May 14, 2024

To whom it may concern,

Company Name of Representative	WELLNEO SUGAR Co., Ltd. Koji Yamamoto, President and Representative Director (Code No. 2117 TSE Prime Market)
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Announcement Regarding Disposal of Treasury Shares Through Third-party Allotment to Employee Stock Ownership Association

As announced in "Announcement of Decision on a Basic Plan for a Merger with Two Consolidated Subsidiaries" issued on May 26, 2023, WELLNEO SUGAR Co., Ltd. ("WELLNEO") has approved a basic plan for implementing an absorption-type merger (the "Merger") with its wholly owned subsidiaries Nissin Sugar Co., Ltd. ("Nissin Sugar") and ITOCHU Sugar Co., Ltd. ("ITOCHU Sugar"), with WELLNEO as the surviving company, and has resolved to begin the necessary procedures for the Merger based on the basic plan.

WELLNEO hereby announces that at its Board of Directors meeting held today, it has decided, as part of its efforts to enhance its human capital management, to take this opportunity with respect to the Merger to implement an incentive plan designed to motivate employees to enhance its corporate value over the mid- to long-term, and it has resolved to dispose of its treasury shares through a third-party allotment (the "Disposal of Treasury Shares") as follows:

1. Disposal summary

(1) Payment date	November 11, 2024
(2) Class and number of shares for disposal	37,000 shares of WELLNEO's common stock (Note)
(3) Disposal price	2,181 yen per share
(4) Total value of disposal	80,697,000 yen (Note)
(5) Disposal method (Recipients of disposed shares)	Third-party allotment of shares (WELLNEO SUGAR Employee Stock Ownership Association (the "Stock Ownership Association"))
(6) Other	WELLNEO has submitted a Written Notice of Securities under the Financial Instruments and Exchange Act in connection with the Disposal of Treasury Shares.

(Note) The "number of shares for disposal" and the "total value of disposal" represent the maximum number and value, and the actual number of shares for disposal and the actual total value of disposal will depend on the number of employees of WELLNEO's subsidiaries (i.e., the employees of Nissin Sugar and ITOCHU Sugar) who are qualified to become members of the Stock Ownership Association who consent to the "Incentive Plan for Employee Stock Ownership Association (Special Incentive Payment Scheme)" (the "Scheme") for members of

the Stock Ownership Association ("Employee(s)"). The "number of shares for disposal" and the "total value of disposal" will be announced promptly after they are finalized.

2. Objectives and reasons for the disposal

At its Board of Directors meeting held today, WELLNEO (i) decided to grant a special incentive payment to such Employees in an amount equivalent to 100 shares per Employee (the "Special Incentive Payment"), in order to allot WELLNEO shares for the purpose of helping such Employees build wealth through ownership of WELLNEO shares, and motivating them to enhance the corporate value of WELLNEO over the mid- to long-term; and (ii) resolved to dispose of 37,000 shares (equivalent to approximately 80.69 million yen), out of 2,288,574 treasury shares held by WELLNEO at present (as of March 31, 2024), to the Stock Ownership Association by having each of such Employees make a contribution through payment of the amount of such special incentive payment to the Stock Ownership Association, under the Scheme.

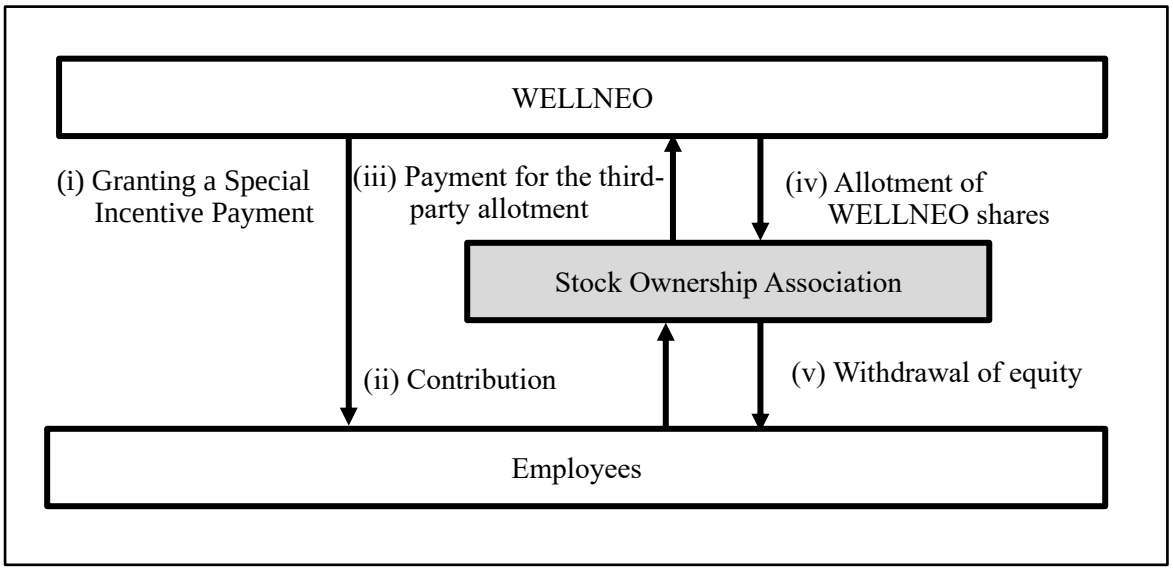
As stated in (Note) of "1. Disposal summary" above, the maximum number of shares for disposal to the Stock Ownership Association will be 37,000 shares.

The scale of dilution will be 0.11% in terms of the ratio against the total number of issued shares (35,053,483 shares as of March 31, 2024), and 0.11% in terms of the ratio against the total number of voting rights (326,963 voting rights as of March 31, 2024) (both percentages have been rounded off to two decimal places).

3. Scheme summary

Under the Scheme, the disposal of WELLNEO shares to the Stock Ownership Association will involve WELLNEO granting a special incentive payment to each of such Employees who are or will be enrolled in the Stock Ownership Association and each of such Employees making a contribution through payment of the amount of such special incentive payment to the Stock Ownership Association, whereupon the Stock Ownership Association will collect such special incentive payment amounts contributed by such Employees and pay them to WELLNEO.

The Scheme structure is as follows:



4. Basis for calculation of the payment amount and details thereof

The disposal price for the Disposal of Treasury Shares has been set at 2,181 yen, the closing price of WELLNEO shares on the Tokyo Stock Exchange (the "TSE") on May 13, 2024, which is the business day immediately preceding the date of the resolution by the Board of Directors of WELLNEO, in order to avoid an arbitrary price. WELLNEO considers that the price, which is the market value on the day immediately preceding the date of the resolution by the Board of Directors of WELLNEO, is reasonable.

The deviation ratio between this price and each of the following (i) to (iii) is as follows:
(i) 2,184 yen (rounded down to the nearest yen; the same applies to simple averages of closing prices hereafter), being the simple average of the closing price of WELLNEO shares on the TSE for one month up to the business day immediately preceding the date of the resolution by the Board of Directors of WELLNEO (April 15, 2024 to May 13, 2024): -0.14% (rounded off to two decimal places; the same applies to the calculation of deviation ratios hereafter);
(ii) 2,271 yen, being the simple average of the closing price for three months up to the said immediately preceding business day (February 14, 2024 to May 13, 2024): -3.96%, and
(iii) 2,212 yen, being the simple average of the closing price for six months up to the said immediately preceding business day (November 14, 2023 to May 13, 2024) is -1.40%.
Therefore, WELLNEO has concluded that the disposal price will not be particularly advantageous to the Stock Ownership Association.

All four corporate auditors (including two outside corporate auditors) who attended the Board of Directors meeting of WELLNEO held today have expressed the following opinion: considering that the Disposal of Treasury Shares is aimed at implementing the Scheme and that the payment amount is the closing price of WELLNEO shares on the TSE on the business day immediately preceding the date of the resolution by the Board of Directors of WELLNEO with respect to the Disposal of Treasury Shares, the payment amount will not be particularly advantageous to the Stock Ownership Association, which is the recipient of the disposed shares, and therefore lawful.

5. Matters related to procedures under the Code of Corporate Conduct

Given that (i) the dilution resulting from the Disposal of Treasury Shares is below 25%; and (ii) such disposal does not involve any changes in controlling shareholders, WELLNEO is not required to obtain an independent third-party opinion or to confirm the intent of the shareholders, as set forth in Rule 432 of the Securities Listing Regulations of the TSE.

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