

March 10, 2023

Dear valued shareholders:

Name of listed company: Toyo Construction Co., Ltd.
Representative: Kyoji Takezawa, President and Representative Director
(Code: 1890 Tokyo Stock Exchange Prime Market)
Contact for inquiries: Hisashi Tokimizu,
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**Notification Concerning the Response of the Company to the Demand by the Company's
Shareholders to Call an Extraordinary General Shareholders Meeting**

In its March 6, 2023 press release, the Company gave notice of receipt of a letter ("Demand Letter") submitted in the joint names of Godo Kaisha Yamauchi-No. 10 Family Office and WK 1 Limited ("YFO etc."), the Company's shareholders, making a demand to call an extraordinary general shareholders meeting ("Demand"); at the Board of Directors meeting held on this day, a resolution was passed not to call an extraordinary general shareholders meeting based on the Demand. The Company gives notification of this in Section 1. below.

Ippan Shadan Hojin Yamauchi-No. 10 Family Office issued a press release on March 3, 2023; the thinking of the Board of Directors regarding such press release is set forth in Section 2. below.

1. Not Calling an Extraordinary General Shareholders Meeting Based on the Demand

In the Demand, YFO etc. is requesting to call a general shareholders meeting for the purpose of an agenda item ("Agenda Item 3") to have investigators who are stipulated in Article 316, Paragraph 2 of the Companies Act of Japan investigate the process behind the Company's consideration of and decision-making regarding the proposal by YFO etc. to take the Company private ("YFO Proposal").

The Company respects to the utmost the statutory rights of shareholders, including the right to demand to call an extraordinary general shareholders meeting pursuant to Article 297, Paragraph 1 of the Companies Act of Japan, and will comply appropriately with all lawful exercise of rights.

However, as the Company has publicly stated numerous times previously, the Board of Directors is currently moving forward with the evaluation and consideration of the YFO Proposal. The Company has repeatedly requested YFO etc. to provide the additional information necessary to make a determination and has consulted with the Company's

Special Committee for a report regarding the YFO Proposal, and this report is planned to be made by around the end of March 2023. The Demand, with the planned report date approaching, imposes an unrestricted cooperation duty on officers and employees regarding the consideration process that is going on within the Company and, using digital forensics (a technique whereby electronic data relevant to the investigation subject is fully reproduced, including data that has already been deleted, to enable search) and other methods, requires the submission of an extremely broad range of data; it is a highly unusual demand. The Board of Directors believes that the Demand has the wrongful purpose of applying pressure to the consideration of the YFO Proposal by the Board of Directors and the Special Committee in order to force the Board of Directors and the Special Committee to make a determination favorable to YFO etc.

The Company believes (i) that this is clear from the fact that even though the Demand Letter from YFO etc. and the March 3, 2023 press release by YFO etc. show no specific grounds whatsoever regarding the “suspicions” and “doubts” concerning the Company’s governance that are given as the reasons for the investigation, YFO etc. is making the Demand. Further, (ii) the Company believes that the setting the abstract and broad theme of “defects in the Company’s governance” as the investigative purpose, thus enabling the investigators to obtain an extremely broad range of internal Company information through digital forensics etc., is also an attempt to discourage consideration of the YFO Proposal by the Board of Directors and Special Committee and to apply pressure to such consideration. In addition, given that (iii) YFO etc. has publicly announced that it will not support the proposal to reappoint some of the Company’s directors and that it would propose the election of new directors and corporate auditors at the Company’s Ordinary General Shareholders Meeting scheduled to be held this June; even though it would suffice to discuss the appropriateness of the process behind the Company’s officers’ consideration of and decision-making regarding the YFO Proposal at the Ordinary General Shareholders Meeting, YFO etc. went ahead with and additionally made the Demand; and that (iv) even if investigators are elected as requested in the Demand, it is clear that the investigation report will not be prepared in time for the above Ordinary General Shareholders Meeting, yet nevertheless, YFO etc. is demanding to call an Extraordinary General Shareholders Meeting with the very unusual schedule of a date after the record date of the Ordinary General Shareholders Meeting but before it is scheduled to be held, the Company believes that it is clear that the Demand is not for purpose that YFO etc. advocates, of making clear the information necessary in order for shareholders to make an appropriate determination regarding the reorganization of the Board of Directors and corporate auditors.

In the Demand, YFO etc. is requesting as the purpose of the General Shareholders

Meeting an agenda item relating to an investigation of the process by which the Board of Directors gave an expression of support of the tender offer bid by INFRONEER Holdings Inc. (“INFRONEER”; such tender offer bid, “INFRONEER TOB”) (“Agenda Item 1”) and an agenda item relating to an investigation of the process of the proposals at the Company’s 100th Ordinary General Shareholders Meeting (“Agenda Item 2”). As far as the Board of Directors is concerned, both Agenda Item 1 and Agenda Item 2 relate to the YFO Proposal and, substantially, in the same manner as Agenda Item 3, have the wrongful purpose of applying pressure to the consideration of the YFO Proposal by the Board of Directors and the Special Committee in order to force the Board of Directors and the Special Committee to make a determination favorable to YFO etc.

For the foregoing reasons, on this day, the Board of Directors, taking into account the advice of our legal advisor, passed a resolution not to call an Extraordinary General Shareholders Meeting based on the Demand, as it constitutes an abuse of rights and is otherwise unlawful.

2. The March 3 Press Release from YFO etc.

As discussed in Section 1. above, YFO etc. asserts in the Demand letter and the March 3, 2023 press release that there are suspicions and doubts concerning the Company’s governance.

However, the “suspicions” and “doubts” that YFO etc. asserts are not true. In making these assertions about “suspicions” and “doubts”, YFO etc. presents no specific grounds for these assertions whatsoever, but merely lists portions of certain statements—made by the Company President and Representative Director and Administration in the course of the oral give-and-take that has taken place over a long period of time between the Company and YFO etc.—that it has taken out of context and trimmed in a manner that suits its own needs. As the Board of Directors and Special Committee move forward with their consideration of the YFO Proposal, this stance by YFO etc. to assert these suspicions and doubts without any specific grounds whatsoever and intend to mislead the Company’s shareholders and other market-related persons is an attempt to gain support for their proposal in an unfair manner, and is far from the behavior expected of a serious acquirer of corporations. Furthermore, the assertions by YFO etc. include numerous instances of breaches of the non-disclosure agreement between the Company and YFO etc., and the Board of Directors finds it regrettable that despite repeated protests by the Company, YFO etc. continues to make public disclosures that breach this agreement.

In light of the fact that the Board of Directors and Special Committee are currently considering the YFO Proposal, the Board of Directors will refrain from refuting each and every assertion by YFO etc. in detail, but with a view towards the appropriate disclosure of information to the Company's shareholders and other market-related persons, the Board of Directors points out certain facts that concern the following assertions made by YFO etc.

- (1) The assertion that without going through organizational decision, the President and Representative Director delivered to the YFO etc. Representative a letter indicating that the Company could not support the YFO Proposal.

As regards the delivery of the letter from the President and Representative Director to the YFO etc. Representative, at the top-level meeting between the two on November 14, 2022, even though the President and Representative Director, in response to the request from the YFO etc. Representative to make a proposal from the Company by around the end of the month, replied that it was not possible to go through the Special Committee and the Board of Directors and make a determination by then, the YFO etc. Representative indicated his eagerness to receive submission of a proposal, saying that a formal proposal undergoing such procedures was not necessary and that it would be fine just to communicate what the President and Representative Director and the working team in charge "felt" at that point in time; thus the delivery was made with the consent of the YFO etc. Representative that the letter would be presented as a draft of the Company administration taking into account the state of discussions as of the moment and would not be an organizational decision of the Company.

The fact that YFO etc. continues to repeat this assertion completely ignores or distorts the course of the dialogue that took place on the basis of a relationship of trust. The only conclusion that can be drawn is that the above request by YFO for submission of the letter was made with the intention of deceiving the Company. The Company has confirmed anew the above course of events, on the basis of objective evidence.

The above letter proposed, because in its April 22, 2022 "Response Letter", YFO etc. stated that "if you wish to remain listed, with us remaining as shareholders for the medium-to-long term, then we are prepared to consider such an option", that instead of YFO etc. taking the Company private, by achieving the digital transformation that YFO etc. specializes in, the two sides would work together towards enhancing the Company's corporate value; to date, the Company has not received any reply from YFO etc.

- (2) The assertion that on the occasion of the INFRONEER TOB, a Company officer had a

“secret agreement” to be appointed as an INFRONEER director.

The Company appropriately reported and submitted all facts that were to be publicly announced in relation to the INFRONEER TOB in accordance with the provisions of the Financial Instruments and Exchange Act of Japan in its March 23, 2022 Position Statement and subsequently in the Amended Position Statement; no such “secret agreement” as asserted by YFO etc. exists.

- (3) The assertion that for the INFRONEER TOB, there was an extremely short schedule that did not allow for sufficient verification of the transaction conditions.

Because of a capital and business alliance relationship of over 20 years between the Company and INFRONEER’s wholly owned subsidiary, Maeda Corporation, the Company and INFRONEER had a deep understanding of each other’s business, and for this reason the Board of Directors was able to consider the INFRONEER TOB in a short period of time. The Board of Directors carried out consideration of the INFRONEER TOB in accordance with the “Fair M&A Guidelines - Enhancing Corporate Value and Securing Shareholders’ Interests - ” issued by the Ministry of Economy, Trade and Industry on June 28, 2019. It is not true that the transaction conditions were not sufficiently verified.

- (4) The assertion that the Company has rejected a privatization proposal other than the YFO Proposal without consideration by the Board of Directors.

Since receiving the YFO Proposal, the Company has not received any other proposal for privatizing the Company, and what YFO etc. asserts is not true. Going forward, if such a proposal is received, the Board of Directors will consider it earnestly.

- (5) The assertion that the Company did not provide to YFO etc. the “consolidated models of the three financial statements”, which it provided to INFRONEER on the occasion of the INFRONEER TOB.

The Company did not provide INFRONEER with “consolidated models of the three financial statements”. Meanwhile, the Company did provide YFO etc. with planned values for the profit and loss statement in accordance with standard M&A practice and, upon the strong request from YFO etc., prepared and submitted planned values for the balance sheet.

3. The Company's Approach Going Forward

As described above, the Board of Directors is moving forward with its evaluation and consideration of the YFO Proposal, and it is planned that the Special Committee will submit its report on the YFO Proposal by around the end of this month.

The Board of Directors will respect the determination of the Special Committee when making its decision regarding the YFO Proposal. The Company will give notification of the opinion of the Board of Directors concerning the YFO Proposal as soon as such decision is made.

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