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February 28, 2023

Notice Regarding Business Suspension of Our Consolidated Subsidiary

Taiheiyo Cement Corporation (hereinafter “Taiheiyo Cement”) hereby announces that its consolidated subsidiary Jiangnan-Onoda Cement Co., Ltd. (hereinafter “Jiangnan Onoda”) has decided to suspend the cement manufacturing and sales business in Nanjing City, Jiangsu Province, China.

1. Reason for the suspension

Jiangnan Onoda, a consolidated subsidiary of Taiheiyo Cement, was established in Nanjing City, Jiangsu Province, China in 1993. Jiangnan Onoda has developed high trust and evaluation through manufacturing and selling cement for many years as a model energy-saving and environmentally responsible factory. Jiangnan Onoda also exports high-quality cement to the United States and have contributed as a stable supply source of Taiheiyo Cement group's business in the United States.

The 23 Medium-Term Management Plan, formulated by Taiheiyo Cement in May 2021, set out the basic policy for overseas business and the "construction of a new business portfolio in the Asian region", especially in Southeast Asia, expanding business and developing an optimal logistics network. This is in addition to considering the restructuring of Taiheiyo Cement Group's portfolio. On the other hand, in China, the competitive environment is becoming tougher due to the advances in technical capabilities of local capital and the expansion of scale. Taiheiyo Cement have decided to suspend the operations of Jiangnan Onoda to focus on the policy set out in the 23 Medium-Term Management Plan to improve the corporate value of the Group.

2. Date of the suspension

Date of resolution by the Board of Directors of Taiheiyo Cement February 28, 2023

3. Outlook for the future

Taiheiyo Cement is currently examining the impact of this matter on business results for the current fiscal year. In addition, in the future Taiheiyo Cement will promptly announce any matters that need to be disclosed.

4. Outline of Jiangnan Onoda to be suspended

(1) Name	Jiangnan-Onoda Cement Co., Ltd.	
(2) Location	No. 88, Sheshan Town, Qixia Street, Qixia District, Nanjing City, Jiangsu Province, China	
(3) Name and Title of Representative	Yoshifumi Taura, Chairman	
(4) Description of Business	Manufacturing and selling cement	
(5) Capital	USD 134,337 thousand (on 31 st December 2022)	
(6) Date of establishment	12 th March 1993	
(7) Investor and ownership ratio	Taiheiyo Cement Corporation 88.51% Nanjing Huajian Industry (Group) Co., Ltd. 11.49%	
(8) Relationship between Taiheiyo Cement and Jiangnan Onoda	Capital relationship	Taiheiyo Cement owns 88.51% equity of Jiangnan Onoda and Jiangnan Onoda is a consolidated subsidiary.
	Human relationship	Taiheiyo Cement's Managing Executive Officer concurrently serves as Chairman of Jiangnan Onoda. Four Taiheiyo Cement employees concurrently serve as directors of Jiangnan Onoda, and five employees are seconded to Jiangnan Onoda (two of whom are appointed as directors).
	Business relationship	There is no business relationship to be declared.
	Related party relationship	Jiangnan Onoda is a consolidated subsidiary of Taiheiyo Cement and is a related party.

(9) Operating results and financial condition and number of employees of Jiangnan Onoda in the last three years *			
Accounting period	Fiscal 2019	Fiscal 2020	Fiscal 2021
Net assets	USD 109,718 thousand	USD 108,689 thousand	USD 102,496 thousand
Total assets	USD 160,209 thousand	USD 161,223 thousand	USD 159,374 thousand
Net Sales	USD 68,572 thousand	USD 63,058 thousand	USD 77,623 thousand
Operating profit	USD 3,914 thousand	USD (3,194) thousand	USD (6,427) thousand
Ordinary profit	USD 1,998 thousand	USD (2,314) thousand	USD (6,908) thousand
Net profit	USD 1,465 thousand	USD (1,028) thousand	USD (6,194) thousand
Number of employees	245	221	213

* non-consolidated basis due to Jiangnan Onoda having no consolidation indicator.

* Jiangnan Onoda belongs to Cement Business Segment.

(Reference) Consolidated Financial Results Forecast for the Fiscal Year Ending March 31,2023 and Results for the Fiscal Year Ended March 31,2022

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated Financial Results Forecast for the Fiscal Year Ending March 31,2023	Million yen 810,000	Million yen 4,000	Million yen 3,000	Million yen (26,000)
Results for the Fiscal Year Ended March 31,2022	Million yen 708,201	Million yen 46,701	Million yen 50,193	Million yen 28,971