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Consolidated Financial Summary for the Fiscal Year Ended March 31, 2024 (Japanese Accounting Standards)

May 10, 2024

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Scheduled date for general meeting of shareholders: June 27, 2024
 Scheduled date for commencement of dividend payments: June 28, 2024
 Scheduled date to submit the Annual Securities Report: June 27, 2024
 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, 2024

(April 1, 2023 – March 31, 2024)

(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, 2024	213,368	9.8	20,273	33.1	21,039	33.5	15,154	50.6
Year ended Mar. 31, 2023	194,373	7.2	15,235	(13.9)	15,757	(13.6)	10,059	(63.8)

(Note) Comprehensive income: Year ended March 31, 2024: 20,361 million yen (94.2%)
 Year ended March 31, 2023: 10,484 million yen (-19.6%)

	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, 2024	165.60	–	11.8	9.8	9.5
Year ended Mar. 31, 2023	104.38	–	7.9	7.5	7.8

(Reference) Equity in net gain (loss) of affiliated companies: Year ended Mar. 31, 2024: 0 million yen
 Year ended Mar. 31, 2023: 4 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 situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2024	223,644	132,653	58.7	1,448.01
Year ended Mar. 31, 2023	205,226	125,856	60.7	1,322.63

(Reference) Shareholders' equity: Year ended March 31, 2024: 131,202 million yen
 Year ended March 31, 2023: 124,565 million yen

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

(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, 2024	30,174	(5,345)	(14,073)	47,101
Year ended Mar. 31, 2023	(2,966)	(14,209)	(7,348)	36,077

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, 2023	–	0.00	–	100.00	100.00	4,712	47.9	3.8
Year ended Mar. 31, 2024	–	0.00	–	55.00	–	4,987	33.2	4.0
Year ending Mar. 31, 2025 (forecast)	–	0.00	–	60.00	60.00		34.0	

(Note) The Company conducted a two-for-one stock split of common shares on January 1, 2024. The annual dividend for the year ended March 31, 2023 is the amount before the stock split. 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. If the stock split is not taken into account, the annual dividend per share for the fiscal year ending March 31, 2024 is 110.00 yen per share, and the (forecast) annual dividend per share for the fiscal year ending March 31, 2025 is 120.00 yen per share.

3. Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	114,000	4.0	13,400	(5.4)	13,600	(5.5)	10,100	(1.6)	112.61
Full year	222,000	4.0	20,500	1.1	20,900	(0.7)	15,800	4.3	176.34

* Notes

(1) Important changes in subsidiaries during the period (changes in specified subsidiaries accompanied by changes in the scope of consolidation): None

(2) Changes in accounting policies, changes of accounting estimates and restatement

(i) Changes in accounting policies associated with revisions to accounting standards: None

(ii) Changes in accounting policies other than changes in (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of shares issued (common shares)

(i) Number of shares issued at end of period (including treasury stock)

Year ended March 31, 2024: 92,714,538 Year ended March 31, 2023: 96,279,538

(ii) Number of shares of treasury stock at end of period

Year ended March 31, 2024: 2,105,446 Year ended March 31, 2023: 2,098,888

(iii) Average number of shares during the period

Year ended March 31, 2024: 91,510,219 Year ended March 31, 2023: 96,372,320

* The Company conducted a two-for-one stock split of common shares on January 1, 2024. The number of shares issued at end of period, the number of shares of treasury stock at end of period and the average number of shares during the period are 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 (68,362 shares in the fiscal year ended March 31, 2024 and 68,362 shares in the fiscal year ended March 31, 2023). 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, 2024 (April 1, 2023 – March 31, 2024)

(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, 2024	173,340	7.5	10,517	(7.8)	11,450	(7.4)	8,410	6.8
Year ended Mar. 31, 2023	161,284	3.8	11,408	(9.3)	12,371	(9.8)	7,872	(68.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended Mar. 31, 2024	91.91	–
Year ended Mar. 31, 2023	81.69	–

(2) Non-consolidated financial situation

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
Year ended Mar. 31, 2024	196,926	102,226	51.9	1,128.21
Year ended Mar. 31, 2023	183,712	104,816	57.1	1,112.93

(Reference) Shareholders' equity: Year ended March 31, 2024: 102,226 million yen;
Year ended March 31, 2023: 104,816 million yen

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.

* 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.

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* Reference Materials: Supplementary Materials for the Consolidated Financial Summary for the Fiscal Year Ended March 31, 2024

1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2024

During the fiscal year under review, the Japanese economy continued to show signs of a gradual recovery as economic activities and social life returned to normal and inbound demand recovered following the transition of COVID-19 to a Class 5 category infectious disease. On the other hand, the business environment remains uncertain, as rising domestic prices have affected consumer behavior, such as consumers becoming more conscious of the need to economize. This is compounded by concerns about ongoing sharp rises in raw material prices on the back of the prolonged unstable international situation and depreciation of the yen, as well as about the risk of economic downturn due to sustained monetary tightening in the United States.

Under these circumstances, in the final year of the 2021 Medium-Term Business Plan, the Group worked on building a new management foundation for dramatic growth toward achievement of the 2030 Business Plan, as well as strengthening its businesses to respond to various changes in the external environment.

Consequently, the Confectionery & Foodstuffs business, Frozen Desserts business and domestic operating subsidiaries in particular performed well in Japan, and the U.S. business maintained strong growth. As a result, net sales for the fiscal year under review increased by ¥18,995 million (+9.8%) year on year to ¥213,368 million, marking a record high for the third consecutive year and significantly exceeding the target of ¥190,000 million in the 2021 Medium-Term Business Plan.

In terms of profit, despite the impact of soaring raw materials prices, operating income increased to ¥20,273 million, up ¥5,038 million (+33.1%) year on year due to the growth in sales and the positive impact of price revisions. This was short of the target of ¥21,500 million in the 2021 Medium-Term Business Plan, in part due to further acceleration of investment in businesses and business foundations with a view to medium- to long-term growth, despite the headwind of the external environment. Ordinary income was ¥21,039 million, up ¥5,282 million (+33.5%) year on year, and profit attributable to owners of parent was ¥15,154 million, up ¥5,095 million (+50.6%) year on year.

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

Food Manufacturing

Confectionery & Foodstuffs Business

In the biscuit category, the *Morinaga Biscuits* brand continued to perform well as a whole, with sales increasing year on year. Since the previous fiscal year, promotion and product development have been strengthened, particularly for *MOON LIGHT*, with limited-edition packaging for existing products in collaboration with popular content, the launch of new products, and the *PREMIUM* Series of high value added products also contributing to the strong performance.

In the sugar confectionery category, sales of *HI-CHEW* were strong and increased year on year. The *HI-CHEW* brand logo was redesigned with the aim of becoming a global brand loved the world over, and promotions and products emphasizing texture continued to be enhanced. Sales of *Morinaga Ramune* increased significantly year on year due to continued strong sales of *Otsubu Ramune* in both bottle and pouch formats. This was on the back of releasing a food with functional claim and enhancing sales promotions targeted at students preparing for exams.

In the chocolate category, sales of *Carré de chocolat* decreased year on year due to the challenging competition for new products, although sales of the core products remained strong. Sales of *DARS* increased year on year largely due to successful tactical changes aimed at higher added value, with *Kaoru DARS*, *Hanjuku DARS* and other new products that target the demand for sweets contributing significantly to sales. Sales of *Chocoball* decreased year on year following a review of *Odama Chocoball* and other products targeted at adults and fewer items being sold following the discontinuation of some products, although sales of all core products remained strong.

In the foodstuffs category, sales of both *Morinaga Amazake* and *Morinaga Cocoa* declined year on year despite ongoing efforts to bolster their respective health brand images through promoting their functional health benefits.

As a result, total net sales for the Confectionery & Foodstuffs business increased ¥4,886 million (+6.6%) year on year to ¥79,194 million.

In terms of profit, segment operating income increased by ¥2,507 million (+162.6%) year on year to ¥4,048 million by overcoming soaring raw material prices with the sales growth and the positive impact of price revisions.

Frozen Desserts Business

Sales of the *Jumbo Group* increased year on year thanks to strong sales of winter-only products with their striking package design as well as initiatives to capture inbound demand and ongoing efforts to promote the value of the brand, such as disseminating information based on the results of new sensibility research. Sales of *Ita Choco Ice* increased significantly year on year. Sales of core products were strong following the release of TV commercials promoting their quality unique value, and sales of *Shiroi Ita Choco Ice* (launched as an autumn/winter-only product) also contributed to the strong performance (sales of this product were temporarily suspended due to better-than-expected sales after its launch in September, but resumed in January). Sales of *The Crepe*, now in its second year of year-round sales, increased year on year on the back of TV commercials and other promotional efforts that promote its quality and characteristics as a frozen dessert and which promote eating situations, as well as efforts to expand brand contact points through regular new product launches. Sales of *ICEBOX* increased significantly year on year thanks to efforts to increase demand in autumn and winter, such as promoting the product as something to mix with alcoholic beverages and as a measure against dryness, as well as increased stocking of the product on store shelves over winter and autumn.

As a result, total net sales for the Frozen Desserts business grew ¥4,861 million (+12.0%) year on year to ¥45,394 million.

In terms of profit, segment operating income increased by ¥1,373 million (+39.9%) year on year to ¥4,818 million by overcoming soaring raw material prices with the sales growth and the positive impact of price revisions.

“in-” Business

Sales of *in Jelly* increased year on year on the back of ongoing efforts to promote drinking situations for each target, building on the previous year’s sales which had included products supplied to local governments for COVID-19 patients. The brand as a whole was especially driven by heightened attention and a boost in sales of *Energy: Glucose Boost <Ramune flavor>* as consumption while working or while studying became more and more common. Sales of *in Bar* remained strong and were up year on year as a result of having revitalized mainstay products by improving their quality and conducting campaigns promoting eating situations. This was despite a gradual decline in the protein bar market as a consequence of an increasingly competitive environment due to the diversification of protein intake means.

As a result, total net sales for the “in-” business grew ¥977 million (+3.2%) year on year to ¥31,579 million.

In terms of profit, although profitability was improved through price revisions, segment operating income decreased by ¥386 million (-5.5%) year on year to ¥6,634 million due to soaring raw material prices and strategic investment in advertising targeting medium- to long-term growth.

Direct Marketing Business

Sales of *Morinaga Collagen Drink* increased year on year due to steady growth in the number of subscription customers through strategic online advertising. Sales also steadily expanded for *Morinaga Aojiru*, the second pillar candidate product in the Direct Marketing business.

As a result, total net sales for the Direct Marketing business grew ¥615 million (+6.0%) year on year to ¥10,900 million.

In terms of profit, segment operating income decreased by ¥453 million (-68.7%) year on year to ¥206 million as a result of strategic investment in advertising aimed at increasing the number of subscription customers with a view to medium- to long-term growth.

Operating Subsidiaries

Net sales at Aunt Stella Inc. were up year on year. At directly operated stores throughout Japan, sales of cookies by weight and gift items continued to be strong, 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 due to continued strong sales at amusement parks on the back of favorable domestic travel and an increase in the number of foreign visitors to Japan.

As a result, total net sales for operating subsidiaries grew ¥1,579 million (+19.3%) year on year to ¥9,777 million.

Segment operating income increased by ¥215 million (+34.5%) year on year to ¥841 million.

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

Confectionery & Foodstuffs Business		Frozen Desserts Business	
<i>Morinaga Biscuits</i>	116	<i>Jumbo Group</i>	112
<i>HI-CHEW</i>	110	<i>Ita Choco Ice</i>	141
<i>Morinaga Ramune</i>	133	<i>The Crepe</i>	113
<i>Carré de chocolat</i>	97	<i>ICEBOX</i>	122
<i>DARS</i>	122	“in-” Business	
<i>Chocoball</i>	91	<i>in Jelly</i>	104
<i>Morinaga Amazake</i>	99	<i>in Bar</i>	103
<i>Morinaga Cocoa</i>	97	Direct Marketing Business	
		<i>Morinaga Collagen Drink</i>	102

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

U.S. Business

Sales of *HI-CHEW* increased significantly year on year. In addition to the release of new TV commercials promoting its “chewy” quality value to further increase awareness and stimulate purchasing, efforts were also made to expand the capacity lineup of strong-selling products. As progress is being made in introducing the *Charge!* gel drink to Japanese supermarket chains in the U.S., efforts were made to stimulate purchasing by creating drinking experiences such as through tasting sales. Efforts are also ongoing to promote the product to other local supermarkets and sport-related marketing channels. Brand awareness and understanding of the product are also being actively promoted by strengthening promotional activities like product sampling at sports events.

As a result, total net sales for the U.S. business rose ¥4,533 million (+30.9%) year on year to ¥19,187 million.

In terms of profit, despite soaring raw material prices and strategic investments in advertising, segment operating income increased by ¥1,764 million (+119.5%) year on year to ¥3,240 million due to sales growth and the positive impact of price revisions, as well as lower shipping costs which had soared in the previous year.

China, Taiwan, Exports, etc.

In China, while *HI-CHEW* sales continued to be brisk, import sales of Japanese products struggled. In Taiwan, sales of *HI-CHEW* and *in Jelly* were strong. Sales of *HI-CHEW* are also steadily growing in Europe, East Asia and Oceania, which is the exploration and research area.

As a result, total net sales for China, Taiwan, Exports, etc., increased ¥732 million (+10.8%) year on year to ¥7,540 million.

In terms of profit, segment operating income decreased by ¥103 million (-18.1%) year on year to ¥466 million, in part due to having made upfront investments in marketing in Europe and Oceania, which are exploration and research areas.

From the above-mentioned results, sales in Food Manufacturing increased 9.9% year on year to ¥203,810 million. Segment operating income increased by ¥5,081 million year on year to ¥19,909 million.

Food Merchandise

Sales for the segment increased 10.1% year on year to ¥6,909 million. Segment operating income increased by ¥103 million year on year to ¥377 million.

Real Estate and Services

Sales for the segment decreased 0.6% year on year to ¥1,911 million. Segment operating income decreased by ¥13 million year on year to ¥834 million.

Other Services

Sales totaled ¥737 million. Segment operating income was ¥142 million.

(2) Overview of Financial Position for the Fiscal Year Ended March 31, 2024

Total assets at the end of the fiscal year under review increased by ¥18,418 million from the end of the previous fiscal year to ¥223,644 million. This was chiefly due to increases in cash and deposits, notes and accounts receivable—trade, securities held by shifting a portion of cash and deposits into jointly operated designated money trusts, and buildings and structures, which offset decreases in raw materials and supplies, income taxes receivable, and land.

Liabilities totaled ¥90,991 million, an increase of ¥11,621 million from the end of the previous fiscal year. The increase mainly reflects increases in income taxes payable and accounts payable—other.

Net assets stood at ¥132,653 million, up ¥6,797 million from the end of the previous fiscal year. This was chiefly due to the recording of profit attributable to owners of parent and increases in the valuation difference on available-for-sale securities and remeasurements of defined benefit plans, which offset a decrease due to dividend payments and the purchase of treasury stock.

As a result of the above, the shareholders' equity ratio was 58.7%, down 2.0 points from the end of the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year Ended March 31, 2024

In the fiscal year under review, cash and cash equivalents (hereinafter "cash") increased by ¥11,024 million year on year to ¥47,101 million.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥30,174 million. The main components were ¥20,576 million in income before income taxes and ¥9,492 million in depreciation.

(Cash flows from investing activities)

Net cash used in investing activities came to ¥5,345 million. The main components were ¥9,091 million for purchase of property, plant and equipment, ¥2,500 million for purchase of securities, and ¥7,666 million for proceeds from sales of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities was ¥14,073 million. The main components were ¥8,685 million for purchase of treasury stock, and ¥4,712 million in cash dividends paid.

The following table shows trends in cash flow indicators.

	FY2020/3	FY2021/3	FY2022/3	FY2023/3	FY2024/3
Shareholders' equity ratio (%)	55.7	60.5	60.7	60.7	58.7
Equity ratio at market value (%)	118.2	98.0	88.8	86.2	106.4
Debt-to-cash flows ratio (year)	0.5	0.8	0.4	—	0.6
Interest coverage ratio (times)	317.1	383.3	739.8	—	288.5

Notes: Shareholders' equity ratio = Shareholders' 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

Although the impacts of COVID-19 have been subsiding, consumers are becoming more conscious of the need to economize as domestic prices rise. The Morinaga Group expects the outlook for the business environment to remain uncertain, including with respect to geopolitical risks due to the unstable international situation and the risk of economic downturn outside of Japan due to the impact of global monetary tightening. 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 the recent depreciation of the yen and 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.

Net sales	¥222.0 billion	(up 4.0% year on year)
Operating income	¥20.5 billion	(up 1.1% year on year)
Ordinary income	¥20.9 billion	(down 0.7% year on year)
Profit attributable to owners of parent	¥15.8 billion	(up 4.3% year on year)

Note: These forecast figures have been calculated assuming an exchange rate of ¥146 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.

In terms of domains prioritized for investment, Group investments will prioritize strategically focused domains capable of generating dramatic growth, including inorganic growth through business tie-ups and M&A.

In basic domains where ROIC is low and return on capital needs to be improved, in addition to implementing various measures to improve profitability, the Group will promote gradual asset-light management by selecting domains and concentrating maintenance and renewal investments on these domains, while aiming to increase sales by making the most of its portfolio assets.

In implementing 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.

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 5%.

The cost of equity is estimated to be about 5–6%. In reducing this cost, the Group recognizes the importance of addressing long-term business risks by building a business portfolio that is resilient to environmental changes. To this end, 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. It will also enhance the long-term growth potential of its businesses by strengthening intangible investments (advertising investment, R&D investment, DX investment, HR investment, etc.), while promoting thorough sustainable management and addressing the Group's materiality. 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. 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 ¥55 per share, as per the revised

dividend forecast announced on February 8, 2024 (this proposal will be submitted to the general meeting of shareholders scheduled to be held on June 27, 2024). The Company also plans to pay a dividend of ¥60 per share for the fiscal year ending March 31, 2025, an increase of ¥5 from the dividend for the fiscal year under review.

Furthermore, the Board of Directors resolved, at a meeting held on May 10, 2024, to purchase up to 1.1 million treasury shares, or treasury shares up to a maximum value of ¥3.52 billion, from May 13 through May 17, 2024. The Group plans to cancel, on June 14, 2024, 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. 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)	
	FY2023/3 (March 31, 2023)	FY2024/3 (March 31, 2024)
Assets		
Current assets		
Cash and deposits	36,362	44,900
Notes and accounts receivable–trade	23,712	30,623
Securities	-	4,999
Merchandise and finished goods	16,330	16,939
Work in progress	498	615
Raw materials and supplies	14,761	11,084
Income taxes receivable	3,328	-
Other	6,421	8,928
Allowance for doubtful accounts	(43)	(46)
Total current assets	101,371	118,045
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,990	67,101
Accumulated depreciation	(32,940)	(31,234)
Buildings and structures–net	30,050	35,867
Machinery, equipment and vehicles	100,894	101,967
Accumulated depreciation	(72,269)	(74,935)
Machinery, equipment and vehicles–net	28,624	27,031
Tools, furniture and fixtures	5,281	6,205
Accumulated depreciation	(4,112)	(4,448)
Tools, furniture and fixtures–net	1,168	1,756
Land	20,734	12,994
Lease assets	2,355	2,358
Accumulated depreciation	(1,051)	(1,159)
Lease assets–net	1,304	1,198
Construction in progress	4,373	1,841
Total property, plant and equipment	86,256	80,690
Intangible assets		
Software	192	260
Other	647	1,755
Total intangible assets	839	2,015
Investments and other assets		
Investment securities	10,167	13,217
Net defined benefit asset	4,605	6,764
Deferred tax assets	1,102	1,613
Other	919	1,330
Allowance for doubtful accounts	(35)	(34)
Total investments and other assets	16,759	22,891
Total noncurrent assets	103,855	105,598
Total assets	205,226	223,644

(Million yen)

	FY2023/3 (March 31, 2023)	FY2024/3 (March 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	22,798	23,002
Lease obligations	490	467
Accounts payable–other	10,156	12,720
Income taxes payable	360	6,192
Refund liabilities	3,916	5,720
Allowance for bonuses	2,696	3,089
Other	10,879	13,242
Total current liabilities	51,297	64,436
Long-term liabilities		
Bonds payable	9,000	9,000
Long-term loans	10,000	10,000
Lease obligations	950	854
Deferred tax liabilities	333	50
Provision for directors' stock benefits	88	115
Provision for environmental measures	273	149
Net defined benefit liability	3,640	2,677
Asset retirement obligations	66	66
Deposits received	3,633	3,557
Other	86	82
Total long-term liabilities	28,072	26,554
Total liabilities	79,370	90,991
Net assets		
Shareholders' equity		
Common stock	18,612	18,612
Capital surplus	17,186	17,186
Retained earnings	83,396	86,305
Treasury stock	(3,713)	(4,865)
Total shareholders' equity	115,482	117,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,201	7,610
Deferred gains or losses on hedges	3	(2)
Foreign currency translation adjustments	2,263	3,027
Remeasurements of defined benefit plans	1,615	3,327
Total accumulated other comprehensive income	9,082	13,963
Non-controlling interests	1,290	1,450
Total net assets	125,856	132,653
Total liabilities and net assets	205,226	223,644

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

Consolidated Statements of Operations

(Million yen)

	FY2023/3 (April 1, 2022 – March 31, 2023)	FY2024/3 (April 1, 2023 – March 31, 2024)
Net sales	194,373	213,368
Cost of sales	117,721	126,679
Gross profit	76,651	86,689
Selling, general and administrative expenses	61,415	66,416
Operating income	15,235	20,273
Non-operating income		
Interest income	19	29
Dividends income	270	298
Equity in earnings of affiliates	4	0
Subsidy income	263	363
Other	303	289
Total non-operating income	861	981
Non-operating expenses		
Interest expenses	56	105
Bond issuance costs	51	-
Depreciation	85	39
Commission for purchase of treasury stock	76	2
Other	68	67
Total non-operating expenses	339	214
Ordinary income	15,757	21,039
Extraordinary income		
Gain on sales of noncurrent assets	7	985
Gain on sales of investment securities	274	782
Insurance claim income	100	-
Other	-	184
Total extraordinary income	382	1,952
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,535	508
Impairment losses	649	1,712
Other	71	194
Total extraordinary loss	2,256	2,415
Income before income taxes	13,884	20,576
Income taxes—current	2,964	7,913
Income taxes—deferred	628	(2,711)
Total income taxes	3,593	5,201
Net income	10,291	15,374
Profit attributable to non-controlling interests	231	220
Profit attributable to owners of parent	10,059	15,154

Consolidated Statements of Comprehensive Income

(Million yen)

	FY2023/3 (April 1, 2022 – March 31, 2023)	FY2024/3 (April 1, 2023 – March 31, 2024)
Net income	10,291	15,374
Other comprehensive income		
Valuation difference on available-for-sale securities	(195)	2,409
Deferred gains or losses on hedges	5	(2)
Foreign currency translation adjustments	1,006	876
Remeasurements of defined benefit plans, net of tax	(629)	1,709
Share of other comprehensive income of associates accounted for using equity method	5	(6)
Total other comprehensive income	193	4,987
Net comprehensive income	10,484	20,361
(Breakdown)		
Comprehensive income attributable to owners of parent	10,182	20,034
Comprehensive income attributable to non-controlling interests	302	326

(3) Consolidated Statements of Changes in Net Assets

FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the fiscal year	18,612	17,292	97,886	(12,717)	121,074
Changes of items during the period					
Dividends from surplus			(4,497)		(4,497)
Profit attributable to owners of parent			10,059		10,059
Purchase of treasury stock				(11,173)	(11,173)
Disposal of treasury stock		0		20	20
Cancellation of treasury stock		(105)	(20,052)	20,157	-
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(105)	(14,490)	9,004	(5,591)
Balance at end of the fiscal year	18,612	17,186	83,396	(3,713)	115,482

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the fiscal year	5,396	(1)	1,304	2,261	8,960	1,139	131,174
Changes of items during the period							
Dividends from surplus							(4,497)
Profit attributable to owners of parent							10,059
Purchase of treasury stock							(11,173)
Disposal of treasury stock							20
Cancellation of treasury stock							-
Net changes of items other than shareholders' equity	(195)	4	958	(645)	122	150	273
Total changes of items during the period	(195)	4	958	(645)	122	150	(5,318)
Balance at end of the fiscal year	5,201	3	2,263	1,615	9,082	1,290	125,856

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	Remeasurements 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

(4) Consolidated Statements of Cash Flows

	(Million yen)	
	FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)
Operating activities		
Income before income taxes	13,884	20,576
Depreciation	10,087	9,492
Impairment loss	649	1,712
Amortization of goodwill	98	-
Increase (decrease) in provision for directors' stock benefits	5	27
Increase (decrease) in net defined benefit liability	(4,760)	69
(Increase) decrease in net defined benefit asset	(1,154)	(714)
Increase (decrease) in allowance for bonuses	(13)	379
Increase (decrease) in allowance for doubtful accounts	(6)	1
Increase (decrease) in provision for environmental measures	(0)	(123)
Interest and dividends income	(290)	(327)
Subsidy income	(263)	(363)
Interest expenses	56	105
Equity in losses (earnings) of affiliates	(4)	(0)
Loss (gain) on sales of investment securities	(274)	(782)
(Gain) loss on sales of noncurrent assets	58	(812)
Loss on retirement of noncurrent assets	1,468	335
Insurance income	(100)	-
(Increase) decrease in notes and accounts receivable—trade	(1,128)	(6,689)
(Increase) decrease in inventories	(7,138)	3,293
Increase (decrease) in notes and accounts payable—trade	2,171	68
Other	(1,387)	2,041
Subtotal	11,958	28,289
Interest and dividends income received	288	322
Interest expenses paid	(34)	(104)
Income taxes (paid) refund	(15,290)	1,052
Proceeds from subsidy income	11	614
Proceeds from insurance income	100	-
Net cash provided by (used in) operating activities	(2,966)	30,174

	(Million yen)	
	FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)
Investing activities		
Net decrease (increase) in time deposits	(95)	-
Purchase of securities	-	(2,500)
Purchase of property, plant and equipment	(13,304)	(9,091)
Proceeds from sales of property, plant and equipment	176	7,666
Purchase of intangible assets	(282)	(1,382)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	285	1,256
Other	(987)	(1,292)
Net cash provided by (used in) investing activities	(14,209)	(5,345)
Financing activities		
Proceeds from long-term loans	10,000	-
Repayments of long-term loans	(10,000)	-
Proceeds from issuance of bonds	8,948	-
Purchase of treasury stock	(11,250)	(8,685)
Proceeds from sales of treasury stock	20	0
Cash dividends paid	(4,497)	(4,712)
Dividends paid to non-controlling interests	(151)	(166)
Other	(417)	(508)
Net cash provided by (used in) financing activities	(7,348)	(14,073)
Effect of exchange rate change on cash and cash equivalents	454	267
Net increase (decrease) in cash and cash equivalents	(24,068)	11,024
Cash and cash equivalents at beginning of period	60,146	36,077
Cash and cash equivalents at end of period	36,077	47,101

(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 11, 2023, the Company repurchased 2,360,000 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 10, 2023, the Company repurchased 1,205,000 shares of its treasury stock during the fiscal year under review, resulting in an increase of ¥8,668 million in treasury stock.

(Cancellation of treasury stock)

Based on a resolution of the Board of Directors meeting held on May 11, 2023, the Company canceled 2,360,000 shares of its treasury stock on June 15, 2023. In addition, based on a resolution of the Board of Directors meeting held on February 8, 2024, the Company canceled 1,205,000 shares of its treasury stock on March 15, 2024. As a result, capital surplus decreased by ¥0 million, retained earnings decreased by ¥7,532 million and treasury stock decreased by ¥7,532 million during the fiscal year ended March 31, 2024.

As a result of the foregoing, capital surplus was ¥17,186 million, retained earnings were ¥86,305 million, and treasury stock was ¥4,865 million at the end of the fiscal year under review.

In addition, as the Company conducted a two-for-one stock split of common shares, effective January 1, 2024, the number of treasury stock stated above are the number of shares after the stock split.

(Basis for preparing consolidated financial statements)

1. Scope of consolidation

Consolidated subsidiaries: 16 (Name of major company: Takasaki Morinaga Co., Ltd.)

Non-consolidated subsidiaries: 1 (Name of the company: SEE THE SUN, Inc.)

(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: 1 (Name of the company: SEE THE SUN, Inc.)

Effective from the fourth quarter, Morinaga Bioscience (Thailand) Co., Ltd., which was a non-consolidated subsidiary accounted for by the equity method, has been excluded from the scope of the equity method following its dissolution by resolution on June 29, 2020 and completion of its liquidation on January 12, 2024.

3. Fiscal years of consolidated subsidiaries

The fiscal year-end of Aunt Stella Inc. is February 29, 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.

(Consolidated statements of operations)

Impairment loss

The Group recorded impairment losses on the following assets.

FY2023/3 (April 1, 2022 – March 31, 2023)

Location	Use	Type and impairment loss (million yen)				
		Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Yokohama, Kanagawa	Morinaga Institute of Biological Science, Inc. (assets planned for sale)	91	–	538	–	630
Shibuya, Tokyo	Store	4	–	–	5	9
Koriyama, Fukushima	Store	3	–	–	6	9

(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 goodwill by company. The Group classifies assets which shows no association with any particular business as shared assets.

(Background of recognition of impairment loss)

The Company has decided on a policy to sell the assets planned for sale, 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)

The recoverable amount of the assets planned for sale is valued by net cash value, which is rationally calculated based on indicators, etc. that are considered to appropriately reflect market prices.

For stores, the recoverable amount is the net cash value or utility value, whichever is higher. The net cash value is calculated reasonably based primarily on the assessed value of fixed assets tax.

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, Chiba	Idle assets	217	0	1,388	0	1,605
Kawagoe, Saitama	Idle assets	78	–	–	–	78
Toyama, Toyama	Store	6	–	–	5	11
Morioka, Iwate	Store	5	–	–	4	9
Kobe, Hyogo	Store	2	–	–	4	6
Kashiwa, 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.

For stores, the recoverable amount is the net cash value or utility value, whichever is higher. The net cash value is calculated reasonably based primarily on the assessed value of fixed assets tax.

(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)

	FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)
Cash and deposits	36,362	44,900
Time deposits with maturity of more than three months	(285)	(298)
Jointly operated designated money trusts included in the securities account	-	2,500
Cash and cash equivalents	36,077	47,101

(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

FY2023/3 (April 1, 2022 – March 31, 2023)

(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	185,491	6,277	1,924	193,693	679	194,373	-	194,373
Intersegment sales or transfers	179	301	0	481	892	1,374	(1,374)	-
Total	185,671	6,579	1,924	194,175	1,572	195,747	(1,374)	194,373
Segment operating income	14,828	274	847	15,949	103	16,053	(817)	15,235
Segment assets	159,245	3,060	5,182	167,488	1,703	169,192	36,034	205,226
Other items								
Depreciation and amortization	9,879	5	140	10,024	62	10,087	-	10,087
Increase in property, plant and equipment and intangible assets	8,925	2	250	9,177	817	9,995	-	9,995

(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 817 million yen adjustment to segment operating income includes corporate expenses that are

not allocated to any reportable segment of minus 836 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 36,034 million yen includes corporate assets of 39,931 million yen and an offset of inter-segment receivables of minus 3,897 million yen. Corporate assets represent cash and deposits of the Group 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.

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 inter-segment receivables of minus 3,809 million yen. Corporate assets represent cash and deposits, 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.

[Related information]

FY2023/3 (April 1, 2022 – March 31, 2023)

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
172,666	13,931	7,774	194,373

(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.

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.

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

FY2023/3 (April 1, 2022 – March 31, 2023)

(Million yen)

	Food Manufacturing	Food Merchandise	Real Estate and Services	Other	Adjustment	Total
Impairment loss	19	–	–	630	–	649

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

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

FY2023/3 (April 1, 2022 – March 31, 2023)

(Million yen)

	Food Manufacturing	Food Merchandise	Real Estate and Services	Other	Adjustment	Total
Amortization during fiscal year	98	–	–	–	–	98
Unamortized balance at end of fiscal year	–	–	–	–	–	–

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

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	FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)
Food Manufacturing	Confectionery & Foodstuffs business	74,308	79,194
	Frozen Desserts business	40,533	45,394
	“in-” business	30,602	31,579
	Direct Marketing business	10,285	10,900
	Operating subsidiaries, etc.	8,300	10,012
	Domestic total	164,029	177,082
	U.S. business	14,654	19,187
	China, Taiwan, exports, etc.	6,808	7,540
	Overseas total	21,462	26,727
	Subtotal	185,491	203,810
Food Merchandise	Wholesale food service and food products	6,277	6,909
Real Estate and Services	Management of golf courses	768	785
Other Services (Note)		679	737
Revenue generated from contracts with customers total		193,217	212,242
Real Estate and Services	Real estate transactions	1,155	1,126
Other revenue total		1,155	1,126
Net sales to outside customers total		194,373	213,368

(Note) “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)

	FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	1,322.63 yen	1,448.01 yen
Net income per share	104.38 yen	165.60 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 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 68,000 and average number of shares of treasury stock during the period was 69,000. In the fiscal year under review, the number of shares of treasury stock held by the trust at the end of the period was 68,000 and average number of shares of treasury stock during the period was 68,000.

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

	FY2023/3 (As of Mar. 31, 2023)	FY2024/3 (As of Mar. 31, 2024)
Total net assets on consolidated balance sheets (million yen)	125,856	132,653
Amount not included in total net assets (million yen)	1,290	1,450
(Non-controlling interests) (million yen)	(1,290)	(1,450)
Net assets related to common stock (million yen)	124,565	131,202
Number of common stock included in the calculation of net assets per share (1,000 shares)	94,180	90,609

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

	FY2023/3 (Apr. 1, 2022 – Mar. 31, 2023)	FY2024/3 (Apr. 1, 2023 – Mar. 31, 2024)
Profit attributable to owners of parent (million yen)	10,059	15,154
Amount not attributable to common stock shareholders (million yen)	—	—
Profit attributable to owners of parent related to common stock (million yen)	10,059	15,154
Average number of common stock outstanding in fiscal year (1,000 shares)	96,372	91,510

(Note 5) The Company conducted a two-for-one stock split of common shares on January 1, 2024. Net assets per share and net income per share 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 10, 2024, 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 1,100,000 shares
(Ratio of total number of shares issued (excluding treasury stock): 1.21%)
- (3) Total amount of repurchase of shares: Up to ¥3,520,000,000
- (4) Period of repurchase: May 13, 2024 to May 17, 2024
- (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 14, 2024

(Reference) Treasury stock as of March 31, 2024

Total number of shares issued (excluding treasury stock): 90,677,454

Number of shares of treasury stock (including fractional shares): 2,037,084

(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 (68,362 shares).

**Supplementary Materials for the Consolidated Financial Summary
for the Fiscal Year Ended March 31, 2024**

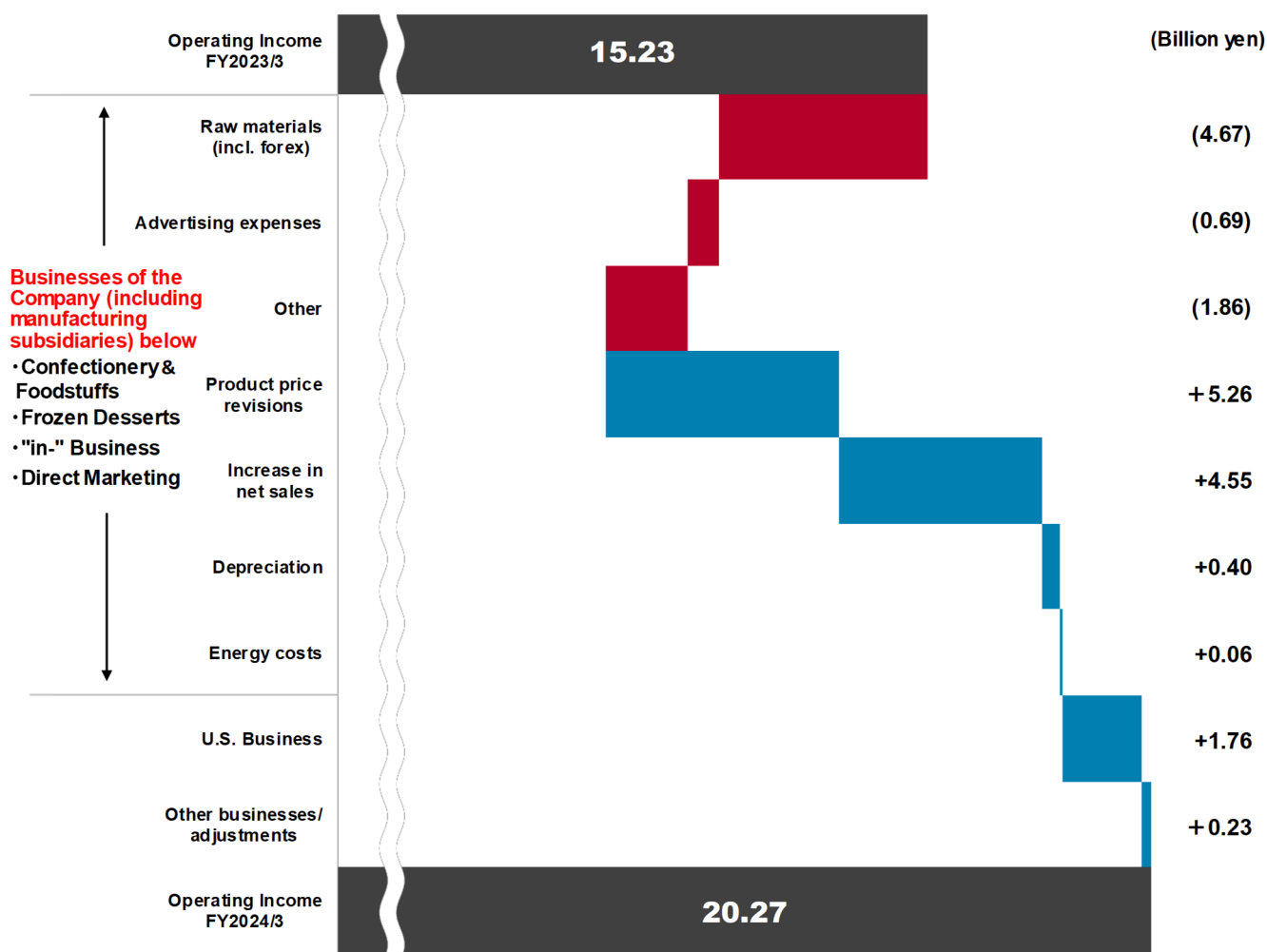
[The fiscal year under review]

1. Financial results

(Million yen)

	Year ended March 31, 2023		Year ended March 31, 2024		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	194,373		213,368		18,995		9.8
Cost of sales	117,721	60.6	126,679	59.4	8,958	(1.2)	7.6
Gross profit	76,651	39.4	86,689	40.6	10,038	1.2	13.1
Selling, general and administrative expenses	61,415	31.6	66,416	31.1	5,001	(0.5)	8.1
Promotion expenses	5,283	2.7	5,926	2.8	643	0.1	12.2
Advertising expenses	10,374	5.3	11,738	5.5	1,364	0.2	13.1
Freightage and storage fees	16,746	8.6	17,380	8.1	634	(0.5)	3.8
Salaries and allowances	9,471	4.9	9,975	4.7	504	(0.2)	5.3
Provision for bonuses	1,504	0.8	1,673	0.8	169	0.0	11.3
Other	18,034	9.3	19,721	9.2	1,687	(0.1)	9.3
Operating income	15,235	7.8	20,273	9.5	5,038	1.7	33.1
Non-operating income	861	0.4	981	0.5	120	0.1	13.9
Non-operating expenses	339	0.2	214	0.1	(125)	(0.1)	(36.7)
Ordinary income	15,757	8.1	21,039	9.9	5,282	1.8	33.5
Extraordinary income	382	0.2	1,952	0.9	1,570	0.7	410.3
Extraordinary loss	2,256	1.2	2,415	1.1	159	(0.1)	7.1
Income before income taxes	13,884	7.1	20,576	9.6	6,692	2.5	48.2
Income taxes	3,593	1.8	5,201	2.4	1,608	0.6	44.8
Net income	10,291	5.3	15,374	7.2	5,083	1.9	49.4
Profit attributable to non- controlling interests	231	0.1	220	0.1	(11)	(0.0)	(4.9)
Profit attributable to owners of parent	10,059	5.2	15,154	7.1	5,095	1.9	50.6

2. Analysis of changes in operating income



3. Segment information

(Million yen)

Business	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing				
Net sales	185,491	203,810	18,319	9.9
(Composition ratio to total net sales)	(95.4%)	(95.5%)		
Segment operating income	14,828	19,909	5,081	34.3
Food Merchandise				
Net sales	6,277	6,909	632	10.1
(Composition ratio to total net sales)	(3.2%)	(3.2%)		
Segment operating income	274	377	103	37.6
Real Estate and Services				
Net sales	1,924	1,911	(13)	(0.6)
(Composition ratio to total net sales)	(1.0%)	(0.9%)		
Segment operating income	847	834	(13)	(1.5)
Other Services				
Net sales	679	737	58	8.6
(Composition ratio to total net sales)	(0.4%)	(0.4%)		
Segment operating income	103	142	39	37.4

(Note) Net sales are sales to external customers.

4. Domestic/overseas net sales

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year comparisons	Year-on-year change (%)
Domestic	172,666	186,375	13,709	7.9
Overseas	21,706	26,993	5,287	24.4
Consolidated	194,373	213,368	18,995	9.8

(Note) Net sales are sales to external customers.

Ratio of overseas sales to consolidated net sales	11.2%	12.7%
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5. Capital investment, depreciation expenses, and research and development expenses

(Million yen)

	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year comparisons
Capital investment	9,995	14,998	5,003
Depreciation expenses	10,087	9,492	(595)
Research and development expenses	2,892	3,206	314

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

(Billion yen)

Focus domain	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year comparisons	Year-on-year change (%)
"in-" business	31.2	32.4	1.2	3.6
Direct Marketing business	10.3	10.9	0.6	6.0
U.S. business	14.6	19.1	4.5	30.9
Frozen Desserts business	40.5	45.3	4.8	12.0
Total	96.8	107.9	11.1	11.5
Ratio of focus domain sales to consolidated net sales	49.8%	50.6%		

(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. Net sales and operating income by business

(Billion yen)

	Net sales				Operating income			
	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year comparisons	Year-on-year change (%)	Year ended March 31, 2023	Year ended March 31, 2024	Year-on-year comparisons	Year-on-year change (%)
Confectionery & Foodstuffs business	74.3	79.1	4.8	6.6	1.5	4.0	2.5	162.6
Frozen Desserts business	40.5	45.3	4.8	12.0	3.4	4.8	1.4	39.9
"in-" business	30.6	31.5	0.9	3.2	7.0	6.6	(0.4)	(5.5)
Direct Marketing business	10.2	10.9	0.7	6.0	0.6	0.2	(0.4)	(68.7)
Operating subsidiaries	15.6	17.9	2.3	14.4	0.9	1.3	0.4	34.2
Other businesses	1.2	1.3	0.1	8.5	(0.2)	(0.6)	(0.4)	—
Domestic total	172.6	186.3	13.7	7.9	13.3	16.3	3.0	22.1
U.S. business	14.6	19.1	4.5	30.9	1.4	3.2	1.8	119.5
China, Taiwan, exports, etc.	7.0	7.8	0.8	10.7	0.5	0.4	(0.1)	(18.1)
Overseas total	21.7	26.9	5.2	24.4	2.0	3.7	1.7	81.2
Adjustment, etc.					(0.2)	0.2	0.4	—
Total	194.3	213.3	19.0	9.8	15.2	20.2	5.0	33.1

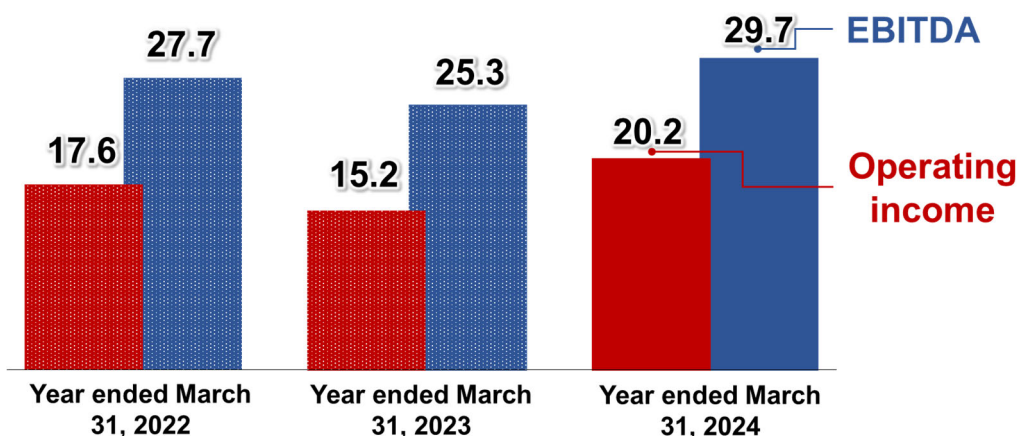
(Note 1) Net sales are sales to external customers.

(Note 2) The Confectionery & Foodstuffs business and the Frozen Desserts business include "in" brand confectioneries and foodstuffs and "in" brand frozen dessert products.

(Note 3) U.S. business includes income resulting from exports from China/Taiwan to the United States.

8. Operating income and EBITDA trends

(Billion yen)



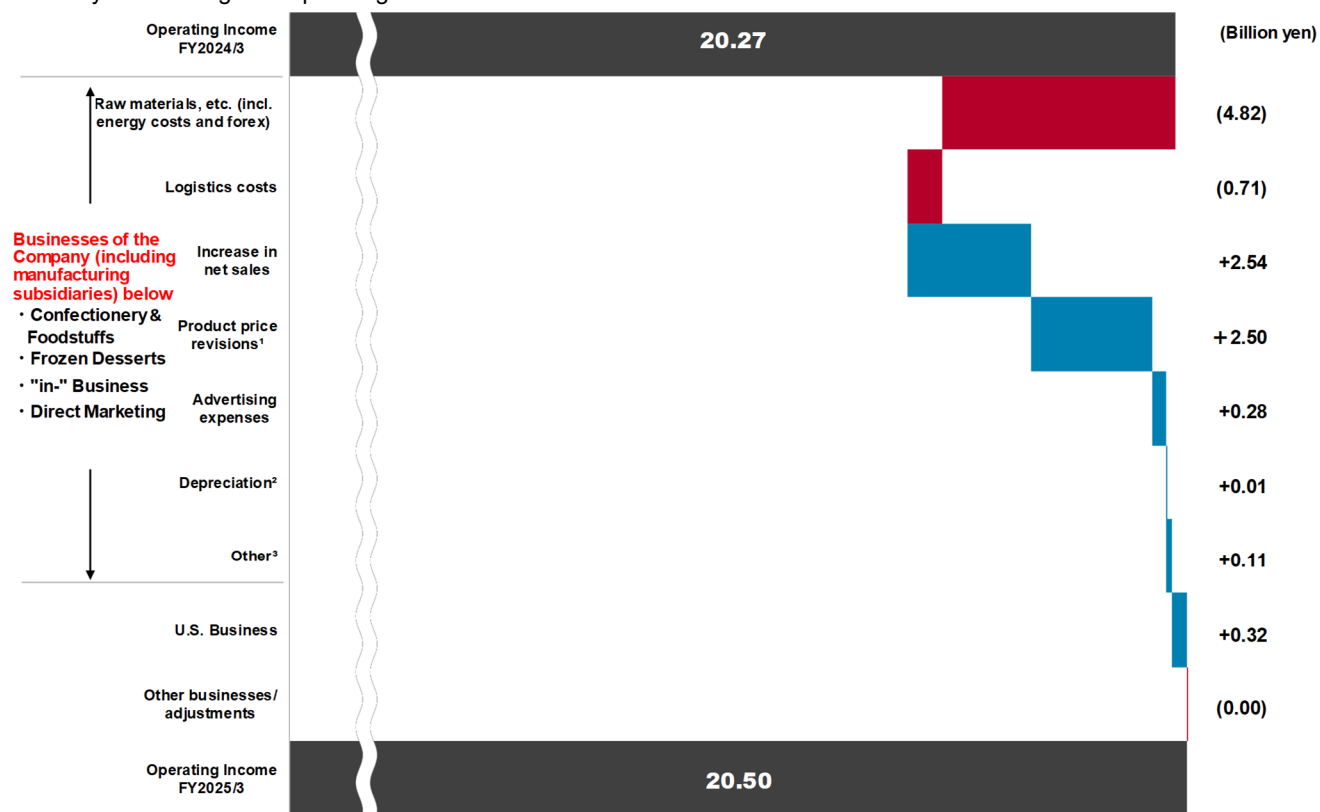
(Note) Simplified EBITDA: operating income + depreciation and amortization

[Full-year forecast]

1. Financial results

	(Million yen)			
	Year ended March 31, 2024	Year ending March 31, 2025 forecasts	Year-on-year comparisons	Year-on-year change (%)
Net sales	213,368	222,000	8,632	4.0
Operating income	20,273	20,500	227	1.1
Ordinary income	21,039	20,900	(139)	(0.7)
Profit attributable to owners of parent	15,154	15,800	646	4.3

2. Analysis of changes in operating income



1. Including the effect of price revisions currently under consideration

2. Only that portion recorded in cost of sales

3. Main factors behind decrease: DX investment and increase in depreciation (sales and general administrative expenses)

Main factors behind increase: cost reductions and efficiency of sales promotion expenses

3. Segment information

(Million yen)

Business	Year ended March 31, 2024 results	Year ending March 31, 2025 forecasts	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing				
Net sales	203,810	212,700	8,890	4.4
(Composition ratio to total net sales)	(95.5%)	(95.8%)		
Segment operating income	19,909	19,979	70	0.4
Food Merchandise				
Net sales	6,909	6,900	(9)	(0.1)
(Composition ratio to total net sales)	(3.2%)	(3.1%)		
Segment operating income	377	405	28	7.4
Real Estate and Services				
Net sales	1,911	1,600	(311)	(16.3)
(Composition ratio to total net sales)	(0.9%)	(0.7%)		
Segment operating income	834	826	(8)	(1.0)
Other Services				
Net sales	737	800	63	8.4
(Composition ratio to total net sales)	(0.4%)	(0.4%)		
Segment operating income	142	119	(23)	(16.1)

(Note) Net sales are sales to external customers.

4. Domestic/overseas net sales

(Million yen)

	Year ended March 31, 2024 results	Year ending March 31, 2025 forecasts	Year-on-year comparisons	Year-on-year change (%)
Domestic	186,375	191,800	5,425	2.9
Overseas	26,993	30,200	3,207	11.9
Consolidated	213,368	222,000	8,632	4.0

(Note) Net sales are sales to external customers.

Ratio of overseas sales to consolidated net sales	12.7%	13.6%
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5. Capital investment, depreciation expenses, and research and development expenses

(Million yen)

	Year ended March 31, 2024 results	Year ending March 31, 2025 forecasts	Year-on-year comparisons
Capital investment	14,998	15,080	82
Depreciation expenses	9,492	10,590	1,098
Research and development expenses	3,206	3,238	32

6. 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 ending March 31, 2025 forecasts	Year-on-year comparisons	Year-on-year change (%)	Year ended March 31, 2024	Year ending March 31, 2025 forecasts	Year-on-year comparisons	Year-on-year change (%)
Food Manufacturing	Confectionery & Foodstuffs business	79.1	80.5	1.4	1.7	4.0	4.3	0.3	8.2
	Frozen Desserts business	45.3	46.7	1.4	2.9	4.8	3.2	(1.6)	(31.9)
	"in-" business	31.5	33.0	1.5	4.6	6.6	7.5	0.9	14.1
	Direct Marketing business	10.9	12.0	1.1	9.4	0.2	0.3	0.1	82.2
	Operating subsidiaries	9.9	10.6	0.7	6.2	0.4	0.5	0.1	16.4
	Domestic total	177.1	182.8	5.7	3.3	16.2	16.1	(0.1)	(0.1)
	U.S. business	19.1	21.7	2.6	13.1	3.2	3.5	0.3	9.7
	China, Taiwan, exports, etc.	7.4	8.1	0.7	8.2	0.4	0.2	(0.2)	(48.7)
	Overseas total	26.6	29.8	3.2	11.7	3.7	3.7	0.0	2.4
	Subtotal	203.8	212.7	8.9	4.4	19.9	19.9	0.0	0.4
Food Merchandise		6.9	6.9	(0.0)	(0.1)	0.3	0.4	0.1	7.4
Real Estate and Services		1.9	1.6	(0.3)	(16.3)	0.8	0.8	(0.0)	(1.0)
Other		0.7	0.8	0.1	8.4	0.1	0.1	(0.0)	(16.1)
Adjustments, etc.						(0.9)	(0.8)	0.1	—
Total		213.3	222.0	8.7	4.0	20.2	20.5	0.3	1.1

(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 ending 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, and are different from the figures in "[The fiscal year under review] 7 Net sales and operating income by business." on page 27.

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

(Note 3) The Confectionery & Foodstuffs business and the Frozen Desserts business include "in" brand confectioneries and foodstuffs and "in" brand frozen dessert products.

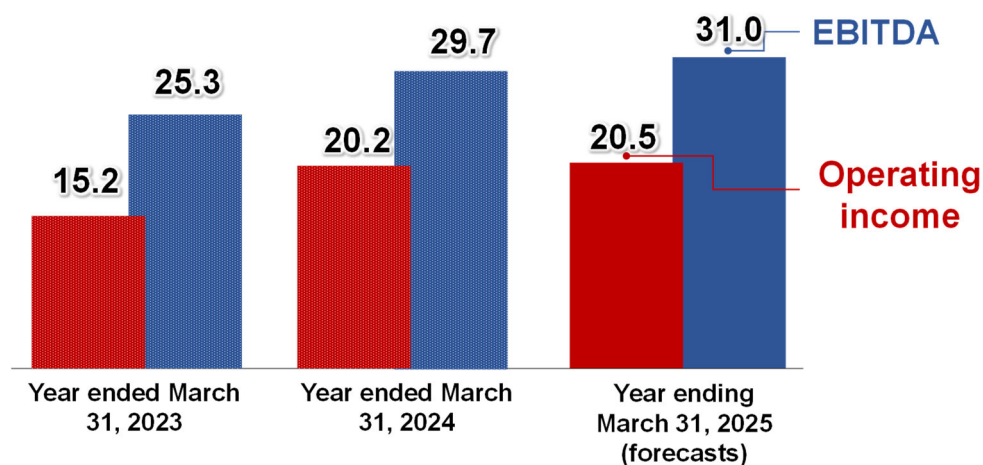
(Note 4) Direct Marketing business and operating subsidiaries, etc. include overseas sales.

(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.









7. Operating income and EBITDA

(Billion yen)











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

Main domestic products

Products	Visual	Category	Year released	Description
<i>Morinaga Biscuits</i>		Biscuits	1923	The <i>Morinaga Biscuits</i> 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 <i>Morinaga Biscuits</i> brands each with their own unique tastes, including <i>Marie</i> , <i>Moonlight</i> , and <i>Choice</i> .
<i>HI-CHEW</i>		Soft candy	1975	Characterized by a soft, chewy texture and brimming with a juicy deliciousness that increases with every bite. <i>HI-CHEW</i> enjoys high recognition levels and market share as the top soft candy brand in Japan.
<i>Morinaga Ramune</i>		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 <i>Morinaga Ramune</i> candy products, which are sold in small pouches and targeted at adult consumers.
<i>Carré de chocolat</i>		Chocolate	2003	<i>Carré de chocolat</i> 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 (<i>Cacao 70</i> and <i>Cacao 88</i>), as well as variations with special fillings.
<i>DARS</i>		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. <i>DARS</i> chocolates are sold in resealable boxes that are compact and easily portable, making it easy to enjoy them anytime, anywhere.
<i>Chocoball</i>		Chocolate	1967	<i>Chocoball</i> 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.
<i>Amazake</i>		Soft drinks	1974	Amazake is a traditional Japanese beverage made from fermented rice. The <i>Morinaga Amazake</i> 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.
<i>Morinaga Milk Cocoa</i>		Cocoa	1919	<i>Morinaga Milk Cocoa</i> 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. <i>Morinaga Milk Cocoa</i> continues to enjoy the top market share in Japan.

Main domestic products

Products	Visual	Category	Year released	Description
<i>Choco Monaka Jumbo</i>		Ice cream	1972	<i>Choco Monaka Jumbo</i> is Japan's top domestic ice cream brand. Based on a traditional Japanese wafer-based sweet called "monaka", <i>Choco Monaka Jumbo</i> 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.
<i>Vanilla Monaka Jumbo</i>		Ice cream	2011	A vanilla version of <i>Choco Monaka Jumbo</i> 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.
<i>ICEBOX</i>		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.
<i>Ita Choco Ice</i>		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.
<i>THE Creap</i>		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.
<i>in Jelly</i>		Jelly drinks	1994	With <i>in Jelly</i> , 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.
<i>in BAR</i>		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.
<i>Morinaga Collagen Drink</i>		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.