Notice of Reduction Targets Setting for Cross-Shareholdings

At the Board of Directors meeting on November 6, 2024, TOPY INDUSTRIES, LIMITED (the "Company") decided to set a target to reduce its cross-shareholdings as part of ongoing efforts to implement management conscious of cost of capital and stock price. Details are as follows:

1. Basic approach to cross-shareholdings

The Company holds cross-shareholdings when it believes they will contribute to enhancing the medium- to long-term corporate value of the Group primarily by strengthening business relationships or partnerships. Each year, the Board of Directors reviews each cross-shareholding to assess the appropriateness of its holding purpose, transaction status, dividend income, and other associated benefits or risks. This review considers factors such as medium- to long-term economic rationality and cost of capital, and the Company sells any holdings that are deemed no longer meaningful.

2. Target for reducing cross-shareholdings

In line with its commitment to Action to Implement Management that is Conscious of Cost of Capital and Stock Price, as stated in the disclosure on March 26, 2024, the Company has set the following target:

- Reduce the market capitalization of cross-shareholdings to less than 10% of consolidated net assets by the end of March 2026.

3. Use of Funds Acquired Through Reducing Cross-Shareholdings

The Company will allocate funds generated through reducing cross-shareholdings toward purposes such as optimizing its business portfolio, growth investments, and shareholder returns.

4. Future outlook

Going forward, the Company will continue to sell cross-shareholdings to meet this target and will make all required disclosures in a timely manner.