



May 14, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 <Japanese GAAP>

Listed company: Morinaga Milk Industry Co., Ltd.
Listed stock exchange: Tokyo
Securities code: 2264
URL: <https://www.morinagamilk.co.jp/english/>
Representative: Yohichi Ohnuki, President & Representative Director
Contact: Taku Yamada, General Manager, Corporate Communication Dept.
Telephone number: +81-3-6281-4682
Planned Date of General Shareholders' Meeting: June 27, 2024
Planned Commencement Date of Dividend Payments: June 28, 2024
Planned Filing Date of Securities Report: June 28, 2024
Preparation of explanatory materials for financial results: Yes
Holding of a briefing on financial results: Yes (For Institutional Investors, Analysts)

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(% figures show year-on-year change)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended								
March 31, 2024	547,059	4.1	27,839	16.3	28,104	11.4	61,307	263.3
March 31, 2023	525,603	4.4	23,939	(19.6)	25,218	(19.0)	16,875	(50.0)

(Note) Comprehensive income: the fiscal year ended March 31, 2024: ¥67,790 million / 235.3%
the fiscal year ended March 31, 2023: ¥20,220 million / (41.9)%

	Basic earnings per share	Diluted earnings per share	Profit to shareholders' equity	Ordinary profit to assets	Operating profit to net sales
For the fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	696.92	696.09	24.5	5.3	5.1
March 31, 2023	186.57	186.31	7.9	5.3	4.6

(Reference) Equity method investment gain (loss): the fiscal year ended March 31, 2024: ¥(175) million
the fiscal year ended March 31, 2023: ¥(53) million

(Note) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	565,998	282,135	49.0	3,192.33
As of March 31, 2023	487,441	228,249	45.7	2,463.65

(Reference) Shareholders' equity: As of March 31, 2024: ¥277,067 million

As of March 31, 2023: ¥222,902 million

(Notes) 1. Provisional accounting treatments for business combinations were finalized in the fiscal year under review, and the contents of finalization of the provisional accounting treatments are reflected on the figures for the previous fiscal year.

2. The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Net assets per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at End of Fiscal Year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the fiscal year ended March 31, 2024	56,583	25,223	(38,624)	64,528
March 31, 2023	19,382	(25,463)	2,925	20,976

2. Dividends

	Annual dividends					Total Amount of Cash Dividends (annual)	Dividend Payout Ratio (consolidated)	Ratio of Total Amount of Dividends to Shareholders' Equity (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
For the fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2023	–	–	–	90.00	90.00	4,071	24.1	1.9
March 31, 2024	–	–	–	60.00	60.00	5,207	8.6	2.1
For the fiscal year ending March 31, 2025 (Forecast)	–	45.0	–	45.00	90.00		40.0	

(Note 1) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Amounts presented for dividend per share in FYE March 2023 are the actual dividend amounts from before the stock split. For details of the stock split, please refer to “Proper use of earnings forecasts, and other special matters.”

(Note 2) With regard to the dividend per share amount for FYE March 2025 (Forecast), at a meeting held today (May 14, 2024), the Board of Directors resolved to submit a proposal for the partial amendment of the Articles of Incorporation to the 101st Annual General Meeting of Shareholders scheduled to be held on June 27, 2024, which, assuming that it is passed as originally proposed, will result in an interim dividend and a year-end dividend of 45 yen per share each (annual dividend of 90 yen). For details, please refer to “Notice Regarding Introduction of Interim Dividend System and Partial Amendment of Articles of Incorporation,” which was issued today (May 14, 2024).

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2025
(April 1, 2024 to March 31, 2025)

(% figures show year-on-year change for the full year and quarter)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Second quarter-end (Cumulative)	293,000	2.2	18,900	(9.4)	19,300	(11.6)	12,000	(79.7)	140.35
Full year	570,000	4.2	30,000	7.8	30,300	7.8	19,000	(69.0)	224.99

*** Notes**

(1) Change in significant subsidiaries during the period (changes in specified subsidiaries affecting the scope of consolidation): None

New: - (Company name:)

Excluded: - (Company name:)

(2) Changes in accounting policies and estimates, and retrospective restatements

(i) Changes in accounting policies in accordance with revision of accounting standards: None

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

(iii) Changes in accounting estimates: None

(iv) Retrospective restatements: None

(3) Number of shares issued (common stock)

(i) Number of shares outstanding at end of period (including treasury shares)

As of March 31, 2024	91,977,886 shares
As of March 31, 2023	95,690,686 shares

(ii) Number of treasury shares at end of period

As of March 31, 2024	5,186,470 shares
As of March 31, 2023	5,214,236 shares

(iii) Average number of shares during period

Fiscal year ended March 31, 2024	87,970,040 shares
Fiscal year ended March 31, 2023	90,448,244 shares

(Note) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Number of shares issued (common stock) is calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(Reference) Outline of non-consolidated business results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(1) Non-consolidated financial results (% figures show year-on-year change)

For the fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	389,041	4.6	9,698	124.2	16,546	75.4	55,120	754.1
March 31, 2023	371,858	1.4	4,326	(69.0)	9,434	(52.6)	6,453	(76.1)

For the fiscal year ended	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
March 31, 2024	626.58		625.84	
March 31, 2023	71.35		71.25	

(Note) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Profit per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2024	466,169	182,674	39.2	2,103.40
As of March 31, 2023	396,136	138,492	34.9	1,529.32

(Reference) Shareholders' equity: As of March 31, 2024: ¥182,557 million

As of March 31, 2023: ¥138,367 million

(Note) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Net assets per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

* The financial results are not subject to auditing by a certified public accountant or an audit firm.

* Proper use of earnings forecasts, and other special matters

The above forecasts of consolidated financial results are based on information currently available to the Company and on certain assumptions on market trends, etc. deemed to be reasonable, and are subject to uncertainties. Consequently, actual business and other results may differ substantially due to various factors. For details of the above forecasts of consolidated financial results, refer to pages 9 of the attached materials, "1. Overview of Operating Results (4) Outlook for the next fiscal year."

Upon the resolution at the Board of Directors meeting held on November 9, 2023, the Company executed a 2-for-1 stock split of its common stock on the effective date December 1, 2023.

[Attached Materials]

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1. Overview of Operating Results

(1) Overview of operating results for the fiscal year under review

In the fiscal year under review, the prolonged situation in Ukraine, trends in the Middle East, tight monetary policy around the world, and other factors had various impacts on international society and posed downside risks to the global economy. In Japan, economic activity picked up as a result of the easing of rules related to infectious disease countermeasures, and although a moderate recovery in business conditions is expected to continue owing to rising demand for labor, higher wages, and a resurgence in inbound tourist demand, the negative impact of higher prices on household finances and companies could also continue. Given such developments, the trends in the domestic and global situation will continue to require close monitoring.

Under these circumstances, based on the new Medium-term Business Plan 2022–2024, which began in the previous fiscal year, the Morinaga Milk Group is striving to provide health value and tastiness and delightfulness that are unique to it. In particular, against the backdrop of increasing health needs in and outside Japan, the Group has been expanding products in the “five domains of wellness,” including yogurt and functional ingredients, that take into consideration various health issues.

In the Global Business, as well as the core MILEI GmbH business, we moved forward with initiatives aimed at achieving growth over the medium to long term, such as by steadily getting business plans underway at the M&A implemented in the previous fiscal year in Pakistan, the U.S., and Vietnam.

On the other hand, following on from the previous fiscal year, we continued to be affected by higher costs, such as increased raw material milk and raw material prices, as well as various operational costs. With regard to trade prices for raw milk, following price increases for dairy products in April 2023 and for beverages and fermented milk products in August 2023, prices were increased for butter and cream in December 2023, leading to a further step up in costs. To counter this situation, further efforts were made to absorb the costs such as by revising prices, improving the product mix through expansion of high-profit-margin businesses and products, and reviewing Group-wide costs.

As a result of continuing to promote existing initiatives, both net sales and profit increased in the fiscal year under review.

<Morinaga Milk Group’s 10-year vision and Medium-term Business Plan 2022–2024>

The Group established the Morinaga Milk Group 10-year Vision in April 2019, setting out its vision for the next 10 years. Under the vision, the Morinaga Milk Group sees itself one decade ahead in terms of becoming:

- “a company that balances ‘delicious and pleasurable food’ with ‘health and nutrition’,”
- “a global company that exerts a unique presence worldwide,” and
- “a company that persistently helps make social sustainability a reality,”

based on which we have established targets for the fiscal year ending March 31, 2029, aiming to achieve:

- an “operating profit margin of at least 7%,” an “ROE of at least 10%,” and a “Global Business sales ratio of at least 15%.”

Underpinned by this vision, we have established three basic policies for the three-year Medium-term Business Plan 2022–2024 that extends through the fiscal year ending March 31, 2025, which are:

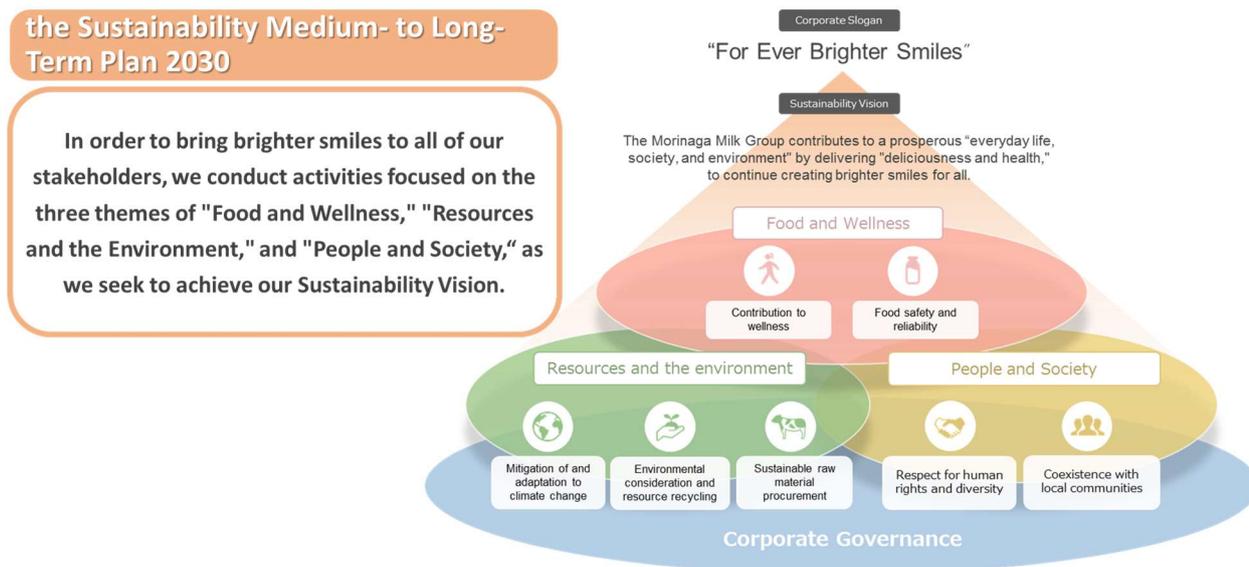
- “achieving sustainable growth by increasing the added value of our business,”
- “further strengthening our business base with an eye on the future,” and
- “financial strategies focused on efficiency,”

and aim to balance resolution of social issues and improvement of profitability as we pursue the plan. Additionally, we have formulated the “Sustainability Medium- to Long-Term Plan 2030,” in which 2030 targets and KPIs have been set for the three themes of “Food and Wellness,” “Resources and the Environment,” and “People and Society.” It is placed at the core of management and is carried out in conjunction with the Medium-term Business Plan.

With respect to numerical targets for the final fiscal year of the Medium-Term Business Plan (ending March 31, 2025), we are aiming for net sales of ¥570 billion, operating profit of ¥30 billion, profit attributable to owners of parent of ¥19 billion, operating profit to net sales ratio of 5.3%, ROE of 7.0%, and global business sales ratio of 12.3% (Revised on May 14, 2024.)

(Reference material 1) Overview of the Medium-term Business Plan 2022–2024





The first basic policy of the Medium-term Business Plan is “Achieving sustainable growth by increasing the added value of our business.” We are working on expanding the four pillars of our business, (1) the Nutrition and Healthcare Foods Business and (2) the Core Dairy Foods Business, which together with (3) the B-to-B Business and (4) the Global Business, individually and are also seeking in particular to accelerate the provision of health value laterally across the four pillars by expanding products in the “five domains of wellness,” as well as striving for renewed growth of our proprietary functional ingredients and bacteria and portfolio transformation of the Global Business. Through our business activities, we will contribute to the “wellness” and “happiness” of consumers by providing “health value” and “tastiness and delightfulness.”

The second basic policy is “Further strengthening our business base with an eye on the future,” which is being pursued from the perspectives of structural reform, strategic investments, and asset utilization. Structural reform is being carried out by strengthening resilience to changes in the external environment, promoting group management, and other measures. As strategic investments, our plan includes strengthening of R&D functions and growth investments and environment-related investments that are in line with our 10-year vision. In terms of asset utilization, we are strengthening our intellectual property base and promoting utilization of domestic milk resources.

The third basic policy of “Financial strategies focused on efficiency” aims to carry out strategic investments for growth and make use of funds by paying attention to shareholder returns and financial position, to be pursued in tandem with improvement of ROE focusing on capital efficiency. With respect to shareholder returns, we maintain our basic policy of paying stable and long-term dividends while taking into account the importance of financial soundness and internal reserves, which specifically means that we will raise the target payout ratio to 30% (excluding one-off factors). Additionally, we will take measures that give due consideration to total payout ratio. Treasury shares that we hold will, in principle, be canceled, except for a certain portion that will be retained to allow for a flexible capital policy in the future. Based on this policy, we issued “Notice Concerning Decision on Matters Relating to Acquisition of Treasury Shares and Cancellation of Treasury Shares” in May 2023, and between May and October 2023 we acquired ¥10.0 billion of treasury shares, all of which we canceled in November.

<Key initiatives for the fiscal year under review>

The fiscal year under review was positioned as an important year for preparations to achieve the Medium-Term Business Plan 2022–2024. While continuing to forge ahead with various initiatives and responding to dramatic changes in the environment, we endeavored to further strengthen our corporate structure and business.

Deal with cost increases driven by higher raw material milk, raw materials and energy prices.

- Minimize the impact of cost increases through price revisions, product mix improvement, rationalization, and other measures

Promote initiatives in line with the policies of Medium-term Business Plan 2022–2024 and Sustainability Medium-to Long-Term Plan 2030.

- Provide products that meet the needs of customers, offer high-value-added products, and promote the value of products by pursuing “health value” and “tastiness and delightfulness” that are unique to the Morinaga Milk Group
- Expand products in the “five domains of wellness,” including yogurt and functional ingredients, that take into account various health issues, mainly in the Nutrition and Healthcare Foods Business
- Promote initiatives for further expansion of the Global Business
- Strengthen the profit base of the Core Dairy Foods Products that constitute the Group’s business foundation and implement a recovery in the B-to-B Business (commercial dairy products)
- Invest in growth areas to further strengthen the business base
(Planned start of operation in April 2025: expanded manufacturing building at the Kobe Plant and other initiatives)
- Strengthen shareholder returns
(“Notice Concerning Decision on Matters Relating to Acquisition of Treasury Shares and Cancellation of Treasury Shares” announced in May 2023, “Notice Regarding Revision of Dividend Forecast” issued in October 2023 and February 2024)
- Efforts to promote sustainability management
(Contribution to wellness through our main business, measures to address environmental issues such as climate change and the problem of plastics, giving due consideration to human rights and diversity, promotion of sustainability awareness throughout the Group, etc.)

As a result, consolidated net sales increased. In the Nutrition and Healthcare Foods Business and the Core Dairy Foods Business, we made efforts to revise prices of yogurt, infant formula, beverages, cheese, milk, chilled desserts, and other products, and to provide high-value-added products such as functional yogurt, “Mt. RAINIER CAFFÈ LATTE,” and ice cream. Overall net sales increased due to price revisions, the increase in revenue in the B-to-B Business following the recovery in consumption, growth in the Global Business, which was in part the result of the contribution of newly consolidated overseas subsidiaries, and growth of subsidiaries in Japan.

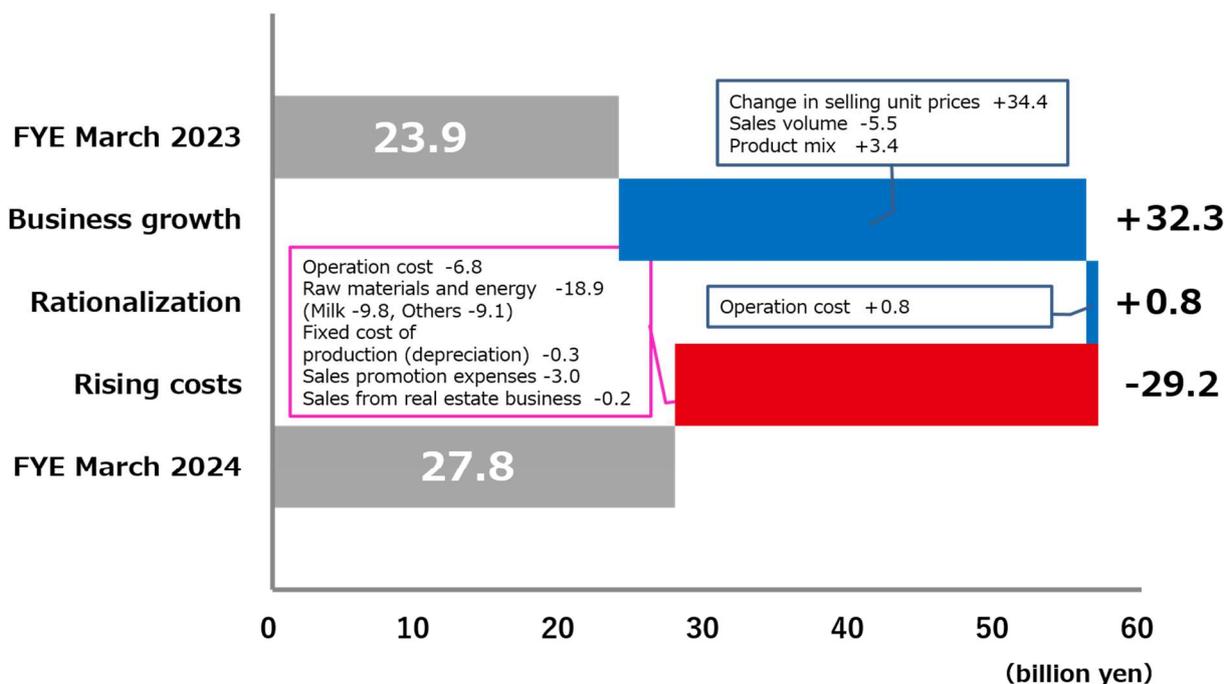
In terms of consolidated profit, we continued to be affected by higher costs in a range of areas, but centered on raw material prices and various operation costs. For raw materials in particular, the trade price of raw milk for dairy products was hiked in April 2023, that for beverages and fermented milk products in August 2023, and that for butter and cream in December 2023. There was also new cost increases, such as the temporary tax burden associated with the sale of the former Tokyo Plant site that took place in April 2023, and the amortization of goodwill from M&A deals. In response, we further promoted price revisions, improvement of product mix through expansion of high-profit-margin businesses and products, and Group-wide cost reviews. As a result of continuing to promote existing initiatives, profits as a whole increased. In addition, in the Global Business, although profits decreased in reaction at MILEI to the strong performance of the previous fiscal year, we continued to move forward with initiatives aimed at achieving growth over the medium to long term.

Also, due in part to the recording of ¥65,700 million in extraordinary income from the sale of the former Tokyo Plant site in the first quarter, profit attributable to owners of parent increased significantly, by 263.3% year on year, to ¥61,307 million.

In the fiscal year under review, payment of approximately ¥1,600 million was made as contribution to Hikari Kyokai, a public interest incorporated foundation.

Consolidated net sales	¥547,059 million	(+4.1% YoY)
Consolidated operating profit	¥27,839 million	(+16.3% YoY)
Consolidated ordinary profit	¥28,104 million	(+11.4% YoY)
Profit attributable to owners of parent	¥61,307 million	(+263.3% YoY)
(Other important operating indicators)		
Operating profit to net sales	5.1%	
ROE	24.5%	
Global Business sales ratio	11.0%	

Factors attributable to increases and decreases in operating profit for FYE March 2024



Business conditions by segment are as follows.

	Net sales	Year on year	Operating profit	Year on year
Food industry	520,934	+3.7%	38,119	+14.1%
Other industries	31,754	+5.0%	1,980	-7.0%
Eliminated or group-wide	(5,629)		(12,260)	
Total	547,059	+4.1%	27,839	+16.3%

Food industry: Commercial milk, dairy products, ice cream, drinks, etc.

Other industries: Feed, design and construction of plant equipment, etc.

(Reference) Overview of the results by business field (four pillars of business) in the Medium-term Business Plan 2022–2024

1. Nutrition and Healthcare Foods Business: In addition to working to revise selling prices for yogurt, we continued to focus on expanding functional yogurt sales, and “Bifidus Yogurt” and “PARTHENO” performed well against the background of a rise in health awareness. Net sales increased for the business as a whole, due in part to the contribution of nutritional food products such as infant formula and MORINAGA MILK INDUSTRY CLINICO Co., Ltd., which sells liquid foods and other items.

In terms of profits, although we were affected by the rise in prices for raw materials and increased operational costs, we endeavored to revise selling prices and improve the product mix and cut costs. However, due in part to committing further costs to bifidobacteria and other promotions in the second half with a focus on growth over the medium to long term, the business as a whole recorded a decline in profit.

Nutrition and Healthcare Foods Business net sales	¥127,281 million	(+2.9% YoY)
Nutrition and Healthcare Foods Business operating profit	¥5,255 million	(-¥323 million YoY)

2. Core Dairy Foods Business: Although we were affected by the rise in prices for raw materials and increased operation costs, we achieved higher net sales and profits for the business as a whole by revising selling prices for beverages, cheese, milk, chilled deserts, and other products, working to improve the product mix by expanding sales of high value-added products such as Mt. RAINIER CAFFÈ LATTE and ice cream, and cutting costs.

Core Dairy Foods Business net sales	¥175,256 million	(+3.0% YoY)
Core Dairy Foods Business operating profit	¥9,024 million	(+¥3,887 million YoY)

3. B-to-B Business: Although we were affected by the rise in prices for raw materials and increased operational costs, in the commercial dairy products that account for a high percentage of sales, we moved forward with sales expansion following the recovery in consumption, and with revisions to selling prices, which resulted in higher sales and profits for the business as a whole. We continue to see high interest in the Company’s own functional ingredients, including bacteria, as a result of increasing health needs.

B-to-B Business net sales	¥96,401 million	(+3.5% YoY)
B-to-B Business operating profit	¥4,461 million	(+¥2,963 million YoY)

4. Global Business: The export business recorded lower revenue, as did MILEI GmbH, where sales declined in reaction to the significant expansion of the previous fiscal year. However, contributions by NutriCo Morinaga (Pvt.) Ltd., Turtle Island Foods Holdings, Inc., and Morinaga Le May Vietnam Joint Stock Company, which became new consolidated subsidiaries through M&A, led to higher sales for the business as a whole.

In terms of profits, the business as a whole posted lower profits due to the decline at MILEI in reaction to the previous fiscal year, rising prices for raw materials, and the increase in amortization of goodwill resulting from M&A and other factors.

Global Business net sales	¥60,422 million	(+1.8% YoY)
Global Business operating profit	¥5,996 million	(-¥4,147 million YoY)

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the consolidated fiscal year under review were ¥565,998 million, up ¥78,556 million from the end of the previous fiscal year. This was mainly due to increases in cash and deposits and construction in progress.

Total liabilities were ¥283,862 million, up ¥24,669 million from the end of the previous fiscal year. This was mainly due to an increase in income taxes payable, despite a decrease in commercial papers.

Net assets were ¥282,135 million, up ¥53,886 million from the end of the previous fiscal year. This was mainly attributable to an increase in retained earnings.

As a result, the shareholders' equity ratio rose from 45.7% in the previous fiscal year to 49.0%, and net assets per share rose from ¥2,463.65 in the previous fiscal year to ¥3,192.33.

The Company executed a 2:1 stock split with an effective date of December 1, 2023, but net assets per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(3) Overview of cash flows for the fiscal year under review

The status of each type of cash flow for the consolidated fiscal year under review is as follows.

Net cash provided by operating activities increased by ¥37.2 billion year on year to ¥56,583 million. This mainly reflected an inflow of ¥88,571 million in profit before income taxes and an increase of ¥8,639 million in trade receivables.

Net cash provided by investing activities decreased by ¥50,686 million in outflows year on year to ¥25,223 million. This was mainly attributable to an inflow of ¥60,310 million in the proceeds from sale of non-current assets and an outflow of ¥33,146 million in the purchase of non-current assets.

The total free cash flow of these activities rose by ¥87,887 million year on year to ¥81,806 million.

Net cash used by financing activities amounted to ¥38,624 million, with increased outflow by ¥41,550 million year on year. This was mainly attributable to an outflow of ¥13,715 million in repayments of long-term borrowings and an outflow of ¥10,012 million resulting from a purchase of treasury shares.

As a result of these activities, cash and cash equivalents at the end of the consolidated fiscal year under review increased by ¥43,552 million year on year to ¥64,528 million.

The trend of cash flow indicators is as follows.

	For the fiscal year ended March 31, 2020	For the fiscal year ended March 31, 2021	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Shareholders' equity ratio (%)	41.6	43.9	44.9	45.7	49.0
Shareholders' equity ratio at market value (%)	47.4	63.5	51.5	44.3	47.9
Ratio of cash flows to interest-bearing debt (times)	3.8	3.0	2.5	5.7	1.7
Interest coverage ratio (times)	38.0	54.6	53.4	27.3	45.9

Shareholders' equity ratio: $(\text{Total net assets} - \text{Subscription rights to shares} - \text{Minority interests}) \div \text{Total assets}$

Shareholders' equity ratio at market value: $\text{Market capitalization} \div \text{Total assets}$

Ratio of cash flows to interest-bearing debt: $\text{Interest-bearing debt} \div \text{Cash flow from operating activities}$

Interest coverage ratio: $\text{Cash flow from operating activities} \div \text{Payment of interest}$

* All indicators are calculated on the basis of consolidated financial values.

* Market capitalization is calculated by multiplying the closing price of the Company's shares at the fiscal year-end by the number of shares outstanding at end of period.

* The term "cash flow from operating activities" refers to cash flow from operating activities used in the consolidated statements of cash flows. The term "interest-bearing debt" refers to those liabilities posted in the consolidated balance sheets on which interest is paid. Payment of interest equates with the interest paid recorded in the consolidated

statements of cash flows.

* In the consolidated fiscal year ended March 31, 2022 and the consolidated fiscal year ended March 31, 2024, the accounting treatment for business combinations that had been applied provisionally was finalized, and this is reflected in the figures relating to the consolidated fiscal year ended March 31, 2021 and the consolidated fiscal year ended March 31, 2023.

(4) Outlook for the next fiscal year

In Japan, improvements in the environment for employment and income are expected to lead to a continuation of a moderate recovery in business conditions but the impact of rising prices on households and businesses is likely to persist going forward. The trends in the domestic and global situation will continue to require close monitoring.

Further increases in raw material and energy prices, logistics costs, and personnel expenses are expected to have an impact also on the Group. To meet these challenges, the Group will continue to work for greater acceptance of price revisions, as well as for improvements in product mix through the expansion of high-profit-margin businesses and products, Group-wide cost reviews, and other measures. In the Global Business, a sales decline in the fiscal year under review (FYE March 2024) at MILEI in reaction to the previous fiscal year, increases in amortization of goodwill resulting from M&A, and other factors led to a significant decline in profit, but for the next fiscal year (FYE March 2025), we expect an improvement for the segment as a whole of ¥300 million year on year, and a stable contribution.

Specifically, the consolidated earnings forecast for the fiscal year ending March 31, 2025 is net sales of ¥570,000 million (up 4.2% year on year), operating profit of ¥30,000 million (up 7.8% year on year), ordinary profit of ¥30,300 million (up 7.8% year on year), and profit attributable to owners of parent of ¥19,000 million (down 69.0% year on year), as approximately ¥65,700 million in extraordinary income pursuant to the transfer of the former Tokyo Plant site was recorded in the first quarter of the fiscal year ended March 31, 2024.

The Group established the Morinaga Milk Group 10-year Vision in April 2019, setting out its vision for the next 10 years. Underpinned by this vision, we have established three basic policies for the three-year Medium-term Business Plan 2022–24 that extends through the fiscal year ending March 31, 2025, and aim to balance resolution of social issues and improvement of profitability as we pursue the plan. Additionally, we have formulated the “Sustainability Medium-to Long-Term Plan 2030,” in which 2030 targets and KPIs have been set. It is placed at the core of management and is being carried out in conjunction with the Medium-term Business Plan. In addition, on May 14, we announced “Action to Implement Management That is Conscious of Cost of Capital and Stock Price.” We will proceed with our response to enhance our corporate value.

In the fiscal year ending March 31, 2025, we will continue to work on implementing the initiatives based on these policies and plans. To create a society in which people can enjoy happiness and fulfillment, the Morinaga Milk Group will continue to contribute to society by improving and delivering its unique values.

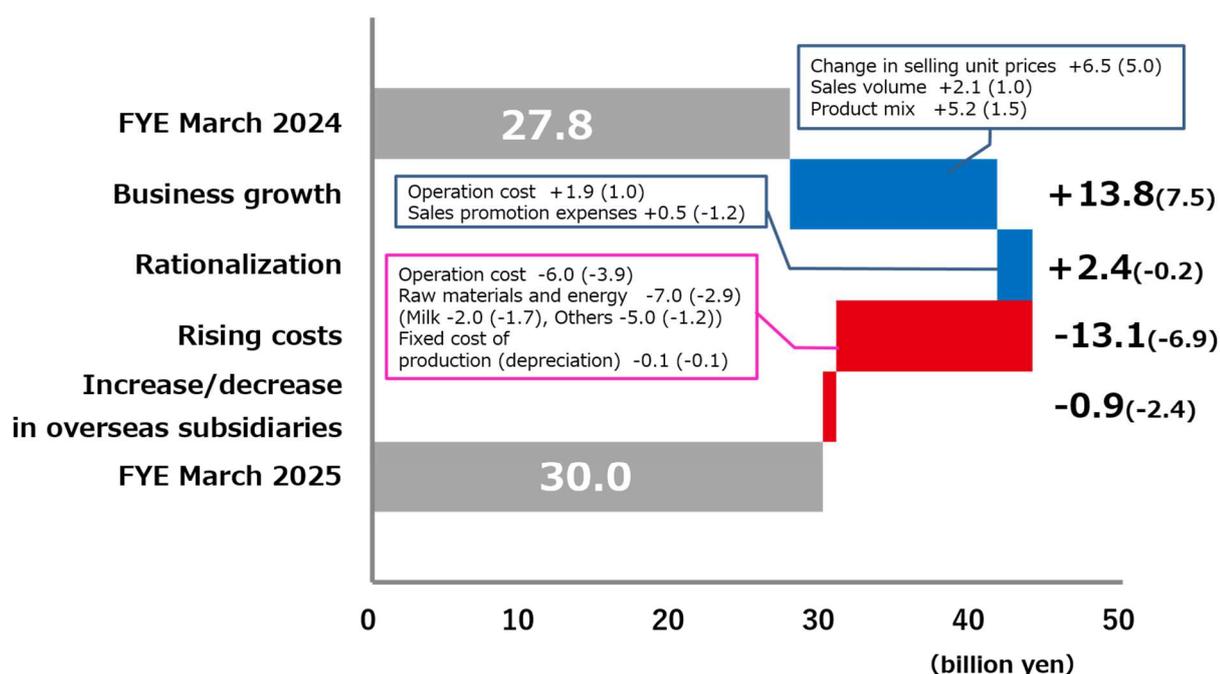
Earnings forecast for the first half of the fiscal year ending March 2025

	1H of FYE Mar. 2025 forecast	YoY percentage change	1H of FYE Mar. 2024 actual results
Consolidated net sales	¥293,000 million	+2.2%	¥286,580 million
Consolidated operating profit	¥18,900 million	-9.4%	¥20,856 million
Consolidated ordinary profit	¥19,300 million	-11.6%	¥21,830 million
Profit attributable to owners of parent	¥12,000 million	-79.7%	¥59,174 million

Full-year earnings forecast for the fiscal year ending March 2025

	FYE Mar. 2025 forecast	YoY percentage change	FYE Mar. 2024 actual results
Consolidated net sales	¥570,000 million	+4.2%	¥547,059 million
Consolidated operating profit	¥30,000 million	+7.8%	¥27,839 million
Consolidated ordinary profit	¥30,300 million	+7.8%	¥28,104 million
Profit attributable to owners of parent	¥19,000 million	-69.0%	¥61,307 million
(Other important operating indicators)			
Operating profit to net sales	5.3%		5.1%
ROE	7.0%		24.5%
Global Business sales ratio	12.3%		11.0%

Forecasts of factors attributable to increases and decreases in operating profit for FYE March 2025 (Figures in brackets () indicate 1H targets.)



(Reference) Overview of the results by business field in the new Medium-term Business Plan 2022–2024 (fiscal year ending March 2025)

	FYE Mar. 2025 forecast	YoY change (difference)	FYE Mar. 2024 actual results
Nutrition and Healthcare Foods Business net sales	¥132,600 million	4.2%	¥127,281 million
Nutrition and Healthcare Foods Business operating profit	¥7,100 million	¥1,845 million	¥5,255 million
	FYE Mar. 2025 forecast	YoY change (difference)	FYE Mar. 2024 actual results
Core Dairy Foods Business net sales	¥183,600 million	4.8%	¥175,256 million
Core Dairy Foods Business operating profit	¥9,500 million	¥477 million	¥9,024 million

	FYE Mar. 2025 forecast	YoY change (difference)	FYE Mar. 2024 actual results
B-to-B Business net sales	¥101,700 million	5.5%	¥96,401 million
B-to-B Business operating profit	¥4,700 million	¥239 million	¥4,461 million
	FYE Mar. 2025 forecast	YoY change (difference)	FYE Mar. 2024 actual results
Global Business net sales	¥70,300 million	16.3%	¥60,422 million
Global Business operating profit	¥6,300 million	¥304 million	¥5,996 million

2. Basic Policy on the Selection of Accounting Standards

From the perspective of ensuring comparability with prior fiscal years, the Morinaga Milk Group has adopted the Japanese standards for its accounting standards.

As for the adoption of international accounting standards, the Group will apply the appropriate policy taking into consideration the situation both in Japan and overseas.

3. Consolidated Financial Statements and Notes

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	21,096	64,528
Notes and accounts receivable–trade and contract assets	65,354	75,174
Merchandise and finished goods	49,482	55,014
Work in process	1,221	1,603
Raw materials and supplies	23,679	23,571
Other	18,676	9,677
Allowance for doubtful accounts	(322)	(531)
Total current assets	179,189	229,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	188,864	196,916
Accumulated depreciation	(104,287)	(111,225)
Buildings and structures, net	84,576	85,691
Machinery, equipment and vehicles	313,236	326,912
Accumulated depreciation	(218,296)	(230,921)
Machinery, equipment and vehicles, net	94,940	95,991
Land	53,959	53,012
Leased assets	4,234	4,273
Accumulated depreciation	(2,589)	(2,617)
Leased assets, net	1,645	1,655
Construction in progress	10,091	28,305
Other	16,652	17,289
Accumulated depreciation	(12,509)	(12,986)
Other, net	4,142	4,303
Total property, plant and equipment	249,355	268,960
Intangible assets		
Goodwill	9,956	10,214
Other	12,946	17,107
Total intangible assets	22,903	27,321
Investments and other assets		
Investment securities	21,760	26,405
Investments in capital	78	78
Long-term loans receivable	206	189
Net defined benefit asset	2,985	5,700
Deferred tax assets	4,731	1,925
Other	6,375	6,434
Allowance for doubtful accounts	(145)	(56)
Total investments and other assets	35,992	40,677
Total non-current assets	308,252	336,958
Total assets	487,441	565,998

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	53,844	57,240
Electronically recorded obligations—operating	4,600	5,367
Short-term borrowings	5,233	4,519
Current portion of long-term borrowings	7,952	7,593
Commercial papers	10,000	—
Current portion of bonds payable	—	10,000
Lease obligations	913	1,033
Income taxes payable	2,927	24,455
Accrued expenses	35,991	42,096
Deposits received	15,733	19,560
Other	19,411	20,816
Total current liabilities	156,607	192,682
Non-current liabilities		
Bonds payable	55,000	45,000
Long-term borrowings	20,196	14,199
Lease obligations	2,039	4,474
Net defined benefit liability	21,483	21,664
Asset retirement obligations	355	837
Other	3,510	5,003
Total non-current liabilities	102,585	91,179
Total liabilities	259,192	283,862
Net assets		
Shareholders' equity		
Capital stock	21,821	21,821
Capital surplus	19,985	19,998
Retained earnings	186,518	233,741
Treasury stock	(14,316)	(14,241)
Total shareholders' equity	214,009	261,320
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,591	11,940
Deferred gains or losses on hedges	(49)	46
Foreign currency translation adjustment	1,549	2,936
Remeasurements of defined benefit plans	(1,198)	822
Total accumulated other comprehensive income	8,893	15,746
Subscription rights to shares	124	116
Non-controlling interests	5,222	4,951
Total net assets	228,249	282,135
Total liabilities and net assets	487,441	565,998

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Net sales	525,603	547,059
Cost of sales	407,308	415,100
Gross profit	118,295	131,958
Selling, general and administrative expenses	94,355	104,119
Operating profit	23,939	27,839
Non-operating income		
Interest income	43	100
Dividends income	724	913
House rent income	272	281
Foreign exchange gains	613	1,411
Other	835	1,009
Total non-operating income	2,488	3,717
Non-operating expenses		
Interest expenses	710	1,291
Share of loss of entities accounted for using equity method	53	175
Loss on valuation of derivatives	–	740
Other	445	1,243
Total non-operating expenses	1,210	3,452
Ordinary profit	25,218	28,104
Extraordinary income		
Gain on sales of non-current assets	814	65,763
Gain on sale of investment securities	53	22
Gain on step acquisitions	2,653	–
Other	–	193
Total extraordinary income	3,521	65,979
Extraordinary loss		
Loss on disposal of non-current assets	592	1,404
Contributions to the public interest incorporated foundation	1,691	1,649
Impairment loss	1,226	1,517
Plant reorganization expenses	494	338
Other	1,016	602
Total extraordinary losses	5,020	5,512
Profit before income taxes	23,719	88,571
Income taxes - current	5,447	26,680
Income taxes - deferred	1,252	544
Total income taxes	6,699	27,224
Profit	17,019	61,347
Profit attributable to non-controlling interests	144	39
Profit attributable to owners of parent	16,875	61,307

(Consolidated statements of comprehensive income)

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Profit	17,019	61,347
Other comprehensive income		
Valuation difference on available-for-sale securities	1,088	3,369
Deferred gains or losses on hedges	(9)	98
Foreign currency translation adjustment	2,137	940
Remeasurements of defined benefit plans	(41)	2,021
Share of other comprehensive income of associates accounted for using equity method	25	13
Total other comprehensive income	3,200	6,443
Comprehensive income	20,220	67,790
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	20,082	68,161
Comprehensive income attributable to non-controlling interests	137	(370)

(3) Consolidated statement of changes in shareholders' equity

For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)

(Millions of Yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	21,821	19,980	183,884	(25,476)	200,210
Changes of items during period					
Dividends of surplus			(3,616)		(3,616)
Profit attributable to owners of parent			16,875		16,875
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares		(84)		198	113
Cancellation of treasury shares		(10,970)		10,970	–
Transfer from retained earnings to capital surplus		11,052	(11,052)		–
Change in scope of consolidation			427		427
Change in ownership interest of parent due to transactions with non-controlling interests		6			6
Net changes of items other than shareholders' equity					
Total changes of items during period	–	4	2,633	11,160	13,798
Balance at end of current period	21,821	19,985	186,518	(14,316)	214,009

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,497	(41)	(613)	(1,156)	5,685	174	1,955	208,026
Changes of items during period								
Dividends of surplus								(3,616)
Profit attributable to owners of parent								16,875
Purchase of treasury shares								(8)
Disposal of treasury shares								113
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Change in scope of consolidation								427
Change in ownership interest of parent due to transactions with non-controlling interests								6
Net changes of items other than shareholders' equity	1,093	(8)	2,163	(41)	3,207	(49)	3,266	6,424
Total changes of items during period	1,093	(8)	2,163	(41)	3,207	(49)	3,266	20,223
Balance at end of current period	8,591	(49)	1,549	(1,198)	8,893	124	5,222	228,249

For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(Millions of Yen)

	Shareholders' equity				
	Capital Stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	21,821	19,985	186,518	(14,316)	214,009
Changes of items during period					
Dividends of surplus			(4,071)		(4,071)
Profit attributable to owners of parent			61,307		61,307
Purchase of treasury shares				(10,012)	(10,012)
Disposal of treasury shares		(14)		88	74
Cancellation of treasury shares		(9,999)		9,999	–
Transfer from retained earnings to capital surplus		10,013	(10,013)		–
Change in scope of consolidation					–
Change in ownership interest of parent due to transactions with non-controlling interests		13			13
Net changes of items other than shareholders' equity					
Total changes of items during period	–	13	47,222	74	47,311
Balance at end of current period	21,821	19,998	233,741	(14,241)	261,320

	Accumulated other comprehensive income					Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	8,591	(49)	1,549	(1,198)	8,893	124	5,222	228,249
Changes of items during period								
Dividends of surplus								(4,071)
Profit attributable to owners of parent								61,307
Purchase of treasury shares								(10,012)
Disposal of treasury shares								74
Cancellation of treasury shares								–
Transfer from retained earnings to capital surplus								–
Change in scope of consolidation								–
Change in ownership interest of parent due to transactions with non-controlling interests								13
Net changes of items other than shareholders' equity	3,349	95	1,386	2,021	6,853	(7)	(270)	6,575
Total changes of items during period	3,349	95	1,386	2,021	6,853	(7)	(270)	53,886
Balance at end of current period	11,940	46	2,936	822	15,746	116	4,951	282,135

(4) Consolidated statement of cash flows

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	23,719	88,571
Depreciation	21,231	22,665
Impairment loss	1,226	1,517
Amortization of goodwill	255	999
Amortization of negative goodwill	(67)	(63)
Loss (gain) on step acquisitions	(2,653)	–
Increase (decrease) in retirement benefit liability	372	164
Increase (decrease) in allowance for doubtful accounts	60	113
Loss (gain) on valuation of investment securities	68	14
Interest and dividend income	(767)	(1,014)
Interest expenses	710	1,291
Foreign exchange losses (gains)	(452)	(1,042)
Share of loss (profit) of entities accounted for using equity method	53	175
Loss (gain) on sales of non-current assets	(814)	(65,763)
Loss (gain) on disposal of non-current assets	592	1,404
Loss (gain) on sales of investment securities	221	(22)
Decrease (increase) in trade receivables	(433)	(8,639)
Decrease (increase) in inventories	(1,966)	(4,150)
Increase (decrease) in trade payables	93	2,988
Increase (decrease) in accrued expenses	977	6,088
Increase (decrease) in deposits received	(552)	3,803
Other, net	(5,390)	8,916
Subtotal	36,486	58,020
Interest and dividend income received	768	1,014
Interest expenses paid	(709)	(1,231)
Income taxes refund (paid)	(17,162)	(1,220)
Net cash provided by (used in) operating activities	19,382	56,583
Cash flows from investing activities		
Purchase of non-current assets	(19,587)	(33,146)
Proceeds from sale of non-current assets	1,157	60,310
Purchase of investment securities	(31)	(24)
Proceeds from sales of investment securities	171	77
Loan advances	(3,832)	(2,367)
Proceeds from collection of loans receivable	3,821	2,425
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(7,248)	(1,726)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	85	–
Other, net	(0)	(326)
Net cash provided by (used in) investing activities	(25,463)	25,223

(Millions of yen)

	For the fiscal year ended March 31, 2023 (April 1, 2022 – March 31, 2023)	For the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	193	(818)
Net increase (decrease) in commercial papers	10,000	(10,000)
Proceeds from long-term borrowings	442	1,073
Repayments of long-term borrowings	(8,106)	(13,715)
Proceeds from issuance of bonds	4,972	–
Proceeds from sales of treasury shares	0	12
Purchase of treasury shares	(8)	(10,012)
Dividends paid	(3,616)	(4,071)
Dividends paid to non-controlling interests	(16)	(19)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(0)	(3)
Repayments of finance lease obligations	(934)	(1,068)
Net cash provided by (used in) financing activities	2,925	(38,624)
Effect of exchange rate change on cash and cash equivalents	223	371
Net increase (decrease) in cash and cash equivalents	(2,931)	43,552
Cash and cash equivalents at beginning of period	23,486	20,976
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	421	–
Cash and cash equivalents at end of period	20,976	64,528

(5) Note regarding the consolidated financial statements

(Notes on premise of going concern)

No items to report.

(Segment information)

1. Overview of reportable segments

The Group's reportable segments are those units of independent financial information that the Board of Directors regularly conducts a review of, for the purpose of making decisions about management resources to be allocated to the segments and to assess the segments' performance.

The Group is comprised of business segments based on its products and services, including the food industry as a reportable segment.

The food industry is centered on the manufacture and sale of commercial milk, dairy products, ice cream and beverages.

2. Methods for calculating the monetary amount of sales, income (loss), assets, liabilities and other items of each reportable segment

The accounting standards and methods for reportable segments are generally identical to the description in the "Significant Accounting Policies for the Consolidated Financial Statements."

Income in the reportable segments is based on operating profit.

Intra-segment internal income and transfer amounts are based on actual market prices.

3. Information on the monetary amount of sales, income (loss), assets, liabilities and other items of each reportable segment

Previous consolidated fiscal year (from April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments	Other* ¹	Total	Adjustments* ²	Amount recorded in the Consolidated Financial Statements* ³
	Food				
Net sales					
Sales to external customers	502,083	23,520	525,603	—	525,603
Intra-segment internal sales and transfer amount	223	6,710	6,933	(6,933)	—
Total	502,306	30,230	532,537	(6,933)	525,603
Segment income (loss)	33,415	2,129	35,544	(11,604)	23,939
Segment assets	420,716	36,680	457,397	30,044	487,441
Other items					
Depreciation	20,439	484	20,923	308	21,231
Amortization of goodwill	255	—	255	—	255
Increases in property, plant and equipment, and intangible assets	28,271	266	28,538	371	28,910

Current consolidated fiscal year (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments	Other* ¹	Total	Adjustments* ²	Amount recorded in the Consolidated Financial Statements* ³
	Food				
Net sales					
Sales to external customers	520,715	26,343	547,059	—	547,059
Intra-segment internal sales and transfer amount	218	5,411	5,629	(5,629)	—
Total	520,934	31,754	552,688	(5,629)	547,059
Segment income (loss)	38,119	1,980	40,099	(12,260)	27,839
Segment assets	446,141	27,108	473,250	92,747	565,998
Other items					
Depreciation	21,870	507	22,378	287	22,665
Amortization of goodwill	999	—	999	—	999
Increases in property, plant and equipment, and intangible assets	27,634	151	27,786	13,909	41,696

(Notes) 1. The category of “other” refers to the business segments not included in the reportable segments, such as feed, design and construction of plant equipment, and real estate leases.

2. Details of the adjustments are as follows.

(1) Segment income (loss)

(Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Elimination of inter-segment transactions	(889)	(591)
Company-wide costs*	(10,715)	(11,668)
Total	(11,604)	(12,260)

* Company-wide costs are primarily general and administrative expenses that are not allocated to the business segments.

(2) Segment assets

(Millions of yen)

	Previous consolidated fiscal year	Current consolidated fiscal year
Elimination of inter-segment transactions	(4,015)	(4,692)
Company-wide costs*	34,060	97,440
Total	30,044	92,747

* Company-wide assets are primarily assets in the administrative division that do not belong to the business segments.

(3) The adjustment of depreciation costs is primarily the amortization expenses related to corporate equipment.

(4) The adjustments of increases in property, plant and equipment, and intangible assets are primarily the investment amount related to corporate equipment.

3. Segment income is adjusted to operating profit in the consolidated financial statements.

4. In the consolidated fiscal year under review, the Company finalized the provisional accounting treatment for the business combination, and the figures for the previous consolidated fiscal year in segment information reflect the details of the finalization of the provisional accounting treatment.

(Information per share)

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Net assets per share	¥2,463.65	¥3,192.33
Basic earnings per share	¥186.57	¥696.92
Diluted earnings per share	¥186.31	¥696.09

(Note) The basis for calculating profit per share and profit per share–diluted is as follows.

	Previous consolidated fiscal year (April 1, 2022 to March 31, 2023)	Current consolidated fiscal year (April 1, 2023 to March 31, 2024)
Basic earnings per share		
Profit attributable to the parent company (millions of yen)	16,875	61,307
Profit attributable to the parent company and available to common shareholders (millions of yen)	16,875	61,307
Average number of shares in period (thousands of shares)	90,448	87,970
Diluted earnings per share		
Adjustment on profit attributable to owners of parent (millions of yen)	—	—
Increase in common stock (thousands of shares)	129	104
Overview of potential stock not included in calculations of diluted earnings per share because the stocks have no dilutive effect	-----	

(Note) The Company executed a stock split at a ratio of two shares for every share of common stock with an effective date of December 1, 2023. Basic earnings per share and diluted earnings per share are calculated on the assumption that the stock split had been conducted at the beginning of the previous fiscal year.

(Significant subsequent events)

No items to report.

4. Other

(Acquisition and cancellation of treasury shares)

The Company, at the meeting of its Board of Directors held on May 14, 2024, made a resolution on acquisition of its treasury shares and the specific method thereof, pursuant to the provisions of Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the Companies Act of Japan. The Company further announces that, on the same day, a decision was made to cancel the treasury shares pursuant to the provisions of Article 178 of the Companies Act of Japan, as follows.

The Company will resolve in details to cancel treasury shares after completion of the acquisition of treasury shares.

1. Reasons for acquisition and cancellation of treasury shares

In its Medium-term Business Plan, which concludes in the fiscal year ending March 31, 2025, the Group has raised the payout ratio target and set forth a shareholder return policy that focuses on the total payout ratio.

In addition, the Company has reorganized its balance sheet policy to pursue an optimal capital structure while ensuring financial soundness, reducing the cost of capital, and maximizing corporate value. Through an increase in the annual dividend (FYE Mar. 2024: 60 yen/share, FYE Mar. 2025: 90 yen/share) and acquisition of treasury stock, the Company will increase the total payout ratio and capital efficiency by returning profits to shareholders. In order to increase shareholder value over the medium to long term, all treasury shares acquired will be canceled.

2. Period of acquisition: May 15, 2024 to October 31, 2024

3. Method of acquisition

Market purchase on the Tokyo Stock Exchange

Note that all or a part of buy orders may not be executed due to market trend or other factors.

4. Details of acquisition

(1) Class of shares to be acquired	Common shares of the Company
(2) Total number of shares to be acquired	3,400,000 shares (upper limit) Ratio to the total number of outstanding shares stated below (excluding treasury shares) 3.92% (upper limit)
(3) Total acquisition cost	10,000 million yen (upper limit)
(4) Announcement of acquisition result	Acquisition result will be announced

5. Details of cancellation

(1) Class of shares to be canceled	Common shares of the Company
(2) Total number of shares to be canceled	All treasury shares acquired as described in 4. above
(3) Scheduled date of cancellation	November 15, 2024

(Reference) Treasury shares holding as of April 30, 2024

Total number of outstanding shares (excluding treasury shares)	86,791,152 shares
Number of treasury shares	5,186,734 shares

(Changes to officers (scheduled for June 27, 2024))

The following changes to officers were tentatively decided upon at the Board of Directors held on May 14, 2024.

Note that the changes to officers will be determined at the General Meeting of Shareholders scheduled for June 27, 2024, and the changes to titles of officers will be determined at the Board of Directors and Audit & Supervisory Board following the General Meeting of Shareholders.

1. Changes to the representative

- Resignation of Representative Director

Currently Chairman and Representative Director

Michio Miyahara (Scheduled to be appointed as
Supreme Advisor)

2. Changes to other officers

(1) New candidate for Director

Not applicable

(2) Scheduled for resignation as Director

Not applicable

(3) New candidate for Audit & Supervisory Board Member

- Full-time Audit & Supervisory Board Member

Akira Suenaga (Currently Managing Officer and
Deputy General Manager of Corporate
Strategic Planning Division)

- External Audit & Supervisory Board Member

Tatsuo Morii

He is plans to notify the Tokyo Stock Exchange, Inc. of their appointments as an Independent Director if said appointments are approved at the General Meeting of Shareholders on June 27.

(4) Audit & Supervisory Board Members scheduled to resign

- Currently Full-time Audit & Supervisory Board Member Mitsumasa Saito
- Currently External Audit & Supervisory Board Member Masahiko Ikaga

[Reference]

1. Career history of new candidate for Audit & Supervisory Board Member

Name (Date of birth)	Career summary	
Akira Suenaga (December 14, 1961)	April 1984	Joined the Company
	May 2010	General Manager of Health Food Department of Sales & Marketing Division 2
	April 2016	General Manager of Food Ingredients Strategic Planning Department
	June 2018	General Manager of Intellectual Property Department of Strategic Planning Division
	June 2020	General Manager of Human Resources Department of Corporate Division
	April 2022	Managing Officer and Deputy General Manager of Corporate Strategic Planning Division (present) to present

Name (Date of birth)	Career summary	
Tatsuo Morii (April 17, 1964)	October 1989	Joined Audit Firm Asahi Shinwa & Co.(currently KPMG AZSA LLC)
	March 1993	Registered as a Certified Public Accountant
	May 2002	Partner, Asahi Audit Corp. (currently KPMG AZSA LLC)
	December 2021	Resigned from KPMG AZSA LLC(Retired of Corporate Partner)
	January 2022	Established Morii Certified Public Accountant Office(present)
	September 2022	Outsider Corporate Audit & Supervisory Board Member of Trainocate Holdings, Ltd.(present)
	March 2023	Outsider Corporate Audit & Supervisory Board Member of LOOK HOLDINGS INCORPORATED(present)
	October 2023	Outsider Corporate Audit & Supervisory Board Member of LANDNET Inc.(present) to present