



Company name: MEGMILK SNOW BRAND Co., Ltd.

Representative: Keiji Nishio, Representative Director and President
(Stock code: 2270, TSE 1st Section/SSE)

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General Manager

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January 29, 2021

Notice on Bean Stalk Snow Co., Ltd. Becoming a Wholly Owned Subsidiary

Megmilk Snow Brand ("the Company") announces that it concluded a share transfer agreement with Otsuka Pharmaceutical Co., Ltd. (headquartered in Chiyoda-ku, Tokyo; President, Makoto Inoue; hereinafter "Otsuka Pharmaceutical") on January 29, 2021, agreeing that the Company will acquire additional shares in Bean Stalk Snow Co., Ltd. (headquartered in Shinjuku-ku, Tokyo; President, Akihiko Uchida; hereinafter "BSS") to make it a wholly owned subsidiary. Details are as follows.

Details

1. Purpose of making BSS wholly owned consolidated subsidiary

In the Group Long-Term Vision and Group Medium-Term Management Plan, the Company states that it will create a new growth opportunity and develop the nutrition business into a highly profitable business and will enhance the Group's value chain and promote the use of internal resources. BSS primarily manufactures and sells powdered milk for infants and childcare products. It has been a consolidated subsidiary since its foundation. Although the domestic market for BSS's childcare product business is expected to shrink, it is the core of the nutrition business. The Company has thus decided to make BSS a wholly owned subsidiary to help BSS's business to grow and expand.

After BSS becomes a wholly owned subsidiary, Otsuka Pharmaceutical will continue to provide the Bean Stalk brand to BSS. The Company, BSS and Otsuka Pharmaceutical will provide their expertise and management resources to each other to offer products that customers can consume more safely.

2. Profile of BSS

(1) Business name: Bean Stalk Snow Co., Ltd.

(2) Address: 1-1, Naebocho 6-chome, Higashi-ku, Sapporo City (registered)
5-1, Yotsuya-Honshio-cho, Shinjuku-ku

- (3) Representative: President and Representative Director, Akihiko Uchida
- (4) Business: Research and development of childcare products, including powdered milk for childcare and baby food, and functional food.
- (5) Capital: 500 million yen
- (6) Established: August 7, 2002

3. Details of additional share acquisition

- (1) The Company will acquire 600 shares in BSS that are held by Otsuka Pharmaceutical.
- (2) After the acquisition described in (1), shareholding at BSS will become as stated below.

	Before BSS becomes a wholly owned subsidiary	After BSS becomes a wholly owned subsidiary
The Company	2,400 shares (80.0%)	3,000 shares (100.0%)
Otsuka Pharmaceutical Co., Ltd.	600 shares (20.0%)	0 shares (0.0%)
Total	3,000 shares	3,000 shares

4. Date of share transfer

April 1, 2021 (plan)

5. Impact on business performance

BSS has been a consolidated subsidiary of the Company since its foundation, and the effect of the share acquisition on the Company's consolidated results will be minor.

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