

September 20, 2023

Dear valued shareholders:

Name of listed company: Toyo Construction Co., Ltd.  
Representative: Haruhisa Obayashi, President and Representative Director  
(Code: 1890 Tokyo Stock Exchange Prime Market)  
Contact for inquiries: Hisashi Tokimizu,  
General Manager of Administration Dept., Administration Div.  
TEL: 03-6361-5450

**Notification Concerning Commencement of Investigation  
Based on Agreement with Shareholders and  
(Scheduled) Withdrawal of Petition for Permission to  
Call an Extraordinary General Shareholders Meeting by Shareholders**

As the Company informed you in its March 14, 2023 press release titled “Notification Concerning Filing of Petition for Permission to Call an Extraordinary General Shareholders Meeting by Shareholders”, two Company shareholders, Godo Kaisha Yamauchi-No.10 Family Office (“YFO”) and WK 1 Limited (together with YFO, “YFO etc.”) had filed a petition (“Petition”) with the Osaka District Court for permission for YFO etc. to call an extraordinary general shareholders meeting for the purpose of the agenda items, including an agenda item to have investigators who are stipulated in Article 316, Paragraph 2 of the Companies Act of Japan investigate defects in the Company’s governance (including breaches by directors of their duty of due care and duty of loyalty) relating to the process behind the Company’s consideration of and decision-making regarding the proposal by YFO etc. to take the Company private, and the Company, as an interested participant, had participated in such procedure. After consultations through the procedure, today, in light of the Company’s corporate value and the common interests of the Company’s shareholders, the Company and YFO etc. reached an agreement on matters such as the subject of and the method of the investigation. The Company informs you that, based on such agreement, the Company’s Board of Directors, at its meeting held today, passed a resolution to entrust the following investigation to investigators. The Company also informs you that as a result of such agreement, YFO etc. will withdraw the Petition.

The Company will fully cooperate with the investigation to be conducted by the investigators as described below and will promptly disclose the results of the investigation promptly after receiving the investigation results report.

According to YFO etc., the Petition will be withdrawn tomorrow.

1. Purposes of the investigation

With respect to the existence or non-existence of defects in the governance of the Company with regard to the matters set forth in (1) to (3) below (including breaches of the duty of due care and duty of loyalty by the investigation subjects (five (5) directors, officers and employees at the time, and, if it is recommended by the investigators, additional designee as agreed between the Company and YFO), the Company will entrust the investigations and considerations of each purpose of the investigation set forth in the Exhibit to the persons set forth in 2. below.

- (1) The process of the expression of opinion by the Company in support of the tender offer for the Company's shares that was commenced on March 23, 2022 by INFRONEER Holdings Inc. ("INFRONEER") (the "INFRONEER Tender Offer").
- (2) The process related to the formulation, submission and withdrawal of the proposal for takeover defense measures and proposal for the election of directors at the Company's 100th ordinary general meeting of shareholders (the "Ordinary General Meeting of Shareholders").
- (3) The process of considerations and decision-making of the Company concerning the counterproposals, including the proposal for privatization, by YFO and Kabushiki Kaisha KITE (together with "YFO", hereinafter collectively referred to as the "Privatization Proposers").

2. Investigation contractors (Investigators)

Shin Ushijima, Attorney-at-law (Ushijima & Partners, Attorneys-at-Law)

Yoichi Okuda, Attorney-at-law (Mori Hamada & Matsumoto)

End

(Exhibit)

### Specific Details of the Purposes of the Investigation

- (1) The Company's Board of Directors resolved on March 22, 2022 to express an opinion in support of the INFRONEER Tender Offer and to recommend that shareholders tender their shares therein, and it maintained its support until the INFRONEER Tender Offer ended unsuccessfully. In connection with the foregoing, after reviewing the procedures and the decision-making process conducted by the Company (including the process of consideration by the Special Committee established at the Company and the process of negotiations between the Company and INFRONEER), it will be considered in the investigation:
  - (a) Whether or not inappropriate pressure or influence was exercised by a third party in the Company's decision-making (whether or not the Company carried out a truly independent procedure and decision-making process or whether the investigation subjects prioritized their own interests or the interests of third parties at the expense of the interests of the ordinary shareholders and the Company);
  - (b) Whether there were any agreements or commitments that were not disclosed in the Company's opinion report or other disclosure materials or other matters that the Company's shareholders should have been made aware of; and
  - (c) Whether there were any other defects in the governance of the Company (including breaches by the investigation subjects of their duty of due care and duty of loyalty).
- (2) After investigating (I) the procedures and background that the Company's Board of Directors introduced "the Basic Policy on Company Control and the Response Policy regarding Large-Scale Purchase Activities of Company Shares Given the Specific Concern of a Large-Scale Purchase by Godo Kaisha Vpg etc. and WK 1 Limited etc. Targeting Company Shares" (the "Takeover Defense Measures") in response to the counterproposals to the INFRONEER Tender Offer, including the proposal for privatization, by the Privatization Proposers, decided to submit a proposal for the Takeover Defense Measures to the Ordinary General Meeting of Shareholders held on June 24, 2022 (Proposal No. 5 of the Ordinary General Meeting of Shareholders), and, thereafter, withdrew such proposal on June 23, 2022 which is a day preceding the date of the Ordinary General Meeting of Shareholders (including the process and reasons for the introduction and withdrawal of the Takeover Defense Measures), and (II) the procedures and background that the Company's Board of Directors and the Director Nominating/Compensation Committee nominated candidates for the Company's Directors (Proposal No. 3 of the Ordinary General Meeting of Shareholders)

(including the process and reasons for the nomination), it will be considered in the investigation:

- (a) Whether or not inappropriate pressure or influence was exercised by a third party in the Company's decision-making (whether or not the Company carried out a truly independent procedure and decision-making process or whether the investigation subjects prioritized their own interests or the interests of third parties at the expense of the interests of the ordinary shareholders and the Company);
  - (b) Whether there were any agreements or commitments that were not disclosed in the Company's disclosure materials or other matters that the Company's shareholders should have been made aware of; and
  - (c) Whether there were any other defects in the governance of the Company (including breaches by the investigation subjects of their duty of due care and duty of loyalty).
- (3) After investigating the process of the Company's considerations on the counterproposals, including the proposal for privatization, by the Privatization Proposers, the negotiation process with the Privatization Proposers, the reports to the Company's Board of Directors on such negotiation process, and the status of considerations of the Company's Board of Directors (including the background to the discussions that lasted for 270 days or more, which is an exceptionally long period in practice, the background to the fact that, on the one hand, the Company's representative director (at the time), on November 25, 2022, without making an organizational decision, delivered by hand a letter titled "Response to Your Company's Proposal (Draft)," in which a statement, "as we have informed you, we are unable to support your proposal to acquire all of our shares" was included; and, on the other hand, the secretariat office including the Company's Directors made a statement that it was impossible to make public the reasons for the fact, and, therefore, another reason must be given, and actions taken by the investigation subjects towards the series of the Company's responses), it will be considered in the investigation:
- (a) Whether there were any instances of unfair or inappropriate treatment in considering counterproposals, including the proposal for privatization, by the Privatization Proposers, in response to the INFRONEER Tender Offer (compared to the Company's consideration of the INFRONEER Tender Offer, whether there were any unfair or inappropriate aspects of the Company's consideration of counterproposals, including the proposal for privatization, by the Privatization Proposers, or whether the investigation subjects prioritized their own interests or the interests of third parties at the expense of the interests of the ordinary shareholders and the Company);

- (b) In the process of consideration and decision-making on the counterproposals, including the proposal for privatization, by the Privatization Proposers, whether there was any inappropriate response, explanation or pressure by the Company in order to cause the Privatization Proposers to abandon their counterproposals or to induce the Company's Board of Directors to disagree with the counterproposals (including whether there was an unfair or inappropriate response or non-response or violation from the perspective of a duty of due care or duty of loyalty or the Corporate Governance Code that needs to be observed or considered by the investigation subjects);
  
- (c) Whether or not the Company's Board of Directors held discussions, made decisions, and made disclosures based on an erroneous recognition of facts in the course of deliberating on the counterproposals, including the proposal for privatization, by the Privatization Proposers; whether or not the Company's Board of Directors failed to collect information and investigate the facts; and whether the investigation subjects failed to supervise or audit these responses (including whether there was an unfair or inappropriate response or non-response or violation from the perspective of a duty of due care or duty of loyalty or the Corporate Governance Code that needs to be observed or considered by the investigation subjects); and
  
- (d) Whether there were any other defects in the governance of the Company (including breaches by the investigation subjects of their duty of due care and duty of loyalty).

End