category is unknown in the United States.

Consumers can easily understand *HI-CHEW* as long as it's introduced as candy, but it's not that simple with *Charge!el*. Even if we explain its characteristics and how to use it, which are common knowledge in Japan, American customers are unable to understand *Charge!el* or incorporate it into their lives. For example, even when we explain the benefits of being able to consume the product in a short amount of time, people still ask, "Why do I need to drink it all in a hurry when there's a cap?"

To properly localize *Charge!el*, we first needed to gain insight from the experiences of our U.S. customers. So, we went back to the starting point of development—energy replenishment for professional athletes—and found a breakthrough. We actively held sampling events to acquire users and their testimonials. Gradually, common sense and vocabulary regarding jelly drinks is emerging in the United States. Based on this insight, we came up with the tagline "Thirst-Quenching Snack."

When jelly drinks become a popular food in the United States in the future, what will we call this type of food, just as in the case of brands that brought new value to the market and became synonymous with the category? We envision a future where American customers will answer "*Charge!el*" when asked this question.

<https://charge!el.com/>



## Basic Domain

Confectionery  
and Foodstuffs  
Business

Minoru Sato

Executive Officer,  
General Manager of  
Confectionery  
Marketing Division,  
Marketing Headquarters



Yasuhiro Tonohara

General Manager of Foodstuff  
Marketing Division,  
Marketing Headquarters

What we are  
aiming for  
in 2030

Changing the category portfolio to improve the revenue base.

## Strengths

- Many long-seller brands
- Morinaga Cocoa*, *Morinaga Amazake*, and *Morinaga Hotcake Mix* each maintain the No. 1 market share\*
- Cross-category marketing and product development capabilities
- Functional and sensitivity research related to "health of mind and body"
- Ability to propose in-store promotion and develop products that meet customer needs

\*INTAGE Inc. SRI+ Cocoa, Amazake, Hotcakes Markets  
(April 2023 to March 2025; estimated cumulative sales amount)

## Business Environment

**Opportunity** Resumption of travel, increase in opportunities to go out, and further expansion in inbound tourism demand

**Opportunity** Growing and diversifying health needs

**Opportunity** Growing desire to simplify meals and save time

**Risk** Soaring raw material (especially cacao) and energy costs

**Risk** Declining birth rate and decreasing average household size

## 2024 Medium-Term Business Plan Strategy

Strategy	Tactics
Improvement of return on capital	<ul style="list-style-type: none"> <li>While aiming to expand sales by utilizing existing assets, promote asset-light operations in stages by selecting and concentrating maintenance and renewal investments</li> <li>Promote profitability improvement through cost reduction, selling expense efficiency, and agile price revisions</li> </ul>
2 Growth of the candy business	<ul style="list-style-type: none"> <li>Transform the portfolio to drive the Confectionery and Foodstuffs Business</li> <li>Strengthen the value of the <i>HI-CHEW</i> brand and unlock greater growth as a global brand</li> </ul>
1 3 Growth of the biscuit business	<ul style="list-style-type: none"> <li>Increase customer contact points for <i>Morinaga Biscuits</i> as a whole and expand net sales</li> <li>As a high-unit price, high-value-added product, establish and nurture the market for the premium series</li> </ul>
4 Improvement of return on capital of chocolates	<ul style="list-style-type: none"> <li>Promote initiatives such as price revisions, SKU reductions, cost reductions, and improvement of production line utilization rates</li> <li>Review product strategies in response to changes in the environment such as soaring cacao prices and future changes in customer needs</li> </ul>
5 Business growth of Cocoa and Amazake	<ul style="list-style-type: none"> <li>Leveraging the strength of our No. 1 market share,* aim to position as familiar health beverages by enhancing their health value, and promote initiatives to sustainably expand the scale of the business and improve profitability</li> </ul>

Take on the Challenge  
of Strengthening  
Long-Seller Brands and  
Creating New Products

Asset-Light  
Operations in Stages

Enhance the Appeal  
of Wellness Products

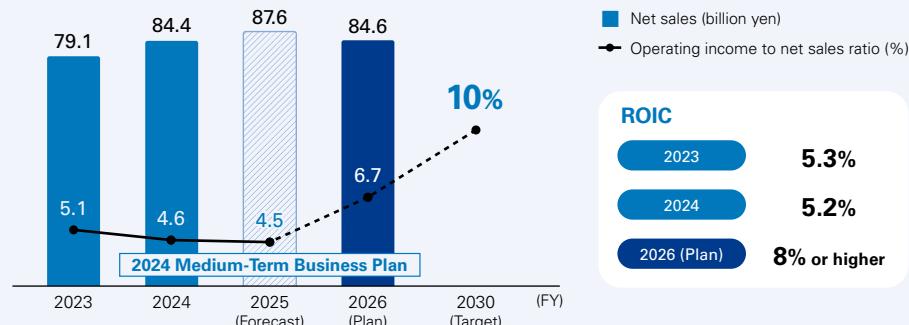
Capture Inbound  
Tourism Demand

Control Costs  
Continuously

## Sustainable Business Growth and Improvement of Return on Capital

2030 Business Plan and  
2024 Medium-Term Business Plan Progress

## Toward a Virtuous Cycle of Growth and Capital Efficiency



In FY2024, we implemented price revisions across all categories to cope with the impact of rising costs, especially for cacao. Although we have had success in continuing to grow net sales in the Confectionery and Foodstuffs Business as a whole, we feel a strong sense of urgency to address the decline in profitability.

To achieve the 2030 Business Plan, we will work to improve the profitability of the Confectionery and Foodstuffs Business. We will accelerate the transformation of our business portfolio by growing the highly profitable candy category, where market growth is anticipated. For *HI-CHEW*, we will continue to implement measures to stimulate demand following the change in the brand logo to English and initiatives to mark its 50th anniversary, with the aim of further expanding domestic demand and capturing demand from inbound tourism. Net sales of *Morinaga Ramune* are steadily expanding as its product value in occasions requiring concentration and thinking has become widely recognized. Going forward, we will provide value primarily in terms of functionality along with taste and texture.

In the chocolate category, we will implement price revisions and work to reduce costs by substituting raw materials. At the same time, we will also carefully assess investments in maintaining and updating production facilities.

We expect to continue to be affected by rising raw materials and other costs, but through the multifaceted initiatives mentioned above, we will chart a course toward achieving our targets for 2030.

## Confectionery and Foodstuffs Business

## // Becoming a Wellness Company

### ● The Value of Confectioneries and the Significance of the Confectionery Business in Realizing the 2030 Vision

We believe that confectioneries possess physical value, such as providing nutrition and supplementing meals, emotional value that nourishes the soul, and social value that smooths relationships between people. This makes them a necessity for people to stay in good health (a necessity for well-being). In Japan, as many people are currently feeling stressed or fatigued, our Confectionery Business will primarily contribute to improving "health of mind." In addition, we will focus on the candy category for "health of body."



### ● Further Expansion of the Glucose-Containing Brand Morinaga Ramune

*Morinaga Ramune*'s brand concept of "a delicious confectionery containing glucose that can be enjoyed on a variety of occasions" is widely recognized by customers, which has helped net sales to continue growing significantly. We will continue to expand our product lineup and aim to further increase brand contact points so that we can serve people who value both functionality and deliciousness as the best solutions for situations requiring concentration.



### ● Strengthening Health Product Portfolio by Utilizing the Major Brands of the Foodstuffs Business

In the Foodstuffs Business, we launched *Amazake 50% Less carbohydrates* under *Morinaga Amazake*, the top brand in the amazake market.\*<sup>1</sup> At the time of the launch of *Amazake 30% Less carbohydrates* in February 2023, the low-carb version of our amazake has been well received by customers who are starting to take charge of their own physical well-being. Furthermore, we have made quality improvements to further reduce carbohydrates, and in 2025 we brought to our amazake lineup a product with 50% less carbohydrates\*<sup>2</sup> and the same great taste.

In addition, in the cocoa category, where market growth is strong thanks to our stepped up efforts to communicate its health value, we launched *Waru Dake Cocoa*, a Chocolate Concentrate (Mix with milk), a liquid type that combines the taste of cocoa with ease of dissolving. We aim to provide health value by offering a lineup of products that make it easier to enjoy cocoa.



\*1 INTAGE Inc. SRI+ Amazake Market (April 2023 to March 2025; estimated cumulative sales amount)

\*2 Amazake 50% Less carbohydrates 185 g compared to 190 g can of *Morinaga Amazake* (per 100g)

*Morinaga Amazake 50% Less carbohydrates* 1,000 ml compared to *Morinaga Amazake* 1,000 ml



VOICE

### Looking Toward an Exciting Future on HI-CHEW's 50th Anniversary

#### Takamasa Tsutsumi

Confectionery Marketing Division,  
Marketing Headquarters



*HI-CHEW*, which was first released in 1975, is celebrating its 50th anniversary in 2025. During the past half century, *HI-CHEW* has been enjoyed by countless customers, and in FY2024 we recorded our highest ever net sales of the brand in Japan, achieving the top\* share in the soft candies market. The *HI-CHEW* Museum and *HI-CHEW* Flavor Vote, which were implemented as part of the 50th anniversary initiatives, also received a great response, demonstrating the high level of brand loyalty and the expansion of new fans.

Joint research with a university has revealed that the "pleasant texture" unique to *HI-CHEW* effectively increases happiness. Through its unique texture, we want *HI-CHEW* to be a brand that supports customers looking to cherish positive feelings in their everyday lives, which are full of change and can easily become stressful.

In the spring of 2024, we changed the brand logo to English. In addition to capturing demand from inbound tourism, this is a major step toward further growth in the global market. We believe that *HI-CHEW* spreading its wings around the world will bring new excitement to our customers in Japan.

We aim to continue contributing to the "health of mind" of customers around the world through the unique appeal of *HI-CHEW* and for it to become a candy brand beloved around the world.



\*INTAGE Inc. SRI+ Soft Candies Market (April 2023 to March 2025; estimated cumulative sales amount)

# Special Feature

## Initiatives to Capture Inbound Tourism Demand

The Morinaga Group is pursuing a borderless global strategy to deliver the great taste of Japanese confectioneries to foreign visitors to Japan from all over the world.

By providing the best possible eating experience for the Group's products, we will increase product awareness and capture demand from inbound tourism in a sustained manner.

Connecting with customers before, during, and after their visit to Japan

### Initiatives for HI-CHEW

Aiming to make greater strides as a global brand, we changed the *HI-CHEW* brand logo to English and are developing products to meet demand from inbound tourism. In terms of promotions, we aim to maintain contact with foreign visitors to Japan through consistent initiatives from brand discovery to purchase. We will accomplish this by providing the best products and eating experiences at each phase of the customer journey, from building anticipation before their trip, to the experiences during their trip, and even repeat purchases after returning home.

#### Customer Journey



Conveying the crispy texture to people around the world

### Initiatives for Choco Monaka Jumbo

To maintain the crispy texture of its hallmark monaka shell, we manufacture *Choco Monaka Jumbo* through rigorous supply-demand controls, such as ensuring the products ship out within five days of production. We held large-scale sampling events in 2024 at Sensoji Temple in Tokyo and Ebisubashi in Osaka to share with inbound tourists the product's great taste only found in Japan. In addition, our video introducing *Choco Monaka Jumbo* featuring a ninja, a samurai, and Yamato Nadeshiko won the Excellence Award in the Video category at the Cabinet Office CJPF Awards\* 2025.



An advertisement for foreign visitors to Japan, drawn in the style of Ukiyo-e, promoting a taste only found in Japan

\*The CJPF Awards is an awards event organized by the Cabinet Office. The awards are held with the aim of promoting "Cool Japan" from a global perspective by recognizing outstanding projects and activities that promote the appeal of Japanese culture, products, and services to the world.

Click here to watch the Cabinet Office CJPF Awards 2025 Excellence Award winning video.  
<https://www.youtube.com/watch?v=o3FzcYFpo9s>



Sampling event of *Choco Monaka Jumbo* at Sensoji Temple

#### VOICE

### Creating Sales Areas for Foreign Visitors to Japan

#### ~Sales Capabilities Involving Related Parties~

We sensed a surge in foreign visitors to Japan around 2022, and we thought this would be a great opportunity to promote our products to them. Therefore, ahead of competitors, we proposed to a retailer that they create permanent sales areas for foreign visitors to Japan and launch products targeted at inbound tourists. With more than 30 stores nationwide, mainly in Shibuya, we have created impactful sales areas by stocking a range of products popular with foreign customers and displaying them in large quantities in prominent locations in the store. As a result, *Bake Creamy Cheese* became the retailer's best-selling product\* among foreign visitors to Japan over the course of a year. We will continue to collaborate with retailers to proactively develop demand among foreign visitors.



Akihiro Osumi

Regional Mass Retail Division, Sales Headquarters

The best-selling *Bake Creamy Cheese* in 2024 at the retailer we proposed

\*Retailer POS performance data (sales amount from April 2024 to March 2025)

# Human Resources Strategy



**Tadashi Ando**

Executive Officer, General Manager of  
Human Resources Division

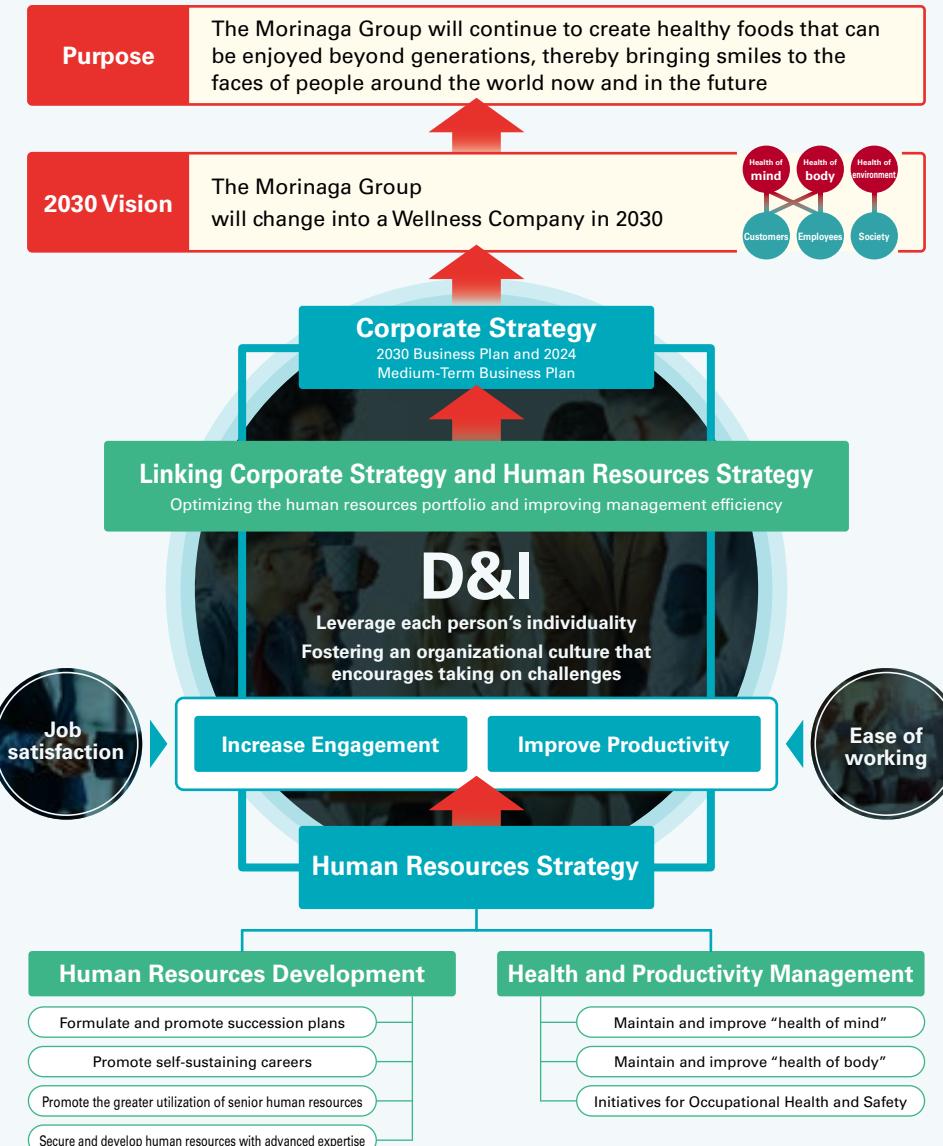
## What we are aiming for in 2030

We are working to achieve employee happiness by encouraging their autonomous growth based on mutual relationships of trust with the Company as well as to implement a human resources strategy linked to corporate strategy and maximize the value of our human capital—all to achieve the Group's sustainable growth.

## Human Resources Strategy for Being a Sustainable Company

Based on our corporate philosophy, we have established the 2030 Vision with the aim of being a sustainable company that continues to grow. We believe that people are the driving force to achieve the 2030 Vision. For this reason, Diversity and Inclusion (D&I) sits at the heart of our corporate strategy to fully draw out the power of our people. We believe that an environment where diverse talent is respected and where each person's differences are leveraged as value represents a source of innovation and problem-solving in a rapidly changing society. Therefore, based on our core concept of D&I, "leverage each person's individuality," we will work to optimize our human resources portfolio and improve management efficiency by linking our human resources strategy with our corporate strategy.

Based on mutual trust between the company and employees, we aim to realize employee happiness through the concept of D&I, increase employee engagement, improve productivity, and continue to provide sustainable value to society. To achieve this, we will strive to achieve both job satisfaction and ease of working by encouraging the autonomous growth of employees and creating an environment where they can fully demonstrate their abilities. Furthermore, we will position the promotion of human resources development and health and productivity management as key strategies and will work to put into practice human capital management that enables diverse human resources to thrive and enhances the creativity and competitiveness of the organization.



## Human Resources Strategy

 Increase Corporate Value through Human Resources Strategies

We believe that the key to boosting the effectiveness of human capital management is to improve employee engagement and productivity. To this end, we will promote various D&I and human resources strategy initiatives, as well as initiatives that enable employees to feel a sense of job satisfaction and ease of working.

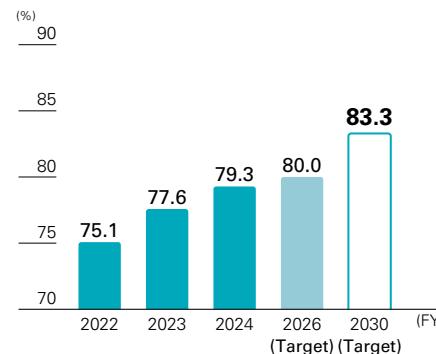
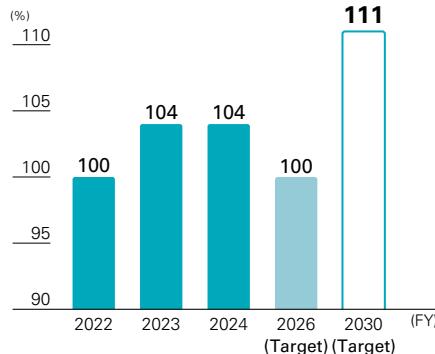
**Input** Human Resources Investment in the 2024 Medium-Term Business Plan Comparison of amount recorded as an expense during the period of the Medium-Term Business Plan  
Compared with the 2021 Medium-Term Business Plan: **114%**

**Output**

Targets and Results				
Promotion of D&I				
Number of participants in D&I policy training* <sup>1,2</sup>	100%	113%	113%	<b>114%</b>
Ratio of female managers	13.0%	13.3%	13.5%	<b>15.0%</b>
Linkage with Corporate Strategy				
Number of employees in the focused domain* <sup>1,3</sup>	100%	114%	114%	<b>More than FY2024</b>
Number of hires* <sup>1,4</sup>	100%	90%	155%	<b>150%</b>
Human Resources Development				
Spending on training* <sup>1,4</sup>	100%	84%	106%	<b>109%</b>
Number of employees using internal job posting/transfer request PR declaration system* <sup>1,4,6,7</sup>	100%	293%	200%	<b>200%</b>
Number of participants in senior training* <sup>1,4</sup>	100%	216%	244%	<b>267%</b>
Number of participants in specialist human resources development training* <sup>4,6,6,7</sup>	—	100%	82%	<b>108%</b>
Health and Productivity Management				
Health checkup uptake rate* <sup>4</sup>	100%	100%	100%	<b>100%</b>
Stress check implementation rate* <sup>4</sup>	96%	98%	98%	<b>100%</b>
Total annual working hours* <sup>4</sup>	1,946 hours	1,933 hours	1,936 hours	<b>Under 1,950 hours</b>
Occupational injury rate (frequency rate)* <sup>8,9</sup>	0.25	0.49	0.24	<b>0.00</b>

<sup>1</sup> Rate when the figure for FY2022 is set to 100<sup>2</sup> Scope: Domestic Group consolidated basis<sup>3</sup> Scope: Group consolidated basis<sup>4</sup> Scope: Morinaga & Co., Ltd. in Japan (non-consolidated)<sup>5</sup> The transfer request PR declaration system began in FY2023.<sup>6</sup> Rate when the figure for FY2023 is set to 100  
(specialist human resources development training began in FY2023)<sup>7</sup> In FY2024, the content of some training was updated and the target participants limited.<sup>8</sup> Scope: Morinaga & Co., Ltd., factories in Japan and domestic production Group companies<sup>9</sup> Frequency of occupational accidents indicates the number of injuries/fatalities (not including sick or injured due to non-lost work time accidents) due to occupational accidents per one million working hours.

## Outcomes

Increase Engagement\*<sup>1,2</sup>Improve Productivity\*<sup>3,4,5</sup><sup>1</sup> Average positive response rate to the employee awareness survey (3 items) regarding materiality "2. Diversity and Inclusion of People"<sup>2</sup> Scope: FY2022 is domestic Group consolidated basis (full-time employees). FY2023 onward is Group consolidated basis (includes some non-full-time employees)<sup>3</sup> Rate when the figure for FY2022 is set to 100<sup>4</sup> Group consolidated basis (includes some non-full-time employees). Productivity calculated by dividing labor costs by net sales.<sup>5</sup> Productivity will temporarily decline from FY2025 to FY2026 due to an increase in personnel accompanying the construction of a second factory at Morinaga America Foods, Inc.

## Job satisfaction



## Ease of working

## Human Resources Strategy

## // Promotion of Diversity and Inclusion

### ● Basic Philosophy and Positioning

The Group has set the promotion of D&I as an important basic policy for realizing the 2030 Vision.

Based on the idea of “leverage each person’s individuality” employees will build a relationship of mutual trust with one another and create an environment in which they can maximize their individual abilities.

To promote this D&I, the Group is developing a comprehensive human resources strategy. For example, we promote human resources development aimed at autonomous development and demonstration of the capabilities of our diverse workforce, and we support the autonomous growth and diverse career realization of each employee. We will provide an environment where employees can work in good physical and mental health and focus on health and productivity management in an effort to create a state where everyone can perform at their best.

As these initiatives organically connect and D&I progresses, we will expand the opportunities for our diverse workforce to play an active role, promote the active participation of all employees, and strengthen our ability to create new value. This power will be the driving force behind the realization of the Group’s 2030 Vision.

### ● Penetrating Our Stance on D&I

Rather than viewing it as a mere concept, the Group is implementing a gradual and systematic approach to ensure that D&I is spread throughout the company and put into practice.

We provide training on unconscious bias for all employees, training to better understand diversity, and seminars that teach team building in an effort to change behaviors.

Furthermore, we provide training to managers to ensure they have a deep understanding of the Morinaga Group Diversity and Inclusion Policy and are able to accurately identify and resolve issues within their own organizations. Based on the knowledge gained in the training, managers formulate and implement action plans together with their colleagues, promoting change throughout the workplace. To visualize these efforts, the Group has set KPIs for promoting D&I and monitors the progress through an annual employee awareness survey. By checking progress from both quantitative and qualitative perspectives and using this information to improve initiatives, we are increasing effectiveness and sustainability.

 For more information on the Morinaga Group Diversity & Inclusion Policy, please visit our website.  
[https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy\\_diversity.pdf](https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy_diversity.pdf)

### ● Revisions to the Personnel System

In April 2025, we completely overhauled our personnel system to address changes in the external environment and resolve issues with the operation of the current system, as well as to promote D&I and execute a personnel strategy linked to our corporate strategy.

Upon launch, to promote understanding of the revised content, we held meetings to raise awareness where we actively exchanged opinions with employees at approximately 70 business locations. The main points of the system revisions are as follows.



Meeting to raise awareness

#### Main Points of System Revisions

- ① Abolished the mandatory retirement age for managerial positions at age 56 to promote active participation regardless of age
- ② Placed managerial positions under a system in which annual evaluations are directly linked to compensation to emphasize present value
- ③ To encourage union members to take on new challenges, the time required for promotion to managerial positions can now be shortened to as little as three years.
- ④ Introduced a salary grade system to visualize one's position
- ⑤ Added job grades based on expertise to promote the diversity and inclusion of people
- ⑥ Introduced job descriptions to clarify job duties and encourage self-sustaining careers
- ⑦ Reviewed the ratio of ability pay and job pay in basic salary to emphasize work and increased the proportion of job pay compared to the previous system
- ⑧ Added a job-based element to the compensation system to promote the success of employees rehired after mandatory retirement

VOICE

#### Thoughts on Revisions to the Personnel System

In revising our personnel system, we took into consideration changes in the labor environment, such as the shift to job-based employment, and designed a system best suited to Morinaga. We focused on linking the system to our corporate philosophy and corporate strategy, while also placing importance on the process of gaining understanding and empathy internally. Going forward, we will work to spread and utilize this system so that it will be an effective means of ensuring the sustainability of the Company and contributing to society.



**Masahiko Ishida**

Manager,  
Personnel Planning Group,  
Human Resources Division

## Human Resources Strategy

 Link Corporate Strategy and Human Resources Strategy — Optimization of the Human Resources Portfolio

The Group has set a goal of increasing the sales component ratio of the focused domain ("in-", Frozen Desserts, Direct Marketing, and the U.S. businesses) to 60% or more by 2030.

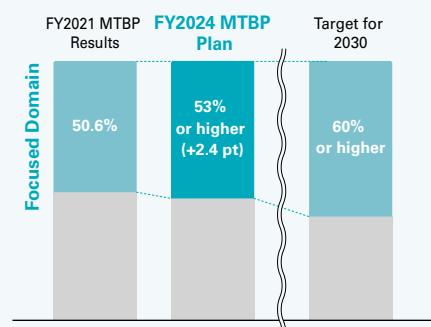
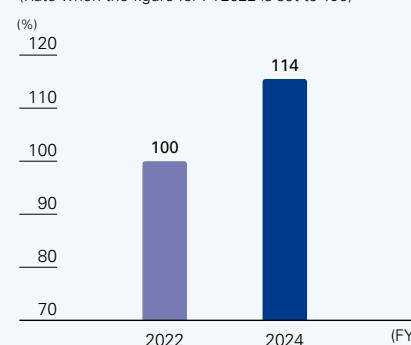
To achieve this, we are increasing the allocation of human resources to the focused domain from a medium- to long-term perspective, based on the role that our human resources strategy should play.

The growth rate of the number of employees in the focused domain in FY2024 (compared with FY2022) is shown in the figure below.

As the labor force in Japan is expected to decline in the future, we will need to secure, develop, and appropriately assign human resources who can drive our business growth. Based on this recognition, we will work to improve productivity and management efficiency throughout the Company by enhancing personnel plans for each division and stepping up subsequent monitoring in cooperation with each business sector.

## Shift to Employee Mix Linked to Business Portfolio

## Focused Domain's Sales Ratio

Workforce Growth Rate of the Focused Domain  
(Rate when the figure for FY2022 is set to 100)

Note: Calculated based on the number of employees in the "in-" Business, Frozen Dessert Business, Direct Marketing Business, and U.S. Business according to the Group's definition.

 Hiring Strategy

Our recruitment activities involve both recruitment of new graduates and mid-career employees.

For new graduate recruitment, we have eight recruitment tracks available to help students visualize their specific career paths. By allowing them to choose their own career path from a wide range of options, we support their growth as independent career owners even before joining the Company. In February 2025, we revamped our recruitment website, adding more interviews with senior employees active in various departments and job descriptions, with the aim of further deepening an understanding of our recruitment tracks.

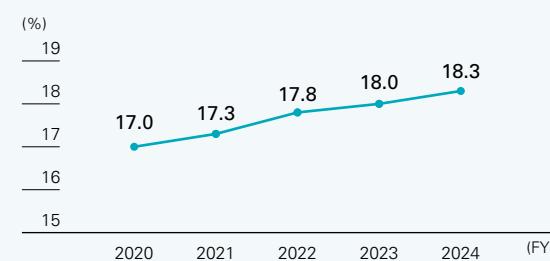
## Revamped Recruitment Website for New Graduates



In mid-career recruitment, we directly promote D&I by actively recruiting talent from outside the Company with diverse backgrounds. Furthermore, to ensure the successful implementation of our corporate strategy, we are actively strengthening recruitment in highly specialized fields.

Through these recruitment strategies, we aim to increase the diversity of our workforce—the driving force behind our company. Although the mid-career recruitment market is highly competitive, we will accelerate our growth into the future by recruiting colleagues who share the Group's corporate philosophy and can work with us to achieve it.

## Ratio of Mid-Career Hires Among All Employees



## Human Resources Strategy

## // Develop Human Resources

### ● Formulation and Promotion of Succession Plans

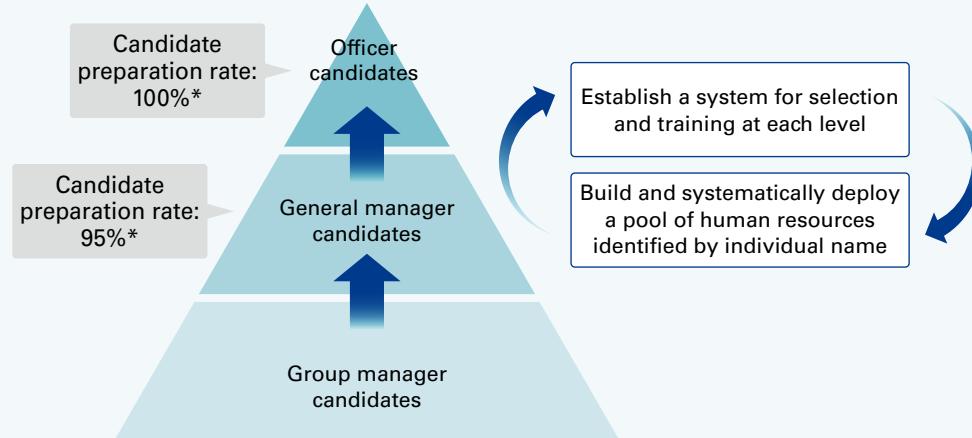
We are implementing initiatives from a medium- to long-term perspective to continuously develop candidates at all levels.

We provide officer candidates with an opportunity to gain self-awareness on topics such as how to be a company-wide leader through one-on-one coaching with a professional. We also send them to external training for one year to learn global standards of management philosophy and values. Through these efforts, we are working to continuously develop personnel who meet the requirements for upper management positions.

For general manager candidates, we send select employees to peer-based training and other programs, where they will discuss social issues and other topics with employees selected from other companies, with the aim of broadening their perspective on society and fostering the ability to co-create with outside parties.

For manager candidates, we provide training to select employees in their 30s to develop the qualities required for the next generation of leaders. In addition, we provide an opportunity for volunteers who have completed the training for future leaders to work a gig at a venture company for a short period of time while still working at Morinaga, thereby gaining the ability to adapt to change through cross-boundary experiences.

#### Succession Planning



\*Result for FY2024

### ● Promotion of Self-Sustaining Career Development

We have placed the concept of "Protean Career" at the heart of efforts to promote self-sustaining careers. As shown in the figure at right, we believe that an increase in the overlap of "Will," "Can," and "Must" among employees is a state in which they are able to achieve a self-sustaining career, and we are supporting their career by combining various initiatives.

In FY2024, we held an interactive career workshop for employees in their 30s in the same workplace. This provided an opportunity for employees to reflect on their own careers by casually sharing their knowledge and experiences with small groups of colleagues in the same profession. Participant comments included, "We got a glimpse into each other that we didn't know about," and "We were able to understand our own strengths and potential for growth and set new goals for ourselves."

In terms of internal systems, we continue to implement an internal job posting system and a transfer request PR declaration system. We provide opportunities for each employee to take ownership of their career, proactively map out their own career path, and take action.

With the launch of the CO-MORI Campus, an internal platform for self-development, in the autumn of 2023, employees can now access a wide range of opportunities and information for self-learning and networking.

As a specific example, we have provided chances for recipients of our internal commendations to take the stage and speak to employees about their own examples and mindsets, thereby widely sharing their success stories. We have also provided opportunities for the Group's products to be featured, with research staff speaking directly about product technology and history, in order to improve employee product knowledge and strengthen internal branding.



#### Ideals for self-sustaining career development

- Our ideal career development—the **Protean Career**—is characterized by the ability to flexibly transform oneself in the face of environmental changes and enhance one's skills and knowledge with the **mindset that a career is individually driven**.
- We seek to integrate "Will, Can, and Must" by ensuring that employees know (identity) and change (adaptability) themselves.



Career workshop for employees in their 30s

## Human Resources Strategy

## ● Further Promoting the Active Participation of Senior Human Resources

Given Japan's declining labor force, starting in FY2022, we began providing self-sustaining career training to employees in their 50s to help them continue to play an active role regardless of age. In addition to unlearning training to reconsider Will, Can, and Must, we conducted a trial workshop in FY2024 to explore and clarify personal strength for realizing Will. We are also seeing behaviors that lead to self-sustaining careers, such as an increase in applicants to cross-boundary workshops and employees obtaining advanced qualifications.

The personnel system revisions in April 2025 will also place emphasis on further promoting the contributions of senior personnel. We are also working to eliminate ageism\* from the perspective of our personnel system by abolishing mandatory retirement ages for managerial positions and changing the compensation system for re-employment after mandatory retirement.

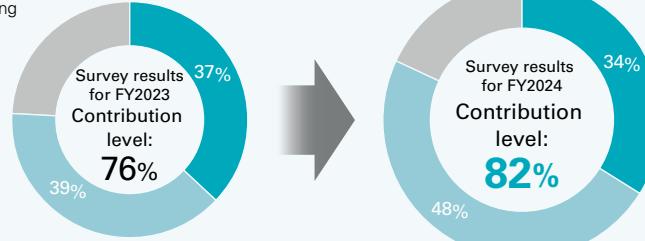
## Our Approach to Unlearning



\*Ageism: Stereotypes and assumptions based on age

We also quantitatively monitor organizational contributions via a survey of division heads who manage senior employees. The level of contribution has been steadily improving year by year, and awareness of the importance of senior personnel playing an active role is taking root not only among seniors but also throughout the Company.

■ Nearly everyone is contributing  
■ Many people are contributing



## ● Securing and Developing Human Resources with Advanced Expertise

We have established a portfolio of highly specialized personnel defined as "human resources with advanced expertise," "human resources who can have an immediate impact," and "human resources undergoing development and growth." At each of these levels, we define the personnel requirements, and formulate and execute recruitment and training plans to strengthen the business foundation and accelerate the implementation of corporate strategy.

In the short term, we actively recruit human resources with advanced expertise, and in the medium to long term, we develop personnel who can execute advanced strategies in the post-growth stage.

We are prioritizing human resources development in three areas: human resources with a global mindset; DX talent; and accounting, finance, and CFO talent. We have been defining our talent profiles since FY2022, and based on this, we have been working to develop human resources who can have an immediate impact since FY2023. As the next step, we introduced a more advanced training program to promote the professionalization of human resources with advanced expertise, by targeting human resources with a global mindset in FY2024 and DX talent along with accounting, finance, and CFO talent in FY2025.

## Specific Initiatives in FY2024



## Human resources with a global mindset

A practical program on overseas management and negotiations, where employees can learn one-on-one with an instructor to foster an immediate impact

## DX talent

Promoting immediate impacts by measuring effectiveness through repeated assessments and e-learning for the DX and IT sectors

## Accounting, finance, and CFO talent

Participants for the online program are recruited from across the company. Employees from various departments took part, expanding areas of professionalization.

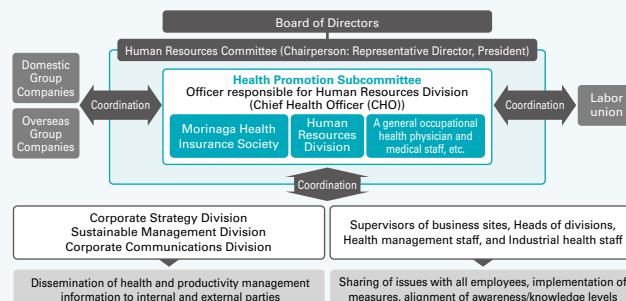
## Human Resources Strategy

# Health and Productivity Management

### Basic Philosophy

Following the Morinaga Group Declaration on Health as its guideline, the Group is advancing initiatives to maintain and improve the “health of mind and body” of its employees and to improve the work environment based on the promotion structure described below. By creating a work environment where employees can work in good health and feel motivated, we aim to energize the organization through improved employee vitality and productivity, as well as to provide sustainable growth of the Group and better value to society.

### Promotion Structure



### Maintain and Advance Health of Mind

Aiming to provide health of mind to employees and customers, we established *Kokoroku*, the six defining building blocks of health of mind in FY2022. We encourage each employee to approach their work aware of *Kokoroku*, with the aim of improving engagement and contributing to business. Specifically, we are working to advance “health of mind” by providing all employees with explanatory materials and videos on “health of mind” and by holding seminars featuring experts in positive psychology to instill an awareness of the importance of fostering positive emotions and well-being.

In addition, we regularly conduct self-care seminars and training for managers to improve health awareness and self-management

skills. The uptake rate for stress checks has remained above 95% since the system was introduced, helping employees to become more aware of stress and improve the work environment. Furthermore, we have put a system in place for employees posted overseas to receive regular follow-up care from occupational health physicians, helping them to thrive in a new environment comfortably.

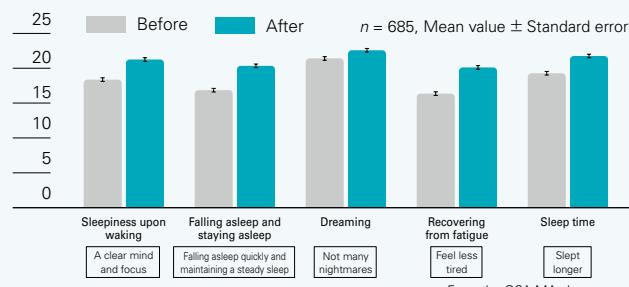


### Maintain and Advance Health of Body

For employees to work energetically and in good health, it is important to maintain “health of body,” which is the foundation for their activities. To promote the health of employees and their families and improve their lifestyle habits, the Group together with Morinaga Health Insurance Society holds its own health promotion event called “Habit.” Under this program, each employee sets health-related goals and improves their exercise and dietary habits. This year marks the 23rd anniversary, with more than 2,200 participants to date, as awareness of health among employees continues to grow.

In addition, the results of last year’s internal survey revealed that many employees have issues with sleep quality. Therefore, we implemented initiatives using our own products. We distributed beverages containing piceatannol to all employees (Morinaga & Co., Ltd., in Japan) and asked them to consume them on an

### In-House Survey Results after Initiatives



ongoing basis. Subsequent survey results showed that more than 75% of participants felt that they had “slept soundly.”

### Initiatives for Occupational Health and Safety

We conduct occupational health and safety activities, a foundation of corporate management, in accordance with the Morinaga Group Occupational Health and Safety Policy.

Regardless of individual differences in age, experience, language, employment relationship, or place of work, we aim to maintain and improve a safe and comfortable working environment for all.

For example, we conduct regular safety training with the highest priority given to the safety and health of employees, thoroughly manage workplace safety, and engage in accident and disaster prevention activities. Every year, new employees who are assigned to sales are given the opportunity to take a safe driving course immediately after their assignment to foster awareness of occupational safety. We also hold labor-management meetings on safety measures with the labor union for constructive discussions on improving the work environment.

The frequency rate for FY2024 was 0.24, an improvement compared with the previous fiscal year thanks to ongoing cross-sectoral efforts.

### External Recognition

Morinaga & Co., Ltd., has been recognized as a 2025 Certified Outstanding Organization of KENKO Investment for Health (Large Enterprise Category), a program jointly run by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi. This marks the eighth consecutive year that we have received this recognition. In addition, Morinaga & Co., Ltd., was certified as a Sports Yell Company 2025, a program run by the Japan Sports Agency. We will continue to promote initiatives to improve the health of our human resources, the foundation of human capital management.



# R&D Strategy



Hiroyuki Watanabe

Executive Officer,  
General Manager of R&D Center

## What we are aiming for in 2030

To strengthen research and development from a medium- to long-term perspective, we will support company-wide business strategies in a cross-functional manner by continuously creating new customer value for the future based on technology.

## /// R&D Strategy for Dramatic Growth

The Group's strengths lie in research and development related to "texture creation," "health of mind," and "health of body." The role of our R&D Center is to further refine these technologies and create new customer value for the future, and we engage in daily R&D activities with this in mind.

With our R&D strategy linked to our corporate strategy, we are working on the following three strategies with an eye toward 2030 and beyond.

① Acquire innovative processing technologies in the three major technologies

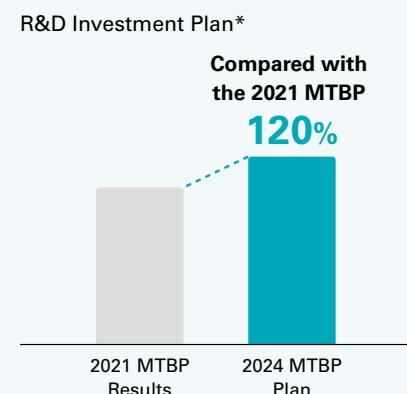
② Further strengthen the wellness domain as a growth strategy

③ Respond to procurement risks and social issues through the acquisition of new technologies

We intend to actively invest in R&D during the 2024 Medium-Term Business Plan. In terms of investments, we plan to increase spending for creating innovation as we promote these three strategies. We are working on open innovation through co-creation activities and joint research with external parties such as start-ups and other private companies, educational and research institutions, and local governments, while also increasing investment in the use of DX to promote the creation of new value for the future.

In addition, strengthening our global response is essential to grow overseas net sales. We are rolling out our technologies from Japan globally to accelerate product development, while also actively engaging in exploration activities for the future.

When it comes to a global response, the challenge is to develop human resources who can respond quickly to local needs. We will also systematically work to develop R&D personnel who have a global mindset and can work across borders.

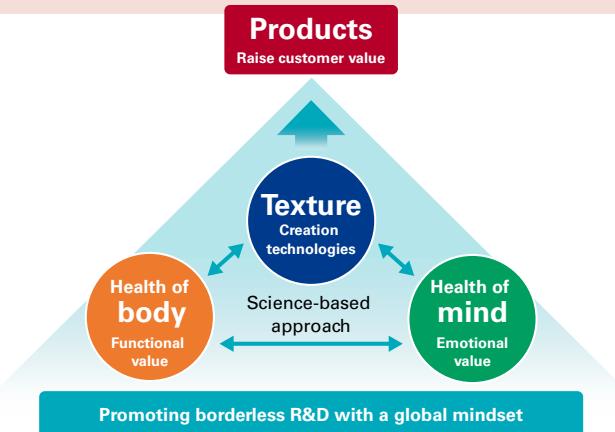


\*Comparison of amount recorded as an expense during the period of the Medium-Term Business Plan

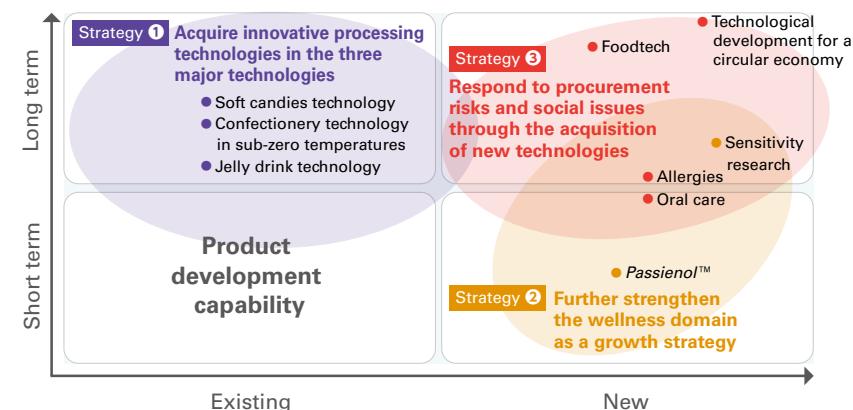
## Role of R&D

### R&D Center that creates new customer value for the future based on technology

- Promoting global R&D activities in the foodstuffs domain with our strengths in "texture creation" and "health of mind and body" research
- Continuing to provide sustainable, high-value-added food to people around the world



## Three Strategies



## R&amp;D Strategy



## As is

- ▶ Stepping up our response to local needs in line with the expansion of global net sales of *HI-CHEW* is a challenge
- ▶ Need to dive deep and explore technologies that utilize data and digital technology, as well as to improve and streamline them
- ▶ In the area of "health of mind," promoting research on sensitivity, and in "health of body," strengthening research on sirtuin genes (longevity genes) for piceatannol
- ▶ Addressing procurement risks in the focused area as well as social issues

## Input

Capital (FY2024)

**Deepening research for new value creation**  
(Results are for FY2024)

- ▶ **R&D expenses:** 3 billion yen
- ▶ External announcements of research outcomes:  
Presentations of papers: 13  
Presentations at conferences: 27
- ▶ **Status of industry-government-academia partnerships (for co-creation):**  
140 private companies  
39 educational or research institutions  
8 local governments

**Creating a comfortable working environment with the theme of promoting co-creation both inside and outside the Company**

- ▶ Prototype rooms without barriers between product categories to promote technological exchanges between groups
- ▶ Open spaces that encourage spontaneous communication
- ▶ Open lab and external co-creation plant where prototypes can be made together with people from outside the Company

## Initiatives to Create New Customer Value

## Strategy ① Acquire innovative processing technologies in the three major technologies

## ● Evolving soft candies technology (localization overseas)

We are utilizing our knowledge gained through the development of *HI-CHEW* to develop products in the gummies category. To express the juiciness, unique texture, and two-layer structure of different colors in gummies, we released *HI-CHEW gummies original* and *HI-CHEW gummies sour* in 2024. These two-layer structures, consisting of a soft center and an easy to bite outer layer, recreate the flavor of real fruit. In addition, we will continue to work on further improving *HI-CHEW REDUCED SUGAR*, which uses less sugar, while keeping a close eye on local needs and trends in the health market in the United States.

● Evolving *Choco Monaka Jumbo*'s moisture absorption suppression technology

To maintain the hallmark crispy texture that is *Choco Monaka Jumbo*'s greatest value, we have succeeded in further reducing the transfer of moisture to the monaka shell by adding moisture-absorbing dietary fiber ingredients to the chocolate coating. Currently, we are working through basic research to identify the factors that affect moisture transfer and clarify the degree of their influence, thereby pinpointing areas where countermeasures are needed and creating optimal technologies. We will continue to hone our technologies and strive to improve the value of our products so that we can always provide the great taste of fresh, crispy textures.

● Improving the quality value of *in Jelly* using AI

The Group is promoting the use of AI to power its product development and working to improve the quality of *in Jelly* using an AI algorithm called Bayesian optimization. To date, our researchers have succeeded in discovering formulations that exceed conventional quality by using unusual combinations. In the future, we plan to expand the use of this AI algorithm to *HI-CHEW* as well. We will further promote the use of AI with the goal of streamlining and enhancing product development.

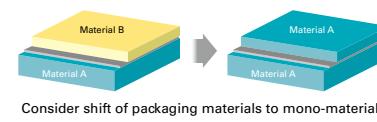
## Strategy ② Further strengthen the wellness domain as a growth strategy

- Initiatives to estimate emotions by measuring brain activity
- Promoting research into emotional value through acoustic analysis of chewing sounds
- Accelerating research into piceatannol and sirtuin genes
- Pursuing sports nutrition research focusing on protein



## Strategy ③ Respond to procurement risks and social issues through the acquisition of new technologies

- Developing containers and packaging with consideration for the environment to realize a circular economy
- Launching initiatives in the fields of food allergies and oral care



Consider shift of packaging materials to mono-materials



## To be

**Continue to create new customer value based on technology**

- ▶ Promoting global R&D activities in the foodstuffs domain with our strengths in "texture creation" and "health of mind and body" research
- ▶ Continuing to provide sustainable, high-value-added food to people around the world

Outcome  
from Provided Value

## 2030 Vision

## We Will Change into a Wellness Company

**By acquiring innovative processing technologies:**

- ▶ Realize the global branding of *HI-CHEW*
- ▶ Utilize DX to create new value and improve customer satisfaction

**By strengthening the wellness area:**

- ▶ In "health of mind," strengthen sensitivity research to provide products and services that reflect true customer experiences and bring smiles to people's faces around the world
- ▶ In "health of body," contribute to helping people around the world live vibrant lives through research on sirtuin genes and sports nutrition

**By responding to procurement risks and social issues:**

- ▶ Realize a sustainable society by promoting technological development toward a decarbonized, recycling-oriented society
- ▶ Contribute to increasing food choices so that customers can experience the joy and happiness of eating without worrying about food allergies
- ▶ Contribute to the creation of new oral care habits that taste good and are enjoyable for everyone, from children to adults

## R&amp;D Strategy

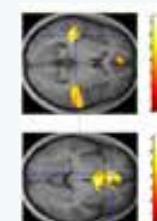
Exploration of New Technologies Strategy 2 Strategy 3

## ● Initiatives to estimate emotions by measuring brain activity

To understand preferences, it is important to understand the conscious and unconscious. For this reason, we are conducting research using fMRI\* to capture the activity of the whole brain. As a result, activity in the auditory cortex and medial prefrontal cortex as well as the correlation between subjective preference suggested that the crispy sound of *Choco Monaka Jumbo* might influence pleasant feelings.

These results were presented at the 20th Spring Meeting of the Japan Society of Kansei Engineering.

\*Technology that visualizes the functional activity of each part of the brain as images.



Top: Auditory cortex  
Bottom: Medial prefrontal cortex

## ● Accelerating research into piceatannol and sirtuin genes

In 2023, a large-scale human trial of piceatannol, a type of polyphenol, was conducted. Additional big data analysis revealed lifestyle habits that affect the expression of sirtuin genes (longevity genes), and the results were presented at the 2025 Annual Meeting of the Japan Society for Bioscience, Biotechnology, and Agrochemistry.

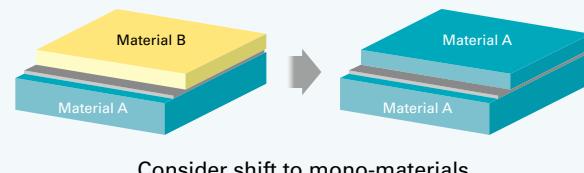
We will further accelerate research into sirtuin genes by participating in Hirosaki University's COI-NEXT, a program run by the Ministry of Education, Culture, Sports, Science and Technology and the Japan Science and Technology Agency aimed at realizing a well-being model for local communities.



Opening ceremony for the joint research course "Wellness Food Innovation (Delicious, Fun, and Healthy Research)" organized by Morinaga & Co., Ltd., and Hirosaki University

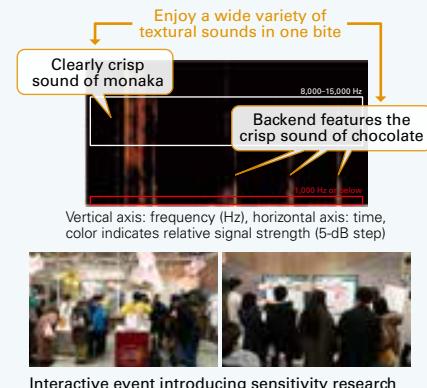
## ● Developing containers and packaging with consideration for the environment to realize a circular economy

For the Group's materiality of "Conserve the Global Environment," we have set "Incorporate environmentally concerned plastic containers and packaging for recycling and reuse" as an action theme. We are conducting research to reduce the amount of plastic used and design packaging that is easy to recycle while maintaining quality. For *HI-CHEW*, we are considering transitioning to mono-material individual packaging.



## ● Promoting research into emotional value through acoustic analysis of chewing sounds

Research into the emotional value of chewing sounds has revealed that foods with complex structures like *Choco Monaka Jumbo* produce a pleasant feeling due to the layered sound of multiple frequencies. These results were presented at the 2024 Annual Conference of the Japanese Society for Sensory Evaluation. We also utilized an event, "Morinaga & Co., Ltd.'s sound and snack," in February 2025 to disseminate information, such as by having customers actually experience it for themselves.



Interactive event introducing sensitivity research

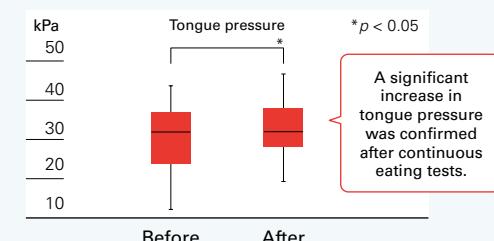
## ● Pursuing sports nutrition research focusing on protein

The Group is focusing on protein research. As protein research advances, it has become clear that consuming certain sources of protein can change the quality of tendons and muscles and increase explosive muscle strength. The results of this research have been published in the academic journal *Medicine & Science in Sports & Exercise*.

Furthermore, it was found that consuming a drink containing this protein and vitamin C for a certain period reduced the increase in discomfort in long-distance track and field athletes who complained of hip joint discomfort. The results of this research were presented at the 11th Annual Meeting of Japan Sports Nutrition Association. We will continue to contribute to people's "health of body" through our protein research.

## ● Initiatives in the field of oral care

In a joint study with Tsurumi University School of Dental Medicine, we confirmed the effect of eating hard chewing candy for four weeks on oral function. These results were presented in a poster presentation by Tsurumi University at the 63rd Annual Meeting of the Japanese Society of Pediatric Dentistry held in May 2025. We also exhibited a corporate booth.

Effects on Oral Function (Tongue pressure)  
Confirmed Before and After the Eating Test

## News release (Japanese Only)

<https://www.morinaga.co.jp/company/newsrelease/detail.php?no=2926>



# DX Strategy



Daisuke Fujii

Director, Managing Executive Officer  
Responsible for DX Promotion Division

## What we are aiming for in 2030

We will transform our value creation process with digitalization and stay ahead of the competition while responding to changes in the operating environment.

## DX Strategy to Ensure the Achievement of the 2030 Business Plan

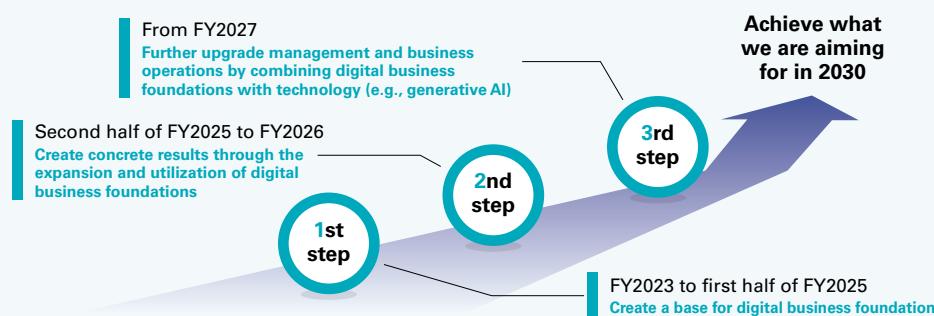
There have been changes in the business environment brought about by the rapid digitalization of society, such as advancements in communication technology and widespread adoption of AI, big data, and IoT. Given this, the Group is advancing a DX strategy, fully aware of the importance of improving productivity, strengthening its business foundation and enhancing security measures. Following our existing basic policy, we will implement initiatives to steadily implement the 2030 Business Plan, aiming to achieve sustainable growth and increase corporate value.

### Basic Policy

1. We will digitalize all internal and external information as assets and build and expand our digital business foundation.
2. We will combine technologies such as AI with the digital business platform to contribute to the creation of new businesses, the evolution of existing businesses, and the advancement and efficiency of frontline operations.

## Three Steps of Our DX Road Map

To achieve what we are aiming for in 2030, we are advancing digital transformation in three steps. We have been working to establish a digital business foundation, and from FY2025 onward, we aim to produce concrete results through its expansion and utilization. Furthermore, by incorporating cutting-edge technology, we will upgrade our management and business operations, making the achievement of our 2030 Business Plan increasingly certain.



## 1st step: Create a Base for Digital Business Foundations

To achieve our 2030 Business Plan, we have launched a company-wide DX project with the aim of building a foundation for data-driven management. This project aims to improve the efficiency and sophistication of operations by utilizing digital technology and standardizing operations and systems. The main initiatives and results of the first step, including initiatives currently under way, are as follows:

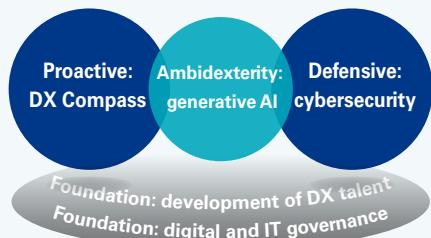
Migration of the core system in Japan	<ul style="list-style-type: none"> <li>• Add-on development reduction rate through Fit to Standard*: 54%</li> <li>• 94 business processes redefined through Fit to Standard</li> <li>• 51 new operation manuals created in conjunction with core system migration</li> </ul>
Establishment of standard policy across the Morinaga Group	<ul style="list-style-type: none"> <li>• First deployment of the core system to an overseas base (Morinaga America Foods, Inc.)</li> <li>• Formulation of a standard business model for the Morinaga Group</li> <li>• Establishment of a Group IT governance review scheme</li> </ul>
Upgrading of supply chain management	<ul style="list-style-type: none"> <li>• Improved efficiency with the integration of supply and demand planning for sales, logistics, and production</li> <li>• Standardization of factory production plans</li> <li>• Advanced raw material cost simulation</li> <li>• Reduction of adjustment work using Excel, including the above, by 25,000 hours/year (estimated)</li> </ul>

\*Changing business operations to fit the standard functions of the system, rather than developing systems or changing functions to fit the business operations

## 2nd step: Create Concrete Results through the Expansion and Utilization of Digital Business Foundations

### Effective Results through Five Strategies

The second step requires further expansion of the digital business foundation and the realization of benefits through its utilization. To achieve this, we have formulated five new strategies (see diagram at right) and are now implementing them. As a proactive strategy, we have developed omni-directional digital initiatives to achieve our 2030 Business Plan, centered on the DX Compass. As a defensive strategy, we are working to strengthen our security system with an eye toward staying one step ahead of digital initiatives.

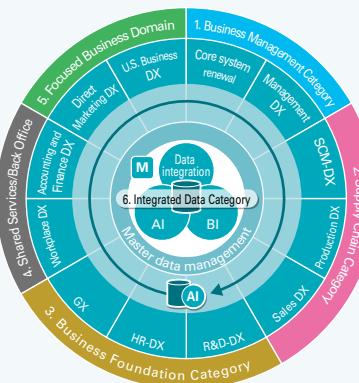


## DX Strategy

## ● DX Compass Omni-Directional Digital Initiative

We established DX Compass (see image at right) as a comprehensive digital initiative to support a wide range of categories. This compass defines six categories and 13 DX themes, and we are advancing various actions with the aim of realizing results during the next business plan period.

The main initiatives are outlined below.



Category	DX Themes	Action Details
Focused Business Domain	U.S. Business DX	Renewal of core system aimed at enhancing management, optimizing the supply chain, and improving operational efficiency.
Supply Chain Domain	SCM-DX	Optimize the supply chain and improve demand forecasting by establishing a data-based PDCA system.
	Sales DX	Introduce SFA* to improve productivity through organizational optimization and stronger sales capabilities.
Business Foundation Category	HR-DX	Implement a talent management system to promote diversity and inclusion and execute a human resources strategy linked to the business strategy.

\*Acronym for Sales Force Automation. A system for efficiently and effectively managing, supporting, and automating sales activities.

By advancing these digital initiatives, we will achieve our 2030 Business Plan.

## ● Expansion of AI Use in Business Operations

Starting in June 2024, we began providing MORI AI Chat, an in-house generative AI tool. At the same time as rolling it out company-wide, we are also establishing usage rules and holding trial sessions and study sessions to create a system in which employees can use the latest technology with peace of mind.

Going forward, in addition to strengthening functions for referencing internal information, we will focus on initiatives to improve literacy, aiming to produce even greater results. We are also considering introducing an AI assistant for business support to further improve productivity. Furthermore, we will not only use generative AI but also other forms of AI in a variety of fields, including supply chain management, human resources, and security, to automate business processes and improve decision-making.

## Three Steps for Exploring the Potential of Generative AI for Business Applications

Step 1: 2024 Promoted utilization in business operations	Rolled out company-wide and expanded/entrenched scope of use Examples: information summarization and idea brainstorming
Step 2: 2025 Promote business process streamlining	Strengthen response functions and expand applicable operations by linking company information Examples: news release preparation and data analysis
Step 3: 2026 onward Promote business process upgrading	Flexibly support thinking and work according to individual backgrounds, encouraging a shift of resources to high-value-added work Examples: assistant for simple business processes

## ● Digital and IT Governance as well as Cybersecurity

To strengthen cybersecurity measures and governance across our global operations, we established a security framework for the Group based on NIST CSF\*1 in FY2024. Following this, we comprehensively identify issues from all aspects of organization, regulations, and technology, and formulate and promote a medium-term plan. Specifically, we are considering launching an in-house CSIRT,\*2 establishing regulations, and revamping the network infrastructure of the entire Group. By steadily implementing these security measures, we will strengthen our business foundation and contribute to achieving the 2024 Medium-Term Business Plan and 2030 Business Plan.

\*1 A framework for cybersecurity risk management developed by the National Institute of Standards and Technology (NIST) in the United States and used by many companies and organizations around the world

\*2 An acronym for Computer Security Incident Response Team, a specialized team that responds to security incidents

## ● Organizational Structure and Human Resources Development for the Five Strategies

To demonstrate expertise and implement the five strategies and initiatives more quickly and reliably, we changed our organizational structure (see diagram at right) in FY2025. In addition, we have broadly divided our DX talent into two categories and are working to develop personnel who will further accelerate our DX strategy.



DX Promotion Talent	As persons who can promote digital initiatives at a high level, DX Promotion Talent will acquire the skills to promote DX and accelerate DX for the Group.
Digital Technology Utilization Talent	As persons who proactively utilize digital technology, Digital Technology Utilization Talent will acquire DX literacy and improve the efficiency of their own work.

For DX Promotion Talent, we established a training cycle in FY2024 and began training initiatives.

For Digital Technology Utilization Talent, we began building a training cycle in FY2025 and will work to improve employees' DX literacy.

# Sustainable Value Chains

Relevant Stakeholders Customers Employees Business partners Local communities Global environment

## Toward 2030

Taking actions to address social issues relevant to our businesses across the entire value chain in contributing to a sustainable society.

### Long-Term Targets for 2030

- Sustainable procurement of raw materials: 100% for cacao beans, palm oil, and paper<sup>\*1</sup>**
- CSR supply chain management: Implement for 80% or more of raw materials' transaction value<sup>\*2</sup>**
- Food loss and waste reduction: Food loss and waste reduced by 70% or more from receiving of raw materials to delivery (distribution)<sup>\*3</sup>**

\*1 Group consolidated basis excluding food merchandise. Paper covers product packaging only.

\*2 Group consolidated basis

\*3 Domestic Group consolidated basis. Intensity; compared with FY2019

## Contribute Toward a Sustainable Society

With the intensifying severity of social issues including climate change, all stakeholders are expected to address these issues in accordance with their own abilities and responsibility. The Group will also work throughout the value chain to provide "health of environment" to society. We believe that human rights and environmental issues at the agricultural raw material production stage, as well as social and environmental issues and food loss and waste reduction that arise in the supply chain for procuring raw materials, are issues that need to be addressed. Toward this end, we are promoting the sustainable procurement of raw materials, CSR supply chain management, and the reduction of food loss and waste.



## Promote Sustainable Raw Materials Procurement

For main raw materials, including cacao beans, palm oil, and paper, we aim to switch to sustainable sources by 2030.

Cacao beans, a key raw material for chocolate, are associated with a range of social issues including human rights issues such as working conditions, poverty, and child labor, and environmental issues such as deforestation. Since FY2020, we have been promoting the procurement of certified cacao beans (e.g., Cocoa Horizons-certified cacao<sup>\*1</sup> supplied by the Barry Callebaut Group), which contributes to sustainable procurement, and we aim to have 100% of the cacao beans used in Morinaga & Co., Ltd., confectioneries manufactured in Japan procured from sustainable sources by FY2025.

Illegal logging and human rights problems in producing regions of palm oil, which is extracted and refined from oil palm trees, have become social issues. The Group has promoted the procurement of certified palm oil (RSPO<sup>\*2</sup>-certified raw materials) and achieved 100% sustainable procurement of palm oil used for our products in Japan in March 2024.

Sustainable procurement of timber resources for raw paper material is in demand as resources continue to decline worldwide due to deforestation and illegal logging. The Group has been procuring FSC<sup>®</sup>-certified paper<sup>\*3</sup> (some specialty papers are recycled paper or certified paper by a third-party organization) and other materials and has been working to switch all Morinaga & Co., Ltd., products manufactured in Japan to sustainable paper. We will continue to promote the sustainable procurement of raw materials.

\*1 Cocoa Horizons—cacao supplied by the Barry Callebaut Group are cacao beans using the Cocoa Horizons Foundation's mass balance method (certification model that combines certified and non-certified raw materials).

\*2 RSPO: Roundtable on Sustainable Palm Oil. The RSPO is involved in the development and operation of the sustainable palm oil certification scheme.

\*3 FSC®N003064

### Sustainable Procurement Medium-Term Targets and Progress

Long-Term Targets <sup>*1,2</sup>	Medium-Term Targets <sup>*2</sup>		Results for FY2024 <sup>*2,3</sup>	
Cacao beans	Group consolidated basis: 100%	Scope: Morinaga products in Japan	FY2025: 100%	78%
Palm oil			FY2023: 100%	100%
Paper			FY2022: 100%	100%

\*1 Group consolidated basis excluding food merchandise. \*2 Paper covers product packaging only. \*3 Scope: Morinaga products in Japan

#### Morinaga Group Procurement Policy

<https://www.morinaga.co.jp/company/english/sustainability/valuechain/procurement.html>



### One Chocolate for One Smile Initiative to Improve Chocolate Sustainability

The One Chocolate for One Smile campaign has been run by Morinaga & Co., Ltd., since 2008 with the aim of improving the sustainability of chocolate. Together with our supporting partners\*, we are working to address child labor issues and improve the educational environment in cacao-producing areas, and to increase the income of cacao farmers. We value the fact that this campaign is driven by the participation of customers. These customer-driven actions help to support cacao-producing regions. Hoping to continue providing chocolate for 100 years to come, we will continue our activities to protect the future supply chain, with the desire to pass on the smiles of everyone, both chocolate eaters and children in cacao-producing countries, to the future.

\*Plan International Japan and ACE

One Chocolate for One Smile (Japanese only) <https://www.morinaga.co.jp/1choco-1smile/>



**Keita Watanabe**

Corporate  
Communications Division

## Sustainable Value Chains

## // Promote the CSR Supply Chain Management

We are working together with our raw material suppliers to prevent human rights, labor, and environmental issues within the supply chain. Specifically, the Morinaga Group Supplier Guidelines formulated in June 2021 serve as a foundation for establishing a fair, just, and highly transparent relationship with our suppliers in promoting procurement activities with consideration to society and the environment.

### The Morinaga Group Supplier Guideline

[https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy\\_supplier-guideline.pdf](https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy_supplier-guideline.pdf)



## CSR Procurement Survey

To better understand the ESG measures of our raw material suppliers, in October 2024, we conducted a CSR procurement survey\* of the 50 main business partners of Morinaga & Co., Ltd. (Japan).

Since the last survey was conducted in 2021, the average score for both raw materials suppliers and ingredients suppliers has improved, resulting in an overall increase of 3 percentage points. By category, quality and safety received high scores above 95% for both raw materials and ingredients, while the supply chain and coexistence with local communities for raw materials received slightly lower scores.

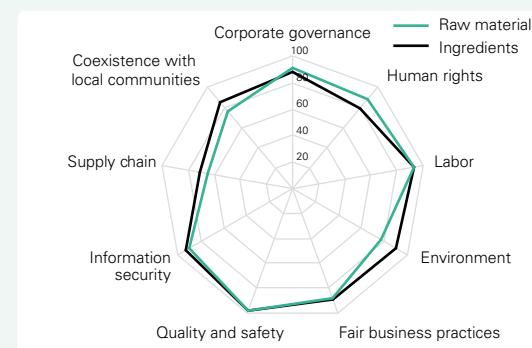
We will review the details of the survey responses, and depending on the nature of low score items, we will communicate appropriately with suppliers and work together to make improvements.

The Group will continue to conduct regular monitoring, build strong long-term partnerships with suppliers, and engage in activities in accordance with the Morinaga Group Supplier Guidelines, with the aim of realizing sustainable procurement.

\*Uses an evaluation of items such as the environment and human rights based on the Global Compact Network Japan's CSR Procurement Self-Assessment Questionnaire

### FY2024 Results of the CSR Procurement Survey

	Companies Received and Responded	Raw Material Purchase Share	Average Score	Avg. Score Change (pp)
Raw Materials	37 companies	81%	87%	+4
Ingredients	13 companies	82%	90%	+2
Total	50 companies	—	88%	+3



## // Promote Food Loss and Waste Reduction

We believe that reducing food loss and waste is a responsibility that food companies must take seriously. We will continue to achieve our targets by improving loss reduction in the manufacturing process and promoting waste recycling at distribution centers. To maintain this reduction rate in the years that follow, we will promote various company-wide initiatives.

### Food Loss and Waste Reduction Long-Term Target and Progress\*



\*Scope: From receiving raw materials to product delivery (distribution) (Domestic Group consolidated)  
Intensity [Annual Food Loss and Waste Amount (t) ÷ Annual Production Weight (t)]  
(Compared with FY2019)  
Food loss and waste is defined as food that has been processed and disposed of by incineration, landfill, or other means, except for food waste that has been returned to the circulation of food resources, such as feed and fertilizer.

### 2 steps to reducing food loss and waste

#### ① Reduce food loss and waste

##### Don't generate waste

- Improved productivity through further optimization of manufacturing conditions
- Reduced non-standard products by reviewing equipment and processes



Achieved a **100%** food recycling rate at Morinaga Group's production sites\* in FY2024

\*Four factories of Morinaga & Co., Ltd., and three production-related affiliated companies under ISO 14001 multi-site certification

## ● Co-Creation with External Parties to Reduce Food Loss and Waste

We collaborate with external parties to undertake a variety of initiatives.

### With Osaka Prefecture

As a participant of the Osaka Food Loss and Waste Reduction Partnership System, we donate products through food banks, promote food loss reduction awareness recipes in stores, and hold seminars for businesses.



### With Retailers

We do not discard non-standard products produced during manufacturing, but rather sell them at discounted prices.

**This has saved approximately 120 tons\* of three products**

\*FY2024 results



# Conserving the Global Environment

Relevant Stakeholders 

## Toward 2030

Aiming to provide "health of environment" to society, we are minimizing environmental impacts in our business activities and conducting environmental conservation activities from a medium- to long-term perspective.

### Long-Term Targets for 2030 and 2050

- **Goal of net-zero GHG emissions by FY2050<sup>1</sup>**
- **30% or more reduction in CO<sub>2</sub> emissions by FY2030<sup>2</sup>**
- **25% or more reduction in plastics used for in Jelly products by FY2030<sup>3</sup>**

<sup>1</sup> Group consolidated basis <sup>2</sup> Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

<sup>3</sup> Target: Amount of plastics used in packaging materials (intensity; compared with FY2019; including replacement with biomass plastics)

## Provide Health of Environment to Society

Global environmental issues such as climate change, loss of biodiversity, pollution, and waste could have a medium- to long-term impact on the Group's business operations and performance. Aiming to provide society with "health of environment," we will accelerate our efforts to appropriately and strategically protect the environment based on the Morinaga Group Environmental Policy.

To advance this initiative, the Production Administration Division and the Sustainable Management Division have been joining forces to establish the Environment Integration Office. This office is in charge of building an environmental management system that complies with ISO 14001 in cooperation with each factory. We will continue to work to reduce environmental impacts through our business activities and achieve the sustainable growth of the Group.

 **Morinaga Group Environmental Policy**  
[https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy\\_environment.pdf](https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/policy_environment.pdf)  
 For our Environment Management Promotion System and Business Sites with ISO 14001 Certification, please refer to our corporate website.  
<https://www.morinaga.co.jp/company/english/sustainability/environment/#anchorPromotionSystem>

## Response to Climate Change Issues

To contribute to realizing a decarbonized society, we are promoting carbon management including energy conservation and the introduction of renewable energy to achieve the long-term goal of net-zero greenhouse gas emissions by 2050.

In FY2024, we started receiving solar power generated by Takasaki Morinaga and introduced a renewable energy power plan at our Head Office building and the Tsurumi Site,<sup>1</sup> which houses the R&D Center and a



factory. This enabled us to reduce CO<sub>2</sub> emissions by more than 6,800 tons, a 15% reduction compared with FY2018 and a 10% reduction compared with the previous year.

Looking ahead, we are considering introducing renewable energy power plans at the Mishima Factory and Morinaga Angel Dessert Co., Ltd.

In addition, each factory has shared a common understanding of our approach to achieving decarbonization targets (see figure at right) and is actively working on energy-saving activities to achieve decarbonization. In FY2024, we were able to reduce utility costs by a total of approximately 57 million yen at our seven production factories.

We are considering obtaining SBT certification<sup>2</sup> in the future. To achieve these externally certified targets, the entire company will work together, led by the Environment Integration Office, to engage in production activities aimed at providing society with "health of environment."

<sup>1</sup> Tsurumi Factory, R&D Center, MORIUM, Yokohama Branch Office, Morinaga Shoji Co., Ltd., Morinaga BioScience Inc., Morinaga Business Partner Co., Ltd., etc., located in Tsurumi-ku, Yokohama City, Kanagawa Prefecture

<sup>2</sup> SBTi, an international initiative, certifies that companies' greenhouse gas emission reduction targets are in line with the standards required by the Paris Agreement.

### VOICE

## Promoting Spontaneous Action through a Change in Awareness Energy-Saving Project at the Oyama Factory

The Oyama Factory began an energy-saving project in FY2023. We believe that energy savings will not be achieved unless the manufacturing site itself changes its mindset. Based on the concept of "not forcing but rather having the site take the initiative and think about energy conservation," the factory takes the lead and works closely with the Head Office to create monthly energy-saving strategies. Even if an energy-saving idea is small, we calculate and visualize its effect, and by incorporating the opinions of various people and thinking and working together, we are realizing voluntary energy savings on-site. As a result, we achieved a significant reduction in power consumption in FY2024. The results of our activities can be checked immediately through data, which makes them more rewarding. We will continue to promote voluntary energy-saving activities throughout the factory.



**Yuto Tomita**

Team Leader, Energy Conservation Promotion Team,  
Equipment Group,  
Oyama Factory

## CO<sub>2</sub> Emission Reduction: Long-Term Target and Progress\*

### FY2024 Result



### FY2030 Target



\* Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

 The CO<sub>2</sub> emissions chart is available on the following pages.

[P5 Non-Financial Highlights](#)

[P80 11-Year Summary](#)

## Approach to Achieving Decarbonization Targets

### I. Energy conservation (operational improvement)

• Main initiatives  
Air and steam leak repair  
Insulation repair and setting changes of equipment

### II. Energy conservation (facilities renovation)

• Main initiatives  
Renewal of aging equipment (e.g., air conditioners)

### III. Renewable energy

• Main initiatives  
Considering installation of a solar power generation system  
Introducing renewable energy electricity plans

\*1 Technology that collects thermal energy from the air and uses it for air conditioning and hot water supply without burning fossil fuels.

\*2 Acronym for air handling unit. A large air-conditioning system installed in large buildings.

## Conserving the Global Environment

## Promotion of Environmental Consideration in Containers and Packaging

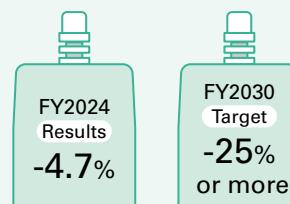
In recent years, marine pollution by plastic waste has become serious, attracting growing concern globally. The Group has established a long-term goal to reduce plastic use in the packaging material for mainstay *in Jelly* products. With this long-term goal as a starting point, we will work toward achieving a resource circulating society.

### Environmental Initiatives in the Containers and Packaging of Major Brands

#### ▶ Reducing the Weight of Plastic Products

To reduce plastic usage, we aim to design packaging that is considerate of the environment for all Morinaga & Co., Ltd. products. Among these, we have improved the cap of *in Jelly* four times since its launch in 1994, making it easier to open while reducing plastic usage, achieving both increased convenience for customers and consideration for the environment. The larger the diameter of the cap, the easier it is to open, so achieving both ease of opening and reducing plastic usage is not an easy task, but we were able to achieve this with the cooperation of our materials suppliers. We will continue to improve the shape of the cap and straw, and evolve our packaging.

Plastic reduction target for *in Jelly* products and progress\*



\*Target: Amount of plastics used in packaging materials (intensity; compared with FY2019; including replacement with biomass plastics)

#### ▶ Use Materials with Concern for the Environment



**BIG Chocoball**  
With biomass  
plastic film



**Chocoball large pouch**  
With biomass ink

#### ▶ Promote Recycling

Together with TerraCycle Japan G.K., we are implementing an initiative to collect empty jelly containers and recycle them into new plastic products.



### Introduction

## // Sustainable Use of Water Resources

Climate change is increasing the risk of frequent natural disasters, such as droughts and floods, and increasing areas facing water shortages. Water resources are essential for the business activities of the Group, and we believe that properly understanding water stress\* and the efficient use of water resources are important for promoting business activities.

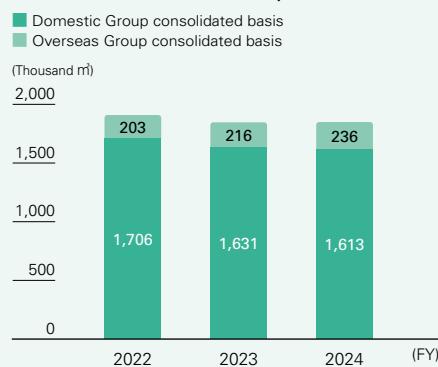
To confirm our dependencies and impacts on natural capital, we conduct water stress assessments and water withdrawal surveys in the regions where we have production bases. In addition, all our factories in Japan and overseas strictly manage their water intake and discharge in accordance with laws and regulations and have obtained third-party assurance of water usage.

In areas assessed as having high water stress, we visit the site to conduct on-site surveys and take measures as necessary. In 2025, following last year's survey of Morinaga (Zhejiang) Co., Ltd. in Zhejiang Province, China, we conducted a survey of Morinaga America Foods, Inc., in North Carolina, USA. As a result, we have confirmed that the main water source for the production site is a vast lake, and that it is a stable water resource. Through various initiatives, we received an A- rating for water security from CDP an international NGO.

We will continue to strive to appropriately understand water stress and use water resources efficiently through water risk management that is tailored to the actual situation.

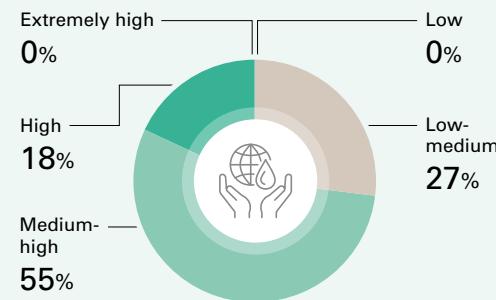
\*A state in which water supply and demand is tight. Water stress occurs when the maximum available water resources per capita fall below 1,700 m<sup>3</sup>.

#### Amount of Water Consumption\*



\*Figures for FY2023 onward are assured by a third-party, LRCQ Limited.

#### Water Stress Evaluation of All Production Sites (FY2024)



Scope: Four factories of Morinaga & Co., Ltd. (Yokohama, Kanagawa; Oyama, Tochigi; Mishima, Shizuoka; Anjo, Aichi), four affiliated production companies (Takasaki, Gunma; Yamato, Kanagawa; Tosa, Saga; Amagasaki, Hyogo), and three overseas production sites (North Carolina, USA; Taipei, Taiwan; Zhejiang, China)

## Conserving the Global Environment

## Response to the TCFD/TNFD Recommendations

(Climate Change, Natural Capital, and Biodiversity)

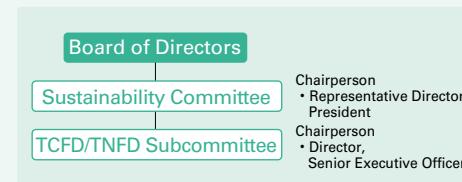
The Morinaga Group recognizes that climate change is an important issue that affects the continuity of its operations and sustainable growth. The Group relies on a large amount of natural capital for its business, and the maintenance and conservation of natural capital and biodiversity is also an important theme for our initiatives. Because climate change and the issues of natural capital and biodiversity are closely related, we are taking an integrated approach to these issues as we proceed with our responses.

### Governance

The Group's sustainability promotion system is supervised by the Board of Directors and consists of five subcommittees under the Sustainability Committee, chaired by the Representative Director, President. Each subcommittee conducts specialized studies and implementation activities.

Regarding climate change, natural capital, and biodiversity, the TCFD/TNFD Subcommittee, chaired by the Director, Senior Executive Officer in charge of the Sustainable Management Division, plays a central role. It analyzes the risks and opportunities related to climate change; assesses dependence and impacts on natural capital; sets indicators and targets; and considers, promotes, and monitors the progress of countermeasures in line with the recommendations of the TCFD and TNFD. The results of reviews and progress are deliberated by the Sustainability Committee. In turn, findings are reported to the Board of Directors, which also supervises the status of activities.

### Review and Promotion System



### Risk Management

The Morinaga Group's Total Risk Management Committee, which is chaired by the Representative Director, President, identifies risks, evaluates the severity, reviews countermeasures against these risks, monitors progress, and manages and addresses risks appropriately. Climate change and other risks are managed and addressed appropriately as management risks by the same committee. In addition, risks associated with the analysis and assessment following the TCFD and TNFD recommendations are managed by the TCFD/TNFD Subcommittee and deliberated on by the Sustainability Committee. The details of discussions held by both committees are reported to the Board of Directors, which oversees the progress of risk management.

Based on the above, management conducts business operations after carrying out appropriate oversight of company-wide risks.

### Strategy

#### Analysis of Climate Change

In the process of identifying risks and opportunities of climate change, Morinaga established the 4°C, 2°C, and 1.5°C scenarios for its domestic food manufacturing business. Based on the information released by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA), we used these scenarios to analyze the impacts in Japan in 2030 and 2050. The table below contains examples of the risks and opportunities, and responses to them.

For more detailed information, please refer to "Information Disclosure Following the TCFD Recommendations" on our corporate website.  
<https://www.morinaga.co.jp/company/english/sustainability/environment/climate-change/tcfd/>

#### Examples of the Morinaga Group's Important Risks

Category	Subcategory	Risk Factors	Impact on Operations	Importance	Response
Transition Risks	Policy and Regulation	Spread of GHG emissions pricing and stricter GHG emissions reporting obligations	Rising energy costs and logistics costs caused by the introduction of carbon taxes	Medium	<ul style="list-style-type: none"> <li>Promote initiatives aimed at the CO<sub>2</sub> emission reduction target</li> <li>Promote visualization of CO<sub>2</sub> emissions at factories, implement energy conservation measures, and establish a highly efficient production system through reorganization</li> </ul>
		Stricter energy conservation policy	Rising capital cost investment for manufacturing facilities due to the Company's response to energy conservation	Large	
Physical Risks	Chronic	Changes in rainfall patterns and extreme changes in weather patterns	Rising raw material and development costs due to quality deterioration and yield reduction of crops	Large	<ul style="list-style-type: none"> <li>Promote raw materials procurement in consideration of the environment in line with the Procurement Policy and Supplier Guidelines</li> <li>Purchase raw materials from multiple suppliers (or multiple sites)</li> </ul>

#### Examples of the Morinaga Group's Important Opportunities

Category	Opportunity Factors	Impact on Operations	Importance	Response
Resource Efficiency	Development and use of efficient production and distribution processes	Declining manufacturing and transport costs	Large	<ul style="list-style-type: none"> <li>Promote efficient production activities by rebuilding the production system and creating smart factories*</li> <li>Establish more efficient system/transport logistics and deliveries with fewer environmental impacts</li> </ul>
Products and Services	Adaptation to climate	Rising demand for <i>in Jelly</i> and frozen desserts due to global warming	Medium	<ul style="list-style-type: none"> <li>Increase sales of <i>in Jelly</i> and frozen desserts</li> </ul>

\*Smart factory: Using IoT and AI technologies to integrate the technology and digital data of production equipment to ensure stable operations and increase production efficiency

## Conserving the Global Environment

## ▶ Analysis of Natural Capital

Using the TNFD framework and the LEAP approach\*1 advocated by the TNFD as a reference, we analyze the Group's dependencies and impacts on natural capital.

We confirmed the dependencies and impacts of the Group's main business of food product manufacturing and confirmed the dependencies and impacts regarding production of cacao, palm, and wood (paper), among the Group's main raw materials. The production of food products is particularly dependent on the supply of water. We understand that the production of cacao, palm, and wood (paper) depends on many forms of natural capital such as good quality soil, water, and climate adjustment, and that the expansion of farmland and deforestation might affect biodiversity.

 For more detailed information, including an analysis of risks and opportunities, please refer to "Maintenance and conservation of natural capital and biodiversity" on our corporate website.  
<https://www.morinaga.co.jp/company/english/sustainability/environment/biodiversity.html>

\*1 An integrated approach to assessing nature-related dependencies and impacts. Four steps are recommended: Locate (discovery of interfaces with nature), Evaluate (diagnosis of dependencies and impacts), Assess (assessment of risks and opportunities), and Prepare (preparation for response and disclosure).

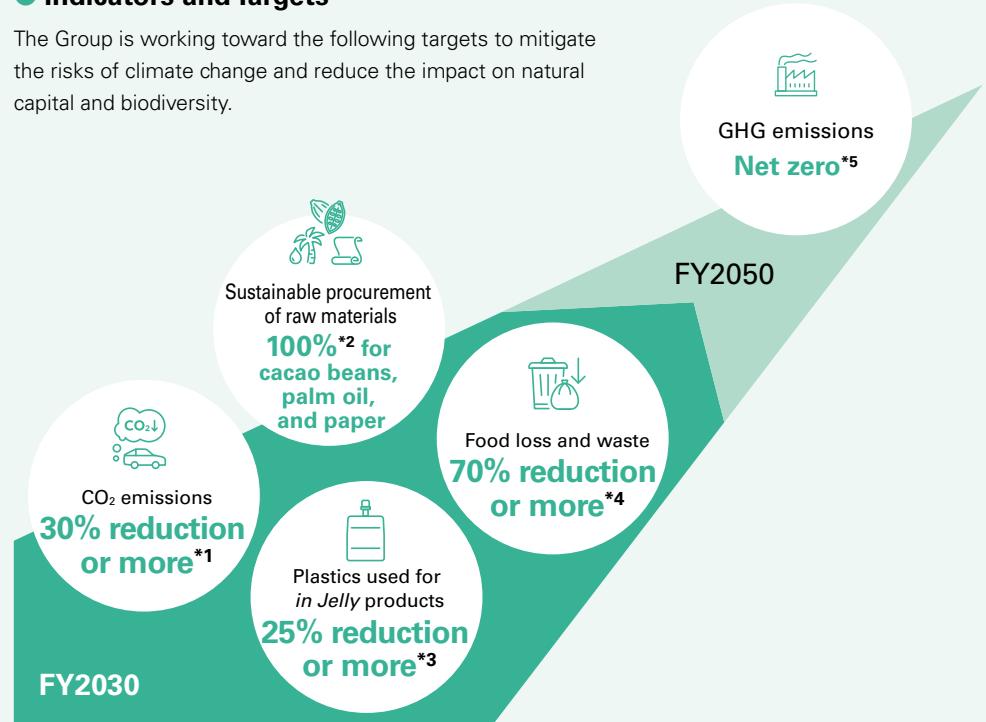
## Assessment of Dependencies and Impacts on Natural Capital\*2

		Category			
		Food product manufacturing	Cacao	Palm	Wood (paper)
Dependencies	Ecosystem services	Good quality soil	●	●	●
		Good quality water	○	○	○
		Conserve ecosystems			○
		Pollination	○	○	○
		Prevent landslides	○	●	●
		Prevent fires	○	○	●
		Prevent harmful insects and diseases	○	●	○
		Ease of weeding	○	○	○
		Prevent high temperatures	●	●	●
		Prevent tropical cyclones	○	●	●
Impacts	Provisioning services	Supply of water	●	○	●
		Supply of wood			●
		Changes in nature caused by the expansion of farmland, the use of rivers, and other factors	●	●	●
		Deforestation	●	●	●
		Pollution of soil, water, and air	○	●	○
Environmental factors		Impacts on protected areas and conservation areas	●	●	●
		Impacts on important regions for biodiversity	○	○	○
		Impacts on other important regions	○	○	○
		Impacts on ecosystems	●	●	○

\*2 A total of 25 items were assessed, with 19 listed as having a high degree of dependence or impact

## ● Indicators and Targets

The Group is working toward the following targets to mitigate the risks of climate change and reduce the impact on natural capital and biodiversity.



We will continue to deepen our understanding of the situation regarding climate change, natural capital, and biodiversity, and work to achieve our targets.

\*1 Scope 1 + 2 (domestic Group consolidated basis; compared with FY2018)

\*2 Group consolidated basis excluding food merchandise. Paper covers product packaging only.

\*3 Scope: Amount of plastics used in packaging materials (intensity; compared with FY2019; including replacement with biomass plastics)

\*4 Scope: Food loss and waste occurring from receipt of raw materials to delivery (distribution) (domestic Group consolidated basis; intensity; compared with FY2019). Food loss and waste is defined as food that has been processed and disposed of by incineration, landfill, or other means, except for food waste that has been returned to the circulation of food resources, such as feed and fertilizer.

\*5 Group consolidated basis

# Initiatives for Human Rights

Relevant Stakeholders Customers Employees Business partners Local communities

## Toward 2030

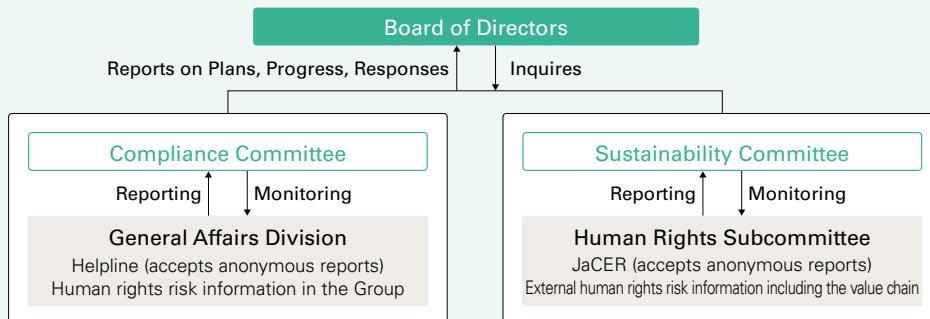
We will engage in business while respecting global principles and guidelines so that everyone in the world can leverage their individuality and protect their rights.

## Human Rights Management System

The Group aims to continue providing “health of mind, body, and environment” to customers, employees, and society. Furthermore, establishing respect for human rights throughout the value chain is an essential initiative.

We have established the Morinaga Group Code of Conduct and Standards of Behavior, the Morinaga Group Human Rights Policy, and the Morinaga Group Supplier Guideline. We strive to instill this approach to human rights in our employees through compliance training sessions and business and human rights training, and in our suppliers through briefing sessions, CSR procurement surveys, and partner factory information exchange meetings. In the unlikely event of a concern regarding respect for human rights, the Compliance Committee and the Sustainability Committee discuss how to respond, and a system has been put into place whereby the Board of Directors receives reports from both committees and then provides supervision and gives instructions. Furthermore, we established the Human Rights Subcommittee under the Sustainability Committee to advance initiatives related to human rights, including analyzing the possibility of human rights issues arising and responding if they do materialize.

### Human Rights Management System



## /// Reinforce Human Rights Management

### ● Human Rights Policy

In 2023, we revised the Morinaga Group Human Rights Policy after consulting with experts and professionals, declaring that we will respect international frameworks and norms, including the UN Guiding Principles on Business and Human Rights. In addition to eliminating discrimination, harassment, child labor, forced labor, and human trafficking, we make it clear that we pay what is considered a living wage and eliminate discrimination, including gender-based, in recruitment and treatment. In addition to our previous policy of not conducting advertising that has a negative impact on children, in June 2025 we also made it clear that we will respect the “Convention on the Rights of the Child” and the “Children’s Rights and Business Principles.”\*

\*Prepared by the United Nations Children’s Fund (UNICEF), the United Nations Global Compact, and Save the Children.

💻 **Morinaga Group Human Rights Policy** <https://www.morinaga.co.jp/company/english/ir/policy/pdf/humanrights.pdf>

### ● Initiatives on Human Rights Due Diligence

We are implementing human rights due diligence initiatives based on the theoretical evaluation on the negative impacts of the Group’s business on human rights conducted in FY2022.

We provided training on the topic of business and human rights for executive officers in FY2022 and for all domestic employees in FY2024 via e-learning. The training centers on the idea of respecting human rights based on the United Nations Guiding Principles on Business and Human Rights. It provides examples of human rights issues that might arise in various aspects of business activities and ensures that employees are fully aware of and adhere to the Morinaga Group Human Rights Policy.

### ► Initiatives in Raw Materials Procurement Processes

Negative impacts identified in the theoretical evaluations included human rights issues in raw materials procurement. To better understand the ESG measures of our raw material suppliers, in FY2024, we conducted a CSR procurement survey\*2 of the 50 main business partners of Morinaga & Co., Ltd. (Japan). For details on the survey results, please refer to the CSR Procurement Survey on P59.

## Initiatives for Human Rights

## ► Initiatives in Manufacturing Processes

Negative impacts identified in the theoretical evaluations also included occupational health and safety at manufacturing sites and the rights of foreign workers.

Therefore, we established the Morinaga Group Occupational Health and Safety Policy in FY2023, clearly stating our commitment to creating a safe and comfortable work environment. In addition, in FY2024, we conducted self-assessment at our domestic factories using the Group's CSR audit criteria checklist. We are now working to improve the areas with low scores. In addition, we use a CSR management system checklist to understand the current situation at our factory outsourcing partners and others. Moreover, we hold discussions with partner factories every year to share information about CSR audits.

Regarding the rights of foreign workers, many Specified Skilled Workers work in the Group, and the majority of them are from Vietnam. In response, we created a Vietnamese version of our compliance training in FY2024 so that all employees can have the same awareness regardless of the language they speak. Through this training, we strive to help our Vietnamese employees deepen their understanding of their rights and obligations.



Compliance training provided in Vietnamese

As the Group has many contact points with various services beyond raw materials procurement and manufacturing, we will continue to be mindful of human rights issues in the value chain, pinpoint risks, and strive to mitigate them.

## ● Grievance Mechanism

We joined the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which was established in 2022, as a founding member, and utilize its grievance reporting system and professional advice. Through the "Engagement and Remedy Platform" provided by JaCER, which complies with the UN Guiding Principles on Business and Human Rights, it is now possible to accept reports from outside the Company and overseas, in addition to the existing internal helpline for employees. We will strive to respond appropriately to whistleblowers while receiving advice from professionals, which will lead to the resolution of business and human rights issues.

## Road Map to Reinforcing Human Rights Management

FY2021 Results	<ul style="list-style-type: none"><li>Implemented human rights due diligence</li><li>Established the Morinaga Group Supplier Guideline and commenced the CSR procurement survey</li></ul>
FY2022 Results	<ul style="list-style-type: none"><li>Became a signatory to the UN Global Compact</li><li>Developed raw materials procurement guidelines for cacao beans, palm oil, and paper</li><li>Conducted a theoretical evaluation of the negative impacts our business has on human rights</li><li>Joined JaCER and began using its grievance platform</li><li>Held a business and human rights training for executive officers</li></ul>
FY2023 Results	<ul style="list-style-type: none"><li>Revised the Morinaga Group Human Rights Policy</li><li>Expanded internal training and education on global approaches to business and human rights</li><li>Established the Human Rights Subcommittee</li></ul>
FY2024 Results	<ul style="list-style-type: none"><li>Conducted self-assessment of domestic factories based on the CSR audit criteria</li><li>Conducted self-assessment of the CSR management systems at factory outsourcing partners</li><li>Implemented training on business and human rights for employees</li><li>Created a Vietnamese edition of compliance training</li></ul>
FY2025	<ul style="list-style-type: none"><li>Revised part of the Morinaga Group Human Rights Policy (Clearly stated support for international norms regarding "children's rights")</li><li>Respond to issues identified (starting with urgent issues)</li><li>Review the progress of responses to issues and report those in the integrated report and other public documents</li></ul>
Up to 2030	<ul style="list-style-type: none"><li>Strengthen trust with our stakeholders and increase brand value/corporate value through initiatives for business and human rights</li></ul>

# Governance

- 67 Message from the Chairperson of the Officer  
Appointment and Remuneration Advisory Committee  
and from the Chairperson of the Audit and  
Supervisory Board
- 68 Corporate Governance
- 74 Compliance and Risk Management
- 78 Executive Management Team

# Message from the Chairperson of the Officer Appointment and Remuneration Advisory Committee and from the Chairperson of the Audit and Supervisory Board

The Group aims to strengthen its governance system by enhancing internal control and improving the effectiveness of the Board of Directors. We would like to introduce a review of fiscal 2024 and our vision for the future, presented by the Chairperson of the Officer Appointment and Remuneration Advisory Committee and the Chairperson of the Audit & Supervisory Board.



## Shinji Sakaki

Outside Director (Independent Officer)  
Chairperson of the Officer  
Appointment and Remuneration  
Advisory Committee

and evaluated from multiple angles to determine whether they were suitable for top management, based on their abilities, track record, experience, personality, leadership, and other traits. The end goal is for the new president to firmly establish the growth trajectory of the Group and lead the realization of the 2030 Vision. Each committee member engaged in ongoing, frank, and lively discussions based on their respective knowledge and experience, ultimately unanimously deciding to appoint Director Shinya Mori as President. Furthermore, to maximize the Group's value amid a continuing uncertain business environment, we decided to appoint former President Eiji Ota as Representative Director, Chairman, based on the judgment that a new CEO and COO structure is optimal. In turn, two new outside directors were appointed from the perspectives of the skill matrix and diversity. Regarding officer remuneration, we have begun implementing a new system, which includes incorporating ESG evaluation results into the indicators for stock-based remuneration.

As sound corporate governance systems are increasingly essential, we will continue to strive to operate our committees more effectively.

As part of our efforts to build a sound governance system to realize the 2030 Vision and Purpose, the Group has established and operates the Officer Appointment and Remuneration Advisory Committee. Its mission includes the selection and evaluation of directors, the development of successors, the formulation of an officer remuneration system, and the determination of remuneration amounts. In FY2024, the committee consisted of four members, including three outside directors and the Representative Director, President, and was chaired by an outside director, ensuring transparency and fairness in its operating structure.

Regarding the committee's activities for FY2024, the most important items were the succession of the Representative Director, President and the adoption of a new structure with two Representative Directors, with the Chairman (CEO) and President (COO) each serving as one. Regarding the succession plan for the president, several candidates were selected more than a year ago



## Toshiaki Fukunaga

Standing Audit &  
Supervisory Board Member  
Chairperson of the Audit &  
Supervisory Board

occurred that led to a voluntary recall of a product, something that should never have happened. Reflecting on the great inconvenience caused to our customers and business partners, the Group began reviewing its standing committee structure from FY2024, and as part of this established the new Quality Assurance Committee. We will continue to monitor the creation of optimal systems and their appropriate operation.

This fiscal year, we are aware of several issues that require our attention, including a change in leadership (new CEO and COO structure), unifying fiscal year-ends for consolidated subsidiaries, considering preparations for the future adoption of IFRS, revising the personnel system based on human capital management, further expanding the Overseas Business, and exploring inorganic opportunities. We will do our utmost to strengthen governance and evolve internal controls so that we can remain a company that is committed to purposeful management and can continue to transform itself and take on challenges with objectivity.

# Corporate Governance

## Corporate Governance Basic Policy

The Morinaga Group will strengthen its corporate governance with the aim of maximizing corporate value and achieving enduring corporate growth based on the basic policies of improving the soundness and efficiency of management, ensuring the reliability of its financial position, providing timely and appropriate disclosure of information, complying with laws and regulations, and strengthening the trust and relationships with all stakeholders.

### 1. Positioning of Stakeholders

To enable us to fulfill our social responsibility in all areas of our business activities, the Group is committed to maintaining and further developing strong relationships with all stakeholders and promoting appropriate collaboration in accordance with our

corporate philosophy and the code of conduct to achieve co-existence with society and sustainable growth.

### 2. Management Monitoring Functions

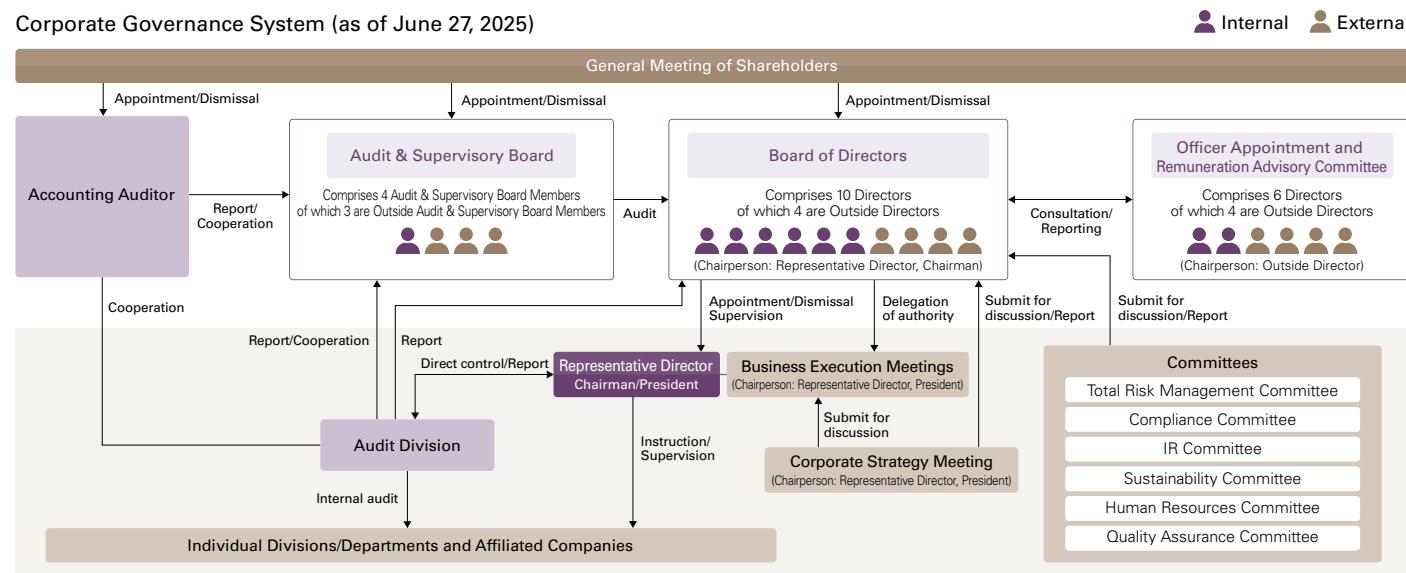
We are working to build an effective internal control system by strengthening the management monitoring functions of the Board of Directors, appointing Outside Directors and Outside Audit & Supervisory Board Members, requiring attendance by Standing Audit & Supervisory Board Members at important meetings, and placing the Audit Division under the direct control of the President.

### 3. Consistent Approach throughout the Group

While respecting the independence of our subsidiaries, we endeavor to maintain close ties among the Group's member companies.

## Corporate Governance System and Features

### Corporate Governance System (as of June 27, 2025)



### POINT 1 Strengthening the management supervision function of the Board of Directors

The Board of Directors deliberates and makes resolutions on management plans and other important management matters and supervises business execution. It also delegates authority for business execution functions other than matters resolved by the Board of Directors to modestly separate management supervision functions from business execution functions. In addition, the Board of Directors evaluates the contribution and performance of management through confirmation of the progress of the medium- to long-term business plans and strengthens the management supervision function.

### POINT 2 Effectiveness of Board of Directors' deliberations and independence and diversity of its composition

To ensure the effectiveness and efficiency of deliberations at the Board of Directors, sufficient prior discussions are made at the Officer Appointment and Remuneration Advisory Committee and various other committees (see diagram at left). In addition, in consideration of the independence and diversity of the composition of the Board of Directors, four of the 10 directors, or more than one-third, are Outside Directors. The Board of Directors also comprises eight men and two women.

### POINT 3 Enhancing the alignment of internal audits, corporate audits, and accounting audits

The Standing Audit & Supervisory Board Members hold regular meetings with the Representative Director. They also attend meetings of the Board of Directors and other important gatherings to audit the Directors' performance of duties. Among cases delegated from the Board of Directors to business execution departments, the Standing Audit & Supervisory Board Members perform audits on the approval application for important cases. Audit & Supervisory Board Members conduct regular meetings with the accounting auditor and the Audit & Supervisory Board Members with the General Manager of the Audit Division, as well as meetings as needed to exchange opinions and perform accounting and business audits using close collaboration. Furthermore, the Audit Division strives to improve the effectiveness of internal audits by reporting directly not only to the Representative Director, President and COO but also to the Board of Directors and the Audit & Supervisory Board as appropriate.

## Corporate Governance

## History of Strengthening Corporate Governance



## Officer Appointment Policy

The Company has established the Officer Appointment Policy and Appointment Procedures to appoint as officers human resources who can sufficiently contribute to the creation of value for the Company. An overview of the appointment policy for officers is presented below.

1. The Company's Directors and Audit & Supervisory Board Members shall be selected from among personnel with expertise and experience in the various fields necessary to realize the Purpose and Vision of the Morinaga Group, taking into consideration diversity in terms of nationality, gender, age, and other factors.
2. Executive Directors and Operating Officers shall be selected from among personnel who meet the Morinaga Group Management Personnel Requirements (those who possess basic qualities, personal qualities, leadership capability, a challenging spirit, foresight and conceptual ability, execution ability, and the ability to utilize new technologies and fields) and who can contribute to the sustainable growth of the Morinaga Group.
3. Outside Directors shall be selected from among persons who meet the Company's independence standards as separately determined and who can be expected to express appropriate opinions and raise issues from an independent and objective standpoint with respect to the Group's management issues and other key concerns.
4. Audit & Supervisory Board Members shall be selected from among persons who can be expected to conduct accurate audits of the legality and appropriateness of business execution from an objective and neutral perspective by utilizing their knowledge and experience. At least one of the Audit & Supervisory Board Members shall be selected from among persons with sufficient knowledge of finance and accounting, and Outside Audit & Supervisory Board Members shall be selected from among persons who meet the Company's independence standards.

## Independence Standards

The Board of Directors formulated the Morinaga & Co., Ltd. Independence Standards for officers, considering the independence standards set forth by the financial instruments exchange, and has appointed independent outside officers who meet the standards to ensure the independence of officers.

### Morinaga & Co., Ltd. Independence Standards

The Company determines that Outside Directors, Outside Audit & Supervisory Board Members, and candidates for these positions satisfy the requirements of independence if they do not fall under any of the following items.

1. A party whose major client or supplier is the Morinaga Group or an executive thereof; Specifically a party or the corporation to which the party belongs for which sales in the most recent fiscal year to the Morinaga Group accounted for 2% or more of its annual consolidated sales.
2. A major client or supplier of the Morinaga Group or an executive thereof; Specifically a party or the corporation to which the party belongs for which sales in the most recent fiscal year from the Morinaga Group accounted for 2% or more of the Company's annual consolidated sales.
3. A consultant, accounting professional, or legal professional who receives a large amount of money or other assets from the Company in addition to their remuneration as Director or Officer, or a member of a corporation, organization, or other entity that receives such assets. A large amount of assets is defined as 2% of the annual consolidated sales of the corporation or 10 million yen or more, whichever is higher, in the most recent fiscal year.
4. A party that has fallen under any of Items 1 through 3 above in the past year.
5. A party that has been an Operating Officer of the Company or its subsidiaries at the time of their appointment or any time within 10 years prior to their appointment.
6. A relative up to the second degree of kinship of a party described in any of Items 1 through 5 above.
7. A party who does not satisfy the Standards for Independence set forth by the Tokyo Stock Exchange, or any other person who might have a conflict of interest with the Company's shareholders.
8. A person whose total term of office has been more than eight years.

## Corporate Governance

## /// Directors' and Audit & Supervisory Board Members' Specialties and Experience (Skills Matrix)

To realize the Group's Purpose and Vision, as well as its 2030 Business Plan and the Medium-Term Business Plan, we have specified the specialized knowledge and experience particularly expected of the Company's Directors and Audit & Supervisory Board Members as follows. When selecting candidates for Directors and Audit & Supervisory Board Members, we consider ensuring the balance and diversity of human resources who possess these skills.

Directors' and Audit &amp; Supervisory Board Members' Specialties and Experience (Skills Matrix)

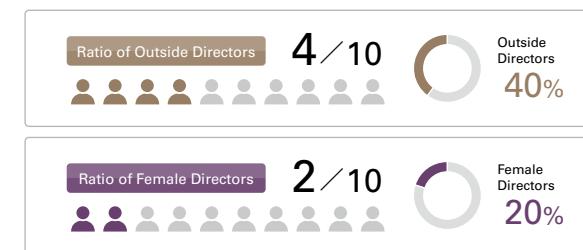
Name	Position	Specialty and Experience							
		Corporate management Corporate strategy	ESG Sustainability	Finance Accounting DX	Human resources Labor affairs	Legal affairs Compliance Risk management	Marketing Sales	Global	Research Production Logistics
Eiji Ota	Representative Director, Chairman and CEO	●	●		●	●	●	●	●
Shinya Mori	Representative Director, President and COO	●				●	●		●
Daisuke Fujii	Director, Managing Executive Officer	●	●	●	●	●			
Hideki Matsunaga	Director, Senior Executive Officer	●					●	●	●
Tetsuya Takagi	Director, Senior Executive Officer and CFO	●		●	●	●		●	
Kenji Takanami	Director, Senior Executive Officer	●	●				●		●
Shinji Sakaki	Director	●	●			●	●	●	
Tamaki Sawamura	Director			●			●		
Yoichiro Shimomura	Director	●					●		
Hiromi Yamagishi	Director		●		●	●			●
Toshiaki Fukunaga	Audit & Supervisory Board Member	●						●	●
Takehiko Sasamori	Audit & Supervisory Board Member	●	●	●	●	●		●	
Sawako Ueno	Audit & Supervisory Board Member			●		●		●	
Hideo Kishi	Audit & Supervisory Board Member				●	●			

Note: The ● symbol is included in the relevant items if the officer possesses specialized knowledge and experience, such as having background as a business manager in each field.

## Reasons for Selection of Skills

Skill	Reason for Selection
Corporate management Corporate strategy	To build appropriate management strategies and make responsible management decisions to achieve the sustainable growth of the Group while responding to changes in the business environment
ESG Sustainability	To co-create with stakeholders to resolve social issues related to our business, and to improve the corporate value of the Group and realize a sustainable society
Finance Accounting DX	To enhance our ability to generate funds through management practices that are conscious of optimizing cost of capital, and achieve stable and continuous shareholder returns, and to strengthen our management foundation and sustainably improve corporate value by investing in digital technology
Human resources Labor affairs	To promote the active participation of diverse human resources and realize the happiness of employees based on a relationship of mutual trust between the Company and its employees, and to create new value and achieve the sustainable growth of the Group
Legal affairs Compliance Risk management	To establish an appropriate risk management system, promote compliance management, and build and maintain the management foundation of the Group
Marketing Sales	To accurately identify changes in the business environment and changes in consumer needs, develop management strategies in response, and improve our brand value and corporate value
Global	To strengthen the foundations for overseas expansion while understanding and respecting local cultures, and promote further global expansion to realize richer and healthier eating habits for people around the world
Research Production Logistics	To promote structural reforms, strengthen our business foundation, and establish a system for competitive advantages to create new value based on technology, respond to changes in the external environment, and improve profitability

### ● Independence and Diversity of the Board of Directors



## Corporate Governance

## /// Board of Directors Activity Status

The Board of Directors meets, in principle, once a month and as needed. In FY2024, Board of Directors meetings were held 15 times, with a total deliberation time of approximately 1,700 minutes. In FY2022, the Company established "agenda items" for discussion as targets for deliberation at meetings of the Board of Directors as an initiative to strengthen the monitoring function of the Board of Directors. The Company shares information and holds discussions on important management issues, such as the progress of business plans, the progress of measures related to the focused domain/basic domain, and the status of new business development initiatives. The main deliberation themes in FY2024 are shown in the table below.

Themes	
Corporate strategy Sustainability	<ul style="list-style-type: none"> <li>Progress confirmation of the 2030 Business Plan and the 2024 Medium-Term Business Plan</li> <li>Formation of the future business portfolio and strategy for growth</li> <li>Overseas business strategy</li> <li>Acquisition of shares of other companies</li> <li>Monitoring of stock price trends</li> <li>Overseas capital investment</li> <li>Strategy for inorganic growth</li> <li>Human capital management</li> <li>R&amp;D strategy</li> <li>Status of committee activities including the Sustainability Committee</li> </ul>
Governance	<ul style="list-style-type: none"> <li>Evaluation of the effectiveness of the Board of Directors</li> <li>Status of cross-shareholdings</li> <li>Conflict of interest transactions</li> <li>Review of meeting bodies</li> <li>New human resources system</li> <li>Officer personnel changes and remuneration</li> </ul>
Compliance Risk Management	<ul style="list-style-type: none"> <li>Operating status of the internal control system</li> <li>Activity status of the Compliance Committee</li> <li>Activity status of the Total Risk Management Committee</li> </ul>
Finance and Investment	<ul style="list-style-type: none"> <li>Approval of financial results and budget</li> <li>Execution of financial initiatives <ul style="list-style-type: none"> <li>- Shareholder returns (dividends of surplus, share buybacks and treasury share cancellations, issuance of stock acquisition rights in conjunction with ASR)</li> <li>- Divestment of cross-shareholdings</li> <li>- Fund utilization</li> </ul> </li> </ul>

To further enhance the deliberations, prior to the meeting of the Board of Directors, the Director in charge of the Corporate Strategy Division provides Outside Directors with explanations of the content of the agenda as appropriate and in advance. For part-time Audit & Supervisory Board Members, the full-time Audit & Supervisory Board Member provides preliminary explanations on the content of agenda items for each meeting.

### ● Key Details of Deliberations in FY2024

Toward the realization of the 2030 Business Plan and the 2024 Medium-Term Business Plan, a wide range of management issues were openly discussed, including business strategy and allocation of management resources to form an optimal portfolio, promotion of governance reforms within the Morinaga Group, and crystallization of the strategy for inorganic growth.

## /// Initiatives to Increase the Effectiveness of the Board of Directors

In February 2025, we conducted a survey of all directors and Audit & Supervisory Board Members regarding the effectiveness of the Board of Directors as a whole. The results were analyzed and evaluated by a third-party organization (law firm), which found that in FY2024 the Board of Directors "functioned effectively."

Based on the evaluation by the third-party organization, the Board of Directors held discussions in April and May 2025 and confirmed that the Board of Directors is effective and functions effectively in accordance with the Company's Basic Philosophy on corporate governance.

### ● Evaluation Results and Initiatives to Increase Effectiveness

Issues addressed in 2024	Further revitalize the Board of Directors by discussing a wide range of management issues after appropriately selecting agenda items and securing time for deliberation	Continue with initiatives to further enhance discussions on medium- to long-term business issues such as sustainability and medium-term business plans
Details of initiatives implemented in FY2024 to address issues	<p>(1) By carefully selecting agenda items for the Board of Directors meetings and ensuring time for deliberation, the Company was able to deepen discussions and invigorate Board of Directors meetings. In particular, regarding the agenda items, the Company held in-depth discussions, which led to the proposal of specific initiatives and the establishment of a forum for further discussion on those specific initiatives, resulting in constructive efforts.</p> <p>(2) By reorganizing the standing committees, the Company reviewed the items to be reported to the Board of Directors and has taken measures to ensure time for deliberation, such as changing some of the items to be reported to the Business Execution Committee, to which authority has been delegated from the Board of Directors.</p> <p>(3) The Company took steps to invigorate the Board of Directors meetings, such as ensuring sufficient time for discussion by providing advance explanations to Outside Officers and submitting written reports on the status of business execution.</p>	Based on discussions held in FY2023 on major management issues that contribute to the formulation of the Medium-Term Business Plan, such as strategy for future business portfolio formation and growth and the nature of discussions necessary for establishing the 2024 Medium-Term Business Plan and achieving the 2030 Plan, discussions were held on initiatives to increase employee engagement from the perspective of enhancing human capital, future overseas expansion, R&D strategies, and inorganic growth.
Effectiveness evaluation results for FY2024	In either case, the overall evaluation was at a reasonably high level, and the effect of improvement was obtained in the items that were addressed with an awareness of the problem.	
Issues to be addressed in FY2025	Further enhance discussions on medium- to long-term management issues by appropriately selecting agenda items and securing time for deliberation.	

## Corporate Governance

## Internal Control

To maximize corporate value and achieve perpetual corporate growth, the Morinaga Group is committed to ensuring the effectiveness of oversight and audit functions while strengthening its internal control system, increasing the efficiency of its management, and appropriately executing business. To ensure that the duties are executed appropriately, the Board of Directors endeavors to construct an effective internal control system and establish a system to comply with laws and regulations and the Articles of Incorporation. The system is also designed so that the effectiveness and functions of the aforementioned systems are audited by Audit & Supervisory Board Members. In addition, we have set up a "helpline" both inside and outside the company, including for domestic subsidiaries, to collect a wide range of information that could be problematic in terms of compliance and to respond appropriately.

## Main Committee Activity Status

Name of Committee	Roles and Functions of the Committee	Chairperson
Total Risk Management Committee	Establishes and promotes a company-wide total risk management system and crisis management system	Representative Director, President
Compliance Committee	Formulates policies and regulations related to compliance to realize the Morinaga Group Code of Conduct and Standards of Behavior, formulates compliance action plans, and follows up on progress	Representative Director, President
IR Committee	Formulates measures to improve shareholder value and follows up on progress, after deliberating on timely and appropriate information disclosure and two-way communication with shareholders	Representative Director, President
Sustainability Committee	Formulates policies, targets, actions, KPIs, and similar matters related to sustainable management; follows up on progress; establishes subcommittees; and shares, proposes, and deliberates on the detailed discussions of each subcommittee	Representative Director, President
Human Resources Committee	Responsible for personnel transfers; selection and development of leadership candidates; determination of rewards, disciplinary action, and annual salaries; health issues; planning and implementation of initiatives to maintain and improve health; formulation and analysis of health management philosophy and policies; and decision-making on initiatives for health management, among others.	Representative Director, President
Quality Assurance Committee	Reports and discussions are held on important issues and efforts related to quality assurance, as well as important matters related to customer opinions and suggestions.	Officer Responsible for the Quality Assurance Division

## Review of Committee

### Review of Each Committee

The number of standing committees has been reorganized, reducing it from 14 to 10 (Total Risk Management Committee, Compliance Committee, IR Committee, Sustainability Committee, Human Resources Committee, Quality Assurance Committee, Officer Appointment and Remuneration Advisory Committee, Invention Committee, Compensation Appeals Committee, and Animal Testing Review Committee).

### Establishment of New Quality Assurance Committee

To strengthen quality assurance governance by management, we have established the new Quality Assurance Committee and the Voice of the Customer Review Subcommittee under it.

## Composition of the Officer Appointment and Remuneration Advisory Committee (Nomination Committee and Remuneration Committee) and Status of Activities

The Company has established the Officer Appointment and Remuneration Advisory Committee as a voluntary committee to consider the nomination and remuneration of directors. The Officer Appointment and Remuneration Advisory Committee is composed of all Outside Directors and the Representative Director, and the chairperson is elected from among Outside Directors who are members of the committee, thereby ensuring the independence of the committee. The Officer Appointment and Remuneration Advisory Committee aims to strengthen corporate governance and improve the transparency and objectivity of management. The Committee deliberates on the appointment (selection) and dismissal of Directors, Audit & Supervisory Board Members, and Senior Executive Officers, as well as their rewards and disciplinary action, and on the succession plan policy for Directors and Executive Officers, including the Representative Director, Chairman and Representative Director, President, based on advice from the Board of Directors, and reports to the Board of Directors.

In addition, the Committee, under the delegation of the Board of Directors, deliberates and decides on draft proposals prepared by the Representative Director, President regarding the evaluation of Directors and Operating Officers at the senior level and above and the amount of remuneration, etc., for individual Directors, and reports on its decision-making process to the Board of Directors.

### Selection of CEO and COO

For FY2024, we considered and submitted a report on transitioning to a new management structure led by a chairman (CEO) and a president (COO). We have appointed a CEO responsible for strategic decisions and a COO responsible for business execution. By having the CEO and COO work together while fulfilling their respective roles, we aim to enhance corporate governance and achieve our management plans, thereby increasing the corporate value of the Morinaga Group. In selecting the Representative Director, we conducted a multifaceted evaluation of the candidates while advancing discussions based on the succession plan, and selected former President Ota as chairman and Director Mori as president.

In FY2024, the Officer Appointment and Remuneration Advisory Committee met six times. The main details of the deliberations are as follows.

		Details of Deliberations
1	April 2024	• Deliberation on the deep dive into candidates for future Outside Director positions
2	May 2024	• Deliberation on officer remuneration
3	October 2024	• Deliberation on the succession plan • Deliberation on the situation of candidates for future Outside Director positions
4	November 2024	• Deliberation on the next-generation officer structure • Deliberation on the selection details of candidates for Outside Director
5	December 2024	• Deliberation on the succession plan • Deliberation on the next-generation officer structure • Consideration of establishing a CEO and COO and deliberations on their roles
6	January 2025	• Deliberation on the succession plan • Deliberation on the next-generation officer structure • Discussion on the transition to a CEO and COO structure

## Corporate Governance

## Basic Policy of Executive Remuneration and Determination Process

The Company resolved the policy on determination of remuneration for individual Directors at a meeting of the Board of Directors and subsequently made partial amendments to the policy at the meeting held on February 8, 2024.

### 1. Executive Remuneration Basic Policy

- (1) Contribute to the realization of the Purpose and Vision of the Morinaga Group.
- (2) Promote the realization of medium- to long-term business plans to enhance corporate value into the future.
- (3) Establish a system and standards that support appropriate risk-taking by Directors and strengthen their motivation to contribute.
- (4) Ensure that the system is transparent, fair, and rational for stakeholders, and is determined through an appropriate process to ensure this.

### 2. Details of the Executive Remuneration System

#### (1) Structure and Content of Remuneration

##### 1) Executive Directors

Consists of fixed remuneration and performance-linked remuneration. The ratio of performance-linked remuneration to total remuneration if 100% of the performance indicators are achieved is 30%.

- (i) Fixed remuneration: A fixed amount is paid monthly in cash.
- (ii) Performance-linked remuneration: If 100% of the performance indicators are achieved, the portion equivalent to two-thirds (2/3) of the 30% performance-linked remuneration in total remuneration will be paid in a fixed amount of cash on a monthly basis, and the portion equivalent to one-third (1/3) will be paid as stock compensation upon retirement of the Executive Director (excluding non-residents of Japan).

##### 2) Outside Directors and Audit & Supervisory Board Members

Considering their role, basic compensation is fixed remuneration only, and a fixed amount is paid in cash on a monthly basis.

#### (2) Policy on Determination of Remuneration

A standard amount is determined for each job title according to responsibilities. The standard amount is set at a level that ensures market competitiveness and strengthens the motivation of each Director to contribute.

#### (3) Matters Concerning Performance-Linked Remuneration

The details of the performance indicators for performance-linked remuneration are as follows.

##### 1) Representative Director

The performance indicators for the monetary remuneration portion of the performance-linked remuneration shall be the Group's consolidated operating income. For the stock compensation (non-monetary compensation) portion, the medium- to long-term ESG numerical targets (positive response rate on the Group's employee awareness survey and ESG score results from an external evaluation organization) shall be the performance indicators.

##### 2) Executive Directors other than the Representative Director

The performance indicators for the monetary remuneration portion of the performance-linked remuneration shall be split equally between the Group's consolidated operating income for each fiscal year and the individual performance evaluation. On the other hand, the stock compensation (non-monetary remuneration) portion shall be determined by the result of the medium- to long-term ESG numerical targets (positive response rate on the Group's employee awareness survey and ESG score results from an external evaluation organization)

#### (4) Content of Non-Monetary Remuneration

As non-monetary remuneration, Executive Directors are provided stock compensation with the performance-linked remuneration portion using medium- to long-term ESG numerical targets as performance indicators for the purpose of motivating them to make contributions to an improvement of medium- to long-term performance and corporate value and sharing profit awareness with shareholders. Based on the performance-linked stock remuneration system approved at the 170th General Meeting of Shareholders, if 100% of the performance indicators are achieved each year, a portion equivalent to one-third of 30% of the performance-linked remuneration in total remuneration is granted to Executive Directors in the form of points as stock-based remuneration. Executive Directors receive Company shares, etc., through the Board Incentive Plan (BIP) Trust, in proportion to the points accumulated, when they retire.

#### 3. Total Amount of Remuneration for Directors and Audit & Supervisory Board Members in FY2024

Remuneration for FY2024 was paid in accordance with the policy before the change. The composition of remuneration under the policy before the change was as follows.

- (i) **Basic remuneration:** Consists of two types of remuneration: fixed remuneration (equivalent to 70%) and performance-linked remuneration (equivalent to 30%), with a fixed amount paid in cash on a monthly basis. Of the basic remuneration, 10% is paid as stock-based remuneration (non-monetary remuneration). In addition, the performance indicators for performance-linked remuneration for the Representative Director, President are the Group's consolidated operating income and ROE. Those for Executive Directors other than the Representative Director, President are as follows: of the 30% of basic remuneration that is performance-linked, 15% is based on the Group's consolidated operating profit and ROE, and the remaining 15% is based on an evaluation of individual performance, including contributions to ESG initiatives.
- (ii) **Executive bonuses:** Paid in a lump sum in cash in July following the resolution by the General Meeting of Shareholders.
- (iii) **Stock compensation (non-monetary remuneration):** Paid to Executive Directors upon their retirement (excluding non-resident Directors).

Category	Total Amount of Remuneration (million yen)	Total Amount by Type of Remuneration (million yen)			Number of Persons
		Monetary Remuneration		Non-Monetary Remuneration	
		Fixed Remuneration	Performance-Linked Remuneration	Compensation Based on the BIP Trust (performance-linked)	
Directors (Outside Directors)	305 (33)	204 (33)	73 (-)	27 (-)	13 (5)
Audit & Supervisory Board Members (Outside Audit & Supervisory Board Members)	54 (32)	54 (32)	- (-)	- (-)	5 (4)

Notes:

1. The amount paid to directors does not include the salaries of employees concurrently serving as director.

2. The number of eligible officers includes four Directors and one Audit & Supervisory Board Member (including two Outside Directors and one Outside Audit & Supervisory Board Member) who retired as of June 27, 2024.

3. The total amount of remuneration related to the BIP Trust is the amount of expenses related to the points granted during the current fiscal year under the said system.

# Compliance and Risk Management

## Compliance

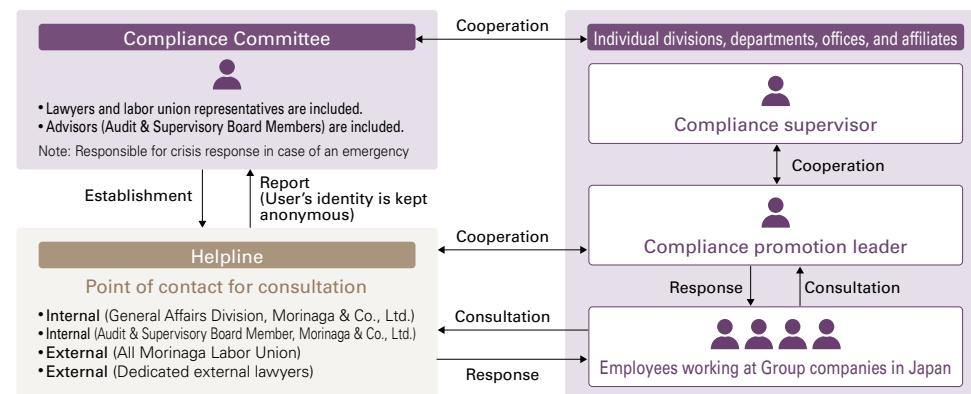
### Basic Philosophy

Based on the recognition that compliance is a priority issue for all business activities, we have formulated the Morinaga Group Code of Conduct and Standards of Behavior, under which the Group is promoting compliance initiatives.

### Compliance Management System

In addition to formulating the Compliance Regulations, the Group has established the Compliance Committee, chaired by the Representative Director, President. The committee is helping build and promote compliance management by formulating and reviewing compliance-related policies and monitoring the status of activities. The Group takes strict measures in the event of a compliance violation, including disciplinary action and punishment, based on internal regulations.

#### Compliance Management System



### Initiatives in FY2024 to Promote Compliance

With the aim of embedding a compliance culture into the organization, we display the Morinaga Group Code of Conduct and Standards of Behavior on panels in each office and distribute booklets to raise awareness among all employees. In FY2024, to further raise awareness of compliance, in addition to training by job class, such as training for new employees and the creation of legal training videos that can be viewed on our company-wide intranet, we conducted various compliance training programs

tailored to the needs and circumstances at the Head Office and of each business site. These included training on harassment prevention and training on various laws and regulations such as the Subcontract Act and the Act against Unjustifiable Premiums and Misleading Representations. We also conduct a compliance survey once a year for all employees of Group companies in Japan with the aim of better understanding the penetration and retention of compliance management. We monitor whether employees are acting in accordance with the Morinaga Group Code of Conduct and Standards of Behavior and whether there are any other compliance problems. The results of the compliance survey and compliance-related initiatives and issues are reported to management at the Compliance Committee for discussion. We then conduct reviews to understand the status of compliance of the Group and to lead to future measures. The discussions of the Compliance Committee are also reported to the Board of Directors in a timely manner.

### Operation of the Whistleblower System

We have established a helpline (anonymous whistleblowing hotline) for all employees as a point of contact for reporting various compliance violations. The helpline covers cases related to misconduct such as corruption, including bribery, and those related to human rights such as harassment and discrimination. Employees can select from four contact points: internal (General Affairs Division and Standing Audit & Supervisory Board Members) and external (labor union and external lawyers). Through these contact points, we are striving to eradicate compliance violations, including corruption. We have appointed both male and female lawyers for this hotline, widening the options for those seeking consultation. They handle not only compliance violations that affect the whistleblower but also violations witnessed by others or potential violations with ambiguity. In FY2024, the helpline handled 19 cases across the entire Group, and each consultation was handled in a timely and appropriate manner while ensuring confidentiality. We will continue to strive for early detection and correction of compliance violations through appropriate operation of this system.

#### Actual Compliance Training Sessions (FY2024)

Name of Training	Targets	Number of Participants (running total)
Training by job class	Relevant employees from each year and position	218
Training by business site	Employees of Morinaga and Group companies	1,158
Officer training	Directors and Audit & Supervisory Board Members (at least once annually)	13

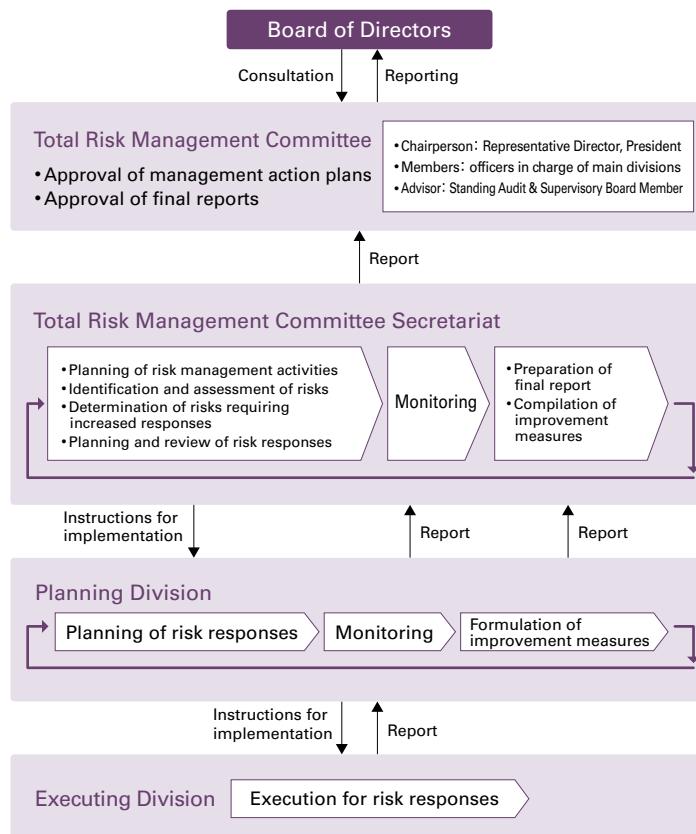
## Compliance and Risk Management

## Risk Management

### Basic Philosophy

The Morinaga Group conducts Total Risk Management, a form of risk management involving control and response by identifying not only apparent risks but also risks that potentially exist in its business activities.

#### Total Risk Management System



### Main Risks and Responses in Our Group

#### Important risks that might affect business performance or financial position from a short- to medium-term perspective

Risk Items	Assumed Risks		Degree of Impact	Frequency of Occurrence	Responses by the Morinaga Group
Cyberattacks	<ul style="list-style-type: none"> <li>• Leakage of personal information, customer information, and/or confidential information</li> <li>• Suspension of supply chains, such as production lines and logistics functions</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Implementation of 24-hour monitoring by the Security Operations Center</li> <li>• Prompt and appropriate response to security risk assessments and their results</li> <li>• Updating of various rules and regulations related to security as appropriate, and extensive security training for all employees</li> <li>• Enhancement of system security</li> <li>• In the event of an incident, quick and appropriate response and recovery in cooperation with all relevant parties</li> </ul>
Product defects and recalls	<ul style="list-style-type: none"> <li>• Shipment of products to the market that do not meet the specified quality standards due to contamination with foreign objects/substances or other concerns</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Establishment of a quality assurance system based on the Morinaga Group Quality Policy and Quality Assurance Rules, and other guidelines</li> <li>• Confirmation of safety, legality, and other important items of raw materials and products through the Quality Assessment during product development</li> <li>• Management and inspection of manufacturing contractors</li> <li>• Establishment of Crisis Response Guidelines for Defective Products in preparation for the occurrence of quality incidents</li> </ul>
Occupational accidents	<ul style="list-style-type: none"> <li>• Occurrence of an accident that threatens the life or health of an employee, and loss of valuable human resources (e.g., accidents during manufacturing operations, traffic accidents)</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Establishment of the Morinaga Group Occupational Health and Safety Policy, dissemination of information both inside and outside the Company, and promotion of a safe and comfortable work environment</li> <li>• Labor-management safety meetings to share information on occupational accidents and to prevent accidents</li> </ul>
Investment in property, plant, and equipment	<ul style="list-style-type: none"> <li>• Failure to obtain results as anticipated and planned at the initial stage of investment, leading to impairment losses on property, plant, and equipment</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Implementation of investment management in accordance with the following Investment Management Policy           <ul style="list-style-type: none"> <li>▷ When investing above a certain threshold, a resolution of the Board of Directors shall be obtained, and a comprehensive evaluation shall be conducted from multiple perspectives including qualitative, quantitative, and risk assessments</li> <li>▷ Continuous monitoring of the return on investment, timely identification of changes, and implementation of appropriate recovery plans</li> </ul> </li> </ul>
Leakage of personal information due to unauthorized removal	<ul style="list-style-type: none"> <li>• Leakage of confidential and important information such as customers' personal information due to unauthorized removal by an officer or employee</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Establishment and operation of Personal Information Handling Regulations, Personal Information Handling Bylaws, and Personal Information Handling Operation Manuals</li> </ul>
Supply chain disruptions caused by typhoons, storm surges, water damage, and/or floods	<ul style="list-style-type: none"> <li>• Suspension of procurement, production, logistics, and sales activities due to damage to factories or warehouses, employee injuries, logistics disruptions, or other disasters</li> <li>• Occurrence of disaster losses related to property, plant, and equipment, and inventories due to flooding of factories</li> </ul>		Medium	Medium	<ul style="list-style-type: none"> <li>• Implementation of hazard maps, confirmation of evacuation sites, inspection of disaster prevention equipment, disaster drills, inspection of emergency rations, and other emergency measures</li> <li>• In the event of a typhoon or heavy rain that is predicted, monitoring of the surrounding conditions of distribution centers and product warehouses, and alerting related parties</li> </ul>
Spread of infectious diseases	<ul style="list-style-type: none"> <li>• Suspension of supply chains, such as production lines and logistics functions, due to an infectious disease spread among employees</li> <li>• Inefficiency in the operation of indirect tasks due to an infectious disease spread among employees at the Head Office and sales offices</li> </ul>		Medium	Medium	<ul style="list-style-type: none"> <li>• Updating of the Policy for Responding to the Spread of Infectious Diseases to ensure thorough dissemination and preparation prior to an outbreak or at the initial stage</li> <li>• Stockpiling of hygiene products as a countermeasure against internal infection</li> </ul>

#### Important risks that might affect business performance or financial position from a medium- to long-term perspective

Risk Items	Assumed Risks		Degree of Impact	Frequency of Occurrence	Responses by the Morinaga Group
Procurement of raw materials and supplies	<ul style="list-style-type: none"> <li>• Shortage of raw materials and inability to procure alternative raw materials due to environmental changes such as climate change, demographics, political instability, and exchange rate fluctuations</li> </ul>		High	High	<ul style="list-style-type: none"> <li>• Decentralization and diversification of production areas and supplier procurement bases</li> <li>• Promotion of sustainability for important raw materials and sustainability initiatives by suppliers</li> <li>• Maintaining appropriate inventory levels</li> <li>• Execution of foreign exchange contracts and other measures to hedge against currency fluctuations</li> </ul>
Increased costs for compliance with greenhouse gas emission regulations	<ul style="list-style-type: none"> <li>• Additional energy-related costs due to greenhouse gas emission regulations</li> </ul>		Medium	High	<ul style="list-style-type: none"> <li>• Transition to a highly efficient production system by promoting the changeover to smart factories</li> <li>• Replacement of aging equipment with energy-saving equipment</li> <li>• Takasaki Morinaga Co., Ltd., has started using solar power through an on-site PPA</li> <li>• Promotion of the introduction of renewable energy</li> </ul>
Increased costs of compliance with energy-saving policies	<ul style="list-style-type: none"> <li>• Additional costs incurred due to investments in manufacturing equipment associated with energy-saving measures</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Selection and annual review of officer candidates, general manager candidates, and manager candidates, and implementation of selective training and planned allocation of candidates</li> <li>• Securing of diverse human resources through external mid-career recruitment in parallel with internal selection and training</li> </ul>
Stagnation of succession planning	<ul style="list-style-type: none"> <li>• Inability to continuously produce executives due to failure to properly create and operate succession plans</li> </ul>		High	Medium	<ul style="list-style-type: none"> <li>• Selection and annual review of officer candidates, general manager candidates, and manager candidates, and implementation of selective training and planned allocation of candidates</li> <li>• Securing of diverse human resources through external mid-career recruitment in parallel with internal selection and training</li> </ul>

 For more detail, refer to the "Annual Securities Report" (Japanese Only) on the Company's website. <https://pdf.ipocket.com/C2201/OtX6/1dES/htOf.pdf>

## Compliance and Risk Management

## ● Risk Management System and Risk Identification

Based on the Total Risk Management Regulations, the Group identifies assumed risks, evaluates the impact and frequency of risks, and, based on the results, creates a Total Risk Map, and determines the priority of risk responses. We implement the PDCA cycle in which the divisions that plan and execute risk countermeasures are clarified, and the planning divisions formulate risk countermeasures, monitor the status of implementation, create improvement measures, and report to the Total Risk Management Committee. Furthermore, to ensure business continuity in the event of a disaster, we conduct regular revisions of the business continuity management (BCM) of key products to ensure smooth operation of such management. The Total Risk Management Committee reports the results of these initiatives and other information to the Board of Directors.

## ● Crisis Response Guidelines

In preparation for the occurrence of an accident or other contingency, we have established various response procedures for each type of crisis.

## Morinaga Group's Total Risk Management System



## ► Cybersecurity Response

Considering the current social situation, the Group has identified strengthening global cybersecurity measures and governance as an urgent management issue. In response, the Group has formulated and is implementing a medium-term cybersecurity plan based on a security framework following global standards. We will continue to approach cybersecurity from multiple angles, including organizational and technical aspects, and work toward completing the plan.

## /// Our Approach to Quality Assurance

We believe that customer trust is the most important factor in realizing our Purpose and the 2030 Vision. To ensure excellent quality and safety and reliability, which are the prerequisites for earning customer trust, we have established the Morinaga Group Quality Policy as the highest quality concept and are promoting quality assurance activities following it.

 Morinaga Group Quality Policy <https://www.morinaga.co.jp/company/english/sustainability/policy/pdf/product-safety.pdf>

### Morinaga Group Quality Policy (Excerpt)

The Morinaga Group pursues the goal of delivering products that meet customers' expectations by placing the utmost priority on excellent product quality together with safety and reliability.

We believe that the trust of our customers is the most precious value for us, and we pursue the provision of high-quality products with a sincere attitude, treasuring the bond of trust with our customers.

## ● Quality Assurance System

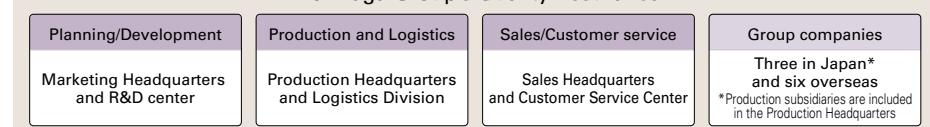
To put our Quality Policy into practice, we have established the Quality Assurance Regulations. Also, we centrally and systematically manage and maintain our Quality Assurance Objective, target level, manuals related to quality assurance, and quality standards. In turn, each sector carries out activities to ensure quality.

This fiscal year, we established the new Quality Assurance Committee to strengthen quality assurance governance by the management team.

## Quality Assurance System



## Morinaga Group's Quality Assurance



 Quality assurance governance system

## Compliance and Risk Management

## ● Quality Assurance Mechanisms

To deliver safe and reliable products to customers, we have established a quality assurance system that covers all processes, from product development to procurement, production, logistics, and sales.

### 1. Product development stage

We have a quality assessment system to ensure that risks are eliminated during the development stage (see below).

### 2. Raw materials procurement stage

We have set strict standards for raw materials and purchase them only from suppliers who can meet these standards.

### 3. Production stage

All domestic factories (four for Morinaga and four for Group companies) have obtained certification for the food safety management system FSSC 22000 or JFS-B standards. The manufacturing contractors carry out quality inspections, and production is carried out while ensuring that an appropriate quality assurance system is in place.

### 4. Shipment stage

As a final quality check of the products, we carry out shipping inspections of flavor, color, weight, dimensions, bacterial standards (microbial control), and other factors.

### 5. Transport, storage, and in-store management stage

We have established rules to maintain quality for logistics companies and clients, and we ask that they comply with these rules.

#### ◆ Ensuring traceability

We strictly manage the traceability information of raw materials and products at each stage, from raw materials through production, transportation, and storage.

#### ◆ Securing an inspection system

We have an inspection system in place for microorganisms, nutritional components, chemical substances, food allergens, and others, and we confirm the safety and legal compliance of raw materials and products.

#### ◆ Response to inquiries about quality

We conduct various investigations and analyses and respond to the results promptly, creating a system that gives customers peace of mind.

## ► Quality Assessments

Our quality assessments span the entire development process, and we have defined critical checkpoints (14 sectors, 187 items in total) that affect the safety and reliability of the final product, and we manage these checkpoints using a consolidated checklist. This is a seamless system that identifies and eliminates risks by looking at the entire project before deciding to release a product, to encourage cross-functional collaboration in development and reviews.

We conduct quality assessments on all products, including revamped products, to ensure a stable level of quality as well as safety and legal compliance.

### Role of Quality Assessments



## ● Quality Assurance at Overseas Production Sites

Our overseas production sites (Taiwan Morinaga Co., Ltd., Morinaga (Zhejiang) Co., Ltd., and Morinaga America Foods, Inc.) comply with the Morinaga Group Quality Policy. Also, depending on local conditions, they have obtained third-party certification for international food safety management systems such as FSSC 22000 (Taiwan and Zhejiang) and SQF Codes Edition 9\* (USA), ensuring that they produce safe and reliable products.

\*SQF is an acronym for Safe Quality Food. It is an international certification standard that combines a food safety management system based on HACCP with a quality management system to ensure food safety and quality.

We also conduct quality inspections at our overseas manufacturing contractors to ensure that safe and reliable products are shipped under an appropriate quality assurance system.



X-ray inspection device of Morinaga America Foods, Inc.



Process inspection at Morinaga America Foods, Inc.

# Executive Management Team (as of June 27, 2025)

## Directors



Representative Director, Chairman and CEO

**Eiji Ota**

June 30, 1959

Significant concurrent positions

President of Morinaga Angel Foundation  
President of All Nippon Kashi Association  
Chairman of Japan Foods & Biotechnology  
Intellectual Property Rights Center

Term of office as a director	14 years
Board of Directors meeting attendance	15/15 times
Responsibilities	—
Number of shares of the Company owned (of which, to be issued as stock compensation)	47,692 (23,892)

• Career summary

Apr. 1982 Joined Morinaga & Co., Ltd.  
Jun. 2011 Director, Commissioned General Manager of Frozen Dessert Business Headquarters of the Company  
Apr. 2014 Commissioned General Manager of Sales Headquarters of the Company  
Jun. 2014 Director, Senior Executive Officer of the Company  
Jun. 2015 Director, Managing Executive Officer of the Company  
Jun. 2017 Director, Senior Managing Executive Officer of the Company  
Jun. 2019 Representative Director, President of the Company  
Jun. 2020 President of Morinaga Angel Foundation (present)  
Jun. 2021 President of All Nippon Kashi Association (present)  
Jun. 2024 Chairman of Japan Foods & Biotechnology Intellectual Property Rights Center (present)  
Apr. 2025 Representative Director, Chairman and CEO of the Company (present)



Representative Director, President and COO

**Shinya Mori**

March 14, 1962

Term of office as a director	6 years
Board of Directors meeting attendance	15/15 times
Responsibilities	Audit Division, R&D Center
Number of shares of the Company owned (of which, to be issued as stock compensation)	14,536 (9,036)

• Career summary

Apr. 1984 Joined Morinaga & Co., Ltd.  
Jun. 2013 General Manager of Health Care Business Headquarters of the Company  
Apr. 2016 Executive Officer, General Manager of Health Business Headquarters of the Company  
Apr. 2018 Executive Officer, Deputy General Manager of R&D Center of the Company  
Jan. 2019 Executive Officer, General Manager of R&D Center of the Company  
Jun. 2019 Director, Senior Executive Officer of the Company  
Commissioned General Manager of R&D Center  
Jun. 2023 Director, Managing Executive Officer of the Company  
Apr. 2025 Representative Director, President and COO of the Company (present)



Director, Managing Executive Officer

**Daisuke Fujii**

Oct. 18, 1964

Term of office as a director	6 years
Board of Directors meeting attendance	15/15 times
Responsibilities	Corporate Strategy Division, General Affairs Division, DX Promotion Division, and Intellectual Property Strategy Division
Number of shares of the Company owned (of which, to be issued as stock compensation)	11,754 (8,754)

• Career summary

Apr. 1987 Joined Morinaga & Co., Ltd.  
Apr. 2018 General Manager of General Affairs Division of the Company  
Apr. 2019 Executive Officer, General Manager of General Affairs Division of the Company  
Jun. 2019 Director, Senior Executive Officer of the Company  
Aug. 2019 Commissioned General Manager of Corporate Strategy Division of the Company  
Jul. 2022 Commissioned General Manager of General Affairs Division of the Company  
Sep. 2022 Commissioned General Manager of Strategic Investment & Alliance Division of the Company  
Jun. 2023 Director, Managing Executive Officer of the Company (present)



Director, Senior Executive Officer

**Hideki Matsunaga**

Feb. 16, 1967

Significant concurrent positions

Chairman of Shanghai Morinaga Co., Ltd.  
Chairman of Morinaga (Zhejiang) Co., Ltd.

Term of office as a director	3 years
Board of Directors meeting attendance	15/15 times
Responsibilities	Overseas Business Headquarters
Number of shares of the Company owned (of which, to be issued as stock compensation)	16,166 (4,366)

• Career summary

Apr. 1990 Joined Morinaga & Co., Ltd.  
Oct. 2010 General Manager of Area Sales Division of Confectionery and Foodstuff Sales Division of the Company  
Apr. 2014 General Manager of Sales Strategy Division of Sales Headquarters of the Company  
Apr. 2018 Executive Officer, General Manager of Sales Strategy Division of Sales Headquarters of the Company  
Apr. 2019 Executive Officer, General Manager of Confectionery and Foodstuff Sales Division of Sales Headquarters of the Company  
Oct. 2019 Executive Officer, General Manager of Sales Headquarters of the Company  
Apr. 2021 Senior Executive Officer, General Manager of Sales Headquarters of the Company  
Apr. 2022 Senior Executive Officer, General Manager of Marketing Headquarters of the Company  
Jun. 2022 Director, Senior Executive Officer of the Company (present)  
Commissioned General Manager of Marketing Headquarters  
Apr. 2025 Commissioned General Manager of Overseas Business Headquarters of the Company (present), Chairman of Shanghai Morinaga Co., Ltd. (present), Chairman of Morinaga (Zhejiang) Co., Ltd. (present)



Director, Senior Executive Officer and CFO

**Tetsuya Takagi**

Aug. 16, 1963

Term of office as a director	3 years
Board of Directors meeting attendance	14/15 times
Responsibilities	Accounting Division, Corporate Communications Division
Number of shares of the Company owned (of which, to be issued as stock compensation)	6,474 (4,374)

• Career summary

Apr. 1986 Joined Fuji Xerox Co., Ltd. (currently FUJIFILM Business Innovation Corp.)  
Jul. 2015 Corporate Vice President, General Manager of Corporate Planning Division of Fuji Xerox Co., Ltd.  
Jul. 2017 Executive Counselor of Fuji Xerox Co., Ltd.  
Apr. 2018 Managing Executive Officer, responsible (deputy) for Corporate Planning Division of UNIZO Holdings Company, Limited.  
Jul. 2019 Chief Financial Officer, Director & Group Executive of Twinbird Corporation  
Nov. 2021 Joined Morinaga & Co., Ltd.  
Apr. 2022 Senior Executive Officer of the Company  
Jun. 2022 Director, Senior Executive Officer and CFO of the Company (present)  
Representative Director, President of Morinaga Finance Co., Ltd.



Director, Senior Executive Officer

**Kenji Takanami**

March 6, 1972

Term of office as a director	1 year
Board of Directors meeting attendance	11/11 times
Responsibilities	Sustainable Management Division, Direct Marketing Division
Number of shares of the Company owned (of which, to be issued as stock compensation)	1,752 (952)

• Career summary

Apr. 1994 Joined Morinaga & Co., Ltd.  
Apr. 2016 General Manager of Confectionery Marketing Division, Marketing Headquarters of the Company  
Apr. 2017 General Manager of Frozen Desserts Marketing Division, Marketing Headquarters of the Company  
Apr. 2021 Representative Director, President of Aunt Stella Inc.  
Apr. 2024 Senior Executive Officer of the Company  
Jun. 2024 Director, Senior Executive Officer of the Company (present)

## Executive Management Team

## Outside Directors



Outside Director (Independent Officer)

**Shinji Sakaki**

Jan. 23, 1957

Significant concurrent positions

Outside Director (Audit and Supervisory Committee Member), SAN-A CO., LTD.  
Outside Director, Senshukai Co., Ltd.

Term of office as a director	3 years
Board of Directors meeting attendance	15/15 times
Number of shares of the Company owned	0

## • Career summary

Apr. 1980 Joined TOKYU LAND CORPORATION  
 Apr. 2006 Executive Officer and General Manager of Corporate Planning Division of TOKYU LAND CORPORATION  
 Jun. 2007 Director and Managing Executive Officer of Tokyu Hands Inc. (currently Hands Inc.)  
 Apr. 2011 Representative Director, President of Tokyu Hands Inc.  
 Jun. 2014 Director of Tokyu Fudosan Holdings Corporation  
 Apr. 2015 Representative Director, President of Tokyu Livable, Inc.  
 Apr. 2019 Director and Chairperson of Tokyu Livable, Inc.  
 Apr. 2022 Advisor of Tokyu Livable, Inc. (present)  
 May 2022 Outside Director (Audit and Supervisory Committee Member) of SAN-A CO., LTD. (present)  
 Jun. 2022 Outside Director of Morinaga & Co., Ltd. (present)  
 Mar. 2024 Outside Director of Senshukai Co., Ltd. (present)

**[Reason for appointment]** Mr. Shinji Sakaki has a wealth of experience as an executive in the retail industry and real estate industry, and based on the above experience, he has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry to contribute to the strengthening of corporate governance.



Outside Director (Independent Officer)

**Tamaki Sawamura**

Oct. 3, 1962

Significant concurrent positions

Outside Director, Takara Standard Co., Ltd.

Term of office as a director	1 year
Board of Directors meeting attendance	11/11 times
Number of shares of the Company owned	0

## • Career summary

Aug. 1985 Joined Nestlé Japan Ltd.  
 Jul. 1991 Joined Asatsu International Inc.  
 Oct. 1992 Joined Dentsu East Japan Inc.  
 Oct. 2007 Joined Aflac Life Insurance Japan Ltd.  
 Apr. 2008 General Manager, Advertising Department of Aflac Life Insurance Japan Ltd.  
 Jan. 2015 Executive Officer responsible for the marketing division of Aflac Life Insurance Japan Ltd.  
 Jan. 2023 Advisor of Aflac Life Insurance Japan Ltd.  
 Aug. 2023 Advisor of HomeServe Japan Corporation (present)  
 Jun. 2024 Outside Director of Takara Standard Co., Ltd. (present)  
 Outside Director of Morinaga & Co., Ltd. (present)

**[Reason for appointment]** Ms. Tamaki Sawamura has a wealth of experience as an executive and advisor in the insurance industry and the service industry, and based on the above experience, she has provided objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry to contribute to the strengthening of corporate governance.



Outside Director (Independent Officer)

**Yoichiro Shimomura**

March 11, 1962

Significant concurrent positions

Representative Director, President of FLEURS Co., Ltd.

Term of office as a director	—
Board of Directors meeting attendance	—
Number of shares of the Company owned	0

## • Career summary

Mar. 1984 Joined Sanrio Company, Ltd.  
 Apr. 2010 Executive Officer of Sanrio Company, Ltd.  
 Jun. 2013 Executive Officer, General Manager for Licensing Division of Sanrio Company, Ltd.  
 Jun. 2014 Director of Sanrio Company, Ltd.  
 Jun. 2020 Managing Executive Officer, Division General Manager for Entertainment Business Division of Sanrio Company, Ltd.  
 Director of Sanrio Far East Co. (currently Sanrio Company, Ltd.)  
 Jun. 2022 Representative Director, President of FLEURS Co., Ltd. (present)  
 Jun. 2025 Outside Director of Morinaga & Co., Ltd. (present)

**[Reason for appointment]** Mr. Yoichiro Shimomura has a wealth of experience as an executive in the licensing business and wholesale industries, and based on the above experience, he is expected to provide objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry to contribute to the strengthening of corporate governance.



Outside Director (Independent Officer)

**Hiromi Yamagishi**

March 4, 1963

Term of office as a director	—
Board of Directors meeting attendance	—
Number of shares of the Company owned	0

## • Career summary

Apr. 1985 Joined ASAHI BREWERYES, LTD.  
 Apr. 2014 Director of Product Assurance Center, Production Headquarters of ASAHI BREWERYES, LTD.  
 Mar. 2019 Executive Officer, Director of Product Assurance Center, Production Headquarters of ASAHI BREWERYES, LTD.  
 Mar. 2022 Executive Officer, Head of DE&I Office of Asahi Group Japan, Ltd.  
 Sep. 2023 Advisor, Head of DE&I Office of Asahi Group Japan, Ltd.  
 Apr. 2024 Advisor of Asahi Group Holdings, Ltd. (present)  
 Jun. 2025 Outside Director of Morinaga & Co., Ltd. (present)

**[Reason for appointment]** Ms. Hiromi Yamagishi has a wealth of experience as an executive officer and advisor in addition to serving as division head in charge of production and diversity promotion in the food industry and based on this experience, she is expected to provide objective and neutral advice on overall management coming from a broad perspective that extends beyond the Company's industry to contribute to the strengthening of corporate governance.

## Audit &amp; Supervisory Board Members

Standing Audit &  
Supervisory Board Member**Toshiaki Fukunaga**

Feb. 4, 1960

Audit & Supervisory Board meeting attendance	16/16 times
Board of Directors meeting attendance	15/15 times
Number of shares of the Company owned	5,400

## • Career summary

Apr. 1982 Joined Morinaga & Co., Ltd.  
 Jun. 2006 Executive Officer, General Manager of Development Planning Office of R&D Center of the Company  
 Jun. 2011 Executive Officer, General Manager of Chukyo Factory of the Company  
 Jan. 2014 Representative Director, President of Morinaga America Foods, Inc.  
 Apr. 2017 Executive Officer, General Manager of R&D Center of Morinaga & Co., Ltd.  
 Jun. 2017 Director, Senior Executive Officer, Commissioned General Manager of R&D Center of Morinaga & Co., Ltd.  
 Jan. 2019 Representative Director, President of Morinaga America Foods, Inc.  
 Jun. 2022 Standing Audit & Supervisory Board Member of Morinaga & Co., Ltd. (present)

Standing Outside Audit &  
Supervisory Board Member (Independent Officer)**Takehiko Sasamori**

Aug. 7, 1962

Audit & Supervisory Board meeting attendance	16/16 times
Board of Directors meeting attendance	15/15 times
Number of shares of the Company owned	800

## • Career summary

Apr. 1985 Joined Mitsubishi Corporation  
 Sep. 2007 Director of PT Krama Yudha Tiga Berlian Motors (Indonesia)  
 Jun. 2013 Director, Executive Officer of NIHON SHOKUHIN KAKO CO., LTD.  
 Apr. 2017 General Manager of Risk Management Office of Mitsubishi Corporation  
 Apr. 2018 Division General Manager of Corporate Planning Division of Toyo Tire & Rubber Co., Ltd. (currently Toyo Tire Corporation)  
 Jan. 2019 Executive Officer of Toyo Tire & Rubber Co., Ltd.  
 Mar. 2019 Director of Toyo Tire & Rubber Co., Ltd.  
 Jun. 2023 Standing Outside Audit & Supervisory Board Member of Morinaga & Co., Ltd. (present)

**[Reason for appointment]** Mr. Takehiko Sasamori has a wealth of management experience in the food industry and the manufacturing industry and has specialized knowledge as a Certified Public Accountant in the State of Delaware in the United States. He provides objective and neutral audits from a broad perspective based on this knowledge and experience.



Outside Audit &amp; Supervisory Board Member (Independent Officer)

**Sawako Ueno**

Aug. 12, 1964

Significant concurrent positions

Head of Sawako Ueno Certified Public Accountant Office  
 Outside Audit & Supervisory Board Member of AIRPORT FACILITIES CO., LTD.  
 Outside Director of SUMIDA CORPORATION (Audit Committee Member)

Audit & Supervisory Board meeting attendance	16/16 times
Board of Directors meeting attendance	15/15 times
Number of shares of the Company owned	0

## • Career summary

Apr. 1998 Joined The Dai-ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)  
 Oct. 1996 Joined Showa Ota & Co. (currently Ernst & Young ShinNihon LLC)  
 Oct. 2008 Partner, Ernst & Young ShinNihon LLC  
 Sep. 2017 Joined Deloitte Touche Tohmatsu LLC as Partner  
 Sep. 2019 Director of Deloitte Touche Tohmatsu LLC (retired in Dec. 2020)  
 Jan. 2021 Joined the Financial Services Agency, Securities and Exchange Criminal Investigator, Criminal Investigation Division, Securities and Exchange Surveillance Commission, Executive Bureau of the Financial Services Agency  
 Apr. 2023 Established and assumed the office of Head of Sawako Ueno Certified Public Accountant Office (present)  
 Jun. 2023 Outside Audit & Supervisory Board Member of Morinaga & Co., Ltd. (present), Outside Audit & Supervisory Board Member of AIRPORT FACILITIES CO., LTD. (present)  
 Mar. 2024 Outside Director of SUMIDA CORPORATION (Audit Committee Member) (present)

**[Reason for appointment]** Ms. Sawako Ueno has highly specialized knowledge and extensive experience as a certified public accountant, as well as business experience at the Financial Services Agency. She provides objective and neutral audits from a broad perspective based on this knowledge and experience.



Outside Audit &amp; Supervisory Board Member (Independent Officer)

**Hideo Kishi**

May 13, 1958

Significant concurrent positions  
Professor, Tokyo Metropolitan University Law School

Audit & Supervisory Board meeting attendance	12/12 times
Board of Directors meeting attendance	11/11 times
Number of shares of the Company owned	0

## • Career summary

Apr. 1988 Appointed Judge  
 Feb. 2019 Chief Judge of Takamatsu District Court  
 Dec. 2020 Chief Judge of Nagano District Court and Family Court  
 Apr. 2022 Chief Judge of Chiba Family Court  
 Apr. 2024 Professor, Tokyo Metropolitan University Law School (present)  
 Jun. 2024 Outside Audit & Supervisory Board Member of Morinaga & Co., Ltd. (present)

**[Reason for appointment]** Mr. Hideo Kishi has a high level of expertise and experience as a judge and university professor. He provides objective and neutral audits from a broad perspective based on this knowledge and experience.

# 11-Year Financial and Non-Financial Summary

## Financial Information

Accounting year	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020* <sup>7</sup>	FY2021* <sup>7</sup>	FY2022	FY2023	FY2024
Net sales	(Million yen)	177,929	181,868	199,479	205,022	205,368	208,878	168,240	181,251	194,373	213,368	228,957
Operating income	(Million yen)	5,939	11,456	17,612	19,751	20,217	21,230	19,176	17,685	15,235	20,273	21,266
Ordinary income	(Million yen)	6,530	12,062	18,325	20,422	20,767	21,950	19,782	18,247	15,757	21,039	22,304
Profit attributable to owners of parent	(Million yen)	3,806	8,092	11,115	10,289	12,816	10,824	13,416	27,773	10,059	15,154	17,710
Capital investment	(Million yen)	2,393	7,406	3,750	7,310	7,983	10,661	20,404	20,411	9,995	14,998	10,689
Depreciation	(Million yen)	6,581	6,130	5,771	5,820	5,835	6,230	7,909	10,032	10,087	9,492	9,918
R&D expenses* <sup>1</sup>	(Million yen)	2,005	2,152	2,210	2,205	2,194	2,240	2,217	2,686	2,892	3,206	3,045
Cash flow from operating activities	(Million yen)	11,182	16,715	18,400	17,788	20,897	20,994	12,127	24,825	(2,966)	30,174	10,763
Cash flow from investing activities	(Million yen)	(3,022)	(2,091)	(29,736)	8,154	(20,025)	16,993	(19,862)	9,312	(14,209)	(5,345)	(9,837)
Cash flow from financial activities	(Million yen)	(1,491)	(2,311)	(2,398)	(17,906)	(11,888)	(4,375)	(4,084)	(5,943)	(7,348)	(14,073)	(18,008)
Free cash flow* <sup>2</sup>	(Million yen)	8,159	14,223	15,663	13,943	15,871	7,988	(7,735)	34,318	(17,080)	24,829	820

## End of fiscal year

Total assets* <sup>3</sup>	(Million yen)	151,310	163,085	183,112	177,920	175,837	188,060	202,910	214,300	205,226	223,644	209,986
Net assets	(Million yen)	69,393	77,223	91,763	100,331	97,193	105,487	123,706	131,174	125,856	132,653	132,393
Interest-bearing debt* <sup>4</sup>	(Million yen)	26,764	26,446	26,282	11,265	10,666	10,000	10,000	10,000	19,000	19,000	19,000

## Financial indicators

Operating income to net sales ratio	(%)	3.3	6.3	8.8	9.6	9.8	10.2	11.4	9.8	7.8	9.5	9.3
Return on equity (ROE)	(%)	6.0	11.5	13.6	11.0	13.2	10.8	11.8	22.0	7.9	11.8	13.5
Return on assets (ROA)* <sup>3</sup>	(%)	4.4	7.7	10.6	11.3	11.7	12.1	10.1	8.7	7.5	9.8	10.3
Equity ratio* <sup>3</sup>	(%)	43.8	45.7	48.7	55.0	54.8	55.7	60.5	60.7	60.7	58.7	62.3
D/E ratio	(Times)	0.40	0.35	0.29	0.12	0.11	0.10	0.08	0.08	0.15	0.14	0.15
Book value per share (BPS)* <sup>5</sup>	(Yen)	637.05	716.25	856.75	941.11	958.61	1,040.39	1,220.62	1,301.97	1,322.63	1,448.01	1,523.09
Earnings per share (EPS)* <sup>5</sup>	(Yen)	36.56	77.74	106.80	98.88	123.57	107.59	133.36	276.29	104.38	165.60	200.85
Dividend per share* <sup>5</sup>	(Yen)	15.00	17.50	22.50	25.00	33.00	36.00	40.00	45.00	50.00	55.00	60.00
Dividend payout ratio	(%)	41.0	22.5	21.1	25.3	26.7	33.5	30.0	16.3	47.9	33.2	29.9
Dividend on equity ratio	(%)	2.5	2.6	2.9	2.8	3.5	3.6	3.5	3.6	3.8	4.0	4.0
Total payout ratio* <sup>6</sup>	(%)	41.5	22.9	21.5	26.7	92.5	33.6	30.1	21.5	158.7	90.2	99.5

\*1 The calculation method was changed from FY2024 to provide a clearer picture of the actual situation.

\*2 Calculated excluding expenditures associated with payments into time deposits and proceeds from the reversal of time deposits.

\*3 The Company applied Partial Amendments to the Accounting Standard for Tax Effect Accounting from FY2018. The figures for FY2017 and prior were retroactively adjusted in line with this accounting standard.

\*4 Interest-bearing debt refers to debt for which interest is being paid, excluding lease obligations.

\*5 The Company implemented a 5-for-1 share reverse stock split on October 1, 2016. In addition, the Company implemented a 1-for-2 stock split on January 1, 2024. Figures calculated assuming that the reverse stock split and stock split were carried out at the beginning of FY2013.

\*6 The total amount of dividends for which the record date falls in the current fiscal year and the total amount of treasury shares acquired in the current fiscal year divided by net income attributable to owners of the parent.

\*7 The Company applied the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 2020)," and other regulations, from the beginning of FY2021. The figures for FY2020 were retroactively adjusted in line with the said accounting standard.

## 11-Year Financial and Non-Financial Summary

## Non-financial Information

		Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of employees* <sup>1</sup>	Consolidated	(People)	2,978 (2,613)	3,056 (2,330)	3,256 (2,186)	3,169 (1,950)	2,717 (1,712)	2,711 (1,687)	2,825 (1,597)	2,937 (1,658)	3,076 (1,673)	3,093 (1,832)	3,153 (1,905)
Ratio of female managers* <sup>2</sup>	Morinaga & Co., Ltd.	(%)	4.4	4.2	4.6	5.2	6.7	7.7	8.3	9.4	13.0	13.3	13.5
Procurement ratio of sustainable raw materials* <sup>3</sup>	Japan	Cacao beans (%)								9	34	78	78
	Japan	Palm oil (%)								2	9	52	100
		Paper (%)								98	99.9	100	100
CO <sub>2</sub> emissions* <sup>4,*5</sup>	Japan	Scope 1 (Thousand t-CO <sub>2</sub> )	58.0	55.3	57.0	56.7	24.0	20.6	21.4	22.3	22.3	21.0	20.5
		Scope 2 (Thousand t-CO <sub>2</sub> )					50.1	46.9	47.5	53.4	54.0	48.8	42.4
	Overseas	Scope 1 (Thousand t-CO <sub>2</sub> )	9.0	14.3	18.4	15.1	2.8	3.4	3.3	3.7	4.0	4.4	4.5
		Scope 2 (Thousand t-CO <sub>2</sub> )					6.6	7.2	6.3	6.8	6.8	7.3	6.9
Amount of water consumption* <sup>5,*6</sup>	Japan	(Thousand m <sup>3</sup> )	1,488	1,483	1,549	1,530	1,504	1,593	1,602	1,599	1,706	1,631	1,613
	Overseas	(Thousand m <sup>3</sup> )	215	183	247	209	159	148	170	179	203	216	236
Amount of waste emissions* <sup>7</sup>	Japan	(t)	10,093	9,796	9,962	9,843	9,716	9,556	9,393	10,843	9,554	9,798	9,698
	Overseas	(t)	1,109	1,210	1,264	860	515	616	588	690	757	868	899

\*1 Data as of March 31 each fiscal year. Number of employees represents the number of people working for the Company (excluding forwarded employees from the Group to outside the Group but including forwarded employees from outside the Group to the Group). For temporary employees, the number in parentheses is excluded from the above number and shows the average number of temporary employees per year. Temporary employees include part-timers and contract workers but exclude temporary employees from placement agencies.

\*2 Figures are non-consolidated for Morinaga & Co., Ltd., as of April 1 of each fiscal year. The calculation method has been changed from FY2024 (calculated based on the provisions of the "Act on Promotion of Women's Participation and Advancement in the Workplace" (Act No. 64, 2015)). The figures for FY2022 and FY2023 used for comparison with the previous fiscal year are the figures after retroactive application of the said standards.

\*3 Paper covers product packaging only.

\*4 Figures for Japan for FY2018 and later represent the Group consolidated basis. Figures for overseas for FY2019 and later represent the Group consolidated basis. Figures prior to this are for production sites both in Japan and overseas.

The conversion coefficient at the time of CO<sub>2</sub> calculation for FY2017 and prior uses the fixed coefficient of 0.378 kg-CO<sub>2</sub>/kWh established internally in 2003.

\*5 Figures for FY2020 onward are for the Group in Japan on a consolidated basis and figures for FY2023 onward are for the Group overseas on a consolidated basis. Both figures cover CO<sub>2</sub> emissions (Scope 1 and 2) and water consumption and have obtained third-party assurance by LRQA Limited.

\*6 Figures prior to FY2018 are for production sites both in Japan and overseas. Figures for Japan for FY2019 and later represent the Group consolidated basis.

\*7 Figures for production sites both in Japan and overseas.

# Financial Summary

## (1) Consolidated Balance Sheets

	(Million yen)	
	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
<strong>Assets</strong>		
Current assets		
Cash and deposits	44,900	<b>31,062</b>
Notes and accounts receivable—trade	30,623	<b>27,340</b>
Securities	4,999	—
Merchandise and finished goods	16,939	<b>21,391</b>
Work in progress	615	<b>592</b>
Raw materials and supplies	11,084	<b>15,969</b>
Other	8,928	<b>8,380</b>
Allowance for doubtful accounts	(46)	<b>(69)</b>
Total current assets	118,045	<b>104,667</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	67,101	<b>67,419</b>
Accumulated depreciation	(31,234)	<b>(32,958)</b>
Buildings and structures—net	35,867	<b>34,461</b>
Machinery, equipment and vehicles	101,967	<b>105,716</b>
Accumulated depreciation	(74,935)	<b>(78,919)</b>
Machinery, equipment and vehicles—net	27,031	<b>26,797</b>
Tools, furniture and fixtures	6,205	<b>6,621</b>
Accumulated depreciation	(4,448)	<b>(5,029)</b>
Tools, furniture and fixtures—net	1,756	<b>1,592</b>
Land	12,994	<b>12,099</b>
Lease assets	2,358	<b>2,339</b>
Accumulated depreciation	(1,159)	<b>(1,265)</b>
Lease assets—net	1,198	<b>1,074</b>
Construction in progress	1,841	<b>3,957</b>
Total property, plant and equipment	80,690	<b>79,982</b>

	(Million yen)	
	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
<strong>Intangible assets</strong>		
Software	260	<b>2,835</b>
Other	1,755	<b>1,239</b>
Total intangible assets	2,015	<b>4,075</b>
<strong>Investments and other assets</strong>		
Investment securities	13,217	<b>10,251</b>
Net defined benefit asset	6,764	<b>7,150</b>
Deferred tax assets	1,613	<b>1,957</b>
Other	1,330	<b>1,937</b>
Allowance for doubtful accounts	(34)	<b>(34)</b>
Total investments and other assets	22,891	<b>21,261</b>
Total noncurrent assets	105,598	<b>105,319</b>
Total assets	223,644	<b>209,986</b>

For more details, please refer to the link below.

<https://www.morinaga.co.jp/company/english/ir/library/settlement.html>

## Financial Summary

For more details, please refer to the link below.

<https://www.morinaga.co.jp/company/english/ir/library/settlement.html>

## (1) Consolidated Balance Sheets

	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
<b>Liabilities</b>		
Current liabilities		(Million yen)
Notes and accounts payable—trade	23,002	<b>21,608</b>
Lease obligations	467	<b>492</b>
Accounts payable—other	12,720	<b>10,877</b>
Income taxes payable	6,192	<b>1,974</b>
Refund liabilities	5,720	<b>5,643</b>
Allowance for bonuses	3,089	<b>3,308</b>
Other	13,242	<b>7,984</b>
Total current liabilities	64,436	<b>51,889</b>
Long-term liabilities		
Bonds payable	9,000	<b>9,000</b>
Long-term loans	10,000	<b>10,000</b>
Lease obligations	854	<b>696</b>
Deferred tax liabilities	50	—
Provision for directors' stock benefits	115	<b>102</b>
Provision for environmental measures	149	<b>3</b>
Net defined benefit liability	2,677	<b>2,082</b>
Asset retirement obligations	66	<b>67</b>
Deposits received	3,557	<b>3,668</b>
Other	82	<b>81</b>
Total long-term liabilities	26,554	<b>25,703</b>
Total liabilities	90,991	<b>77,592</b>

	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
Net assets		
Shareholders' equity		(Million yen)
Common stock	18,612	<b>18,612</b>
Capital surplus	17,186	<b>17,186</b>
Retained earnings	86,305	<b>87,076</b>
Treasury stock	(4,865)	<b>(5,252)</b>
Total shareholders' equity	117,239	<b>117,623</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,610	<b>5,761</b>
Deferred gains or losses on hedges	(2)	<b>(124)</b>
Foreign currency translation adjustments	3,027	<b>4,864</b>
Remeasurements of defined benefit plans	3,327	<b>2,741</b>
Total accumulated other comprehensive income	13,963	<b>13,242</b>
Non-controlling interests	1,450	<b>1,527</b>
Total net assets	132,653	<b>132,393</b>
Total liabilities and net assets	223,644	<b>209,986</b>

## Financial Summary

For more details, please refer to the link below.

<https://www.morinaga.co.jp/company/english/ir/library/settlement.html>

## (2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations		
	(FY2023 (April 1, 2023– March 31, 2024)	(Million yen)
	FY2024 (April 1, 2024– March 31, 2025)	
Net sales	213,368	<b>228,957</b>
Cost of sales	126,679	<b>138,911</b>
Gross profit	86,689	<b>90,046</b>
Selling, general and administrative expenses	66,416	<b>68,779</b>
Operating income	20,273	<b>21,266</b>
Non-operating income		
Interest income	29	<b>116</b>
Dividends income	298	<b>409</b>
Equity in earnings of affiliates	0	–
Subsidy income	363	<b>732</b>
Other	289	<b>171</b>
Total non-operating income	981	<b>1,429</b>
Non-operating expenses		
Interest expenses	105	<b>113</b>
Equity in losses of affiliates	–	<b>184</b>
Depreciation	39	<b>24</b>
Other	70	<b>69</b>
Total non-operating expenses	214	<b>392</b>
Ordinary income	21,039	<b>22,304</b>
Extraordinary income		
Gain on sales of noncurrent assets	985	<b>247</b>
Gain on sales of investment securities	782	<b>3,306</b>
Other	184	–
Total extraordinary income	1,952	<b>3,553</b>
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	508	<b>371</b>
Impairment losses	1,712	<b>1,003</b>
Loss on withdrawal from business	–	<b>198</b>
Other	194	–

Consolidated Statements of Operations		
	(FY2023 (April 1, 2023– March 31, 2024)	(Million yen)
	FY2024 (April 1, 2024– March 31, 2025)	
Total extraordinary loss	2,415	<b>1,573</b>
Income before income taxes	20,576	<b>24,284</b>
Income taxes—current	7,913	<b>6,035</b>
Income taxes—deferred	(2,711)	<b>403</b>
Total income taxes	5,201	<b>6,438</b>
Net income	15,374	<b>17,846</b>
Profit attributable to non-controlling interests	220	<b>136</b>
Profit attributable to owners of parent	15,154	<b>17,710</b>

Consolidated Statements of Comprehensive Income		
	(FY2023 (April 1, 2023– March 31, 2024)	(Million yen)
	FY2024 (April 1, 2024– March 31, 2025)	
Net income	15,374	<b>17,846</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	2,409	<b>(1,849)</b>
Deferred gains or losses on hedges	(2)	<b>(128)</b>
Foreign currency translation adjustments	876	<b>1,914</b>
Remeasurements of defined benefit plans, net of tax	1,709	<b>(582)</b>
Share of other comprehensive income of associates accounted for using equity method	(6)	–
Total other comprehensive income	4,987	<b>(644)</b>
Net comprehensive income	20,361	<b>17,201</b>
(Breakdown)		
Comprehensive income attributable to owners of parent	20,034	<b>16,988</b>
Comprehensive income attributable to non-controlling interests	326	<b>212</b>

## Financial Summary

For more details, please refer to the link below.

<https://www.morinaga.co.jp/company/english/ir/library/settlement.html>

## (3) Consolidated Statements of Changes in Net Assets

FY2023 (April 1, 2023–March 31, 2024)

(Million yen)

	Shareholders' equity					Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock		
Balance at beginning of the fiscal year	18,612	17,186	83,396	(3,713)		115,482
Changes of items during the period						
Dividends from surplus			(4,712)			(4,712)
Profit attributable to owners of parent			15,154			15,154
Purchase of treasury stock					(8,685)	(8,685)
Disposal of treasury stock		0			0	0
Cancellation of treasury stock		(0)	(7,532)		7,532	–
Net changes of items other than shareholders' equity						
Total changes of items during the period	–	–	2,908	(1,152)		1,756
Balance at end of the fiscal year	18,612	17,186	86,305	(4,865)		117,239

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasure-ments of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the fiscal year	5,201	3	2,263	1,615	9,082	1,290	125,856
Changes of items during the period							
Dividends from surplus							(4,712)
Profit attributable to owners of parent							15,154
Purchase of treasury stock							(8,685)
Disposal of treasury stock							0
Cancellation of treasury stock							–
Net changes of items other than shareholders' equity	2,409	(5)	764	1,712	4,880	159	5,040
Total changes of items during the period	2,409	(5)	764	1,712	4,880	159	6,796
Balance at end of the fiscal year	7,610	(2)	3,027	3,327	13,963	1,450	132,653

## Financial Summary

For more details, please refer to the link below.

<https://www.morinaga.co.jp/company/english/ir/library/settlement.html>

## (3) Consolidated Statements of Changes in Net Assets

FY2024 (April 1, 2024–March 31, 2025)

(Million yen)

	Shareholders' equity					Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock		
Balance at beginning of the fiscal year	18,612	17,186	86,305	(4,865)		117,239
Changes of items during the period						
Dividends from surplus			(4,987)			(4,987)
Profit attributable to owners of parent			17,710			17,710
Purchase of treasury stock					(12,460)	(12,460)
Disposal of treasury stock		–	(233)	355		121
Cancellation of treasury stock			(11,717)	11,717		–
Net changes of items other than shareholders' equity						
Total changes of items during the period	–	–	771	(386)		384
Balance at end of the fiscal year	18,612	17,186	87,076	(5,252)		117,623

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for- sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the fiscal year	7,610	(2)	3,027	3,327	13,963	1,450	132,653
Changes of items during the period							
Dividends from surplus							(4,987)
Profit attributable to owners of parent							17,710
Purchase of treasury stock							(12,460)
Disposal of treasury stock							121
Cancellation of treasury stock							–
Net changes of items other than shareholders' equity	(1,849)	(121)	1,836	(586)	(721)	77	(643)
Total changes of items during the period	(1,849)	(121)	1,836	(586)	(721)	77	(259)
Balance at end of the fiscal year	5,761	(124)	4,864	2,741	13,242	1,527	132,393

## Financial Summary

For more details, please refer to the link below.

<https://www.morinaga.co.jp/company/english/ir/library/settlement.html>

## (4) Consolidated Statements of Cash Flows

	FY2023 (April 1, 2023– March 31, 2024)	FY2024 (April 1, 2024– March 31, 2025)
Operating activities		
Income before income taxes	20,576	<b>24,284</b>
Depreciation	9,492	<b>9,918</b>
Impairment loss	1,712	<b>1,003</b>
Increase (decrease) in provision for directors' stock benefits	27	<b>27</b>
Increase (decrease) in net defined benefit liability	69	<b>(1,054)</b>
(Increase) decrease in net defined benefit asset	(714)	<b>(724)</b>
Increase (decrease) in allowance for bonuses	379	<b>209</b>
Increase (decrease) in allowance for doubtful accounts	1	<b>20</b>
Increase (decrease) in provision for environmental measures	(123)	<b>(146)</b>
Interest and dividends income	(327)	<b>(525)</b>
Subsidy income	(363)	<b>(732)</b>
Interest expenses	105	<b>113</b>
Equity in losses (earnings) of affiliates	(0)	<b>184</b>
Loss (gain) on sales of investment securities	(782)	<b>(3,306)</b>
(Gain) loss on sales of noncurrent assets	(812)	<b>(173)</b>
Loss on retirement of noncurrent assets	335	<b>297</b>
Loss on withdrawal from business	–	<b>198</b>
(Increase) decrease in notes and accounts receivable—trade	(6,689)	<b>3,706</b>
(Increase) decrease in inventories	3,293	<b>(8,534)</b>
Increase (decrease) in notes and accounts payable—trade	68	<b>(1,636)</b>
Other	2,041	<b>(2,652)</b>
<b>Subtotal</b>	<b>28,289</b>	<b>20,478</b>
Interest and dividends income received	322	<b>531</b>
Interest expenses paid	(104)	<b>(108)</b>
Income taxes (paid) refund	1,052	<b>(10,123)</b>

	FY2023 (April 1, 2023– March 31, 2024)	FY2024 (April 1, 2024– March 31, 2025)
Proceeds from subsidy income	614	<b>168</b>
Payments due to withdrawal from business	–	<b>(182)</b>
Net cash provided by (used in) operating activities	30,174	<b>10,763</b>
Investing activities		
Net decrease (increase) in time deposits	–	<b>105</b>
Purchase of securities	(2,500)	–
Proceeds from redemption of securities	–	<b>2,500</b>
Purchase of property, plant and equipment	(9,091)	<b>(13,579)</b>
Proceeds from sales of property, plant and equipment	7,666	<b>480</b>
Purchase of intangible assets	(1,382)	<b>(2,318)</b>
Purchase of investment securities	(2)	<b>(2)</b>
Proceeds from sales of investment securities	1,256	<b>4,298</b>
Purchase of shares of subsidiaries and associates	–	<b>(598)</b>
Payments of loans receivable	–	<b>(125)</b>
Other	(1,292)	<b>(597)</b>
Net cash provided by (used in) investing activities	(5,345)	<b>(9,837)</b>
Financing activities		
Purchase of treasury stock	(8,685)	<b>(12,460)</b>
Proceeds from sales of treasury stock	0	<b>81</b>
Cash dividends paid	(4,712)	<b>(4,987)</b>
Dividends paid to non-controlling interests	(166)	<b>(134)</b>
Other	(508)	<b>(507)</b>
Net cash provided by (used in) financing activities	(14,073)	<b>(18,008)</b>
Effect of exchange rate change on cash and cash equivalents	267	<b>826</b>
Net increase (decrease) in cash and cash equivalents	11,024	<b>(16,256)</b>
Cash and cash equivalents at beginning of period	36,077	<b>47,101</b>
Cash and cash equivalents at end of period	47,101	<b>30,845</b>

# Corporate Profile/Stock Information/Third-Party Assurance

## Corporate Profile (as of March 31, 2025)

Company Name	Morinaga & Co., Ltd.
Representative*	Eijiro Ota, Representative Director, Chairman and CEO Shinya Mori, Representative Director, President and COO
	*As of April 1, 2025
Headquarters	1-13-16 Shibaura, Minato-ku, Tokyo 105-8309, Japan
Establishment	August 15, 1899 Founded as Morinaga's Western Confectionery Shop
Incorporation	February 23, 1910
Capital	18,612 million yen
Business Activities	Morinaga's main business activities are the manufacture, purchase, and sale of confectioneries (e.g., caramel, biscuits, chocolate), foods (e.g., cocoa, cake mix), frozen desserts (e.g., ice cream), and health products (e.g., jelly drinks)
Net Sales	Consolidated 228,957 million yen, Non-consolidated 183,019 million yen
Employees	Consolidated 3,153, Non-consolidated 1,538 (average age: 43.4 years)

## Business Offices and Affiliated Companies (as of June 30, 2025)

Main Offices	Domestic Group Companies	Overseas Group Companies
Head Office	•Food Manufacturing Morinaga Angel Dessert Co., Ltd.	Taiwan Morinaga Co., Ltd. (Taipei, Taiwan)
Hokkaido Branch Office	Morinaga Dessert Co., Ltd.	Shanghai Morinaga Co., Ltd. (Shanghai, China)
Tohoku Branch Office	Morinaga (Zhejiang) Co., Ltd. (Zhejiang, China)	Morinaga America, Inc. (California, USA)
Kanto Shin-etsu Branch Office	Takasaki Morinaga Co., Ltd.	Morinaga America Foods, Inc. (North Carolina, USA)
Tokyo Branch Office	Aunt Stella Inc.	Morinaga Asia Pacific Co., Ltd. (Bangkok, Thailand)
Chubu Branch Office	Morinaga Market Development Co., Ltd.	★=Non-consolidated companies accounted for using the equity method
Kansai Branch Office	Morinaga Shoji Co., Ltd.	
Chugoku Shikoku Branch Office	•Food Merchandise Morinaga Takataki Country Co., Ltd.	
Kyushu Branch Office	•Real Estate and Services Morinaga BioScience, Inc.	
Oyama Factory	Morinaga Business Partner Co., Ltd.	
Tsurumi Factory	SEE THE SUN Inc. ★	
Mishima Factory	BAQTEX Co., Ltd. ★	
Chukyo Factory		
R&D Center		

## External Recognition



For details of each indicator, please see "Indices and Awards" on our corporate website.  
<https://www.morinaga.co.jp/company/english/sustainability/governance/evaluation.html>

## Stock and Shareholder Information (as of March 31, 2025)

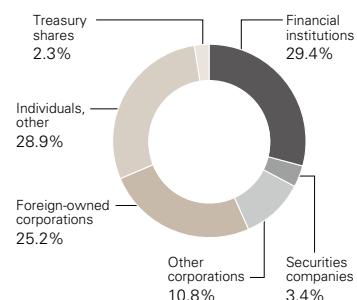
Stock Exchange Listing	TSE Prime Market	Fiscal Year	April 1 to March 31 of the following year
Industry	Food products	Total Number of Shares Authorized to Be Issued	200,000,000
Securities Code	2201	Total Number of Shares Issued	86,001,766 (excluding 2,009,872 shares of treasury stock)
Share Unit Number	100 shares	Number of Shareholders	51,605

### Status of Major Shareholders\*

Shareholder Name	Number of Shares Held (Thousands shares)	Ratio of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	12,097	14.0
Morinaga Business Partner Shareholding Association	6,457	7.5
Custody Bank of Japan, Ltd. (Trust account)	5,922	6.8
Meiji Yasuda Life Insurance Company	2,242	2.6
STATE STREET BANK AND TRUST COMPANY 505001	2,049	2.3
MORINAGA MILK INDUSTRY CO., LTD.	1,372	1.5
Mizuho Bank, Ltd.	1,278	1.4
Morinaga Group Employees Shareholding Association	1,272	1.4
JP MORGAN CHASE BANK 385632	1,162	1.3
JP MORGAN CHASE BANK 385781	1,066	1.2

\*The Company holds 2,009,872 shares of treasury stock, but that is excluded from the list of major shareholders above. The holding ratio is calculated after excluding treasury stock.

### Distribution of Shares by Owner



## Third-Party Assurance

The Morinaga Group has received assurance from LRQA Limited since FY2020 for the following information appearing in this report to enhance the reliability and accuracy of the information contained in the Morinaga Group Integrated Report 2025.

Scope of assurance	CO <sub>2</sub> emissions	P5	P60	P81	Amount of water consumption	P61	P81
--------------------	---------------------------	----	-----	-----	-----------------------------	-----	-----

For more detailed information, please refer to the Third-Party Assurance Statement published in the ESG Data section of our corporate website.  
[https://www.morinaga.co.jp/company/english/sustainability/data/pdf/AS\\_MorinagaCo2024\\_EN\\_Fixed20250713.pdf](https://www.morinaga.co.jp/company/english/sustainability/data/pdf/AS_MorinagaCo2024_EN_Fixed20250713.pdf)

### Assurance of Executive Officer in Charge



**Kenji Takanami**  
Director,  
Senior Executive Officer  
Responsible for Sustainable  
Management Division

### Message on Publication of Morinaga Group Integrated Report 2025

The Group, which launched its 2030 Business Plan in FY2021, is promoting corporate activities with the vision of changing into a Wellness Company. The Morinaga Group has published an integrated report since FY2021. The objective of our integrated report is to deepen the understanding of stakeholders, including shareholders and investors, about our efforts to enhance corporate value over the medium to long term.

In this report, which marks the fifth such report, we have provided a concise overview of the progress of the 2024 Medium-Term Business Plan. We have also included special features on our overseas business strategies for medium- to long-term global growth and our efforts to capture

inbound tourism demand. We hope that the publication of the Morinaga Group Integrated Report 2025 will help our stakeholders understand the Group's growth toward 2030.

This report is produced by the Sustainability Management Division and the Integrated Report Task Team, which consists of members from several related departments. As the Director, Senior Executive Officer responsible for this report, I declare the legitimacy of the preparation process and the accuracy of the content.

We will continue to emphasize dialogue with our stakeholders and aim to further enhance the content of disclosures and communications. We look forward to your honest feedback.

Inquiries Sustainable Management Division TEL +81-3-3456-4351