



July 20, 2023

To whom it may concern:

Company WELLNEO SUGAR Co., Ltd.  
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### **Announcement of Disposal of Treasury Shares as Restricted Share Compensation**

WELLNEO SUGAR Co., Ltd. (“WELLNEO”) is announcing that the Board of Directors resolved at a meeting on July 20, 2023 to dispose of treasury shares as restricted share compensation (“treasury share disposal”). The details are as follows.

#### 1. Disposal Summary

(1) Payment date	August 4, 2023
(2) Class and number of shares for disposal	4,100 WELLNEO common shares
(3) Disposal price per share	JPY 2,028 per share
(4) Total disposal price	JPY 8,314,800
(5) Planned disposal recipients	4,100 shares for four WELLNEO directors* *Outside directors are ineligible

#### 2. Disposal Rationale and Objectives

The 9th Ordinary General Meeting of Shareholders on June 25, 2020 approved a share compensation plan that enables WELLNEO (previously Nissin Sugar) to issue restricted shares to eligible directors (“compensation plan”). The compensation plan specifies the relationship between the value of WELLNEO shares and the compensation of WELLNEO directors. The objective of the compensation plan is to incentivize eligible directors to increase corporate value by improving medium and long-term business performance since eligible directors will share the benefits and risks of stock price fluctuations with shareholders. The compensation plan issues restricted shares to eligible directors as a component of their monetary compensation and sets annual limits on restricted share allotments at JPY 41 million and 32,000 restricted shares. In addition, the compensation plan limitation on transferring restricted shares remains in force from the date of transfer for the eligible director to the date on which the eligible director retires, except when an eligible director is reappointed immediately following his or her resignation.

WELLNEO’s Board of Directors resolved at a meeting on July 20, 2023 to provide restricted shares with a total value of JPY 8,314,800 as monetary compensation to four directors eligible

to receive planned share allotments (“eligible recipients”; outside directors are ineligible) for the period from immediately after the conclusion of WELLNEO’s 12th Ordinary General Meeting of Shareholders to the conclusion of WELLNEO’s 13th Ordinary General Meeting of Shareholders scheduled to be held in June 2024. The Board resolved to allot 4,100 WELLNEO common shares designated as restricted stock for payment in kind as monetary compensation due to the eligible recipients. WELLNEO will determine the amount of monetary compensation for each eligible recipient after carefully considering issues including the relative contribution of each eligible recipient to WELLNEO. In addition, WELLNEO will provide this monetary compensation following a restricted share allotment agreement (“allotment agreement”) between each eligible recipient and WELLNEO, as per the details included in 3. Allotment Agreement Summary (below).

### 3. Allotment Agreement Summary

#### (1) Transfer restriction period

The transfer restriction period is from the date of transfer to the eligible director to the date on which the eligible director retires, except when an eligible director is reappointed immediately following his or her resignation.

During the transfer restriction period specified above (“transfer restriction period”), the eligible recipient cannot transfer, pledge, grant a transfer security interest in, make a living gift of, bequeath, lend (share lending) or otherwise dispose of the restricted shares allotted (“allotted shares”) to the eligible recipient (“transfer restriction”).

#### (2) Acquisition of restricted shares without consideration

If an eligible recipient retires from the position of director of WELLNEO after the start of the transfer restriction period but by the day before the first ordinary general meeting of shareholders of WELLNEO following the receipt of restricted shares, as a matter of course WELLNEO will acquire the allotted shares without consideration at the time of the retirement, unless WELLNEO’s Board of Directors acknowledges a justifiable reason for doing otherwise.

In addition, when the transfer restriction period expires (“expiration date”), as a matter of course WELLNEO will acquire without consideration immediately after the expiration date any allotted shares still subject to transfer restriction following the criteria for removing the transfer restriction in (3) below.

#### (3) Removal of transfer restriction

WELLNEO will remove the transfer restriction on all allotted shares owned by the eligible recipient at the expiration date on the condition that the eligible recipient continuously held the position of director of WELLNEO from the start date of the transfer restriction period to the first ordinary general meeting of shareholders of WELLNEO following the receipt of restricted shares.

However, if an eligible recipient retires from the position of director of WELLNEO for a reason that the Board of Directors acknowledges as justifiable after the start date of the transfer restriction period and by the day before the first general meeting of shareholders of WELLNEO following the receipt of restricted shares, WELLNEO will at that time remove the transfer

restriction from the number of allotted shares calculated according to the following formula.

(Formula)

Number of shares eligible for transfer restriction removal = Number of allotted shares × number of months served as a WELLNEO director during the period from immediately after the conclusion of the General Meeting of Shareholders held on June 28, 2023 to the date of the first ordinary general meeting of shareholders after the start date of the transfer restriction period (“service compensation period”) ÷ Total service compensation period in months

In addition, the months served as a WELLNEO director during the service compensation period are the number of months from the start date of the service compensation period to the date of retirement. Periods of less than one month are rounded up to a whole month.

Fractional units resulting from this calculation will be rounded up. In addition, the number of shares eligible for transfer restriction removal are the same as the number of allotted shares if the number of shares eligible for transfer restriction removal exceeds the number of allotted shares as a result of this calculation.

In addition, all allotted shares are eligible for the transfer restriction being removed, if an eligible recipient ceases to hold the position of WELLNEO director due to death after the start date of the transfer restriction period and before the date of the first ordinary general meeting of shareholders of WELLNEO following the receipt of restricted shares.

#### (4) Share administration

Eligible recipients must have completed opening an account with SMBC Nikko Securities Inc. to document and record the allotted shares using designated methods and must keep and retain the allotted shares in this account until the transfer restriction is removed.

#### (5) Administration in cases including reorganization

During the transfer restriction period, WELLNEO’s general meeting of shareholders may approve (or WELLNEO’s Board of Directors may approve if the reorganization does not require the approval of the general meeting of shareholders) a merger agreement under which WELLNEO is the merged company, a share exchange agreement under which WELLNEO becomes a wholly owned subsidiary, a share transfer plan, or other organizational restructuring. When the effective date of the reorganization precedes the expiration date of the transfer restriction and an eligible recipient will retire from the position of WELLNEO director as a result of the reorganization, WELLNEO’s Board of Directors will resolve to change the calculation of allotted shares eligible for removal of the transfer restriction, using the following calculation method. A coefficient for the month is obtained by dividing the number of months from the start date of the service compensation period to the date of approval for the organizational restructuring by 12. Fractional months will be rounded up, and any result that exceeds 1.0 will be rounded down to 1.0. The number of allotted shares is then multiplied by the coefficient of the month to obtain the number of shares eligible for having the transfer restriction removed, with fractional shares being rounded up. The transfer restriction will then be removed immediately before the business day preceding the effective date of the organizational restructuring.

In addition, following approval of the organizational restructuring, as a matter of course WELLNEO will acquire without consideration all allotted shares still subject to transfer restriction on the business day immediately preceding the effective date of the organizational restructuring.

#### 4. Specific treasury share pricing for calculating compensation

The price per share for the treasury share disposal is 2,028 yen, the closing price of WELLNEO common shares on the Tokyo Stock Exchange on July 19, 2023, the business day immediately preceding the date of the resolution by WELLNEO's Board of Directors. For this reason, the Board considers this a reasonable price that is not arbitrary and that does not favor any party.

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