February 18, 2025

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)
Contact	Hiroyuki Iizuka, Executive Officer (TEL. 03-3668-1246)

Notice Regarding the Establishment of the Impact Neutralization Trust® for the Purpose of Increasing the Company's Tradable Share Ratio

WELLNEO SUGAR Co., Ltd. (the "Company") hereby gives notice regarding the resolution at the Board of Directors meeting held today to establish the Impact Neutralization Trust® (hereinafter referred to as "the Trust") to increase the Company's tradable share ratio.

1. Purpose and background of the establishment of the Trust

In the "Plan for Compliance with Listing Maintenance Criteria" dated June 12, 2023 (the "Plan"), the Company set forth the basic policy, issues and details of its efforts to conform to the Continued Listing Criteria of the Prime Market. As announced in the "Notice regarding the progress based on the plan for compliance with Listing Maintenance Criteria" dated June 24, 2024, although the Company's tradable share ratio has improved YoY, it has not yet met the Continued Listing Criteria for the Prime Market. Based on the policies set out in the plan, the Company is continuing to work to reduce the number of shares held by business corporations and other shareholders on a continuous and strategic basis.

Under these initiatives, to improve the ratio of shares in circulation, we have requested that ITOCHU Corporation (a holder of 37.74% of the total number of shares issued by the Company as of December 30, 2024) and SUMITOMO CORPORATION (a holder of 25.29% of the total number of shares issued by the Company as of December 30, 2024), which are major shareholders and owners of non-circulating shares of our company (this refers to shareholders whose shares are considered to be non-tradable under the listing rules of the Tokyo Stock Exchange. The same applies below.), sell a portion of the shares they hold (hereafter referred to as "the sale of shares"), and have received their agreement.

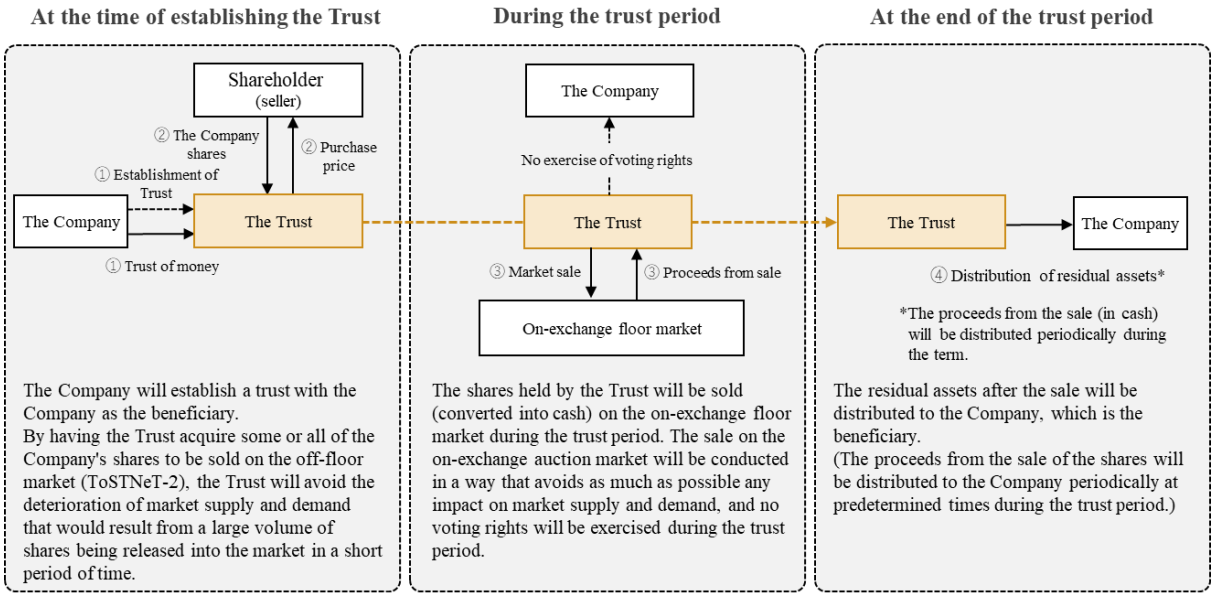
However, given the current market liquidity of the Company's shares, to avoid as much as possible the impact of the sale of shares on market supply and demand, we believe it is essential to limit the daily sales volume (market participation rate of sales) and take sufficient time for the sale. As a result of comparing and examining various methods of selling the shares, the Company has decided that the purpose of the sale of shares is to improve the Company's tradable share ratio and to benefit its shareholders and other stakeholders by using the Trust to reduce the impact of the sale of the shares on the market supply and demand as much as possible, taking into account the "Merits and features of the Trust" and "Disadvantages and points to note about the Trust" described in "2. Overview of the Trust" below.

2. Overview of the Trust

The Trust will acquire the Company's shares through the Tokyo Stock Exchange's off-hours trading system (ToSTNeT-2) using funds contributed by the Company to increase the Company's tradable share ratio, to

acquire the Company's shares sold by major shareholders who are owners of the Company's non-tradable shares. The Trust will then sell the Company's shares to minimize the impact on the market supply and demand for the Company's shares. The shares of the Company acquired by the Trust will be sold within the trust period, and the proceeds from the sale will be periodically distributed to the Company at predetermined intervals*.

*As the Trust is a self-beneficial trust with the Company as the beneficiary, it will be treated as treasury shares for accounting purposes. If the Trust generates a gain on disposal due to an increase in the share price, it will be treated as an increase in "Other capital surplus (net assets)". If it generates a loss on disposal due to a fall in the share price, it will be treated as a decrease in "Other capital surplus (net assets)". The status of sales of the Company's shares by the Trust will be disclosed monthly.



The acquisition of the Company's shares by the Trust (hereinafter referred to as the "Acquisition"), as well as the holding and sale of the acquired shares, will be carried out in a manner that takes into account the purpose and objectives of the various regulations concerning treasury shares (Articles 155 to 160, 165 and 461 of the Companies Act, etc.) and the content of the Trust, and in a manner that responds to the regulations that are considered necessary.

【Merits and features of the Trust】

(1) As the shares acquired from the major shareholder will be sold on the on-exchange floor market, we can expect a steady improvement in the tradable share ratio of the Company's shares.

(2) By reducing the daily sales volume (market participation rate for sales) and taking sufficient time to sell, we can expect to improve the market liquidity of the Company's shares and reduce the impact of share sales on market supply and demand.

(3) In acquiring the Company's shares through the Trust, the use of the Tokyo Stock Exchange's off-hours closing price trading (ToSTNeT-2), which is also commonly used in treasury share acquisition transactions, ensures that selling opportunities are not limited to the major shareholders who are scheduled to sell, but are also available to other shareholders, ensuring equality of opportunity for selling.

(4) Depending on the share price movement (share price increase) during the trust period, there is a

possibility that a disposal profit will arise between the acquisition funds contributed by the Company and the proceeds received from the sale.

【Disadvantages and points to note about the Trust】

(1) Due to the sale of shares in the company on the on-exchange floor market, there is a possibility that there will be a continuous impact on the market supply and demand for the company's shares until the sale of the company's shares by the trust is completed.

(2) Depending on the share price movement (decline in share price) during the trust period, there is a possibility that a disposal loss (however, the disposal loss will be limited to the acquisition funds contributed by the Company) will occur between the acquisition funds contributed by the Company and the proceeds from the sale, and it is possible that the amount will be considerable. In addition, there is a possibility that the disposal loss will be a factor in further share price decline.

3. Details of the Trust

(1) Entrustor: The Company

(2) Trustee: The Nomura Trust and Banking Co., Ltd.

(3) Beneficiary: The Company

(4) Exercise of voting rights: Voting rights shall not be exercised with respect to the Company's shares held in the Trust

(5) Handling of dividends, etc.: Dividends paid on the Company's shares held in the Trust shall be received

(6) Type of trust: Trust other than a monetary trust

(7) Date of trust agreement: February 18, 2025

(8) Trust period: February 18, 2025 (scheduled) to December 31, 2025 (scheduled)

(9) Purpose of trust: With the sale of the Company's shares by major shareholders in mind, the purpose of the trust is to alleviate the deterioration of the market supply and demand for the Company's shares due to such sales, as well as to improve the Company's tradable share ratio.

4. Method of acquiring the Company's shares in the Trust

(1) Type of shares to be acquired: The Company's common shares

(2) Number of shares to be acquired (maximum): 450,000 shares (1.37% of the total number of issued shares (excluding treasury shares))

(3) Total amount of the acquisition price of the shares (maximum): 1,100,000,000 yen

(4) Period of share acquisition: February 19, 2025 (scheduled) to February 28, 2025 (scheduled)

(5) Method of share acquisition: Acquisition through off-hours closing price trading (ToSTNeT-2) on the Tokyo Stock Exchange

(6) Share acquisition price: The closing price on the business day prior to the share acquisition date

(7) Share acquisition date: Scheduled to be disclosed on the business day prior to the share acquisition date

(8) Conditions for suspension of the Acquisition: It is reasonably expected that the purpose of the Trust will be achieved through the Acquisition

(9) Funds to be contributed for the acquisition and the trust: 1,134,404,128 yen

5. Method of selling the Company's shares in the Trust

The sale of the Company's shares in the Trust will be conducted through on-exchange trading, and the Company will receive the proceeds from the sale. The specific execution of sales during the trust period will

be conducted based on the execution policy stipulated in the trust agreement in advance, and the Company will not give instructions.

<Summary of the execution policy for on-exchange trading transactions>

- The goal is to complete the sale of the Company's shares within the trust period, while considering the dispersion of the timing of the sale of the Company's shares. If any of the Company's shares that belong to the trust property remain by the initial trust period expiration date, the expiration date of the Trust will be changed to June 30, 2026.
- The number of shares sold each business day will be approximately 10.0% of the market turnover, considering the stock price trend on that day.
- As a general rule, sales orders will be placed as limit orders, and no market orders will be placed.
- The sales pace may be adjusted within a specific range depending on the situation in the stock market. In particular, sales may be suspended in phases where the stock price falls significantly.

6. Impact on the Company's business performance

The impact of implementing this trust on the Company's business performance will be disclosed in the form of quarterly financial results as necessary.

*Impact Neutralization Trust® is a registered trademark of Nomura Securities Co., Ltd.

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