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July 23, 2024

Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

Taiheiyo Cement Corporation (hereinafter “Taiheiyo Cement”) hereby announces that at the meeting of its Board of Directors held on July 23, 2024, Directors decided to dispose treasury shares as restricted stock compensation (hereinafter “Disposal of Treasury Shares”) as follows.

1. Outline of the Disposal

(1) Payment date	August 19, 2024
(2) Class and number of shares to be disposed	16,952 shares of Common stock of Taiheiyo Cement
(3) Disposal price	4,140 yen per share
(4) Total price of shares to be disposed	70,181,280 yen
(5) Method of performance of contribution	Monetary compensation claims
(6) Allottees and numbers of allottees and shares	6 Directors (excluding Outside Directors) 5 Managing executive officers (excluding non-residents in Japan) Total 16,952 shares

2. Purpose and reason for the Disposal of Treasury Shares

At the Board of Directors meeting held on May 20, 2021, Taiheiyo Cement resolved to introduce the Restricted Stock Compensation Plan (hereinafter the “Plan”) for the directors of Taiheiyo Cement (excluding outside directors. hereinafter the “Eligible Directors”) and managing executive officers (excluding non-residents in Japan) of Taiheiyo Cement (collectively, referred to as the “Eligible Directors, etc.”) with the aim of providing incentives to continuously enhance the corporate value of Taiheiyo Cement and to further share value between our directors and shareholders. Taiheiyo Cement received approval at the 23rd Ordinary General Meeting of Stockholders held on June 29, 2021, for the payment of monetary compensation claims of up to 200 million yen per year to Eligible Directors for the delivery of Restricted Shares under the Plan, and for the delivery of Restricted Shares of up to 200,000 shares per year.

In light of the purpose of the Plan, Taiheiyo Cement's business performance, the scope of responsibilities of each Eligible Director, etc., and various circumstances, the Board of Directors resolved to pay the Eligible Directors, etc. a total of 70,181,280 yen in monetary compensation claims on the condition that they make payment as property contributed in kind for the Disposal of Treasury Shares, and also resolved to make the Disposal of Treasury Shares to the Eligible Directors, etc. In order to provide incentives and share stockholder value to realize sustainable improvement of corporate value, which is the purpose of the introduction of the Plan, the transfer restriction period is set to last until (to cease to be either a director or an executive officer of Taiheiyo Cement, and the same shall apply hereinafter) the day of resignation as described in 3 below.

3. Overview of the restricted stock allotment agreement

Taiheiyo Cement shall enter into a restricted stock allotment agreement (hereinafter the “Allotment Agreement”) individually with each of the Eligible Directors, etc.. The following provides an overview of

this agreement.

(1) Transfer restriction period

The transfer restriction period shall be from August 19, 2024 to the day on which he/she resigns (however, in the case where a person resigns before three months have passed after the end of the fiscal year to which the payment date belongs, the day on which three months have passed after the end of the relevant fiscal year). During the above period, the Eligible Directors, etc. shall not be able to transfer, pledge or otherwise dispose of the allotted shares of common stock of our company (hereafter referred to as the “Allotted Shares”).

(2) Lifting of transfer restrictions

Taiheiyo Cement will release the transfer restrictions on all the Allotted Shares (however, if Taiheiyo Cement acquires all or part of the Allotted Shares without consideration in accordance with (3)② below, the remainder after the acquisition without consideration) upon the expiration of the Transfer Restriction Period (however, if he/she resigns for reasons deemed justifiable by the Board of Directors of Taiheiyo Cement within three months after the end of the fiscal year to which the payment date belongs, at the time immediately after his/her resignation), provided that the resignation of the Eligible Directors, etc. is for a reason deemed justifiable by the Board of Directors of our company.

(3) Acquisition of the Allotted Shares without contribution

- ① Taiheiyo Cement will naturally acquire the Allotted Shares without charge whose transfer restrictions have not been lifted pursuant to the provisions of (2) above at the time when the transfer restriction period expires (however, if he/she resigns for reasons deemed justifiable by the Board of Directors of Taiheiyo Cement within three months after the end of the fiscal year to which the payment date belongs, at the time immediately after his/her resignation).
- ② In addition, in the event of resignation within the period of execution of duties subject to remuneration pertaining to the Allotted Shares, Taiheiyo Cement shall acquire the Allotted Shares in a number corresponding to the remaining period without charge, and in the event of non-compliance, etc., in the event of falling under certain circumstances specified in the Allotment Agreement, Taiheiyo Cement shall acquire all or part of the Allotted Shares for which the Transfer Restriction has not been lifted without charge.

(4) Management of shares

In order to prevent transfer, pledging, and other disposition of the Allotted Shares during the transfer restriction period, the Eligible Directors, etc. will open and manage a dedicated account at a securities company specified by Taiheiyo Cement. The securities company is scheduled to be SMBC Nikko Securities Inc.

(5) Treatment in the event of organizational restructuring or other change in control

Notwithstanding the provisions of (1) above, in the event that a merger agreement in which Taiheiyo Cement becomes a disappearing company, a share exchange agreement in which Taiheiyo Cement becomes a wholly owned subsidiary, or a share transfer plan and other matters related to the Reorganization, etc. are approved at the Ordinary General Meeting of Stockholders of Taiheiyo Cement (however, in cases where the approval of the Ordinary General Meeting of Stockholders is not required for such Reorganization, etc., the Board of Directors of Taiheiyo Cement) during the Period of Restriction on Transfer, Taiheiyo Cement shall, by resolution of the Board of Directors of our company, cancel the Restriction on Transfer of the Allotted Shares in a number reasonably determined in light of the period from the commencement date of the Restriction Period on Transfer to the Effective Date of the Reorganization, etc. prior to the Effective Date of the Reorganization, etc. In this case, Taiheiyo Cement

will naturally acquire the Allotted Shares for free which transfer restrictions have not been lifted immediately after the lifting of transfer restrictions.

4. Basis of calculation and specific details for payment amounts

In order to eliminate arbitrariness, the disposal price of the Disposal of Treasury Shares to the Projected Allottee has been set at the closing price of 4,140 yen on the business day immediately preceding the date of resolution of the Board of Directors (July 22, 2024). The disposal price of the Disposal of Treasury Shares is not particularly favorable to the Projected Allottee and is considered reasonable.