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December 24, 2024

## **Notice Regarding Transfer of Equity Interest in Consolidated Subsidiary**

Taiheiyo Cement Corporation (hereinafter “Taiheiyo Cement” or “we”) hereby announces that we will transfer our entire equity interest in our consolidated subsidiary, Dalian Onoda Cement Co., Ltd. (hereinafter “Dalian Onoda”), to Jilin Penglin Industrial (Group) Co., Ltd. (Head office: Changchun City, Jilin Province, China / Legal representative: Wu Hao; hereinafter “Jilin Penglin”).

As a result, Dalian Onoda will be excluded from Taiheiyo Cement’s consolidated subsidiaries.

### **1. Reason for the transfer of equity interest**

As announced in our press release titled “Notice Regarding Business Suspension of Chinese Consolidated Subsidiary” dated October 25, 2022, Dalian Onoda, our consolidated subsidiary, suspended cement manufacturing and sales operations in Dalian City, Liaoning Province, China, as of December 2022.

While we had initiated steps to advance withdrawal procedures with the intention to dissolve and liquidate Dalian Onoda, Jilin Penglin has since enquired about acquiring our entire equity interest in Dalian Onoda, and we have reviewed their proposition in detail.

After deliberation, we concluded that it is desirable for us to reinvest the funds generated from this transaction in future projects and regions, which will consequently further enhance our corporate value. Therefore, we have decided to transfer our entire equity interest in Dalian Onoda to Jilin Penglin.

## 2. Outline of the subsidiary to be transferred

|                                                                                         |                                                                                              |                                                                                                                                                                                                                                                          |                       |
|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| (1) Name                                                                                | Dalian Onoda Cement Co., Ltd.                                                                |                                                                                                                                                                                                                                                          |                       |
| (2) Location                                                                            | No. 5, New Cement Road, Ganjingzi District, Dalian City, Liaoning Province, China            |                                                                                                                                                                                                                                                          |                       |
| (3) Name and Title of Representative                                                    | Shinji Fukami, Chairman                                                                      |                                                                                                                                                                                                                                                          |                       |
| (4) Description of Business                                                             | Manufacture and sales of cement                                                              |                                                                                                                                                                                                                                                          |                       |
| (5) Capital                                                                             | USD 82,780 thousand (as of December 31, 2023)                                                |                                                                                                                                                                                                                                                          |                       |
| (6) Date of establishment                                                               | July 28, 1989                                                                                |                                                                                                                                                                                                                                                          |                       |
| (7) Investor and ownership ratio                                                        | Taiheiyo Cement Corporation 84.83%<br>Dalian Jinhai Yangfan Venture Capital Co., Ltd. 15.17% |                                                                                                                                                                                                                                                          |                       |
| (8) Relationship between Taiheiyo Cement and Dalian Onoda                               | Capital relationship                                                                         | Taiheiyo Cement owns 84.83% equity of Dalian Onoda as a consolidated subsidiary.                                                                                                                                                                         |                       |
|                                                                                         | Human relationship                                                                           | Taiheiyo Cement’s Senior Executive Officer concurrently serves as Chairman of Dalian Onoda.<br>Three Taiheiyo Cement employees concurrently serve as directors of Dalian Onoda.<br>One Taiheiyo Cement employee is seconded to Dalian Onoda as director. |                       |
|                                                                                         | Business relationship                                                                        | There is no business relationship to be declared.                                                                                                                                                                                                        |                       |
| (9) Operating results and financial condition of Dalian Onoda in the last three years*1 |                                                                                              |                                                                                                                                                                                                                                                          |                       |
| Accounting period                                                                       | Fiscal 2021                                                                                  | Fiscal 2022                                                                                                                                                                                                                                              | Fiscal 2023           |
| Net assets                                                                              | USD 110,444 thousand                                                                         | USD 106,251 thousand                                                                                                                                                                                                                                     | USD 86,845 thousand   |
| Total assets                                                                            | USD 122,982 thousand                                                                         | USD 109,173 thousand                                                                                                                                                                                                                                     | USD 88,566 thousand   |
| Net Sales                                                                               | USD 80,076 thousand                                                                          | USD 67,914 thousand                                                                                                                                                                                                                                      | -                     |
| Operating profit                                                                        | USD 15,891 thousand                                                                          | USD (1,666) thousand                                                                                                                                                                                                                                     | -                     |
| Ordinary profit                                                                         | USD 19,745 thousand                                                                          | USD (2,845) thousand                                                                                                                                                                                                                                     | USD (13,067) thousand |
| Net profit                                                                              | USD 14,916 thousand                                                                          | USD (4,112) thousand                                                                                                                                                                                                                                     | USD (13,733) thousand |

\*1 Non-consolidated basis due to Dalian Onoda having no consolidation indicator.

### 3. Outline of the purchaser of the equity interest

|                                      |                                                                                      |
|--------------------------------------|--------------------------------------------------------------------------------------|
| (1) Name                             | Jilin Penglin Industrial (Group) Co., Ltd.                                           |
| (2) Location                         | Yingkai Dajie & Donghe Donglu, Erdao District, Changchun City, Jilin Province, China |
| (3) Name and Title of Representative | Wu Hao, CEO                                                                          |
| (4) Description of Business          | Investing business                                                                   |

Neither our company nor any associated parties within our group have any capital, personnel or business relationship with Jilin Penglin.

Jilin Penglin is a private company and does not disclose its financial performance and status. In accordance with the company's wishes, we will refrain from disclosing any information beyond the above summary.

### 4. Shareholding before and after transfer, and transfer price

|                                  |                |
|----------------------------------|----------------|
| (1) Shareholding before transfer | 84.83%         |
| (2) Shareholding transfer        | 84.83%         |
| (3) Transfer price               | Confidential*2 |
| (4) Shareholding after transfer  | 0.00%          |

\*2 In order to fulfil our confidentiality obligations in relation to this transfer of shares, we will refrain from disclosing the transfer price. The price was determined through negotiations with the purchaser taking into account calculations by a third-party valuation institution, and is recognized as a fair value.

### 5. Schedule for transfer of equity interest

|                                                                                  |                            |
|----------------------------------------------------------------------------------|----------------------------|
| (1) Date of board of directors' resolution regarding transfer of equity interest | December 24, 2024          |
| (2) Date of transfer of equity interest                                          | January 2025 (provisional) |

### 6. Future outlook

This transfer of equity interest will have minimal impact on our consolidated performance forecasts for the fiscal year ending in March 2025, which we announced on November 12, 2024.