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Notice Concerning Introduction of a Performance-Linked Share-Based Remuneration System for Officers

WELLNEO SUGAR Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to introduce a performance-linked share-based remuneration system (the “System”), using a trust, for the Company’s Directors (excluding External Directors). The proposal for the introduction of the System will be submitted to the 14th Annual General Meeting of Shareholders (the “General Meeting”) scheduled to be held on June 26, 2025. The details are described below.

1. Introduction of the System

The Company will discontinue” Restricted Share-based Remuneration (RS) “which was approved at the 9th Annual General Meeting of Shareholders held on June 25, 2020 and “Performance-Linked Share-Based Remuneration “which was approved at the 13th Annual General Meeting of Shareholders held on June 26, 2024 and will newly introduce the System for the Directors of the Company.

The System aims to enhance awareness of contributions to improved medium- and long-term business performance and increased corporate value, by more clearly linking the Directors’ remuneration with the Company’s business performance and share value, while having the Directors share the benefits and risks of share price fluctuations with shareholders. In addition, the System aims to provide incentives to sustainably enhance corporate value even after the delivery of the Company Shares by imposing transfer restrictions, as described below. These restrictions apply with respect to shares to be delivered to each Director under the System and remain in effect until the date that the Director retires from office (the “Retirement Date”).

Specifically, separate from the limit on remuneration for the Directors (300 million yen per year; excluding employee salaries), which was approved at the 12th Annual General Meeting of Shareholders held on June 28, 2023, the Company will provide a new performance-linked share-based remuneration under the System for the Directors who are in office during the 3 fiscal years from the fiscal year ending March 31, 2026 to the one ending March 31, 2028(the “Eligible Period”). (However, as described in 2(2) below, the Eligible Period may be extended.)

In the event that proposals related to the introduction of the System are approved as proposed, ” Restricted Share-based Remuneration (RS) “ and “Performance-Linked Share-Based Remuneration will be abolished and no shares will be newly allotted based on these remuneration plans

With the introduction of the System, the remuneration of the Directors of the Company will consist of “basic remuneration”, “bonuses” and, under the System, “share-based remuneration”.

The introduction of the System is subject to approval of the General Meeting.

If the General Meeting approves the introduction of the System, the Company also plans to introduce a performance-linked share-based remuneration system for executive officers of the Company, similar to that for the Directors.

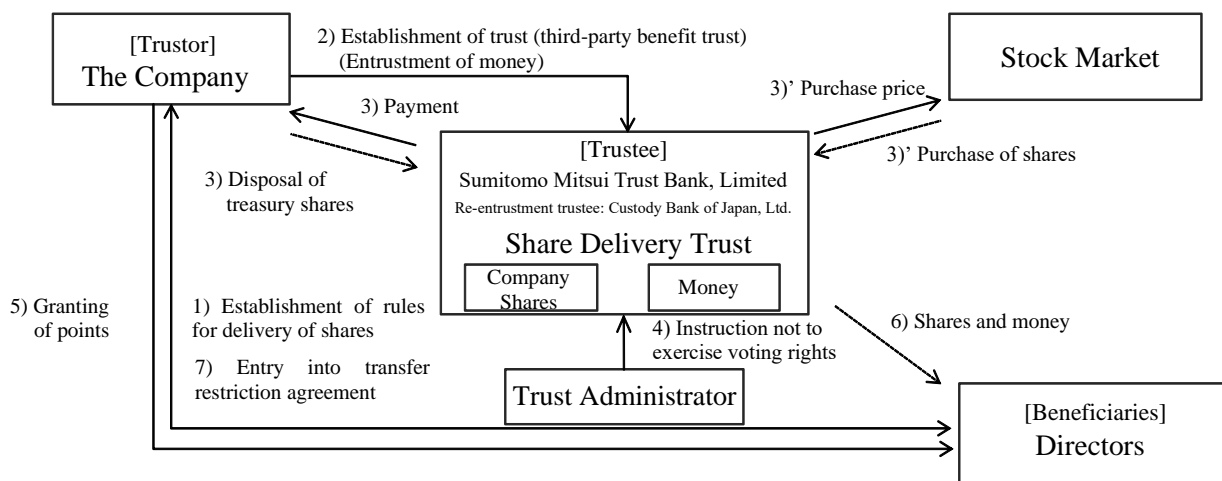
2. Overview of the System

(1) Structure of the System

The System is a share-based remuneration system in which a trust (the “Trust”), established with money contributed by the Company, will acquire common shares of the Company (“Company Shares”) and, through the Trust, Company Shares corresponding to the number of points granted by the Company to each Director will be delivered to the respective Directors (however, as described in 3. below, transfer restrictions will be imposed on such shares by the entry into transfer restriction agreement between the Company and each Director).

In principle, the Directors will receive delivery of the Company Shares at a certain time during the trust period.

< Overview of the Structure of the System >



- 1) The Company establishes share delivery rules for the Directors.
- 2) The Company establishes a share delivery trust (third-party-benefit trust) with the Directors who acquire beneficial rights, as described in 6) below, as the beneficiaries (the Trust). At that time, the Company entrusts the amount of money to the trustee, equivalent to the funds for the acquisition of shares (however, shall be within the scope of the amount approved by the General Meeting of the Company).
- 3) The trustee acquires, in a single tranche, the number of Company Shares sufficient for the expected delivery of shares in the future (the acquisition shall be through receiving disposal of treasury shares or acquisition from the stock market (including off-auction trading)).
- 4) A trust administrator (who must be independent from the Company and its officers) is appointed to protect the interests of the beneficiaries who are covered by the share delivery rules and supervise the trustee, throughout the trust period. Note, with respect to the Company Shares held in the Trust, the trust administrator instructs the trustee not to exercise any voting rights and, based on this instruction, the trustee shall not exercise voting rights throughout the trust period.
- 5) The Company grants points to the Directors based on the share delivery rules.
- 6) The Directors who satisfy the requirements stipulated in the share delivery rules and the trust agreement pertaining to the Trust, acquire beneficial rights in the Trust and, as beneficiaries of the Trust, receive delivery of the Company Shares from the trustee corresponding to the points granted to them.
- 7) The Company and the Directors will enter into transfer restriction agreements regarding the Company Shares delivered, which will establish a transfer restriction period from the delivery date until the Retirement Date.

It is planned that the Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.

Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a special public-interest promotion corporation, with which the Directors have no relationship of interest, as provided for in advance in the share delivery rules and the trust agreement. Sumitomo Mitsui Trust Bank, Limited which will be the trustee under the System, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

(2) Establishment of the Trust

Subject to approval of the introduction of the System at the General Meeting, the Company will establish the Trust by contributing the funds necessary for the Trust to acquire, in advance, the Company Shares in a number reasonably expected to be required for delivery over a certain period in accordance with (6) below. As described in (5) below, the Trust will acquire the Company Shares using the funds contributed by the Company as its funding source.

Sumitomo Mitsui Trust Bank, Limited, which will be the trustee under the System, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

(3) Trust period

The trust period will be approximately 3 years, from August ,2025 (scheduled) to August ,2028(scheduled). However, the trust period may be extended as described in (4) below.

(4) Upper limit on trust money that may be contributed to the Trust as funds for the acquisition of shares

During the Eligible Period, the Company will contribute money, as remuneration for the Directors in office during the Eligible Period, up to an upper limit of 150 million yen in total to fund the acquisition of the Company Shares as necessary for delivery to the Directors under the System, and establish the Trust with the Directors who acquire beneficial rights in accordance with (6)(iii) as beneficiaries. Using the money entrusted by the Company as its source of funds, the Trust will acquire the Company Shares by means of receiving disposal of treasury shares from the Company or by means of acquisition from the stock market (including off-auction trading).

Note: In addition to the funds for acquiring the Company's shares detailed above, amounts for necessary expenses such as trust fees, trust administrator fees, etc., will also be entrusted. In this case, Executive Officers will also become beneficiaries of the trust to be established by the Company for the operation of the System, similar to the Directors. Also, the Company will entrust to the trustee of the trust (the Trust described in 2(1) below) the funds for acquisition of shares to be delivered to Executive Officers.

In addition, the Company may, by decision of the Board of Directors, extend the Eligible Period for periods of up to 3 fiscal years, as determined each time and, with this, extend the trust period (this includes effectively extending the trust period by transferring the trust assets of the Trust to a trust that the Company establishes with the same purpose as the Trust; the same applies below), and thereby have the System continue. In such cases, during the extended Eligible Period, the Company will make additional contribution of money to the Trust up to the amount obtained by multiplying the number of fiscal years of the extended Eligible Period by 50 million yen, to fund acquisition of additional Company Shares to be delivered to the Directors under the System, and will continue to grant points and deliver the Company Shares as described in (6) below (the same applies hereinafter).

(5) Method of acquisition of Company Shares by the Trust

It is planned that the initial acquisition of Company Shares by the Trust will be through disposal of treasury shares from the Company or acquisition from the stock market, within the scope of the upper limit on funds for acquisition of shares described in (4) above. Details about the method of acquisition will be decided on after the resolution of the General Meeting and disclosed.

Note, if, during the trust period, the number of Company Shares held in the Trust may become insufficient for the number of shares corresponding to the points granted to the Directors, due to an increase in the number of the Directors or other reason, additional money may be entrusted to the Trust, within the scope of the upper limit on trust funds as described in (4) above, and additional Company Shares may be acquired.

- (6) Method of calculation and upper limit on the number of Company Shares to be delivered to Directors
- (i) Method of granting points to the Directors

The Company will grant points to each Director on the points-granting dates during the trust period as specified in the share delivery rules, in accordance with their position, degree of achievement of performance targets, etc., based on the share delivery rules established by the Board of Directors.

However, the total number of points to be granted to the Directors by the Company will have an upper limit of 30,000 points per fiscal year.

- (ii) Delivery of Company Shares corresponding to the number of points granted

Directors will receive delivery of Company Shares corresponding to the number of points granted under item (i) above, in accordance with the procedure set forth in item (iii) below. However, if a Director resigns for personal reasons, etc., any points granted up to then will be extinguished, in whole or in part, and Company Shares corresponding to the points extinguished will not be delivered.

One point will correspond to one share of the Company. However, if circumstances arise with respect to the Company Shares in which it may be reasonable to adjust the number of Company Shares to be delivered, such as stock split or reverse stock split, etc., then adjustment will be made in accordance with the stock split ratio, reverse stock split ratio, etc.

- (iii) Delivery of Company Shares to the Directors

Each Director will conduct prescribed procedures, including, as described in 3. below, entry into a share transfer restriction agreement with the Company, and in principle, each fiscal year during the trust period, acquire beneficial rights in the Trust, and, as a beneficiary of the Trust, receive delivery of Company Shares from the Trust as described in item (ii) above.

However, if the Company Shares held in the Trust are converted into cash, such as in the case of a tender offer where there is settlement of Company Shares held in the Trust, delivery may be made of cash (said converted cash amount) instead of Company Shares.

- (7) Exercise of voting rights

Based on the instructions of the trust administrator, who will be independent of the Company and its officers, none of the voting rights of the Company Shares held in the Trust may be exercised. The purpose of this is to ensure the neutrality of the Trust from the Company's management regarding the exercise of voting rights in the Company Shares held in the Trust.

- (8) Handling of dividends

Dividends on the Company Shares held in the Trust will be received by the Trust, and will be applied to the acquisition price of Company Shares, as well as trust fees payable to the trustee in connection with the Trust, etc.

- (9) Handling of Company Shares [and money] at the time of termination of the Trust

It is planned that Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors. Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a special public-interest promotion corporation, with which the Directors have no relationship of interest, as provided for in advance in the share delivery rules and the trust agreement.

3. Transfer Restriction Agreement regarding Company Shares to be Delivered to Directors

In connection with the delivery of Company Shares described in 2(6)(ii) above, a transfer restriction agreement will be entered into between the Company and the Director establishing the following matters.

- (i) The Director shall not transfer, create a security interest in, or otherwise dispose of Company Shares delivery of which is received under the System during the period from the date of receipt until the

Retirement Date.

- (ii) The Company may acquire Company Shares without compensation if certain events occur.
- (iii) The conditions for lifting the transfer restrictions, and other matters, as determined in advance by the Company's Board of Directors.

However, with respect to Company Shares to be delivered after the Retirement Date (if any), transfer restrictions will not be imposed. Also, in this case, the Trust may sell and convert to cash a certain portion of the Company Shares for the purpose of the Company making deductions at source for tax payments, such as withholding income tax, etc., and delivery may be made in cash instead of Company Shares.

(Reference) Overview of the Trust Agreement for the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrustment trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors and Executive Officers of the Company who satisfy the beneficiary requirements
Trust administrator	A third party to be selected that is independent of the Company and its officers
Exercise of voting rights	The voting rights of the shares held in the Trust will not be exercised at any time during the trust period.
Type of trust	Trust of money other than "money trust" (<i>kinsen-shintaku</i>) (third-party-benefit trust)
Date of trust agreement	August, 2025 (scheduled)
Trust period	August, 2025 ~ August, 2028(scheduled)
Trust purpose	To deliver the Company Shares to the beneficiaries based on the share delivery rules