



March 10, 2023

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)
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Notice Regarding Determination of Commemorative Dividend Amount and Revision of Annual Dividend Forecast

WELLNEO SUGAR Co., Ltd. (the “Company”) announced on December 12, 2022 that it will pay a commemorative dividend to commemorate the merger. At the Board of Directors meeting held today, March 10, 2023, the amount of the commemorative dividend was determined after considering the impact of the merger on the consolidated statements of financial position. In addition, the Company has revised the annual dividend forecast for the fiscal year ending March 31, 2023 (previously announced on February 8, 2023).

This matter will be presented for approval at the 12th Ordinary General Meeting of Shareholders scheduled to be held in June 2023.

1. Summary of Dividend

The Company has stated in the basic policy for capital allocation that it intends to increase the medium- to long-term return on equity (ROE) attributable to owners of parent and enhance both growth investment and shareholder returns.

The dividend distribution is based on the consolidated dividend payout ratio (DPR) of 60% or dividend on equity (DOE) attributable to owners of parent of 3%, whichever is higher. In addition, the Company will pay a commemorative dividend of 7 yen per share to commemorate the merger, as well as to thank its shareholders for their steadfast support.

2. Breakdown of Dividends

Record Date	Dividend per share		
	2nd quarter-end	Year-end	Total
Previous forecast (announced February 8, 2023)	—	33.00 yen	66.00 yen
Revised forecast	—	37.00 yen (30 yen regular dividend) (7 yen commemorative dividend)	70.00 yen

Results for fiscal year ending March 31, 2023	33.00 yen	—	—
Results for the previous fiscal year (fiscal year ended March 31, 2022)	33.00 yen	34.00 yen	67.00 yen

Note: The dividend forecast is based on information currently available to the Company and certain assumptions that the Company considers reasonable; however, actual dividends could differ due to various factors.

3. Reason for Revising the Annual Dividend Forecast

The ordinary dividend forecast for the fiscal year ending March 31, 2023 is based on a dividend on equity (DOE) attributable to owners of the parent ratio of 3%, as per the formula described below.

Upon the business integration with ITOCHU Sugar Co., Ltd. (“ITOCHU Sugar”), a share exchange (the “Share Exchange”) was implemented on January 1, 2023, in which the Company became the wholly-owning parent company and ITOCHU Sugar became a wholly-owned subsidiary.

The share exchange ratio for the Share Exchange was calculated based on the market price method, comparable listed company analysis, and discounted cash flow (DCF) analysis. When the shares added through the Share Exchange are valued at the Company’s stock price on December 30, 2022 (as the effective date of the Share Exchange, January 1, 2023, was a national holiday, the valuation is based on the closing stock price on the preceding trading day), the price-to-book ratio (PBR) is less than 1x. As a result, the equity attributable to owners of parent per share that increased as a result of the Share Exchange was less than the pre-merger projected equity attributable to owners of parent per share, and the post-merger projected equity attributable to owners of parent per share at the end of the fiscal year is less than the pre-merger projection. The year-end dividend per share forecast is therefore revised down to 30 yen (an annual dividend per share forecast of 63 yen).

As a result of this revision, the annual dividend per share forecast for the regular dividend is lower than the original forecast of 66 yen, but as the Company will pay a commemorative dividend of 7 yen per share to commemorate the merger, the total annual dividend per share forecast will be 70 yen, which is higher than the original forecast.

Calculation formula for the annual dividend per share forecast:

Based on consolidated DPR of 60%

60% of basic year-end earnings per share forecast of 27.47 yen = 17 yen (amounts less than 1 yen rounded up)

Based on dividend on equity (DOE) attributable to owners of parent of 3%

3% of projected year-end equity attributable to owners of parent per share of 2,082.44 yen = 63 yen (amounts less than 1 yen rounded up)

Because the 63 yen based on 3% of DOE is higher, the forecast for the annual dividend per share for regular dividends is set at 63 yen. Combining that with the commemorative dividend of 7 yen per share results in a projected annual dividend per share of 70 yen.

Projected number of shares issued (Common stock)

Projected number of shares issues at end of period (including treasury shares): 35,053,483

Projected number of treasury shares at end of period: 2,292,530

The Company issued 12,379,600 shares of common stock in connection with the Share Exchange.

Upon the merger, the Company received share purchase demands from a number of shareholders to purchase 1,721,700 shares of common stock under Article 797 of the Companies Act, and as such the Company purchased those shares on the effective date of the merger (January 1, 2023), resulting in an increase in the number of treasury shares.