November 11, 2026

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Notice of Implementing Share Grant Program through the Employee Stock Ownership Plan and the Disposal of Treasury Shares through Third-Party Allotment

TOPY INDUSTRIES, LIMITED (the "Company") hereby announces that, at a meeting of the Board of Directors held today, it has resolved to implement a share grant program (the "Program") through Topy Industries Group Employee Stock Ownership Plan (the "ESOP") for the employees of the Company and its subsidiaries, and, in connection with the implementation of the Program, to dispose of its treasury shares through a third-party allotment to the ESOP as the scheduled allottee (the "Disposal of Treasury Shares"), as set forth below.

1. Overview of the Disposal of Treasury Shares

(1) Payment date	February 5, 2027
(2) Type and number of shares to be disposed of	56,655 common shares of the Company (Note)
(3) Disposal value	3,165 yen per share (closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on November 10, 2026)
(4) Total disposal amount	179,313,075 yen (Note)
(5) Method of allotment of shares to be disposed of	By way of a third-party allotment, and on the condition that the ESOP submits an application for subscription, the Company will allot to the ESOP the number of shares applied for by the ESOP, within the number of shares to be disposed of as stated in (2) above. The number of shares so allotted will be the number of shares actually disposed of.
(6) Scheduled allottee	Topy Industries Group Employee Stock Ownership Plan
(7) Other	The Disposal of Treasury Shares is conditional upon the securities registration statement under the Financial Instruments and Exchange Act becoming effective.

(Note) After a resolution is adopted by the board of the ESOP, which is scheduled to be held promptly from today onward, and following the submission of the securities registration statement by the Company in connection with the Disposal of Treasury Shares, the ESOP plans to solicit membership applications from the employees of the Company Group after providing a sufficient notification period. Accordingly, the number of shares to be disposed of and the total disposal amount stated above are the maximum figures as of this time, and are

scheduled to be finalized, in accordance with the number of members eligible for the Program and other factors, after the membership solicitation period ends.

2. Purpose of and Reason for the Implementation of the Program and the Disposal of Treasury Shares

By providing employees of the Company and its subsidiaries with an opportunity to acquire the Company's shares to be disposed of by the Company through the ESOP, promoting their sense of participation in management the sharing of medium- to long-term value with our shareholders, as well as the Company has decided to implement the Program as part of its human capital enhancement measures under the medium-term management plan, with the aim of supporting employees' asset building, strengthening their sense of belonging to the Company,.

Under the Program, the Company will pay a special incentive payment (the "Special Incentive Payment") in cash to eligible members, who are employees of the Company and its subsidiaries meeting certain requirements, and the eligible members will contribute the entire amount of the Special Incentive Payment received to the ESOP.

The ESOP will pool the Special Incentive Payments contributed by the eligible members and make payment in cash to the Company for the Disposal of Treasury Shares, and the Company will dispose of its common shares to the ESOP by way of a third-party allotment.

The Special Incentive Payment is paid in cash and does not grant any monetary claims to the eligible members. In addition, payment for the Disposal of Treasury Shares will be made in cash and will not be made by way of contribution in kind.

The common shares of the Company allotted to the ESOP will be distributed as the respective holdings of the eligible members and managed by the ESOP, in accordance with the rules of the ESOP and other applicable provisions.

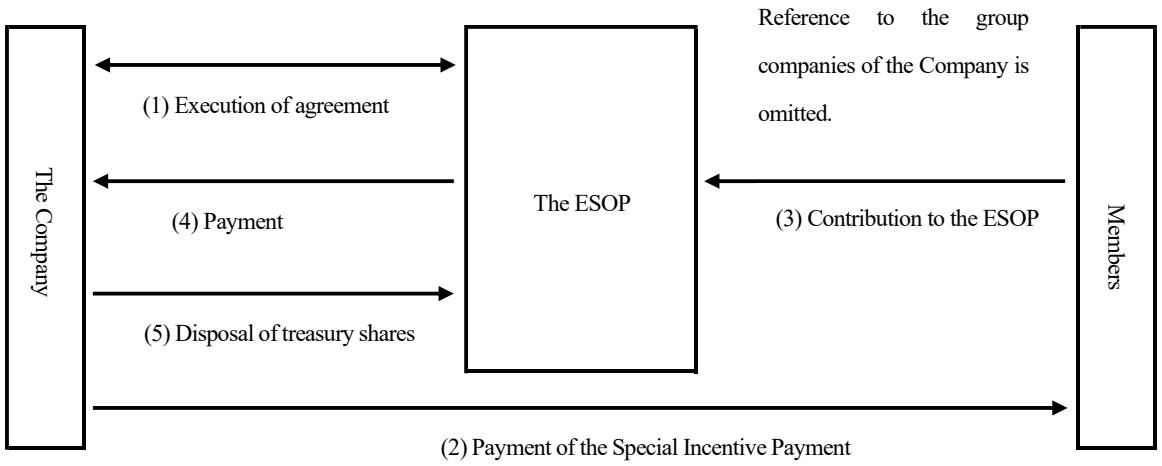
No new transfer restrictions or other restrictions on disposal will be imposed on the common shares of the Company to be acquired by the ESOP through the Disposal of Treasury Shares at the time of the Disposal of Treasury Shares.

As stated in the Note to "1. Overview of the Disposal of Treasury Shares," the number of shares to be disposed of will be finalized after the membership solicitation period ends, when the ESOP submits an application for subscription in accordance with the number of eligible members and other factors, and the Company allots to the ESOP the number of shares so applied for.

The scale of dilution resulting from the Disposal of Treasury Shares is expected to be 0.24% of the total number of issued shares of 24,077,510 shares as of September 30, 2026, and 0.27% of the total number of voting rights of 213,518 as of the same date (both percentages rounded to two decimal places).

The Company believes that the implementation of the Program will support promoting their sense of participation in management the sharing of medium- to long-term value with our shareholders, as well as employees' asset building, strengthen their sense of belonging to the Company, as part of its human capital enhancement measures under the medium-term management plan. For this reason, the Company has determined that the scale of dilution resulting from the Disposal of Treasury Shares is reasonable and that, even in light of such scale of dilution, the impact on the stock market will be minimal.

3. Scheme of the Program



(1) Execution of an agreement between the Company and the ESOP

The Company and the ESOP will enter into a share subscription agreement concerning the Disposal of Treasury Shares and its subscription.

(2) Payment of the Special Incentive Payment

The Company will pay the Special Incentive Payment in cash to the eligible members.

(3) Contribution to the ESOP

The eligible members will contribute the entire amount of the Special Incentive Payment received to the ESOP.

(4) Payment for the Disposal of Treasury Shares

The ESOP will pool the Special Incentive Payments contributed by the eligible members and pay the entire amount of the payment for the Disposal of Treasury Shares to the Company in cash.

(5) Disposal of treasury shares

The Company will dispose of its treasury shares to the ESOP by way of a third-party allotment.

4. Basis for Calculation of Disposal Value and its Detail

The Disposal of Treasury Shares to the ESOP, the scheduled allottee, will be funded by the Special Incentive Payment paid to the eligible members under the Program. The eligible members will contribute the payment to the ESOP, and the ESOP will pool the contributions and make payment to the Company.

The disposal value has been set at 3,165 yen per share, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on November 10, 2026 (the business day immediately before the date of the Board of Directors' resolution), in order to eliminate arbitrariness.

This is the market price immediately preceding the date of the Board of Directors' resolution, and there are no special circumstances indicating that it would be inappropriate to rely on the most recent share price. Accordingly, the Company has determined that this price appropriately reflects the Company's corporate value, is reasonable, and does not constitute a price especially favorable to the ESOP, the scheduled allottee.

The deviation rates of the disposal value from the average closing prices of the Company's common shares on the Prime Market of the Tokyo Stock Exchange are as follows (each rounded to two decimal places).

Period	Average closing price (rounded down to the nearest yen)	Deviation rate
One month (from October 13, 2026 to November 10, 2026)	3,028 yen	4.52%
Three months (from August 12, 2026 to November 10, 2026)	3,050 yen	3.77%
Six months (from May 11, 2026 to November 10, 2026)	2,917 yen	8.50%

5. Matters Concerning Procedures Under the Code of Corporate Conduct

Because (1) the dilution rate is less than 25% and (2) the Disposal of Treasury Shares does not involve a change in controlling shareholder, the Disposal of Treasury Shares does not require the procedures stipulated in Rule 432 of the Securities Listing Regulations, namely obtaining an opinion from a person who is independent to a certain degree from management regarding the necessity and appropriateness of the allotment, or confirming the intent of shareholders.

6. Outlook

The Company expects that the impact of the implementation of the Program and the Disposal of Treasury Shares on its consolidated financial results for the fiscal year ending March 2027 will be minimal.

The Company will promptly announce any matters that require disclosure in the future.

Note: This document has been translated from the original Japanese version for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese version, the original shall prevail. The original disclosure in Japanese was released on November 11, 2026.
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