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October 25, 2022

## **Notice of Acquisition of Cement Sales Business of Denka Company Limited**

At the meeting of the Board of Directors held today, Taiheiyo Cement (“we”) decided to acquire all the shares of 100% subsidiary of Denka Company Limited (“Denka”), newly established by Denka, which will succeed the cement sales business of Denka (“the transaction”) and entered into a share purchase agreement with Denka on the date hereof, as follows.

This transaction shall be subject to the completion of obtaining clearance, licenses, etc. required under domestic competition laws and other laws and regulations.

### 1. Reason for acquisition of business

We have formulated the 23 Medium-Term Management Plan, which is to be implemented over the three-year period from fiscal 2022 to fiscal 2024, as a third step toward realizing our future vision and direction targeting the mid-2020s. The basic policy of the medium-term management plan calls for “strengthening our earnings base for businesses and steadily carry out growth investments”. We have considered various measures to establish a stable business foundation over the long term.

Denka has Omi plant in Itoigawa City, Niigata Prefecture, which is the same as Myojyo Cement Co., Ltd. (“Myojyo Cement”), our 100% owned subsidiary. The plant manufactures cement in addition to synthetic rubber, nitrogenous lime fertilizer and other products. We and Myojyo Cement have been working on a joint development plan for the limestone mine in Mt. Kurohime with Denka since 2018, and the relationship of trust between both sides has been fostered in the process of the investigation. In this context, we agreed to this transaction because it was consistent with both companies' growth strategies, Taiheiyo Cement's “strengthening the earnings capacity of domestic business” and Denka's “shifting management resources to the specialty field”.

### 2. Overview of the acquired business

#### (1) Details of the acquired business

Sales of cement and cement-related products

- With this transaction, cement sales under the brand name of “Denka Cement” will be terminated, and from April 2023, cement produced at the Denka's Omi Plant will be sold under the brand name of “Taiheiyo Cement”.

#### (2) Results of operations of acquired business

Net sales for the fiscal year ended March 31, 2022:11,347 million yen

#### (3) Items and amounts of assets and liabilities of acquired business

Total Assets: 973 million yen

Total Liabilities: 519 million yen

(NOTE) The above amounts are calculated based on the balance sheet as of March 31, 2022, and the actual amounts are calculated by adding or subtracting the increase or decrease that occurred during the period up to the effective date.

## (4) Overview of the subsidiary to be acquired as a result of this transaction

(1) Name	Undecided	
(2) Location	Undecided	
(3) Name and Title of Representative	Undecided	
(4) Description of Businesses	Sales of cement and cement-related products	
(5) Capital	Undecided	
(6) Date of Establishment	Undecided	
(7) Number of Shares Outstanding	Undecided	
(8) Fiscal Year End	March 31 (planned)	
(9) Major Shareholders and Percentage of shares	Denka Company Limited	100.0%
(10) Relationship with us	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	Not applicable
	Applicability to Related Parties	Not applicable

(NOTE) Not yet established as of October 25, 2022.

## (5) Overview of the counterparty to the acquisition of shares (As of March 31, 2022)

(1) Name	Denka Company Limited	
(2) Location	2-1-1, Nihonbashi-Muromachi, Chuo-ku, Tokyo	
(3) Name and Title of Representative	Toshio Imai, Representative Director, President and CEO	
(4) Description of Businesses	Manufacture and sale of organic, inorganic and electronic materials as well as functional and processed products	
(5) Capital	36,998 million yen	
(6) Date of Establishment	May 1, 1915	
(7) Consolidated Net Assets	292,094 million yen	
(8) Consolidated Total Assets	557,646 million yen	
(9) Major Shareholders and Percentage of Shares	The Master Trust Bank of Japan, Ltd. (Trust Account)	18.15%
	Custody Bank of Japan, Ltd. (Trust Account)	9.03%
	Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Mizuho Bank Account (Account re-entrusted by Custody Bank of Japan, Ltd.)	3.73%
	National Mutual Insurance Federation of Agricultural Cooperatives	3.36%
	Taiju Life Insurance Co., Ltd.	2.76%
(10) Relationship with us	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Business relationship	We sell limestone, etc. to the counterparty.
	Applicability to Related Parties	Not applicable

(6) Number of shares to be acquired, acquisition price, and shareholding before and after acquisition

Number of Shares Held before the Change	0 shares (Percentage of voting rights held: 0.0%)
Number of Shares to be Acquired	All of the issued shares
Acquisition Price	Acquisition price will not be disclosed due to the confidentiality obligations in the share purchase agreement.
Number of Shares Held after the Change	Undetermined (Percentage of voting rights held: 100.0%)

(7) Schedule

Date of resolution of the Board of Directors	October 25, 2022
Date of share purchase agreement	October 25, 2022
Date of share purchase	March 31, 2023 (planned)

3. Alliance with Denka

After this transaction, we will form an alliance with Denka for the following matters.

(1) Alliance after cessation of cement production at Denka

After the cessation of cement production at Denka (scheduled for the first half of 2025), we and Myojyo Cement will supply limestone for Denka's carbide production and accept by-products and waste generated by Denka.

(2) Joint development plan for limestone mines

Denka will continue to use limestone for carbide production even after the cessation of cement production. Accordingly, we and Myojyo Cement will continue to jointly develop limestone mines in Mt. Kurohime with Denka.

4. Future outlook

The impact of this transaction on the consolidated financial results for the fiscal year ending March 2023 is insignificant. In the future, we will promptly announce any matters that need to be disclosed.