

December 14, 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)
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Notice Regarding Expression of Opinion (Opposition) Regarding the Application for a Tender Offer for Company Shares by Godo Kaisha Yamauchi-No. 10 Family Office and Kabushiki Kaisha KITE

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 “September 26, 2023 Press Release”), the Company received a proposal from Godo Kaisha Yamauchi-No. 10 Family Office (“YFO”) and Kabushiki Kaisha KITE (collectively with YFO, “YFO etc.”) regarding a tender offer for the Company’s ordinary shares (the “Company Shares”) (the “Tender Offer”) and subsequent squeeze-out procedures to make the Company a wholly-owned subsidiary (collectively with the Tender Offer, the “Transaction”), subject to the precondition of support and recommendation to shareholders to tender shares by the Company’s Board of Directors (the “Proposal”). The tender offer price in the Proposal (the “Tender Offer Price”) is 1,255 yen per share, subject to the satisfaction of certain conditions.

As the Company informed you in its September 27, 2023 press release titled “Notification Concerning Establishment of Special Committee” (the “September 27, 2023 Press Release”), the Company’s Board of Directors established a special committee (the “Special Committee”) composed of the Company’s independent outside directors, and commissioned a report from the Special Committee regarding the consultation matters concerning the Proposal. Today, the Company’s Board of Directors received the final report from the Special Committee (please refer to section 4 below for a summary of the final report). Based on this, today, the Company’s Board of Directors unanimously resolved to express an opinion of opposition to the Proposal, and the Company hereby gives notice of this resolution.

It is noted that all of the four corporate auditors of the Company attended the above-mentioned Board of Directors meeting, and all of the said corporate auditors expressed an opinion indicating that they had no objection to the above-mentioned resolution.

Please refer to section 5 below for the reasons why the Company’s Board of Directors came

to the above-mentioned decision and resolution.

As stated in the Company's December 4, 2023 press release titled "(Progress of Disclosed Matters) Notification Concerning Status of Proposal from Godo Kaisha Yamauchi-No. 10 Family Office and Kabushiki Kaisha KITE," the Company received the corporate value enhancement measures (the "Corporate Value Enhancement Measures (YFO)") from YFO etc. on November 30 and December 1, 2023. As the Company was repeatedly requested by YFO etc. not to disclose or publish the specifics of the Corporate Value Enhancement Measures (YFO), the Company will refrain from disclosing the specifics, in accordance with the non-disclosure agreement that the Company has signed with YFO etc. The measures presented in the Corporate Value Enhancement Measures (YFO) and the points raised therein regarding the Company's Mid-Term Business Plan have been specifically considered by the Company's Board of Directors and the Special Committee. In the future, if YFO etc. publicly disclose the Corporate Value Enhancement Measures (YFO), the Company will specifically explain its views on the Corporate Value Enhancement Measures (YFO).

1. The Opinion of the Company's Board of Directors

At its meeting held on today, the Company's Board of Directors resolved to express an opinion of opposition to the Tender Offer.

2. The Proposal and Other Matters

Based on the information that the Company currently possesses, a summary of the Proposal is as follows:

- Tender offerors: YFO etc.
- Tender Offer Price: 1,255 yen per share on condition that (i) the business plans, financial information and other disclosure materials disclosed in the course of the Business Due Diligence (as defined in 3. (5) (i) below) are accurate in material respects, and there are no inaccurate facts, no facts that could cause a misunderstanding, no undisclosed material facts, and no other facts that would have a material adverse effect on the evaluation of the Company's corporate value by YFO etc. and (ii) the Company has no significant potential liabilities, etc., no legal or regulatory issues, no contractual issues with any third party that could adversely affect the Company's ordinary business, and no other matters that would have a material effect on the business, financial position, assets, liabilities, operating results or cash flows of the Company group as a whole or that would have a material adverse effect on the execution of the Transaction.
- Maximum number of shares planned to be purchased: None.

- Minimum number of shares planned to be purchased: Shares representing two-thirds of the voting rights of issued and outstanding shares.
- Squeeze-out procedures: If YFO etc. cannot acquire all of the Company Shares (excluding treasury shares), they plan to request that, after the completion of the Tender Offer, the Company implement the squeeze-out procedures to make Kabushiki Kaisha KITE the sole shareholder of the Company.
- Preconditions for the Tender Offer: The Tender Offer will be commenced (a) if all of the following conditions are satisfied or (b) if any of the following conditions is not satisfied and YFO etc. waive the condition that is not satisfied.
 - (i) That a resolution of the Company’s Board of Directors expressing an opinion in support of the Tender Offer and recommending that the Company’s shareholders tender their shares can be verified by YFO etc. through an announcement by the Company or a report by the Company (made in writing, orally, or otherwise); and
 - (ii) That no event has occurred at the Company that would allow withdrawal of a tender offer as set forth in the proviso of Paragraph (1) of Article 27-11 of the Financial Instruments and Exchange Act (Item (i) (a) through (j) and (m) through (t) and (iii) (a) thorough (h) and (j) of Paragraph (1) and Items (iii) through (vi) of Paragraph 2 of Article 14 of the Order for Enforcement of the Financial Instruments and Exchange Act) (the condition that in light of the discussions with the Company or the content of the documents disclosed by the Company, YFO etc. have determined that such an event has not occurred).

3. System for and Process of Consideration of the Proposal

(1) Guidelines for Corporate Takeovers

In response to and consideration of the Proposal, the Company’s Board of Directors referred to the “Guidelines for Corporate Takeovers” released by the Ministry of Economy, Trade and Industry on August 31, 2023 (the “Guidelines for Corporate Takeovers”). The Company’s Board of Directors referred to the Guidelines for Corporate Takeovers overall, including the following principles listed in the Guidelines for Corporate Takeovers that should be respected in acquisitions of corporate control of listed companies in general: (i) the principle of corporate value and shareholders’ common interests (Whether or not an acquisition is desirable should be determined on the basis of whether it will secure or enhance corporate value and the shareholders’ common interests.); (ii) the principle of shareholders’ intent (The rational intent of shareholders should be relied upon in matters involving the corporate control of the company.); and (iii) the principle of transparency (Information useful for shareholders’ decision making should be provided appropriately and proactively by the acquiring party and the target company. To this end, the acquiring party and the target company should ensure

transparency regarding the acquisition through compliance of acquisition-related laws and regulations.). The Company's Board of Directors proceeded with its response to and consideration of the Proposal, taking the Guidelines for Corporate Takeovers into consideration in particular that, (i) regarding responses to due diligence, as the Guidelines for Corporate Takeovers provide, the target company should consider, not only the factors to be considered in determining whether an acquisition proposal constitutes a "bona fide offer" (such as the concreteness of the proposal, the rationale of the purpose and the feasibility of the proposal) (Section 3.1.2 of the Guidelines for Corporate Takeovers), but also the factors such as specific details of the proposal identified through consideration and negotiation, the acquiring party's business environment and track record, the reliability of information control and management, and the feasibility of the acquisition in a comprehensive manner (Section 2 of Appendix 1) and (ii) in considering whether the acquisition proposal will contribute to the enhancement of corporate value, as the Guidelines for Corporate Takeovers provide, it is appropriate for the board of directors to thoroughly compare, from a "quantitative" perspective, the differences between the tender offer price and measures to enhance corporate value through acquisitions proposed by the acquiring party, and the measures that would be taken by the incumbent management team to enhance corporate value if the incumbent management team will continue to manage the company (Section 3.1.2 of the Guidelines for Corporate Takeovers).

(2) Circumstances Leading up to May 24, 2023

On April 22, 2022, the Company first received, from Ippan Shadan Hojin Yamauchi-No. 10 Family Office or YFO etc., an application for a tender offer for the Company Shares, and, as stated in the Company's 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 "May 24, 2023 Press Release"), the Company's Board of Directors at that time expressed an opinion of opposition to the said application. Please refer to the May 24, 2023 Press Release for the said expression of opinion of opposition and the circumstances leading up to such expression.

(3) System for Consideration by the Company's Board of Directors on and after June 27, 2023

At the Company's 101st Annual General Meeting of Shareholders held on June 27, 2023 (the "Company's 101st Annual General Meeting of Shareholders"), YFO proposed nine candidates for director, stating that that the Company's Board of Directors at that time was "no doubt unable to appropriately consider YFO's acquisition proposal and other proposals that would

contribute to enhancing the corporate value of the Company, due to self-protection and other reasons” and that YFO “believes that this new structure consisting of independent directors will enable the Company’s Board of Directors to appropriately consider options for corporate value enhancement measures including YFO’s acquisition proposal.” At the Company’s 101st Annual General Meeting of Shareholders, seven out of the nine candidates for director proposed by YFO were appointed as directors, and in addition to them, the six candidates for director proposed by the Company were appointed as directors, and thus, a total of 13 directors (of whom 10 were newly appointed) were appointed. All directors are independent of YFO.

Given that the new structure was established by resolution of the Company’s 101st Annual General Meeting of Shareholders, the Company’s Board of Directors reviewed the five-year Mid-Term Business Plan, announced on March 23, 2023, titled the “Toyo Construction Group Mid-Term Business Plan (2023-2027),” which was formulated by the former Board of Directors of the Company. As a result, as stated in the September 27 Press Release, 2023, the Company’s Board of Directors resolved, on September 27, 2023, to affirm that the plan represented a reasonable benchmark as a business plan and target spanning a five-year period, taking into account the advice of outside advisors and comparisons with other companies in the same industry, and after verifying variable factors such as business profit.

Moreover, upon receipt of the Proposal from YFO etc., in order to ensure a fair and appropriate decision-making process when considering the Proposal, in July 2023, the Company’s Board of Directors engaged Nagashima Ohno & Tsunematsu, a third party independent from both the Company and YFO etc., as legal advisor.

As stated above, the Company’s Board of Directors has carried out consideration of the Proposal in an appropriate manner, based on its duty of care owed to the Company and also taking into account advice from its advisors. Even after considering the circumstances leading up to the appointment of directors at the Company’s 101st Annual General Meeting of Shareholders, the Company’s Board of Directors believes that it had a structure considered, from the perspective of YFO etc., to “enable the Company’s Board of Directors to appropriately consider options for corporate value enhancement measures including YFO’s acquisition proposal” (refer to YFO’s April 17, 2023 press release titled “Notice Regarding Shareholder Proposal to Toyo Construction Co., Ltd.”).

(4) System for Consideration by the Special Committee

As the Company informed you in its September 26, 2023 press release, on September 25, 2023, the Company received the Proposal regarding the Tender Offer and subsequent squeeze-out procedures to make the Company a wholly-owned subsidiary from YFO etc., and, in response, the Company newly established, by a resolution of the board of directors of the Company, the Special Committee, composed of all independent outside directors of the Company, for the purpose of eliminating any arbitrariness from the Company’s decision-

making and ensuring fairness, transparency, and objectivity in its decision-making process after confirming that (i) each member is independent from YFO etc., INFRONEER Holdings Inc. (“INFRONEER”), which is an other associated company of the Company, and INFRONEER Group (a corporate group composed of 57 subsidiaries and 24 affiliated companies of INFRONEER (as of June 20, 2023) including MAEDA Corporation, MAEDA ROAD CONSTRUCTION Co., Ltd, and MAEDA SEISAKUSHO CO., LTD.) as well as (ii) each member does not have any special interest in the success of the Transaction, and the Company consulted with the Special Committee with respect to the Tender Offer. The Special Committee is composed of all seven directors who are independent outside directors of the Company; five of whom were the candidate directors proposed by YFO and two of whom were the candidate directors proposed by the Company at the 101st Ordinary General Meeting of Shareholders of the Company; and Mr. Kazumichi Matsuki, who was a candidate director proposed by YFO, presides over the Special Committee.

The consultation matters to the Special Committee (the “Consultation Matters”) are as follows: (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 (“Consultation Matter (i)”); and (ii) Whether the Company’s Board of Directors should support the Tender Offer and recommend that shareholders tender their shares in the Tender Offer (“Consultation Matter (ii)”).

In establishing the Special Committee, the Board of Directors of the Company also formulated the Implementation Guideline for the Special Committee, which provide , for example, as follows;

- (i) when the Board of Directors make material decisions regarding the Transaction, the Board of Directors shall respect the contents of the report of the Special Committee to the maximum extent possible;
- (ii) the Special Committee may, if it deems necessary, participate in the discussions and negotiations between the Company and YFO etc. and to hold discussions and negotiations on behalf of the Company;
- (iii) the Special Committee may appoint its own financial advisors, third-party evaluation institutions and legal advisers (the “Advisors”) for the purpose of ensuring appropriate decision-making. In addition, the Special Committee may also evaluate the Advisors of the Board of Directors of the Company with respect to their expertise and independence, etc., and express its opinion on the appointment of the Advisors (At the same time, if the Special Committee finds that the Advisors of the Company has high level of expertise and has no concern with the independence, and determines that the Special Committee is able to rely on the Advisors of the Company and to request expert advice from them, the Special Committee may request expert advice from the Advisors of the Company.) for the purpose of ensuring appropriate decision-making of the Board of Directors of the Company; and

(iv) the Special Committee shall have the authority to collect and receive information necessary for determination and consideration by the Special Committee; for example, the Special Committee may request directors, auditors, employees of the Company, or other persons whom the Special Committee thinks necessary, to present at a meeting of the Special Committee and to explain about necessary information.

The Company shall pay remuneration to each member of the Special Committee on an hourly basis, as consideration for their duties, regardless of the contents of the report. The members are not entitled to any remuneration in the form of the contingent fee that is subject to the completion of the Transaction.

In order to ensure proper decision-making regarding whether the Transaction would contribute to the improvement of the enterprise value of the Company or not, in September 2023, the Special Committee appointed a major consulting firm, which is a third party independent from the Company and YFO etc., as an advisor of the Special Committee and obtained expert advice in consideration of the Transaction.

In addition, in October 2023, the Special Committee also appointed Akasaka International Accounting Co., Ltd. (“Akasaka International Accounting”) as a third-party evaluation institution that is independent from the Company and YFO etc., and requested it to evaluate the value of the Company Shares based on the medium-term business plan formulated by the Company and the value of the Company Shares based on the business plan provided by YFO etc. as Corporate Value Enhancement Measures (YFO), in reviewing the Consultation Matters. Today, the Special Committee received a share valuation report (the “Share Valuation Report”) from Akasaka International Accounting. The Special Committee and Akasaka International Accounting held a question and answer session and exchanged opinions on the details of methods of valuation of the Company Shares, the term of business plan that was assumed under the DCF method and the reasonableness of referring to such term, the reasonableness of valuing based on the business plan provided by the Company, views on WACC and the size premium in calculating discount rate by the DCF method, the reasonableness of adopting the EXIT multiple method, and whether the valuation methods are generally used in practice or not, and the Special Committee confirmed that the share valuation conducted by Akasaka International Accounting is based on expert knowledge and there are no specific points of irrationality.

Furthermore, the Special Committee determined to take advice from Nagashima Ohno & Tsunematsu, a legal advisor appointed by the Company, taking into account the expertise and independence thereof, and received expert advice from it.

The Special Committee actively engages in the communications between the Company and YFO etc., including expressing its opinion on the contents of the letter from the Company to YFO etc., receiving reports about the progress of due diligence, and the like from the management team of the Company from time to time, and receiving explanations and holding question and answer sessions on the Corporate Value Enhancement Measures (YFO) directly

from YFO etc.

The Special Committee also received explanation from the management team of the Company on its view on the contents of the Corporate Value Enhancement Measures (YFO) and held question and answer sessions.

As stated above, the Special Committee actively examined the Transaction consistently from the independent perspective of the management team of the Company.

(5) Sequence of Discussion on the Proposal with YFO

(i) Acceptance of Business Due Diligence

On July 26, 2023, the Board of Directors of the Company received a letter from YFO and become aware that YFO etc. were still intending to implement a tender offer for the Company's Shares and make the Company a wholly-owned subsidiary. Accordingly, the Board of Directors of the Company accepted YFO's request to explain YFO etc.'s idea to the Company again, and, on September 12, 2023, the Company received explanation on the future (vision), contemplated by YFO etc., of the Company as an offshore data platformer (the "September 12 Vision") and so forth. However, there is a lack of specifics in the details of the Company's corporate value enhancement measures devised by YFO etc. regarding significant aspects of the business model proposed by YFO etc. for the Company to evaluate, including quantitative targets such as that of the Company's cash flow, business strategies (strategies for technology development, M&A, and other investments) leading to those targets, details of the resources that the Company needs to achieve the business model (how the strengths and resources of the Company can be utilized to realize the business model proposed by YFO etc.) and measures to mitigate any negative impact, associated with the privatization and transformation to the business model proposed by YFO etc., on the existing businesses (from the opposite viewpoint, the necessity of the privatization), and it is difficult for the Company to quantitatively evaluate the rationality and feasibility of the management strategy.

Subsequently, on September 26, 2023, the Company received the Proposal and the request for due diligence. In response, based on the first Special Committee report (for the content of the report, see the Company's press release "(Progress of Disclosed Matters) Notification Concerning Receipt of First Special Committee Report Regarding Proposal from Godo Kaisha Yamauchi-No. 10 Family Office and Kabushiki Kaisha KITE and Company's Policy Regarding Response Thereto" dated October 4, 2023), and on October 4, 2023, the Company decided to accept the due diligence in respect of the business that would contribute to deepening the Corporate Value Enhancement Measures of the Company (i.e., concretization of such measures to the

level that the Company will be able to quantitatively evaluate them) (the “Business Due Diligence”).

As described above, the reason why the Board of Directors of the Company decided to accept the Business Due Diligence was that it expected the September 12 Vision, which was abstract when presented, to become concrete to a level at which the Company would be able to quantitatively evaluate it.

(ii) Request for Refined Corporate Value Enhancement Measures and Request of YFO etc. for Extension of Deadline

Considering the fact that YFO explained to the Company’s shareholders in “Toyo Construction Co., Ltd. (“Toyo”) (Securities Code: 1890) Status of Discussions and the Extension of the Period for the Proposed Acquisition of Toyo in Connection with the Planned Commencement of the Tender Offer for Toyo’s Shares” dated September 26, 2023, that it could commence the tender offer by late December, 2023 and the time that the Company would require in order to review the Company’s corporate value enhancement measures, the Company requested YFO etc., to refine and submit to the Company such measures, including, at the very least, (i) business plans for the Company reflecting such corporate value enhancement measures (including pro forma B/S and P/L); (ii) investment plans, such as capital expenditures and M&A investments; (iii) repayment plans regarding the financing for the acquisition; and (iv) measures to mitigate any negative impact on the existing businesses by November 10, 2023, as a condition to accepting the Business Due Diligence. YFO did not show any specific objection to this request and commenced the Business Due Diligence. The Company promptly responded to the document request and questions provided by YFO etc., in good faith.

However, in the letter dated November 9, 2023, the day before the deadline, YFO requested the Company to extend the deadline for submitting the refined corporate value enhancement measures. The Company reluctantly accepted such request and set the deadline for the refined corporate value enhancement measures as November 30, 2023 and the deadline for the tender offer price, and letter of intent of financial institutions from which YFO etc., is considering receiving loans, as December 1, 2023.

(iii) Submission of Corporate Value Enhancement Measures and Other Documents and Meeting between YFO etc. and the Special Committee

The Company received Corporate Value Enhancement Measures (YFO) on November 30, 2023, and the letter of intent to provide a loan from financial institutions on December 1, 2023. After reviewing the Corporate Value Enhancement Measures

(YFO), along with advice from the management team and the Advisors on December 9, 2023, the Special Committee had a meeting with YFO etc. in person for about two hours and asked questions to YFO etc. The content of this interview was shared with the Board of Directors and the management team of the Company to the extent necessary for the examination of the Proposal.

As of November 20, 2023, the Board of Directors of the Company notified YFO etc. that it would form its opinion concerning the Proposal based on the information submitted by December 1, 2023. In addition, as stated in the September 27, 2023 Press Release, the Board of Directors have been planning to receive the Report from the Special Committee in late December 2023 and make a decision on the Proposal. Therefore, after the above meeting, the Board of Directors of the Company conclude that it had obtained all the information necessary to form an opinion on the Proposal.

As of December 13, 2023, the Company received another letter from YFO etc. which explained another plan that was not included in the Corporate Value Enhancement Measures (YFO); however, it was expressively stated that such plan was not to be used as the basis for the evaluation. Therefore, the Company continued its evaluation based on the understanding that the corporate value enhancement measures contemplated by YFO etc. have not been changed from those proposed in Corporate Value Enhancement Measures (YFO). Also, information necessary for the quantitative evaluation of the corporate value is lacking in the plan and, at this point in time, the Company considers that the feasibility of the plan is questionable.

4. Summary of the Special Committee's Report

(1) Content of the Report

(i) Consultation Matter (i)

With respect to the Proposal, the Special Committee considers that the Company will no longer need to accommodate the request of YFO etc. to conduct the due diligence, including the Business Due Diligence.

(ii) Consultation Matter (ii)

- (a)** The Transaction is not found to contribute to the enhancement of the Company's corporate value.
- (b)** The procedures for consideration, consultation and negotiation of the Transaction are found to have been fair.
- (c)** It must be said that there was a certain degree of coercion in that YFO etc.

increased its ownership to nearly 30% through open-market purchases. However, apart from this fact, the method of the Transaction is found to be fair and appropriate. On the other hand, the terms of the Transaction are not found to be fair and appropriate.

- (d) Making a decision to conduct the Transaction by the Board of Directors of the Company is found to be detrimental to its general shareholders.

Accordingly, the Special Committee considers that the Company's Board of Directors should publicly disclose that it opposes the Tender Offer. Together with the expression of an opinion of opposition to the Tender Offer, the Company's Board of Directors should also state that, if YFO etc. commence a tender offer for the Company Shares in accordance with the Proposal, the Company does not intend to unjustly block the opportunity for the Company's shareholders to sell their shares by applying takeover response policies or countermeasures unless YFO etc. uses coercive takeover measures that would harm common interests of shareholders, such as the purchase of additional shares on the market, a partial tender offer or commencement of a tender offer that does not set the minimum number of tendered shares to be the number of shares that certainly would enable a squeeze-out of minority shareholders. In addition, the Company should also state that if any revised proposal is made by YFO etc., the Company will give sincere consideration to it in accordance with the Guidelines for Corporate Takeovers, as long as it is a bona fide offer.

(2) Reasons for Its Opinion (Outline)

- In the quantitative comparison made between the Company's Mid-Term Business Plan and the Corporate Value Enhancement Measures (YFO), the Company's Mid-Term Business Plan considerably surpasses the Corporate Value Enhancement Measures (YFO) from the viewpoint of corporate value (business value).
- By resolution of the Company's Board of Directors on September 27, 2023, the Company's Board of Directors, which consists of the directors appointed at the Company's 101st Annual General Meeting of Shareholders (10 of the 13 directors were newly appointed), also affirmed that the Company's Mid-Term Business Plan represented a reasonable benchmark as a business plan and target spanning a five-year period, based on the advice of outside advisors and comparisons with other companies in the same industry, and after verifying variable factors such as business profit. Even after considering the matters raised by YFO etc. in the Corporate Value Enhancement Measures (YFO), the Special Committee did not have any doubt as to the reliability and reasonableness of the Company's Mid-Term Business Plan.
- While the Corporate Value Enhancement Measures (YFO) are voluminous (the detailed version is 160 pages long), a substantial portion of the Corporate Value Enhancement

Measures (YFO) are dedicated to discussing the credibility and rationality of the Company's Mid-Term Business Plan and a limited portion is related to specification of the September 12 Vision, which the Company required of YFO etc. when the Company agreed to accept the Business Due Diligence. In addition, although there is no obvious doubt about the appropriateness and feasibility of specific measures proposed by YFO etc. to increase corporate value, they were not found to be superior to the Company's existing measures; in other words, they were not found to contribute to the enhancement of the Company's corporate value.

- With regard to the impact on the Company's business as a result of the privatization by YFO etc., the Special Committee has been reported cases where the concern related to the privatization by YFO etc., has materialized, including the loss of orders from private sector companies and campaigns by other companies to damage the Company's recruitment activities and has also been informed by outside experts appointed by the Special Committee that the possibility of occurrence of any adverse effect on the Company's business cannot be dispelled. Meanwhile, in the Corporate Value Enhancement Measures (YFO), the explanation of the significance of the privatization is abstract at best and the explanation of the view on, and measures to deal with, the harmful effects resulting from the privatization is not persuasive. Furthermore, the Special Committee could not obtain persuasive explanations from YFO etc., when the Special Committee asked about these aspects during the meeting with YFO etc.
- It could not be confirmed that YFO etc. have sufficient track records in terms of takeovers, and concerns over the management capabilities of the operating companies have not been fully dispelled.
- It must be said that there was a certain degree of coercion in the method of the Transaction in that YFO etc. increased its ownership to nearly 30% through open-market purchases (Section 2 of Appendix 2 of the Guidelines for Corporate Takeovers). However, apart from this fact, the aforementioned method, in which the first step is to conduct the Tender Offer and the second step is to conduct a squeeze-out, is one of the methods commonly used for privatization of listed companies, and there are no unreasonable aspects in the method itself.
- The Tender Offer Price is (i) within the share price range calculated by the DCF method based on the business plan up to FY2030, however, it is considerably below the median value of the range, and (ii) although it is 1.13% above the closing price of the Company Shares on the day immediately preceding the announcement of the Proposal (1,241 yen per share), it merely reflects an insufficient premium of 9.61% in relation to the average closing price of the last one month from such day immediately preceding the announcement of the Proposal (1,145 yen per share) and 15.03% in relation to the average closing price of the last three months from such day immediately preceding the announcement of the Proposal (1,091 yen per share); moreover, the Tender Offer Price

is below the closing price of the Company Shares on the day immediately preceding the filing of the Report (1,314 yen per share); therefore, the terms of the Transaction (the Tender Offer Price) are neither fair nor appropriate.

- For purposes of the Transaction, the independent Special Committee was established within the Company, and the Special Committee obtained independent professional advice from outside experts and carefully discussed and considered the Consultation Matters from a perspective independent of the management team of the Company. It is also confirmed that the Company responded faithfully and sufficiently to the Business Due Diligence without unreasonably restricting information disclosure to YFO etc. Sufficient measures to ensure fairness were taken for purposes of the Transaction, and the procedures for the consideration, consultation, and negotiation of the Transaction were fair.
- It is desirable that the Board of Directors of the Company will not express an opinion on whether it recommend the shareholders to tender shares to the Tender Offer, in light of the fact that if a new proposal is made, the Company will give sincere consideration to it in accordance with the Guidelines for Corporate Takeovers, as long as it is a bona fide offer. If the Tender Offer is commenced, disclosure should be made again, including an opinion recommending the shareholders to tender shares.

5. Reasons to Oppose the Tender Offer

At the Company's Board of Directors meeting held today, 2023, we carefully discussed whether or not the Company's Board of Directors support the Tender Offer and recommend that shareholders tender their shares in the Tender Offer by considering whether or not the Transaction contributes to the enhancement of the Company's corporate value and whether or not the methods and terms of the Transaction are fair and appropriate, etc., taking into account the legal advice received from Nagashima Ohno & Tsunematsu and the content of the Share Valuation Report received through the Special Committee, and respecting, to the maximum extent, the opinion of the Special Committee shown in the Report.

As described in 3.(1) above, the Guidelines for Corporate Takeovers, which the Company's Board of Directors referred to when considering the Transaction, states that it is appropriate for the board of directors to, when considering whether or not the acquisition proposal contributes to the enhancement of corporate value, thoroughly compare, from a "quantitative" perspective, the differences between the tender offer price and measures to enhance corporate value proposed by the acquirer, and the measures to enhance corporate value if the incumbent management team were to continue to manage the company. According to the Share Valuation Report, which is deemed rational, in the quantitative comparison made between the Company's Mid-Term Business Plan and the Corporate Value Enhancement Measures (YFO), the Company's Mid-Term Business Plan considerably surpasses the Corporate Value Enhancement Measures (YFO) from

each viewpoint other than ROIC.

In addition, with respect to the corporate value enhancement measures proposed by YFO etc., only couple of the measures presented as the September 12 Vision has been eventually materialized despite the implementation of the Business Due Diligence. Also, even with respect to measures specifically presented, we do not believe that they are superior to the Company's existing measures. Some measures are based on misunderstandings of the business environment, etc., and, in the first place, doubts surrounding the feasibility of the measures could not be removed.

Furthermore, one of the main measures of the Corporate Value Enhancement Measures (YFO) is, in short, to improve the investment efficiency index as represented by ROIC by narrowing down short-to-medium-term investments; however, when entering new fields, pursuing first-mover advantage by boldly making up-front investments to the extent that they do not impose a significant burden on the financial condition of the company, while taking into account investment risk and investment efficiency, would be a better strategy. We believe that, for us, the offshore wind power business is an exact example of this. In the first place, if we take measures to improve the investment efficiency index as represented by ROIC by narrowing down short-to-medium-term investments as proposed by YFO etc., we think that there is little need for delisting. However, we could not receive a satisfactory explanation from YFO etc. in this regard as well. In addition, although we asked YFO etc. about their view and method to deal with the harmful effects that may arise as a result of delisting, we have not received any explanation sufficient to convince us.

Based on the foregoing, we have concluded that the Transaction is not found to contribute to the enhancement of the Company's corporate value.

Furthermore, according to the Share Valuation Report, the Tender Offer Price is considerably below the median value of the share price range calculated by the DCF method based on the business plan up to FY2030, taking into account the expansion into the offshore wind power business, which is indicated as a key measure for enhancing our corporate value in the Company's Mid-Term Business Plan (although the Company plans to invest in the construction of a self-propelled cable-laying vessel during the term of the Company's Medium-Term Management Plan, full contribution to revenues is expected from FY2028 onwards, after the term of the Company's Medium-Term Management Plan.); though such price is within such range. Therefore, we believe that the Tender Offer Price does not sufficiently reflect the Company's intrinsic value. In addition, based on the fact that the Tender Offer Price of 1,255 yen merely represents a premium of (i) 1.13% in relation to the closing price of the Company Shares on the day immediately preceding the announcement by YFO regarding the Tender Offer Price (1,241 yen on September 25, 2023; we understand that the press release by YFO titled, "Toyo Construction Co., Ltd. ('Toyo') (Securities Code: 1890) Status of Discussions and the Extension of the Period for the Proposed Acquisition of Toyo in Connection with the Planned Commencement of the Tender Offer for Toyo's Shares", dated September 25, 2023, was actually released on the website on the following 26th day (or after the close of trading on the Tokyo Stock Exchange, Inc. on 25th day at the

earliest)), (ii) 9.61% in relation to the average closing price of the last one month from such immediately preceding day (1,145 yen), and (iii) 15.03% in relation to the average closing price of the last three months from such immediately preceding day (1,091 yen), and the fact that the Tender Offer Price is also below the closing price of the Company Shares of each day during the period from November 22, 2023, to the day immediately preceding the announcement of this press release, we believe that the Tender Offer Price will not provide a sufficient premium to the Company's shareholders. While we need to consider whether the Tender Offer Price is one of the terms of the Transaction that will ensure the profits to be enjoyed by our shareholders, the market price of the Company Shares has risen gradually since the announcement of the Company's Mid-Term Business Plan on March 23, 2023. In particular, since early June 2023, the market price of the Company Shares has risen above the 1,000 yen that had been proposed by YFO etc. as a tender offer price before the Proposal. Accordingly, the market price of the Company Shares is considered to be a price that incorporates the expectation of enhancement of the Company's corporate value through the execution of the Company's Mid-Term Business Plan and enjoyment of profits from our dividend policy. In light of this, if we determine whether the Tender Offer Price will provide a sufficient premium to the Company's shareholders based on the time prior to the announcement of the Company's Mid-Term Business Plan, including March 18, 2022, i.e., the business day immediately preceding the announcement of the commencement of the Tender Offer for the Company Shares by INFRONEER, it is considered that such determination would not be sufficiently considering the profits to be enjoyed by the shareholders who have acquired or have continued to hold the Company Shares in the expectation of enhancement of the corporate value in the medium to long term through the execution of Company's Mid-Term Business Plan and enjoyment of profits from our dividend policy. In addition, as a result of the announcement by YFO regarding the Tender Offer Price of 1,255 yen, the market price of the Company Shares after such announcement is considered as a price that incorporates the possibility of the Tender Offer conducted by YFO. Therefore, in determining the adequacy of the premium of the Tender Offer Price, the Company has concluded that it is appropriate to determine such based on the business day immediately preceding the date on which YFO announced that the Tender Offer Price is to be 1,255 yen. Based on the foregoing, we believe that the terms of the Transaction are not fair and appropriate.

Therefore, at the meeting of the Company's Board of Directors held today, the Company resolved to express an opinion of opposition to the Proposal.

6. Future policy

YFO etc. states that it would implement the Tender Offer subject to the precondition that, "a resolution of the target company's Board of Directors expressing an opinion in support of the Tender Offer and recommending that target company's shareholders tender their shares can be verified by YFO etc.," however, this is not a request made by the Company or a requirement under

any laws or regulations. Therefore, it is possible for YFO etc. to waive the above precondition and commence the Tender Offer without the Company's Board of Directors expressing an opinion in support of the Tender Offer and recommending that shareholders tender their shares. In such case, the Company's Board of Directors does not intend to unjustly block the opportunity for the Company's shareholders to selling their shares by introducing takeover response policies and invoking countermeasures, unless YFO etc. uses coercive takeover measures and the common interests of shareholders may be harmed. If the Tender Offer is commenced, the Company will conduct the required procedures and measures in accordance with the Financial Instruments and Exchange Act, the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., and other relevant laws.

If YFO etc. makes a new proposal (a "New Proposal"), such as to raise the Tender Offer Price in the future, the Company will give sincere consideration to such a New Proposal, in accordance with the Guidelines for Corporate Takeovers, as long as the New Proposal is sincere. Based on the Special Committee's report, in light of the fact that if a New Proposal is made, the Company will give sincere consideration to it in accordance with the Guidelines for Corporate Takeovers, as long as it is sincere, the Company will not express an opinion regarding whether to recommend shareholders to tender shares in the Tender Offer. If the Tender Offer is commenced, the Company will disclose its opinion, including an opinion on whether to recommend the shareholders to tender shares. In addition, in light of the possibility that YFO etc. will make a New Proposal, the Company plans to maintain the Special Committee at least until the end of January 2024 instead of immediately abolishing it, so that the Company will be able to promptly start sincere consideration if a sincere New Proposal is made. The Company will promptly inform you if the Special Committee is abolished in the future.

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