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

TOA ROAD CORPORATION (hereinafter, the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to dispose of treasury shares of the Company’s stock as restricted stock (hereinafter, the “Disposal of Treasury Shares” or “disposal”) with the TOA ROAD CORPORATION Employee Shareholding Association (hereinafter, the “ESA”) as the scheduled allottee, based on the restricted stock incentive plan for the employee shareholding association (hereinafter, the “Plan”) as follows.

1. Summary of Disposal

(1) Date of disposal	September 19, 2025
(2) Class and total number of shares to be disposed	240,000 shares of common stock of the Company (Note)
(3) Price of disposal	¥1,517 per share
(4) Total value of shares to be disposed	¥364,080,000 (Note)
(5) Method of disposal (scheduled allottee)	Subject to the condition that the Company receives subscription applications from the ESA by third-party allotment, the number of shares to be applied for as determined by the ESA within the range of the number of shares to be disposed of as specified in (2) above shall be allocated to the ESA. (The allocated number shall constitute the number of shares to be disposed of.) (TOA ROAD CORPORATION Employee Shareholding Association: 240,000 shares) No partial application for the number of shares to be granted shall be accepted from each eligible employee (as defined below).
(6) Others	Concerning the Disposal of Treasury Shares, the Company has submitted an extraordinary report pursuant to the Financial Instruments and Exchange Act.

(Note) “Total number of shares to be disposed” and “Total value of shares to be disposed” are calculated based on the assumption that 200 shares of common stock of the Company shall be granted as restricted stock to each of 1,200 employees of the Company, which is the maximum number of eligible persons under the Plan, and the actual number of shares to be disposed of and the total value of disposal shall be finalized according to the number of employees of the Company (up to 1,200 employees) who agree to the Plan (hereinafter, the “Eligible Employees”) after the completion of the promotion of membership to those who have not yet joined the ESA and the confirmation of consent to the Plan by the members of the ESA. Specifically, as described in (5) above, the number of shares to be applied for as determined by the ESA shall be the “Total number of shares to be disposed” and the amount obtained by multiplying such number by the price of disposal per share shall be the “Total value of shares to be disposed.” The Company shall provide each Eligible Employee with a monetary claim of ¥303,400 equally, and the Company shall allocate 200 shares to each Eligible Employee through the ESA without exception.

2. Purposes and Reasons for Disposal

At the meeting of the Board of Directors held on July 11, 2022, the Company resolved to implement the Plan for Eligible Employees among the Company’s employees who are ESA members. The purpose of the Plan is to enhance the welfare of Eligible Employees by creating opportunities for them to acquire restricted stock (the Company’s common stock) issued or disposed of by the Company through the ESA and thereby helping Eligible Employees to build up their assets, as well as providing them with an incentive to achieve sustainable enhancement of the Company’s corporate value and promoting further value sharing between the Eligible Employees and the shareholders of the Company.

The summary, etc. of the Plan are as follows.

[Summary, etc. of the Plan]

Under the Plan, the Company shall provide the Eligible Employees monetary claims (hereinafter, the “Special Incentive”) as a special incentive payment to grant 200 shares of the Company’s common stock as restricted stock per employee. The Eligible Employees shall contribute the Special Incentive to the ESA. The ESA shall then contribute the Special Incentive contributions made by the Eligible Employees to the Company in kind. As a result, shares of the Company’s common stock shall be issued or disposed of as restricted stock.

In the event that the Company’s common stock are newly issued or disposed of under the Plan, the value to be paid per share of such common stock shall be determined by the Board of Directors based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the date of each of the Board of Directors’ resolutions relating to such issuance or disposal (or, if there are no trades on that day, the closing price on the most recent preceding trading day), to the extent that such amount is not particularly favorable to the ESA (and thus to the Eligible Employees).

In issuing or disposing of shares of common stock of the Company under the Plan, the Company and the ESA shall enter into a restricted stock allotment agreement that includes: (i) a prohibition

on the transfer to third parties, creation of security interests, or other disposal of the allotted shares for a certain period (hereinafter, the “Transfer Restriction”); and (ii) the Company’s acquisition of the allotted shares without consideration in the event of specified circumstances. The provision of the Special Incentive to the Eligible Employees shall be subject to the execution of the said restricted stock allotment agreement between the Company and the ESA.

Moreover, until the Transfer Restriction on the said restricted stock is lifted, the Eligible Employees shall be restricted from withdrawing the restricted stock associated with the membership interests held by the Eligible Employees for the restricted stock, which the ESA obtained through issuance or disposal, according to the monetary claims contributed to the ESA (hereinafter, the “Restricted Stock Interests” or “RS Interests”) based on the ESA Rules, the ESA Operation Rules, and other rules of the ESA (hereinafter, collectively the “ESA Rules, etc.”) (Note).

(Note) The ESA is scheduled to resolve for amendments of the ESA Rules, etc. to comply with the Plan prior to the Disposal of Treasury Shares at the meeting of the ESA’s Board to be held promptly after the resolution of the Board of Directors pertaining to the Disposal of Treasury Shares. The resolution of such amendments is scheduled to take place at the meeting of the ESA’s Board. The amendments will come into force two weeks after notification to ESA members in accordance with the ESA Rules, etc., provided that the number of maximum objections received is less than one-third of the total number of ESA members.

For the Disposal of Treasury Shares, the shares of the Company’s common stock (hereinafter, the “Allotted Shares”) shall be disposed of to the ESA, which is the scheduled allottee, by paying all of the Special Incentive contributed by the Eligible Employees as property contributed in kind under the Plan. The summary of the restricted stock allotment agreement (hereinafter, the “Allotment Agreement”) to be entered into between the Company and the ESA in connection with the Disposal of Treasury Shares is as described in “3. Summary of the Allotment Agreement” below. The number of shares to be disposed of under the Disposal of Treasury Shares shall be determined at a later date as described in (Note) of 1. above, and is expected to be 240,000 shares if all of the 1,200 employees of the Company, the maximum number of persons to be eligible for the Plan, enroll in the ESA and agree to the Plan. Assuming such number of shares to be disposed of, the dilutive effect of the Disposal of Treasury Shares shall be 0.48% (rounded off to two decimal places; the same shall apply for the calculation of the percentage hereinafter) of the total number of shares outstanding at 50,394,730 shares as of March 31, 2025, and 0.52% of the total number of voting rights at 462,310 as of March 31, 2025.

The Disposal of Treasury Shares is intended to create opportunities to acquire shares of the Company’s common stock issued or disposed of by the Company as restricted stock through the ESA as a measure to enhance the welfare of the Eligible Employees, thereby helping them to build up their assets and providing them with an incentive to achieve sustainable enhancement of the Company’s corporate value and promoting further value sharing between the Eligible Employees and the shareholders of the Company. The Company believes that the number of shares to be disposed of and the scale of dilution of stock in the Disposal of Treasury Shares are reasonable and that the impact on the market shall be minimal in light of the scale of dilution.

Please note that the Disposal of Treasury Shares shall be implemented on the condition that the

revised ESA Rules, etc. become effective by the day immediately preceding the date of the Disposal of Treasury Shares, and that the Allotment Agreement is executed between the Company and the ESA within the application period.

3. Summary of the Allotment Agreement

(1) Transfer restriction period

From September 19, 2025 to March 19, 2026

(2) Conditions for the lifting of transfer restriction

If an Eligible Employee has maintained continuous membership in the ESA throughout the transfer restriction period, the transfer restriction will be lifted upon the expiration of the transfer restriction period with respect to all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by the Eligible Employee who satisfies such conditions.

(3) Treatment of withdrawal from the ESA

If an Eligible Employee withdraws from the ESA during the transfer restriction period (meaning the case where the Eligible Employee loses the person's membership or applies for withdrawal from the ESA, including withdrawal due to death), the Company shall rightfully acquire, without consideration, all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by such Eligible Employee on the date of acceptance by the ESA of the Eligible Employee's application for withdrawal from membership (the date of losing membership if the said membership is lost (the date of death in the case of withdrawal due to death); hereinafter, the "Withdrawal Application Acceptance Date") as of the Withdrawal Application Acceptance Date.

(4) Acquisition by the Company without consideration

If an Eligible Employee falls under any of the specified circumstances stipulated in the Allotment Agreement during the transfer restriction period, the Company shall rightfully acquire without consideration all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by such Eligible Employee at the time of such event. Additionally, the Company shall rightfully acquire the Allotted Shares for which the Transfer Restrictions have not been lifted at the time of the expiration of the transfer restriction period without consideration.

(5) Management of shares

The Allotted Shares shall be managed in a dedicated account opened at Nomura Securities Co., Ltd. by the ESA so as to prevent their transfer, creation of security interests, or other disposition during the transfer restriction period. The ESA shall register and manage the Restricted Stock Interests acquired by the ESA without following the Plan, separately from the ordinary equity interests held by the Eligible Employees, in accordance with the ESA Rules, etc.

(6) Treatment upon reorganization, etc.

If, during the transfer restriction period, a merger agreement under which the Company becomes a dissolved company, a stock exchange agreement or a share transfer plan under which the

Company becomes a wholly-owned subsidiary, or any other matter concerning a reorganization, etc. is approved at the General Meeting of Shareholders of the Company (or by the Company's Board of Directors if no approval of the General Meeting of Shareholders of the Company is required for the reorganization, etc.), the Company shall, by a resolution of the Board of Directors of the Company, rightfully and without consideration, acquire all of the Allotted Shares in the number corresponding to the Restricted Stock Interests held by the Eligible Employees as of the date of such approval, immediately preceding the business day prior to the effective date of such reorganization, etc.

4. Basis for Calculating the Disposal Price and Its Specific Details

The Disposal of Treasury Shares to the ESA as the scheduled allottee is conducted by the Eligible Employees contributing the Special Incentive to the ESA, which was paid to the Eligible Employees for the grant of restricted stock as invested assets. To exclude arbitrariness in the disposal price, the price has been set at ¥1,517, which is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange as of July 4, 2025, the business day immediately preceding the date of the resolution by the Company's Board of Directors. This is the market share price immediately prior to the date of the Board of Directors' resolution, and the Company believes it is reasonable and does not represent a particularly favorable price.

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

Period	Average closing price (any amount less than ¥1 is rounded down)	Deviation rate
1 month (June 5, 2025 to July 4, 2025)	¥1,494	1.54%
3 months (April 7, 2025 to July 4, 2025)	¥1,482	2.36%
6 months (January 6, 2025 to July 4, 2025)	¥1,451	4.55%

All three Corporate Auditors (including two Outside Corporate Auditors), who attended the meeting of the Board of Directors held today, have stated that, in light of the fact that the Disposal of Treasury Shares is carried out in accordance with the Plan and that the disposal price is the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on the business day prior to the date of the Board of Directors' resolution, the process in which the Company determined that the disposal price does not constitute an amount particularly favorable to the ESA, the allottee, is reasonable and that such determination is legitimate.

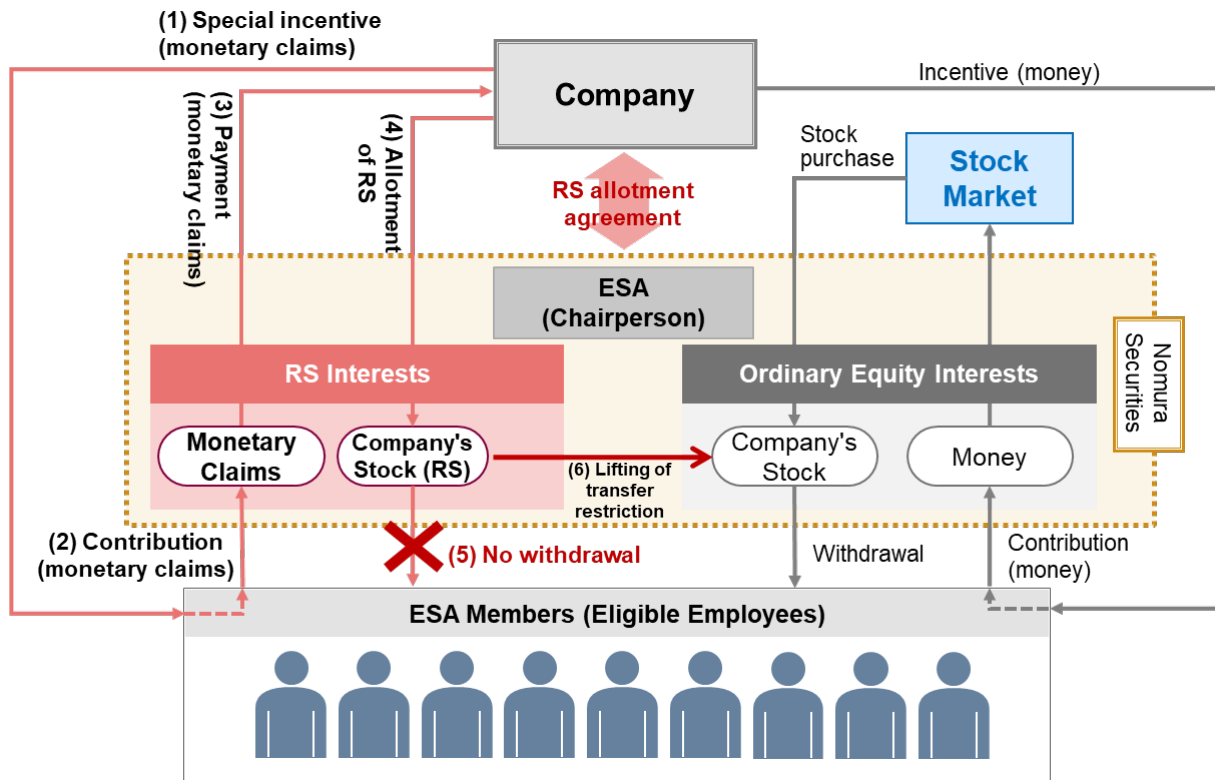
5. Matters Related to Procedures under the Code of Corporate Conduct

The Disposal of Treasury Shares does not require the opinion of an independent third party or conducting the procedure of confirmation of shareholder intent as stipulated in Rule 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, as it meets the following conditions: (i) the dilution ratio is less than 25%; and (ii) it does not result in a change in the controlling

shareholder.

(Reference)

[How the Plan works]



- (1) The Company shall provide Eligible Employees with monetary claims as special incentive for granting restricted stock.
- (2) The Eligible Employees who agree to the Plan shall contribute the monetary claims described in (1) above to the ESA.
- (3) The ESA shall collect and contribute to the Company the monetary claims contributed in (2) above.
- (4) The Company will allot the Allotted Shares to the ESA as the restricted stock (referred to as "RS" in the diagram above).
- (5) The Allotted Shares shall be deposited in a dedicated account opened by the ESA through Nomura Securities Co., Ltd. and the withdrawal of the Allotted Shares shall be limited during the transfer restriction period.
- (6) The Allotted Shares shall be transferred to the ordinary equity interests after the lifting of transfer restriction.