

May 9, 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)
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**The Refusal of the Candidates for Directors and Corporate Auditors of the Shareholder
Proposal to Have an Interview with the Director Nominating/Compensation Committee**

As the Company informed you in its April 21, 2023 press release, the Company requested that YFO inform the director and auditor candidates (“YFO Candidates”) of the shareholder proposal by YFO regarding agenda items at the Company’s ordinary general shareholders meeting scheduled to be held in June 2023 (“Shareholder Proposal”) that the Director Nominating/Compensation Committee wishes to interview the YFO Candidates. However, on May 2, 2023, the Company received a letter from Mr. Toshiaki Yamaguchi, one of the YFO Candidates, which stated, among other things, that none of the YFO Candidates would comply with the request for interviews.

The letter indicates that the all YFO candidates will not comply with the request for interviews for the following reasons: (i) that in circumstances where mistrust between the Company’s management and YFO has continued over a long period of time, it cannot be expected that the Company’s Director Nominating/Compensation Committee will be able to determine the eligibility of the YFO Candidates impartially and fairly, and (ii) that it is doubtful that the results of evaluations by the Committee, which includes a member who is an outside director who YFO has declared unfit to serve as a director, would be information that will be useful for general shareholders when exercising their voting rights. However, the Committee is a body whose purpose is to strengthen the independence and objectivity of the function of the Board of Directors, the Committee is composed of directors who were duly appointed by the Company’s shareholders at the ordinary general shareholders meeting in June 2022, and consideration of the director and auditor candidates by the Committee is a necessary process for the Company’s corporate governance. In addition, the Company believes that the relationship between certain shareholders and the Company, and evaluation of members of the Committee by only certain shareholders, are not valid reasons not to carry out such a process.

Due to all YFO Candidates refusing the request for interviews, despite the fact that consideration of the director and auditor candidates by the Director Nominating/Compensation Committee is a necessary process for the Company’s corporate governance, the Director Nominating/Compensation

Committee is forced to consider the YFO Candidates without obtaining necessary information, and the Company's Board of Directors is also forced to determine its opinion regarding the Shareholder Proposal without necessary information; however, the Board of Directors will continue to give careful consideration to the Shareholder Proposal. The Company's Board of Directors will disclose its opinion regarding the Shareholder Proposal as soon as its decision is made.

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