



April 13, 2023

To whom it may concern:

Company WELLNEO SUGAR Co., Ltd.
Name of Koji Yamamoto, President and
Representative Representative Director
(Code No. 2117 TSE Prime Market)
Contact Naruto Ito
Executive Officer in charge of Corporate
Planning Division
(TEL. 03-3668-1123)

Announcement of Share Acquisition and Share Acquisition through Third-Party Allotment by a Subsidiary (Resulting in an Equity-Method Affiliate)

WELLNEO SUGAR Co., Ltd. (hereinafter, “WELLNEO”) hereby announces that the Board of Directors of subsidiary ITOCHU Sugar Co., Ltd. resolved at a meeting on April 13, 2023 to acquire 20.03% of the total number of outstanding shares of Tsuruya Chemical Industries, Ltd. through transfer and through third-party allotment, thereby making it an equity-method affiliate. Details are as follows.

Details

1. Reason for acquisition

Tsuruya Chemical Industries has produced high-intensity sweeteners since its establishment in 1949, and is highly competitive in the food additive market, centered on these sweeteners. It also addresses customer needs by manufacturing and marketing a variety of food ingredients, highly functional foods and other products.

The WELLNEO Group aims to provide a wide array of functional ingredients in the Food & Wellness business domain. Following the share acquisition, the Group will collaborate with Tsuruya Chemical Industries to strengthen market-oriented sales development capabilities and pursue expansion in the functional ingredients segment.

2. Overview of subsidiary (ITOCHU Sugar Co., Ltd.)

(1) Name	ITOCHU Sugar Co., Ltd.
(2) Address	3 Tamatsuura-machi, Hekinan, Aichi, Japan
(3) Name and title of representative	Koji Yamamoto, President and Representative Director
(4) Business	1. Manufacture, processing, purchase and sale of the following products and their raw materials and by-products: 1. Sugar and saccharides, health foods, supplements, and other foods 2. Food additives 3. Pharmaceutical raw materials and quasi-drugs 4. Cosmetics

	2. Ancillary businesses related to the above
(5) Paid-in capital	2,000 million yen

3. Overview of the company that will become an equity-method affiliate (Tsuruya Chemical Industries Co., Ltd.)

(1) Name	Tsuruya Chemical Industries Co., Ltd.		
(2) Address	995-400 Shimojo Minamiwari, Tatsuoka-cho, Nirasaki, Yamanashi, Japan		
(3) Name and title of representative	Hideki Saito, President and Representative Director		
(4) Business	Manufacture and sale of sweeteners and other additives, various food ingredients, health foods, highly functional foods, and other products		
(5) Paid-in capital	90.15 million yen		
(6) Date of establishment	August 20, 1968		
(7) Major shareholders and shareholding ratios	Hideki Saito: 50.05% (including indirect holdings) Tokyo Small and Medium Business Investment & Consultation Co., Ltd.: 20.4%		
(8) Relationship between the listed company and Tsuruya Chemical Industries	WELLNEO has no capital, personnel or transactional relationship with Tsuruya Chemical Industries Co., Ltd.		
(9) Operating results and financial condition of Tsuruya Chemical Industries Co., Ltd. for the last three years (excluding non-consolidated subsidiaries and affiliates)	(Millions of yen)		
	Year ended June 30, 2020	Year ended June 30, 2021	Year ended June 30, 2022
Total assets	2,648	2,751	3,225
Revenue	3,007	3,130	3,425
Operating income	245	277	343
Ordinary income	272	322	388
Net profit	164	66	254
Earnings per share (yen)	836.10	336.89	1,296.22

4. Overview of the counterparty to the share acquisition

(1) Name	Hideki Saito
(2) Location	Tokyo
(3) Relationship between listed company and individual	WELLNEO has no capital, personnel or transactional relationship with Hideki Saito

5. Number of shares, acquisition price, and shares owned before and after share acquisition and share acquisition through third-party allotment

(1) Number of shares owned before acquisition	0 shares (Voting rights: 0 shares)
(2) Shares acquired through transfer	24,900 shares (Voting rights: 24,900 shares)
(3) Shares acquired through third-party allotment	17,900 shares (Voting rights: 17,900 shares)
(4) Number of shares owned after acquisition	42,800 shares (Voting rights: 42,800 shares) (Percentage of voting rights: 20.03%)

Note: The acquisition price is not disclosed pursuant to confidentiality agreements with the seller. A fair and valid price was determined with reference to financial, legal, and environmental research conducted by experts.

6. Schedule

(1) Board of Directors meeting to conclude the share transfer agreement	April 13, 2023 (date of news release in Japanese)
(2) Conclusion of the share transfer agreement	April 13, 2023 (date of news release in Japanese)
(3) Share acquisition	May 1, 2023 (planned)

7. Outlook

The deemed acquisition date for purposes of the consolidated financial statements is scheduled to be May 1, 2023. WELLNEO has concluded that the impact of this share acquisition on consolidated results will be minor, and will promptly announce any ensuing matters that warrant disclosure.