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Notice Concerning Disposal of Treasury Shares as Restricted Stock Incentive for Employee Shareholding Association

TOKYOTOKEIBA Co., Ltd. (the "Company") hereby announces that at the meeting of the Board of Directors held today, it resolved, based on the Restricted Stock Incentive Plan for the Employee Shareholding Association (the "Plan"), to dispose of treasury shares as restricted stock (the "Disposal of Treasury Shares" or the "Disposal") to TOKYOTOKEIBA Employee Shareholding Association (the "ESA") as the scheduled allottee, as described below.

1. Overview of Disposal

(1) Disposal date	September 30, 2026
(2) Class and number of shares to be disposed of	15,750 common shares of the Company (Note)
(3) Disposal value	5,230 yen per share
(4) Total Disposal value	82,372,500 yen (Note)
(5) Method of disposal (scheduled allottee)	The number of shares applied for as determined by the ESA within the range of the number of shares to be disposed of as stated in (2) above will be allotted to the ESA on the condition that an application for subscription is made by the ESA using the method of third-party allotment (the number of allotted shares will be the number of shares to be disposed of). (TOKYOTOKEIBA Employee Shareholding Association: 15,750 shares) Note that the Company shall not accept any application from individual Eligible Employees (as defined below) for subscribing for only a part of the shares to be granted.
(6) Other	The Company will not submit a securities registration statement for the Disposal of Treasury Shares, as it falls under the category of public offering of securities for which the notification of public offering or secondary distribution may be omitted as stipulated in Article 2-12-1 of the Order for Enforcement of the Financial Instruments and Exchange Act.

(Note) The "number of shares to be disposed of" and the "total Disposal value" are calculated based on the assumption that 75 shares of the Company's common stock will be granted as restricted stock to each of the 210 employees with indefinite-term contracts in the Company or its Group companies, which is the maximum number of persons who are eligible under the Plan. The number of shares to be actually disposed of and the actual total disposal amount will be determined according to the number of employees of the Company or its Group companies who agree to the Plan (the "Eligible Employees") (up to 210 persons) after recommending membership to non-members of the ESA and confirmation of consent to the Plan among the members of the ESA. Specifically, as stated in (5) above, the number of shares applied for as determined by the ESA will be the "number of shares to be disposed of," and the amount obtained by multiplying such number by the disposal value per share will be the "total Disposal value.” Please note that the Company or its Group companies will uniformly provide each Eligible Employee with a monetary claim of 392,250 yen, and the Company will uniformly allot 75 shares to each Eligible Employee through the ESA.

2. Purpose of and reasons for Disposal

At the meeting of the Board of Directors held on October 31, 2024, the Company resolved to introduce the Plan for the employees of the Company and its Group companies who are members of the ESA and who qualify as Eligible Employees. The Plan is intended to enhance Eligible Employees’ welfare by providing them an opportunity to acquire the Company’s common shares issued or disposed of through the ESA as restricted stock, thereby supporting them in building their asset. In addition, the Plan aims to incentivize Eligible Employees to continually enhance the corporate value of the Company, promote management with awareness of the Company’s share price, and further advance value sharing with shareholders.

An overview of the Plan is as follows:

[Overview of Plan]

Under the Plan, the Eligible Employees will be granted monetary claims (the “Special Incentive”) by the Company or its Group companies as a special incentive for the grant of 75 shares per employee as restricted stock, and the Eligible Employees will contribute the Special Incentive to the ESA. The ESA will then provide to the Company the Special Incentive contributed by the Eligible Employees by way of an in-kind contribution, and in turn shall receive the issuance or disposal of the Company’s common shares as restricted stock.

The amount per share to be paid for the Company’s common shares in cases where such common shares are to be newly issued or disposed of based on the Plan shall be determined by the Board of Directors within a range that is not a particularly advantageous amount for the ESA (and by extension to the Eligible Employees), based on the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day immediately preceding the date of each resolution by the Board of Directors pertaining to the issuance or disposal (if there are no trades on that day, the closing price on the most recent preceding trading day).

In issuing or disposing of the Company’s common shares based on the Plan, the Company and the ESA will execute a restricted stock allotment agreement (the “Allotment Agreement”), the outline of which will include, among other things, that (i) the ESA is prohibited from transferring, creating any security interest on, or otherwise disposing of the allotted shares to a third party during a certain restriction period (the “Transfer Restriction”), and (ii) the Company shall make acquisition of the allotted shares without payment of any contribution if certain events occur. Furthermore, the Special Incentive will be granted to the Eligible Employees on the condition that the Allotment Agreement is executed between the Company and the ESA.

Moreover, concerning one’s member equity interest pertaining to the restricted stock acquired by the ESA through issuance or disposal (the “Restricted Stock Equity Interest” or “RS Equity Interest”), the Eligible Employees shall be restricted from withdrawing the restricted stock corresponding to the Restricted Stock Equity Interest until the Transfer Restrictions of such restricted stock are lifted based on the ESA Rules, the ESA Detailed Operation Rules and other rules of the ESA (collectively, the “ESA Rules, etc.”) (Note).

In the Disposal of Treasury Shares, the Company’s common shares (the “Allotted Shares”) will be disposed of to the ESA as a result of the ESA, as the scheduled allottee, contributing all of the Special Incentive contributed from the Eligible Employees as a contribution in-kind based on the Plan. In the Disposal of Treasury Shares, the overview of the Allotment Agreement to be executed between the Company and the ESA is as described in “3. Overview of Allotment Agreement” below. The number of shares to be disposed of in the Disposal of Treasury Shares is expected to become fixed in due course as indicated in (Note) of 1. above; however, assuming that all 210 employees of the Company or its Group companies, which is the maximum number of persons who could be eligible for the Plan, join the ESA and agree to the Plan, a maximum of 15,750 shares will be disposed of. The scale of stock dilution based on the Disposal of Treasury Shares is, when based on the foregoing number of shares disposed of, 0.06% (rounded off to two decimal places; hereinafter the same in the calculation of percentages) of 28,084,854 shares as the total number of issued shares as of January 30, 2026, and is 0.06 % of 258,704 voting rights as the total number of voting rights as of December 31, 2025.

The introduction of the Plan is intended to promote Eligible Employees’ welfare by providing them an opportunity to acquire the Company’s common shares issued or disposed of through the ESA as restricted stock, thereby supporting them in building their asset, as well as to incentivize them to continually enhance the corporate value of the Company and further advance value sharing with shareholders. The Company believes that the introduction of the Plan will contribute to increasing the Group's corporate value, and that the number of shares to be disposed of and the scale of stock dilution in the Disposal of Treasury Shares are reasonable, and, even taking into account the scale of the dilution, the Company has determined that the impact on the market will be minor.

The Disposal of Treasury Shares will be implemented on the condition that the amended ESA Rules, etc. become effective by the day preceding the date of disposal pertaining to the Disposal of Treasury Shares, and that the Allotment Agreement between the Company and the ESA will be concluded during the application period.

3. Overview of Allotment Agreement

(1) Transfer restriction period

From September 30, 2026 to May 31, 2029

(2) Conditions for removing Transfer Restrictions

On the condition that an Eligible Employee has been a member of the ESA on a continuing basis during the transfer restriction period, the Transfer Restriction shall be lifted as of the expiration of the transfer restriction period for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee who satisfies such condition.

(3) Treatment upon terminating membership of the ESA

In cases where an Eligible Employee terminates membership of the ESA (referring to cases where the Eligible Employee loses membership qualification or applies for termination of membership, including the case of termination of membership due to death) during the transfer restriction period due to retirement from his/her position as an employee of the Company or its Group companies that confers eligibility for membership in the ESA, and as a result terminates membership of the ESA, at the mandatory retirement age or any other justifiable cause (including the cases where such termination is caused by the circumstances of the Company; and the cases where the Company or its Group companies deem that it will be difficult for the Eligible Employee to continue to perform his/her duties for any unavoidable cause, such as illness or necessity to provide nursing care, but excluding cases of voluntary termination not based on such unavoidable cause), the Company shall, effective on the date on which the ESA receives the Eligible Employee's application for termination of membership (or, in the case where membership qualification is lost, the date of such loss; or in the case of termination due to death, the date of death; hereinafter, the "Date of Receipt of Termination Application"), lift the Transfer Restrictions for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employee (in the case of termination of membership due to death, his/her heir) on the Date of Receipt of Termination Application.

(4) Acquisition by the Company without consideration

If an Eligible Employee terminates membership of the ESA due to a cause other than those justifiable such as retirement, suspends contributions (excluding cases where such suspension is attributable to the Company or its Group companies, or it is based on unavoidable reasons of the Eligible Employee), commits an act in violation of a law or regulation, or falls under certain grounds specified in the Allotment Agreement during the transfer restriction period, the Company shall automatically acquire without consideration all of the Allotted Shares corresponding to the Restricted Stock Equity Interest held by the Eligible Employee at the time. Additionally, the Company shall automatically acquire without consideration all of the Allotted Shares, for which Transfer Restrictions have not been removed, at the time of expiration of the transfer restriction period or immediately after the removal of the Transfer Restrictions set forth in (3) above.

(5) Administration of shares

To prevent any Eligible Employee from transferring, creating a security interest on, or otherwise disposing of the Allotted Shares during the transfer restriction period, the Allotted Shares shall be administered in a dedicated account with Nomura Securities Co., Ltd. opened by the ESA during the transfer restriction period. Furthermore, the ESA shall, in accordance with the provisions of the ESA Rules, etc., record and manage the Restricted Stock Equity Interest separately from other membership interests held by the Eligible Employee (hereinafter referred to as the "Ordinary Equity Interest").

(6) Treatment in case of organizational restructuring, etc.

If, during the transfer restriction period, a merger agreement where the Company will be the merged company, share exchange agreement or share transfer plan where the Company will become a wholly owned subsidiary, or other item related to organizational restructuring, etc. is approved at a general meeting of shareholders of the Company (however, this shall be the Board of Directors of the Company if the organizational restructuring, etc. does not require approval by a general meeting of shareholders of the Company), the Transfer Restrictions shall be lifted, by a resolution of the Board of Directors, at the time immediately before the preceding business day of the effective date of organizational restructuring, etc., for the total number of the Allotted Shares according to the Restricted Stock Equity Interest held by the Eligible Employees among the Allotted Shares held by the ESA on the date of such approval.

4. Basis for calculating the amount to be paid in and details thereof

The Disposal of Treasury Shares to the ESA as the scheduled allottees will be carried out by way of a contribution in kind of the Special Incentive provided to Eligible Employees for the purpose of granting restricted stock and contributed by such Eligible Employees to the ESA. To eliminate any arbitrariness in the disposal value, the disposal value has been set at 5,230 yen, which is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on May 14, 2026 (the business day immediately preceding the date of resolution by the Board of Directors). As this is the market share price immediately before the date of resolution of the Board of Directors, the Company believes it is reasonable and does not constitute a particularly advantageous price

Note that the deviation rate (rounded off to two decimal places) of this price from the average closing price of the Company's common shares on the Tokyo Stock Exchange Prime Market is as follows.

Period	Average closing price (any amount less than 1 yen shall be rounded off)	Deviation rate
1 month (April 14, 2026 to May 14, 2026)	5,616yen	▲6.87%
3 months (February 13, 2026 to May 14, 2026)	5,710yen	▲8.41%
6 months (November 14, 2025 to May 14, 2026)	5,639yen	▲7.25%

All of the 4 Corporate Auditors (including 3 Outside Corporate Auditors) who attended the meeting of the Board of Directors held today have expressed their opinion that the foregoing disposal value is not particularly advantageous to the scheduled allottee and is legitimate, in considering that the purpose of the Disposal of Treasury Shares is to introduce the Plan and that the disposal value is the closing price of the Company's common shares on the Prime Market of the Tokyo Stock Exchange on the business day immediately preceding the date of resolution by the Board of Directors.

5. Matters related to procedures under the Company's Code of Conduct

With regard to the Disposal of Treasury Shares, since (1) the dilution rate is less than 25% and (2) it does not involve a change of the controlling shareholder, there is no need to take procedures to acquire the opinion of an independent third party and confirm the intention of shareholders as set forth in Rule 432 of the Securities Listing Regulations prescribed by the Tokyo Stock Exchange.

(Reference)

[Scheme of the Plan]

(i) The Company and its Group companies will grant monetary claims as the Special Incentive for the grant of the restricted stock to the Eligible Employees who agree to the Plan.

(ii) The Eligible Employees who agree to the Plan will contribute the monetary claims of (i) above to the ESA.

(iii) The ESA will collect and contribute to the Company the monetary claims contributed in (ii) above.

(iv) The Company will allot the Allotted Shares to the ESA as the restricted stock (referred to as "RS" in the following table).

(v) The Allotted Shares will be deposited in a dedicated account opened by the ESA through Nomura Securities Co., Ltd, and the withdrawal of the Allotted Shares will be limited during the transfer restriction period.

(vi) After lifting of the Transfer Restrictions, the Allotted Shares will be transferred to the ordinary equity interest or a securities account held under the name of the Eligible Employee.