



September 6, 2024

Name of Company: Meiji Holdings Co., Ltd.

Name of Representative: Kazuo Kawamura, CEO, President and Representative Director

Code Number: 2269, Prime Market, Tokyo Stock Exchange

## **Notice concerning New Plant Construction in Kanagawa and the Reorganization of Our Production Structure**

Meiji Holdings Co., Ltd. has decided today that its business subsidiary Meiji Co., Ltd., (hereinafter, “Meiji”) will build a new plant in Atsugi, Kanagawa. With the construction of this new plant, Meiji will also reorganize the production sites.

### **1. Purposes of the Plan**

We decided to build a new plant in Atsugi, Kanagawa Prefecture and implement reforms to its production structure. The purposes of the plan are as follows:

- Increase its profitability by optimizing production capacity, particularly for yogurt in Japan, to reduce fixed costs and increase production efficiency
- Transform the dairy business in Japan into a sustainable business model

The dairy business faces various issues, including responding to the diversifying needs of customers, labor shortages in production and logistics, and food loss. The new Kanagawa Plant will adopt new production technology to extend use-by dates. We will also optimize its demand and supply system. From an environmental perspective, the new plant will use renewable energy, including highly energy-efficient heat pumps and solar panels. These upgrades will promote the realization of a carbon-free smart factory that enables the facility to achieve zero CO<sub>2</sub> emissions.

Through these initiatives, the dairy business will shift to more people- and environment-friendly business. We aim to increase profitability and convert its initiatives related to extending use-by dates and environmental load reduction into added value. We believe this will simultaneously contribute to realizing business growth and sustainability activities.

### **2. Overview of the Reorganization of Our Production Structure**

- Construct a new Kanagawa Plant and cease production at the current Kanagawa Plant, the Tohoku Plant, and the Toda Plant
- Products currently produced at the three plants where we will cease production (plain yogurt, drinking yogurt, *Meiji Oishii Gyunyu*, and *SAVAS Milk Protein*) will be transferred to the new Kanagawa Plant and other existing plants, etc.

### 3. Overview of New Plant

Plant name	To be decided
Plant location	Sakai District, Atsugi City, Kanagawa Prefecture
Total space	99,999 m <sup>2</sup> *Plant building area: 17,271 m <sup>2</sup>
Investment amounts	Approximately JPY 40 billion
Method of financing	Funds on hand and borrowings
Main Products	Plain yogurt, drinking yogurt, etc.
Annual production value	Approximately JPY 35 billion (estimated)

### 4. New Plant Concept and Initiatives

#### (1) Concept

Smart Factory for Transforming into a Sustainable Dairy Business

#### (2) Initiatives

##### 1) Sustainability

- Optimize production and logistics, advance technology that promotes the extension of use-by dates, which will lead to reducing food loss
- Achieve zero CO<sub>2</sub> emissions<sup>\*1</sup> by establishing the Japanese beverage industry's first<sup>\*2</sup> all-electric production system
- Water half (reduce water use by half compared to use at existing plants<sup>\*3</sup>)
- Reduce volume of plastic used (promote shift to paper containers, reduce the weight of PET bottles, use recycled resins)

##### 2) Increase added value

- Design production lines compatible with high-mix production that responds to diversifying needs and is capable of creating future added value
- Challenge to develop and produce products in new domains and with new shapes

##### 3) Increase productivity

- Production division: Upgrade to high-performance production equipment, shift to unmanned material feeds
- Logistics division: Greatly reduce labor in chilled spaces by adopting automated warehousing and unmanned conveyor units
- Back-office divisions: Optimize workflow by adopting remote monitoring systems, etc.

\*1: Scope 1 and 2 emissions from production processes \*2: Meiji research \*3: By basic sales unit

### 5. Overview of the current Kanagawa Plant, the Tohoku Plant, and the Toda Plant

#### The current Kanagawa Plant

Plant location	1-8-1 Shimomachiya, Chigasaki-shi, Kanagawa Prefecture
Start of operations	In 1963
Production goods	Yogurt

### The Tohoku Plant

Plant location	3-1 Matsusakadaira, Taiwa-cho, Kurokawa-gun, Miyagi Prefecture
Start of operations	In 2000
Production goods	Drinking milk, milk-based drinks, yogurt

### The Toda Plant

Plant location	1-2-26 Kawagishi, Toda-shi, Saitama Prefecture
Start of operations	In 1954
Production goods	Yogurt, milk-based drinks, cream for the commercial market, etc.

## **6. Schedule**

May 2025	Start construction of a new Kanagawa Plant
November 2025	Cease operations at the Tohoku Plant
March 2027	Start production at a new Kanagawa plant and cease operations at the current Kanagawa Plant
July 2027	Cease operations at the Toda Plant

## **7. Future Prospects**

The impact of this investment on consolidated financial results forecasts for the fiscal year ending March 31, 2025, is expected to be minor. For the impact for the fiscal year ending March 31, 2026, and beyond, we will closely examine the situation and disclose the impact as soon as it is recognized.

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