

*This document has been translated from the Japanese original for the convenience of non-Japanese shareholders.  
In the event of any discrepancy between this document and the Japanese original, the original shall prevail.*

Securities code: 2109  
June 2, 2023

To Our Shareholders:

Taku Morimoto  
President and CEO  
**Mitsui DM Sugar Holdings Co., Ltd.**  
5-26-16 Shiba, Minato-ku, Tokyo

## **NOTICE OF THE 99th (Fiscal Year Ended March 31, 2023) ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Please take notice that the 99th (fiscal year ended March 31, 2023) Ordinary General Meeting of Shareholders of Mitsui DM Sugar Holdings Co., Ltd. (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the General Meeting of Shareholders, etc. (matters for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the websites listed below. Please access either of these websites to review this information.

### **[The Company website]**

<https://www.msdm-hd.com/ir/> (in Japanese)

(On the above website, select “Stock and Shareholder Information,” and then click on “Shareholder Meetings (Convocation and Resolution Notices).”)

### **[Website for posted informational materials for the general meeting of shareholders]**

<https://d.sokai.jp/2109/teiji/> (in Japanese)

If you are unable to attend the meeting in person, you may exercise your voting rights by using one of the following methods. Please review the “Reference Documents for the Ordinary General Meeting of Shareholders” and exercise your voting rights no later than 5:30 p.m. on Wednesday, June 21, 2023 (Japan Standard Time) as described hereafter.

In the case that voting rights are exercised in duplicate, via both postal mail and electronic means such as the Internet, the voting via electronic means such as the Internet shall be deemed valid.

Voting rights exercised in writing (via postal mail) that do not indicate approval or disapproval for a proposal will be counted as an approval.

### **[Voting in Writing]**

Please indicate your approval or disapproval in respect of the proposals on the Voting Rights Exercise Form and send the form back so that it reaches us by no later than the above mentioned exercise date.

### **[Voting via electronic means such as the Internet]**

Please review the “Guide on How to Exercise Voting Rights via Electronic Means” as described hereafter (Japanese only) and exercise your voting rights no later than the above mentioned exercise date.

### **Meeting Details**

- 1. Date and Time:** Thursday, June 22, 2023 at 10:00 a.m. (Japan Standard Time)  
(The reception desk will open at 9:00 a.m.)
- 2. Venue:** GARNET (36F)  
Main Tower, SHINAGAWA PRINCE HOTEL  
4-10-30 Takanawa, Minato-ku, Tokyo  
\* Please be aware that the venue is different from the previous year.
- 3. Purpose:**
- Items to be reported:**
1. Business Report and Consolidated Financial Statements for the 99th Fiscal year (from April 1, 2022 to March 31, 2023) as well as audit results of Accounting Auditor and the Audit & Supervisory Committee for the Consolidated Financial Statements
  2. Non-Consolidated Financial Statements for the 99th Fiscal Year (from April 1, 2022 to March 31, 2023)
- Items to be resolved:**
- Proposal 1:** Appropriation of surplus
- Proposal 2:** Election of six (6) Directors (excluding Directors who are Audit & Supervisory Committee Members)

**Reference Documents for  
the Ordinary General Meeting of Shareholders**

**Proposal 1:**       Appropriation of surplus

Details pertaining to the appropriation of surplus are as follows:

The Company considers the return of profits to shareholders to be one of its highest management priorities, and its basic policy is to pay stable and continuous dividends to shareholders, while taking into account business development for future growth and the enhancement of internal reserves for strengthening the management base. Based on this policy, the Company will pay a minimum annual dividend of 60 yen per share, unless the consolidated dividend payout ratio exceeds 100%, and will comprehensively consider the business environment on a case-by-case basis to return profits to shareholders, with the goal of a return ratio of around 50% combining cash dividends and its dynamic capital policy.

Based on the policy above and business results, etc., the Company plans for an annual dividend of 120 yen per share and a year-end dividend of 90 yen per share, after making a comprehensive consideration of returning profit to shareholders, securing sufficient internal reserves for strengthening the financial condition and management foundation of the Company, and investments to drive reproduction and growth.

Year-end dividends:

- (1) Type of dividend assets  
Cash
  
- (2) Allocation and total amount of the dividend assets  
90 yen per share of the Company's common stock  
Total amount of dividends: 2,918,141,640 yen
  
- (3) Effective date of dividend payment  
June 23, 2023

**Proposal 2:** Election of six (6) Directors (excluding Directors who are Audit & Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies hereinafter in this proposal) expire at the conclusion of the Meetings. Accordingly, the Company proposes the election of six (6) Directors.

The Company's Audit & Supervisory Committee has judged that all the candidates for Directors are qualified.

The candidates for Directors are as follows:

No.	Name		Current positions in the Company
1	Taku Morimoto	Reappointment	Representative Director, President & CEO In charge of Internal Auditing and Quality Management
2	Yu Sato	Reappointment	Representative Director, Executive Vice President, and Assistant to CEO In charge of Sustainability Promotion
3	Junichi Nomura	Reappointment	Representative Director, Executive Vice President, and CTO In charge of Group Production & Technology and Research & Development
4	Hiroto Tamai	New appointment Outside Independent	—
5	Shuichi Matsuzawa	New appointment Outside	—
6	Go Nagasaki	New appointment Outside	—

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and important concurrent positions	Number of the Company's shares held
1	<p>Taku Morimoto (July 31, 1957)</p> <p><b>Reappointment</b></p>	<p>April 1981      Joined Mitsui &amp; Co., Ltd.</p> <p>April 2005      Senior Vice President, Divisional Operating Officer, Plastics &amp; Inorganic Chemicals Division, MITSUI &amp; CO. (U.S.A.), INC.</p> <p>April 2013      Managing Officer, General Manager, Planning &amp; Administrative Division (Chemicals), Mitsui &amp; Co., Ltd.</p> <p>April 2014      Managing Officer, Chief Operating Officer, Performance Chemicals Business Unit, Mitsui &amp; Co., Ltd.</p> <p>April 2016      Executive Managing Officer, Chief Operating Officer, Performance Materials Business Unit, Mitsui &amp; Co., Ltd.</p> <p>April 2017      Senior Executive Managing Officer, Chief Operating Officer, Asia Pacific Business Unit, Mitsui &amp; Co., Ltd. Chief Executive Officer, Mitsui &amp; Co. (Asia Pacific) Pte. Ltd.</p> <p>April 2019      Executive Vice President, Chief Operating Officer, Asia Pacific Business Unit, Mitsui &amp; Co., Ltd.</p> <p>May 2020        Advisor of the Company</p> <p>June 2020        Representative Director, Executive Vice President of the Company</p> <p>October 2020    President &amp; CEO, Mitsui Sugar Split Preparation Co., Ltd. (currently Mitsui DM Sugar Co., Ltd.) (to present)</p> <p>November 2020 Representative Director, President &amp; CEO of the Company (to present)</p> <p>(Responsibilities) Internal Auditing and Quality Management</p> <p>(Important concurrent positions) President &amp; CEO, Mitsui DM Sugar Co., Ltd.</p>	6,300
<p>(Reasons for nomination as candidate for Director)</p> <p>Since he has experience and proven track record as a corporate manager of a trading firm as well as his knowledge and oversight capability necessary to faithfully perform duties for its management, the Company expects that he can continue to make use of the experience and knowledge for its management.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and important concurrent positions	Number of the Company's shares held
2	Yu Sato (October 17, 1961) <b>Reappointment</b>	<p>April 1985      Joined Mitsubishi Corporation</p> <p>February 1997      Mitsubishi Corporation (UK) Plc and Vice-President Mit-Sun International Trading Co. Ltd.</p> <p>April 2010      General Manager of Sweetener &amp; Starch Products Unit, Mitsubishi Corporation</p> <p>April 2012      Senior Vice President, Group Head for Living Essentials Group, Mitsubishi Corporation (Americas) and Mitsubishi International Corporation</p> <p>April 2014      General Manager, Strategy Planning (Food Business) Living Essentials Group CEO Office, Mitsubishi Corporation</p> <p>November 2014      Chair of the Board, Cermaq Group AS</p> <p>April 2017      Senior Vice President, Mitsubishi Corporation</p> <p>April 2018      Advisor, Dai-Nippon Meiji Sugar Co., Ltd.</p> <p>June 2018      President &amp; CEO, Dai-Nippon Meiji Sugar Co., Ltd.</p> <p>April 2021      Representative Director, Executive Vice President, and Assistant to CEO of the Company (to present)</p> <p>October 2022      Representative Director, Executive Vice President, Mitsui DM Sugar Co., Ltd. (to present)</p> <p>(Responsibilities) Sustainability Promotion</p> <p>(Important concurrent positions) Representative Director, Executive Vice President, Mitsui DM Sugar Co., Ltd.</p>	5,300
<p>(Reasons for nomination as candidate for Director)</p> <p>Since he has experience over many years in the food department at a trading firm and proven track record as a corporate manager at a company in the Company group, the Company expects that he can continue to make use of the experience and knowledge for its management.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and important concurrent positions	Number of the Company's shares held
3	Junichi Nomura (October 26, 1958) <b>Reappointment</b>	April 1981      Joined the Company	3,460
		April 2008      General Manager of Chiba Factory, Sugar Production Group of the Company	
		April 2010      Executive Officer, General Manager of Kobe Factory, Sugar Production Group of the Company	
		April 2013      Executive Officer, General Manager of Kobe Factory, Sugar Production Group of the Company	
		April 2014      Executive Managing Officer, General Manager of Sugar Production Group of the Company	
		June 2014      Director, Executive Managing Officer, General Manager of Sugar Production Group of the Company	
		April 2016      Director, Senior Executive Managing Officer, General Manager of Sugar Production Group of the Company	
		April 2020      Director, Executive Vice President, General Manager of Sugar Production Group of the Company	
		June 2020      Representative Director, Executive Vice President, General Manager of Sugar Production Group of the Company	
		April 2021      Representative Director, Executive Vice President, and CTO of the Company (to present)	
	Representative Director, Executive Vice President, Mitsui Sugar Split Preparation Co., Ltd. (currently Mitsui DM Sugar Co., Ltd.) (to present)		
	(Responsibilities)		
	Group Production & Technology and Research & Development		
	(Important concurrent positions)		
	Representative Director, Executive Vice President, Mitsui DM Sugar Co., Ltd.		
(Reasons for nomination as candidate for Director) The Company expects that he can continue to make use of his many years of experience and insight in the Company's group production department for its management.			

No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and important concurrent positions	Number of the Company's shares held			
4	<p>Hiroto Tamai (February 2, 1958)</p> <table border="1" data-bbox="295 743 475 862"> <tr><td>New appointment</td></tr> <tr><td>Outside</td></tr> <tr><td>Independent</td></tr> </table>	New appointment	Outside	Independent	<p>April 1980      Joined Showa Sekiyu K.K.</p> <p>April 2005      General Manager of Supply Division, Showa Shell Sekiyu K.K.</p> <p>March 2006      Executive Officer, General Manager of Supply Division, Showa Shell Sekiyu K.K.</p> <p>July 2006        Executive Officer, General Manager of Supply Division, General Manager of Electric Power Division, Showa Shell Sekiyu K.K.</p> <p>March 2007      Executive Managing Officer, General Manager of Supply Division, General Manager of Electric Power Division, Showa Shell Sekiyu K.K.</p> <p>March 2013      Executive Officer, Vice President, COO of Energy Solution Business Group, Showa Shell Sekiyu K.K. Representative Director and President, Solar Frontier K.K.</p> <p>July 2014        Executive Officer, COO of Energy Solution Business Group, Showa Shell Sekiyu K.K. Director and Chairman, Solar Frontier K.K.</p> <p>March 2015      Representative Director and President, TOA Oil Co., Ltd.</p> <p>March 2019      Representative Director and President, Seibu Oil Company Limited</p> <p>July 2021        Advisor of Seibu Oil Company Limited</p> <p>March 2022      Outside Director, Nippon Seiro Co., Ltd. (to present)</p> <p>(Important concurrent positions) Outside Director, Nippon Seiro Co., Ltd.</p>	0
New appointment						
Outside						
Independent						
<p>(Reasons for nomination as candidate for Outside Director and expected role) In addition to his profound knowledge and abundant experience in business management obtained as a corporate manager, he has experience in business restructuring and the creation of new businesses in the energy sector. After his election, the Company expects that he will make use of this expertise and provide appropriate supervision, etc. of business execution from an objective perspective as Outside Director.</p>						
5	<p>Shuichi Matsuzawa (November 20, 1965)</p> <table border="1" data-bbox="295 1617 475 1702"> <tr><td>New appointment</td></tr> <tr><td>Outside</td></tr> </table>	New appointment	Outside	<p>April 1988      Joined Mitsui &amp; Co., Ltd.</p> <p>March 2003      Audit &amp; Supervisory Board Member (Part-time), ACCA Networks Co.,Ltd.</p> <p>November 2004    Audit &amp; Supervisory Board Member (Part-time), NextCom K.K.</p> <p>October 2007     President, Managing Partner, WR Hambrecht &amp; Co Japan, Inc.</p> <p>April 2014        General Manager, Overseas Business Strategy Department, Retail Business Unit, Mitsui &amp; Co., Ltd.</p> <p>October 2017     General Manager, Strategic Business Development Division, Nutrition &amp; Agriculture Business Unit, Mitsui &amp; Co., Ltd.</p> <p>March 2020      Divisional Operating Officer of Foods &amp; Retail Division, Americas Business Unit, Mitsui &amp; Co., Ltd. SVP, MITSUI &amp; CO. (U.S.A.), INC.</p> <p>September 2022    Operating Officer of Food Business Unit, Mitsui &amp; Co., Ltd. (to present)</p> <p>(Important concurrent positions) Operating Officer of Food Business Unit, Mitsui &amp; Co., Ltd.</p>	0	
New appointment						
Outside						
<p>(Reasons for nomination as candidate for Outside Director and expected role) He has a wealth of experience and a high level of insight in his field. After his election, the Company expects that he will make use of this expertise and provide appropriate supervision, etc. of business execution from an objective perspective as Outside Director.</p>						



No.	Name (Date of birth)	Career summary, positions and responsibilities in the Company, and important concurrent positions		Number of the Company's shares held
6	Go Nagasaki (January 27, 1976)  New appointment Outside	April 1999	Joined Mitsubishi Corporation	0
		April 2016	Team Leader, Starch & Sweetener Team, Sweetener, Starch Products & Wheat Flour Department, Mitsubishi Corporation	
		April 2018	Team Leader, Strategy Planning Team, Sweetener, Starch Products & Wheat Flour Department, Mitsubishi Corporation	
		January 2019	Executive Officer, NIHON SHOKUHIN KAKO CO., LTD.	
		June 2021	Director and Executive Officer, NIHON SHOKUHIN KAKO CO., LTD.	
		April 2022	General Manager, Strategy & Planning Office, Food Sciences Division, Mitsubishi Corporation	
		April 2023	General Manager, Sugar & Wheat Flour Department, Food Resources Division, Mitsubishi Corporation (to present)	
		(Important concurrent positions) General Manager, Sugar & Wheat Flour Department, Food Resources Division, Mitsubishi Corporation		
(Reasons for nomination as candidate for Outside Director and expected role) He has a wealth of experience and a high level of insight in his field. After his election, the Company expects that he will make use of this expertise and provide appropriate supervision, etc. of business execution from an objective perspective as Outside Director.				

- Notes:
1. There are no vested interests between each of the candidates and the Company.
  2. Mr. Hiroto Tamai, Mr. Shuichi Matsuzawa, and Mr. Go Nagasaki are candidates for Outside Directors.
  3. If the election of Mr. Hiroto Tamai is approved at this Meeting, the Company plans to designate him as an independent officer and register him with the Tokyo Stock Exchange pursuant to the provisions of the Exchange.
  4. If the elections of Mr. Hiroto Tamai, Mr. Shuichi Matsuzawa, and Mr. Go Nagasaki are approved at this Meeting, the Company will enter into an agreement with each candidate in accordance with Article 427, paragraph (1) of the Companies Act to limit their liability for damages stipulated in Article 423, paragraph (1) of the Companies Act to the minimum amount set forth in Article 425, paragraph (1) of the Companies Act.
  5. The Company has concluded an insurance contract with an insurance company covering Directors (including Directors who are Audit & Supervisory Committee Members) and Executive Officers of the Company as well as Officers of Subsidiary Companies stipulated in the Companies Act as the insured for the purpose of providing indemnification for damages due to a legally required compensation payment or litigation costs borne by the insured consequent upon a claim for damages being made against the insured. In addition, the Company plans to renew the insurance contract with the same terms at the next renewal. However, damages, etc. resulting from a criminal act, etc. by the insured shall not be subject to indemnification. Each of the candidates will be included in the insureds covered by said insurance contract.
  6. From January 2012 to August 2022, an employee of the Accounting Department at NIHON SHOKUHIN KAKO CO., LTD. where Mr. Go Nagasaki served as Director used fraudulent accounting practices to embezzle company funds. This fraudulent activity was discovered during an internal audit conducted by the company after August 2022, and the candidate Mr. Go Nagasaki was not involved in the fraudulent activity. In addition, Mr. Go Nagasaki worked to strengthen compliance during his tenure as Director of the company (from June 2021 to June 2022).

**(Reference) Skill Matrix of the Directors**

The Company created this skill matrix by identifying the essential skills from the two important functions of the Board of Directors; business operation monitoring and growth strategy support.

Business operation monitoring		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Growth strategy support		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>				<input type="radio"/>	<input type="radio"/>
Position	Name	General Management	Business Strategy and Promotion (including overseas business, sales, marketing)	Sustainability Management	Legal Affairs	IT · DX	Human Resources	Finance & Accounting	Risk Management & Internal Controls	R&D	Production Control
Representative Director and President	Taku Morimoto	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Representative Director	Yu Sato	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>					<input type="radio"/>		<input type="radio"/>
Representative Director	Junichi Nomura	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>			<input type="radio"/>	<input type="radio"/>
Director	Hiroto Tamai	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>		<input type="radio"/>
Director	Shuichi Matsuzawa	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>		<input type="radio"/>			
Director	Go Nagasaki	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>					<input type="radio"/>		
Director (Full-Time Audit & Supervisory Committee Member)	Hiroshi Masumoto	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>		
Director (Audit & Supervisory Committee Member)	Yusuke Kawamura	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>		
Director (Audit & Supervisory Committee Member)	Mihoko Sogabe	<input type="radio"/>		<input type="radio"/>			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		
Director (Audit & Supervisory Committee Member)	Maiko Chihara	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>		

- Notes:
1. Directors Hiroto Tamai, Shuichi Matsuzawa, and Go Nagasaki are candidates for Outside Director and Yusuke Kawamura, Mihoko Sogabe, and Maiko Chihara are Outside Directors.
  2. The details noted under “position” above are the planned positions of each candidate if they are elected at this Meeting.

(Attached materials)

**Business Report**  
(From April 1, 2022 to March 31, 2023)

Overview of the corporate group

1. Business progress and results

(1) Operating environment

In fiscal 2022, ended March 31, 2023, despite repeated waves of COVID-19 infections, the pandemic started to fade towards the end of the fiscal year and the Japanese economy showed signs of a moderate recovery, supported by ongoing basic infection prevention measures balanced with social and economic activity. However, the outlook remained uncertain due to rising energy prices, a steep decline in the yen, stubbornly high raw materials prices and rising geopolitical risk.

Against this backdrop, in the fiscal year under review, the Mitsui DM Sugar Holdings Group (“the Group”) launched its new medium-term management plan, “2026 Diversify into Nutrition & Health,” running from fiscal 2022 to fiscal 2025. Based on the plan’s growth strategy for the Group, which has two key elements – “Transform the Group’s business model” and “Reallocate management resources” – the Group is working to optimize its businesses by implementing measures across five areas: (1) reinforce the domestic Sugar Business, (2) grow overseas operations, (3) expand the Life Energy Business, (4) consolidate and strengthen the Group’s R&D capabilities, and (5) contribute to the creation of a sustainable society.

(2) Summary of the Mitsui DM Sugar Holdings Group

(Sugar Business)

In the overseas crude sugar market, the sugar price started the fiscal year at the mid-19 cents per pound level before rising to a high of over 20 cents in the middle of April, driven by concerns about a drop in production in Brazil – the world’s biggest sugar exporter – due to unfavorable weather, and by high prices in international commodities markets in general amid the Ukraine crisis. The price then declined, falling as far as the mid-17 cent level at one point due to sluggish consumption and recessionary concerns amid global economic uncertainty. From November, the price turned up and remained high due to forecasts for reduced output in the main sugar producing nations in the Northern hemisphere, reaching the 22-cent level at the end of February, the highest level in around six years, before ending the fiscal year in the low 22-cent range.

In the domestic sugar market, the retail price for refined white sugar started the fiscal year at 204-205 yen per kg. However, persistently high prices in the overseas crude sugar market, soaring energy costs, the rapid fall in the yen and other factors pushed the retail price up to 227-229 yen per kg by the end of the fiscal year.

In domestic refined sugar sales, household demand was sluggish, with a string of food price hikes suppressing consumer willingness to buy, but demand from the beverage, food service and food souvenir sectors recovered, supported by the government’s policy of reopening society and the economy without new restrictions on mobility. Specifically, the government implemented measures to stimulate domestic tourism demand and revive inbound demand by easing border controls. Shipment prices were raised three times during the fiscal year under review, resulting in a total increase of 24 yen per kg. However, amid persistently high overseas crude sugar prices and energy prices and the steep drop in the yen, there was a significant impact from higher raw material costs, marine freight rates, plant energy costs, and packaging and logistics expenses.

In domestic sales of crude sugar, sales volume increased at consolidated subsidiaries in Hokkaido, Kagoshima and Okinawa. The cost ratio deteriorated at some subsidiaries due to higher raw material and fuel costs, but profits held up well overall.

Overseas, sales volumes recovered in Singapore as COVID-19 mobility restrictions were eased, but the cost ratio deteriorated due to labor shortages triggered by fresh COVID-19 outbreaks, rising electricity prices and soaring transportation costs. Profits were also impacted by expenses for relocating business sites as part of business expansion.

As a result of the above, the Sugar Business reported net sales of 138,523 million yen (up 12.2% year on year) and operating income of 207 million yen (down 91.5% year on year).

Sugar market status during period

Overseas crude sugar price (NY sugar current delivery, per pound)

Opening price	Highest price	Lowest price	Closing price
19.42 cents	22.36 cents	17.60 cents	22.25 cents

Domestic market price (listed in *Nippon Keizai Shimbun*, per kilogram of a large bag of superfine sugar, Tokyo)

Opening price	Closing price
204-205 yen	227-229 yen

(Life Energy Business)

Palatinose sales were steady year on year for dairy beverage applications and in overseas markets, despite the impact of COVID-19 and higher procurement prices caused by the weak yen. In the domestic market, palatinose registered solid sales for candy and jelly applications, while sales were also strong for sugarcane extract for deodorant and feed applications. Increased sales of food colorings and improving agents and higher orders in the bio business also contributed significantly to sales growth. Profits were hit by delayed production adjustments associated with the renewal of liquid food products, and by the wider impact of the weaker yen and surging marine freight rates, but profits recovered overall, led by order growth in the bio business.

As announced on September 7, 2022, consolidated subsidiaries Mitsui Sugar Co., Ltd. (now Mitsui DM Sugar Co., Ltd.) and NUTRI Co., Ltd. have concluded an agreement with Terumo Corporation to acquire its business operations related to nutritional foods and products. The transfer of the business was completed in the current fiscal year.

As a result, net sales in the Life Energy Business amounted to 22,367 million yen (up 2.4% year on year), while operating income was 393 million yen (up 155.8% year on year).

(Real Estate Business)

Some property leasing started at the former Okayama Plant site, but rental income declined following the sale of income-generating real estate in the previous fiscal year. As a result, the Real Estate Business reported net sales of 2,420 million yen (down 7.3% year on year) and operating income of 498 million yen (down 51.8% year on year).

The redevelopment of the former Okayama Plant site was completed in the fiscal year under review with the abovementioned new leasing start.

As a result of the above, the Group recorded consolidated net sales of 163,310 million yen (up 10.4% year on year) and operating income of 1,100 million yen (down 69.7% year on year).

Non-operating income and expenses include royalty income from a development and marketing rights agreement for fingolimod (FTY720). However, since February 2019, Novartis Pharma AG (Novartis) and Mitsubishi Tanabe Pharma Corporation, which is the joint holder of the fingolimod patent with the Company, have been involved in an arbitration process regarding certain provisions of the agreement, which Novartis is challenging as invalid. After the arbitration process was initiated, the Company decided not to recognize as profits the portion of royalty income subject to the arbitration process. However, following the arbitration tribunal's decision, announced on February 14, 2023, to deny Novartis' claims in their entirety, the Company recognized as revenue the total amount of the long-term suspense receipt of 17,552 million yen as of the current fiscal year. As a result, this long-term suspense receipt amount and royalty income of 937 million yen for the current fiscal year were booked as non-operating income. In share of profit of entities accounted for using equity method, sales volume declined at affiliates in China amid strict restrictions on mobility to control the COVID-19 pandemic, while profitability deteriorated at affiliates in Thailand. However, the Company recorded ordinary income of 19,058 million yen (up 447.8% year on year).

In addition, despite the reversal of deferred tax assets and the booking of impairment losses on non-current assets at consolidated subsidiary Hokkaido Sugar Co., Ltd., reflecting a reassessment of business viability based on updated long-term production and price forecasts in light of domestic and overseas market conditions and demand trends for sugar beet, the Company reported profit attributable to owners of parent of 7,911 million yen (up 116.3%

from the previous fiscal year).

Effective October 1, 2022, consolidated subsidiary Mitsui Sugar Co., Ltd. and consolidated subsidiary Dai-Nippon Meiji Sugar Co., Ltd. merged to form Mitsui DM Sugar Co., Ltd. The aim of the merger is to speed up decision-making and rapidly capture synergies by combining and reallocating personnel and management resources in order to enhance Group management and reinforce earnings capabilities.

Net sales by business segment

Business segment	Net sales	Component ratio
	Million yen	%
Sugar Business	138,523	84.8
Life Energy Business	22,367	13.7
Real Estate Business	2,420	1.5
Total	163,310	100.0

## 2. Issues to work on

### < The Group's Mission >

The Group's corporate mission is – “We work closely and flexibly with you, as your lifetime partner, to help you enjoy sweeter living.” One of the goals of the Group's business activities is to play a key role in helping people achieve happiness in life, through “flavor,” “fun” and “joy.” Always grateful to nature as the source of our business, we will supply nature's gifts to society in various forms, aiming to become, step by step, a corporate group that has an enduring impact on life by increasing happiness.

### <Current Business Environment and Issues>

The Sugar Business generates most of the Group's sales. Amid declining domestic sugar consumption due to Japan's shrinking population and growing demand for alternative sweeteners, people's dietary habits are becoming broader, spurred by longer healthy life expectancy and the emergence of new lifestyles. Meanwhile, new food technology utilizing the latest advances in IT is opening up the door to new possibilities in food, such as the potential to protect the environment by reducing food losses. Digital transformation (DX) and initiatives that raise awareness about sustainability are likely to accelerate this trend further. However, the Sugar Business has a business structure that is exposed to agricultural and trade policies. Other trends are also creating a more challenging operating environment for the Group – shrinking and aging populations are leading to changes in the workforce and the working age population, and competition for human resources is becoming more severe. In addition, the Group faces rising energy prices, soaring raw materials prices, and increasingly unstable political and economic conditions worldwide amid rising geopolitical risk.

Against this backdrop, in the fiscal year under review, the Mitsui DM Sugar Holdings Group (“the Group”) launched its new medium-term management plan, “2026 Diversify into Nutrition & Health,” running from fiscal 2022 to fiscal 2025. Under the plan's growth strategy for the Group, which has two key elements – “Transform the Group's business model” and “Reallocate management resources” – the Group is working to optimize its businesses by (1) reinforcing the domestic Sugar Business, (2) growing overseas operations, (3) expanding the Life Energy Business, (4) consolidating and strengthening the Group's R&D capabilities, and (5) contributing to the creation of a sustainable society. To achieve the targets in the medium-term management plan, we will harness the diverse capabilities of the Group's entire workforce, aiming to become a corporate group that delivers nutrition and health solutions for the happiness of people and society across all life stages. In addition, effective October 1, 2022, consolidated subsidiary Mitsui Sugar Co., Ltd. and consolidated subsidiary Dai-Nippon Meiji Sugar Co., Ltd. merged to form Mitsui DM Sugar Co., Ltd. The aim of the merger is to speed up decision-making and rapidly capture synergies by combining and reallocating personnel and management resources in order to enhance Group management and reinforce earnings capabilities.

### <Measures to Address Issues>

#### Domestic Sugar Business

In the domestic Sugar Business, we will reinforce operations to enable the reallocation of business resources to the overseas Sugar Business and the Life Energy business – the Group's growth fields – while also radically overhauling the entire value chain and building an optimized raw material procurement and distribution system to improve the efficiency of product handling and shipping. In addition, we will reduce energy consumption based on an environmentally friendly production framework and implement a value-added sales strategy, as well as take urgent steps to improve profitability in response to surging fuel and crude sugar prices. To support the long-term stability of the domestic sugar industry, we will tackle a number of issues through our capital and business alliance with Nippon Beet Sugar Manufacturing Co., Ltd. (Nitten). Specifically, we will overhaul the beet sugar production framework across our operations in Hokkaido by starting outsourced beet sugar production at consolidated subsidiary Hokkaido Sugar Co., Ltd. for supply to Nitten. Also, through consolidated subsidiaries in Kagoshima and Okinawa that supply crude sugar, such as Showa Sugar Co., Ltd. and Ishigakijima Sugar Manufacturing Co., Ltd., we will continue to source stable supplies of crude sugar and support the domestic sugarcane industry, contributing in particular to the prosperity of Japan's remote island economies and the preservation of national borders (border security).

#### Overseas businesses

In the overseas Sugar Business, we will implement the following measures in the Group's markets in the ASEAN region, China and the Middle East, which continue to see high rates of economic growth. (1) Singapore: We will

use Singapore as a base to build a refined sugar supply chain extending into the Middle East and Vietnam. To leverage the brand power of consolidated subsidiary SIS'88 Pte Ltd. and firm demand for its retail products in the Middle East, we will construct a new repackaging site in Dubai, United Arab Emirates (UAE) to support further sales growth in the Middle East area. Asian Blending Pte Ltd., a consolidated subsidiary of SIS'88 Pte Ltd., will also establish a new production site in Vietnam to strengthen earnings capabilities in the region. (2) China: We will expand our business to capture demand in China – a very large sugar consumption market. Equity-method affiliate COFCO Sugar Liaoning Co., Ltd. will continue to reinforce earnings, which remained stable even under the Chinese government's strict zero-COVID policy. Another equity-method affiliate, HANY SUGAR Co., Ltd., will upgrade its production system for mainstay products – refined sugar sachets and brown sugar – and reinforce its sales structure and sell a wider range of products to boost earnings. We will also expand our business through partnerships with various other companies and explore new business opportunities, aiming to further develop our position in the China market together with the Life Energy Business. (3) Thailand: Leveraging more than 50 years of expertise in the region, we plan to make Thailand a supply base for high-quality sugar for ASEAN customers. Specifically, we will consolidate production functions at equity-method affiliate Kaset Phol Sugar Ltd. in order to improve efficiency, and begin full operation of new crude sugar and refined sugar plants to support the Group's earnings.

#### Life Energy Business

The Life Energy Business will utilize the Group's extensive expertise in sugar and sugar extracts accumulated over many years to extend its reach into the nutrition and health fields, targeting the functions of proteins in particular. The ultimate aim is to help create a sustainable society by providing nutritional supplements that support people's performance in their daily lives and that are tailored to their life stage. We will grow the market for palatinose used in sports and e-sports products and enhance our healthcare business, where consolidated subsidiary NUTRI Co., Ltd. has a strong position in nutritional care supplements. Also, guided by the phrase, "Nutrition by Life Stage," we will create new businesses by focusing on research and development that combines the Group's expertise in ingredients and technologies. In Japan, we will expand our range of nursing care food and nutritional care supplements for the in-home care market, while overseas, we will launch products suited to each market, aiming to increase our presence in growing market categories driven by aging societies. Also, taking into consideration synergies with existing businesses, we will use M&A and other approaches to identify partner companies that share the Group's vision for value-added nutritional supplements.

#### Research and Development

In research and development, we will focus on the development of functional sugars and proteins – key sources of energy – and conduct research into new methods of providing and efficient ways of ingesting health foods. Working with external research teams and other partners, we will leverage the Group's products, expertise and technologies to develop a wide range of new products. In addition, we have established the Mitsui DM Group R&D Center at consolidated subsidiary Mitsui DM Sugar Co., Ltd. to lead the Group's research and development activities. By further enhancing collaboration with consolidated subsidiaries such as Taisho Technos Co., Ltd. and NUTRI Co., Ltd. through personnel exchanges and other approaches, and by maximizing the combined strengths of the Group, we aim to drive growth in the Life Energy Business to create new businesses.

#### Real Estate Business

In the Real Estate Business, we will continue to generate stable cash flow using assets in the real estate portfolio, while also further improving asset efficiency and increasing earnings capabilities.

#### Sustainability

We will implement a range of measures to achieve our key performance indicators (KPIs) and tackle the Group's 10 material issues, which were selected in line with our basic policy for sustainability initiatives – "Realize a sustainable society through five key commitments."\* In terms of environmental KPIs, the Group is targeting net zero CO2 emissions by fiscal 2050, with an interim goal of reducing CO2 emissions by 46% by fiscal 2030 compared with levels in fiscal 2015. The Group also recognizes the importance of respecting diverse views and values in order to deliver sustainable growth as a company and to increase corporate value. In line with this thinking, we will recruit career-minded personnel in Japan and overseas who have specialist skills that align with our business strategy, upgrade personnel training systems to support career development, and establish childcare and nursing care leave schemes, aiming to create a working environment where all employees in the Mitsui DM

Sugar Holdings Group can play a full and active role, regardless of gender, nationality and other attributes.

\*

- (1) Our commitment to the environment: Help to improve the environment by tackling climate change and water resource issues and by reducing industrial waste.
- (2) Our commitment to people: Help to create a society that respects human rights by strengthening workplace health and safety and by supporting diversity & inclusion.
- (3) Our commitment to health: Contribute to healthier lives for all by ensuring rigorous food safety and hygiene, extending healthy life expectancy, fulfilling nutritional needs and driving innovations in flavor.
- (4) Our commitment to local society: Help to sustain and develop local society by supporting industrial development.
- (5) Our commitment to happiness: Contribute to happier lives for all by promoting lifestyles based on suitable sugar intake and by supporting balanced diets.

#### Other

Effective May 1, 2023, the head offices of the Company and those of consolidated subsidiaries Mitsui DM Sugar Co., Ltd., DIA MARKET CREATION Co., Ltd., TAISHO TECHNOS CO., LTD., MEITO WAREHOUSE CO., LTD. and Nakatora Fudosan Co., Ltd., and the Tokyo office of consolidated subsidiary Hokkaido Sugar Co. Ltd., were consolidated and relocated to 5-26-16 Shiba, Minato Ward, Tokyo. By consolidating the Tokyo offices of these Group companies, we will accelerate efforts to capture Group synergies through better communication and closer collaboration.