

## Mitsui Sugar and Dai-Nippon Meiji Sugar Started Talks on Business Integration—JCR will Examine Progress of Talks to be Reflected in Mitsui Sugar’s Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on Mitsui Sugar Co., Ltd. (security code: 2109)'s announcement on its start of talks on business integration with Dai-Nippon Meiji Sugar Co., Ltd.

- (1) Mitsui Sugar Co., Ltd. (the “Company”) today announced its start of business integration with Dai-Nippon Meiji Sugar Co., Ltd. The Company will conduct a share exchange with Dai-Nippon Meiji Sugar with the Company as the parent company and Dai-Nippon Meiji Sugar as the subsidiary. At the same time, the Company will conduct a company split with the business succeeding company which will succeed the Company’s business and will transfer the rights and obligations related to its business to the business succeeding company, and will become the holding company where it will engage in administration of the Group management and the asset management. Through conclusion of the final agreement at the end of September 2020 and subsequent approvals at the stockholders’ general meetings of the two companies, they will merge on April 1, 2021.
- (2) Business environment surrounding refined sugar manufacturers is becoming tougher due to the decreasing demand for sugar in Japan and progress of economic partnership agreements such as TPP. The business integration will strengthen the Company’s business base and increase its competitive strength. Going forward, the two companies will set up a committee for business integration to discuss the basic matters, integration ratio, etc. JCR will confirm the outcome of the business integration and the impact on the Company’s business performance and financial structure to be reflected in the rating.

Hajime Inoue, Mariko Miura

<Reference>

Issuer: Mitsui Sugar Co., Ltd.

Long-term Issuer Rating: A-      Outlook: Stable

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