

September 27, 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,  
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### **Notification Concerning Establishment of Special Committee**

As the Company informed you in its September 26, 2023 press release titled “Notification Concerning the Receipt of a Proposal from Godo Kaisha Yamauchi-No. 10 Family Office and Kabushiki Kaisha KITE Regarding a Tender Offer for Company Shares”, the Company received a proposal from Godo Kaisha Yamauchi-No. 10 Family Office and Kabushiki Kaisha KITE (collectively, “YFO etc.”) regarding a tender offer for the Company’s ordinary shares (the “Tender Offer”) and subsequent squeeze-out procedures to make the Company a wholly-owned subsidiary (the “Proposal”).

As the Company informed you in its May 24, 2023 press release titled “Notice Regarding Expression of Opinion (Opposition) Regarding the Application for a Tender Offer for Company Shares by Godo Kaisha Yamauchi-No. 10 Family Office (formerly Godo Kaisha Vpg) and Kabushiki Kaisha KITE”, the Company’s Board of Directors has already resolved to express an opinion of opposition to an application from YFO etc. to carry out a tender offer for the Company shares having a per-share tender offer price of 1,000 yen for the Company’s ordinary shares, subject to the precondition of support and recommendation to shareholders to tender shares by the Company’s Board of Directors. In addition, the Company’s Board of Directors has already decided to implement a five-year Mid-Term Business Plan, formulated on March 23, 2023, entitled the “Toyo Construction Group Mid-Term Business Plan (2023-2027)” (the “March 2023 Mid-Term Business Plan”). In response to the Proposal recently submitted by YFO etc., in which the per-share tender offer price will be 1,255 yen for the Company’s ordinary shares under certain conditions, subject to the precondition of support and recommendation to shareholders to tender shares by the Company’s Board of Directors, the Company passed a resolution at a meeting of the Board of Directors held today to newly establish a special committee (the “Special Committee”) composed of the Company’s independent outside directors, as set forth below, for the purpose of eliminating any arbitrariness from the Company’s decision-making concerning the Proposal and ensuring fairness, transparency, and objectivity in the decision-making process. Among the directors appointed at the Company’s 101st Annual General Meeting of Shareholders, all seven (7) of the directors who are independent officers have been selected as the members of

the Special Committee. The Company endeavors to utilize outside directors to ensure the effectiveness of independent and objective supervision over management, and in selecting the members of the Special Committee, the Company has verified that each member is independent from YFO etc. and from INFRONEER Holdings Inc., other associated company of the Company.

In addition, the Company's Board of Directors has also resolved to commission the Special Committee to submit to the Board of Directors reports on the consultation matters set forth below and to grant to the Special Committee the authority set forth below. The Special Committee is requested to submit the report with respect to the consultation matter (i) ahead of the report with respect to the consultation matter (ii), and to submit the report with respect to the consultation matter (ii) by the late December 2023.

The Company's Board of Directors will make decisions on the Proposal with the utmost respect for the judgment of the Special Committee. The opinion of the Company's Board of Directors on the Proposal will be informed as soon as it is decided.

The Company hereby also informs you that the Company's Board of Directors, which is composed of the directors appointed at the Company's Annual General Meeting of Shareholders held on June 27, 2023 (10 of the 13 directors were newly appointed), reviewed the March 2023 Mid-Term Business Plan, and, today, the Company's Board of Directors resolved to affirm that the plan represents a reasonable benchmark as a business plan and target spanning a five-year period, based on the views of outside advisors and comparisons with other companies in the same industry, and after verifying variable factors such as business profit.

## **1. Composition of the Special Committee**

Kazumichi Matsuki (outside director who is an independent officer) (Chairperson)

Takashi Narusawa (outside director who is an independent officer)

Taizo Nishikawa (outside director who is an independent officer)

Masato Uchiyama (outside director who is an independent officer)

Masaharu Okada (outside director who is an independent officer)

Katsuya Natori (outside director who is an independent officer)

Shinichi Kato (outside director who is an independent officer)

For brief histories of the above members of the Special Committee, please refer to the Company's Annual Securities Report for the 103rd Fiscal Year and the Amendment thereto.

## **2. Consultation Matters to the Special Committee**

- (i) Whether the Company should respond to the due diligence related to the Proposal and to what extent the Company should respond to the due diligence.
- (ii) Whether the Company's Board of Directors should support the Tender Offer and

recommend that shareholders tender their shares in the Tender Offer.

### **3. Authority Granted to the Special Committee**

- (i) Authority to collect and receive the information required for the Special Committee to make decisions on and consider the consultation matters.
- (ii) Authority to appoint own financial advisors, third-party evaluation institutions and legal advisors (the “Advisors”) or to provide opinions on the appointment of the Advisors of the Company.
- (iii) Authority to participate in the discussions and negotiations between the Company and YFO etc. and to hold discussions and negotiations on behalf of the Company, in either case if the Special Committee deems it necessary.
- (iv) Authority to provide opinions and recommendations as necessary to the Company’s Board of Directors concerning the considerations on the Proposal.

End