May 23, 2025

To whom it may concern:


| | |
|---|---|
| Company | WELLNEO SUGAR Co., Ltd. |
| Name of Representative | Koji Yamamoto, President and Representative Director (Code No. 2117 TSE Prime Market) |
| Contact | Hiroyuki Iizuka, Executive Officer (TEL. 03-3668-1246) |


# (Progress in disclosure) Notice Regarding Merger of Subsidiary

WELLNEO SUGAR Co., Ltd. (the "Company") hereby announce that, based on the resolution of the Board of Directors meeting held today, the Company have entered into a merger agreement regarding the absorption merger (hereinafter referred to as the "Merger") with DAIICHI TOGYO CO., LTD. (hereinafter referred to as "Daiichi Togyo"), which is our wholly-owned subsidiary, as the disappearing company, as stated in the press release dated May 24, 2024, 'Announcement of Decision on a Basic Plan for a Merger with Consolidated Subsidiary' (hereinafter referred to as the "Press Release dated May 24, 2024").

Assuming that the Company may incur a loss on extinguishment of the combined shares, the Company resolved today to proceed with the Merger according to the following schedule, subject to approval by a resolution of the Company's General Meeting of Shareholders.

The purpose of the Merger and other matters not mentioned in this press release are as described in the Press Release dated May 24, 2024.

1. Schedule of the Merger

| | |
|---|---|
| Board of Directors meeting for approval of the merger agreement (Each company) | May 23, 2025 |
| Signing of the merger agreement | May 23, 2025 |
| General Meeting of Shareholders to approve the merger agreement (the Company) | June 26, 2025 (planned) |
| Scheduled effective date of the Merger | October 1, 2025 (planned) |

(Note) Daiichi Togyo will not hold a General Meeting of Shareholders to approve the merger agreement, as this merger is a short-form merger under Article 784(1) of the Companies Act.

2. Outline of Participants in the Merger (As of March 31, 2025)

Surviving company

| | | |
|---|---|---|
| (1) | Company name | WELLNEO SUGAR Co., Ltd. |
| (2) | Address | 14-1 Nihonbashi-Koamicho, Chuo-ku, Tokyo |
| (3) | Names and titles of representatives | Shinji Nakano, Chairman and Representative Director<br>Koji Yamamoto, President and Representative Director |

| | | |
|---|---|---|
| (4) | Business | Manufacture and sale of sugar and other food products, mainly sugar; operation of fitness clubs; refrigerated warehousing and port transportation operations; sale of synthetic resins, etc. |
| (5) | Paid-in capital | 7,000 million yen |
| (6) | Date of establishment | October 3, 2011 |
| (7) | Number of issued shares | 32,800,095 |
| (8) | Fiscal year end | March 31 |
| (9) | Major shareholders and percentage of shares held | ITOCHU Corporation 37.0%<br>Sumitomo Corporation 24.8%<br>The Master Trust Bank of Japan, Ltd. (Trust account) 4.6%<br>Custody Bank of Japan, Ltd. (Trust account) 0.9%<br>The Nomura Trust and Banking Co., Ltd. (WELLNEO SUGAR Impact Neutralization Trust Fund No. 2041046) 0.9% |

(10) Financial position and operating results for the most recent fiscal year (Year ended March 31, 2025; Consolidated; IFRS)

| | |
|---|---|
| Equity attributable to owners of parent | 72,892 million yen |
| Total assets | 110,352 million yen |
| Equity attributable to owners of parent per share | 2,242.24yen |
| Revenue | 97,069 million yen |
| Operating profit | 8,024 million yen |
| Profit before tax | 8,377 million yen |
| Profit attributable to owners of parent | 5,565 million yen |
| Basic earnings per share | 170.05 yen |

Company to be absorbed

| | | |
|---|---|---|
| (1) | Company name | DAIICHI TOGYO CO.,LTD. |
| (2) | Address | 17371 Oaza Nichiya, Hyuga City, Miyazaki Prefecture |
| (3) | Names and titles of representatives | Masaki Akagi, President and Representative Director |
| (4) | Business | Production and sales of refined sugar |
| (5) | Paid-in capital | 450 million yen |
| (6) | Date of establishment | March 6, 1967 |
| (7) | Number of issued shares | 900,000 |
| (8) | Fiscal year end | March 31 |
| (9) | Major shareholders and percentage of shares held | WELLNEO SUGAR Co., Ltd. 100.0% |

(10) Financial position and operating results for the most recent fiscal year (Year ended March 31, 2025; Non-consolidated; Japanese GAAP)

| | |
|---|---|
| Net assets | 2,137 million yen |
| Total assets | 5,883 million yen |
| Net assets per share | 2,375.18yen |
| Net sales | 9,286 million yen |
| Operating income | 798 million yen |
| Ordinary income | 818 million yen |
| Net profit | 573 million yen |
| Earnings per share | 637.08yen |

(Note) The above figures of Daiichi Togyo's financial position and operating results for the year ended March 31, 2025, are prior to receiving approval from the General Meeting of Shareholders of Daiichi Togyo.

3. Future Outlook

As the Merger is a merger with a wholly-owned subsidiary of the Company, the impact of the Merger on the consolidated results for the year ending March 31, 2026 will not be material.

(Reference) Forecast of Consolidated Results for the Fiscal Year Ending March 31, 2026 (As announced on May 14, 2025)

(Millions of yen)

| | Revenue | Operating profit | Profit before tax | Profit attributable to owners of parent |
|---|---|---|---|---|
| Forecast for the current fiscal year (ending March 31, 2026) | 114,000 | 8,500 | 8,500 | 5,900 |
| Results for the previous fiscal year (ended March 31, 2025) | 97,069 | 8,024 | 8,377 | 5,565 |

End

(Reference) Organizational structure after October 1, 2025

