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December 27, 2022

Company: TODA CORPORATION
Representative: Seisuke Otani, President and Representative Director
(Securities Code: 1860 TSE Prime Market)
Contact: Kaname Miwa, Corporate Officer, General Manager, Financial & IR Div.
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TODA CORPORATION to Make Toda Road Co., Ltd.
a Wholly-owned Subsidiary through a Simplified Share Exchange

TODA CORPORATION (the “Company”) announces that it resolved at its Board of Directors meeting held on December 27, 2022, to conduct a share exchange (the “Share Exchange”) in which the Company will become a wholly-owning parent company and Toda Road Co., Ltd. (Head office: 13-6 Nihonbashikakigaracho 2-chome, Chuo-ku, Tokyo, Representative Director: Koichi Kubota; hereinafter “Toda Road”), a consolidated subsidiary of the Company, will become a wholly-owned subsidiary. The Company concluded a share exchange agreement (the “Share Exchange Agreement”) with Toda Road today.

The Company plans to implement the Share Exchange in the form of a simplified share exchange, pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, without obtaining the approval of shareholders for the Share Exchange at a general meetings of shareholders.

The Share Exchange is a simplified share exchange to turn a consolidated subsidiary into a wholly-owned subsidiary. Accordingly, some of the matters and details of the disclosure have been omitted.

1. Purpose of the Share Exchange

Toda Road, a company engaged in road construction, paving work, construction related to roads and civil engineering, belongs to the Toda Group’s Group companies business.

In the Medium-term Management Plan 2024—Rolling Plan, the Company expressed its commitment to the basic policy of strengthening its business portfolio. In an effort to reinforce the cohesiveness of the Toda Group and further enhance the flexibility of Group management, the Company decided to make Toda Road a wholly-owned subsidiary.

2. Outline of the Share Exchange

(1) Schedule of the Share Exchange

(1)	Date on which the Share Exchange Agreement is resolved by the Board of Directors (the Company)	December 27, 2022
(2)	Date on which the Share Exchange Agreement is executed (both companies)	December 27, 2022
(3)	Date on which the Share Exchange is resolved by the general meetings of shareholders (Toda Road)	January 19, 2023 (planned)
(4)	Effective date of the Share Exchange	February 28, 2023 (planned)

Note : The Company plans to implement the Share Exchange in the form of a simplified share exchange, pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, without obtaining the approval of shareholders for the Share Exchange at a general meeting of shareholders.

(2) Method of the Share Exchange

In the Share Exchange, the Company will become a wholly-owning parent company and Toda Road will become a wholly-owned subsidiary.

For the Company, the Share Exchange will be implemented in the form of a simplified share exchange, pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, without obtaining the approval of shareholders for the Share Exchange at a general meeting of shareholders. Toda Road plans to implement the Share Exchange with obtaining the approval of shareholders for the Share Exchange at an extraordinary general meeting of shareholders to be held on January 19, 2023. The Share Exchange is scheduled to become effective February 28, 2023.

(3) Share allotment in the Share Exchange

Company name	The Company (wholly-owning parent company in the share exchange)	Toda Road (wholly-owned subsidiary in the share exchange)
Share allotment ratio (Share exchange ratio)	1	220.61 (Note 1)
Number of shares to be delivered upon the Share Exchange	Common shares of the Company: 787,578 shares	

Note 1: Rounded down to the second decimal place.

Note 2: Share exchange ratio and number of shares to be delivered

Common shares of the Company shall be allotted and delivered according to the above allotment ratio for each common share of Toda Road. However, there will be no allotment of shares upon the Share Exchange regarding the common shares of Toda Road held by the Company (20,430 shares as of today).

The number of common shares of the Company to be delivered upon the Share Exchange is scheduled to be 787,578 shares. All of the shares to be delivered are scheduled to be sourced from the treasury shares held by the Company (11,805,873 shares as of September 30, 2022) and the Company does not plan to issue any new shares.

Note 3: Treatment of shares constituting less than one (1) unit

The shareholders of Toda Road who will hold shares of the Company constituting less than one (1) unit (100 shares) upon the Share Exchange will be entitled to use the

following systems concerning the shares of the Company. Shareholders cannot sell shares constituting less than one (1) unit in the financial instruments exchange market.

- i. Rights to request repurchase of shares constituting less than one (1) unit (sale of shares of less than 100 shares)

Pursuant to Article 192, Paragraph 1 of the Companies Act, this system allows holders of shares of the Company constituting less than one (1) unit to request the Company to repurchase the shares constituting less than one (1) unit held by such shareholder.

- ii. Further purchase of shares constituting less than one (1) unit (purchase to reach a total of 100 shares)

Pursuant to Article 194, Paragraph 1 of the Companies Act and the provisions of the Company's Articles of Incorporation, this system allows holders of shares of the Company constituting less than one (1) unit to request the Company to sell the number of shares of the Company that will achieve a total of one (1) unit (100 shares) together with the number of shares constituting less than one (1) unit held by such shareholder.

(4) Treatment of share options and bonds with share options in relation to the Share Exchange

There is no information to disclose on this matter as Toda Road has not issued any share options or bonds with share options.

3. Basis for the details of the allotment concerning the Share Exchange

The Company's share value was calculated using the market price method because the Company's common shares are listed on the Prime Market of the Tokyo Stock Exchange. Using the market price method, the Company's shares were valued based on the closing price of the Company's common shares in the Prime Market of the Tokyo Exchange on November 30, 2022, the calculation record date, as well as the simple average closing price for the last one month to the calculation record date, the simple average closing price for the last three months to the calculation record date, and the simple average closing price for the last six months to the calculation record date. The calculation results are as follows.

Closing price of the calculation record date	732 yen
Simple average closing price for the last one month	708 yen
Simple average closing price for the last three months	730 yen
Simple average closing price for the last six months	716 yen

In terms of the share value of Toda Road, on the other hand, to ensure the fairness and appropriateness in the calculation of the share exchange ratio to be applied to the Share Exchange, YAMADA Consulting Group Co., Ltd., a third-party valuation institution independent of both companies was commissioned to conduct the calculation.

Given that common shares of Toda Road were not listed and that there were no similar listed companies, YAMADA Consulting Group Co., Ltd. did not use the market price method or the comparable company analysis method to calculate the share value. Meanwhile, the source of the share value lies in the earning capacity, so the consulting firm used the discounted cash flow method (the "DCF method"), rather than the adjusted book value method, to reflect its earnings power based on the status of future business activities in the valuation.

The result of calculations of the per-share value of Toda Road by YAMADA Consulting Group Co., Ltd., using the DCF method, is as follows.

	Calculation results (yen per share)
DCF method	147,625 to 170,333

On the assumption that the share value per the Company's common shares is one (1) using the above valuation methods, the valuation range of the share exchange ratio is as follows.

Calculation method used		Calculation results of the share exchange ratio
The Company	Toda Road	
Market price method	DCF method	208.51 to 232.70

4. Outline of the parties involved in the Share Exchange

	Wholly-owning parent company in the share exchange	Wholly-owned subsidiary in the share exchange
(1) Company name	TODA CORPORATION	Toda Road Co., Ltd.
(2) Head office location	7-1 Kyobashi 1-chome, Chuo-ku, Tokyo	13-6 Nihonbashikakigaracho 2-chome, Chuo-ku, Tokyo
(3) Name and position of representative	Seisuke Otani, President and Representative Director	Koichi Kubota, President and Representative Director
(4) Main business	General construction	Road construction and Paving work
(5) Capital	23,001 million yen (as of September 30, 2022)	100 million yen (as of September 30, 2022)
(6) Date of establishment	July 10, 1936	April 16, 1963
(7) Number of issued shares	322,656,796 shares (as of September 30, 2022)	24,000 shares (as of September 30, 2022)
(8) Fiscal year-end	March 31	March 31
(9) Major shareholders and shareholding ratio	(As of September 30, 2022) Daiichi Shokusan: 13.29% The Master Trust Bank of Japan, Ltd.: 11.71% NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST: 4.82%	(As of December 27, 2022) TODA CORPORATION: 85.13% Morimichi Toda: 14.87%
(10) Operating results and financial position for the last three years (Unit: Millions of yen unless otherwise stated)		

Fiscal year	TODA CORPORATION (Consolidated)			Toda Road Co., Ltd.		
	Ended March 31, 2020	Ended March 31, 2021	Ended March 31, 2022	Ended March 31, 2020	Ended March 31, 2021	Ended March 31, 2022
Net assets	273,496	312,533	319,042	3,203	3,547	3,748
Total assets	634,557	735,789	761,199	7,244	5,831	5,398
Net assets per share (yen)	883.35	1,011.02	1,027.12	133,466.09	147,791.09	156,170.01
Net sales	518,683	507,134	501,509	10,262	8,037	7,066
Operating income	35,243	27,697	24,385	482	492	337
Ordinary income	38,272	30,363	28,111	506	517	344
Profit for the year attributable to owners of parent	25,845	19,735	18,560	318	349	207
Profit for the year per share (yen)	84.30	64.36	60.43	13,287.39	14,552.01	8,629.08
Dividends per share (yen)	26.00	20.00	26.00	250.00	250.00	250.00

5. Status after the Share Exchange

There will be no changes to the company name, head office location, name and position of the representative, main business, capital, and fiscal year-end of the Company, the wholly-owning parent company in the share exchange, as a result of the Share Exchange.

6. Outlook

The impact of the Share Exchange on the financial results for the fiscal year ending March 31, 2023 is expected to be minimal. However, should any significant effects on the financial results come to light, the Company shall promptly disclose them.

7. Inquiries on this matter should be addressed to:

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