



May 26, 2023

To whom it may concern:

Company	WELLNEO SUGAR Co., Ltd.
Name of Representative	Koji Yamamoto, President and Representative Director (Code No. 2117 TSE Prime Market)
Contact	Akira Okubo, Director and Senior Managing Executive Officer (TEL. 03-3668-1246)

## **Announcement of Decision on a Basic Plan for a Merger with Two Consolidated Subsidiaries**

WELLNEO SUGAR Co., Ltd. (hereinafter, “WELLNEO”) hereby announces that its Board of Directors has approved a basic plan for implementing an absorption-type merger (hereinafter, “the Merger”) with its wholly owned subsidiaries Nissin Sugar Co., Ltd. (“Nissin Sugar”) and ITOCHU Sugar Co., Ltd. (“ITOCHU Sugar”) on October 1, 2024 (provisional), with WELLNEO as the surviving company, and resolved to begin the necessary procedures for the Merger.

As this is an absorption-type merger of wholly owned subsidiaries of WELLNEO, certain details have been omitted from this disclosure.

### **1. Purpose of the Merger**

Since shifting to a new management structure on January 1, 2023 in which WELLNEO became a holding company, the WELLNEO Group has mobilized the business resources and knowhow of Nissin Sugar and ITOCHU Sugar and held discussions on future business strategies in the Sugar business, which is centered on the sugar manufacturing business of the two subsidiaries, and the Food & Wellness business, which is a new growth domain.

WELLNEO, Nissin Sugar and ITOCHU Sugar are looking to strengthen their operating foundation in an increasingly uncertain business environment and decided to execute the Merger to expedite decision-making based on proper group governance, quickly realize synergies, improve profitability through enhancement of business efficiency, and promote aggressive investment of resources in growth fields, with the aim of further increasing corporate value.

## 2. Outline of the Merger

### (1) Schedule

Board of Directors meeting to decide on a basic plan for the Merger	May 26, 2023 (today)
Board of Directors meeting for approval of the merger agreement	To be determined
Signing of the merger agreement	To be determined
Scheduled effective date of the Merger	October 1, 2024 (planned)

Note: Because the Merger qualifies as a simplified merger for WELLNEO as defined in Article 796, Paragraph 2 of the Companies Act and as a short-form merger for Nissin Sugar and ITOCHU Sugar as defined in Article 784, Paragraph 1 of the Companies Act, the Merger will be implemented without obtaining the approval of each company's general meeting of shareholders.

### (2) Merger Method

The Merger will be an absorption-type merger in which Nissin Sugar and ITOCHU Sugar, the absorbed companies, will be merged into WELLNEO, the surviving company.

### (3) Details of Allotments Related to the Merger

No shares or money will be allotted as a result of the Merger.

### (4) Handling of Stock Acquisition Rights and Bonds with Stock Acquisition Rights

Not applicable.

## 3. Outline of Participants in the Merger (As of March 31, 2023)

### Surviving company

(1) Company name	WELLNEO SUGAR Co., Ltd.	
(2) Address	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo	
(3) Names and titles of representatives	Yoichi Higuchi, Chairman and Representative Director Koji Yamamoto, President and Representative Director	
(4) Business	Business relating to group management and administration, etc.	
(5) Paid-in capital	7,000 million yen	
(6) Date of establishment	October 3, 2011	
(7) Number of issued shares	35,053,483	
(8) Fiscal year end	March 31	
(9) Major shareholders and percentage of shares held	ITOCHU Corporation	37.8%
	Sumitomo Corporation	25.3%
	The Master Trust Bank of Japan, Ltd. (Trust account)	3.3%
	Sumitomo Mitsui Financial Group, Inc.	2.3%
	Bull-Dog Sauce Co., Ltd.	1.2%

(10) Financial position and operating results for the most recent fiscal year (Year ended March 31, 2023; Consolidated; IFRS)	
Equity attributable to owners of parent	68,264 million yen
Total assets	93,572 million yen
Equity attributable to owners of parent per share	2,083.71 yen
Revenue	58,347 million yen
Operating profit	1,606 million yen
Profit before tax	1,804 million yen
Profit attributable to owners of parent	1,062 million yen
Basic earnings per share	43.26 yen

#### Company to be absorbed

(1) Company name	Nissin Sugar Co., Ltd.
(2) Address	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo
(3) Names and titles of representatives	Yoichi Higuchi, Chairman and CEO Akira Okubo, President and COO
(4) Business	Manufacture and sale of sugar and other food products, mainly sugar; operation of fitness clubs; refrigerated warehousing and port transportation operations; sale of synthetic resins, etc.
(5) Paid-in capital	100 million yen
(6) Date of establishment	October 3, 2022
(7) Number of issued shares	100
(8) Fiscal year end	March 31
(9) Major shareholders and percentage of shares held	WELLNEO SUGAR Co., Ltd. 100.0%
(10) Financial position and operating results for the most recent fiscal year (Year ended March 31, 2023; Non-consolidated; Japanese GAAP)	
Net assets	29,531 million yen
Total assets	34,339 million yen
Net assets per share	295,315,765.81 yen
Net sales	10,238 million yen
Operating income	92 million yen
Ordinary income	130 million yen
Net profit	52 million yen
Earnings per share	525,180.49 yen

Note: The above figures of the financial position and operating results of Nissin Sugar Co., Ltd. in the year ended March 31, 2023 are prior to receiving approval of the general meeting of shareholders of Nissin Sugar.

#### Company to be absorbed

(1) Company name	ITOCHU Sugar Co., Ltd.
(2) Address	3 Tamatsuura-machi, Hekinan, Aichi
(3) Name and title of representative	Koji Yamamoto, President and Representative Director

(4)	Business	Manufacture, processing and sale of sugar and saccharides and their by-products, and any and all other businesses incidental thereto
(5)	Paid-in capital	2,000 million yen
(6)	Date of establishment	November 2, 1972
(7)	Number of issued shares	4,000,000
(8)	Fiscal year end	March 31
(9)	Major shareholders and percentage of shares held	WELLNEO SUGAR Co., Ltd. 100.0%
(10)	Financial position and operating results for the most recent fiscal year (Year ended March 31, 2023; Non-consolidated; Japanese GAAP)	
	Net assets	7,708 million yen
	Total assets	18,342 million yen
	Net assets per share	1,927.01 yen
	Net sales	26,320 million yen
	Operating income	1,620 million yen
	Ordinary income	7,282 million yen
	Net profit	6,738 million yen
	Earnings per share	1,684.56 yen

Note: The above figures of the financial position and operating results of ITOCHU Sugar Co., Ltd. in the year ended March 31, 2023 are prior to receiving approval of the general meeting of shareholders of ITOCHU Sugar.

#### 4. Status Following the Merger

In connection with the Merger, WELLNEO plans to change the business purpose in its Articles of Incorporation upon making the transition to an operating company. No other changes will be made to WELLNEO's company name, address, paid-in capital, or fiscal year end as a result of the Merger.

#### 5. Future Outlook

Since this is a merger of wholly owned subsidiaries of WELLNEO, it will have no material impact on WELLNEO's consolidated financial results.

#### For reference: Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2024 (As announced on May 12, 2023)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of parent
Forecast for the current fiscal year (ending March 31, 2024)	90,000	5,100	6,800	5,000
Results for the previous fiscal year (ended March 31, 2023)	58,347	1,606	1,804	1,062

(Millions of yen)

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