

May 13, 2021

Notice Regarding Conversion of Elovi Vietnam Joint Stock Company, a Vietnamese Company, to a Consolidated Subsidiary

Morinaga Milk Industry Co., Ltd. (hereinafter, “the Company”) hereby announces that it acquired a portion of the shares of a Vietnamese manufacturer of dairy products, Elovi Vietnam Joint Stock Company (headquartered in Thai Nguyen, Vietnam; hereinafter, “Elovi”), and converted the same to a consolidated subsidiary effective March 31, 2021.

Going forward, the Company plans to acquire 100% of the shares of Elovi in May to June 2021, and make it a fully owned subsidiary.

1. Purpose and background

With a population of around 97,620,000 (as of 2020), Vietnam has of the countries with the highest growth potentials over the years leading up to 2050, having recorded economic growth of approximately 7% in 2019 and approximately 3% in 2020. To date, the Company’s business targeting the Vietnamese market has been developed around export sales of infant and toddler milk.

As part of its initiatives in expanding business in the Vietnamese market, the Company acquired a portion of the shares of Elovi in January 2021 and plans to make it a wholly owned subsidiary in May to June.

Elovi is engaged in local manufacture of beverage and yogurt products, has high production capacity, and possesses strengths in distribution notably to what are called general trade stores, or private stores that account for 70% to 80% of the overall Vietnamese retail market. In the past three years, Elovi has achieved high annual average growth of over 20% on average every year.

By making Elovi a Group company, the Company seeks to strengthen its business in the Vietnamese market through enhancement of product line-up to include, in addition to existing products, products with greater health and nutrition promoting benefits leveraging by the Company’s technical capabilities, and development of new sales channels.

Under the Morinaga Milk Group 10-year Vision, an element of which is to be “a global company that exerts a unique presence worldwide,” the Company is working toward its goal of achieving overseas sales ratio of at least 15% by the fiscal year ending March 31, 2029, and will push forward in expanding its overseas business, including strengthening of its activities in Vietnam.

2. Overview of the company that was made a consolidated subsidiary

(1) Corporate name	Elovi Vietnam Joint Stock Company
(2) Address	Nam Pho Yen Industrial Park, Thuan Thanh Commune, Pho Yen District, Thai Nguyen Province, Vietnam
(3) Title and name of representative	Nguyen The Ngoc, General Director
(4) Business	Production and sale of beverage and yogurt products
(5) Capital	VND200.0 billion (approx. JPY0.9 billion) *1 VND = 0.0047 JPY
(6) Founded	May 10, 2002
(7) Established	June 11, 2007
(8) Net Sales (FYE December 2020)	VND608.7 billion (approx. JPY 2.9 billion) *1 VND = 0.0047 JPY
(9) Number of employees	446 (as of May 1, 2021)

3. Acquisition of shares (Morinaga Milk Group)

Acquisition of 51% of shares: January 2021

Acquisition of 100% of shares: May to June 2021 (scheduled)

4. Effect on financial results

The effect of the investment on financial results of the fiscal year ending March 31, 2022 is immaterial.

5. Contact information

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<https://www.morinagamilk.co.jp/english/>

<http://www.elovi.com.vn/en/> (Elovi Vietnam Joint Stock Company Website)