

INTEGRATED REPORT 2021

Morinaga Group For the Fiscal Year Ended March 31, 2021

Morinaga Group INTEGRATED REPORT 2021



MORINAGA & CO., LTD.

5-33-1 Shiba, Minato-ku, Tokyo 108-8403
<https://www.morinaga.co.jp/company/english/>

Inquiries

Sustainable Management Division
TEL +81-3-3456-4351 FAX +81-3-3451-3625





The Morinaga Group traces its roots back to the commitment of its founder Taichiro Morinaga to deliver highly nutritious and delicious Western confections to the people of Japan. Beginning with caramel, which he learned about in the United States, it was his vision to bring foods from Japan to the world and create food culture beyond borders. His commitment has been passed down over the years, regardless of changes in the times and business environment, becoming a driving force behind the Morinaga Group's growth.

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, and Our Visions comprise the five visions that we will pursue toward the future. Our Commitments represent the values that we have developed during the more than 100-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."

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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 on Revenue Recognition (ASBJ Statement No. 29; March 31, 2020) from the beginning of the fiscal year ending March 31, 2022. Monetary amounts and indicators appearing in this report are based on this accounting standard.

Delicious, Fun, and Healthy

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.

- Good quality**
Pursue quality with integrity
- Only-one value**
Create new value and inspiration
- Act globally**
Expand the scope and possibilities of activities

- Link together**
Strengthen relations of trust with stakeholders
- Sustainable society**
Contribute to a sustainable society

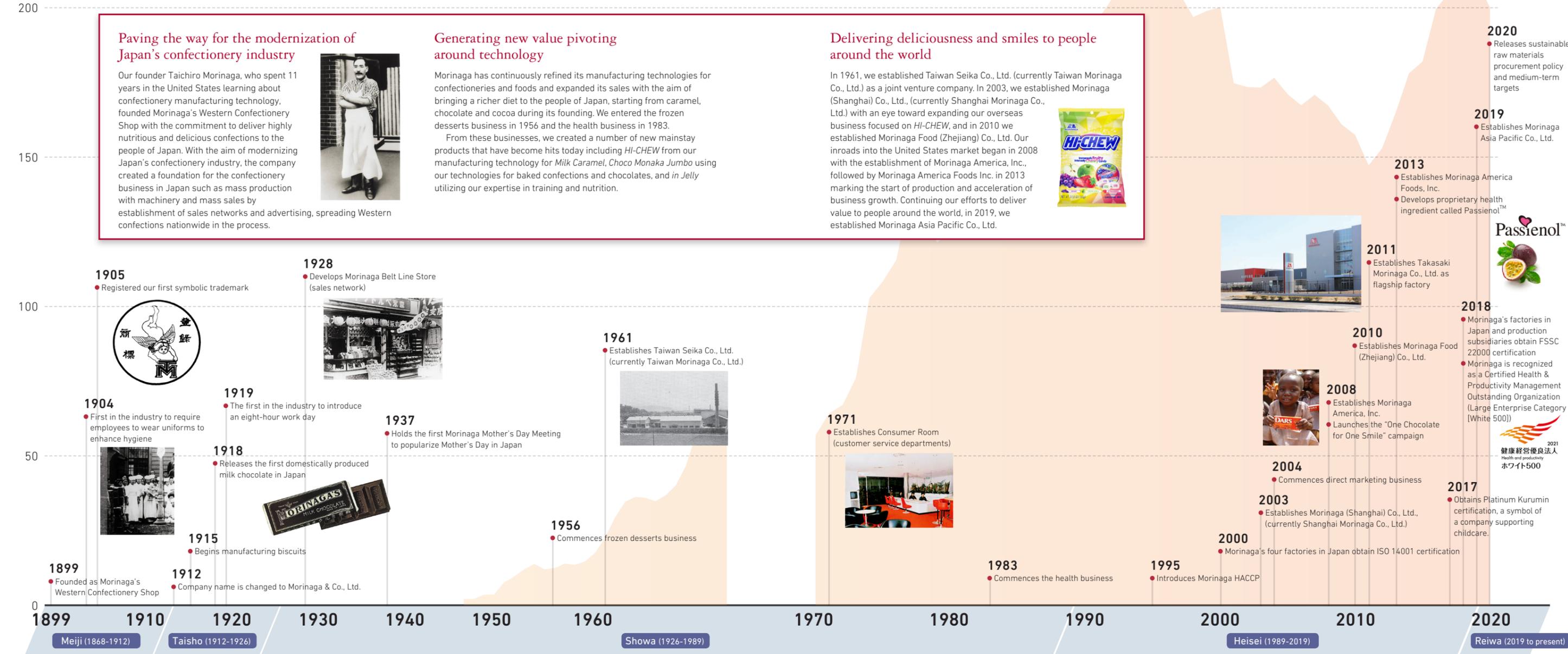
- Altruism**
- Give first priority to customers
- Be a pioneer
- Have an indomitable spirit
- Value ties between people
- Align our business imperatives with social challenges

History

History of the Morinaga Group's Value Creation

The Morinaga Group has been consistently providing customers with new value and inspiration, while responding to changes of the times and those in the lifestyles of customers. Through continuing to make food that helps to keep people's mind and body healthy, from today to tomorrow and from one generation to the next, we will continue to bring smiles to the faces of people around the world.

Net sales
(Billion yen)



Morinaga's Main Brands

Brands more than a century old



Brands more than 50 years old



Brands more than 30 years old



Brands more than 10 years old



*Product names and images as of October 2021.

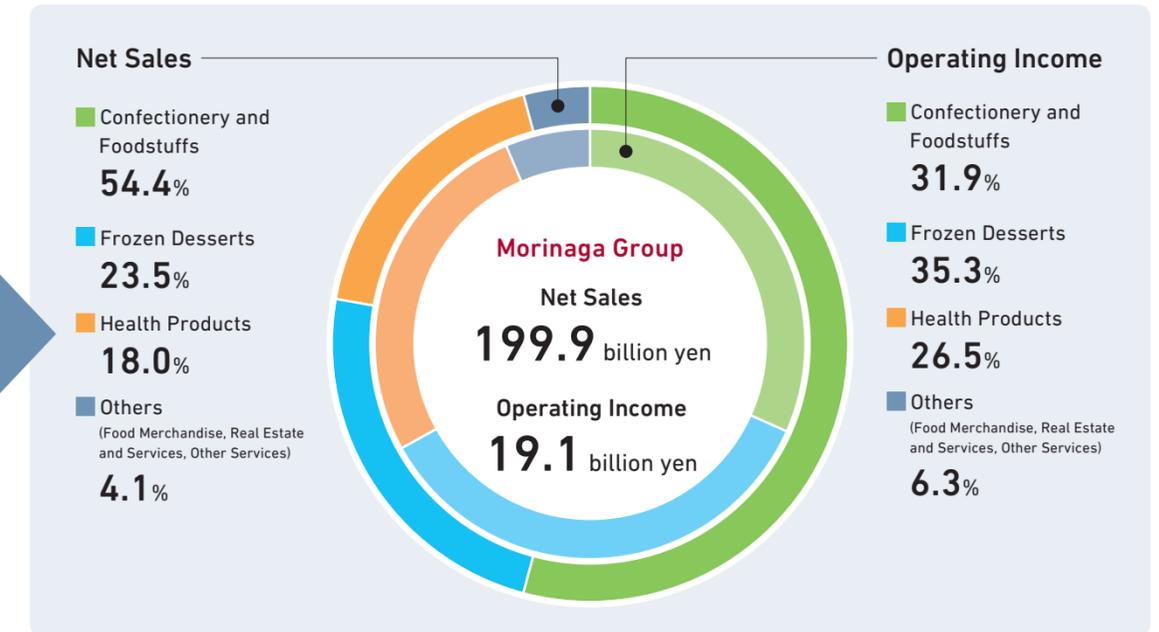
At a Glance

The Morinaga Group engages in the food manufacturing, food merchandise, and real estate and services businesses. The food manufacturing business, which accounts for 96% of the Group's net sales, includes three business divisions forming the core of the Group's business activities.

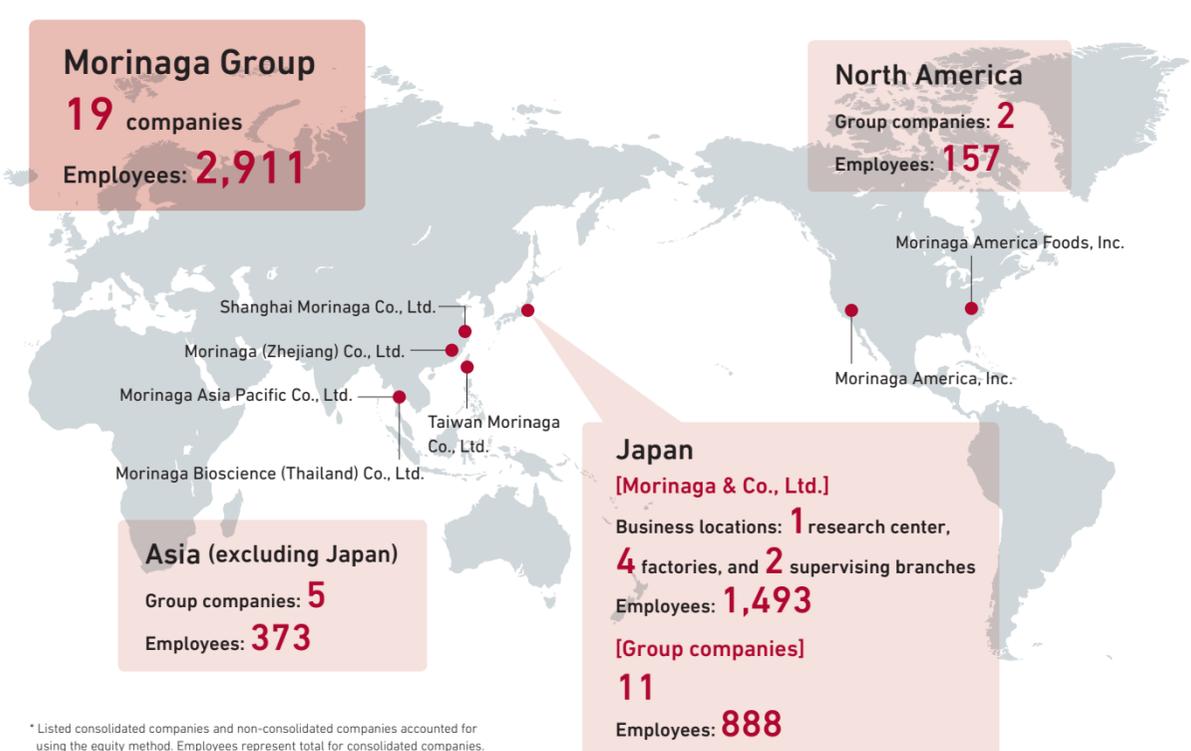
The Morinaga Group Today

Reporting segments	Strategic Business Categories		Business Overview/ Strengths
	Net Sales/ Operating Income	Main Products	
Food Manufacturing Business	Confectionery and Foodstuffs (Billion yen) 2017/3 2018/3 2019/3 2020/3 2021/3 (FY) ■ Net Sales ● Operating Income	 HI-CHEW Morinaga Biscuits (Marie)	In the domestic confectionery and foodstuffs business, we are constantly creating new and delicious food solutions pivoting around our long-selling brands such as <i>Morinaga Biscuits</i> , <i>Choco Ball</i> , <i>HI-CHEW</i> , and <i>Morinaga Cocoa</i> . Commanding our proprietary food processing technologies combining innovations with our traditions of more than 120 years in business, we are working on value creation that contributes to people's healthy and vibrant lifestyles including high cacao chocolate, cocoa drink, and amazake drink blending deliciousness and health functions.
	Frozen Desserts (Billion yen) 2017/3 2018/3 2019/3 2020/3 2021/3 (FY) ■ Net Sales ● Operating Income	 Choco Monaka Jumbo Ita Choco Ice ice cream bars	We continue to deliver value and inspiration to customers through products made with our proprietary technologies and the Group's unique confectionery and foodstuffs technologies showcased in our top brands of <i>Choco Monaka Jumbo</i> and <i>Ita Choco Ice</i> ice cream bars, and we have seen their net sales increase 20 years running. Our marketing, which concentrates management resources on mainstay brands, has also enabled us to build businesses with high profit margins.
	Health Products (Billion yen) 2017/3 2018/3 2019/3 2020/3 2021/3 (FY) ■ Net Sales ● Operating Income	 in Bar in Jelly	We are working to create new value aimed at "health of mind and body" through foods. <i>in Jelly</i> , which replenishes nutrition anywhere and anytime based on sports science theory, has maintained its top share in the jelly drinks market for 26 years. Our product initiatives in the "in-" brand are meeting the health needs of various lifestyles in modern society.
Food Merchandise/ Real Estate and Services/ Other Services	Others (Billion yen) 2017/3 2018/3 2019/3 2020/3 2021/3 (FY) ■ Net Sales ● Operating Income	 Couverture Chocolate Food allergen test kits	We support customers' wellness life by directly bringing products with both function and deliciousness to consumers. <i>Morinaga Collagen Drink</i> , which is sold exclusively in the direct marketing channel, has sold more than 200 million units to date ^{*1} , making it the best-selling collagen drink in Japan ^{*2} . ^{*1} For existing products, as of April 2019 (survey by Morinaga & Co., Ltd.) ^{*2} Source: H.B. Foods Marketing Handbook 2021 No. 1, Fuji Keizai (beauty effect/ collagen category/ 2019 results), for the <i>Morinaga Collagen Drink</i> series, including products before and after updating.

Net Sales and Operating Income (FY2021/3)



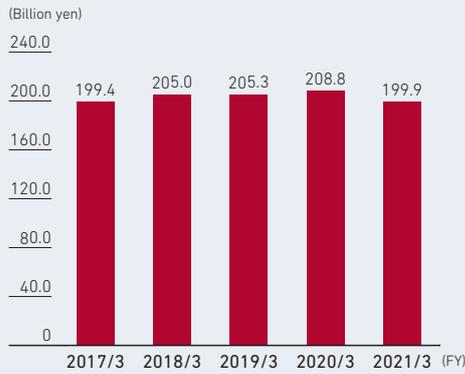
Reach of the Morinaga Group (As of June 30, 2021)*



Financial and Non-Financial Highlights

Financial Highlights

Net Sales



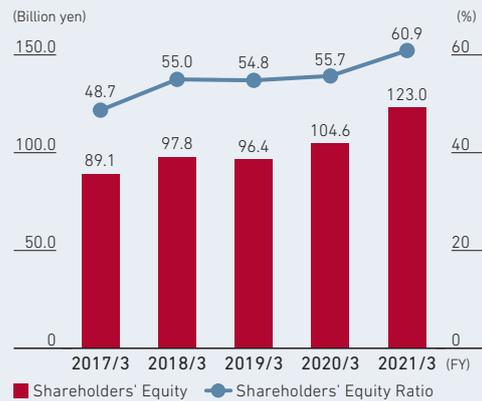
Operating Income / Operating Income to Net Sales Ratio



Profit Attributable to Owners of Parent / ROE



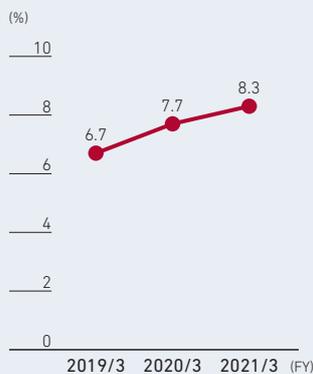
Shareholders' Equity / Shareholders' Equity Ratio*



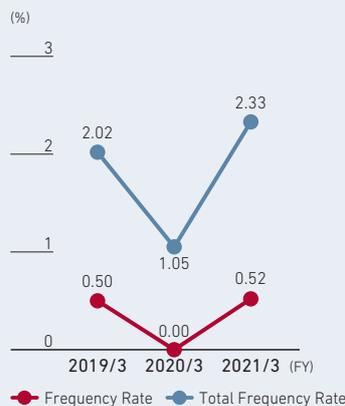
* The Company applied Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from FY2019/3. Figures for FY2017/3 and FY2018/3 were retroactively adjusted in line with this accounting standard.

Non-Financial Highlights

Ratio of Female Managers^{*1}



Rate of Occupational Injury (Frequency Rate^{*2} / Total Frequency Rate^{*3})



CO₂ Emissions



*1. Figures are non-consolidated for Morinaga & Co., Ltd. as of April 1 of each fiscal year

*2. 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 companies.)

*3. 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 companies.)

*4. Consolidated basis

*5. Figures for FY2019/3 are for each production site. Figures for FY2020/3 and onward are for the Group on a consolidated basis.