



June 10, 2022

To whom it may concern:

Company Name	Nissin Sugar Co., Ltd.	
Representative	Chairman and CEO	Yoichi Higuchi (Code No. 2117 TSE Prime Market)
Inquiries	Senior Managing Executive Officer	Hiroyuki Iizuka (TEL.03-3668-1246)

Company Name	Itochu Sugar Co., Ltd.	
Representative	President and Representative Director	Kouji Yamamoto
Inquiries	Managing Executive Officer	Naruto Ito (TEL.0566-46-0627)

Notice Regarding Execution of Basic Agreement Concerning Business Integration of Nissin Sugar Co., Ltd. and Itochu Sugar Co., Ltd.

Nissin Sugar Co., Ltd. (Head Office: 14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo, Chairman and CEO: Yoichi Higuchi; "Nissin Sugar") and Itochu Sugar Co., Ltd. (Head Office: 3 Tamatsuura-machi, Hekinan, Aichi, President and Representative Director: Kouji Yamamoto; "Itochu Sugar") hereby announce that both companies have resolved at their respective board of directors' meetings held today to execute a basic agreement concerning the business integration of Nissin Sugar and Itochu Sugar (the "Business Integration").

1. Purpose of Business Integration

As major players in the Japanese sugar industry, Nissin Sugar and Itochu Sugar have been providing a stable supply of sugar, which is a daily necessity, for many years with a focus on quality and safety. Both companies have contributed to the revitalization of agriculture, environmental conservation and development of local economies by developing together with local raw material producers and sugar suppliers through raw sugar manufacturing business using sugarcane from Okinawa and Kagoshima and procurement of domestic sugar (beet sugar and cane sugar). In addition, by developing and commercializing functional materials that contribute to the health of consumers and providing new added value, both companies have contributed to the formation of healthy lifestyles and rich food culture.

On the other hand, in the environment surrounding the Japanese sugar industry, there is a growing need to respond flexibly to changes in the business environment, further strengthen the business base, and improve management efficiency, considering increasing uncertainties such as population decline, the rise of sugar substitutes due to increasing preference of low sweetness and low calorie, intensifying competition due to economic partnership agreements with other countries, and recent sharp rises in raw material prices.

In such an environment, the Business Integration aims to further solidify the stable sugar supply system, achieve sustainable growth, and enhance corporate value through the integrated use of manufacturing

technologies, quality and cost management, and a wide range of management resources and know-how from raw material procurement to logistics and sales, that both companies have developed over many years.

2. Objectives of the Business Integration

In accordance with the "spirit of equality," through the Business Integration, Nissin Sugar and Itochu Sugar will promote and deepen efficient group management by optimizing the business systems and human resources, streamlining production bases, and consolidating distribution networks and procurement of raw materials and materials, through consolidating and reallocating the management resources and know-how that both companies have cultivated to date. In addition, both companies will actively engage in research and development of highly unique new materials and development of new products to address future growth and focus areas that go beyond "sugar." By strengthening their business portfolio and building a strong revenue base through these initiatives, both companies aim to achieve further growth and make a leap forward in the rapidly changing business environment as a corporate group that can contribute to the realization of rich lifestyles in terms of both "food" and "health."

Based on the above, both companies have determined that it is in the best interests of all stakeholders involved, including raw material producers, customers, local communities, shareholders and employees to develop the sugar industry in Japan and to enhance the corporate value of both companies by maximizing synergies through strengthening the competitiveness and business portfolio of both companies by the Business Integration.

3. Overview of Business Integration (Share Exchange and Company Split)

(1) Currently Contemplated Structure of Business Integration

The structure of Business Integration currently contemplated is as follows. However, such structure is subject to change in accordance with the progress of the future discussions.

Nissin Sugar and Itochu Sugar will conduct a share exchange in which Nissin Sugar will become the wholly-owning parent company in the share exchange and Itochu Sugar will become the wholly-owned subsidiary in the share exchange (the "Share Exchange"). Further, Nissin Sugar will simultaneously conduct a company split with a company that succeeds the business of Nissin Sugar (a wholly-owned subsidiary of Nissin Sugar; the "Succeeding Company"), thereby having such Succeeding Company succeed the rights and obligations pertaining to the business of Nissin Sugar, while Nissin Sugar itself becomes a holding company engaging in the management of businesses and assets of the group (the "Holding Company") and change its trade name. Following the Business Integration, the Succeeding Company will change its trade name to "Nissin Sugar Co., Ltd." However, the Holding Company plans to continue to be listed on the TSE Prime Market under Nissin Sugar's current stock code (2117).

The name, location of the head office, name of representative, board composition and other basic matters of the Holding Company as well as the ratio of the Share Exchange will be determined through discussions between Nissin Sugar and Itochu Sugar in the future. In addition, Nissin Sugar and Itochu Sugar plan to establish an "Integration Committee" comprised of members selected by each company, in order to consider the details of the Business Integration.

(2) Schedule

Early September 2022 (Scheduled)	Execution of definitive agreement concerning Business Integration
November 2022 (Scheduled)	Extraordinary general meeting of shareholders of Nissin Sugar and Itochu Sugar
January 1, 2023 (Scheduled)	Effective date of Business Integration

4. Overview of the Parties (as of March 31, 2022; except where specifically indicated)

(1) Company Name	Nissin Sugar Co., Ltd.	Itochu Sugar Co., Ltd.												
(2) Address	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo	3 Tamatsuura-machi, Hekinan, Aichi												
(3) Name and title of representative	Yoichi Higuchi Chairman and CEO	Kouji Yamamoto Representative Director and President (As of June 10, 2022)												
(4) Business	Manufacture and sale of sugar and other food products, mainly sugar; operation of fitness clubs; refrigerated warehousing and harbor transportation; sale of synthetic resins, etc.	Manufacture, processing, and sale of sugar and saccharides and their by-products, and any and all other businesses incidental thereto.												
(5) Paid-in capital	JPY 7,000 million	JPY 2,000 million												
(6) Date established	October 3, 2011	November 2, 1972												
(7) Number of issued shares	22,673,883	4,000,000												
(8) Fiscal year-end	March 31	March 31												
(9) Number of employees	503 (consolidated)	152 (consolidated)												
(10) Major shareholders and shareholding ratio	<table border="0"> <tr> <td>Sumitomo Corporation</td> <td>37.55%</td> </tr> <tr> <td>CGML PB CLIENT ACCOUNT/COL LATERAL (standing agent: Citibank, N.A., Tokyo Branch)</td> <td>5.26%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd.</td> <td>5.20%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (trust account)</td> <td>4.25%</td> </tr> <tr> <td>Sumitomo Mitsui Banking Corporation</td> <td>3.35%</td> </tr> </table>	Sumitomo Corporation	37.55%	CGML PB CLIENT ACCOUNT/COL LATERAL (standing agent: Citibank, N.A., Tokyo Branch)	5.26%	The Master Trust Bank of Japan, Ltd.	5.20%	Custody Bank of Japan, Ltd. (trust account)	4.25%	Sumitomo Mitsui Banking Corporation	3.35%	<table border="0"> <tr> <td>ITOCHU Corporation</td> <td>100%</td> </tr> </table>	ITOCHU Corporation	100%
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(11) Relationship between the parties	<table border="1"> <tr> <td>Capital relationship</td> <td>Not applicable</td> </tr> <tr> <td>Personal relationship</td> <td>Not applicable</td> </tr> <tr> <td>Business relationship</td> <td>Not applicable</td> </tr> <tr> <td>Status as a related party</td> <td>Not applicable</td> </tr> </table>		Capital relationship	Not applicable	Personal relationship	Not applicable	Business relationship	Not applicable	Status as a related party	Not applicable				
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* Shareholding ratio is calculated excluding treasury stock.

(12) Operating results and financial conditions for the past three years (Unit: JPY 1 million, except as indicated otherwise.)

Nissin Sugar Co., Ltd. (consolidated)

Fiscal year ended	March 2020	March 2021	March 2022
Total equity attributable to owners of parent	48,039	48,543	48,904
Total assets	60,798	61,316	61,134
Equity attributable to owners of parent per share (JPY)	2,175.84	2,197.84	2,213.29
Revenue	47,809	43,767	46,062
Profit before tax	3,168	2,430	2,414
Profit attributable to owners of parent	2,173	1,132	1,715
Basic earnings per share (JPY)	98.43	51.29	77.63
Dividends per share (JPY)	66	66	67

Itochu Sugar Co., Ltd. (consolidated)

Fiscal year ended	March 2020	March 2021	March 2022
Consolidated net assets	16,613	16,674	15,968
Consolidated total assets	23,773	24,631	23,528
Consolidated net assets per share (JPY)	4,153.37	4,168.40	3,992.17
Consolidated sales	31,906	30,041	30,992
Consolidated operating income	3,514	3,014	1,762
Consolidated ordinary income	3,685	3,201	2,022
Net income attributable to owner of parent	2,573	2,262	1,636
Consolidated net income per share (JPY)	643.22	565.39	409.02
Dividends per share (JPY)	640.00	575.75	440.25

5. Future Outlook

The impact of the Business Integration on the financial forecasts of both Nissin Sugar and Itochu Sugar for the fiscal year ending March 2023 will be examined in the future as discussions progress.

Any matters requiring disclosure as discussions concerning the Business Integration progress will be promptly announced.

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