Consolidated Financial Summary for the Fiscal Year Ended March 31, 2025 (Under Japanese GAAP)

May 9, 2025

Company name: Morinaga & Co., Ltd. Stock listing: Tokyo Stock Exchange
Stock code: 2201 URL: https://www.morinaga.co.jp/company/english/
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Scheduled date for general meeting of shareholders: June 27, 2025
Scheduled date for commencement of dividend payments: June 30, 2025
Scheduled date to submit the Annual Securities Report: June 26, 2025
Supplementary documents for financial results: Yes
Financial results briefing: Yes (for institutional investors and analysts)

(The figures are rounded down to the nearest million yen.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Consolidated operating results (The percentages are year-on-year percentage changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2025	228,957	7.3	21,266	4.9	22,304	6.0	17,710	16.9
Year ended Mar. 31, 2024	213,368	9.8	20,273	33.1	21,039	33.5	15,154	50.6

(Note) Comprehensive income: Year ended March 31, 2025: 17,201 million yen (-15.5%)
Year ended March 31, 2024: 20,361 million yen (94.2%)

	Net income per share	Diluted net income per share	ROE	Ordinary income to total asset ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
Year ended Mar. 31, 2025	200.85	–	13.5	10.3	9.3
Year ended Mar. 31, 2024	165.60	–	11.8	9.8	9.5

(Reference) Equity in net gain (loss) of affiliated companies: Year ended March 31, 2025: -184 million yen
Year ended March 31, 2024: 0 million yen

(Note) The Company conducted a two-for-one stock split of common shares on January 1, 2024. Net income per share is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2025	209,986	132,393	62.3	1,523.09
Year ended Mar. 31, 2024	223,644	132,653	58.7	1,448.01

(Reference) Equity: Year ended March 31, 2025: 130,865 million yen
Year ended March 31, 2024: 131,202 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
	Million yen	Million yen	Million yen	Million yen
Year ended Mar. 31, 2025	10,763	(9,837)	(18,008)	30,845
Year ended Mar. 31, 2024	30,174	(5,345)	(14,073)	47,101

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended Mar. 31, 2024	–	0.00	–	55.00	–	4,987	33.2	4.0
Year ended Mar. 31, 2025	–	0.00	–	60.00	60.00	5,160	29.9	4.0
Year ending Mar. 31, 2026 (forecast)	–	32.50	–	32.50	65.00		30.7	

(Note) The Company conducted a two-for-one stock split of common shares on January 1, 2024. The total annual dividend for the year ended March 31, 2024 is not shown as a simple addition is not possible due to the stock split.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2026 (April 1, 2025 – March 31, 2026)

(The percentages are year-on-year percentage changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	123,500	3.9	12,400	(10.5)	12,500	(11.3)	10,700	0.6	127.00
Full year	240,000	4.8	21,400	0.6	21,700	(2.7)	17,800	0.5	211.69

* Notes

(1) Important changes in the scope of consolidation during the period: None

(2) Changes in accounting policies, changes of accounting estimates, and restatement
(i) Changes in accounting policies associated with revisions to accounting standards: Yes
(ii) Changes in accounting policies other than changes in (i): None
(iii) Changes in accounting estimates: None
(iv) Restatement: None
(Note) For details, please see "(Changes in accounting policies), (5) Notes to Consolidated Financial Statements, 3. Consolidated Financial Statements and Major Notes" on page 17 of the Accompanying Materials.

(3) Number of shares issued (common shares)

(i) Number of shares issued at end of period (including treasury stock)			
Year ended March 31, 2025:	88,011,638	Year ended March 31, 2024:	92,714,538
(ii) Number of shares of treasury stock at end of period			
Year ended March 31, 2025:	2,090,656	Year ended March 31, 2024:	2,105,446
(iii) Average number of shares during the period			
Year ended March 31, 2025:	88,177,236	Year ended March 31, 2024:	91,510,219

* The Company conducted a two-for-one stock split of common shares on January 1, 2024. Net income per share is calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year. In addition, the number of shares of treasury stock at end of period includes the Company's shares held by the officer compensation Board Incentive Plan (BIP) trust (80,784 shares in the fiscal year ended March 31, 2025 and 68,362 shares in the fiscal year ended March 31, 2024). The Company's shares held by the officer compensation BIP trust are included in shares of treasury stock that are deducted in the calculation of the average number of shares during the period.

(Reference) Overview of non-consolidated financial results

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 – March 31, 2025)

(1) Non-consolidated operating results

(The percentages are year-on-year percentage changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended Mar. 31, 2025	183,019	5.6	9,881	(6.0)	13,319	16.3	11,779	40.1
Year ended Mar. 31, 2024	173,340	7.5	10,517	(7.8)	11,450	(7.4)	8,410	6.8

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 31, 2025	133.59	–
Year ended Mar. 31, 2024	91.91	–

(Note) The Company conducted a two-for-one stock split of common shares on January 1, 2024. Net income per share and net assets per share are calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2025	176,289	94,717	53.7	1,102.38
Year ended Mar. 31, 2024	196,926	102,226	51.9	1,128.21

(Reference) Equity: Year ended March 31, 2025: 94,717 million yen
Year ended March 31, 2024: 102,226 million yen

* This consolidated financial summary is not subject to audits by certified public accountants or audit corporations.

* Explanation about the proper use of results forecasts, and additional information

  (Notes regarding forward-looking statements, etc.)

  The results forecasts given in this document are based on assumptions, prospects, and future business plans, currently available on the date this document was published. Actual results may differ from these forecasts for a variety of reasons.

○ Accompanying Materials – Contents

* Reference Materials: Supplementary Materials for the Consolidated Financial Summary for the Fiscal Year Ended March 31, 2025

1. Overview of Operating Results, etc.

Previously, overseas sales in the Direct Marketing Business were included under “China, Taiwan, Exports, etc.” However, the method of classification was changed to include such sales in the Direct Marketing Business starting from the beginning of the fiscal year under review. As a consequence, in the comparative analysis below, comparisons and analysis with the previous fiscal year have been made based on figures after the reclassification.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2025

During the fiscal year under review, the Japanese economy showed signs of a gradual recovery, supported by an improvement in the employment and income environment and an increase in inbound tourism consumption. On the other hand, as domestic prices continue to rise due to soaring raw material prices and the impact of foreign exchange rates, consumption appears to be slowing, especially for food and other non-durable goods, as consumers become more conscious of the need to economize. In addition, the environment surrounding business activities remains uncertain, including concerns about a global economic slowdown due to unstable international conditions and United States tariff policies.

Under these circumstances, the Group formulated the 2024 Medium-Term Business Plan (MTBP)—the second stage of laying a path toward achieving the 2030 Business Plan—and in the first year of this MTBP, it strengthened each business to create a virtuous cycle of growth potential and capital efficiency aimed at establishing a trajectory for dramatic growth.

Consequently, net sales increased by ¥15,589 million (+7.3%) year on year to ¥228,957 million, led chiefly by strong performance in the Confectionery & Foodstuffs Business and Frozen Desserts Business.

In terms of profit, despite the impact of soaring raw material prices and other factors, operating income increased to ¥21,266 million, up ¥993 million (+4.9%) year on year, due to growth in sales and countermeasures centered on price revisions. Ordinary income also increased by ¥1,265 million (+6.0%) year on year, to ¥22,304 million. Profit attributable to owners of parent was ¥17,710 million, up ¥2,556 million (+16.9%) year on year, due to partly the recording of extraordinary income from the sale of cross-shareholdings.

The following is a summary of consolidated results by business segment.

Food Manufacturing

Confectionery & Foodstuffs Business

In the biscuit category, the in-store turnover of *Morinaga Biscuits* did slow partly due to a temporary reduction in in-store exposure opportunities following the price revisions in September, but largely recovered toward the end of the fiscal year as expected. In addition, promotions centered around the 30th anniversary of *Chocochips Cookie*, and the launch of new products contributed to an increase in the brand’s overall sales year on year.

In the sugar confectionary category, sales of *HI-CHEW* increased significantly year on year, driven by continued strong domestic demand due to measures to stimulate demand through promotions leveraging its 50th anniversary and the launch of new products, as well as the capture of inbound demand. Sales of *Morinaga Ramune* also increased significantly year on year, with both the pouch form of *Otsubu Ramune* and the bottle form continuing to sell well due to enhanced promotions and in-store exposure leading up to the entrance exam season.

In the chocolate category, sales of *Carré de chocolat* increased year on year, supported by strong sales of *Cacao 70* as demand for high-cacao-content chocolate continued to grow even after the price revisions in February. Sales of *DARS* increased year on year due to steady sales of core products *DARS Milk* and *Shiroi DARS* even after the price revisions in February. Sales of *Chocoball* increased year on year, with efforts to strengthen in-store exposure and increased buzz through media exposure contributing to strong sales even after the price revisions in March.

In the foodstuffs category, sales of *Morinaga Cocoa* increased significantly year on year through ongoing efforts to stimulate demand as a health brand, supported by strong performance, particularly of *Pure Cocoa Powder*, which continued even after the price revisions in February. Sales of *Morinaga Amazake* decreased year on year.

Additionally, as a measure to improve profitability in response to the rising costs of raw materials and other inputs, price revisions and content reductions were implemented in April for certain products in the sugar confectionery and chocolate categories, in September for products in biscuit and chocolate categories and for certain cocoa and amazake products, and in February and March for certain products in the chocolate category and for certain cocoa products.

As a result, total net sales for the Confectionery & Foodstuffs Business increased by ¥5,242 million (+6.6%) year on year to ¥84,436 million.

In terms of profit, segment operating income decreased by ¥131 million (-3.3%) year on year to ¥3,917 million, strongly affected by soaring prices for cacao raw material, despite the positive effects of increased sales and price revisions.

Frozen Desserts Business

In the *Jumbo Group*, *Choco Monaka Jumbo* underwent a quality renewal in March to further enhance the crispy texture that is the value of the brand. Efforts were made to stimulate purchasing by appealing to the enhanced quality of *Choco Monaka Jumbo* and the commitment to vanilla ice cream in *Vanilla Monaka Jumbo* through package design changes and TV commercials. As a result, sales of the group as a whole increased year on year. Sales of *Ita Choco Ice* increased significantly year on year, with the resumption of sales of *Shiroi Ita Choco Ice* and intermittent promotions further expanding the customer base. Sales of *The Crepe* increased significantly year on year, with the buzz created by the launch of a new channel-exclusive product also contributing to increased sales of core products. Sales of *ICEBOX* remained strong thanks to ongoing efforts to promote the product as a mixer for alcoholic beverages leading to increased demand in autumn and winter and expanded stocking of the product on store shelves.

In addition, prices of mainstay products were revised in September as a measure to improve profitability in the face of rising raw material and other costs.

As a result, total net sales for the Frozen Desserts Business increased by ¥3,966 million (+8.7%) year on year to ¥49,360 million.

In terms of profit, segment operating income decreased by ¥560 million (-11.6%) year on year to ¥4,258 million, due to the significant impact of soaring prices of cacao material, which outweighed the positive effects of increased sales and price revisions.

“in-” Business

Sales of the *in Jelly* brand as a whole were flat year on year. Despite continued efforts to stimulate purchases through promotions targeted at students preparing for entrance exams and strengthened in-store exposure leveraging limited-time products, there was also a reversal from the large increase in net sales of *Energy: Glucose Boost* during the previous year’s entrance exam season. In the *in Bar* category, amid a gradual decline in the protein bar market due to an increasingly competitive environment caused by diversification of means of protein intake, sales decreased year on year despite efforts to stimulate purchases through consumer campaigns and strengthened in-store promotions using sales fixtures.

Efforts to reduce costs were undertaken and prices for certain products were revised in December as measures to improve profitability in the face of rising raw material and other costs.

As a result, total net sales for the “in-” Business decreased by ¥240 million (-0.8%) year on year to ¥31,339 million.

In terms of profit, segment operating income increased by ¥666 million (+10.0%) year on year to ¥7,300 million thanks to measures to improve profitability.

Direct Marketing Business

Despite efforts to expand the customer base by strengthening online advertising, sales of *Morinaga Collagen Drink* decreased year on year due to sluggish growth in new customer acquisition as consumers became more conscious of the need to economize. Sales of *Morinaga Aojiru*, the second pillar candidate product in the Direct Marketing Business, increased steadily.

As a result, total net sales for the Direct Marketing Business increased by ¥215 million (+2.0%) year on year to ¥11,184 million.

In terms of profit, segment operating income increased by ¥272 million (+131.4%) year on year to ¥478 million as a result of controlling advertising investment according to the customer acquisition efficiency.

Operating Subsidiaries

Net sales at Aunt Stella Inc. increased year on year. Despite having implemented price revisions as a measure to improve profitability in the face of rising costs of raw materials and other inputs, sales of bulk cookies and cookie buffet bags continued to be strong at directly operated stores throughout Japan, and an increase in outlets at major mass retailers also contributed to sales growth. Net sales at Morinaga Market Development Co., Ltd. increased year on year driven by steady sales at amusement parks, which benefited from an increase in the number of foreign visitors to Japan due to a weaker yen.

As a result, total net sales for operating subsidiaries increased by ¥1,177 million (+12.0%) year on year to ¥10,954 million.

Segment operating income increased by ¥239 million (+28.4%) year on year to ¥1,080 million.

[Year-on-year changes (%) in sales of mainstay brands]

Confectionery & Foodstuffs Business		**Frozen Desserts Business**	
Morinaga Biscuits	102	*Jumbo Group*	101
HI-CHEW	110	*Ita Choco Ice*	128
Morinaga Ramune	125	*The Crepe*	126
Carré de chocolat	110	*ICEBOX*	111
DARS	112	**“in-” Business**	
Chocoball	116	*in Jelly*	100
Morinaga Amazake	92	*in Bar*	96
Morinaga Cocoa	133	**Direct Marketing Business**	
		Morinaga Collagen Drink	97

* The figures in the table are year-on-year changes in gross domestic sales results.

U.S. Business

Regarding *HI-CHEW,* although sales in the convenience store channel continued to be affected by weaker consumer spending due to inflation, efforts were made to increase the number of SKUs by expanding the volume options of existing products and launching new products. In addition, efforts to tap into new sales channels were stepped up, and as a result, sales increased year on year. As for the *Chargel* gel drink, efforts were made to improve product understanding by promoting the new tagline, “Thirst-Quenching Snack” (a snack that can also quench thirst) and to capture demand in daily sports scenes. In brick-and-mortar channels, efforts continue to be made to promote the brand to local retailers, while in e-commerce channels, net sales are steadily increasing.

As a result, total net sales for the U.S. Business rose by ¥1,769 million (+9.2%) year on year to ¥20,956 million.

In terms of profit, segment operating income decreased by ¥176 million (-5.4%) year on year to ¥3,064 million due to strategic marketing investments, despite the positive effect of increased sales.

China, Taiwan, Exports, etc.

In China, sales of *HI-CHEW* remained brisk, while import sales of Japanese products were steady. In Taiwan, although in-store turnover of *HI-CHEW* struggled following the price revisions in May, sales are now recovering, helped by promotions and the launch of new products. Sales of *Caramel* remain strong. Sales of *HI-CHEW* are also steadily growing in East Asia, Southeast Asia, Oceania, and Europe, which are areas of exploration and research.

As a result, total net sales for China, Taiwan, Exports, and other regions, increased by ¥1,568 million (+20.9%) year on year to ¥9,060 million.

Segment operating income increased by ¥30 million (+6.5%) year on year to ¥496 million.

As a result of the above, net sales in Food Manufacturing increased by 6.8% year on year to ¥217,578 million. Segment operating income decreased by ¥47 million year on year to ¥19,862 million.

Food Merchandise

Sales were strong, as demand increased, mainly for core products, despite several price revisions during the fiscal year under review as a measure to improve profitability in response to increase in raw material costs, etc.

As a result, net sales for the Food Merchandise segment increased by ¥1,781 million (+25.8%) year on year to ¥8,690 million.

Segment operating income increased by ¥1,064 million (+282.0%) year on year to ¥1,441 million.

Real Estate and Services

Net sales for the segment decreased by ¥41 million (-2.1%) year on year to ¥1,870 million. Segment operating income decreased by ¥33 million (-3.9%) year on year to ¥801 million.

Other Services

Net sales amounted to ¥817 million, while segment operating income was ¥165 million.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2025

Total assets at the end of the fiscal year under review decreased by ¥13,658 million from the end of the previous fiscal year to ¥209,986 million. This was primarily due to a decrease in cash and deposits due to payments of income taxes payable and dividends, as well as the repurchase of treasury stock, which offset increases in merchandise and finished goods, raw materials and supplies, construction in progress, and software resulting from the progress of DX projects. In addition, securities decreased due to redemption of jointly-managed money trusts operated on a short-term basis.

Liabilities totaled ¥77,592 million, a decrease of ¥13,399 million from the end of the previous fiscal year. This was primarily due to decreases in notes and accounts payable–trade, accounts payable–other, income taxes payable, and accounts payable–facilities which is included in other under current liabilities.

Net assets stood at ¥132,393 million, down ¥260 million from the end of the previous fiscal year. The decrease was primarily due to dividend payments, the repurchase of treasury stock, and a decrease in the valuation difference on available-for-sale securities, which offset an increase stemming from the recording of profit attributable to owners of the parent.

As a result of the above, the equity ratio was 62.3%, up 3.6 points from the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2025

In the fiscal year under review, cash and cash equivalents (hereinafter “cash”) decreased by ¥16,256 million year on year to ¥30,845 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥10,763 million. The main components were a decrease in funds, such as ¥8,534 million due to an increase in inventories and ¥10,123 million in income taxes paid, while there was an increase in funds of ¥24,284 million in income before income taxes and ¥9,918 million in depreciation.

(Cash flows from investing activities)

Net cash used in investing activities came to ¥9,837 million. The main components were ¥13,579 million for purchase of property, plant and equipment and ¥4,298 million for proceeds from sales of investment securities.

(Cash flows from financing activities)

Net cash used in financing activities was ¥18,008 million. The main components were ¥12,460 million for purchase of treasury stock, and ¥4,987 million in cash dividends paid.

The following table shows trends in cash flow indicators.

	FY2021/3	FY2022/3	FY2023/3	FY2024/3	FY2025/3
Equity ratio (%)	60.5	60.7	60.7	58.7	62.3
Equity ratio at market value (%)	98.0	88.8	86.2	106.4	102.5
Debt-to-cash flows ratio (year)	0.8	0.4	—	0.6	1.8
Interest coverage ratio (times)	383.3	739.8	—	288.5	99.5

Notes: Equity ratio = Equity / Total assets
Equity ratio at market value = Value of shares / Total assets
Debt-to-cash flows ratio = Interest-bearing liabilities / Cash flows
Interest coverage ratio = Cash flows / Interest expenses

* All indicators are based on consolidated financial data.
* Value of shares is calculated by multiplying the closing stock price at the end of the fiscal year by the number of shares outstanding (after subtracting treasury stock) at the end of the fiscal year.
* Cash flows are operating cash flows, as shown in the consolidated statements of cash flows. Interest-bearing liabilities are the sum of all liabilities on which interest is paid that are shown in the consolidated balance sheets, except for lease obligations. Interest expenses are the interest expenses paid, as shown in the consolidated statements of cash flows.
* The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc. from the beginning of the fiscal year ended March 31, 2022. As a result, said accounting standard has been applied retroactively to the trends in cash flow indicators for the fiscal year ended March 31, 2021.
* The debt-to-cash flows ratio and interest coverage ratio for the fiscal year ended March 31, 2023 are not recorded as the cash flows from operating activities were negative.

(4) Future Outlook

As consumers become more conscious of the need to economize as domestic prices rise, the business environment surrounding the Group is expected to remain uncertain, including with respect to geopolitical risks due to the unstable international situation and concerns of a global economic recession due to United States tariff policies. In addition, regarding the medium- to long-term business environment, the Group expects structural population decline in Japan and global population growth, changes in business models due to the development of digital technology, and a further increase in health consciousness globally. In light of this operating environment, the Group aims to achieve medium- to long-term growth on the way to achieving the targets of its 2030 Business Plan, while contributing to the realization of a sustainable society. The Group intends to achieve this by transforming its business portfolio through concentrating management resources in highly profitable businesses with strong growth potential that will support expansion of the Group's business scale and enhance profitability. In addition, to ensure the stable generation of investment resources, the Group will further enhance management efficiency and secure stable financing in line with its financial strategy. This will enable the Group to increase its investment in R&D and digital transformation to continue building a foundation that will contribute to its growth over the medium- to long-term.
In response to recent soaring raw material prices, especially for cacao, the Group will work on market penetration of products following price revisions and on reducing costs, while flexibly considering future price revisions as required.

In light of such efforts, the Group forecasts operating results for the next consolidated fiscal year as shown below. Regarding the U.S. tariff policy, potential impacts are anticipated on product and raw material import costs and sales in the U.S. Business due to changes in consumption, as well as on raw material procurement costs in the domestic business due to exchange rate fluctuations. However, given the high level of uncertainty, including future policy developments, these factors have not been incorporated into the earnings forecast.

Net sales	¥240.0 billion	(up 4.8% year on year)
Operating income	¥21.4 billion	(up 0.6% year on year)
Ordinary income	¥21.7 billion	(down 2.7% year on year)
Profit attributable to owners of parent	¥17.8 billion	(up 0.5% year on year)

Note: These forecast figures have been calculated assuming an exchange rate of ¥147 to the U.S. dollar.

(5) Capital Policy and Shareholder Return Policy

By practicing management with consideration for capital costs and stock price and by maintaining a solid financial foundation, the Morinaga Group will achieve sustainable growth in corporate value and stable shareholder returns.
Increasing corporate value requires achieving ROE in excess of the cost of equity over the medium to long term. To this end, the Group works to improve operating profitability by implementing ROIC management and to reduce the cost of capital, including by utilizing financial leverage.

Improving growth potential and return on capital using ROIC management

To enhance corporate value over the medium to long term, the Group practices ROIC management and implements business strategies aimed at forming an optimal portfolio. Medium- to long-term strategies and measures are determined for each business based on an analysis of its growth potential and return on capital. Businesses that will accelerate growth and businesses that will improve return on capital are identified, and management resources are optimally allocated to these businesses after also considering the investment target and investment scale.
Primarily in businesses positioned in the focused domains, Group investments will prioritize strategic growth investments capable of generating dramatic growth, including inorganic growth through business tie-ups and M&A and the creation of new business opportunities by addressing the Group's materiality.
In businesses positioned in basic domains where ROIC is low and return on capital needs to be improved, the Group will work on improving return on capital mainly by improving profitability and the efficiency of invested capital.
Specifically, the Group will promote gradual asset-light management by selecting domains and concentrating maintenance and renewal investments on these domains, while aiming to increase net sales by making the most of its portfolio assets. At the same time, it will deploy profitability improvement initiatives through cost reduction and flexible price revisions.
In implementing individual investments, projects are evaluated strictly based on investment decision-making criteria, and investments are managed with consideration for capital costs, while continuously monitoring the return on investments.

Capital procurement policy and securing financial stability

The Morinaga Group's basic policy is to secure a level of financial security and investment capacity in preparation for sudden changes in the external business environment or the emergence of large strategic investment projects (M&A, etc.).
As a general rule, the Group strives to maintain a long-term issuer rating by the Japan Credit Rating Agency of "A" or above as a benchmark for financial security. The Group will also ensure financial security by monitoring financial indicators such as cash on hand, net debt-to-equity ratio, and interest-bearing-debt-to-EBITDA ratio.
In addition, in procuring funds to meet investment financing needs, decisions are made after comprehensively considering financing conditions, such as the appropriate level of cash on hand and the level of fundraising costs, as well as the impact on financial security indicators and financial indicators such as ROE and ROIC.
Furthermore, to strengthen its response to fluctuations in demand for short-term funds and the risk of insufficient funds, the Group has established a short-term borrowing facility with its main bank, which allows it to flexibly adjust its level of cash on hand. As a result, the Group has changed its guideline for the level of cash on hand from the previous "two or more months of sales" to "1.5 or more months of sales" to further improve asset efficiency.

Efforts to reduce capital costs

The Morinaga Group is committed to reducing the cost of capital with the aim of enhancing corporate value. The Group will carefully assess financial security and investment capital needs against the current net cash situation, and then raise the composition of interest-bearing debt and use financial leverage to reduce the weighted average cost of capital (WACC), which is currently estimated to be approximately 6–7%.
The cost of shareholders' equity is estimated to be about 7–8%. In reducing this cost, the Group recognizes the importance of reducing long-term business risks by building a business portfolio that is resilient to environmental changes and by promoting thorough sustainable business management. To

this end, it will also enhance its capacity for sustainable business growth by strengthening intangible investments (advertising investment, R&D investment, DX investment, HR investment, etc.), while addressing the Group’s materiality. In addition, the Group will reduce invested capital and secure funds for growth investments by adopting an asset-light approach—such as further reducing cross-shareholdings and promoting the sale and disposal of non-business real estate—while reducing the risk of asset value fluctuations. Regarding cross-shareholdings, the Group aims to halve its holdings from the end of FY2024 by the end of the 2024 Medium-Term Business Plan period.

In addition, the Group will strengthen its disclosure of financial and non-financial information and its dialogue with shareholders and investors to gain understanding for its initiatives for medium- to long-term business growth and its response to business risks, and will control stock price volatility through appropriate stock price formation.

Shareholder return policy

The Morinaga Group’s basic policy on returning profits to shareholders is to fundamentally prioritize strategic and important business investments, while providing consistent and stable returns to shareholders based on a solid management foundation.

Shareholder returns are premised on our ability to maintain a sound balance sheet. While giving due consideration to the dividend payout ratio and free cash flow, we aim to raise the dividend on equity ratio (DOE), an indicator of the Group’s capital policy, over the medium to long term. With an awareness of total shareholder returns, we also will consider flexible implementation of share buybacks as needed.

Regarding dividends paid at the end of the fiscal year, based on careful consideration of the operating results for the fiscal year under review and the outlook for future business operations, the Company will pay a dividend of ¥60 per share, as per the Consolidated Financial Summary for the Nine Months Ended December 31, 2024 announced on February 10, 2025 (this proposal will be submitted to the general meeting of shareholders scheduled to be held on June 27, 2025).

Furthermore, while the Group has been paying a year-end dividend once a year, in order to enhance opportunities to return profits to shareholders, it will change its policy to pay dividends from surplus twice a year—an interim dividend and a year-end dividend—starting from the fiscal year ending March 31, 2026. Consequently, the Company will pay an interim dividend effective from the fiscal year ending March 31, 2026.

The Company also plans to pay a dividend of ¥65 per share for the fiscal year ending March 31, 2026 (including an interim dividend of ¥32.5 per share), an increase of ¥5 from the dividend for the fiscal year under review. Further details are provided in the “Notice Regarding Dividend of Surplus and Change in Dividend Policy (Interim Dividends, Etc.)” released today (May 9, 2025).

Furthermore, the Board of Directors resolved, at a meeting held on May 9, 2025, to purchase up to 2.0 million treasury shares, or treasury shares up to a maximum value of ¥5.5 billion, from May 12 through May 16, 2025. The Group plans to cancel, on June 13, 2025, all treasury shares thus purchased during this period. Further details are provided in the “Notice Regarding Repurchase of Treasury Stock and Cancellation of Treasury Stock”, released today (May 9, 2025). The Group will continue to consider further purchases of treasury shares as necessary in order to maintain a flexible capital policy.

2. Basic Policy for the Selection of Accounting Standards

The Group will continue, for the time being, to prepare consolidated financial statements based on Japanese accounting standards, taking into account comparability between reporting periods. The Group is currently conducting gap analysis between the Japanese and international accounting standards (IFRS) in preparation for potential future adoption of IFRS, as well as evaluation of the impact of IFRS adoption, and consideration of the timing of potential adoption.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Million yen)

	FY2024/3 (March 31, 2024)	FY2025/3 (March 31, 2025)
Assets		
Current assets		
Cash and deposits	44,900	31,062
Notes and accounts receivable–trade	30,623	27,340
Securities	4,999	-
Merchandise and finished goods	16,939	21,391
Work in progress	615	592
Raw materials and supplies	11,084	15,969
Other	8,928	8,380
Allowance for doubtful accounts	(46)	(69)
Total current assets	118,045	104,667
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	67,101	67,419
Accumulated depreciation	(31,234)	(32,958)
Buildings and structures–net	35,867	34,461
Machinery, equipment and vehicles	101,967	105,716
Accumulated depreciation	(74,935)	(78,919)
Machinery, equipment and vehicles–net	27,031	26,797
Tools, furniture and fixtures	6,205	6,621
Accumulated depreciation	(4,448)	(5,029)
Tools, furniture and fixtures–net	1,756	1,592
Land	12,994	12,099
Lease assets	2,358	2,339
Accumulated depreciation	(1,159)	(1,265)
Lease assets–net	1,198	1,074
Construction in progress	1,841	3,957
Total property, plant and equipment	80,690	79,982
Intangible assets		
Software	260	2,835
Other	1,755	1,239
Total intangible assets	2,015	4,075
Investments and other assets		
Investment securities	13,217	10,251
Net defined benefit asset	6,764	7,150
Deferred tax assets	1,613	1,957
Other	1,330	1,937
Allowance for doubtful accounts	(34)	(34)
Total investments and other assets	22,891	21,261
Total noncurrent assets	105,598	105,319
Total assets	223,644	209,986

(Million yen)

	FY2024/3 (March 31, 2024)	FY2025/3 (March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	23,002	21,608
Lease obligations	467	492
Accounts payable–other	12,720	10,877
Income taxes payable	6,192	1,974
Refund liabilities	5,720	5,643
Allowance for bonuses	3,089	3,308
Other	13,242	7,984
Total current liabilities	64,436	51,889
Long-term liabilities		
Bonds payable	9,000	9,000
Long-term loans	10,000	10,000
Lease obligations	854	696
Deferred tax liabilities	50	-
Provision for directors’ stock benefits	115	102
Provision for environmental measures	149	3
Net defined benefit liability	2,677	2,082
Asset retirement obligations	66	67
Deposits received	3,557	3,668
Other	82	81
Total long-term liabilities	26,554	25,703
Total liabilities	90,991	77,592
Net assets		
Shareholders’ equity		
Common stock	18,612	18,612
Capital surplus	17,186	17,186
Retained earnings	86,305	87,076
Treasury stock	(4,865)	(5,252)
Total shareholders’ equity	117,239	117,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,610	5,761
Deferred gains or losses on hedges	(2)	(124)
Foreign currency translation adjustments	3,027	4,864
Remeasurements of defined benefit plans	3,327	2,741
Total accumulated other comprehensive income	13,963	13,242
Non-controlling interests	1,450	1,527
Total net assets	132,653	132,393
Total liabilities and net assets	223,644	209,986

(2) Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations

(Million yen)

	FY2024/3 (April 1, 2023 – March 31, 2024)	FY2025/3 (April 1, 2024 – March 31, 2025)
Net sales	213,368	228,957
Cost of sales	126,679	138,911
Gross profit	86,689	90,046
Selling, general and administrative expenses	66,416	68,779
Operating income	20,273	21,266
Non-operating income		
Interest income	29	116
Dividends income	298	409
Equity in earnings of affiliates	0	-
Subsidy income	363	732
Other	289	171
Total non-operating income	981	1,429
Non-operating expenses		
Interest expenses	105	113
Equity in losses of affiliates	-	184
Depreciation	39	24
Other	70	69
Total non-operating expenses	214	392
Ordinary income	21,039	22,304
Extraordinary income		
Gain on sales of noncurrent assets	985	247
Gain on sales of investment securities	782	3,306
Other	184	-
Total extraordinary income	1,952	3,553
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	508	371
Impairment losses	1,712	1,003
Loss on withdrawal from business	-	198
Other	194	-
Total extraordinary loss	2,415	1,573
Income before income taxes	20,576	24,284
Income taxes—current	7,913	6,035
Income taxes—deferred	(2,711)	403
Total income taxes	5,201	6,438
Net income	15,374	17,846
Profit attributable to non-controlling interests	220	136
Profit attributable to owners of parent	15,154	17,710

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2024/3 (April 1, 2023 – March 31, 2024)	FY2025/3 (April 1, 2024 – March 31, 2025)
Net income	15,374	17,846
Other comprehensive income		
Valuation difference on available-for-sale securities	2,409	(1,849)
Deferred gains or losses on hedges	(2)	(128)
Foreign currency translation adjustments	876	1,914
Remeasurements of defined benefit plans, net of tax	1,709	(582)
Share of other comprehensive income of associates accounted for using equity method	(6)	-
Total other comprehensive income	4,987	(644)
Net comprehensive income	20,361	17,201
(Breakdown)		
Comprehensive income attributable to owners of parent	20,034	16,988
Comprehensive income attributable to non-controlling interests	326	212

(3) Consolidated Statements of Changes in Net Assets

FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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

FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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	Remeasure-ments 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

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)	FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)
Operating activities		
Income before income taxes	20,576	24,284
Depreciation	9,492	9,918
Impairment loss	1,712	1,003
Increase (decrease) in provision for directors' stock benefits	27	27
Increase (decrease) in net defined benefit liability	69	(1,054)
(Increase) decrease in net defined benefit asset	(714)	(724)
Increase (decrease) in allowance for bonuses	379	209
Increase (decrease) in allowance for doubtful accounts	1	20
Increase (decrease) in provision for environmental measures	(123)	(146)
Interest and dividends income	(327)	(525)
Subsidy income	(363)	(732)
Interest expenses	105	113
Equity in losses (earnings) of affiliates	(0)	184
Loss (gain) on sales of investment securities	(782)	(3,306)
(Gain) loss on sales of noncurrent assets	(812)	(173)
Loss on retirement of noncurrent assets	335	297
Loss on withdrawal from business	-	198
(Increase) decrease in notes and accounts receivable–trade	(6,689)	3,706
(Increase) decrease in inventories	3,293	(8,534)
Increase (decrease) in notes and accounts payable–trade	68	(1,636)
Other	2,041	(2,652)
Subtotal	28,289	20,478
Interest and dividends income received	322	531
Interest expenses paid	(104)	(108)
Income taxes (paid) refund	1,052	(10,123)
Proceeds from subsidy income	614	168
Payments due to withdrawal from business	-	(182)
Net cash provided by (used in) operating activities	30,174	10,763

(Million yen)

	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)	FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)
Investing activities		
Net decrease (increase) in time deposits	-	105
Purchase of securities	(2,500)	-
Proceeds from redemption of securities	-	2,500
Purchase of property, plant and equipment	(9,091)	(13,579)
Proceeds from sales of property, plant and equipment	7,666	480
Purchase of intangible assets	(1,382)	(2,318)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	1,256	4,298
Purchase of shares of subsidiaries and associates	-	(598)
Payments of loans receivable	-	(125)
Other	(1,292)	(597)
Net cash provided by (used in) investing activities	(5,345)	(9,837)
Financing activities		
Purchase of treasury stock	(8,685)	(12,460)
Proceeds from sales of treasury stock	0	81
Cash dividends paid	(4,712)	(4,987)
Dividends paid to non-controlling interests	(166)	(134)
Other	(508)	(507)
Net cash provided by (used in) financing activities	(14,073)	(18,008)
Effect of exchange rate change on cash and cash equivalents	267	826
Net increase (decrease) in cash and cash equivalents	11,024	(16,256)
Cash and cash equivalents at beginning of period	36,077	47,101
Cash and cash equivalents at end of period	47,101	30,845

(5) Notes to Consolidated Financial Statements

(Notes on the going concern assumption)
Not applicable.

(Notes if there is a significant change in the amount of shareholders' equity)

(Purchase of treasury stock)
Based on a resolution of the Board of Directors meeting held on May 10, 2024, the Company repurchased 940,000 shares of its treasury stock during the fiscal year under review. In addition, based on a resolution of the Board of Directors meeting held on November 18, 2024, the Company repurchased 3,858,700 shares of its treasury stock during the fiscal year under review through a facility share repurchase. As a result, treasury stock increased by ¥12,368 million.

(Disposal of treasury stock)
On February 13, 2025, the Company disposed of 95,800 shares of its treasury stock through a third-party allotment to SMBC Nikko Securities Inc. through a facility share repurchase adjustment transaction. As a result, during the fiscal year under review, capital surplus decreased by ¥7 million, retained earnings decreased by ¥233 million, and treasury stock decreased by ¥241 million.

(Cancellation of treasury stock)
Based on a resolution of the Board of Directors meeting held on May 10, 2024, the Company canceled 940,000 shares of its treasury stock on June 14, 2024. In addition, based on a resolution of the Board of Directors meeting held on March 7, 2025, the Company canceled 3,762,900 shares of its treasury stock on March 31,2025. As a result, retained earnings and treasury stock decreased by ¥11,717 million during the fiscal year under review.

As a result of the foregoing, capital surplus was ¥17,186 million, retained earnings were ¥87,076 million, and treasury stock was ¥5,252 million during the fiscal year under review.

(Basis for preparing consolidated financial statements)

1. Scope of consolidation

Consolidated subsidiaries: 15 (Name of major company: Takasaki Morinaga Co., Ltd.)
Non-consolidated subsidiaries: 2 (Name of major company: BAQTEX Co., Ltd.)
Effective from the fourth quarter, Morinaga Finance Co., Ltd., which was a consolidated subsidiary, has been excluded from the scope of consolidation following its dissolution by resolution on October 8, 2024 and completion of its liquidation on March 27, 2025.
(Reason for exclusion from the scope of consolidation)
The scale of non-consolidated subsidiaries is small, and the combined figures, including the total assets, net sales, net income (proportional to equity), and retained earnings (proportional to equity), have no significant impact on the consolidated financial statements.

2. Application of equity method

Non-consolidated subsidiaries: 2 (Name of major company: BAQTEX Co., Ltd.)
During the fiscal year under review, BAQTEX Co., Ltd. was included in non-consolidated subsidiaries accounted for by the equity method following acquisition of its shares.

3. Fiscal years of consolidated subsidiaries

The fiscal year-end of Aunt Stella Inc. is February 28, and the fiscal year-end of Taiwan Morinaga Co., Ltd., Shanghai Morinaga Co., Ltd., Morinaga Food (Zhejiang) Co., Ltd., Morinaga America, Inc., Morinaga America Foods, Inc., and Morinaga Asia Pacific Co., Ltd. is December 31. The fiscal year of other consolidated subsidiaries ends on March 31.
To prepare the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year-ends and makes the necessary adjustments for important transactions between their fiscal year-ends and the consolidated book closing date.

(Changes in accounting policies)
(Application of the Accounting Standard for Current Income Taxes, etc.)
The Company has applied the "Accounting Standard for Current Income Taxes" (ASBJ Statement No.27, October 28, 2022; hereinafter "the 2022 Revised Accounting Standard"), etc. from the beginning of the fiscal year under review. With regard to the revisions concerning the recording categories for income taxes (taxes on other comprehensive income), the Company has implemented accounting processes in accordance with the transitional handling specified in the proviso of section 20-3 of the 2022 Revised Accounting Standard and the transitional handling specified in the proviso of section 65-2 (2) of the "Guidance on the Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No.28, October 28, 2022; hereinafter "the 2022 Revised Guidance"). This change in accounting policies has no impact on the consolidated financial statements.
With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares in subsidiaries, etc. resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the 2022 Revised Guidance from the beginning of the fiscal year

under review. This change in accounting policies is applied retroactively and reflected in the consolidated financial statements for the previous fiscal year. This change in accounting policies has no impact on the consolidated financial statements for the previous fiscal year.

(Additional information)

(Repurchase of own shares)

At a Board of Directors meeting held on November 18, 2024, the Company resolved to repurchase treasury stock and the specific method thereof pursuant to the provisions of Article 156 of the Companies Act as applied pursuant to the provisions of Article 165, Paragraph 3 of the same Act. On November 19, 2024, the Company repurchased treasury stock in accordance with that resolution.

In addition, a portion of the share repurchase was executed using a facility share repurchase (Accelerated Share Repurchase) method (the “Method”).

As the Method falls under the case where relevant accounting principles, etc. are not clearly specified, the following accounting treatment is applied.

1. Overview of Method

On November 19, 2024, the Company repurchased 3,858,700 shares of treasury stock equivalent to ¥9,999 million at ¥2,591.5 per share through the ToSTNeT-3 system. Of these shares, 2,486,300 shares, equivalent to ¥6,443 million, were repurchased from SMBC Nikko Securities Inc. (hereinafter “SMBC Nikko”) (hereinafter, the share repurchase from SMBC Nikko is referred to as the “ASR”).

The Company and SMBC Nikko will conduct an adjustment transaction using 1st series of ASR Share Options (share options with a fixed amount of investment) or 2nd series of ASR Share Options (share options with a fixed number of shares) so that the Company’s actual purchase price of the shares repurchased from SMBC Nikko in the ASR will be equal to the average value of the volume-weighted average price of the Company shares in ordinary trading in the Tokyo Stock Exchange for a certain period after the ASR, multiplied by 99.75% (rounded to the fifth decimal place) (hereinafter “Average VWAP”).

Furthermore, in connection with the exercise of 1st series of ASR Share Options on February 13, 2025, an adjustment transaction was conducted with SMBC Nikko using the Company’s shares. Specifically, from the 2,486,300 shares repurchased through SMBC Nikko, 95,800 shares of the Company were issued to SMBC Nikko—calculated by subtracting 2,390,500 shares (the number of shares obtained by dividing ¥6,443 million by the calculated Average VWAP of ¥2,695.3933, rounded up to the nearest 100 shares). As a result, the effective number of treasury stock that the Company repurchased through the ToSTNeT-3 system on November 19, 2024 (including the portion repurchased using the facility share repurchase) and the subsequent adjustment transaction is 3,762,900 shares. Furthermore, upon exercise of 1st series of ASR Share Options, 2nd series of ASR Share Options was not exercised and were forfeited (extinguished).

2. Principles of and procedures for accounting treatment

The Company’s shares repurchased using ToSTNeT-3 are recorded at the purchase price on the consolidated balance sheet as treasury stock under net assets. Furthermore, regarding the treasury stock issued upon the exercise of 1st series of ASR Share Options, the book value of the issued treasury stock has been deducted from treasury stock in the net assets section of the consolidated balance sheet, and the amount obtained by deducting the book value of the issued treasury stock from the amount of money received from the exercise of the share options has been recorded on the consolidated balance sheet as capital surplus (other capital surplus) and retained earnings (retained earnings brought forward) under net assets. The Company’s shares repurchased and issued using the Method are included in treasury stock that is deducted in the calculation of the average number of shares during the period for computing net income per share.

Based on this accounting treatment policy, in the fiscal year under review, treasury stock of ¥9,758 million (¥6,443 million for the Company’s shares purchased from SMBC Nikko and ¥241 million for the decrease in book value of the Company’s shares issued to SMBC Nikko) has been recorded on the consolidated balance sheet under net assets. Furthermore, as a result of the adjustment transaction under the Method, a negative value of ¥7 million has been recorded as capital surplus (other capital surplus) and a negative value of ¥233 million has been recorded as retained earnings (retained earnings brought forward) in the net assets section of the consolidated balance sheet.

(Consolidated statements of operations)

Impairment loss

The Group recorded impairment losses on the following assets.

FY2024/3 (April 1, 2023 – March 31, 2024)

Location	Use	Type and impairment loss (million yen)				
		Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Chiba City, Chiba	Idle assets	217	0	1,388	0	1,605
Kawagoe City, Saitama	Idle assets	78	—	—	—	78
Toyama City, Toyama	Store	6	—	—	5	11
Morioka City, Iwate	Store	5	—	—	4	9
Kobe City, Hyogo	Store	2	—	—	4	6
Kashiwa City, Chiba	Store	—	—	—	0	0

(Classification method of assets)
The Group classifies assets for business by identifying the minimum unit that generates independent cash flows based on the business segment by type. The Group classifies golf courses, assets for lease, stores, and idle assets by property, and assets which show no definite association with any particular business as shared assets.

(Background of recognition of impairment loss)
The Company has decided on a policy to sell idle assets, so their book value has been reduced to their recoverable amount. For stores, the Company has reduced the book value to their recoverable amount because the recovery of investment is considered to be impossible.

(Calculation method of recoverable amount)
Idle assets are valued by net cash value based on estimated sales prices. Stores are measured by utility value.

FY2025/3 (April 1, 2024 – March 31, 2025)

Location	Use	Type and impairment loss (million yen)				
		Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Kokubunji City, Tokyo	Assets for business (assets planned for sale)	17	—	787	0	806
Hiroshima City, Hiroshima	Assets for business and assets for lease (assets planned for sale)	105	—	5	0	110
Takamatsu City, Kagawa	Assets for business (assets planned for sale)	24	—	46	0	71
Kagoshima City, Kagoshima	Store	0	—	—	4	5
Saga City, Saga	Store	2	—	—	2	4
Sagamihara City, Kanagawa	Store	0	—	—	3	4
Mito City, Ibaraki	Store	—	—	—	0	0

(Classification method of assets)
The Group classifies assets for business by identifying the minimum unit that generates independent cash flows based on the business segment by type. The Group classifies golf courses, assets for lease, stores, and idle assets by property, and assets which show no definite association with any particular business as shared assets.

(Background of recognition of impairment loss)
Regarding the assets planned for sale, because a decision to relocate was made, the assets were scheduled for sale, and their book values have been reduced to their recoverable amounts.

For stores, the Company has reduced the book value to their recoverable amount because the recovery of investment is considered to be impossible.

(Calculation method of recoverable amount)
Regarding the assets planned for sale, their recoverable amounts are measured at net cash value based on estimated sales prices.
Stores are measured by utility value.

(Consolidated statements of cash flows)
Relationship between the ending balance of cash and cash equivalents and the amount of accounts on the Consolidated Balance Sheets (Million yen)

	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)	FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)
Cash and deposits	44,900	31,062
Time deposits with maturity of more than three months	(298)	(216)
Jointly operated designated money trusts included in the securities account	2,500	-
Cash and cash equivalents	47,101	30,845

(Segment information)
[Segment information]
1. Overview of reportable segments
(1) Method to determine reportable segments
The reportable segments of the Group are its constituents for which separate financial information is available and which the Board of Directors, etc., regularly reviews to determine the allocation of management resources and to evaluate performance.
The Group operates business activities centering on food manufacturing. The reportable segments are Food Manufacturing, Food Merchandise, and Real Estate and Services.
(2) Products and services that belong to the reportable segments
The Food Manufacturing segment manufactures confectioneries, foodstuffs, frozen desserts, health products (jelly drinks, etc.), and other products.
The Food Merchandise segment engages in wholesale food service and food products.
The Real Estate and Services segment engages in real estate transactions and the management of golf courses.

2. Method to calculate net sales, profits or losses, assets, and other items by reportable segment
The accounting methods for the reportable segments are essentially the same as the accounting methods listed in "Basis for Preparing Consolidated Financial Statements."
Intersegment sales and transfers are based on prevailing market prices, etc.

3. Information on net sales, profits or losses, assets, and other items by reportable segment
FY2024/3 (April 1, 2023 – March 31, 2024) (Million yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount Posted in Consolidated Financial Statements (Note 3)
	Food Manufacturing	Food Merchandise	Real Estate and Services	Total				
Net sales								
Outside customers	203,810	6,909	1,911	212,631	737	213,368	—	213,368
Intersegment sales or transfers	16	248	0	265	794	1,060	(1,060)	—
Total	203,826	7,157	1,912	212,896	1,532	214,429	(1,060)	213,368
Segment operating income	19,909	377	834	21,121	142	21,264	(990)	20,273
Segment assets	162,385	3,274	5,607	171,267	1,293	172,561	51,083	223,644
Other items								
Depreciation and amortization	9,245	4	144	9,395	97	9,492	—	9,492
Increase in property, plant and equipment and intangible assets	14,872	3	85	14,961	37	14,998	—	14,998

(Note 1) "Other Services" category is a business segment comprising services not included in the reportable segments, including the manufacture and sale of research reagents.

(Note 2) Adjustments are as follows:

(1) The minus 990 million yen adjustment to segment operating income includes corporate expenses that are not allocated to any reportable segment of minus 1,037 million yen. Corporate expenses mainly include general and administrative expenses and new business development expenses that do not belong to any particular reportable segment.

(2) The adjustment of segment assets of 51,083 million yen includes corporate assets of 54,893 million yen and an offset of intersegment receivables of minus 3,809 million yen. Corporate assets represent cash and deposits of the Group, surplus operating funds (jointly operated designated money trusts), and long-term investments (shares in financial institutions) of the Group.

(Note 3) The segment operating income has been adjusted to the operating income stated in the consolidated financial statements.

FY2025/3 (April 1, 2024 – March 31, 2025) (Million yen)

	Reportable segment				Other Services (Note 1)	Total	Adjustment (Note 2)	Amount Posted in Consolidated Financial Statements (Note 3)
	Food Manufacturing	Food Merchandise	Real Estate and Services	Total				
Net sales								
Outside customers	217,578	8,690	1,870	228,140	817	228,957	—	228,957
Intersegment sales or transfers	14	289	2	306	824	1,131	(1,131)	—
Total	217,593	8,980	1,873	228,447	1,641	230,088	(1,131)	228,957
Segment operating income	19,862	1,441	801	22,105	165	22,271	(1,005)	21,266
Segment assets	163,705	4,619	4,960	173,285	1,900	175,186	34,800	209,986
Other items								
Depreciation and amortization	9,667	5	152	9,825	93	9,918	—	9,918
Increase in property, plant and equipment and intangible assets	10,526	6	44	10,578	111	10,689	—	10,689

(Note 1) "Other Services" category is a business segment comprising services not included in the reportable segments, including the manufacture and sale of research reagents.

(Note 2) Adjustments are as follows:

(1) The minus 1,005 million yen adjustment to segment operating income includes corporate expenses that are not allocated to any reportable segment of minus 1,026 million yen. Corporate expenses mainly include general and administrative expenses and new business development expenses that do not belong to any particular reportable segment.

(2) The adjustment of segment assets of 34,800 million yen includes corporate assets of 35,618 million yen and an offset of intersegment receivables of minus 818 million yen. Corporate assets represent cash and deposits, and long-term investments (shares in financial institutions) of the Group.

(Note 3) The segment operating income has been adjusted to the operating income stated in the consolidated financial statements.

[Related information]

FY2024/3 (April 1, 2023 – March 31, 2024)

1. Information on each product and service

This information is omitted because the same information is disclosed in the section on segment information.

2. Information on each geographic area

(1) Sales

(Million yen)

Japan	U.S.	Other	Total
186,375	18,138	8,854	213,368

(Note) Sales are based on the location of customers and are classified by country or region.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

There is no description because there are no parties to which sales account for 10% or more of the net sales to external customers on the consolidated statements of operations.

FY2025/3 (April 1, 2024 – March 31, 2025)

1. Information on each product and service

This information is omitted because the same information is disclosed in the section on segment information.

2. Information on each geographic area

(1) Sales

(Million yen)

Japan	U.S.	Other	Total
198,567	19,672	10,718	228,957

(Note) Sales are based on the location of customers and are classified by country or region.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

There is no description because there are no parties to which sales account for 10% or more of the net sales to external customers on the consolidated statements of operations.

[Information on impairment loss on noncurrent assets by reportable segment]

FY2024/3 (April 1, 2023 – March 31, 2024) (Million yen)

	Food Manufacturing	Food Merchandise	Real Estate and Services	Other	Adjustment	Total
Impairment loss	1,712	–	–	–	–	1,712

FY2025/3 (April 1, 2024 – March 31, 2025) (Million yen)

	Food Manufacturing	Food Merchandise	Real Estate and Services	Other	Adjustment	Total
Impairment loss	972	–	30	–	–	1,003

[Information on amortization of goodwill and unamortized balance by reportable segment]

FY2024/3 (April 1, 2023 – March 31, 2024)

Not applicable.

FY2025/3 (April 1, 2024 – March 31, 2025)

Not applicable.

(Revenue recognition)

Information on the breakdown of revenue generated from contracts with customers

The Group presents the revenue generated from contracts with customers by breaking each segment down into main sales management classification based on the contracts with customers.

(Million yen)

Reportable segment	Main product/area classification	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)	FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)
Food Manufacturing	Confectionery & Foodstuffs Business	79,194	84,436
	Frozen Desserts Business	45,394	49,360
	“in-” Business	31,579	31,339
	Direct Marketing Business (Note 1)	10,969	11,184
	Operating subsidiaries, etc. (Note 1)	9,991	11,241
	Domestic total	177,129	187,562
	U.S. Business	19,187	20,956
	China, Taiwan, exports, etc. (Note 1)	7,492	9,060
	Overseas total	26,680	30,016
	Subtotal	203,810	217,578
Food Merchandise	Wholesale food service and food products	6,909	8,690
Real Estate and Services	Management of golf courses	785	791
Other Services (Note 2)		737	817
Revenue generated from contracts with customers total		212,242	227,878
Real Estate and Services	Real estate transactions	1,126	1,079
Other revenue total		1,126	1,079
Net sales to outside customers total		213,368	228,957

(Note 1) While overseas sales from “Direct Marketing Business” and “Operating subsidiaries, etc.” were previously included in the “China, Taiwan, exports, etc.” category, the Company changed the presentation method as of the beginning of the fiscal year under review and has included them in “Direct Marketing Business” and “Operating subsidiaries, etc.,” respectively, in order to clearly show the actual state of the Group's business management in line with the 2030 Business Plan and the 2024 Medium-Term Business Plan. Information on the breakdown of revenue generated from contracts with customers in the previous fiscal year is based on the new method.

(Note 2) “Other Services” category is a business segment comprising services not included in the reportable segments, including the manufacture and sale of research reagents.

(Per-share information)

	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)	FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)
Net assets per share	1,448.01 yen	1,523.09 yen
Net income per share	165.60 yen	200.85 yen

(Note 1) Diluted net income per share is not stated, as there are no dilutive shares.

(Note 2) Shares of the Company held by the officer compensation BIP trust are included in the number of shares of treasury stock deducted from the total number of shares issued at the end of the period in calculating the net assets per share. Furthermore, shares of the Company held by the trust are included in the number of shares of treasury stock deducted to calculate the average number of shares during the period in calculating the net income per share. In the previous fiscal year, the number of shares of treasury stock held by the trust at the end of the period was 68 thousand and the average number of shares of treasury stock during the period was

68 thousand. In the fiscal year under review, the number of shares of treasury stock held by the trust at the end of the period was 80 thousand and the average number of shares of treasury stock during the period was 75 thousand.

(Note 3) The calculation basis for net assets per share is as follows:

	FY2024/3 (As of Mar. 31, 2024)	FY2025/3 (As of Mar. 31, 2025)
Total net assets on consolidated balance sheets (million yen)	132,653	132,393
Amount not included in total net assets (million yen)	1,450	1,527
(Non-controlling interests) (million yen)	(1,450)	(1,527)
Net assets related to common stock (million yen)	131,202	130,865
Number of common stock included in the calculation of net assets per share (1,000 shares)	90,609	85,920

(Note 4) The calculation basis for net income per share is as follows:

	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)	FY2025/3 (Apr. 1, 2024 – Mar. 31, 2025)
Profit attributable to owners of parent (million yen)	15,154	17,710
Amount not attributable to common stock shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	15,154	17,710
Average number of common stock outstanding in fiscal year (1,000 shares)	91,510	88,177

(Note 5) The Company conducted a two-for-one stock split of common shares on January 1, 2024. Net income per share and average number of common stock outstanding in fiscal year are calculated assuming that the stock split had been conducted at the beginning of the previous fiscal year.

(Significant subsequent events)

(Repurchase and cancellation of treasury stock)

At its Board of Directors meeting held on May 9, 2025, the Company passed a resolution on matters relating to the repurchase of treasury stock pursuant to the provisions of Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of said act. In addition, the Company passed a resolution on matters to cancel its treasury stock pursuant to the provisions of Article 178 of said act.

1. Purpose of repurchase and cancellation of treasury stock
   To enhance returns to shareholders and improve capital efficiency

2. Details of repurchase
   (1) Type of shares to be repurchased: Common shares of the Company
   (2) Total number of shares to be repurchased: Up to 2,000,000
   (Ratio of total number of shares issued (excluding treasury stock)): 2.32%
   (3) Total amount of repurchase of shares: Up to ¥5,500,000,000
   (4) Period of repurchase: May 12, 2025 to May 16, 2025
   (5) Method of repurchase: Repurchase through Tokyo Stock Exchange off-auction own share repurchase trading system (ToSTNeT-3)
   (Note) The Company may not repurchase part or all of the shares of treasury stock due to market trends and other reasons.

3. Details of cancellation
   (1) Type of shares to be cancelled: Common shares of the Company
   (2) Total number of shares to be cancelled: All shares of treasury stock repurchased as described in 2. above
   (3) Scheduled date of cancellation: June 13, 2025

(Reference) Treasury stock as of March 31, 2025

Total number of shares issued (excluding treasury stock): 86,001,766

Number of shares of treasury stock (including fractional shares): 2,009,872

(Note) The number of shares of treasury stock does not include the Company’s shares held by the officer compensation Board Incentive Plan (BIP) trust (80,784 shares).

Supplementary Materials for the Consolidated Financial Summary for the Fiscal Year Ended March 31, 2025

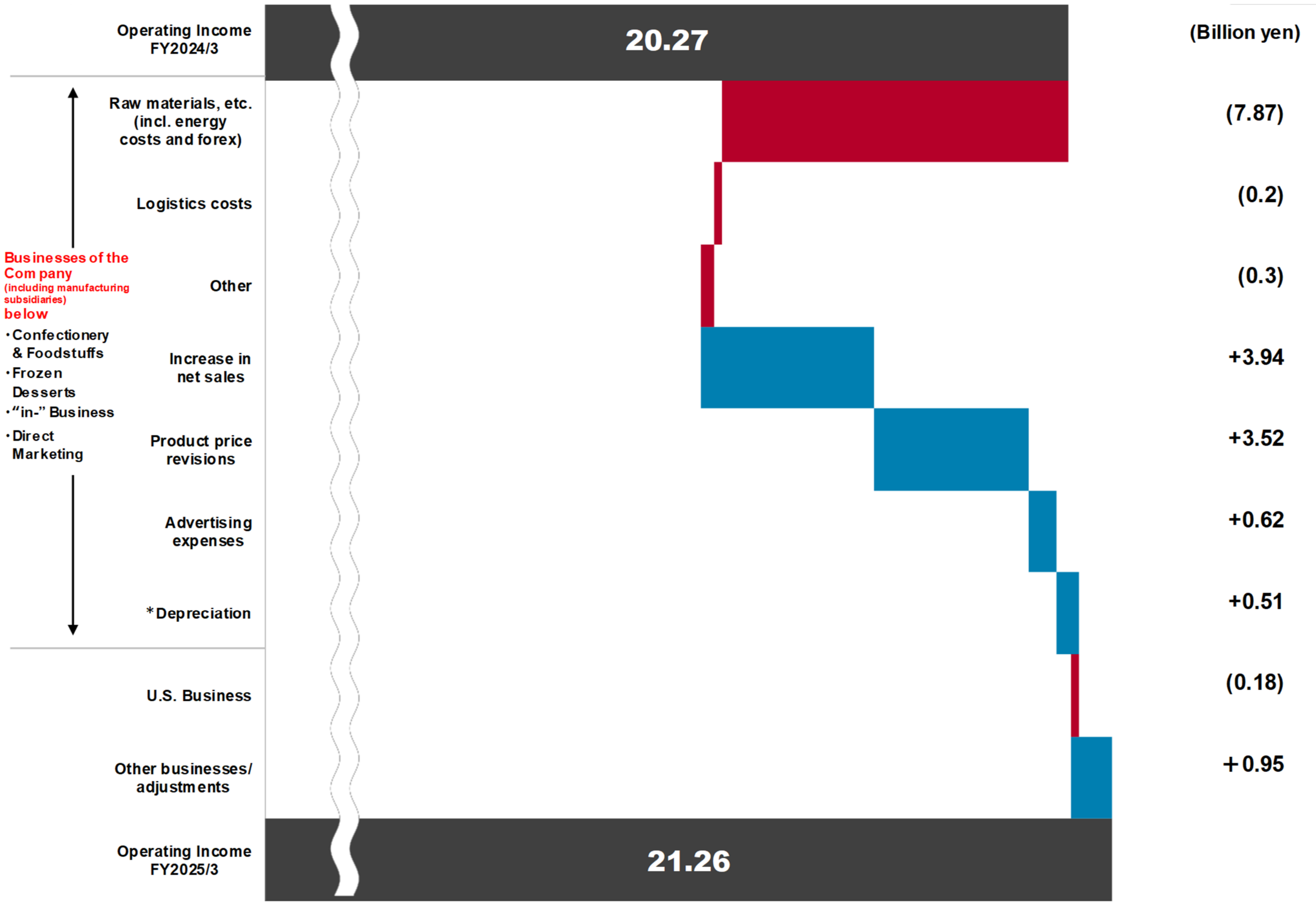
[The fiscal year under review]

1. Financial results

(Million yen)

	Year ended March 31, 2024		Year ended March 31, 2025		Year-on-year comparisons		
	Amount	Ratio to net sales (%)	Amount	Ratio to net sales (%)	Amount	Ratio to net sales (%)	Year-on-year change (%)
Net sales	213,368		228,957		15,589		7.3
Cost of sales	126,679	59.4	138,911	60.7	12,232	1.3	9.7
Gross profit	86,689	40.6	90,046	39.3	3,357	(1.3)	3.9
Selling, general and administrative expenses	66,416	31.1	68,779	30.0	2,363	(1.1)	3.6
Promotion expenses	5,926	2.8	6,464	2.8	538	0.0	9.1
Advertising expenses	11,738	5.5	11,246	4.9	(492)	(0.6)	(4.2)
Freightage and storage fees	17,380	8.1	18,312	8.0	932	(0.1)	5.4
Salaries and allowances	9,975	4.7	10,529	4.6	554	(0.1)	5.6
Provision for bonuses	1,673	0.8	1,776	0.8	103	(0.0)	6.1
Other	19,721	9.2	20,451	8.9	730	(0.3)	3.7
Operating income	20,273	9.5	21,266	9.3	993	(0.2)	4.9
Non-operating income	981	0.5	1,429	0.6	448	0.1	45.7
Non-operating expenses	214	0.1	392	0.2	178	0.1	82.6
Ordinary income	21,039	9.9	22,304	9.7	1,265	(0.2)	6.0
Extraordinary income	1,952	0.9	3,553	1.6	1,601	0.7	82.0
Extraordinary loss	2,415	1.1	1,573	0.7	(842)	(0.4)	(34.9)
Income before income taxes	20,576	9.6	24,284	10.6	3,708	1.0	18.0
Income taxes	5,201	2.4	6,438	2.8	1,237	0.4	23.8
Net income	15,374	7.2	17,846	7.8	2,472	0.6	16.1
Profit attributable to non-controlling interests	220	0.1	136	0.1	(84)	(0.0)	(38.2)
Profit attributable to owners of parent	15,154	7.1	17,710	7.7	2,556	0.6	16.9

2. Analysis of changes in operating income



* Only that portion recorded in cost of sales

3. Domestic/overseas net sales

(Million yen)

	Year ended March 31,2024	Year ended March 31, 2025	Year-on-year comparisons	Year-on-year change (%)
Domestic	186,375	198,567	12,192	6.5
Overseas	26,993	30,390	3,397	12.6
Consolidated	213,368	228,957	15,589	7.3

(Note) Net sales are sales to external customers.

Ratio of overseas sales to consolidated net sales	12.7%	13.3%

4. Net sales and operating income by business

(Billion yen)

Reportable segment	Main product/area classification	Net sales				Operating income			
		Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparisons	Year-on-year change (%)	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing	Confectionery & Foodstuffs Business	79.1	84.4	5.3	6.6	4.0	3.9	(0.1)	(3.3)
	Frozen Desserts Business	45.3	49.3	4.0	8.7	4.8	4.2	(0.6)	(11.6)
	“in-” Business	31.5	31.3	(0.2)	(0.8)	6.6	7.3	0.7	10.0
	Direct Marketing Business	10.9	11.1	0.2	2.0	0.2	0.4	0.2	131.4
	Operating subsidiaries, etc.	9.9	11.2	1.3	12.5	0.4	0.3	(0.1)	(29.8)
	Domestic total	177.1	187.5	10.4	5.9	16.2	16.3	0.1	0.6
	U.S. Business	19.1	20.9	1.8	9.2	3.2	3.0	(0.2)	(5.4)
	China,Taiwan, exports, etc.	7.4	9.0	1.6	20.9	0.4	0.4	0.0	6.5
	Overseas total	26.6	30.0	3.4	12.5	3.7	3.5	(0.2)	(3.9)
	Subtotal	203.8	217.5	13.7	6.8	19.9	19.8	(0.1)	(0.2)
Food Merchandise		6.9	8.6	1.7	25.8	0.3	1.4	1.1	282.0
Real Estate and Services		1.9	1.8	(0.1)	(2.1)	0.8	0.8	(0.0)	(3.9)
Other Services		0.7	0.8	0.1	10.8	0.1	0.1	0.0	16.2
Adjustment, etc.						(0.9)	(1.0)	(0.1)	—
Total		213.3	228.9	15.6	7.3	20.2	21.2	1.0	4.9

(Note 1) In order to clearly show the actual state of the Group's business management, the classification and aggregation methods have been changed from the year ended March 31, 2025.The figures for the year ended March 31, 2024 have had the changes retroactively applied and are based on the new methods.

(Note 2) Net sales are sales to external customers.

(Note 3) Confectionery & Foodstuffs Business and the Frozen Desserts Business include “in” brand confectioneries and foodstuffs and frozen dessert products.

(Note 4) Direct Marketing Business and Operating subsidiaries, etc. include overseas sales.

(Note 5) U.S. Business includes income resulting from exports from China/Taiwan to the United States.

(Note 6) Adjustments, etc. mainly include general and administrative expenses and new business development expenses that do not belong to any business.

5. Capital investment, depreciation expenses, and research and development expenses

(Million yen)

	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparisons
Capital investment	14,998	10,689	(4,309)
Depreciation expenses	9,492	9,918	426
Research and development expenses	2,996	3,045	49

(Note) In order to more clearly show the actual state of research and development activities, effective from the year ended March 31, 2025, the Company has changed the method of aggregating research and development expenses.
The figures for the fiscal year ended March 31, 2024 have had the changes retroactively applied and are presented based on the new aggregation method.

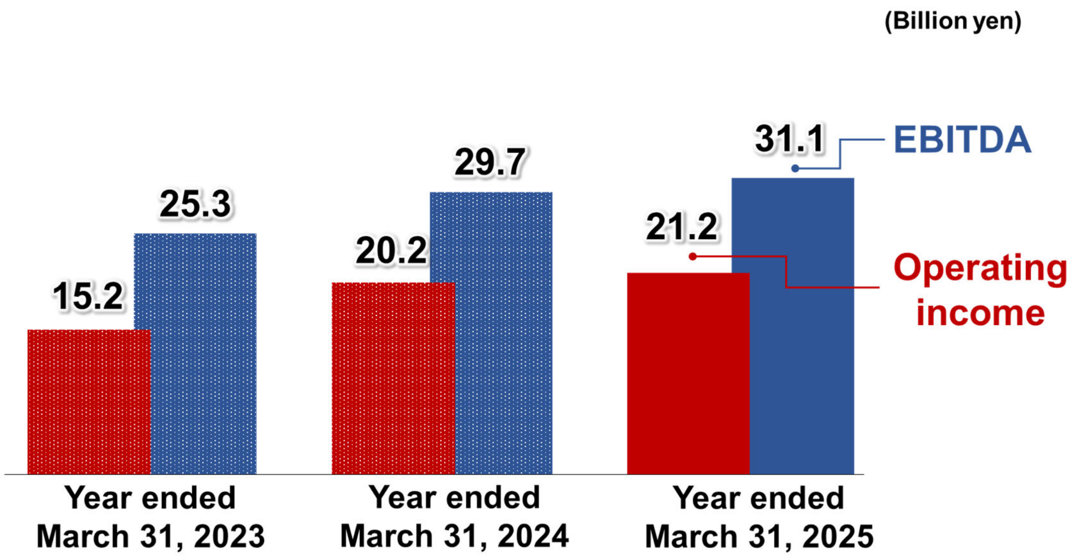
6. Net sales in focus domains prioritized in the 2030 Business Plan

(Billion yen)

Focus domain	Year ended March 31, 2024	Year ended March 31, 2025	Year-on-year comparisons	Year-on-year change (%)
"in-" Business	32.4	32.2	(0.2)	(0.5)
Frozen Desserts Business	45.3	49.3	4.0	8.7
Direct Marketing Business	10.9	11.1	0.2	2.0
U.S. Business	19.1	20.9	1.8	9.2
Total	107.9	113.7	5.8	5.3
Ratio of focus domain sales to consolidated net sales	50.6%	49.7%		

(Note 1) Net sales are sales to external customers.
(Note 2) "in-" Business includes "in" brand confectioneries and foodstuffs and frozen dessert products.
(Note 3) Direct Marketing Business includes overseas sales.

7. Operating income and EBITDA trends



(Note) Simplified EBITDA: operating income + depreciation and amortization

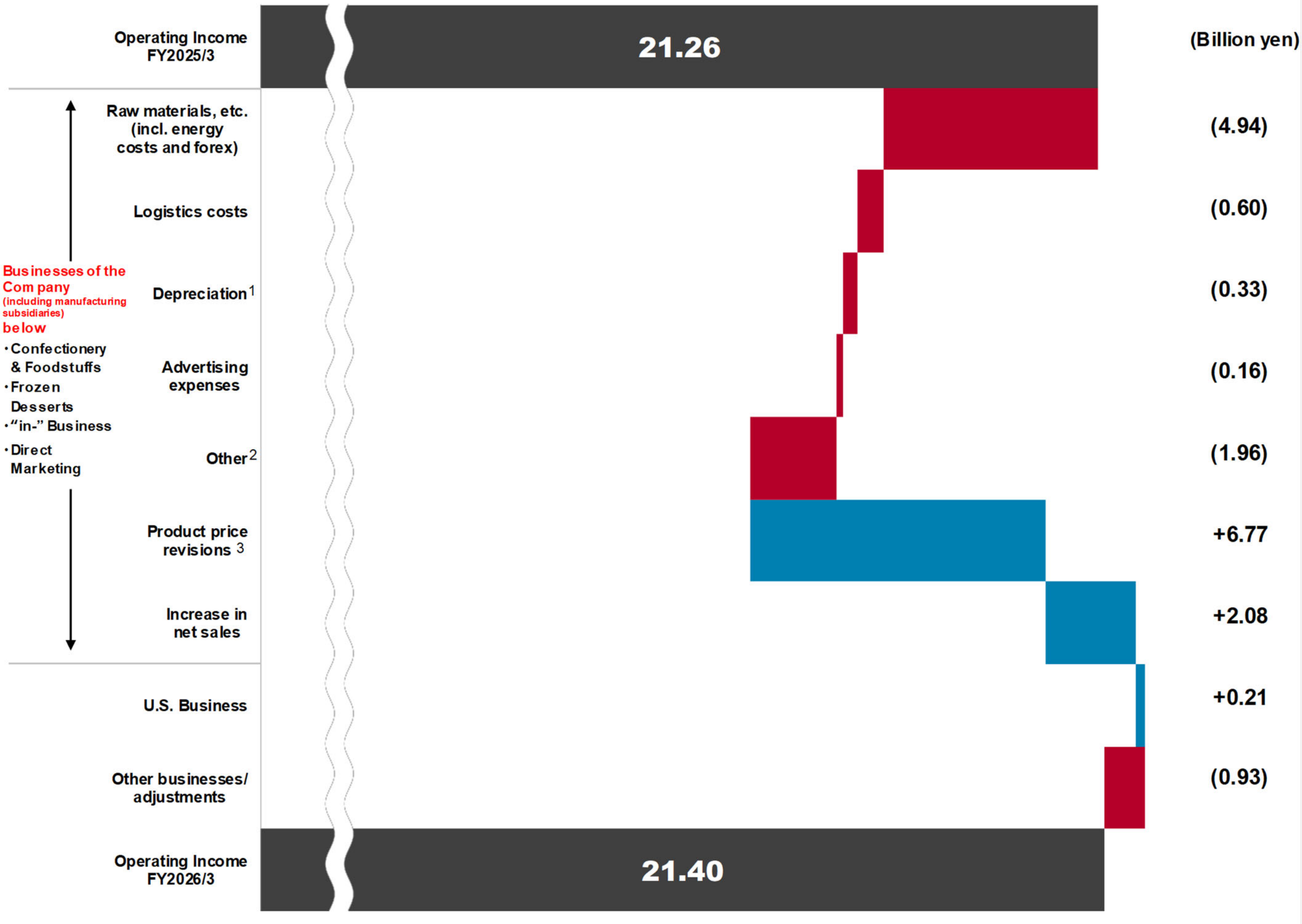
[Full-year forecast]
* Starting from the fiscal year ending March 2026, all consolidated subsidiaries are scheduled to unify their fiscal year-end to March 31.
Accordingly, the forecast figures for the fiscal year ending March 2026 have been calculated on a consolidated basis for the 12-month period from April 1, 2025 to March 31, 2026.

1. Financial forecasts

(Million yen)

	Year ended March 31, 2025	Year ending March 31, 2026 forecasts	Year-on-year comparisons	Year-on-year change (%)
Net sales	228,957	240,000	11,043	4.8
Operating income	21,266	21,400	134	0.6
Ordinary income	22,304	21,700	(604)	(2.7)
Profit attributable to owners of parent	17,710	17,800	90	0.5

2. Analysis of changes in operating income



1. Only that portion recorded in cost of sales
2. Main factors behind decrease: DX investment, human resource investment, etc.
3. Including the effect of price revisions currently under consideration

3 Domestic/overseas net sales

(Million yen)

	Year ended March 31, 2025 results	Year ending March 31, 2026 forecasts	Year-on-year comparisons	Year-on-year change (%)
Domestic	198,567	207,300	8,733	4.4
Overseas	30,390	32,700	2,310	7.6
Consolidated	228,957	240,000	11,043	4.8

(Note) Net sales are sales to external customers.

Ratio of overseas sales to consolidated net sales	13.3%	13.6%

4. Net sales and operating income by business

(Billion yen)

Reportable segment	Main product/area classification	Net sales				Operating income			
		Year ended March 31, 2025	Year ending March 31, 2026 forecasts	Year-on-year comparisons	Year-on-year change (%)	Year ended March 31, 2025	Year ending March 31, 2026 forecasts	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing	Confectionery & Foodstuffs Business	84.4	87.6	3.2	3.8	3.9	3.9	0.0	0.4
	Frozen Desserts Business	49.3	51.7	2.4	4.7	4.2	4.5	0.3	6.9
	"in-" Business	31.3	32.9	1.6	5.1	7.3	7.6	0.3	4.8
	Direct Marketing Business	11.1	11.3	0.2	1.0	0.4	0.6	0.2	38.7
	Operating subsidiaries	11.2	11.6	0.4	3.3	0.3	0.3	(0.0)	(2.8)
	Domestic total	187.5	195.1	7.6	4.1	16.3	17.1	0.8	5.2
	U.S. Business	20.9	22.6	1.7	7.8	3.0	3.2	0.2	7.0
	China, Taiwan, exports, etc.	9.0	9.7	0.7	7.8	0.4	0.0	(0.4)	(95.5)
	Overseas total	30.0	32.3	2.3	7.8	3.5	3.3	(0.2)	(7.3)
	Subtotal	217.5	227.5	10.0	4.6	19.8	20.4	0.6	2.9
Food Merchandise		8.6	9.6	1.0	11.5	1.4	1.4	(0.0)	(2.2)
Real Estate and Services		1.8	1.9	0.1	2.9	0.8	0.8	0	6.0
Other		0.8	0.8	0.0	1.6	0.1	0.1	(0.0)	(28.9)
Adjustments, etc.						(1.0)	(1.4)	(0.4)	—
Total		228.9	240.0	11.1	4.8	21.2	21.4	0.2	0.6

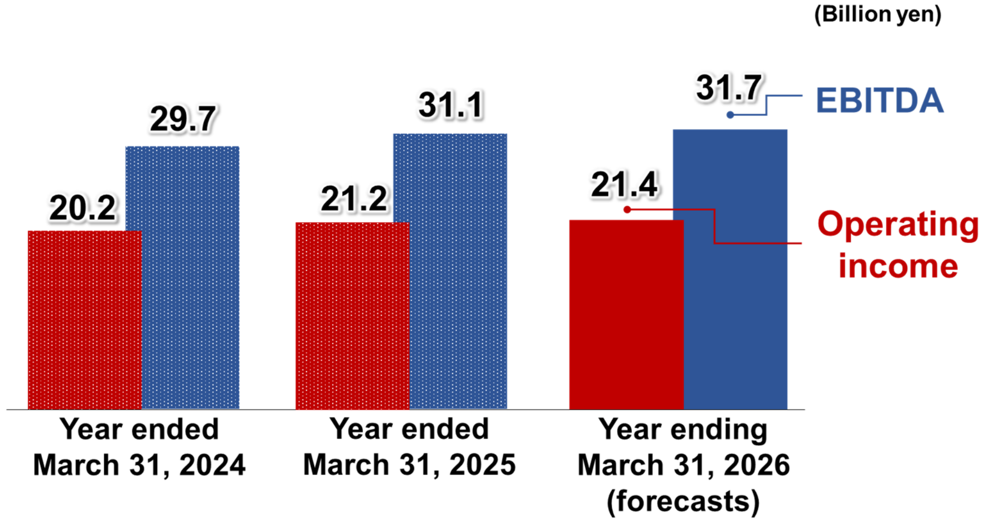
(Note 1) Net sales are sales to external customers.
(Note 2) The Confectionery & Foodstuffs Business includes “in” brand confectioneries and foodstuffs.
(Note 3) Direct Marketing Business and operating subsidiaries, etc. include overseas sales.
(Note 4) U.S. Business includes income resulting from exports from China/Taiwan to the United States.
(Note 5) Adjustments, etc. mainly include general and administrative expenses and new business development expenses that do not belong to any business.

5. Capital investment, depreciation expenses, and research and development expenses

(Million yen)

	Year ended March 31, 2025 results	Year ending March 31, 2026 forecasts	Year-on-year comparisons
Capital investment	10,689	8,757	(1,932)
Depreciation expenses	9,918	10,384	466
Research and development expenses	3,045	3,301	256

6. Operating income and EBITDA



(Note) Simplified EBITDA: operating income + depreciation and amortization

Main domestic products

Products	Visual	Category	Year released	Description
Morinaga Biscuits		Biscuits	1923	The *Morinaga Biscuits* series was launched in 1923. Continual enhancements to taste and texture since then have ensured that the brand enjoys high recognition levels and market share in Japan. There are a number of different *Morinaga Biscuits* brands each with their own unique tastes, including *Marie*, *Moonlight*, and *Choice*.
HI-CHEW		Soft candy	1975	Characterized by a soft, chewy texture and brimming with a juicy deliciousness that increases with every bite. *HI-CHEW* enjoys high recognition levels and market share as the top soft candy brand in Japan.
Morinaga Ramune		Candy	1973	Refreshing ramune-flavored candy in packaging shaped like old-fashioned carbonated drink bottles. Japanese ramune beverages taste similar to carbonated lemonade (“ramune” is a Japanese approximation of the word “lemonade”). Sales have grown rapidly in recent years following the launch of larger-sized *Morinaga Ramune* candy products, which are sold in small pouches and targeted at adult consumers.
Carré de chocolat		Chocolate	2003	*Carré de chocolat* is a brand of thin chocolate squares. They were developed with the express aim of creating Japan’s most delicious chocolate, and painstaking attention was paid to ingredients, production methods, and packaging design. The diverse product range includes milk, white, and high-cacao-content chocolate (*Cacao 70* and *Cacao 88*), as well as variations with special fillings.
DARS		Chocolate	1993	Bite-sized chocolates with a satisfyingly rich milk flavor. In addition to the standard milk chocolate version, the white chocolate version is also highly popular and boasts the top market share in the white chocolate category. *DARS* chocolates are sold in resealable boxes that are compact and easily portable, making it easy to enjoy them anytime, anywhere.
Chocoball		Chocolate	1967	*Chocoball* is a brand of spherical chocolate-covered peanuts (versions with caramel centers and other fillings are also available). Each one of these bite-sized chocolate treats are packed with different flavors and textures. The packages feature the popular bird-like mascot called "Kyoro-chan" and a unique beak-like opening to dispense the treats one at a time. Marks printed on the "beaks" can be collected and exchanged for a small can filled with toys. The "can of toys" campaign is well-known in Japan as it has continued for more than 50 years, ever since the product's launch.
Amazake		Soft drinks	1974	Amazake is a traditional Japanese beverage made from fermented rice. The *Morinaga Amazake* brand has the top market share in Japan, and features a diverse lineup including products using saké lees and komé koji, and those made using only komé koji.Even the types made using saké lees have an alcohol content of less than 1%, but caution needs to be exercised when the product is consumed by children, pregnant and breastfeeding women, and people who are sensitive to alcohol.
Morinaga Milk Cocoa		Cocoa	1919	*Morinaga Milk Cocoa* is an instant chocolate drink powder. Morinaga helped establish Japan’s cocoa industry, being the first company in the country to produce and sell cocoa powder. *Morinaga Milk Cocoa* continues to enjoy the top market share in Japan.

Main domestic products

Products	Visual	Category	Year released	Description
Choco Monaka Jumbo		Ice cream	1972	*Choco Monaka Jumbo* is Japan's top domestic ice cream brand. Based on a traditional Japanese wafer-based sweet called "*monaka*", *Choco Monaka Jumbo* features a sheet of chocolate covered in ice cream all enclosed in a thin and crispy chocolate and wafer covering. This treat is characterized by the rich sweetness of the ice cream and the crackly texture of the chocolate.
Vanilla Monaka Jumbo		Ice cream	2011	A vanilla version of *Choco Monaka Jumbo* featuring ice cream with a full-bodied vanilla flavor enclosed in a wafer with a cake-like taste due to the addition of almond powder.
ICEBOX		Ice cream	1989	A crisply refreshing and scrunchy frozen dessert made from crushed ice. Pour juice or other beverages into the cup to create a super cold drink.
Ita Choco Ice		Ice cream	1995	Vanilla ice cream coated in an extra-thick chocolate shell shaped like a bar of chocolate. Enjoy the snapping of the chocolate shell as the creamy ice cream melts in your mouth. Distinguished by the delectable taste of quality chocolate with a rich cacao aroma.
THE Creap		Ice cream	1988	Crepe-style ice cream featuring crunchy chocolate and vanilla ice cream wrapped in a crepe sheet. Characterized by its triangular shape and a unique mouthfeel. The crepe sheet is produced using a patented method that delivers a uniquely chewy texture that Japanese consumers love.
in Jelly		Jelly drinks	1994	With *in Jelly*, the first drinkable jelly in a pouch with a built-in spout, Morinaga created a new product category and the brand continues to enjoy the top market share. The product provides an easy way for people to boost their nutrient intake. Clear labelling of the nutrients each product contains, such as "energy", "vitamins", and "protein", allows quick selection of the drink that best suits one's needs. As drinkable jelly not only quenches thirst but is also filling, they can also be used as a time-saving meal replacement.
in Bar		Nutritional supplements	2009	A range of snack bars providing 8 to 20 grams of protein. Morinaga made full use of its snack development knowhow to create bars that are not only protein-rich, but taste great too.
Morinaga Collagen Drink		Soft drinks	2006	A collagen drink containing 10g of easily digested and absorbed low-molecular-weight collagen peptides. The product, which is now fat-free while retaining the great original taste, is only 72Kcal per 125ml pack.