September 29, 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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Purchase of Australian Cheese Manufacturing Company

The MEGMILK SNOW BRAND Group (the "Group") hereby announces that it acquired 90% of the shares of Udder Delights Australia Pty Ltd ("UDA"), an Australian cheese manufacturing company, on September 29, 2017.

1. Overview

The Group acquired 90% of the shares of UDA from Udder Delights Group Pty Ltd, which established UDA by spinning off its cheese manufacturing and sales business.

Acquisition price: AUD 14,000,400 (approximately JPY 1,239 million*)

*AUD 1 = JPY 88.47 (exchange rate as of Sept. 29, 2017)

[Purchase scheme]

(1) Udder Delights Group Pty Ltd established a new company, UDA, and transferred its cheese manufacturing and sales business to the new company.

(2) The Group acquired 90% of the shares of UDA.
Within the 90% stake, 45% was acquired by MEGMILK SNOW BRAND Co., Ltd. (the "Company") and the remaining 45% by Snow Brand Australia Pty. Ltd., the Company's consolidated subsidiary.
Acquisition price paid by the Company: AUD 7,000,200
Acquisition price paid by Snow Brand Australia: AUD 7,000,200

2. Background and purpose

(1) The Company is pursuing market expansion through borderless development of cheese as one of the themes of the Group Medium-term Management Plan 2019 (released on May 11, 2017).

(2) Currently, the Group's cheese manufacturing bases are in Japan, Indonesia and Australia. The Group sells cheese in all three countries.

(3) UDA is based outside Adelaide in the state of South Australia. It manufactures and sells mould natural cheese, mainly white mould cheese.
We will further strengthen the foundation of our mould cheese business in Australia by bringing UDA into the Group. We will also pursue product development as well as marketing-strategy synergies with Snow Brand Australia Pty. Ltd.

3. Outline of acquired company (UDA)

(1) Name	Udder Delights Australia Pty Ltd
(2) Location	Unit 15, 1 Adelaide Road, Lobethal, South Australia
(3) Name and title of representative	Mr. Saul John Carlton Sullivan Managing Director
(4) Business description	Manufacture and sale of white mold and blue mold cheese
(5) Capital	AUD 3,365,838
(6) Date of establishment	August 9, 2017
(7) Net assets	AUD 3,365,838
(8) Total assets	AUD 3,365,838
(9) Shareholder composition	MEGMILK SNOW BRAND Co., Ltd. 45% Snow Brand Australia Pty. Ltd. 45% Sullivan Enterprises (SA) Pty Ltd 10%

4. Description of business transferred to UDA by Udder Delights Group Pty Ltd

(1) Business description	Manufacture and sale of white mould and blue mould cheese in Australia 1) Manufacture and sale of white mould (Camembert and Brie) and blue mould cheese 2) Manufacture and sale of goat milk cheese 3) Manufacture and sale of organic cheese		
(2) Number of employees	47		
(3) Operating results of the business	FY2014	FY2015	FY2016
Net sales	AUD 3,266 thousand	AUD 4,746 thousand	AUD 6,567 thousand
Operating profit	AUD 510 thousand	AUD 960 thousand	AUD 1,277 thousand

5. Outline of company that sold the shares (Udder Delights Group Pty Ltd)

(1) Name	Udder Delights Group Pty Ltd
(2) Location	Unit 15, 1 Adelaide Road, Lobethal, South Australia
(3) Name of representative	Mr. Saul John Carlton Sullivan Director, CEO
(4) Business description	Manufacture and sale of white mould and blue mould cheese, retail store sales
(5) Capital (as of June 30, 2017)	AUD 1,658 thousand
(6) Date of establishment	1999
(7) Shareholder composition	Mr. Saul John Carlton Sullivan 50% Trevor Allan Dunford 50%

6. Impact on operating results

The impact of this acquisition on the consolidated operating results for the fiscal year ending March 31, 2018 will be immaterial.

<For reference>

・ Cheese Division, Snow Brand Australia Pty. Ltd. website URL: http://unicorncheese.com.au/

・ UDA website URL: http://udderdelights.com.au/