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Notice Concerning the Improvement of Production System in Kansai Region

MEGMILK SNOW BRAND Co., Ltd. (the "Company") announces that at its Board of Directors meeting held today it resolved to make a strategic capital investment in the "Improvement of Production System in Kansai Region" (the "Investment Plan") in order to promote the business strategy under the "Megmilk Snow Brand Group Medium-term Management Plan 2025 (FY2023-FY2025)" (announced on May 15, 2023; the "Group Medium-term Management Plan 2025"). The details are as below.

Details

1. Purpose of the Investment Plan

In the Group Medium-term Management Plan 2025, the Company has set "Grow of Beverages and Desserts Business by expanding milk and milk-based products" as one of the strategic issues, and it is working to gain the resilience of the Beverages and Desserts Business. Through these efforts, it will strengthen the profit platform and realize the "evolution of the production system" in order to transform the business structure into one that drives growth.

As part of this initiative, the Company has decided to terminate production at the Kobe Plant and concentrate management resources into the Kyoto Plant Ikegami Branch Plant to build an efficient production system in the Kansai region and consolidate production functions for chilled milk and milk beverages. By doing so, it will create value and increase demand for milk, thereby contributing to the strengthening of the foundation of domestic dairy farming production and its sustainable development.

2. Overview of capital investment

Currently, the Kansai region has three production plants (Kyoto Plant, Kyoto Plant Ikegami

Branch Plant, and Kobe Plant). The existing vacant space at the Kyoto Plant's Ikegami Branch Plant will be used to consolidate the Kobe Plant's milk and milk beverages production functions. Overview of the Investment Plan including investment amount and schedule is as follows.

Overview of the Investment Plan

Item	Details
Plant	Kyoto Plant Ikegami Branch Plant (Nantan City, Kyoto Prefecture)
Investment amount	Approx. 2.4 billion yen
Details of capital investment	Consolidation of milk and milk beverages production functions in the Kansai region
Scheduled start of construction	April 2025
Scheduled commencement of operations	March 2026

3. Discontinuation of production of Kobe Plant

Production at the Kobe Plant will be terminated due to the consolidation of production functions in the Kansai region. For the time being, the Kobe Plant will be used as a distribution center for the Company's chilled and other products.

Overview of the Kobe Plant

Item	Details
Location	824-1 Junna, Ikawadani-cho, Nishi-ku, Kobe-shi, Hyogo
Site area	38,949 m ²
Year of commencement of operations	1964
Number of employees (*)	106
Main production items	Milk, milk beverages
End of production (scheduled)	The target is during the first half of FY2026.

*Number of employees as of April 1, 2024

4. Earnings forecasts

The impact of the decision of the Investment Plan on the consolidated earnings forecast for the current fiscal year is minor.

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