



Delicious, Fun, and Healthy



森永製菓株式会社

NEWS RELEASE

July 16, 2024

Notice Regarding the Construction of the Second Factory (U.S. Second Factory) of Morinaga America Foods, Inc.

Morinaga & Co., Ltd. (TYO 2201) today announced that the Company has decided to construct the second factory at Morinaga America Foods, Inc. to strengthen the production system for HI-CHEW in the United States.

1. Objectives

The Morinaga Group is advancing the 2030 Business Plan, a long-term business plan toward 2030, in order to achieve medium- to long-term growth and enhance its corporate value while contributing to the realization a sustainable society under its corporate philosophy. In the 2024 Medium-Term Business Plan (FY2024 to FY2026), which was announced in May this year, the Company established the key message “Establishing a trajectory for dramatic growth,” positioning the medium-term plan as the second stage for reinforcing a path for the achievement of the 2030 Business Plan. At the same time, the Company also raised its overseas sales target for 2030 substantially in light of the significant growth in the U.S. business during the period of the 2021 Medium-Term Business Plan (FY2021 to FY2023). To accelerate its global strategy centered on HI-CHEW, especially in the U.S., the Company will concentrate its management resources.

In the U.S., due to a variety of sales initiatives and measures to increase brand recognition, HI-CHEW has been growing significantly since FY2018 with a year-on-year growth of over 20% each year, and the net sales of the U.S. business in FY2023 reached the approximately 19-billion-yen level. While the non-chocolate candy market in the U.S. is forecasted to continue growing, the Company aims to achieve growth for HI-CHEW that outpaces the market. The resolution this time was passed as the Company determined that stable provision of products through the expansion of its production sites would be necessary to further advance sales efforts, marketing activities, and development of attractive products.

Morinaga America Foods, Inc. began its operation in 2015 and plays a role as the production site of HI-CHEW in the U.S. By constructing the second factory of Morinaga America Foods on its premises and establishing a new manufacturing line for HI-CHEW, the Company will strengthen its supply system and increase production efficiency.

*1 The market for gummies, soft candy, hard candy, tablet candy, caramels and other candies

2. Overview of the Second Factory of Morinaga America Foods, Inc.

- | | | |
|-----------------------|---|------------------------|
| (1) Location | Mebane, Orange County, North Carolina, U.S. | |
| (2) Scale of factory | Reinforced steel construction, a total floor area of 12,322 m ² | |
| (3) Investment amount | Approximately 136 million U.S. dollars (building, manufacturing facilities, etc.)
(approximately 19.6 billion yen) | |
| (4) Construction plan | Start of construction | October 2024 (planned) |
| | Completion | June 2026 (planned) |
| | Start of operation | January 2027 (planned) |



▲ Conceptual image of completed U.S. Second Factory



▲ Mainstay product of Morinaga America Foods, Inc. HI-CHEW Original Mix

[Reference]

■ History of the United States Business of the Morinaga Group

- | | |
|------|--|
| 2008 | Morinaga America, Inc. is established
Strengthening of the HI-CHEW sales system in the U.S. |
| 2009 | Launch of HI-CHEW at Japanese retailers in the U.S. |
| 2013 | Morinaga America Foods, Inc. is established |
| 2014 | Accelerated popularity of HI-CHEW due to progress in its introduction to the U.S. retailing and popularity among major leaguers |
| 2015 | HI-CHEW production begins at Morinaga America Foods, Inc. |
| 2020 | Morinaga becomes the first Japanese manufacturer to win Nielsen Design Impact Award 2020 (for HI-CHEW Original Mix sold by Morinaga America, Inc.) |
| 2022 | United States Business achieves net sales of ¥10 billion |
| 2024 | Morinaga announces the construction of U.S. Second Factory |