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Notice Regarding Partial Revision of Performance-Linked Stock Compensation Plan for Officers

Morinaga & Co., Ltd. (“the Company”) has since the fiscal year ended March 2018, introduced a stock compensation plan (hereinafter referred to as the “Plan”) for Directors (excluding Outside Directors and non-residents; hereinafter referred to as “Directors”) of the Company through a Board Incentive Plan Trust (hereinafter referred to as the “BIP Trust”). At the Board of Directors meeting held today, the Company decided to continue the Plan after revising some of the details such as adding senior executive officers (excluding non-residents and persons who concurrently serve as Directors; the same applies hereinafter) who have concluded an entrustment agreement with the Company to the scope of the Plan.

In accordance with the decision above, a proposal relating to the Plan will be submitted to the 178th Annual General Meeting of Shareholders to be held on June 26, 2026 (hereinafter referred to as the “General Meeting of Shareholders”) as described below.

1. Continuation of the Plan

- (1) The Company has set forth its 2030 Vision “The Morinaga Group will Change into a Wellness Company in 2030.” To realize the 2030 Vision, the Company resolved to continue the Plan with partial revision, with the aim of supporting the ambitious initiatives of Directors and Senior Executive Officers (hereinafter referred to as “Directors, etc.”) and further promoting the alignment of interests with shareholders by encouraging Directors, etc. to own the Company shares.
- (2) The partial revision and continuation of the Plan is subject to approval at the General Meeting of Shareholders.
- (3) The Plan has adopted an officer remuneration mechanism called the BIP Trust. The BIP Trust will deliver and grant (hereinafter referred to as “grant, etc.”) to Directors, etc. the Company shares and money equivalent to the proceeds from the conversion of the Company shares (hereinafter referred to as the “Company shares, etc.”) in accordance with their title and the level of achievement of performance targets, similar to the Performance Share and the Restricted Stock plans in the United States.

* Partial revision of the Plan has undergone the deliberation of the Officer Appointment and Remuneration Advisory Committee, an advisory body to the Board of Directors.

2. Partial Revision of the Plan

Partial revision of the Plan is subject to approval at the General Meeting of Shareholders. Details of the revision are shown in the table below. Since the Plan covers three (3) consecutive fiscal years, the first Subject Period after the Plan revision will be four (4) fiscal years until the fiscal year ending March 31, 2030, and the trust period of the BIP Trust will be extended along with the Plan revision.

(i) Eligible persons for the grant, etc. of the Company shares, etc.

Before revision	After revision
- Directors	- Directors - <u>Senior Executive Officers</u>

(ii) Upper limit of trust money contributed by the Company

Before revision	After revision
- Covering three (3) fiscal years: <u>Total 180 million yen</u>	- Covering three (3) fiscal years: <u>Total 330 million yen*</u>

*As the first Subject Period after the revision of the Plan will be four (4) fiscal years, the total amount in this case will be up to 440 million yen.

(iii) Upper limit of the number of Company shares, etc. granted, etc. to Directors, etc.

Before revision	After revision
- Covering one (1) fiscal year: <u>15,000 points (30,000 shares)</u>	- Covering one (1) fiscal year: <u>24,000 points (48,000 shares)</u>

(1) Overview of the Plan

The Plan involves the grant, etc. of the Company shares, etc. to the Company's Directors, etc. as officer remuneration in accordance with the title and the level of achievement of the performance indicators of the Company for three (3) consecutive fiscal years (hereinafter referred to as the "Subject Period"). When the Trust continues by way of (4) (ii) below, the Subject Period shall be each subsequent period of three (3) fiscal years.

Please note that the first Subject Period after the Plan revision will be four (4) fiscal years until the fiscal year ending March 31, 2030.

The timing with which the Company's Directors, etc. are granted, etc. the Company shares, etc. is after retiring from the office of Director, etc., in principle (including retirement due to death; the same applies hereinafter).

(2) Resolution of the General Meeting of Shareholders related to the partial revision of the Plan

The upper limit of the amount of the contribution to the Trust and that of the total number of points granted to Directors, etc. (specified in (5) below) and other necessary items shall be resolved at the General Meeting of Shareholders.

When the Trust continues by way of (4) (ii) below, amending the trust agreement and making additional contributions to the Trust upon the expiration of the trust period shall be determined by a resolution of the Board of Directors within the limit of approval by the General Meeting of Shareholders.

(3) Eligible persons of the Plan (requirements for beneficiaries)

The Directors, etc. shall receive the grant, etc. after retirement, in principle, from the Trust for the Company shares, etc. equivalent to the accumulated points at retirement (specified in (5) below, the same applies hereinafter) subject to fulfilling the requirements for beneficiaries mentioned below through the prescribed procedures for determining the beneficiary.

The beneficiary requirements are as follows:

- (i) Should be a Director, etc. of the Company during the Subject Period after the commencement date of the Plan (including a person who was newly appointed as a Director, etc. after the commencement date of the Plan)
- (ii) Should be a resident in Japan^(*1)
- (iii) Should have retired from the office of a Director, etc. of the Company^{(*2) (*3)}
- (iv) The accumulated points specified in (5) below should have been determined
- (v) Regarding the duties of a Director, etc., should not be a person who has carried out a serious violation of a contract agreement between the Company and the Director, etc. or should not be a person who has retired for his or her own reasons contrary to the intentions of the Company
- (vi) Other requirements that are acknowledged to be necessary for achieving the aim of the stock compensation plan

*1 If a Director, etc. becomes a non-resident of Japan during the trust period, all of the Company shares in accordance with the accumulated points at that time shall be converted into cash within the Trust, and the Director, etc. concerned shall receive the money equivalent to the proceeds from the conversion.

*2 If the trust period is extended as described in (4) (iii) below and the eligible persons in the Plan are in office as Director, etc., even upon the expiration of the extended period, the Trust shall terminate at that point in time, and the eligible persons concerned shall be granted, etc. the Company shares, etc. during the term of office of Director, etc.

*3 If a Director, etc. passes away during the trust period, all of the Company shares in accordance with the accumulated points at that time shall be converted into cash within the Trust, and the heir of the Director, etc. concerned shall receive the provision of money equivalent to the proceeds from the conversion.

(4) Trust period

(i) Trust period after the Plan revision

The trust period of the Trust for the first time after the Plan Revision shall be approximately four (4) years from August 2026 (tentative) to the end of August 2030 (tentative).

(ii) Continuation of the Trust

The Company may continue the Trust by amending the trust agreement and making additional contributions to the Trust upon the expiration of the trust period. In that case, the trust period of the Trust shall be extended for another three (3) years, and the Company shall make an additional contribution during every extended period and continue to grant points to the Directors, etc. (specified in (5) below) during the extended trust period. In the case of such an additional contribution, however, when the Company shares (excluding the Company shares equivalent to the points granted to Directors, etc. whose grant, etc. is incomplete) and money (together, hereinafter referred to as “remaining shares, etc.”) still remain in the entrusted assets on the last day of the trust period before the extension, the total of the amount of the remaining shares, etc. and trust money contributed additionally shall be within the upper limit of the trust money resolved for approval

at the General Meeting of Shareholders. The extension of the trust period may not be limited to once only, but the Trust may be similarly continued again subsequently.

(iii) Handling of the termination of the Trust (extension of the trust period without additional contribution)

If the Company does not amend the trust agreement and does not make additional contributions to the Trust upon the expiration of the trust period, a decision on the points granted to Directors, etc. is not made after that. However, if a Director, etc. who may fulfill the requirements for beneficiaries at the point of time concerned is in office, the trust period of the Trust may be extended up to a maximum of 10 years until the Director, etc. concerned retires and the grant, etc. of the Company shares, etc. is complete..

(5) Number of Company shares, etc. granted, etc. to Directors, etc.

Points calculated in accordance with the title and the level of achievement of the performance indicators of the Company shall be granted at a certain time every year during the trust period. The Company shares, etc. shall be granted, etc. in accordance with the accumulated value of points granted (hereinafter referred to as “accumulated points”) when the Directors, etc. retire.

Performance indicators for the current Subject Period concluding in the fiscal year ending March 31, 2027, are the positive response rate to the Group’s employee awareness survey and ESG score results from an external evaluation organization.

In addition, taking into account the impact of the stock split effective January 1, 2024, one (1) point shall be equivalent to two (2) shares of the Company. If the number of shares of the Company held by the Trust increases or decreases due to a stock split, an allotment of shares without contribution, a reverse stock split, etc., the Company shall adjust the number of shares of the Company to be granted, etc. per point in proportion to such increase or decrease.

(6) Upper limit of trust money contributed by the Company to the Trust and upper limit of the total number of points granted to Directors, etc.

The upper limit of the trust money contributed by the Company to the Trust and the upper limit of the total number of points granted to Directors, etc. during the Subject Period shall be as stated below subject to the approval by a resolution of the General Meeting of Shareholders.

(i) Total upper limit of trust money contributed by the Company to the Trust: 330 million yen (per 3 fiscal years) ^{(*)1}

*1 Considering the present remuneration level of the Directors, etc., the upper limit of the trust money is calculated by adding the trust fees and the trust expenses to the stock acquisition funds. The first Subject Period after the Plan revision will be four (4) fiscal years until the fiscal year ending March 31, 2030, and a total money of up to 440 million yen will be contributed as remuneration to Directors, etc.

(ii) Upper limit of total number of points granted to Directors, etc. per fiscal year: 24,000 points ^{(*)2} ^{(*)3}

*2 The upper limit of the total number of points granted to Directors, etc. per fiscal year is set in reference to recent stock prices considering the above-mentioned upper limit of trust money and upper limit of stock compensation amount.

*3 Regarding the number of shares acquired by the Trust during the Subject Period (hereinafter referred to as the “number of acquired shares”), its upper limit is the number of shares (144,000 shares) obtained by multiplying the upper limit of the total number of points granted to Directors, etc. per fiscal year by the number of shares of the Company per point and three (3), the length of the trust period. Since the first

Subject Period after the Plan revision is four (4) fiscal years until the fiscal year ending at March 31, 2030, its upper limit is the number of shares (192,000 shares) of the Company, which is obtained by multiplying the upper limit of the total number of points granted to Directors, etc. per one (1) fiscal year by the number of shares of the Company per point and four (4), the length of the trust period.

(7) How to acquire the Company shares by the Trust

The initial acquisition of the Company shares by the Trust is to be made from the Company (disposal of treasury stock) or from the stock market. Details of how to acquire the shares shall be determined by the Company after a resolution of the General Meeting of Shareholders and disclosed.

(8) How to grant, etc. the Company shares, etc. to Directors, etc.

Directors, etc. who fulfill the requirements for beneficiaries shall be provided with the Company shares (shares in fractional lots are rounded down) equivalent to 50% of the accumulated points from the Trust. Regarding the number of shares equivalent to the remaining accumulated points, such shares shall be converted into cash within the Trust, and the Directors, etc. shall receive the provision of money equivalent to the proceeds from the conversion from the Trust.

If a Director, etc. passes away while in office during the trust period, with regard to the Company shares that are equivalent to the accumulated points at that time, all the shares shall be converted into cash within the Trust and the heir of the Director, etc. concerned shall receive the provision of money equivalent to the proceeds from the conversion from the Trust. Furthermore, when a Director, etc. becomes a resident outside Japan during the trust period, with regard to the Company shares that are equivalent to the accumulated points at that time, all of the shares shall be converted into cash within the Trust, and the Director, etc. concerned shall receive the provision of money equivalent to the proceeds from the conversion from the Trust.

(9) Exercise of voting rights of the Company shares within the Trust

The voting rights of the Company shares within the Trust shall not be exercised during the trust period to ensure the neutrality of the management.

(10) Handling of dividends relating to the Company shares within the Trust

The Trust shall receive dividends related to the Company shares within the Trust, and the dividends provided shall be used for the trust fees and the trust expenses of the Trust.

(11) Treatment at the time of termination of the Trust

If there are any residual shares upon the termination of the Trust (upon the termination of the extended trust period when the trust period is extended by way of (4) (iii) above) due to the failure to achieve the performance indicators of the Company, etc., the Trust shall transfer the residual shares to the Company without consideration, and the Company shall cancel such shares as a shareholders' return policy by a resolution of the Board of Directors.

Furthermore, any remaining dividends related to the Company shares within the Trust upon the expiration of the trust period shall be utilized as stock acquisition funds when the Trust continues to be used. In the meantime, when the Trust is terminated upon the expiration of the trust period, a portion exceeding the reserve for trust expenses is to be donated to an organization that has no conflicts of interest with the Company and the Directors, etc.

(Reference) Details of the trust agreement

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| (i) Type of trust | Money in trust other than money in trust for specific and single management (non-grantor trust) |
| (ii) Purpose of the trust | Granting incentives to Directors, etc. |
| (iii) Trustor | Morinaga & Co., Ltd. |
| (iv) Trustee | Mitsubishi UFJ Trust and Banking Corporation (tentative)
(Co-trustee: The Master Trust Bank of Japan, Ltd. (tentative)) |
| (v) Beneficiary | Retired Directors, etc. who meet the beneficiary requirements |
| (vi) Trust administrator | A third party who is a professional practitioner and has no interest in the Company |
| (vii) Trust agreement | September 3, 2018 (to be changed to August 21, 2026 for extension of the term) |
| (viii) Term of trust after extension | September 3, 2018 – August 31, 2030 (tentative) |
| (ix) Commencement date of the Plan | September 3, 2018 |
| (x) Exercise of voting rights | They shall not be exercised. |
| (xi) Type of acquired shares | Common stock of the Company |
| (xii) Upper limit of trust money | 330 million yen (tentative) (including the trust fees and trust expenses)
*However, the upper limit of the first Subject Period after the Plan revision shall be 440 million yen (tentative) (including the trust fees and trust expenses) |
| (xiii) How to acquire shares | Acquisition from the stock market or from the Company (disposal of treasury stock) |
| (xiv) Holder of vested rights | Morinaga & Co., Ltd. |
| (xv) Residual assets | Residual assets that the Company, as the holder of vested rights, may receive are within the range of the reserve for trust expenses after deducting stock acquisition funds from the trust money. |