

July 28, 2017

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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Notice Concerning Capital Investments in the Isobunnai Plant of the Company

MEGMILK SNOW BRAND Co., Ltd. (the "Company") hereby announces that at the Board of Directors meeting held today, it resolved to make capital investments in its Isobunnai Plant (located in Hokkaido), a manufacturing base for domestic dairy products, as described below.

1. Purpose of the capital investment

(1) The positioning of the capital investment in the medium- and long-term management plans

The Company will enhance its production structure in Hokkaido and reinforce the competitive base of its business through the stable production of domestic dairy products, based on the Megmilk Snow Brand Group Long-term Vision 2026 and the Megmilk Snow Brand Group Medium-term Management Plan 2019, which were announced on May 11, 2017.

(2) Current status of the facilities and the need for capital investment

- 1) The Isobunnai Plant, which commenced operations in 1960, is the Company's main plant for manufacturing butter, fresh cream and powdered skim milk.
- 2) The building which exists now is small and becoming severely dilapidated. Due to its considerable operational constraints, the Company needs to renew the building and equipment, in order to maintain and strengthen its production functions in the future.
- 3) Through this capital investment, the Company will make changes to the building layout and the setting of the facility's production capacity to introduce various functions to the new manufacturing lines in the future. At the same time, the Company will enhance productivity through the utilization of labor-saving and automated facilities.

2. Outline of the capital investment

Item	Description
Details of the capital investment	(1) Construction of a new building for the production of butter, etc. (including administrative and employee-welfare facilities, and facilities for receiving raw milk). (2) Construction of a new building and other facilities for utilities (including boilers, power receiving and distributing facilities, freezers, and irrigation and wastewater treatment facilities).
Investment amount	Approximately 20.0 billion yen
Total floor area (after investment)	Approximately 29,000 m ² (including new construction area of approximately 23,000 m ²)
Products to be manufactured at the new building	Butter, fresh cream and concentrated skim milk
Raw milk processing capacity	210,000 t/year
Scheduled commencement of operations	Second half of FY2020

3. Results forecast

The impact of this capital investment on the operating results of the current fiscal year will be minimal.

[Appendix]

Outline of the Isobunnai Plant of MEGMILK SNOW BRAND Co., Ltd.

Item	Description
Location	1-3 Sen-higashi, 15 Kumaushigenya, Shibeche-cho, Kawakami-gun, Hokkaido
Site area	58,832 m ²
Commencement of operations	1960
Number of employees	89
Products	Butter, fresh cream, powdered skim milk and concentrated skim milk

* Number of employees is as of June 2017.