



March 14, 2024

Company name: Morinaga Milk Industry Co., Ltd.
5-2, Higashishimbashi 1-chome, Minato-ku,
Tokyo
Representative: Yohichi Ohnuki,
President & Representative Director
(Code: 2264, Prime Market of the Tokyo Stock Exchange)

Announcement Concerning Introduction of a Stock Provision Trust (J-ESOP)

Morinaga Milk Industry Co., Ltd. (hereinafter, “the Company”) hereby announces that it has resolved at the Board of Directors meeting on March 14, 2024, to introduce a stock provision trust (J-ESOP) that provides Company shares to employees of the Company as investment in people for promotion of career development (the plan is hereinafter referred to as the “Plan” and the trust established in relation to the Plan based on a trust agreement entered into with Mizuho Trust & Banking Co., Ltd. is referred to as the “Trust.”)

1. Background to the introduction

The Company has been considering the plan that provides Company shares to employees as investment in people for promotion of career development in Medium-Term Business Plan 2022–2024. And the Company has decided to introduce the Plan to further promote the Company's employees to perform their duties with the aim of improving the Company's stock price and business performance, and to enhance the Company's corporate value over the medium to long term.

The Company will establish a ¥ 12.0 billion retirement benefit trust as part of the investment in people and secure a source of payment to cover future lump-sum retirement benefits for employees, and will reduce retirement benefit costs through expected investment returns from asset management. The amount equivalent to this reduction cost will be used to cover the operating costs of the program.

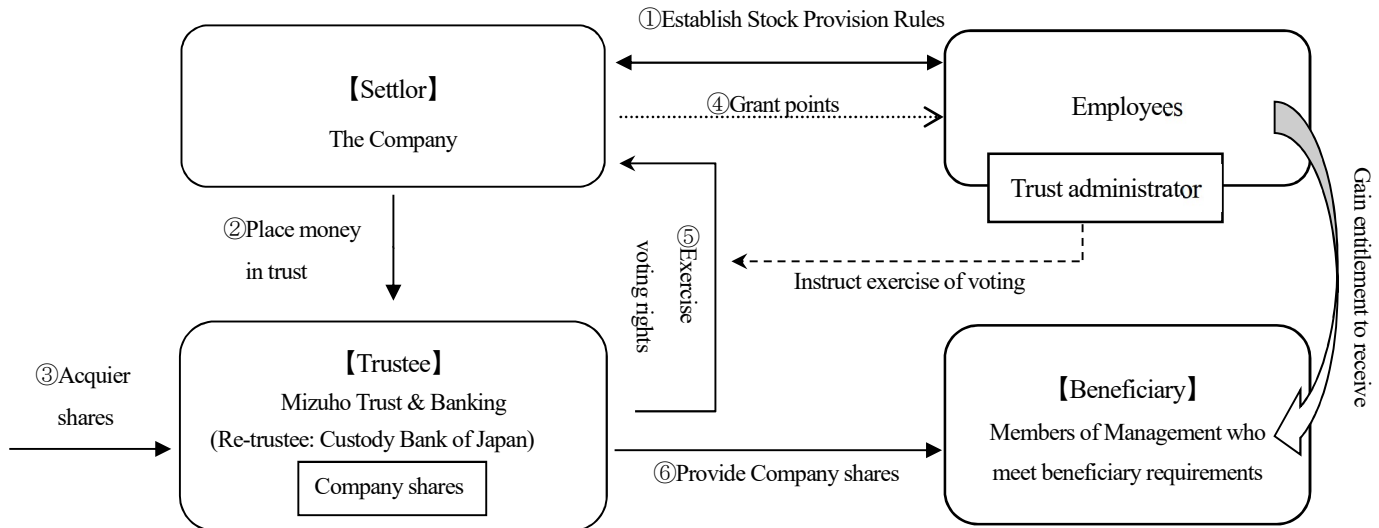
2. Outline of the Plan

The Plan is a trust scheme based on the ESOP (Employee Stock Ownership Plan) model used in the United States and is designed to provide Company shares to employees of the Company who meet certain requirements in accordance with the Stock Provision Rules predetermined by the Company.

The Company grants points to employees and provides Company shares equivalent to the amount of points granted when the employees become entitled to receive the stock based on certain conditions. Company shares to be provided to employees, including those to be provided in the future, will be acquired with money that will have been held in a trust in advance and will be managed separately as trust assets.

The introduction of the Plan is expected to increase the interest of employees in improving our stock price and business performance, contributing to greater motivation in their work.

< Structure of the Plan >



- ① The Company establishes Stock Provision Rules upon introducing the Plan.
- ② The Company places money in trust (third-party-benefit trust) with Mizuho Trust & Banking (Re-trustee: Custody Bank of Japan) to acquire in advance the shares to be provided to employees in the future in accordance with the Stock Provision Rules.
- ③ The Trust acquires Company shares using money held in trust in ② as the source of funds via an exchange market.
- ④ The Company grants points to employees based on the Stock Provision Rules.
- ⑤ The Trust exercises voting rights in accordance with the instructions of the trust administrator.
- ⑥ The Trust provides Company shares for those employees who meet beneficiary requirements set forth in the Stock Provision Rules (hereinafter referred to as the “Beneficiary” or “Beneficiaries”) according to the number of points granted to said Beneficiaries.

3. Outline of the Trust

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| (1) Name: | Stock provision trust (J-ESOP) |
| (2) Settlor: | The Company |
| (3) Trustee: | Mizuho Trust & Banking Co., Ltd. |
| (Re-trustee: | Custody Bank of Japan, Ltd.) |
| (4) Beneficiaries: | Employees who meet beneficiary requirements set forth in the Stock Provision Rules |
| (5) Trust administrator: | Selected from the Company’s employees |
| (6) Type of trust: | Money held in trust other than a money trust (third-party-benefit trust) |
| (7) Purpose of trust: | To provide Company shares, which are the trust assets, to beneficiaries in accordance with the Stock Provision Rules |
| (8) Contract date of the Trust: | June 10, 2024 |
| (9) Date of placing money in trust: | June 10, 2024 |
| (10) Trust period: | From June 10, 2024 to the day of termination of the trust |
- (No specific termination date will be determined; the trust will continue as long as the Plan continues.)

4. Acquisition details of Company shares in the Trust

- (1) Class of shares to be acquired: Common shares of the Company
- (2) Amount to be entrusted as funds: 1,200,000,000 yen
- (3) Method of acquisition: Acquired from the exchange market
- (4) Period of acquisition: June 10, 2024 – end of June 2024 (provisional)

Disclaimer: This English translation is provided for the benefit of readers. In the case that discrepancies exist between the original Japanese version and the English translation, precedence goes to the original Japanese version.