

11-year Financial and Non-Financial Summary

Financial information

	Unit	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Accounting year												
Net sales	(Million yen)	157,336	147,190	152,885	164,603	177,929	181,868	199,479	205,022	205,368	208,878	199,990
Operating income	(Million yen)	6,653	2,813	2,695	3,858	5,939	11,456	17,612	19,751	20,217	21,230	19,162
Ordinary income	(Million yen)	6,880	3,140	2,973	4,446	6,530	12,062	18,325	20,422	20,767	21,950	19,767
Profit attributable to owners of parent	(Million yen)	2,449	1,081	1,419	8,090	3,806	8,092	11,115	10,289	12,816	10,824	13,405
Capital spending	(Million yen)	4,972	7,585	13,010	14,517	2,393	7,406	3,750	7,310	7,983	10,661	20,404
Depreciation and amortization	(Million yen)	4,996	5,506	5,594	6,808	6,581	6,130	5,771	5,820	5,835	6,230	7,909
R&D expenses	(Million yen)	2,240	2,399	2,329	1,984	2,005	2,152	2,210	2,205	2,194	2,240	2,217
Cash flow from operating activities	(Million yen)	8,166	4,879	5,565	7,684	11,182	16,715	18,400	17,788	20,897	20,994	12,127
Cash flow from investing activities	(Million yen)	-6,087	-7,817	-5,681	-6,459	-3,022	-2,091	-29,736	8,154	-20,025	16,993	-19,862
Cash flow from financial activities	(Million yen)	-2,404	-1,845	3,645	-5,764	-1,491	-2,311	-2,398	-17,906	-11,888	-4,375	-4,084
Free cash flow *1	(Million yen)	4,579	-2,937	-2,615	625	8,159	14,223	15,663	13,943	15,871	7,988	-7,735

End of fiscal year

Total assets*2	(Million yen)	127,045	128,845	141,154	144,441	151,310	163,085	183,112	177,920	175,837	188,060	201,915
Net assets	(Million yen)	51,845	52,773	52,981	62,594	69,393	77,223	91,763	100,331	97,193	105,487	123,923
Interest-bearing debt	(Million yen)	23,947	24,091	29,901	26,200	26,764	26,446	26,282	11,265	10,666	10,000	10,000

Financial indicators

Operating income to net sales ratio	(%)	4.2	1.9	1.8	2.3	3.3	6.3	8.8	9.6	9.8	10.2	9.6
Return on equity (ROE)	(%)	4.7	2.1	2.7	14.4	6.0	11.5	13.6	11.0	13.2	10.8	11.8
Return on assets (ROA)*2	(%)	5.4	2.5	2.2	3.1	4.4	7.7	10.6	11.3	11.7	12.1	10.1
Shareholders' equity ratio*2	(%)	40.4	40.7	37.2	41.5	43.8	45.7	48.7	55.0	54.8	55.7	60.9
D/E ratio	(Times)	0.47	0.46	0.57	0.44	0.40	0.35	0.29	0.12	0.11	0.10	0.08
Book value per share (BPS)*3	(Yen)	984.66	1,004.47	1,009.48	1,151.30	1,274.09	1,432.50	1,713.49	1,882.23	1,917.22	2,080.77	2,445.53
Earnings per share (EPS)*3	(Yen)	46.90	20.73	27.24	155.37	73.11	155.47	213.60	197.76	247.15	215.18	266.52
Dividend per share*3	(Yen)	30	30	30	30	30	35	45	50	66	72	80
Dividend payout ratio	(%)	64.0	144.6	110.1	19.3	41.0	22.5	21.1	25.3	26.7	33.5	30.0

*1. Calculated excluding expenditures associated with payments into time deposits and proceeds from the reversal of time deposits.

*2. The Company applied Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from FY2019/3. Figures for FY2015/3 and later were retroactively adjusted in line with this accounting standard.

*3. The Company implemented a five-for-one share reverse stock split on October 1, 2016. Figures calculated assuming that this reverse stock split was carried out at the beginning of FY2011/3.

Non-financial information

	Unit	FY2011/3	FY2012/3	FY2013/3	FY2014/3	FY2015/3	FY2016/3	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3	
CO ₂ emissions*4	Domestic	Scope 1*9 (Thousand t-CO ₂)	61.6	61.8	62.5	63.9	58.0	55.3	57.0	56.7	24.0	20.6	21.4
		Scope 2*9 (Thousand t-CO ₂)	-	-	-	-	-	-	-	-	-	50.1	46.9
	Overseas	Scope 1 (Thousand t-CO ₂)	-	-	-	4.7	9.0	14.3	18.4	15.1	2.8	3.4	3.3
		Scope 2 (Thousand t-CO ₂)	-	-	-	-	-	-	-	-	6.6	7.2	6.3
Amount of water resources consumption*5*9	Domestic	(Thousand ton)	1,822.5	1,724.5	1,689.7	1,556.0	1,487.9	1,482.5	1,548.7	1,529.9	1,550.4	1,591.3	1,602.1
	Overseas	(Thousand ton)	-	-	-	130.6	215.3	182.6	246.6	208.9	158.7	148.0	169.7
Amount of waste emissions*6	Domestic	(Thousand ton)	9.8	9.2	10.7	11.4	10.1	9.8	10.0	9.8	9.7	9.6	9.4
	Overseas	(Thousand ton)	-	-	-	0.3	1.1	1.2	1.3	0.9	0.5	0.6	0.6
Number of employees*7	Consolidated	(People)	2,854	2,670	2,573	2,927	2,978	3,056	3,256	3,169	2,717	2,711	2,825
			(2,475)	(2,036)	(2,084)	(2,323)	(2,613)	(2,330)	(2,186)	(1,950)	(1,712)	(1,687)	(1,597)
Ratio of female managers*8	Non-consolidated	(%)	4.3	4.3	4.5	4.2	4.4	4.2	4.6	5.2	6.7	7.7	8.3

*4. Figures for Japan for FY2019/3 and later represent a Group consolidated basis. Figures for overseas for FY2020/3 and later represent a Group consolidated basis. Figures prior to this are for production sites both in Japan and overseas. The conversion coefficient at the time of CO₂ calculation for FY2018/3 and prior uses the fixed coefficient of 0.378kg-CO₂/kwh established internally in 2003.

*5. Figures prior to FY2018/3 are for production sites both in Japan and overseas. Figures for Japan for FY2019/3 and later represent a Group consolidated basis.

*6. Figures for production sites both in Japan and overseas.

*7. Data as of March 31 each fiscal year. Number of employees represents the number of people working for the Company (excluding forwarded employees from the Group to outside the Group but including forwarded employees from outside the Group to the Group). For temporary employees, the number in parenthesis is excluded from the above number and shows the average number of temporary employees per year. Temporary employees include part timers and contract workers, but exclude temporary employees from placement agencies.

*8. Figures as of April 1 each fiscal year.

*9. Figures for FY2021/3 CO₂ emissions for the Group in Japan on a consolidated basis (Scope 1 + 2) and water usage amount have received third-party assurance from LRQA.

Financial Summary

Consolidated Balance Sheets

Million yen

	FY2020/3 (Mar. 31, 2020)	FY2021/3 (Mar. 31, 2021)
Assets		
Current assets		
Cash and deposits	43,427	31,568
Notes and accounts receivable–trade	20,969	19,934
Merchandise and finished goods	10,885	11,430
Work in process	383	319
Raw materials and supplies	6,264	6,987
Income taxes receivable	81	795
Other	4,349	6,059
Allowance for doubtful accounts	-31	-43
Total current assets	86,328	77,051
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	53,262	59,335
Accumulated depreciation	-33,055	-33,562
Buildings and structures–net	20,206	25,773
Machinery, equipment and vehicles	85,620	94,239
Accumulated depreciation	-68,702	-70,659
Machinery, equipment and vehicles–net	16,917	23,579
Tools, furniture and fixtures	4,527	4,848
Accumulated depreciation	-3,483	-3,807
Tools, furniture and fixtures–net	1,044	1,041
Land	21,581	21,589
Lease assets	1,574	1,703
Accumulated depreciation	-739	-875
Lease assets–net	834	828
Construction in progress	9,690	9,618
Total property, plant and equipment	70,275	82,431
Intangible assets		
Goodwill	294	196
Other	237	231
Total intangible assets	532	427
Investments and other assets		
Investment securities	26,175	35,583
Net defined benefit asset	3,085	4,548
Deferred tax assets	773	830
Other	924	1,080
Allowance for doubtful accounts	-36	-37
Total investments and other assets	30,923	42,005
Total noncurrent assets	101,731	124,864
Total assets	188,060	201,915

Million yen

	FY2020/3 (Mar. 31, 2020)	FY2021/3 (Mar. 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable–trade	17,443	18,162
Lease obligations	342	359
Accounts payable–other	16,178	9,847
Income taxes payable	4,454	1,357
Allowance for bonuses	2,609	2,595
Other	16,826	15,954
Total current liabilities	57,855	48,278
Long-term liabilities		
Long-term loans	10,000	10,000
Lease obligations	570	558
Deferred tax liabilities	1,690	6,946
Provision for directors' stock benefits	33	57
Provision for environmental measures	303	279
Net defined benefit liability	8,169	7,767
Asset retirement obligations	52	262
Deposits received	3,708	3,706
Other	189	135
Total long-term liabilities	24,717	29,714
Total liabilities	82,573	77,992
Net assets		
Shareholders' equity		
Common stock	18,612	18,612
Capital surplus	17,281	17,281
Retained earnings	64,572	74,354
Treasury stock	-11,279	-11,291
Total shareholders' equity	89,187	98,957
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,660	20,729
Deferred gains or losses on hedges	7	23
Foreign currency translation adjustments	600	493
Remeasurements of defined benefit plans	1,211	2,803
Total accumulated other comprehensive income	15,478	24,049
Non-controlling interests	821	916
Total net assets	105,487	123,923
Total liabilities and net assets	188,060	201,915

Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

(Consolidated Statements of Operations)

Million yen

	FY2020/3 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021/3 (Apr. 1, 2020 – Mar. 31, 2021)
Net sales	208,878	199,990
Cost of sales	98,747	94,343
Gross profit	110,130	105,646
Selling, general and administrative expenses	88,900	86,484
Operating income	21,230	19,162
Non-operating income		
Interest income	5	7
Dividends income	461	490
Equity in earnings of affiliates	53	—
Other	411	349
Total non-operating income	932	847
Non-operating expenses		
Interest expenses	66	32
Equity in losses of affiliates	—	16
Depreciation	83	131
Other	62	61
Total non-operating expenses	213	242
Ordinary income	21,950	19,767
Extraordinary income		
Gain on sales of noncurrent assets	1,784	1
Gain on sales of investment securities	1	43
Total extraordinary income	1,786	45
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	875	796
Impairment loss	2,560	32
Contract cancellation fee	4,855	—
Other	7	38
Total extraordinary loss	8,298	867
Income before income taxes	15,437	18,944
Income taxes—current	7,102	3,572
Income taxes—deferred	-2,626	1,779
Total income taxes	4,475	5,352
Net income	10,962	13,592
Profit attributable to non-controlling interests	138	186
Profit attributable to owners of parent	10,824	13,405

(Consolidated Statements of Comprehensive Income)

Million yen

	FY2020/3 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021/3 (Apr. 1, 2020 – Mar. 31, 2021)
Net income	10,962	13,592
Other comprehensive income		
Valuation difference on available-for-sale securities	743	7,069
Deferred gains or losses on hedges	-8	14
Foreign currency translation adjustments	-57	-90
Remeasurements of defined benefit plans, net of tax	174	1,590
Share of other comprehensive income of associates accounted for using equity method	-119	-7
Total other comprehensive income	732	8,575
Net comprehensive income	11,694	22,168
(Breakdown)		
Comprehensive income attributable to owners of parent	11,550	21,976
Comprehensive income attributable to non-controlling interests	144	192

Consolidated Statements of Changes in Net Assets

FY2020/3 (Apr. 1, 2019 – Mar. 31, 2020)

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the fiscal year	18,612	17,281	57,070	-11,277	81,687
Changes of items during the period					
Dividends from surplus			-3,321		-3,321
Profit attributable to owners of parent			10,824		10,824
Purchase of treasury stock				-15	-15
Disposal of treasury stock				12	12
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	7,502	-2	7,499
Balance at end of the fiscal year	18,612	17,281	64,572	-11,279	89,187

	Accumulated other comprehensive income					Non-controlling interest	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	13,043	14	656	1,037	14,751	754	97,193
Changes of items during the period							
Dividends from surplus							-3,321
Profit attributable to owners of parent							10,824
Purchase of treasury stock							-15
Disposal of treasury stock							12
Net changes of items other than shareholders' equity	616	-7	-56	173	726	67	794
Total changes of items during the period	616	-7	-56	173	726	67	8,293
Balance at end of the fiscal year	13,660	7	600	1,211	15,478	821	105,487

FY2021/3 (Apr. 1, 2020 – Mar. 31, 2021)

Million yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the fiscal year	18,612	17,281	64,572	-11,279	89,187
Changes of items during the period					
Dividends from surplus			-3,623		-3,623
Profit attributable to owners of parent			13,405		13,405
Purchase of treasury stock				-12	-12
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	0	9,782	-11	9,770
Balance at end of the fiscal year	18,612	17,281	74,354	-11,291	98,957

	Accumulated other comprehensive income					Non-controlling interest	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	13,660	7	600	1,211	15,478	821	105,487
Changes of items during the period							
Dividends from surplus							-3,623
Profit attributable to owners of parent							13,405
Purchase of treasury stock							-12
Disposal of treasury stock							0
Net changes of items other than shareholders' equity	7,069	15	-106	1,592	8,570	94	8,665
Total changes of items during the period	7,069	15	-106	1,592	8,570	94	18,435
Balance at end of the fiscal year	20,729	23	493	2,803	24,049	916	123,923

Consolidated Statements of Cash Flows

Million yen

	FY2020/3 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021/3 (Apr. 1, 2020 – Mar. 31, 2021)
Operating activities		
Income before income taxes	15,437	18,944
Depreciation	6,230	7,909
Impairment loss	2,560	32
Amortization of goodwill	98	98
Increase (decrease) in provision for directors' stock benefits	11	24
Increase (decrease) in net defined benefit liability	38	379
(Increase) decrease in net defined benefit asset	38	50
Increase (decrease) in allowance for bonuses	68	-13
Increase (decrease) in allowance for doubtful accounts	-14	13
Increase (decrease) in provision for environmental measures	-25	-23
Interest and dividends income	-467	-498
Interest expenses	66	32
Equity in losses (earnings) of affiliates	-53	16
Loss (gain) on valuation of investment securities	3	—
(Gain) loss on sales of noncurrent assets	-1,656	84
Loss on retirement of noncurrent assets	747	710
Contract cancellation fee	4,855	—
(Increase) decrease in notes and accounts receivable–trade	3,586	1,013
(Increase) decrease in inventories	-368	-1,290
Increase (decrease) in notes and accounts payable–trade	-3,666	751
Other	-303	-4,154
Subtotal	27,187	24,082
Interest and dividends income received	467	532
Interest expenses paid	-66	-31
Income taxes paid	-6,595	-7,599
Contract cancellation fee	—	-4,855
Net cash provided by (used in) operating activities	20,994	12,127

Million yen

	FY2020/3 (Apr. 1, 2019 – Mar. 31, 2020)	FY2021/3 (Apr. 1, 2020 – Mar. 31, 2021)
Investing activities		
Proceeds from withdrawal of time deposits	30,000	—
Purchase of property, plant and equipment	-14,416	-19,853
Proceeds from sales of property, plant and equipment	2,015	10
Purchase of intangible assets	-41	-21
Purchase of investment securities	-3	-3
Proceeds from sales of investment securities	5	105
Payments of loan receivable	-5	—
Proceeds from liquidation of subsidiaries	—	387
Other	-561	-486
Net cash provided by (used in) investing activities	16,993	-19,862
Financing activities		
Net increase (decrease) in short-term loans payable	-657	—
Purchase of treasury stock	-15	-12
Proceeds from sales of treasury stock	12	0
Cash dividends paid	-3,321	-3,623
Dividends paid to non-controlling interests	-76	-97
Other	-316	-351
Net cash provided by (used in) financing activities	-4,375	-4,084
Effect of exchange rate change on cash and cash equivalents	-22	-39
Net increase (decrease) in cash and cash equivalents	33,590	-11,858
Cash and cash equivalents at beginning of period	9,836	43,427
Cash and cash equivalents at end of period	43,427	31,568

Corporate Profile/ Stock Information/ Editing Policy

Corporate Profile (As of March 31, 2021)

Company Name	MORINAGA & CO., LTD.
Representative	Eijiro Ota Representative Director, President
Headquarters	5-33-1 Shiba, Minato-ku, Tokyo108-8403, Japan
Establishment	August 15, 1899 Founded as Morinaga's Western Confectionery Shop
Incorporation	February 23, 1910
Capital	18,612 million yen
Business Activities	Morinaga's main business activities are the manufacture, purchase, and sale of confectioneries (caramel, biscuits, chocolate, etc.), foods (cocoa, cake mix, etc.), frozen desserts (ice cream, etc.), and health products (jelly drinks, etc.).
Sales	Consolidated / 199,990 million yen Non-consolidated / 178,311 million yen
Number of Employees	Consolidated / 2,825 Non-consolidated / 1,439 (average age: 42.5 years)

Business Offices and Affiliated Companies (As of June 30, 2021)

Main Offices

Head Office
R&D Center
Tsurumi Factory
Oyama Factory
Mishima Factory
Chukyo Factory
East Japan Branch Office
West Japan Branch Office

Domestic Group Companies

● Food Manufacturing

Takasaki Morinaga Co., Ltd.
Morinaga Angel Dessert Co., Ltd.
Morinaga Dessert Co., Ltd.
Aunt Stella Inc.
Morinaga Market Development Co., Ltd.

● Food Merchandise

Morinaga Shoji Co., Ltd.

● Real Estate and Services

Morinaga Takataki Country Co., Ltd.

● Other

Morinaga Business Partner Co., Ltd.
Morinaga Institute of Biological Science, Inc.
Morinaga Finance Co., Ltd.
SEE THE SUN Inc. ★

Overseas Group Companies

Taiwan Morinaga Co., Ltd. (Taipei, Taiwan)
Shanghai Morinaga Co., Ltd. (Shanghai, China)
Morinaga (Zhejiang) Co., Ltd. (Zhejiang, China)
Morinaga America, Inc. (California, USA)
Morinaga America Foods, Inc. (North Carolina, USA)
Morinaga Asia Pacific Co., Ltd. (Bangkok, Thailand)
Morinaga Bioscience (Thailand) Co., Ltd. (Bangkok, Thailand) ★

★ Non-consolidated companies accounted for using the equity method

Stock and Shareholder Information (As of March 31, 2021)

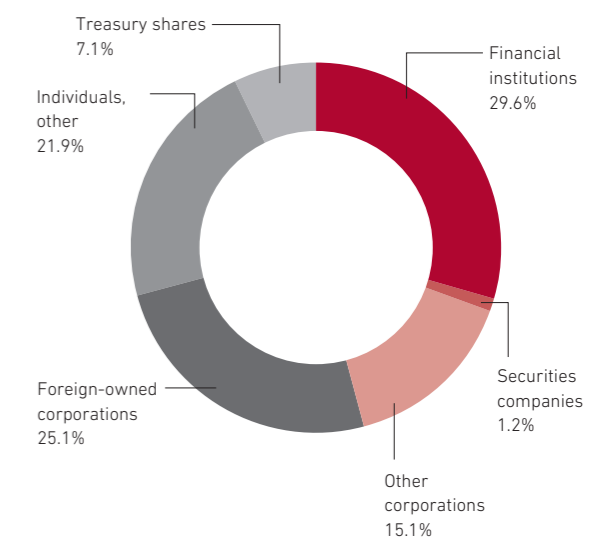
Stock Exchange of Listing	First Section of the Tokyo Stock Exchange
Industry	Food products
Securities Code	2201
Number of Shares Constituting One Unit	100 shares
Fiscal Year	April 1 to March 31 of next year
Total Number of Shares Authorized to be Issued	200,000,000
Total Number of Shares Issued	54,189,769
Number of Shareholders	24,086 (As of March 31, 2021)

Major Shareholders Status*

Shareholder Name	Number of shares held (Thousand shares)	Ratio of voting rights (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,549	7.0
Morinaga Business Partner Shareholding Association	3,195	6.3
Custody Bank of Japan, Ltd. (Trust account)	1,884	3.7
MUFG Bank, Ltd.	1,704	3.3
Mizuho Bank, Ltd.	1,289	2.5
Meiji Yasuda Life Insurance Company	1,246	2.4
SSBTC CLIENT OMNIBUS ACCOUNT	1,059	2.1
JP MORGAN CHASE BANK 380055	913	1.8
JP MORGAN CHASE BANK 385632	781	1.5
Custody Bank of Japan, Ltd. (Trust account 5)	724	1.4

* The Company holds 3,866,566 shares of treasury stock but is excluded from the list of major shareholders above. The holding ratio is calculated after excluding treasury stock.

Distribution of Shares by Owner



Editing Policy

The Morinaga Group has started a new long-term business plan, 2030 Business Plan, in aiming to continuously enhance its corporate value based on the new corporate philosophy in the fiscal year ending March 31, 2022. This integrated report is designed with the goals of disseminating, and promoting understanding of our vision of the future achieved through the Group's new corporate philosophy as well as our value creation strategy towards that goal in the short-, medium-, and long-term to audiences inside and outside of Japan. We hope this report will deepen our dialogue and mutual understanding with the shareholders and ensure our course of action towards value creation. This report aims to present the Company's critical issues in achieving its new corporate philosophy from both financial and non-financial aspects, as well as initiatives to address these issues in an easy-to-understand manner referencing the International Integrated Reporting Framework. For more detailed information, please refer to our corporate website*.

* Morinaga Group Corporate Profile
<https://www.morinaga.co.jp/company/english/>

Reference guidelines

"International Integrated Reporting Framework" of the International Integrated Reporting Council (IIRC)

Period covered by the Report

FY2021/3 (April 1, 2020 through March 31, 2021)

Information outside of this period may also be reported in case it is appropriate to illustrate past information or recent case studies.

Scope of reporting

This report is relevant to the Morinaga Group*. However, if the information for the entire group is not fully available, the scope of coverage is stated in the report.

* In principle, Morinaga & Co., Ltd. and its consolidated subsidiaries (as of March 31, 2021) are referred to as the Morinaga Group or the Group.