



November 8, 2022

To whom it may concern:

Company Name	Nissin Sugar Co., Ltd.	
Name of Representative	Chairman and CEO	Yoichi Higuchi
	(Code No. 2117 TSE Prime Market)	
Contact	Senior Managing Executive Officer	Hiroyuki Iizuka
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Notice Regarding Execution of Absorption-type Company Split Agreement and Change in Specified Subsidiary in connection with Transition to Holding Company Structure upon Business Integration with ITOCHU Sugar Co., Ltd.

Further to the announcement of the resolution to execute a business integration agreement and a share exchange agreement (the share exchange pursuant to the said share exchange agreement, the “Share Exchange”) with ITOCHU Sugar Co., Ltd. (Head Office: 3 Tamatsuura-machi, Hekinan, Aichi, President and Representative Director: Koji Yamamoto; “ITOCHU Sugar”) and to make a transition to a holding company structure by means of an absorption-type company split of the Company (the “Absorption-type Company Split”) in the “Notice Regarding Execution of Share Exchange Agreement with ITOCHU Sugar Co., Ltd., Transition to Holding Company Structure by Absorption-type Company Split, and Change in Other Related Companies, Major Shareholders and Largest Shareholder as a Major Shareholder” dated September 29, 2022, Nissin Sugar Co., Ltd. (the “Company”) hereby announces that the Company has resolved at its board of directors’ meeting held today to execute an absorption-type company split agreement (the “Absorption-type Company Split Agreement) with its wholly-owned subsidiary, Nissin Sugar Split Preparation Co., Ltd. (the company established on October 3, 2022 as a wholly-owned subsidiary of the Company, whose trade name is scheduled to be changed to “Nissin Sugar Co., Ltd.” subject to the entry into force of the Share Exchange and the Absorption-type Company Split; the “Successor Preparatory Company”) to transfer to the Successor Preparatory Company all of the Company’s businesses except for those relating to group management and administration, etc. (the “Succeeded Businesses”). The Absorption-type Company Split is scheduled to be implemented as part of a series of transactions for the business integration between the Company and ITOCHU Sugar (the “Business Integration”), with the effective date set for January 1, 2023, after obtaining approval at an extraordinary general meeting of shareholders of the Company scheduled to be held on December 6, 2022 (the “Extraordinary Shareholders’ Meeting”). For details of the Business Integration, please see “Notice Regarding Execution of Definitive Agreement Concerning Business Integration of Nissin Sugar Co., Ltd. and ITOCHU Sugar Co., Ltd. as well as Execution of Capital and Business Alliance Agreement of Sumitomo Corporation, ITOCHU Corporation and Nissin Sugar Co., Ltd.” dated September 29, 2022. The Company has also decided today to submit to the Extraordinary Shareholders’ Meeting a proposal for partial amendment to its Articles of Incorporation (the “Amendment to the Articles of Incorporation”), including changing its trade name to “WELLNEO SUGAR Co., Ltd.” and changing its business

purpose to one that is suitable for a holding company subject to the entry into force of the Share Exchange and the Absorption-type Company Split. For details of the Amendment to the Articles of Incorporation, please see “Notice Regarding Determination of Schedule for Extraordinary General Meeting of Shareholders and Matters to Be Submitted to Extraordinary General Meeting of Shareholders Including Partial Amendment to Articles of Incorporation as well as Change in Trade Name” released today.

In addition, as a result of the Absorption-type Company Split, the said subsidiary will fall under the category of a specified subsidiary (the “Change in Specified Subsidiary”), as described below.

I. Absorption-type Company Split

1. Objectives of Absorption-type Company Split

The Absorption-type Company Split is scheduled to be implemented as part of a series of transactions for the Business Integration. For the objectives of the Business Integration, please see “1. Context and Objectives of Business Integration and Capital and Business Alliance” in the “Notice Regarding Execution of Definitive Agreement Concerning Business Integration of Nissin Sugar Co., Ltd. and ITOCHU Sugar Co., Ltd. as well as Execution of Capital and Business Alliance Agreement of Sumitomo Corporation, ITOCHU Corporation and Nissin Sugar Co., Ltd.” dated September 29, 2022.

2. Outline of Absorption-type Company Split

(1) Schedule of Absorption-type Company Split

June 10, 2022	Commencement of discussions concerning the Business Integration (Company and ITOCHU Sugar)
September 29, 2022	Board of directors’ meeting for approval of transition to a holding company structure by means of an absorption-type company split (Company)
October 3, 2022	Establishment of the Successor Preparatory Company (Company)
October 12, 2022	Public notice of the record date for the Extraordinary Shareholders’ Meeting (Company)
October 27, 2022	Record date for the Extraordinary Shareholders’ Meeting (Company)
November 8, 2022	Board of directors’ meeting for approval of execution of the Absorption-type Company Split Agreement (Company)
	Execution of the Absorption-type Company Split Agreement (Company and Successor Preparatory Company)
December 6, 2022 (scheduled)	Extraordinary general meeting of shareholders for approval of the Absorption-type Company Split Agreement (Company)
January 1, 2023 (scheduled)	Effective date of the Absorption-type Company Split (Company and Successor Preparatory Company)

(Note 1) The schedule above is a plan at present. If a change to the above schedule would be made due to a notification to relevant authorities including the Japan Fair Trade Commission, an acquisition of a permission from relevant authorities or other reasons in proceeding with the Business Integration, such change will promptly be announced.

(Note 2) As the Absorption-type Company Split constitutes a short-form company split as stipulated in Article 796, Paragraph 1 of the Companies Act, it will be implemented without obtaining approval for the Absorption-type Company Split Agreement at the general meeting of shareholders of the Successor Preparatory Company.

(2) Method of Absorption-type Company Split

The Absorption-type Company Split will be implemented by means of an absorption-type company split wherein the Company will be the splitting company and the Successor Preparatory Company, a wholly-owned subsidiary of the Company, will be the succeeding company.

The Absorption-type Company Split is scheduled to be implemented after the Absorption-type Company Split Agreement is approved at the Extraordinary Shareholders' Meeting. The implementation of the Absorption-type Company Split is subject to the entry into force of the Share Exchange.

(3) Details of Allotment in Absorption-type Company Split

Since the Absorption-type Company Split will take place between the wholly-owning parent company and the wholly-owned subsidiary, no shares will be allotted and no other consideration will be delivered upon the Absorption-type Company Split.

(4) Treatment of Subscription Rights to Shares and Bonds with Subscription Rights to Shares under Absorption-type Company Split

The Company has not issued any subscription rights to shares or bonds with subscription rights to shares.

(5) Amount of Decrease of Paid-in Capital due to Absorption-type Company Split

There will be no decrease in the paid-in capital of the Company as a result of the Absorption-type Company Split.

(6) Rights and Obligations to be Succeeded to by Succeeding Company

The Successor Preparatory Company will succeed to certain assets, liabilities, contracts, and other rights and obligations (including contractual status) held by the Company in relation to the Succeeded Businesses that are specified in the Absorption-type Company Split Agreement.

(7) Prospect of Performance of Obligations

It has been determined that there are no problems concerning the prospect of performance of the Successor Preparatory Company's obligations after the Absorption-type Company Split.

3. Overview of Parties to Absorption-type Company Split (As of March 31, 2022 for the splitting company and as of November 8, 2022 for the succeeding company, except as indicated otherwise.)

	Splitting Company	Succeeding Company
(1) Company name	Nissin Sugar Co., Ltd.	Nissin Sugar Split Preparation Co., Ltd.
(2) Address	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo
(3) Name and title of representative	Yoichi Higuchi Chairman and CEO	Akira Okubo President and Representative Director
(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 and sale of sugar and other food products, mainly sugar; operation of fitness clubs; refrigerated warehousing and harbor transportation; sale of synthetic resins, etc.

(5)	Paid-in capital	JPY 7,000 million	JPY 100 million											
(6)	Date established	October 3, 2011	October 3, 2022											
(7)	Number of issued shares	22,673,883	100											
(8)	Fiscal year-end	March 31	March 31											
(9)	Number of employees	503 (consolidated)	N/A											
(10)	Major business partners	Sumitomo Corporation, SC Foods Co., Ltd.	N/A											
(11)	Major banks	Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd.	N/A											
(12)	Major shareholders and shareholding ratio	<table border="0"> <tr> <td>Sumitomo Corporation</td> <td>37.55%</td> <td rowspan="5">Nissin Sugar Co., Ltd.</td> <td rowspan="5">100%</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%	Nissin Sugar Co., Ltd.	100%	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%
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Sumitomo Mitsui Banking Corporation	3.35%													
(13)	Relationship between the parties													
	Capital relationship	The splitting company holds all of the issued shares of the succeeding company.												
	Personal relationship	An officer of the splitting company concurrently serves as the representative director of the succeeding company.												
	Business relationship	There is no business relationship between the splitting company and the succeeding company because the succeeding company has not commenced any actual business.												
	Status as a related party	The splitting company will become the wholly-owning parent company of the succeeding company.												
(14)	Operating Results and Financial Conditions for the Past Three Years (Unit: JPY 1 million, except as indicated otherwise.)													
Fiscal year ended	Nissin Sugar Co., Ltd. (consolidated)			Nissin Sugar Split Preparation Co., Ltd. (non-consolidated)										
	March 2020	March 2021	March 2022	As of October 3, 2022										
Equity attributable to owners of the parent	48,039	48,543	48,904	100										
Total assets	60,798	61,316	61,134	100										
Equity attributable to owners of the parent per share (JPY)	2,175.84	2,197.84	2,213.29	1,000,000.00										
Revenue	47,809	43,767	46,062	-										
Profit before tax	3,168	2,430	2,414	-										
Profit attributable to owners of the parent	2,173	1,132	1,715	-										
Basic earnings per share (JPY)	98.43	51.29	77.63	-										
Dividend per share (JPY)	66	66	67	-										

(Note 1) Shareholding ratio is calculated excluding treasury stock.

(Note 2) The Company plans to change its trade name to “WELLNEO SUGAR Co., Ltd.” subject to the entry into force of the Share Exchange and the Absorption-type Company Split.

(Note 3) The Successor Preparatory Company plans to change its trade name to “Nissin Sugar Co., Ltd.” subject to the entry into force of the Share Exchange and the Absorption-type Company Split.

(Note 4) As the Successor Preparatory Company was established on October 3, 2022 and has no previous fiscal year, only the items on the balance sheet as of the date of its establishment are provided above.

4. Overview of Splitting Business

(1) Details of Business of Divisions to be Split Off

All of the Company’s businesses except for those relating to group management and administration, etc.

(2) Operating Results of Divisions to be Split Off (Fiscal year ended March 2022)

	Results of Businesses to be Split Off (a)	Non-consolidated results of the Company (b)	Ratio (a/b)
Sales	JPY 39,398 million	JPY 39,439 million	99.90%
Gross profit	JPY 7,319 million	JPY 7,322 million	99.95%

(3) Items and Book Values of the Assets and Liabilities to be Split Off or Succeeded to (Fiscal year ended March 2022)

Assets		Liabilities	
Items	Book values	Items	Book values
Current assets	JPY 17,579million	Current liabilities	JPY 3,301million
Fixed assets	JPY 20,090million	Fixed liabilities	JPY 576million
Total	JPY 37,670million	Total	JPY 3,877million

(Note) The above amounts are calculated based on the balance sheet as of March 31, 2022. Therefore, the actual amounts to be succeeded to will be calculated by adding or subtracting the amount of increase or decrease up to the effective date of the Absorption-type Company Split to the above amounts.

5. Status after Absorption-type Company Split

	Splitting Company	Succeeding Company
(1) Company name	WELLNEO SUGAR Co., Ltd. (The trade name is scheduled to be changed from “Nissin Sugar Co., Ltd.” as of January 1, 2023)	Nissin Sugar Co., Ltd. (The trade name is scheduled to be changed from “Nissin Sugar Split Preparation Co., Ltd.” as of January 1, 2023)
(2) Address	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo	14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo
(3) Name and title of representative	Yoichi Higuchi Chairman and Representative Director Koji Yamamoto President and Representative Director	Yoichi Higuchi Chairman and CEO Akira Okubo President and COO
(4) Business	Businesses relating to group management and administration, etc.	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.
(5) Paid-in capital	JPY 7,000 million	JPY 100 million

(6) Fiscal year-end	March 31	March 31
(7) Net assets	To be determined	JPY 33,892million
(8) Total assets	To be determined	JPY 37,770million

(Note) Matters that have not been determined at present will be announced promptly after they are determined.

6. Overview of Accounting Treatment

For the Absorption-type Company Split, accounting treatment equivalent to a transaction under common control under the Accounting Standards for Business Combinations will be applied, and therefore no goodwill (or gain from negative goodwill) is expected to be recognized.

7. Future Outlook

Since the Successor Preparatory Company, which is the succeeding company, is a wholly-owned subsidiary of the Company, the impact of the Absorption-type Company Split on the consolidated financial performance of the Company, which is the splitting company, will be minor. For the future outlook of the Company, notices will be made as soon as the same is known.

II. Change in Specified Subsidiary

1. Reasons for Change in Specified Subsidiary

The reason for the change is that, after the entry into force of the Absorption-type Company Split, the amount of net assets of the Successor Preparatory Company is expected to be equivalent to 30% or more of the amount of net assets of the Company, and therefore, the Successor Preparatory Company will likely fall under a specified subsidiary of the Company.

2. Date of Change in Specified Subsidiary

January 1, 2023 (scheduled)

3. Overview of Specified Subsidiary Subject to Change

Please see I. 3. “Overview of Parties to Absorption-type Company Split (As of March 31, 2022 for the splitting company and as of November 8, 2022 for the succeeding company, except as indicated otherwise.)” above for an overview of the Successor Preparatory Company.

End