

WELLNEO SUGAR Co., Ltd.

Financial Results for FY3/25 Medium-Term Management Plan Briefing

May 28, 2025 | Securities Code 2117

Agenda

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- (2) FY3/26 Financial forecasts

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- (4) Priority strategy (ii): Strengthen Sugar's foundation
- (5) Priority strategy (iii): Promotion of human capital management
- (6) Priority strategy (iv): Promotion of sustainability management

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- (2) Cash allocation
- (3) Shareholder returns

01



Financial Results for FY3/25 and Forecast for FY3/26

(1) FY3/25 Financial results -Summary-

- Change of reportable segment from the fiscal year ended March 31, 2025
- Increase in profit in the Sugar segment due to the reflection of selling prices against rising costs, procurement of raw materials under favorable conditions, etc.
- Food & Wellness segment recorded an impairment loss of 589 million yen in the fitness business, which had a negative impact on earnings

	FY3/25	FY3/24	Change YoY		FY3/25 Forecast	Change vs forecast	
			Amount	Change		Amount	Change
(Unit: million yen)							
Revenue	97,069	92,192	4,877	5.3%	95,000	2,069	2.2%
■ Sugar	83,800	79,088	4,711	6.0%	82,000	1,800	2.2%
■ Food & Wellness	13,269	13,103	165	1.3%	13,000	269	2.1%
Operating profit	8,024	5,802	2,221	38.3%	7,000	1,024	14.6%
■ Sugar	9,323	6,157	3,165	51.4%	7,900	1,423	18.0%
■ Food & Wellness	-16	630	-647	-	500	-516	-
■ Corporate expenses	-1,282	-985	-297	30.1%	-1,400	117	-8.4%
Profit before tax	8,377	7,627	749	9.8%	7,100	1,277	18.0%
Profit	5,565	5,524	41	0.7%	5,000	565	11.3%
Profit attributable to owners of parent	5,565	5,524	41	0.7%	5,000	565	11.3%

(1) FY3/25 Financial results -Key points-

- A moderate economic recovery trend was maintained due to improved employment and income conditions, increased inbound demand, and other factors
- Affected by unstable international conditions and exchange rate fluctuations
- Provisional accounting treatment was adopted for the new consolidation of Toyo Sugar Refining

Food & Wellness



Food Science Business

- “Okinawa Amami Kibi Oligo” continued to enjoy strong shipments due to TV commercials and other factors, Installation of "Cup Oligo" production equipment at Mihama Bio-Plant
- Tsukioka Film Pharma saw an increase in orders, but profit declined due to a decrease in profitable products.

Fitness Business

- Strengthen children's school business in general merchandising stores
- Concentrate management resources in focused stores and continue to improve business efficiency
- Impairment loss on goodwill and fixed assets

Sugar



Refined Sugar business

- Reflection of cost increases in actual selling prices
- The procurement of raw materials under favorable conditions contributed to the profit increase
- Launching a “40th Anniversary Promotion for Kibi Zato” to strengthen the product appeal and sales power of high value-added products

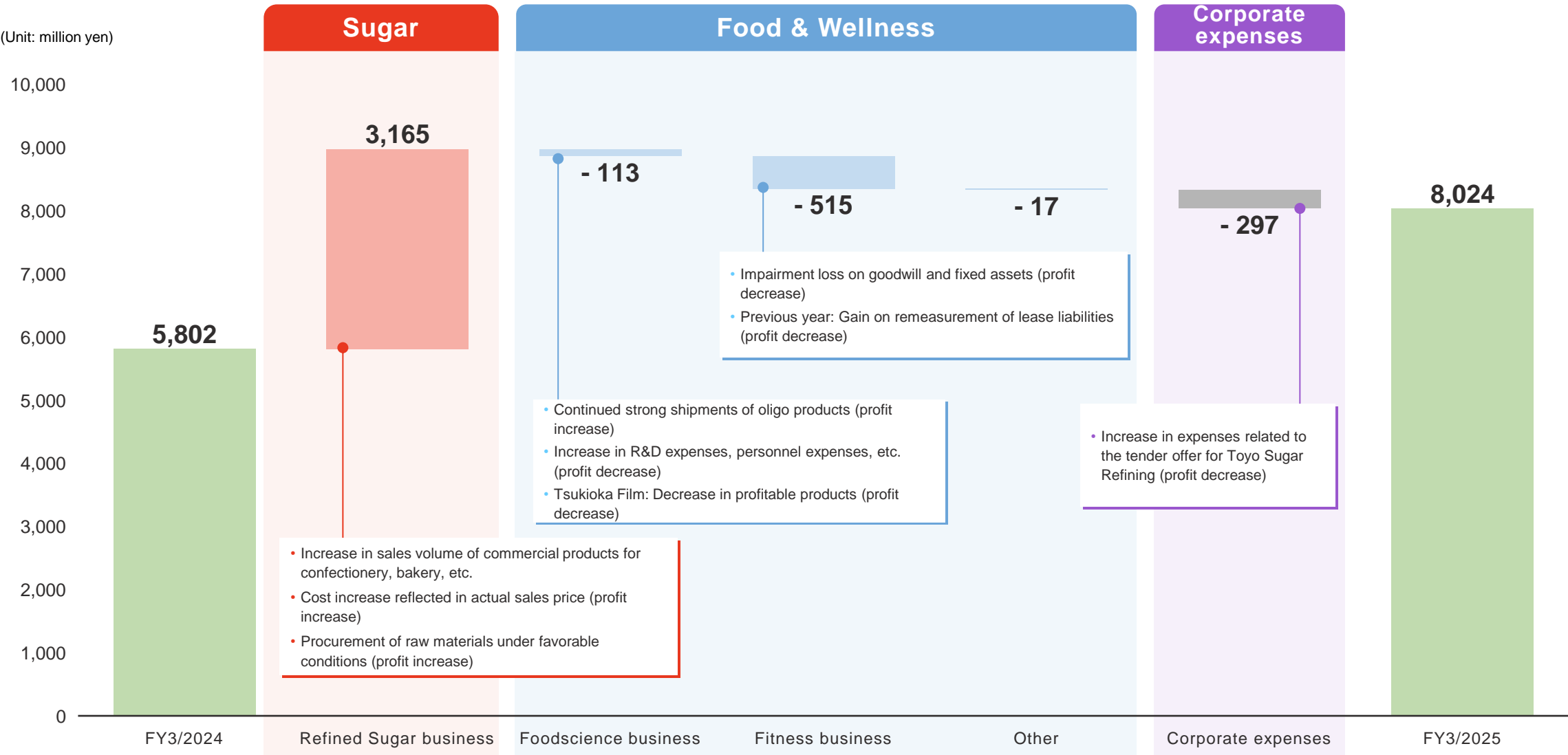
Corporate expenses



- Increase in TOB-related expenses for Toyo Sugar Refining

(1) FY3/25 Financial results

-Analysis of factors affecting the financial results
(Reasons for increase/decrease in operating profit)-



(1) FY3/25 Financial results -Statements of cash flows-

Overview of the financial results for FY3/25

- Operating cash flow was 8,927 million yen in income: Income before income taxes (8,377 million yen), etc.
- Investment cash flow was 8,977 million yen in expenditures: Acquisition of fixed assets (2,820 million yen) , purchase of shares of Toyo Sugar Refining (6,259 million yen), etc.
- Financing cash flow was 2,986 million yen in income: Net increase in short-term borrowings (7,810 million yen) , dividend payments (3,337 million yen), etc.

	(Unit: million yen)	FY3/25	FY3/24
Cash flows from operating activities		8,927	6,662
Cash flows from investing activities		-8,977	-822
Cash flows from financing activities		2,986	-4,593
Net increase (decrease) in cash and cash equivalents		2,935	1,246
Cash and cash equivalents at beginning of year		12,509	11,263
Cash and cash equivalents at end of year		15,445	12,509

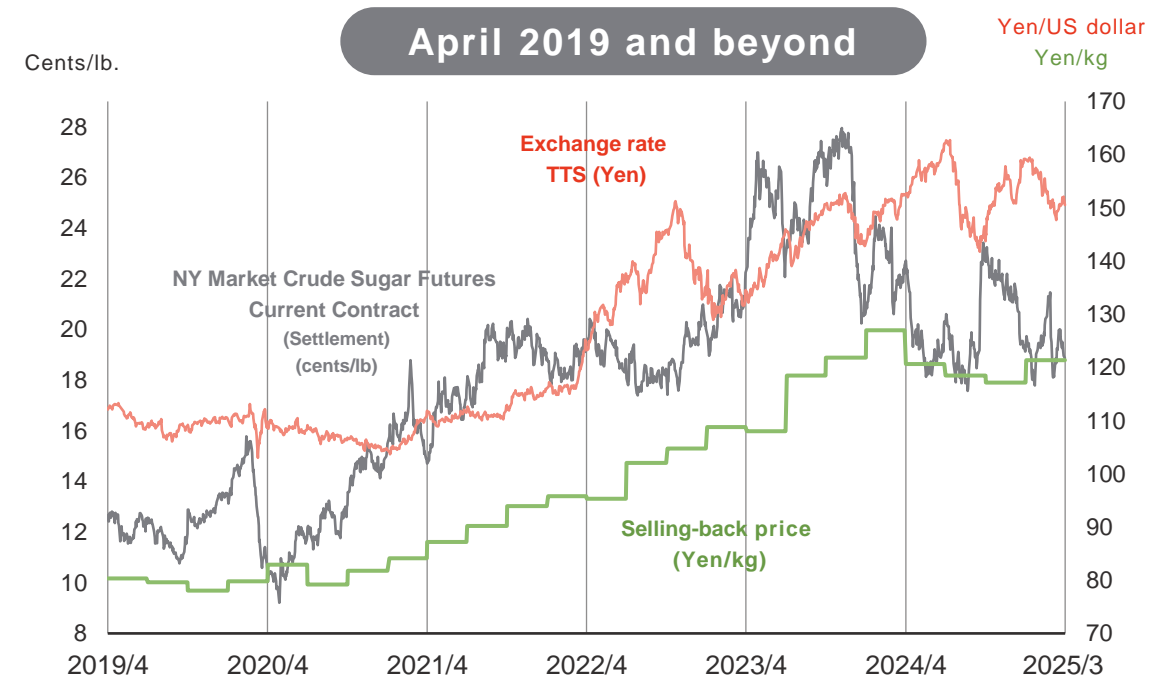
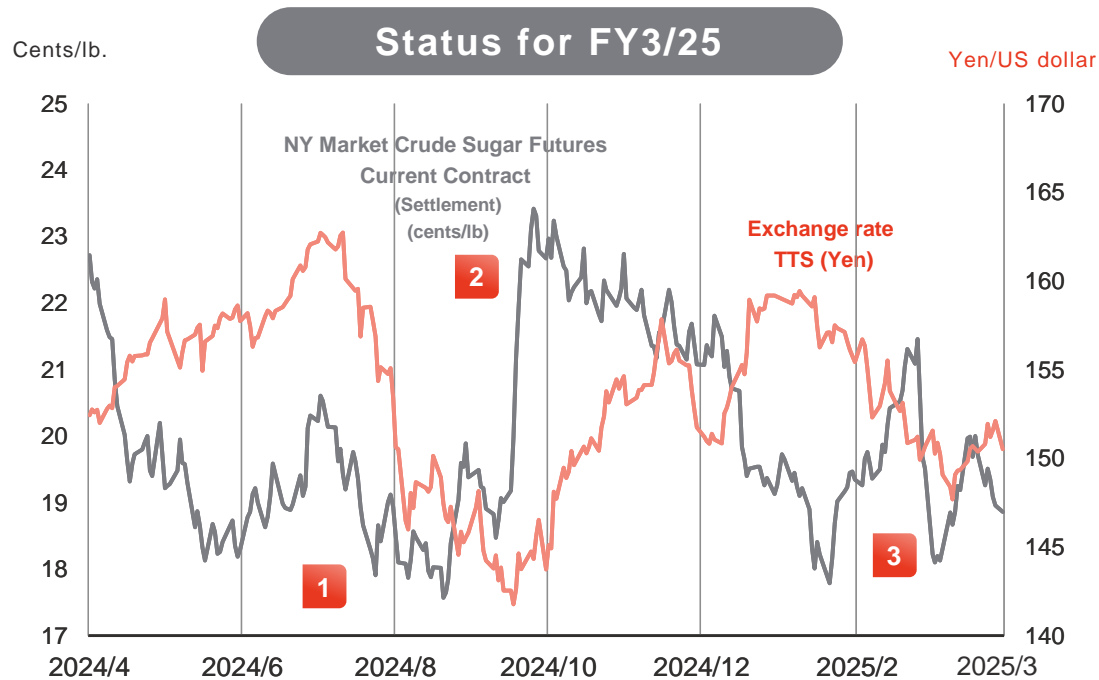
1) FY3/25 Financial results -Statements of financial position-

Summary of changes from the end of the previous fiscal year

- Assets and liabilities increased due to the new consolidation of Toyo Sugar Refining
*[Reference: FY3/2025 (Japanese GAAP)] Total assets: 13,256 million yen, total liabilities: 2,388 million yen
- Current assets: Inventories increased due to an increase in raw material inventories, etc.
- Non-current assets: Fixed assets increased due to the renewal of facilities
- Current liabilities: Short-term borrowings increased
- Equity: Net income 5,565 million yen, dividends paid -3,342 million yen, noncontrolling interests 1,470 million yen






(Unit: million yen)	End of FY3/25	End of FY3/24	Increase / decrease
Current assets	47,051	37,927	9,124
Non-current assets	63,301	57,990	5,310
Total assets	110,352	95,918	14,434
Current liabilities	32,009	20,847	11,161
Non-current Liabilities	3,979	3,962	17
Equity	74,363	71,107	3,255
Total liabilities and equity	110,352	95,918	14,434

- 1 The price of NY Market Crude Sugar Futures current Contract started at around mid-22 cents per pound in April 2024 and fell to its lowest level of around mid-17 cents per pound in late August due to increased production forecasts in major producing countries
- 2 Due to concerns over reduced production caused by drought in Brazil, the world's largest sugar producer, prices surged to a record high of over 23 cents in the latter half of September
- 3 After October, the yen weakened against the dollar and continued to soften, falling to the upper 17 cent level. Although it rebounded due to concerns about tight inventories in major producing countries, it ended the period at the upper 18 cent level



(2) FY3/26 Forecast -Summary-

- Profit and loss of Toyo Sugar Refining to be consolidated from the fiscal year ending March 31, 2026
 *[Reference: FY3/2025 (Japanese GAAP)] revenue: 18,414 million yen, operating profit: 1,336 million yen, ordinary profit: 536 million yen (including equity method investment loss of 540 million yen), profit attributable to owners of the parent: 243 million yen
- In the Sugar segment, despite efforts to reflect cost increases in selling prices, income decreased due to higher raw material costs and other factors
- Increase in the Food & Wellness segment due to impairment loss recorded in the previous period
- Company-wide expenses decreased due to the recording of TOB-related expenses in the previous fiscal year

(Unit: million yen)	FY3/2026	FY3/2025	Change from previous year	
			Amount	Change
Revenue	114,000	97,069	16,930	17.4%
 Sugar	98,500	83,800	14,699	17.5%
 Food & Wellness	15,500	13,269	2,230	16.8%
Operating profit	8,500	8,024	475	5.9%
 Sugar	8,800	9,323	-523	-5.6%
 Food & Wellness	700	-16	716	-
 Corporate expenses	-1,000	-1,282	282	-
Profit before tax	8,500	8,377	122	1.5%
Profit	5,900	5,565	334	6.0%
Profit attributable to owners of parent	5,900	5,565	334	6.0%

(2) FY3/26 Forecast -Key points-

- Sustained pickup in consumption and gradual economic recovery are expected
- Amid concerns over the US administration's tariff policy, unstable international conditions, and declining consumer sentiment due to rising prices, the situation is expected to remain uncertain

Food & Wellness



Food Science Business

- “Okinawa Amami Kibi Oligo” was relaunched last year
Sales expansion of "Cup Oligo" with an increased production system established at Mihama Bio-Plant
- Investment in production facilities for Cyclodextran and establishment of the supply system
- Expanded handling of sweetener materials and food additives through collaboration with Tsuruya Chemical Industries and efforts with Metagen
- Business expanded with the addition of functional materials from Toyo Sugar Refining

Fitness Business

- Fitness membership is recovering, but the situation is challenging
- Continue to strengthen the children's school business at our general merchandise stores and continue to focus on profitability

Sugar



Refined Sugar Business

- Reflection of cost increases in actual selling prices
- Strive to procure raw materials under favorable conditions
- Early synergy effects with Toyo Sugar Refining
- Strengthen the product appeal and sales power of value-added products such as “Kibi Zato”

Corporate Expenses

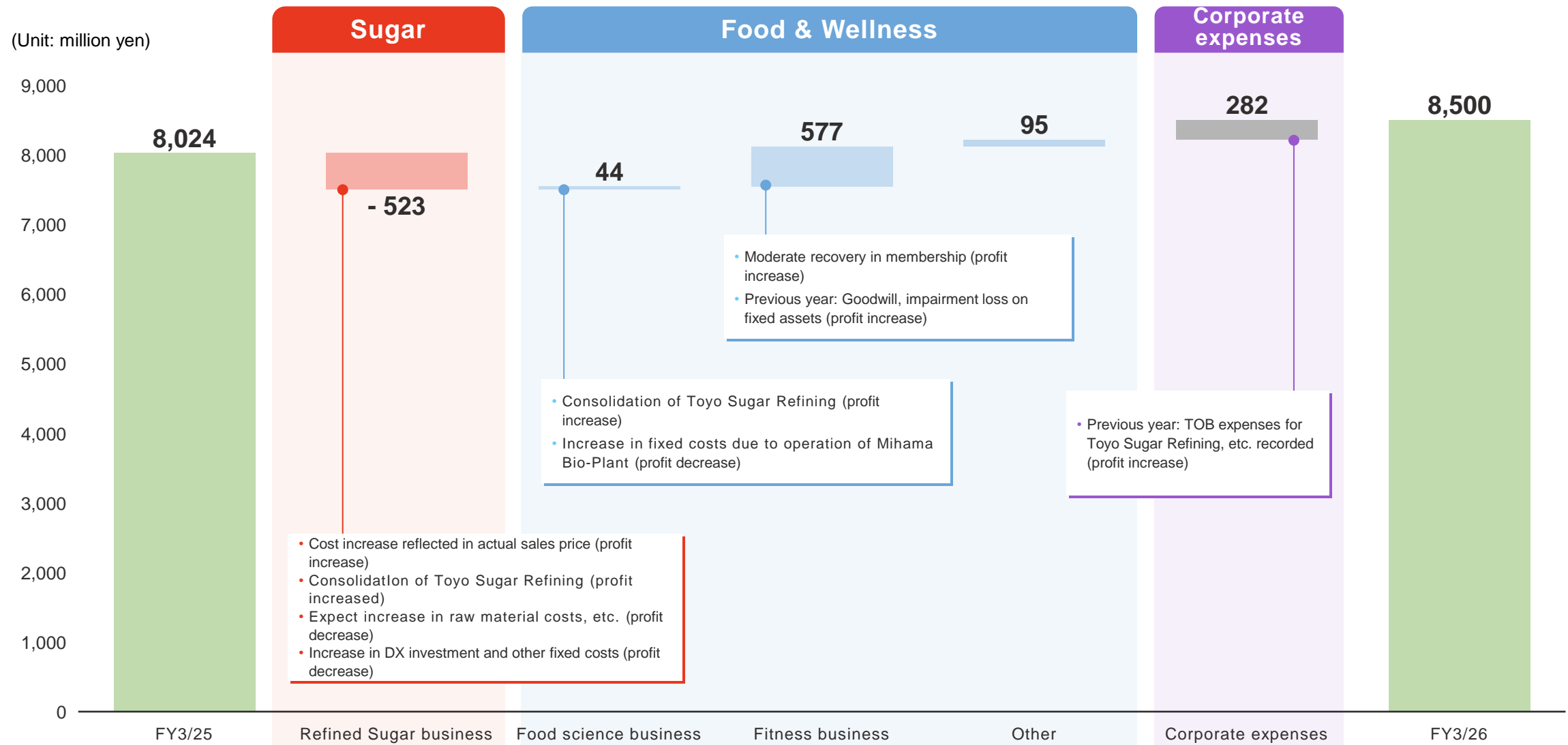


- In the previous year, TOB-related expenses for Toyo Sugar Refining were recorded

(2) FY3/26 Forecast

-Analysis of factors affecting the forecast
(Reasons for increase/decrease in operating profit)-

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02



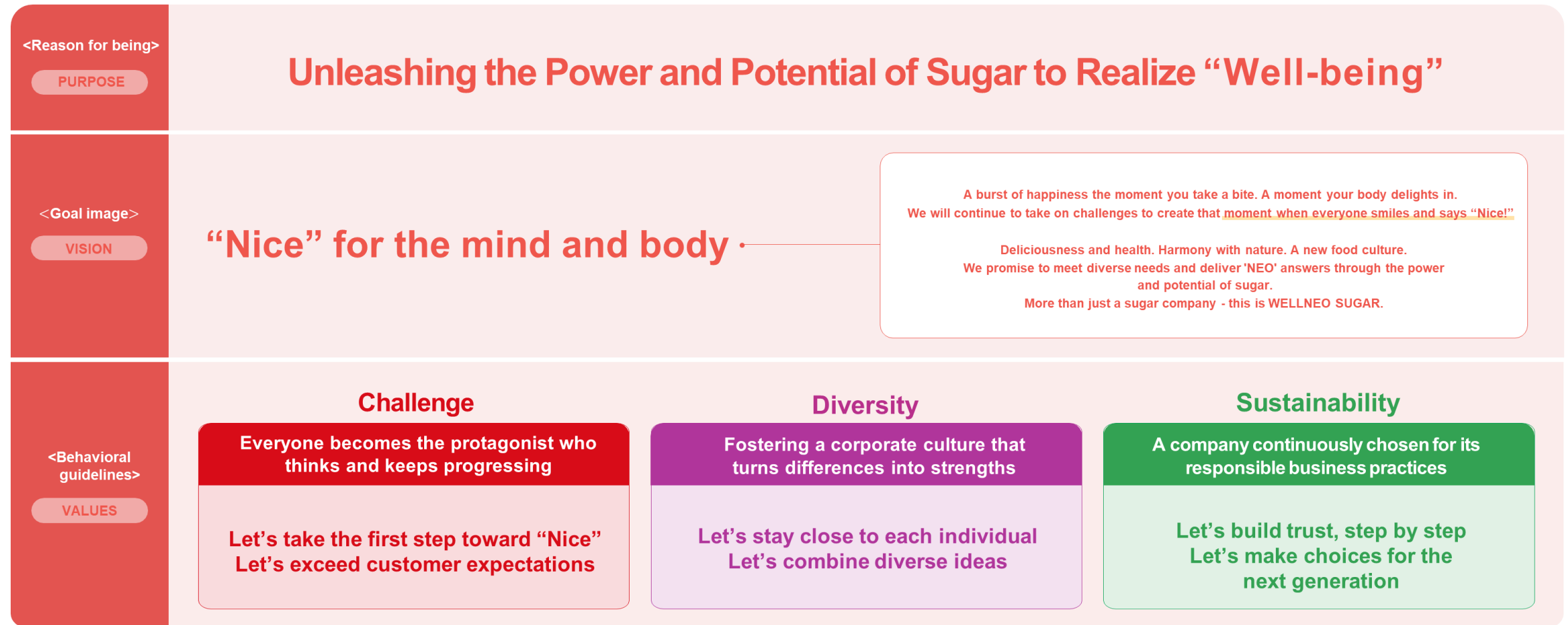
Progress of Medium-term Management Plan WELLNEO Vision 2027

(1) Management philosophy

WELLNEO SUGAR Co., Ltd.

- Created a new Vision and redefined Values as the criteria for decisions and actions to realize the Purpose and Vision

PURPOSE•VISION•VALUES






(2) Medium-term management plan WELLNEO Vision 2027

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-Basic policy, Quantitative targets-

- Strengthen and expand both the Sugar segment and the Food & Wellness segment to realize "Well-being".
- Steady progress toward achieving the plan (ROE: 9%, profit: 7 billion yen) for the fiscal year ending March 31, 2028

(Unit: million yen)	FY3/25		FY3/26	FY3/28
	(Plan)	(Actual)	(Plan)	(Plan)
Operating profit + Equity in earnings of affiliated companies	7,100	8,276	8,500	10,100
 Sugar	8,000	9,562	8,800	9,000
 Food & Wellness	500	-3	700	2,400
 Corporate expenses	-1,400	-1,282	-1,000	-1,300
Profit	5,000	5,565	5,900	7,000
ROE (Cost of equity: FY3/25, 4.9%)	7%	7.7%	8%	9%

*Food & Wellness segment results for FY3/25 include impairment losses (589 million yen) in the Fitness business.



- Aiming to realize "Well-being" through four priority strategies

1 Expansion of Food & Wellness business



- Business Strategy 1)
Aggressive expansion of flora design materials (existing expansion)
- Business Strategy 2)
Grow Food Science business through M&A (new expansion)

2 Strengthening Sugar's foundation



- Expansion of integration synergies
- Promote further infrastructure expansion measures in response to industry restructuring

3 Promotion of human capital management



- Implement personnel policies that encourage "challenge"
- Maximize employee "Well-being" and engagement
- Ensure diversity of human resources and foster an open organizational culture

4 Promoting sustainability management



- Providing products and services that contribute to both deliciousness and health
- Climate change countermeasures and effective use of resources
- Providing safety and security, and respecting human rights

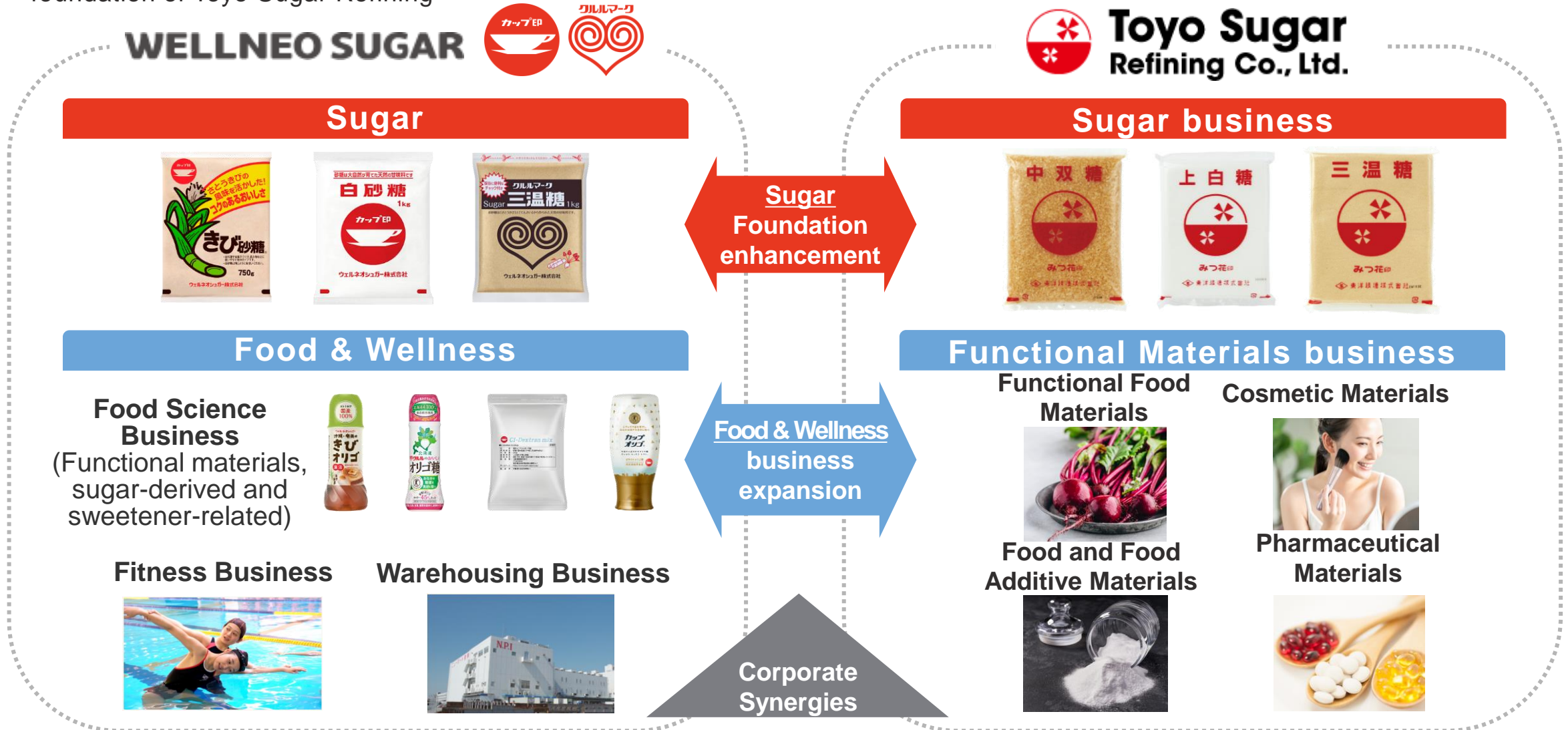
(2) Medium-term management plan WELLNEO Vision 2027

-Priority strategies-

- Toyo Sugar Refining became a subsidiary in March 2025. To accelerate the implementation of priority strategies by utilizing the foundation of Toyo Sugar Refining

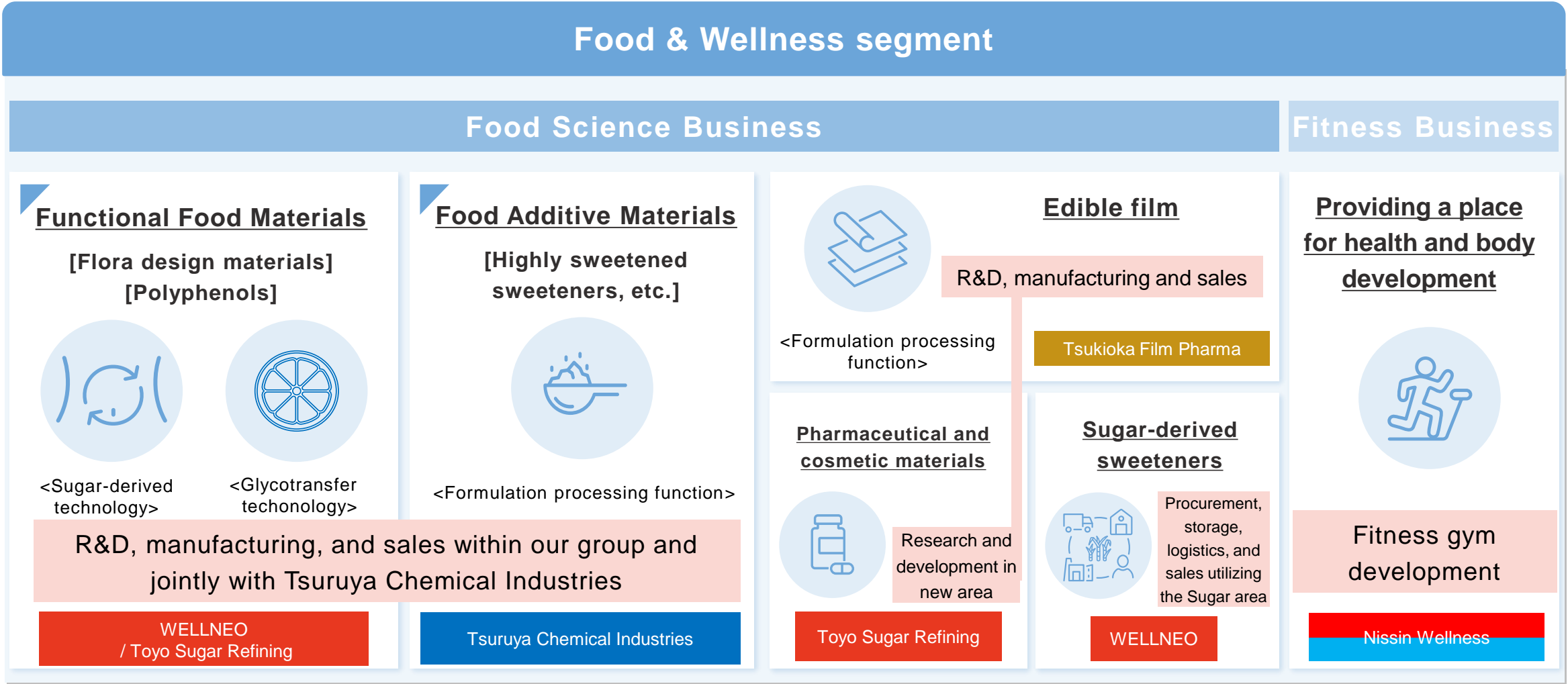


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- Acquisition of Toyo Sugar Refining's materials and technologies will expand the scope for synergy creation in the Food & Wellness segment



Proactive expansion of flora design materials -Expansion of existing business-



- Various measures are being implemented to increase earnings from materials with intestinal and oral flora design functions and high-value-added products

Sales and Marketing

“Okinawa Amami Kibi Oligo” expands sales

- Modify packages according to customer needs, and create TV commercials and Web ads.



Cyclodextran awareness improvement

- Currently implementing PR measures to increase awareness of functional materials and are manufactured and sold exclusively by the Company worldwide



“Kibi Zato” Promotion

- 40th anniversary promotion underway

Production and Capital Investment

Mihama Bio-Plant completed

- Construction to be completed in March 2025 to increase production capacity of galactooligosaccharides, with operations to begin in April
- Plans capital investment in FY3/26 to increase production of cyclodextran



R & D

Kestose collaboration

- Continued joint research with FUJITA HEALTH UNIVERSITY on evidence acquisition, etc., to maintain human health and provide complementary treatment for diseases.

Working with Metagen, Inc.

- The advisory agreement was signed in October 2024 for the research and development of our functional materials
- Creating new value through the company's proprietary intestinal environment evaluation methods, data, and knowledge





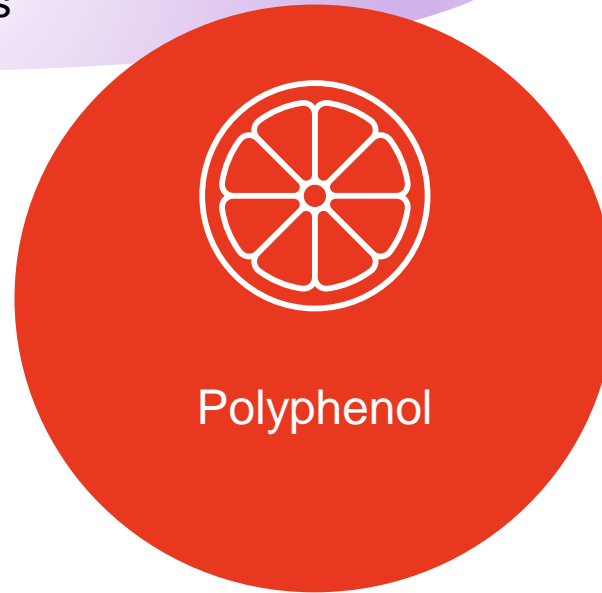
- We have acquired a new glycotransfer technology (a method of transferring sugar chains to functional materials) from Toyo Sugar Refining that contributes to our purpose of Unleashing the Power and Potential of Sugar to Realize “Well-being”
- Seek to expand existing and new businesses through further practical use of M&A, rather than simply expanding our materials lineup

Pursuit of synergies through glycotransfer
technology and cross-fertilization of
materials



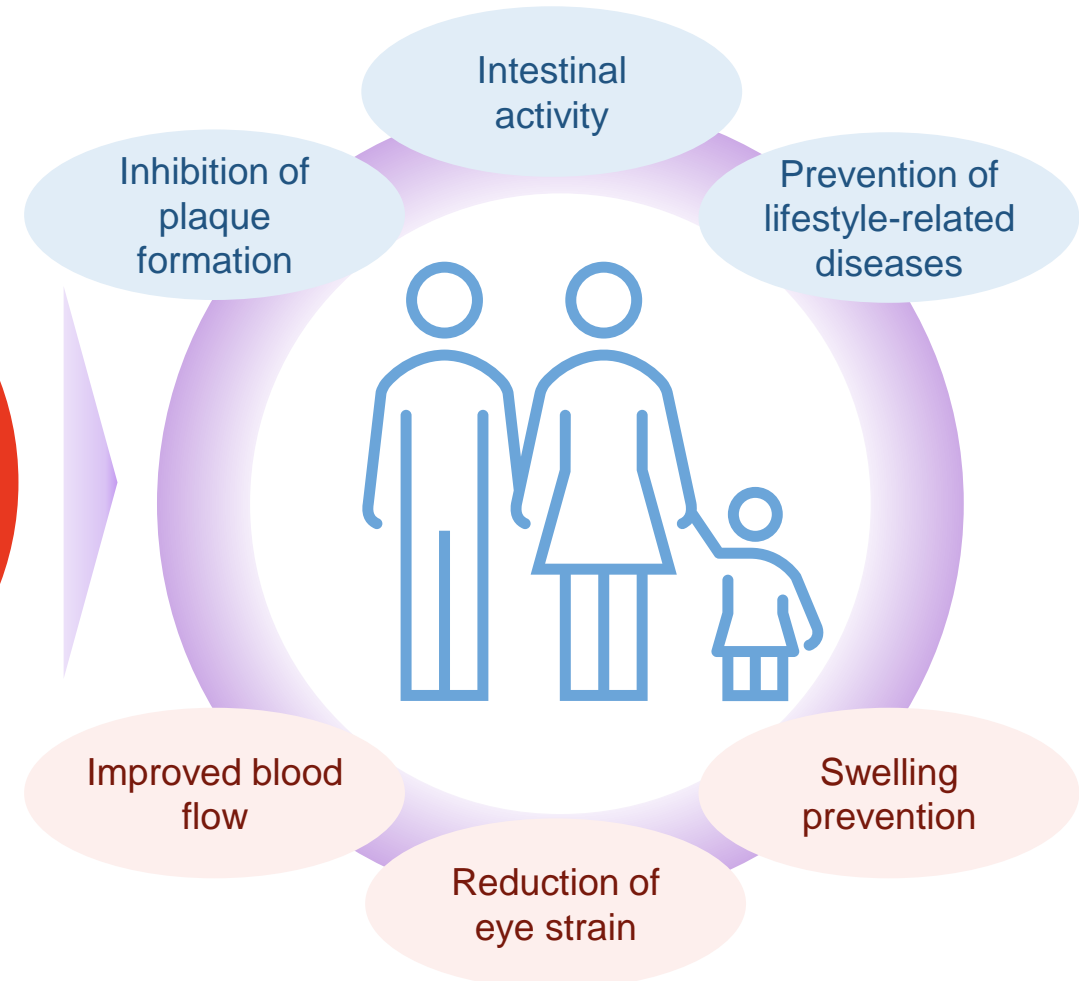
Flora design
materials

(Oligosaccharides, cyclodextran, etc.)



Polyphenol

(Rutin, hesperidin, etc.)





- Steady progress is being made toward the goal of maximizing integration synergies (operating profit of approximately 1.5 billion yen) during the medium-term management plan period

Expansion of integration synergies

- Full integration of WELLNEO SUGAR will accelerate the following measures to maximize synergies

Supply	Strengthening the Group's procurement capabilities
Production	Change in allocation of manufacturing and shipping locations
Sales	Optimize sales strategies
Sales	Expand sales of value-added products (cross-selling)



- In the remaining period of the medium-term business plan, we will **deepen various measures further to generate synergies, including those of Toyo Sugar Refining**

Supply	Further strengthen procurement capabilities by leveraging volume (raw materials and packaging materials)
Production	Optimization of the Group's production system
Logistics	Joint delivery and storage efficiency
Sales	Optimize group sales strategy

Restructuring measures to further expand synergies

Further expansion of infrastructure through industry restructuring

- Nissin Sugar and ITOCHU Sugar merged into WELLNEO SUGAR in October 2024
- Commencement of PMI for the absorption merger of DAIICHI TOGYO in October 2025
- Toyo Sugar Refining became a subsidiary in March 2025
- Appropriate and flexible response to further restructuring

Support measures for synergy expansion

Company-wide, Corporate and DX measures

- Aiming to integrate the core system in FY2026, we have completed the definition of requirements and are now constructing and migrating the system
- Integration of corporate operations with Toyo Sugar Refining



- The sugar industry is continuing to consolidate and consolidate plants, and we will continue to pursue further strengthening of our foundation in this context

Movement of industry restructuring

The sugar industry continues to see alliances and plant consolidation

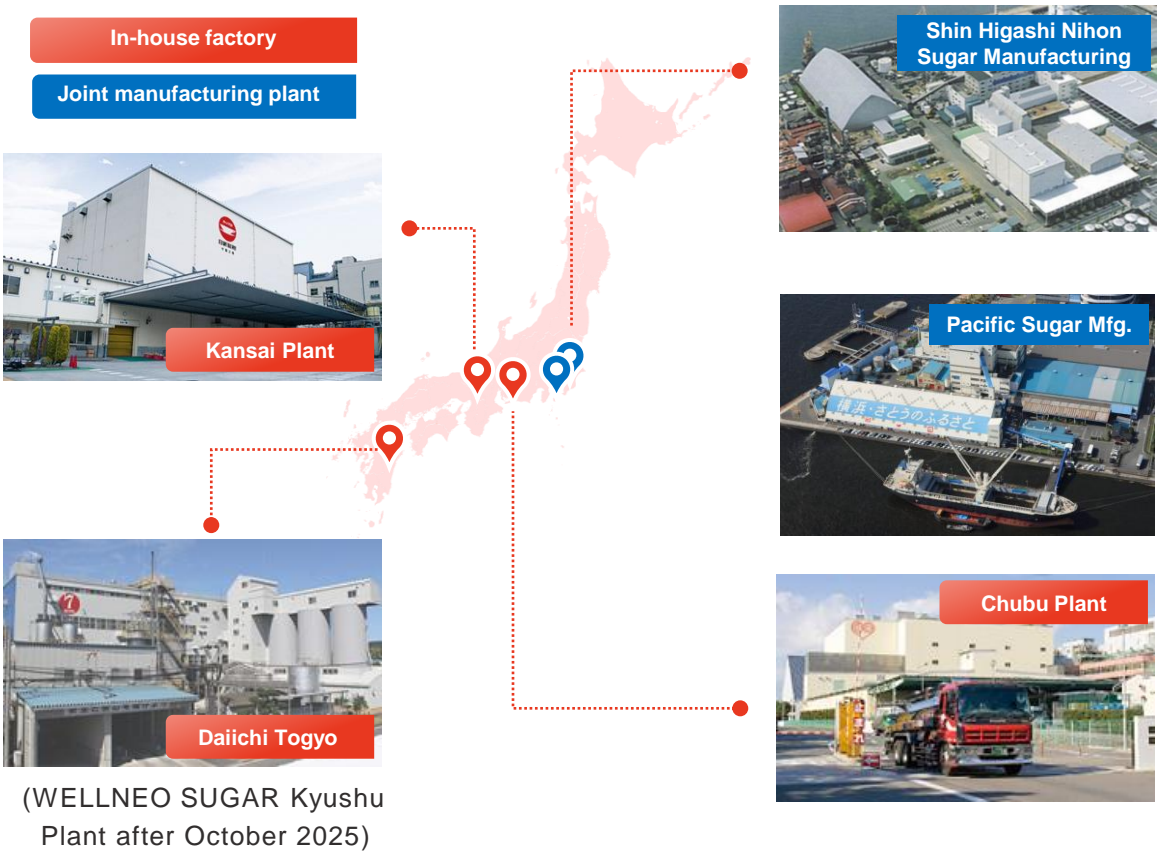
Most recent industry restructuring

*Red figures indicate our movements

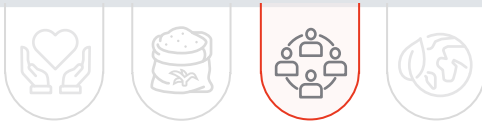
April 2021	Mitsui Sugar and Dai-Nippon Meiji Sugar integrate operations. *Capital and business alliance with Nippon Beet Sugar Manufacturing
January 2023	Nissin Sugar and ITOCHU Sugar integrate their operations. → October 2024 Fully integrated as WELLNEO SUGAR
June 2023	ENSUIKO Sugar Refining and Daito Seito announce business alliance
March 2024	DM Mitsui Sugar and Wada Sugar refining announce business alliance.
March 2025	DM Mitsui Sugar announces that it will cease production at Kanmon Sugar Manufacturing in September 2026.
March 2025	WELLNEO SUGAR acquires Toyo Sugar Refining making a subsidiary
October 2025	WELLNEO SUGAR absorbs DAIICHI TOGYO (planned)

Our situation

With the acquisition of Toyo Sugar Refining, we now have five factories nationwide
Flexibly optimizing production sites amid industry reorganization



(5) Priority strategy (iii) Promotion of human capital management



- Promoting human capital management that is unique to our company, showing the story of value creation while fulfilling the wishes of our employees



Co-creation between the company and the individual produces results, and talented people choose the company

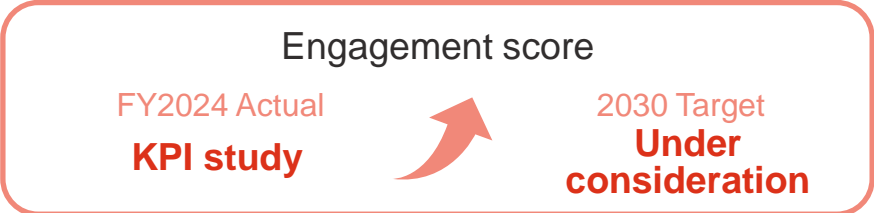
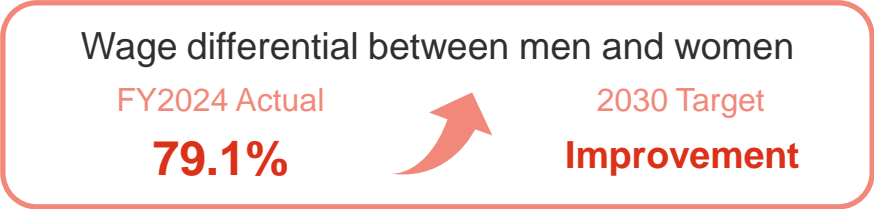
New concept system development
Fostering a culture of challenge

The new personnel system begins operation.
Promoting individual growth and autonomy

HR-Tech Utilization
Human capital management infrastructure development

FY2024 WELLNEO SUGAR complete integration
-New organizational culture, building a “foundation” to expand business and human resource potential-

Key KPI



(6) Priority strategy (iv) : Promote sustainability management



WELLNEO SUGAR Co., Ltd.

- Established “SUSTAINABLE VISION 2030” based on materiality

WELLNEO SUGAR Group SUSTAINABLE VISION 2030

Improving quality of life by solving issues related to food and health

Contributing to consumer “Well-being” by providing products and services that help balance deliciousness and health

Stable supply of safe and high-quality products

Realizing customer “Well-being” through the stable supply of safe and high-quality products

Creating a workplace where diverse talent can thrive

Realizing employee “Well-being” through improvements to the work environment and engagement initiatives

Coexistence with nature for a sustainable future

Contributing to environmental “Well-being” through climate change measures and efficient use of resources

Respecting the human rights of employees and the supply chain

Realizing “Well-being” throughout the supply chain through stakeholder dialogue

Strengthening Governance Systems / Ensuring thorough compliance

<Reason for being>

PURPOSE

Unleashing the Power and Potential of Sugar to Realize “Well-being”

<Goal image>

VISION

Corporate Message
“Nice” for the mind and body

<Behavioral guidelines>

VALUES

Challenge · Diversity · Sustainability

03



Financial Strategy

(1) Actions to realize management with awareness of the cost of capital and stock price

- Current status, policies, and approaches -

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Current situation

- Our **cost of equity is generally** perceived to be **around 5%**
- ROE reaches 7.7% in FY3/25, **exceeding the cost of shareholders' equity**
- P/B ratio exceeds 1x in FY3/25, and **it is important to promote the medium-term management plan to achieve further growth**

Policy

- Achievement of this medium-term plan to realize the long-term vision
- Achieve financial **targets of ROE 9% and consolidated net income of 7 billion** yen in the final year of this medium-term plan
- **Investment plan is 27-42 billion yen**, and the **equity ratio is expected to remain above 60%**

Initiative

- Pursue **capital efficiency-conscious management** by introducing ROIC management
- Establish materiality and **promote sustainability management**
- Actively invest in growth areas and maintain **a high level of shareholder returns**
- Consider **further improvement of capital efficiency** by practicing portfolio management
- **Introduced an executive compensation system linked to ROE**
- **Further expansion of opportunities for dialogue with the market**, including information dissemination through the website and various information meetings, etc.

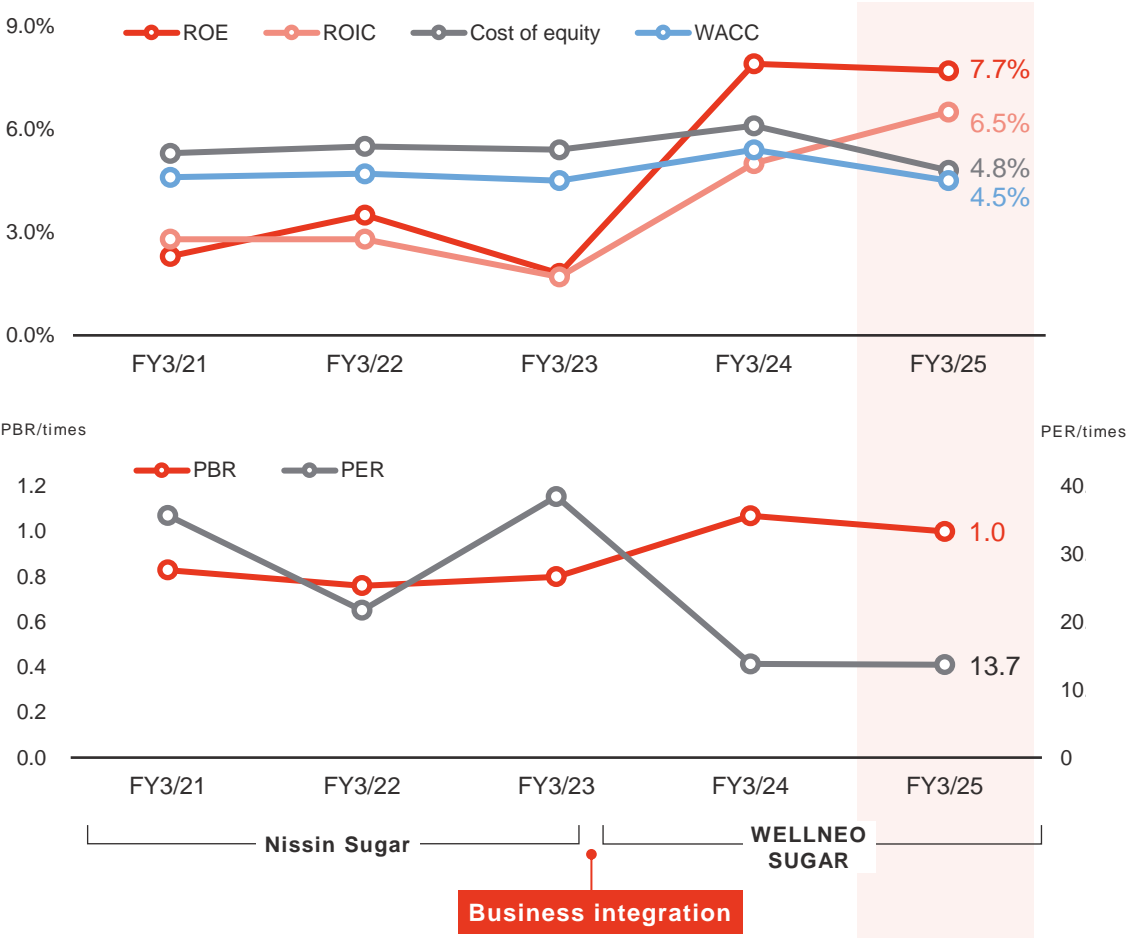
(1) Actions to realize the management conscious of the cost of capital and stock price

- Achieving ROE that exceeds the cost of shareholders' equity -

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- Implement multifaceted measures to continue to achieve a level of ROE that exceeds the cost of shareholders' equity

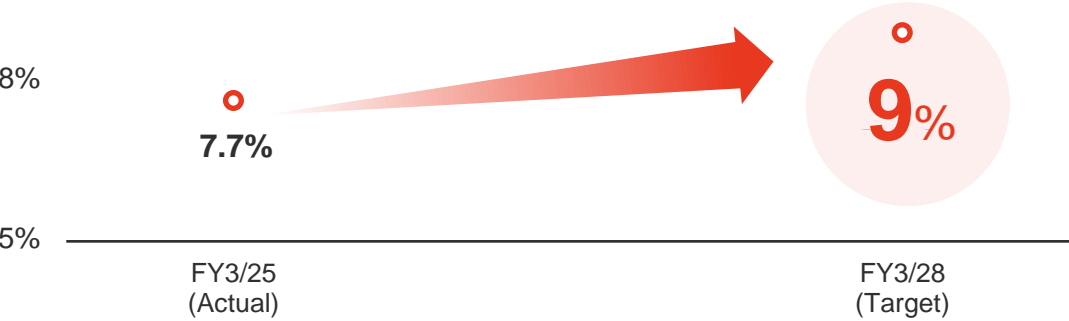
Changes in various indicators



To further achieve ROE in excess of the cost of shareholders' equity

- Improve **profitability** by strengthening the foundation of the Sugar segment
- Aiming to improve **asset efficiency** by introducing ROIC management
- Driving **growth investments** in the Food & Wellness segment
- Strengthen corporate governance and promote sustainability management

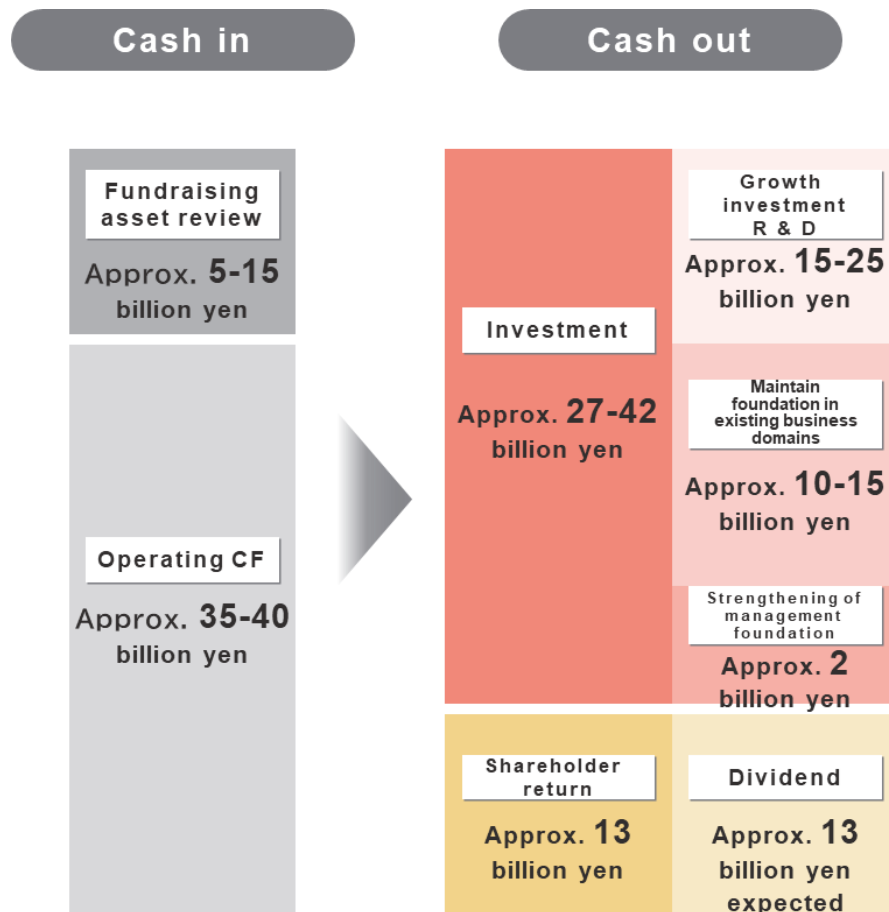
Aim to raise ROE to 9% during the medium-term management plan period



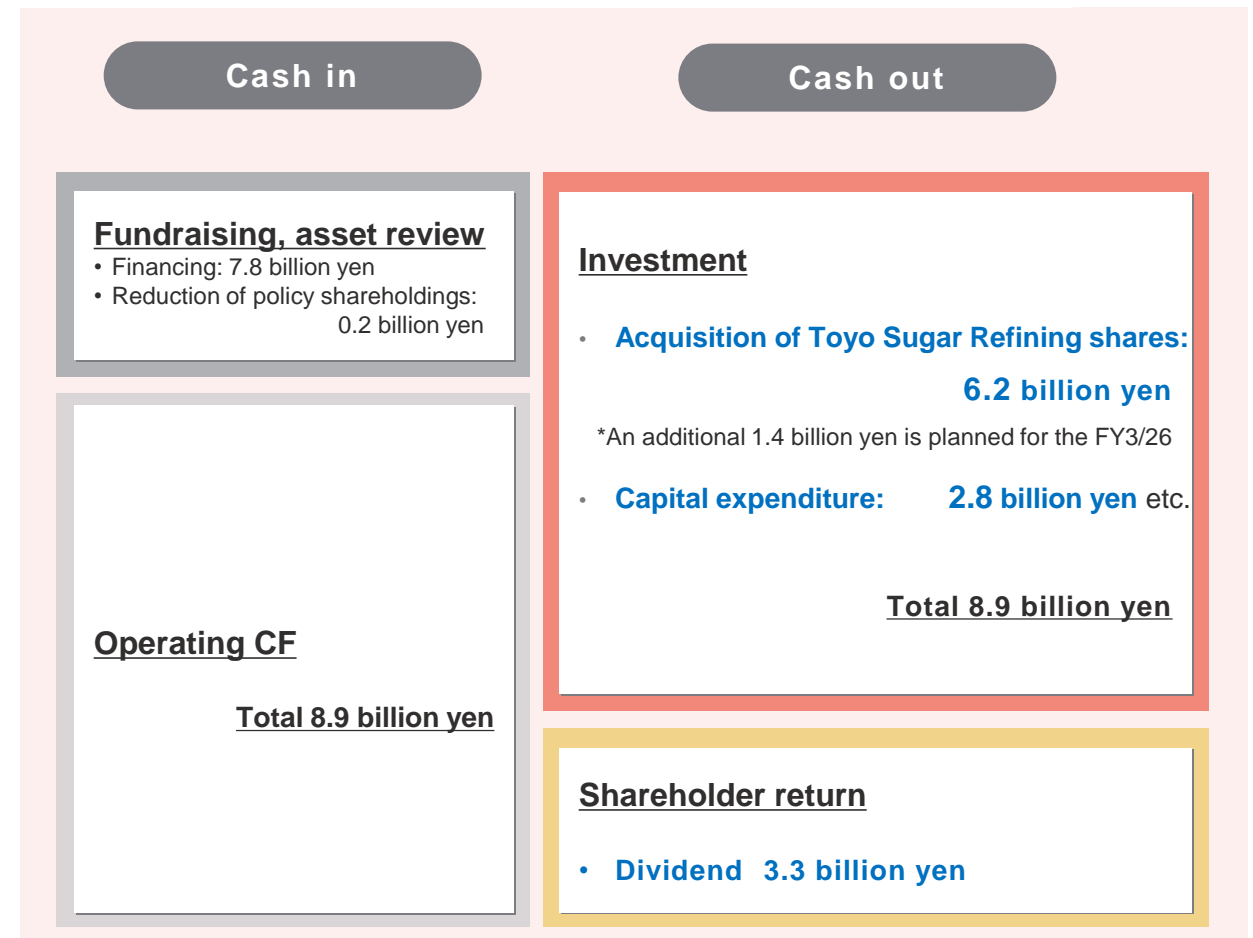
(2) Cash allocation

- Strategically allocate operating cash flow and financing to investments and shareholder returns
- Secure the funds necessary for growth investment, research and development, and infrastructure enhancement, and utilize them actively and strategically during the medium-term management plan period

Cumulative total for the four MTP periods

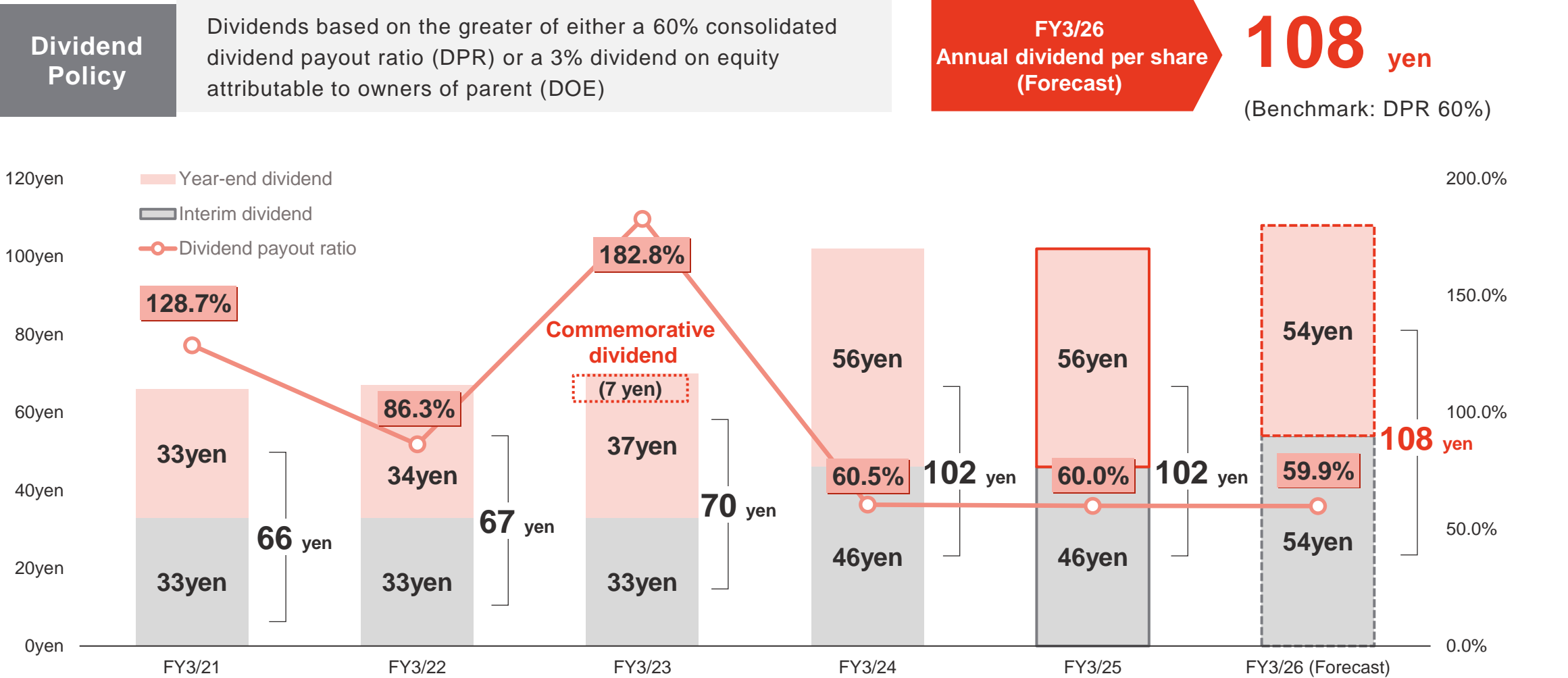


Progress in the FY3/25 (First year of MTP)



(3) Shareholder returns

- Aiming to improve return on equity attributable to owners of parent (ROE) over the medium to long term, and to achieve both investment in growth and enhanced shareholder returns



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Contact

WELLNEO SUGAR Co., Ltd.

**Documentation and Equity Section,
General Affairs Department**

 **ir@wellneo-sugar.co.jp**

 **03-3668-1246**