

Translation

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**Consolidated Financial Results
for the Three Months Ended June 30, 2025
(Based on IFRS)**

August 5, 2025

Company name: WELLNEO SUGAR Co., Ltd.

Stock exchange listing: Tokyo

Stock code: 2117 URL <https://www.wellneo-sugar.co.jp/>

Representative: President and Representative Director Koji Yamamoto

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Scheduled date to commence dividend payments: —

Preparation of supplementary material on financial results: No

Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2025	30,154	23.6	2,532	9.5	2,566	7.5	1,745	7.6	1,708	5.3	1,838	(4.6)
Three months ended June 30, 2024	24,400	8.4	2,313	100.7	2,387	(8.7)	1,622	(13.5)	1,622	(13.5)	1,926	(14.2)

	Basic earnings per share		Diluted earnings per share		
			Yen	Yen	
Three months ended June 30, 2025		52.39		—	
Three months ended June 30, 2024		49.51		—	

Basic earnings per share are calculated based on the average number of shares outstanding during the period, excluding treasury shares. Treasury shares includes shares of the Company held by the "Impact Neutralization Trust."

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of June 30, 2025	Millions of yen 110,465	Millions of yen 73,365	Millions of yen 73,365	% 66.4
As of March 31, 2025	110,352	74,363	72,892	66.1

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
Year ended March 31, 2025	Yen —	Yen 46.00	Yen —	Yen 56.00	Yen 102.00
Year ending March 31, 2026	—	—	—	—	—
Year ending March 31, 2026 (Forecast)	54.00	—	54.00	—	108.00

(Note) Revision to the most recently announced dividend forecast: No

3. Forecast of consolidated financial results for the year ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

Percentages indicate year-on-year changes

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Six months ending Sep. 30, 2025	58,000	20.3	4,300	(11.0)	4,300	(13.4)	3,000	(13.4)	3,000	(13.4)	91.76	
Full year	114,000	17.4	8,500	5.9	8,500	1.5	5,900	6.0	5,900	6.0	180.19	

(Note) Revision to the most recently announced earnings forecast: No

4. Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2025: No
 Included: - company (Company name)
 Excluded: - company (Company name)

(2) Changes in accounting policies and changes in accounting estimates
 Changes in accounting policies required by IFRS: No
 Changes in accounting policies due to other reasons: No
 Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	32,800,095 shares	As of March 31, 2025	32,800,095 shares
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Number of treasury shares at the end of the period

As of June 30, 2025	83,045 shares	As of March 31, 2025	291,145 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2025	32,616,100 shares	Three months ended June 30, 2024	32,764,902 shares
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(Note) The number of treasury shares at the end of the period includes shares of the Company held by the "Impact Neutralization Trust" (83,000 shares as of June 2025, 291,100 shares as of March 2025). In addition, shares of the Company held by the "Impact Neutralization Trust" are included in treasury shares deducted from the calculation of average shares outstanding during the period (183,950 shares as of June 2025).

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation of the appropriate use of earnings forecasts, and other special notes
 (Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. The Company does not guarantee that it will achieve these forecasts. Actual results may differ materially from these forecasts due to various factors. For the assumptions underlying the earnings forecasts and notes on the use of earnings forecasts, please refer to "1. Overview of Business Performance, etc. (4) Explanation of Consolidated Earnings Forecasts and Other Forward-Looking Information" on page 4 of the attached document.

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1. Overview of Business Performance

(1) Overview of business performance for the quarter

During the first quarter of the current consolidated cumulative period, the Japanese economy maintained a moderate recovery trend, supported by improvements in the employment and income environment as well as inbound demand. On the other hand, due to factors such as continued inflation and downside risks to the economy stemming from the impact of U.S. trade policies, the outlook remains uncertain.

During the first quarter of the current consolidated cumulative period, as Toyo Sugar Refining Co., Ltd. was made a consolidated subsidiary at the end of the previous fiscal year, revenue was 30,154 million yen (up 23.6% YoY), and operating profit was 2,532 million yen (up 9.5% YoY). Profit before tax was 2,566 million yen (up 7.5% YoY), and profit attributable to owners of parent was 1,708 million yen (up 5.3% YoY).

The following is an overview of each segment. The profit for each segment does not include 343 million yen in company-wide expenses, among other items.

[Sugar Segment]

Regarding the overseas raw sugar market, prices started in the upper 18-cent range per pound and rose to the mid-19-cent range, the highest level of the period. Thereafter, although crude oil prices surged due to heightened tensions in the Middle East, concerns over the global economy stemming from the announcement of reciprocal tariff policies by the United States and expectations of increased production in major producing countries led prices to decline to the mid-14-cent range, the lowest level of the period. The first quarter of the current consolidated cumulative period ended with prices in the mid-15-cent range.

Overseas raw sugar markets (New York market raw sugar futures (current contract))

	Date	Cents/lb	Yen/kg	Exchange rate (Yen/Dollar)
Opening price	April 1, 2025	18.89	62.81	150.82
High price	April 2, 2025	19.63	65.28	150.84
Low price	June 30, 2025	14.68	47.19	145.81
Closing price	June 30, 2025	15.48	49.76	145.81

(Note) One pound is converted to approximately 0.4536 kg, and the exchange rate is based on the TTS of the direct exchange rate announced by the Bank of Mitsubishi UFJ on the day.

Regarding the domestic refined sugar market (as reported in the Nihon Keizai Shimbun, Tokyo), the first quarter of the current consolidated cumulative period ended at 249 to 251 yen per kilogram for refined sugar, unchanged from the end of the previous fiscal year.

Under these circumstances, the sales volume of products for commercial use exceeded that of the same period in the previous year, due to a recovery in demand for food service and baking products resulting from increased human mobility. The sales volume of consumer products also exceeded the level of the same period in the previous year, owing to strong shipments of the Company's proprietary product, "Kibi Sato," and a rebound in shipments of rock sugar, which had declined in the previous fiscal year due to poor ume plum harvests.

In terms of profit, the increase was due to factors including the new consolidation of Toyo Sugar Refining Co., Ltd.

As a result of the above, total revenue for the Sugar segment was 25,935 million yen (up 23.5% YoY), and segment profit was 2,725 million yen (up 11.3% YoY).

[Food & Wellness Segment]

The Food & Wellness segment offers a diverse range of functional materials and services used in various settings, primarily through the Food Science and Fitness businesses.

In the Food Science business, shipments of the Company's proprietary product, "Okinawa Amami Kibi Oligo," remained strong due to increasing interest in its effects on improving intestinal health, as well as various promotional measures and sales activities aimed at expanding the number of stores carrying the product. In addition, the Company made progress in establishing a production system for increased production of "Cup Oligo" at the Mihama Bioplant. TSUKIOKA FILM PHARMA CO., LTD. reported increased revenue and profits due to measures such as passing on cost increases to sales prices.

In the Fitness business, the Company closed unprofitable stores in the previous fiscal year. It continued to engage in active advertising and promotional activities during the current period, while also working to strengthen children's school programs and revitalize comprehensive fitness centers. Although membership increased across all business segments, revenue and profits decreased due to the impact of store closures in the previous fiscal year.

In the Warehousing business, although the volume of livestock products handled in refrigerated warehouses increased, revenue increased but profits decreased due to factors such as an increase in expenses resulting from capital investment.

As a result of the above, total revenue for the Food & Wellness segment was 4,218 million yen (up 24.0% YoY), and segment profit was 150 million yen (down 18.2% YoY).

(2) Overview of financial position for the quarter

(Assets)

As of the end of the first quarter of the current consolidated fiscal year, current assets totaled 46,674 million yen, a decrease of 376 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 235 million yen increase in trade and other receivables, offset by decreases of 402 million yen in inventories and 109 million yen in other current assets. Non-current assets totaled 63,791 million yen, an increase of 489 million yen from the end of the previous consolidated fiscal year. This was primarily due to a 204 million yen decrease in right-of-use assets, offset by a 617 million yen increase in property, plant, and equipment, and a 104 million yen increase in other financial assets.

As a result, total assets amounted to 110,465 million yen, an increase of 113 million yen from the end of the previous consolidated fiscal year.

(Liabilities)

As of the end of the first quarter of the current consolidated fiscal year, current liabilities totaled 33,306 million yen, an increase of 1,296 million yen from the end of the previous consolidated fiscal year. This was mainly due to a 4,100 million yen increase in borrowings, despite decreases of 2,140 million yen in trade and other payables and 787 million yen in income taxes payable. Non-current liabilities totaled 3,794 million yen, a decrease of 185 million yen from the end of the previous consolidated fiscal year. This was primarily due to a decrease of 160 million yen in lease liabilities.

As a result, total liabilities amounted to 37,100 million yen, a increase of 1,111 million yen from the end of the previous consolidated fiscal year.

(Equity)

As of the end of the first quarter of the current consolidated fiscal year, total equity was 73,365 million yen, a decrease of 997 million yen from the end of the previous consolidated fiscal year. This was mainly due to a decrease of 1,819 million yen resulting from dividend payments on surplus, increase of 473 million yen due to the disposal of treasury shares in the Impact Neutralization Trust® and decrease of 1,470 million yen in non-controlling interests due to the additional acquisition of shares in Toyo Sugar Refining Co., Ltd., despite a quarterly profit of 1,708 million yen attributable to the owners of the parent.

As a result, the ratio of equity attributable to owners of parent was 66.4% (up 0.3 percentage points from the end of the previous consolidated fiscal year).

(3) Overview of cash flow for the quarter

Cash and cash equivalents at the end of the first quarter of the current consolidated fiscal year decreased by 95 million yen from the end of the previous consolidated fiscal year to 15,350 million yen.

The status of each cash flow during the first quarter of the current consolidated period is as follows.

(Cash flow from operating activities)

Net cash used in operating activities was 987 million yen (compared to 1,842 million yen used in the same period of the previous year).

The main components were profit before income taxes of 2,566 million yen, depreciation and amortization of 621 million yen, income taxes paid of -1,502 million yen, and a decrease in inventories, an increase in trade and other receivables, and a decrease in trade and other payables of -2,893 million yen.

(Cash flow from investing activities)

Net cash used in investing activities was 1,717 million yen (compared to 627 million yen used in the same period of the previous fiscal year).

The main items were payments of -1,717 million yen for the acquisition of property, plant and equipment and intangible assets.

(Cash flow from financing activities)

Net cash provided by financing activities was 2,610 million yen (compared to 2,012 million yen used in the same period of the previous fiscal year).

The main components were a net increase in short-term borrowings of 4,100 million yen, proceeds of 475 million yen for disposal of treasury shares, payments of lease liabilities of -182 million yen, and cash dividends paid of -1,783 million yen.

(4) Explanation of consolidated earnings forecasts and other forward-looking information

From the second quarter onward, while the Japanese economy is expected to continue its moderate recovery, supported by sustained growth in consumption, the outlook remains uncertain due to concerns such as the impact of U.S. trade policies, unstable international conditions, and reduced consumer spending resulting from rising prices.

Amid such circumstances, in the second year of the medium-term management plan “WELLNEO Vision 2027” (April 2024 – March 2028), the Company will steadily advance the strengthening and expansion of the Sugar and Food & Wellness segments as dual pillars, to realize the “Well-being” of various stakeholders.

In the Sugar segment, the business environment remains uncertain due to concerns over weather conditions in major producing countries, geopolitical risks, rising costs for energy and other inputs, and the impact of foreign exchange fluctuations. The Group will give top priority to fulfilling its social responsibility by ensuring a stable supply of safe sugar, which is a daily necessity for consumers, while also working to procure raw materials under favorable conditions and reflecting rising costs in selling prices, thereby focusing on profitability.

Furthermore, by swiftly realizing the benefits of strengthening the business foundation and generating synergies through the consolidation of Toyo Sugar Refining Co., Ltd. and the absorption-type merger with DAIICHI TOGYO CO., LTD., the Company will aim to improve business performance by enhancing operational efficiency and productivity across business processes and by strengthening product and sales capabilities centered on the promotion of high-value-added products such as “Kibi Sato.” In anticipation of the continued movement of industry realignment, the Company will continue to strive for improved management efficiency and quality.

In the Food & Wellness segment, we will continue to provide a diverse range of functional materials and services that contribute to improving people’s quality of life through health promotion.

In the Food Science business, we will expand sales of functional sweetener ingredients that support intestinal health, including “Okinawa Amami Kibi Oligo” and “Cup Oligo,” for which a production expansion system has been established at the Mihama Bio Plant. We are implementing sales promotion measures aimed at raising awareness of CI (Cyclodextran), a product with plaque formation inhibition effects that is manufactured and sold exclusively by our company worldwide, and are making capital investments for in-house manufacturing and increased production, with plans to commence full-scale production in fiscal year 2026.

Furthermore, we are promoting business development across various domains centered around flora design ingredients that improve intestinal and oral microbiota, through technological development utilizing prebiotic materials in collaboration with academia, and initiatives with Metagen, Inc., which possesses cutting-edge knowledge in microbiome research.

Additionally, we will further strengthen collaboration with our affiliated company, Tsuruya Chemical Industries Co., Ltd., reinforce the business strategy for “edible films” of our consolidated subsidiary, TSUKIOKA FILM PHARMA CO., LTD., and explore further possibilities through the integration of our strengths in sugar-derived functional materials and Toyo Sugar Refining Co., Ltd.’s sugar transfer technology. By fully leveraging the assets and expertise of the entire group, we aim to significantly advance our Food Science business.

In the Fitness business, although the number of members is gradually recovering, the operating environment remains challenging due to increasing diversification and the emergence of competing services. We will continue to provide spaces tailored to individual health and fitness customer needs, carry out advertising and promotional activities to attract members, and strengthen children’s school programs at comprehensive fitness centers, with a focus on profitability, aiming for an early recovery in business performance.

As a result of the above, there are no changes to the consolidated earnings forecasts for the second quarter cumulative period or the full year, as announced in the “Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2025” dated May 14, 2025.

In addition, the Company resolved at its Board of Directors meeting held on June 17, 2025, to adopt a basic policy to carry out an absorption-type merger on October 1, 2026, with the Company as the surviving entity and its consolidated subsidiary, Toyo Sugar Refining Co., Ltd., as the absorbed company. The Company will promptly disclose any matters that require disclosure, depending on the progress of the necessary procedures for the merger.

2. Condensed Quarterly Consolidated Financial Statements and Main Notes

(1) Condensed quarterly consolidated statement of financial position

	(Millions of yen)	
	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and cash equivalents	15,445	15,350
Trade and other receivables	9,035	9,270
Other financial assets	846	841
Inventories	21,108	20,706
Other current assets	615	506
Total current assets	<u>47,051</u>	<u>46,674</u>
Non-current assets		
Property, plant and equipment	19,688	20,306
Right-of-use assets	1,697	1,493
Goodwill	13,863	13,863
Intangible assets	220	252
Investments accounted for using equity method	16,564	16,524
Other financial assets	9,503	9,608
Retirement benefit asset	234	232
Deferred tax assets	157	141
Trade and other receivables	20	22
Other non-current assets	1,349	1,347
Total non-current assets	<u>63,301</u>	<u>63,791</u>
Total assets	<u><u>110,352</u></u>	<u><u>110,465</u></u>

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	15,810	19,910
Trade and other payables	10,940	8,799
Lease liabilities	771	695
Other financial liabilities	97	389
Income taxes payable	1,674	887
Provisions	5	—
Other current liabilities	2,710	2,624
Total current liabilities	32,009	33,306
Non-current liabilities		
Trade and other payables	33	32
Lease liabilities	1,175	1,014
Other financial liabilities	95	94
Retirement benefit liability	614	574
Provisions	443	444
Deferred tax liabilities	1,552	1,569
Other non-current liabilities	64	64
Total non-current liabilities	3,979	3,794
Total liabilities	35,989	37,100
Equity		
Capital stock	7,000	7,000
Capital surplus	31,255	31,284
Treasury shares	(662)	(188)
Other components of equity	1,914	1,996
Retained earnings	33,384	33,274
Total equity attributable to owners of parent	72,892	73,365
Non-controlling interests	1,470	—
Total equity	74,363	73,365
Total liabilities and equity	110,352	110,465

(2) Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income
 (Condensed quarterly consolidated statements of income)

	(Millions of yen)	
	Three months ended	Three months ended
	June 30, 2024	June 30, 2025
Revenue	24,400	30,154
Cost of sales	19,382	24,377
Gross profit	5,018	5,776
Selling, general and administrative expenses	2,736	3,237
Other operating income	35	15
Other operating expenses	4	22
Operating profit	2,313	2,532
Finance income	57	99
Finance costs	23	51
Share of profit (loss) of investments accounted for using equity method	40	(13)
Profit before tax	2,387	2,566
Income tax expense	765	821
Profit	1,622	1,745
Profit attributable to		
Owners of parent	1,622	1,708
Non-controlling interests	—	36
Profit	1,622	1,745
Earnings per share		
Basic earnings per share (Yen)	49.51	52.39

(Condensed quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2024	Three months ended June 30, 2025
Profit	1,622	1,745
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	70	86
Total of items that will not be reclassified to profit or loss	70	86
Items that may be reclassified to profit or loss		
Cash flow hedges	234	7
Total of items that may be reclassified to profit or loss	234	7
Other comprehensive income	304	93
Comprehensive income	1,926	1,838
Comprehensive income attributable to		
Owners of parent	1,926	1,801
Non-controlling interests	—	37
Comprehensive income	1,926	1,838

(3) Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

(Millions of yen)

	Equity attributable to owners of parent						
	Other components of equity						
	Capital stock	Capital surplus	Treasury shares	Cash flow hedges	Financial assets measured at fair value through other comprehensive income		
Balance as of April 1, 2024	7,000	34,690	(3,528)	155	1,776		
Profit	—	—	—	—	—		
Other comprehensive income	—	—	—	234	70		
Total comprehensive income	—	—	—	234	70		
Purchase of treasury shares	—	—	(0)	—	—		
Disposal of treasury shares	—	—	—	—	—		
Dividends	—	—	—	—	—		
Share-based remuneration transactions	—	2	—	—	—		
Transfer from other components of equity to retained earnings	—	—	—	—	(0)		
Changes in ownership interest in subsidiaries	—	—	—	—	—		
Transfer to non-financial assets	—	—	—	(223)	—		
Total transactions with owners	—	2	(0)	(223)	(0)		
Balance as of June 30, 2024	<u>7,000</u>	<u>34,692</u>	<u>(3,528)</u>	<u>166</u>	<u>1,846</u>		
Equity attributable to owners of parent							
Other components of equity							
Remeasurements of defined benefit plans		Retained earnings	Total	Non-controlling interests	Total equity		
Balance as of April 1, 2024	—	1,932	31,012	71,107	—	71,107	
Profit	—	—	1,622	1,622	—	1,622	
Other comprehensive income	—	304	—	304	—	304	
Total comprehensive income	—	304	1,622	1,926	—	1,926	
Purchase of treasury shares	—	—	—	(0)	—	(0)	
Disposal of treasury shares	—	—	—	—	—	—	
Dividends	—	—	(1,834)	(1,834)	—	(1,834)	
Share-based remuneration transactions	—	—	—	2	—	2	
Transfer from other components of equity to retained earnings	—	(0)	0	—	—	—	
Changes in ownership interest in subsidiaries	—	—	—	—	—	—	
Transfer to non-financial assets	—	(223)	—	(223)	—	(223)	
Total transactions with owners	—	(223)	(1,834)	(2,056)	—	(2,056)	
Balance as of June 30, 2024	<u>—</u>	<u>2,013</u>	<u>30,800</u>	<u>70,978</u>	<u>—</u>	<u>70,978</u>	

Three months ended June 30, 2025 (from April 1, 2025 to June 30, 2025)

(Millions of yen)

	Equity attributable to owners of parent				
					Other components of equity
	Capital stock	Capital surplus	Treasury shares	Cash flow hedges	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2025	7,000	31,255	(662)	114	1,799
Profit	—	—	—	—	—
Other comprehensive income	—	—	—	7	84
Total comprehensive income	—	—	—	7	84
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	2	473	—	—
Dividends	—	—	—	—	—
Share-based remuneration transactions	—	2	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	23	—	—	—
Transfer to non-financial assets	—	—	—	(10)	—
Total transactions with owners	—	28	473	(10)	—
Balance as of June 30, 2025	7,000	31,284	(188)	111	1,884

	Equity attributable to owners of parent				
	Other components of equity		Retained earnings	Total	Non-controlling interests
	Remeasurements of defined benefit plans	Total			
Balance as of April 1, 2025	—	1,914	33,384	72,892	1,470
Profit	—	—	1,708	1,708	36
Other comprehensive income	—	92	—	92	1
Total comprehensive income	—	92	1,708	1,801	37
Purchase of treasury shares	—	—	—	—	—
Disposal of treasury shares	—	—	—	475	—
Dividends	—	—	(1,819)	(1,819)	—
Share-based remuneration transactions	—	—	—	2	—
Transfer from other components of equity to retained earnings	—	—	—	—	—
Changes in ownership interest in subsidiaries	—	—	—	23	(1,508)
Transfer to non-financial assets	—	(10)	—	(10)	—
Total transactions with owners	—	(10)	(1,819)	(1,328)	(1,508)
Balance as of June 30, 2025	—	1,996	33,274	73,365	—

(4) Condensed quarterly consolidated statements of cash flows

	(Millions of yen)	
	Three months ended June 30, 2024	Three months ended June 30, 2025
Cash flows from operating activities		
Profit before tax	2,387	2,566
Depreciation and amortization	590	621
Finance income	(57)	(99)
Finance expenses	23	51
Share of loss (profit) of investments accounted for using equity method	(40)	13
Decrease (increase) in inventories	(1,353)	413
Decrease (increase) in trade and other receivables	(142)	(236)
Increase (Decrease) in trade and other payables	(1,946)	(3,069)
Other, net	373	212
Subtotal	(164)	472
Interest and dividend income received	49	92
Interest expenses paid	(21)	(50)
Income taxes paid	(1,704)	(1,502)
Net cash used in operating activities	(1,842)	(987)
Cash flows from investing activities		
Purchase of property, plant and equipment, and intangible assets	(618)	(1,717)
Payments for disposal of property, plant and equipment	(3)	(3)
Proceeds from sales of property, plant and equipment	5	0
Purchase of investment securities	(5)	(5)
Proceeds from sale and redemption of investment securities	0	3
Other, net	(5)	5
Net cash used in investing activities	(627)	(1,717)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	—	4,100
Proceeds from disposal of treasury shares	—	475
Repayments of lease liabilities	(218)	(182)
Cash dividends paid	(1,793)	(1,783)
Other, net	(0)	—
Net cash used in financing activities	(2,012)	2,610
Decrease in cash and cash equivalents	(4,481)	(95)
Cash and cash equivalents at the beginning of the period	12,509	15,445
Cash and cash equivalents at the end of the period	8,028	15,350

(5) Notes to condensed consolidated financial statements

(Basis of preparation)

The Company's consolidated financial statements have been prepared in accordance with the Tokyo Stock Exchange's "Rules on the Preparation of Quarterly Financial Statements," Article 5, Paragraph 2 (with the omission of certain items as stipulated in Article 5, Paragraph 5 of the same rules), and omit some of the disclosure items required by International Accounting Standard 34 "Interim Financial Reporting."

(Notes on the going concern assumption)

Not applicable.

(Additional information)

(Establishment of an Impact Neutralization Trust® to increase the ratio of tradable shares)

The Company has chosen to be listed on the Prime Market under the Tokyo Stock Exchange's new market segmentation and is taking measures to increase the ratio of tradable shares to meet the continued listing criteria of the Prime Market. As part of these efforts, the Company has acquired a portion of its shares held by major shareholders ITOCHU Corporation and SUMITOMO CORPORATION, and is selling them into the market through an Impact Neutralization Trust® (hereinafter, the "Trust").

Under this Trust, shares of the Company are purchased via closing price transactions on the Tokyo Stock Exchange (ToSTNeT-2), using funds provided by the Company. The acquired shares are then sold on the market during the trust period, and the sale proceeds are periodically distributed to the Company at predetermined times. This structure constitutes a self-benefit trust, with the Company as the beneficiary.

Under this trust, the Company acquired 391,000 shares of its stock during the previous consolidated fiscal year for 889 million yen. 308,000 shares were sold by the end of first quarter of the current fiscal year, resulting in a decrease of 700 million yen in treasury shares. Of these, 208,100 shares were sold on the market during the first quarter of the current fiscal year, resulting in a decrease of 473 million yen in treasury shares. As a result, the balance of treasury shares related to the trust recorded on the consolidated statement of financial position at the end of the first quarter of the current fiscal year was 188 million yen.

The impact of trust fees and other expenses related to establishing this trust on profit and loss in the first quarter of the current consolidated fiscal year was immaterial. Similarly, the impact of gains or losses on the disposal of treasury shares on capital surplus was also immaterial. Shares of the Company held under this trust are accounted for as treasury shares. Accordingly, they are deducted from the weighted average number of shares outstanding in the calculation of basic earnings per share.

(Segment information)

(1) Overview of reportable segments

The business segments of the Company Group are those constituent units for which separate financial information is available and which are subject to periodic review by the Board of Directors to determine the allocation of management resources and evaluate business performance.

The Company's business segments are consolidated based on the content of services and economic characteristics, and the "Sugar Segment" and "Food & Wellness Segment" are the reportable segments.

In the "Sugar Segment," we are mainly engaged in the manufacture and sale of sugar as a refined sugar business. The "Food & Wellness Segment" primarily engages in the food science business and fitness business. In the food science business, we mainly manufacture and sell other sweeteners and functional ingredients. In the fitness business, we operate fitness clubs.

(2) Information on reportable segments

The revenue and performance of the Company Group's reporting segments are as follows.

Internal revenue and transfers between segments are determined by considering market prices.

First quarter of the previous fiscal year (April 1, 2024 to June 30, 2024)

	Reportable Segment			Adjustment (Note 2)	Consolidation
	Sugar	Food & Wellness	Total		
	Millions of yen	Millions of yen	Millions of yen		
Revenue					
External revenues	20,999	3,401	24,400	—	24,400
Intersegment revenues	0	28	28	(28)	—
Total	21,000	3,429	24,429	(28)	24,400
Segment profit (loss) (Note 1)	2,447	183	2,631	(317)	2,313
Finance income	—	—	—	—	57
Finance costs	—	—	—	—	23
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	40
Profit before tax	—	—	—	—	2,387

Note 1: Segment profit (loss) is consistent with the operating profit in the condensed quarterly consolidated statement of income.

2: The adjustment amount for segment profit (loss) includes company-wide expenses that have not been allocated to each reportable segment.

First quarter of the current fiscal year (April 1, 2025 to June 30, 2025)

	Reportable Segment			Adjustment (Note 2)	Consolidation
	Sugar	Food & Wellness	Total		
	Millions of yen	Millions of yen	Millions of yen		
Revenue					
External revenues	25,935	4,218	30,154	—	30,154
Intersegment revenues	6	28	35	(35)	—
Total	25,942	4,247	30,189	(35)	30,154
Segment profit (loss) (Note 1)	2,725	150	2,875	(343)	2,532
Finance income	—	—	—	—	99
Finance costs	—	—	—	—	51
Share of profit (loss) of investments accounted for using equity method	—	—	—	—	(13)
Profit before tax	—	—	—	—	2,566

Note 1: Segment profit (loss) is consistent with the operating profit in the condensed quarterly consolidated statement of income.

2: The adjustment amount for segment profit (loss) includes company-wide expense that have not been allocated to each reportable segment.