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June 29, 2023

## **Announcement of Execution of Share Exchange Agreement to Make Onoda Chemico Co., Ltd. a Wholly Owned Subsidiary by Simplified Share Exchange**

Taiheiyo Cement Corporation (hereinafter “Taiheiyo Cement”) hereby announces that, at its board of directors meeting held on June 29, 2023, it has resolved to implement a share exchange (hereinafter referred to as the “Share Exchange”) effective September 20, 2023, whereby Taiheiyo Cement will become the wholly owning parent company and Taiheiyo Cement 's consolidated subsidiary Onoda Chemico Co., Ltd. (hereafter referred to as “Chemico”) will become a wholly owned subsidiary company, and that it has entered into a share exchange agreement with Chemico today.

In accordance with Article 796, Paragraph 2 of the Companies Act, Taiheiyo Cement plans to implement the Share Exchange through a simplified share exchange procedure that does not require approval by the ordinary general meeting of stockholders. Since the Share Exchange is a simplified share exchange in which a consolidated subsidiary becomes a wholly owned subsidiary, certain disclosure items and details have been omitted.

### 1. Purpose of the Share Exchange

By making Chemico our wholly-owned subsidiary through the Share Exchange, Taiheiyo Cement aims to further strengthen group governance, accelerate decision-making and improve the efficiency of business management, as well as promote management measures in our group and further improve the mobility of group management.

### 2. Outline of the Share Exchange

#### (1) Schedule of the Share Exchange

June 29, 2023	Date of resolution by the Board of Directors of the Share Exchange (both companies)
June 29, 2023	Date of conclusion of the Share Exchange Agreement
September 20, 2023	Effective date of the Share Exchange (scheduled)
September 20, 2023	Date of Share Delivery for the Share Exchange (scheduled)

(Note1) In accordance with Article 796, Paragraph 2 of the Companies Act, Taiheiyo Cement plans to implement a simplified share exchange procedure that does not require approval by the ordinary general meeting of stockholders.

(Note2) In accordance with the provisions of Article 784, Paragraph 1 of the Companies Act, Chemico plans to conduct a short-form share exchange that does not require the approval of the ordinary general meeting of stockholders.

(Note3) The above schedule may be changed by agreement of both companies if it becomes necessary due to the necessity of proceeding with the Share Exchange or other reasons.

#### (2) Method of the Share Exchange

The Share Exchange will be a share exchange in which our company will become the wholly-owning parent company and Chemico will become a wholly-owned subsidiary.

### (3) Details of the allotment related to the Share Exchange

	Taiheiyo Cement (Wholly owning parent company after the Share Exchange)	Onoda Chemico (Wholly owned subsidiary company after the Share Exchange)
Allotment ratio of shares for the Share Exchange	1	64
Number of shares to be delivered through the Share Exchange	Common shares of Taiheiyo Cement: 256,000	

#### ① Share allotment ratio

Through the Share Exchange, Taiheiyo Cement will allot 64 shares of Taiheiyo Cement common stock to the shareholders of Chemico at the time immediately prior to the time when Taiheiyo Cement acquires all the outstanding shares of Chemico (hereafter referred to as the “base time”) for each 1 share of Chemico common stock they hold. However, no shares of Chemico common stock held by Taiheiyo Cement will be allotted through the Share Exchange.

The allotment ratio for the Share Exchange described above is subject to change upon consultation between both companies in the event of any material change in the terms and conditions underlying the calculation.

#### ② Shares to be delivered through the Share Exchange

Common stock 256,000 shares

Our company's treasury stock will be used for our company common stock to be delivered and no new shares will be issued.

#### ③ By the resolution of the Board of Directors to be held on before the day immediately preceding the effective date of the Share Exchange, Chemico plans to cancel all its treasury stock (includes shares of treasury stock that Chemico will acquire in response to dissenting shareholders' rights to purchase shares exercised in connection with the Share Exchange) held as of the record date. Therefore, the number of shares to be allotted through the Share Exchange may be revised in the future due to reasons such as the cancellation of Chemico's treasury stock.

### (4) Treatment of stock acquisition rights and bonds with stock acquisition rights in connection with the Share Exchange

Chemico has not issued any stock acquisition rights or bonds with stock acquisition rights.

### 3. Concept of calculation of allotment related to the Share Exchange

In order to ensure fairness and appropriateness in the calculation of the share exchange ratio for the Share Exchange, we have selected Miogi Advisory Co., Ltd. as a third party independent of both companies and requested that the third party calculate the value of the shares of Taiheiyo Cement and Chemico. The third party calculated the value of the shares of Taiheiyo Cement, a listed company, using the market price method and the value of the shares of Chemico, a non-listed company, using the DCF method and the comparable company method. Referring to the results of the calculation, Taiheiyo Cement and Chemico determined the allotment ratio for the Share Exchange after sincere negotiations and discussions between both companies.

4. Outline of the Parties to the Share Exchange (As of March 31, 2023)

Trade name	Taiheiyo Cement Corporation (Wholly owning parent company after the Share Exchange)	Onoda Chemico Co., Ltd. (Wholly owned subsidiary company after the Share Exchange)																												
Head Office	1-1-1 Koishikawa, Bunkyo-ku, Tokyo	3-21, Kandanishikicho, Chiyoda-ku, Tokyo																												
Title and name of representative	Masafumi Fushihara, President and Representative Director	Yukio Takeyama, President and Representative Director																												
Business description	Cement business, Mineral resources business, Environmental business, Construction Materials business, Real estate business, etc.	Ground improvement projects, General civil engineering work, Sales and repair work of special concrete, Rental and sales of various equipment for shield construction, etc.																												
Share capital	86,174 million yen	400 million yen																												
Date of establishment	May 3, 1881	April 1, 1983																												
Total number of shares outstanding	121,985,078 shares	80,000 shares																												
Fiscal year end	March 31	March 31																												
Major shareholders and shareholding ratio	<table border="0"> <tr> <td>THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)</td> <td>17.37%</td> </tr> <tr> <td>CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)</td> <td>7.40%</td> </tr> <tr> <td>STATE STREET BANK AND TRUST COMPANY 505001</td> <td>3.76%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 385632</td> <td>3.60%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 380072</td> <td>2.08%</td> </tr> <tr> <td>MIZUHO BANK, LTD.</td> <td>1.70%</td> </tr> <tr> <td>SSBTC CLIENT OMNIBUS ACCOUNT</td> <td>1.57%</td> </tr> <tr> <td>JPMorgan Securities Japan Co., Ltd.</td> <td>1.48%</td> </tr> <tr> <td>MSIP CLIENT SECURITIES</td> <td>1.46%</td> </tr> <tr> <td>JP MORGAN CHASE BANK 385781</td> <td>1.31%</td> </tr> </table>	THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)	17.37%	CUSTODY BANK OF JAPAN, LTD. (TRUST ACCOUNT)	7.40%	STATE STREET BANK AND TRUST COMPANY 505001	3.76%	JP MORGAN CHASE BANK 385632	3.60%	JP MORGAN CHASE BANK 380072	2.08%	MIZUHO BANK, LTD.	1.70%	SSBTC CLIENT OMNIBUS ACCOUNT	1.57%	JPMorgan Securities Japan Co., Ltd.	1.48%	MSIP CLIENT SECURITIES	1.46%	JP MORGAN CHASE BANK 385781	1.31%	<table border="0"> <tr> <td>TAIHEIYO CEMENT CORPORATION</td> <td>95.00%</td> </tr> <tr> <td>ONODA CHEMICO Executive Shareholding Association</td> <td>2.21%</td> </tr> <tr> <td>ONODA CHEMICO Employee Stock Ownership Plan</td> <td>1.58%</td> </tr> <tr> <td>Individual shareholders</td> <td>1.21%</td> </tr> </table>	TAIHEIYO CEMENT CORPORATION	95.00%	ONODA CHEMICO Executive Shareholding Association	2.21%	ONODA CHEMICO Employee Stock Ownership Plan	1.58%	Individual shareholders	1.21%
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Financial position and operating results (for the fiscal year ended March 31, 2023)																														
Net assets	528,857 million yen (Consolidated)	13,544 million yen (Non-consolidated)																												
Total assets	1,268,862 million yen (Consolidated)	22,320 million yen (Non-consolidated)																												
Net assets per share	4,228.48 yen (Consolidated)	169,312.01yen (Non-consolidated)																												
Net sales	809,542 million yen (Consolidated)	22,839 million yen (Non-consolidated)																												
Operating profit	4,456 million yen (Consolidated)	1,381 million yen (Non-consolidated)																												
Ordinary profit	1,015 million yen (Consolidated)	1,437 million yen (Non-consolidated)																												
Profit attributable to owners of parent	(33,206) million yen (Consolidated)	1,005 million yen (Non-consolidated)																												
Basic earnings per share	(283.68) yen (Consolidated)	12,567.62 yen (Non-consolidated)																												

5. Status after the Share Exchange

There will be no change to the name, address, title and name of the representative, business description, capital and fiscal year-end of Taiheiyo Cement as a result of the Share Exchange.

6. Outlook for the Future

Chemico is already a consolidated subsidiary of Taiheiyo Cement under the Share Exchange, and the impact on the consolidated financial results will be immaterial.

Reference) Consolidated financial results forecast for the current fiscal year (announced on May 11, 2023) and consolidated financial results for the previous fiscal year (million yen)

	Net Sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated earnings forecast for the fiscal year ending March 31, 2024	920,000	58,000	56,000	40,000
Consolidated results for the fiscal year ended March 31, 2023	809,542	4,456	1,015	(33,206)